



ADA UNIVERSITY

# BAKU DIALOGUES

Vol. 3 | No. 1 | Winter 2016

***LAND, WAR AND THE SIGNIFICANCE OF SCIENCE***

Shimon Peres, former President of Israel

***THE TURKISH-AZERBAIJANI STRATEGIC PARTNERSHIP IN THE  
FACE OF GLOBAL CHALLENGES***

H.E. Ahmet Davutoğlu, Prime Minister of Turkey

***POPULATION GROWTH AND THE SUSTAINABLE DEVELOPMENT  
GOALS FOR 2030***

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***LIFTING SANCTIONS ON IRAN: IMPLICATIONS FOR THE GLOBAL OIL MARKET***

Akhmed Gumbatov, Project Manager at Caspian Center for Energy and  
Environment of ADA University

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### AIMS AND SCOPE:

“Baku Dialogues” is a series of events featuring leading world personalities who will address subjects of current international interest by presenting their views and participating in discussion of these subjects with interested Azerbaijani and international figures. These presentations and discussions, along with other submissions, will be recorded in the “Baku Dialogues”, ADA University’s new journal of record for academic and policy research.

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### SUBMISSIONS

To submit an article, authors are advised to follow these guidelines:

We publish several categories of material. In the print magazine, comments are 2,000-3,000-word pieces that make a single, provocative point. Articles are more extensive 4,000-5,000-word pieces of analysis or reportage that comprise the body of the journal. Book Reviews are 2,000-3,000-word discussions of new books.

A summary of up to 200 words should be included with the article. A short one or two line biography of the author should be included. Submissions should be made by e-mail, in Microsoft Word format to the Editor.

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## MESSAGE FROM THE RECTOR

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Dear Readers,

Once again, Baku Dialogues, the principal intellectual review of ADA University in Baku, is presenting a stimulating and challenging selection of reading materials which will certainly initiate thought and discussion among its readers. The role of the university in society is to reflect, to analyse, to bring together diverse ideas, and to offer to its community a range of observations and responsible thoughts from different viewpoints and perspectives, about the issues the world faces, today and tomorrow. ADA University, as an educational institution and a home for research and reflection, is contributing to this timeless function on a daily basis through its discussions, classroom exchanges and the many dialogues that take place here every day. The Baku Dialogues review is intended to offer a distillation of some of the most important presentations that have taken place recently on our very active campus, and which we would like to share with a broader community.

As the world shifts its focus to the security situation in the region of the greater Middle East, with its violence humanitarian impacts, this edition of Baku Dialogues has also shifted its focus eastward, and to a number of new and related subjects. The region from Ukraine across Turkey to the Eastern shores of the Mediterranean Sea, as well as Azerbaijan's key security concern -- the continuing confrontation over Nagorno Karabakh -- are areas of concern for the world, and the broad issues of population growth, cyber-security and energy weigh on all the world's security concerns.

The presentation by Prime Minister Davutoglu was very timely — Turkey is not only on the front line of the world's most violent and dangerous military situation, but is also trying to deal with a huge influx of refugees fleeing from the violence in Syria and Iraq. Prime Minister Davutoglu, drawing on his long experience in government and the affairs of the region, rightly reminds us of the special relationship between Turkey and Azerbaijan, and the significance of this partnership in the Caspian region during this difficult period. His insights give us all a better understanding of Turkey's approach to the current range of challenges it faces as one of the few countries which is involved directly in the fighting across a long and sensitive border with Syria and Iraq. The Turkish role in the region has been, and will certainly continue to be, a key element in this evolving situation.

Former President Shimon Peres, a recipient of the Nobel Peace Prize for his efforts to find a peaceful settlement in the on-going military confrontation surrounding his

country, was very generous with his time, and gave a fascinating presentation of his views on the current situation, as well as the world situation and life in general. We at ADA University were honoured by his visit, and fascinated by his perspectives. ADA University, and Baku, is one of the few places in the region — and perhaps the world — where senior representatives from both Palestine and Israel can come and express themselves freely and without hesitation before an interested and sympathetic audience. President Peres gave a remarkable presentation and candidly responded to the many questions from the audience. I believe his visit was one of the high points of our “Global Perspectives” speaker series, and was certainly inspiring for us all.

Dr. Babatunde Osotimehin, the Under Secretary General of the United Nations and Executive Director of the UN’s Population Fund gave us a fascinating vision of the population growth the world faces -- perhaps the greatest problem for the future of the human race -- a reminder of the monumental challenges that coming generations must face together. In contrast to the complexities of the current conflicts in the region, his presentation gave a somber overall picture of population tendencies, and reminded us that our planet is, after all, a fragile home that must be protected and preserved.

We were delighted to host Minister of Foreign Affairs of Costa Rica H.E. Manuel A. Gonzalez Sanz. While Azerbaijan is reaching to Latin America, expanding and developing its diplomatic relations with the states of this continent, the visit of the Minister of Foreign Affairs was of utmost importance. His remarkable views on global and regional politics, security and economic issues were very insightful in these regards, and Ambassador James Warlick, the American Co-Chair of the Minsk Group, the group which has been seeking to mediate a peaceful solution to the conflict over Nagorno-Karabakh for more than 20 years, gave a sobering analysis of the situation of the negotiations between Azerbaijan and Armenia on this problem.

This issue of Baku Dialogues is completed with two voluntary contributions, analysing the current situation in key sectors of economic activity in relation to Azerbaijan: Cyber Security and Oil. These are specific summaries and will be of great interest to many of our readers. Husain Panahov is an independent Azerbaijani expert on cyber security, an area of growing concern around the world, and Akhmed Gumbatov is an expert analyst working with ADA University’s well-known Caspian Centre for Energy and the Environment (CCEE), which hosts our annual “Baku Summer Energy School.” We welcome such contributions and will be seeking further submissions from faculty and students at ADA University, as well as the broader community in Baku and Azerbaijan. Both of these articles are timely and focused on subjects which are of general interest. Low energy prices are a challenge for many sectors of society, throughout the world, but especially in countries like Azerbaijan which are heavily dependent on revenues from the energy industry; and cyber security has become an urgent focus



not only for the commercial world but increasingly for national security.

We welcome you to this edition of the Baku Dialogues review, and we will be interested in your comments and suggestions. I hope you find these articles of great interest. We look forward to hearing from you.

With our very best wishes for the New Year, to all our readers and contributors.

*Ambassador Hafiz Pashayev,  
Rector of ADA University  
January 5, 2016*



# LAND, WAR AND THE SIGNIFICANCE OF SCIENCE

SHIMON PERES

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Shimon Peres - public servant, MP and the eighth Prime Minister of the State of Israel - was elected by the Knesset on June 13, 2007 to serve as the ninth President of Israel, and took the oath of office on July 15, serving until July 24, 2014. He has occupied several high-level state positions in Israel, including that of Prime Minister. In 1994 he was awarded a Nobel Peace prize for negotiating the Oslo Accords together with Rabin and Arafat. In October 1997 Shimon Peres created the Peres Center for Peace with the aim of advancing Arab-Israeli joint ventures.

This discussion took place on October 2, 2015.

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## LAND, WAR AND THE SIGNIFICANCE OF SCIENCE

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### **MODERATOR'S INTRODUCTION AMBASSADOR HAFIZ PASHAYEV**

Good morning, Your Excellency President Shimon Peres,  
Dear Students and Faculty members,  
Distinguished guests,

Today is very special day for ADA University. We are a relatively young institution - next year we will be 10 years old. But we have achieved many firsts in this time, and today is also a great day. We are hosting a Nobel Peace prize-winner, living legend of contemporary politics, and former president of Israel, His Excellency Shimon Peres. Mr. President, it is great honor and pleasure for us to see you among our students and faculty. This is a rare opportunity for all of us to hear your vision for world peace and we are delighted and grateful that you have chosen to speak at ADA University.

From the outset ADA's mission has been to create a multicultural learning environment, where students and faculty from different ethnic and religious backgrounds come together to learn, study, share and work together. Actually our first international event - a Summer School on politics and religion - was organized in 2007, and included Israeli students. We are proud to have one hundred students from forty countries; our faculty is very international, including Israel. We have a productive partnership with many universities from

all over the world and our latest partnership agreement for student exchange program was signed with the University of Haifa just five days ago. Azerbaijan is well known as a place where different cultures and traditions meet. I am sure that your visit, Mr. President, will give you a good chance to witness that. Harmony and peaceful co-existence have always been practiced in our state governance. We always say that ADA University is a small example of this national policy.

Mr. President, on a personal note, I have some vivid memories of your exemplary political leadership. When I was an ambassador to the United States in the 1990s, I had the honor of being present at your meeting with President Heydar Aliyev at the UN General Assembly meeting in 1995, in New York. I also clearly remember the peace agreement signing ceremony on the lawn of the White House where I was invited to participate. I have been truly impressed by your efforts to promote peace and dialogue throughout the world. I believe this is a unique chance for our students and faculty to hear your thoughts on that very important topic. We look forward to an interesting discussion today and once again, Mr. President, I thank you for choosing to come to ADA University. Now I invite you, Mr. President, to present your remarks. Thank you!

## REMARKS BY SHIMON PERES

Thank you very much, Rector Pashayev! First of all, your University looks wonderful, and I know this to be true not just of the buildings, but of the content too. I was last in Baku six years ago, and, as I said earlier, I couldn't recognize the city. I know you have had the Olympics [referring to European Games in Baku]. I don't know who the winners were but I know there is one great winner and that is the people of Azerbaijan and President Aliyev. I saw you changed the sky. You look at the sky and I think here is a skyline for the future. And I believe it really represents the desire and the modern spirit of Azerbaijan. I told the President, if I had to pick a leader, I would prefer a leader who builds the city rather than one who conquers the city. Better to build than go to war. I can see this is again the spirit of Azerbaijan. While having the luck of possessing oil and gas you have the wisdom to build for the future based on science, on technology, on peace, on diplomacy and not to depend upon the luck of oil but upon the challenges of the modern age. And you know there have been many changes in history between the ages, many different leaders, but I think this time the change that is occurring is really profound. I am telling this to you, the young men and women, because this is your time. I am asking myself about the meaning, the significance of this age. You have just departed, or are still departing, the previous age. The previous age was the age of land, people were living on the land and now we are living on science. The difference is profound.

When we used to live on land we had to go to war. We did not have any other choice. Because if somebody wanted to defend his land, he needed an army. Other countries which were more ambitious wanted to win more land. You cannot win land unless you attack somebody. So often there are two parties, one who wants to win land through war and a second who wants to win back their land through war. Look at the history of empires. Great Britain wanted to conquer India and they did. Then Great Britain became a large empire, running from the sunrise to sunset as they say. But the Indians never agreed and they fought back. And they sent Great Britain back to their small island. England today is just small island because they lost their empire.

When we have land we have to defend it, when they wanted to have land they fought for it, when they lost the fight they fought again. So the history of that age was the history of blood and war all over the world. And people built armies, there were many victims, young people lost their lives. It was a bloody period in many ways.

Now comes science. For the first time in history a country can become big without making anybody small. You cannot conquer science with armies, no chance. You can win science without making anybody lose it. So it is a new and essential age for all of us. It does not mean that we are ready for it, but this is the invitation, the challenge. And you know, it does not mean that this is the end of violence. There is violence. But science itself is not a matter of fighting, science does not take sides. Science is available to the right

people, and it is available to the wrong people, anyone can use it. But not like armies and not like nations. Violence today is expressed by terror, but that is not war, it is a different thing.

Terrorists kill without laws, they do not respect borders, and they do not kill for the sake of human beings. They spoil countries, they cut them down. But in contrast to a nation or group at war, terrorists do not have the goal of winning something. They protest rather than harbor an ambition. They protest their inferiority, their poverty, their ignorance, and the fact they weren't given the right opportunities and they protest. There are different types of protesters. There is not one camp, there are many camps. Fifteen terrorists can come to New York and kill 3500 people and go back. And I am afraid we cannot overcome terror just by killing the terrorist. The United States responded to terror by killing 7000 terrorists, and so what? Now we have even more. The only way to put an end to terror is not by killing terrorists, but by killing the reasons for terror, to overcome poverty, to overcome ignorance, to overcome discrimination, to overcome the lack of hope for young women, for young men. We are living in a very demanding world. We are living in a different age and many things have changed, not just the nature of conflict. The most important one is that national governments are not as strong as they used to be, because national governments were built in a different age. During an age of war, an age of confrontation. And all of a sudden armies, for example, do not even work. Because armies cannot conquer science. And science does not respect our previous structures. Science

does not have borders. Science does not discriminate between people; it doesn't matter to science whether you are black or white, if you are rich or poor. It is available or challenging. And another thing has changed - our concepts of past, present and future. The past has become totally unimportant.

I visited the old city in Baku and it is beautiful and I admire the way you handle it. But it is something nice to remember. Not something functional for the future. People say you have to study the past so that you won't repeat past mistakes. I am not impressed by this statement - suppose you avoid making the same mistakes. You'll make new mistakes. Why is the new mistake better than the previous one? It is the same thing, so it is a waste of time to study your previous mistakes. You have to learn something else. And if you are going to learn something new you won't ever have a teacher and that is the future. While the past is based on experience, the future doesn't have experience. It is innovation. The past is a collection of knowledge. The future is a challenge of innovation. There are no precedents. What we will do never had a precedent. And all experts are experts of things that have happened in the past. You do not have experts for things that can happen. And you students, it is very nice that you study and learn, but what I think you have to do as well is learn to imagine, not just to remember. What do you have to remember when we have so many new and changing ideas. And the changes are like a galloping horse. They are fast. When the horse passes nearby your home and you don't mount it, it will run away without you. Dream big! Do not dream small!

Based on my experience I know if you dream small, you get small results. If you dream great you may have better results. And there are no limitations and there are no borders to dreams. And when you dream you join the march of innovation, the march of achieving greater things. We do not have a choice; the world is changing whether we want it to or not. Even democracy is changing because you do not have national borders in this scientific age. It is a borderless world. And governments are witnessing the dissolution of their leadership. Today if a politician says "I am great! I'm strong!" people are asking: "Are you? Can you defeat terrorism?" "No." "Can you bring an end to the social gap?" "No." So it makes us uncertain that you are a great leader. And actually the political leaders are in a deep crisis.

### Innovation and Future Challenges

Because leaders have to make speeches before their elections, they promise much and they cannot implement what they have promised. The world is in a deficit, because the standard or the cost of living is going up very fast, better dresses cost more, better food cost more, and better lodging costs more - yet salaries are not going up. The cost of living goes up because of the innovations, and the salaries are remaining the same because of the governments.

Today the economy is in the hands of global companies more than the hands of governments. Now there are global companies that have more money and more power, but there is no global government. The global company today does not report to anybody. They only have to report to

their own clients. They are being elected everyday by their clients. And if they are not trusted, they will have to resign. And that's what also changed democracy. Because today to say that democracy is the right of every person to be equal is not enough. Today democracy is not the right of every person to be equal. But the equal right of every person is to be different. Equality and the right to be different are at the same level. You know all of us have a double personality. On the one hand, we are part of the community. We are part of the many. On the other hand, each of us is an exception to the rule and exception to the many. Everyone has the same fingers, but there are not two people, two persons that have the same fingerprints. Have the same fingers but not the same fingerprints. Thus to say that free speech is part of democracy does not make sense. Because today freedom of speech for example, is something everybody can have. If you have a smartphone you can write a message day and night to whoever you want and nobody will stop you. Why are the young men and young ladies reluctant, it is not just a freedom of speech, not just freedom of free expression but self-expression. Each of you, each of us would like to express his own inclinations, his own dreams, his own hopes. Because you cannot be satisfied if everyone is the same. That is by the way the reason why the people go from villages to cities. Because in cities you have a wide choice to select what you want, universities like yours. And that changes.

I'd like to tell you, students, from my own experience, something that I hope you'll take seriously. Each of you, each of us, is far richer than what we think, our parents



think or our teachers think. Every person has unseen potential. You can bring it to use and discover that you are capable of doing much more than you thought. People ask me from time to time how Israel became such an advanced country in terms of science and technology. The answer is: we did not have a choice! Because we had nothing. Israel is a tiny small country, Azerbaijan is four or five times the size of Israel. The land was not nice to us. We had swampland in the north, desert in the south. The swamps brought mosquitoes, the desert brought stones; you cannot open a dialogue with mosquitoes and stones. Neither did we have water. Nothing whatsoever. We have one famous river, but this river has more fame than water. It is an old river but it doesn't have water. We did not have any natural resources, neither gold nor oil. We were alone and small, surrounded by 40 million Arabs. We were 650,000 people, we did not have a brother to our language or a sister to our religion. We were totally alone. You know we created Kibbutz\*, I was myself a member of Kibbutz. It is a nice way of life. But it does not produce any food, it does not produce any wealth. What could we do? And then we discovered a first-rate natural resource - the human being. That is what I am telling you. I was myself a member of Kibbutz, I got a very high job in a Kibbutz, and I was a shepherd. Well, it was nice, but you do not become a millionaire, nor do the people. And then people started to search for what to do next. How do we improve? How do we improve the vegetables? How do we improve the fruit? And without knowing it we became the first country with a high

tech agriculture. We did not have a choice but to build our own.

I am saying it because I felt like you [students] when I was your age. You can do a lot more than you think. It does not fall from heaven as a gift. You have to learn, you have to be curious, you have to work, you have to imagine. The fact that you have the freedom to choose as an individual will make your life more meaningful. Do not miss it. And you are in Azerbaijan, you have good people, you have a good young generation and you need it. I believe that is what the President wants to do. It is good to have oil for the future, but work towards future which is not dependent on the oil, but on you. You are responsible; do not always listen to your parents. Sometimes, you are much better than they say. Do not always trust your teachers, they do not give you generous marks, they do not always encourage you. Do not always listen to your friends who from time to time gossip behind your back. Really believe in yourself, and that means believing in other people as well.

You know, every person is insignificant, and the smallest thing in life is your ego. I think the greatest thing in your life depends upon the cause you adopt and the size you cause it to be and to serve many is greater and better than anything else. It will make your life happier, more positive. I believe that what we have to do is to have a new generation to eradicate terrorism, not just terrorists. That means getting rid of poverty, getting rid of ignorance, and getting rid of discrimination. I think for that task the global companies are better equipped. Because they have

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\* A communal settlement in Israel.

really delivered good will and trust. The governments are still half in the old age, in the age of land, wars and suspicion. There are many changes.

You know I was watching what's happening with Iran. Iran looked like a great danger to the rest of the world in eyes of the Russians, in eyes of the Americans, in eyes of many countries. And there were different views as to how we could stop the Iranians. Some suggested a return to the Cold War era. Some even suggested a hot war. And unbelievably all these different parties who could not agree what the best way to handle Iran would be met and agreed about on a policy that united the world. It is the first time that all peoples and all countries decided to avoid a cold war, and a hot war. It is maybe a new option, the options of cold or hot war. And if it is successful then they'll say that it is a way for the future, to solve conflicts not by shooting, not by threatening, not by hating, but really trying to come together. I see now the maneuvers between the United States and Russia. Personally I believe that both of them want to avoid war. Why would they want war – the killing of more people? Why would they want war – to have more refugees? No matter which nation you belong to, when you see the refugees from Syria, -- the old people and the small children, all of our hearts break. No matter whether you are an Arab or a Jew. Or Azerbaijanis, or Americans. Why should it happen? I think what should be done to combat terror is to refer to the root cause. Instead of having foreign workers coming from Africa and working in New York, it is better to send a worker to Africa to help stop unemployment and stop poverty. Technology will help them to

achieve it. Get rid of the past. Well, if you have an old city in Baku, keep it, it is a beautiful piece. But look for a new city, or a city that will meet the new. And the new is that at the core of humanity's strength is the human being. Without technology we cannot just improve machines or robots. We can improve the human being itself. Today it is easier to improve your eyes than to build glasses. You can improve your eyes, your heart, your stomach, everything. You can make everybody better, more educated. So this is why I wanted to meet you and deliver a message which I am not sure is accepted by many, but occasionally by a few. And I believe this is right, maybe not for many but for the future. And your future belongs to you!

## DISCUSSIONS

**Amb. Hafiz Pashayev,**  
**Rector of ADA University:**

Thank you, Mr. President! I believe this is best lecture that our students could get and I believe that it will be remembered, as I said, for long time. I believe and I hope that the faculty of our University will use the ideas in this speech for their own classes and to provide some special assignments. Thank you very much, Mr. President! You looked at the past, present and future and I found your point about looking at new concepts of the past, present and future very interesting. I believe that we have to promote these ideas among our university students. I am personally very thankful to you, Mr. President, once again, for giving us the opportunity to hear your very thoughtful presentation. And I hope that we will have you another

time at our University. As I said, it is best experience that we could have hoped for today. Thank you very much!

Mr. President, would you allow us to have some questions?

Mr. Fariz Ismailzade,  
Vice-Rector of ADA University:

Dear students and faculty members, if you have questions please come and line up here and you will have a chance to ask your questions.

Fariz Rzayev,  
Director of the International Cooperation  
Department at the Ministry of Education  
of the Republic of Azerbaijan:

Mr. President, I am honored and privileged to be able to listen to you. I cannot refrain from asking you a question about a great historical figure that you were close to. I just finished reading your book of your conversations with David Landau about David Ben-Gurion [first Prime Minister of Israel]. So my question is: what do you think would be David Ben-Gurion's advice to the nation and government of Azerbaijan in the current situation and under current circumstances.

Shimon Peres:

I cannot say for definite anything he would do; the challenge for leaders is not to speak, but to do. The problem derived is not what to be, but what to do. And you know I've worked with Ben-Gurion for twenty years. He took me on when I was a very young man; I was twenty-six or twenty-seven, so I know him quite well.

First of all, Ben-Gurion was an innocent man. He did not have a drop of cynicism in his blood. When he was fighting he was courageous. The second thing is that Ben-Gurion thought that the first code for a human being is a moral code. To be a moral person is more important than to be rich or powerful or anything else. Morality is a real wealth. There is nothing wiser in life than to be a moral person. It does not cost much by the way. You do not have to pay to be a moral man. Thirdly, he hated lies. I know from my own experience that if I lied once he wouldn't forgive me. We had to be very truthful in our relations. Then, he taught me do not hesitate to feel on your own if you think you are right. Do not try to frighten. You know he was Prime Minister for more than ten years. He resigned 15 times but he had good people that called him back. It does not happen to many politicians. But when he disagreed he resigned. He gave everybody an equal chance regardless of their age. He did not wait until I became old. He said if you can do – do it. Then he thought we need to make peace with our Palestinian neighbors. He thought so not because it was politically correct but first of all because it was our moral goal. We were not born to govern anybody else. Well the land is small, there are two different people. And he had the courage, the very first step for any leader, to say that he would prefer a Jewish state on part of the land than the whole land without a democratic Jewish state. And throughout his life he never changed his mind and he'd do the same today. And I think we have to do the same. And I think anything else is a mistake. Because we have to respect the Arabs as human beings and they have to respect us as human beings.

Because we are human beings. Now when you look back at history you see that the greatest killer was war. No other sickness or mistake kills so many people, men and women, young and old and for what? What are the results? There was nobody in history that really won a war. You can achieve short-term wins but you never win a permanent victory.

You know, the greatest warrior was Genghis Khan. He killed 12 percent\* of the population of his time. But 88 percent remained alive and they killed him. Adolf Hitler killed 2 percent of the world's population, and what did he achieve? He brought shame upon the Germans, he brought doubts into the heart of the people. He raised the question of the difference between a man and a wild animal. So the future of war is good for a while, but not for a long time. The only victory is peace. Because peace can be continued. We made peace with Egypt and there is still peace. We tried to make peace with the Palestinians – we haven't succeeded yet but we must achieve this. President Sadat,\*\* who came from Egypt to Jerusalem, said we lose fifty for every hundred young people. What for? So the only victory is peace. And you know peace endures. We have had 70 years without war. All the rest of the European states lost their powers. They paid for it, but what now? Russia is the same. The United States too, but the United States did not try to become an empire. I believe we can live without war. And life without war is not a theory. President Obama says no boots on the ground. It is enough. And I think Obama

is right. America was in Afghanistan for thirty years. Actually they did not want to conquer Afghanistan, what they wanted was to impose democracy. So they spent trillions of dollars, and lost thousands of lives. And for what? They are criticizing Obama, I think Obama is right. Obama says the age has arrived when we do not actually need a war.

**Sevil Mehdiyeva,**  
**BA Student at ADA University:**

Hello, Mr. President. I think everyone would agree with me that we can apply the words you said to our lives. My question is related to economics. I wanted to ask you, should Azerbaijan invest more in the military sector or the science sector, or another field?

**Shimon Peres:**

You know, I changed my view about what a leader is. In the new age, if a leader wants to serve the people he must understand that he serves them and does not rule them. The leader is not a ruler. A leader is a servant. And the leader is not a man that wants to rank highest amongst the rich, the highest rank, but to be a head in the advancement of the people. To be a head is more important than to be on top. I have been Prime Minister among other things and also President. A prime minister has strength in many situations; he can issue or suggest laws. When I was a prime minister I was quite controversial and people did not like it. No minister was happy with me. Why? Because every

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\* Between 1206 and his death in 1227, the Mongol leader Genghis Khan conquered nearly 12 million square miles of territory around the world.

\*\* Anwar Sadat was the third President of Egypt, serving from October 15, 1970 until his assassination on October 6, 1981.

minister thought he could be the prime minister. It was me who prevented them from being Prime Minister. So they were angry about this, and what could I do? If you ask what I spent my time on when I was Prime Minister, it was mostly on handling friction between people. Then I became President. As a president I did not have any power. I did not have control. None whatsoever. But I discovered something. And that is that those very same people weren't happy with insulting a speaker. I asked them if there were any volunteers and to my great surprise the very same people who criticized me said yes. I learnt that a president could do more than a prime minister. I did not face any opposition. Because people did not think that I was dealing with power. But I am serving as I should and asked them to serve, as they should. It is not important what my title is, what my name is. What is important is what you do. People are too impressed by ranks. Minister, Prime Minister, whatever. But you have to impress people through your actions. People ask me, what is the greatest achievement in your life? My answer is whatever I will do tomorrow. What I did is not important anymore. Then they ask, what is the greatest mistake of your life? I say the greatest mistake of mine is that some of my dreams were too small. Do not dream small. I regret every small dream. I have thought about writing a book which is called "Do not dream small!" I took ten decisions that I have had the pleasure to decide. All of them at the time appeared controversial. You should dream more, and stronger. And that is my advice. Look differently. If you want to serve the public, serve, not rule.

Samir Babayev,  
BA Student at ADA University:

First of all, I'd like to welcome you to Azerbaijan. It was honor for me to listen to your speech and I'd like to say that you are a great motivator. My question is about technology. What technology and innovation systems can be used for peace?

Shimon Peres:

Information is very important. But do not think that information can replace facts. Information is a means. It is not a creator. It may bring people together, it may spread dreams. Yes. But do not think that if you make a great speech you have done something great. It is not the size of the speech, but the reality of your actions. No, information is important because people do not want to be alone. You are alone, on the one hand, but you also feel as a part of many on the other hand. And information is as good as it is truthful. Do not use information to spread lies. That is disinformation. The information is just a road. But you have to decide where to go. The fact that you have a road does not mean anything. So information is important to keep things among people. But it can become dangerous. Because you can use it to bluff or to lie. Do not do it.

Ziyafet Sultanova,  
BA Student at ADA University:

Your career has been so wide-ranging: military, finance, economics, and so on. How did you find the time to learn all those skills?

### Shimon Peres:

Well, it is a good question. You know I did not finish university, and until the age of 26 I did not know a single word in English. I really learnt by reading and by listening and I believe that there is no end to learning. You learn something which is very important at university, which is how to ask questions. But to find answers you have to continue learning. I would also suggest some changes to social structure. I will mention one. You know today the girls or boys at the age of fourteen or fifteen are already developed people? They are stronger built, they are better informed; they are not cautious of society. We send them to schools. But we do not let them experience work. Because we think he is a child and because we think that the work place is dark and dangerous. It used to be years ago, but it is not now. I think that we have to enable young boys and girls to have a role in real life. I suggest that at the age of fourteen, fifteen, sixteen the student, girl or boy, should work for two hours a day. First of all to be young is very demanding, young people are very short of means. So let them make a penny, why not? And they may learn by working just as at school. And they are engaged; otherwise they do not know what to do with their energy. They go to parties at night, why not? Let them learn. Let them work. Let them make part of a living. In addition, I suggest that people that work already should cut their hours of work from eight to six and that every worker should study for two hours. Because if you won't learn, you lose your job. Everything has changed. So let the young work. I told President Aliyev yesterday that in Israel, students in university are coming togeth-

er, two or three of them, and they are launching high-tech companies.

We have thirteen thousand companies and sixty thousand students. Some of them are already millionaires. But what they learn at university is not just the theory, but also entrepreneurship, how to become an entrepreneur at a young age. We have scientists at the age of fifteen. Their minds are fresh, they are informed, and they are far from being fools. But why should they be rejected? On the other hand, you have to study until the end of your life. And people say that work takes time. My answer is very simple: I enjoy working more than resting. Some people say, why don't you retire and enjoy your life? If I do I know I will be annoyed. I enjoy working. What is working? It is learning, it is creating, and it is being engaged. I think you are as young as you dream. And you may become old if you lose your dreams.

### Amb.Hafiz Pashayev:

Once again, Mr. President, thank you for coming to ADA - as I said it will be remembered for long time and the students who are present here are very lucky that we are able to listen to you and gain very valuable insights. And if you allow us, Mr. President, we will use this lecture in our classes to share your thoughts with our other students, and if you allow us we will publish it.

Mr. President, I want to give you a small present. This is the University Medal, an award for highly distinguished guests.

# THE TURKISH-AZERBAIJANI STRATEGIC PARTNERSHIP IN THE FACE OF GLOBAL CHALLENGES

H.E. AHMET DAVUTOĞLU

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Prime Minister Ahmet Davutoğlu pursued a successful academic career at various universities within Turkey and abroad before being appointed Chief Adviser to the Prime Minister and Ambassador-at-Large in 2002, a position he held until 2011. On May 1, 2009 he was appointed as Minister of Foreign Affairs within the 60th Government of the Republic of Turkey, and served the 61st Government (2011-2014). In August 2014 he was appointed Prime Minister of Turkey after his predecessor, R.T. Erdoğan, was elected to the Presidency.

Prime Minister Davutoğlu has published several books and articles on Turkey's foreign policy and featured in Foreign Policy Magazine's "100 Global Leaders" in 2010, 2011 and 2012.

The prime minister spoke at the ADA University December 4, 2015.

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## THE TURKISH-AZERBAIJANI STRATEGIC PARTNERSHIP IN THE FACE OF GLOBAL CHALLENGES

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### **MODERATOR'S INTRODUCTION AMBASSADOR HAFIZ PASHAYEV**

Dear Prime Minister,  
Dear MPs, ambassadors, dear guests, students and faculty,

On behalf of ADA University, its students and faculty we are honored and pleased to welcome His Excellency the Prime Minister of Turkey, his wife, and the guests who arrived with him. We are privileged to often host distinguished speakers - several world leaders have given lectures here at ADA University. However today is special day for me, because Mr. Davutoglu combines the attributes of a scientist, an academic, a diplomat, and a valuable public figure. I emphasize this point because we always greatly appreciate meetings with scientists and I know that his efforts in his academic career have brought him to this high post, and he serves his country well.

Yesterday we all witnessed the Prime Minister's meeting with President Ilham Aliyev. I found the meeting particularly exciting because of the sincerity and sense of friendship that was shared by the two countries I would like to emphasize specifically the phrase of the Prime Minister - "Can, Azerbaijan".\* I told the Prime Minister that in my younger days my peers and I used to say "Can, Azerbaijan" when we were greeting each other, and so to

hear him say that phrase felt very special.

The strategic relationship between Turkey and Azerbaijan was discussed yesterday. We often discuss this relationship here at the University. I would like to emphasize the pivotal role played by the diplomats in strengthening the relations between our two countries in the last 24 years. Whenever we have a newly appointed Minister of Foreign Affairs or Prime Minister, his/her first visit is to Turkey. Similarly, when I was appointed as Ambassador to the United States, my first visit was to the Turkish Embassy in order to meet with then-Ambassador Nusret Kandemir. I maintained close relations with future ambassadors of Turkey to the United States. We all know that Washington has had a political role in important regional projects.

As I mentioned, ADA University is relatively young, but despite this we have managed to establish close relations with various Turkish universities: Koch University, Hacettepe University, Middle East Technical University, Eskişehir University, Istanbul Şehir University. I know that the establishment of the latter was initiated by you, Mr. Prime Minister, and I know well the role and the excitement of the leader in the establishment of a new university.

As I said, Mr. Prime Minister is a diplomat, a scholar, and a political figure, as well as

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\* The literal translation is "Loveable Azerbaijan"

the author of a number of books on foreign policy that have been published and translated into several languages. And finally I would like to stress the fact that Mr. Prime Minister was listed among Foreign Policy Magazine's "100 Global Leaders" in 2010, 2011 and 2012. I sincerely congratulate and pass the floor to you, Mr. Prime Minister!

## **REMARKS BY AHMET DAVUTOĞLU**

Dear Rector,  
Distinguished guests,  
Dear students,

It is my pleasure and great honor for me to meet you all here. When I saw the students excitedly greeting and embracing me at the entrance I asked whether there were enough places for the students. However, I was told that they might not be allowed to get in, due to shortage of space. But there cannot be a class without the students. Thus, I asked for the students to join us and I welcome them as well.

The relations between Turkey and Azerbaijan are very special. The best evidence of this is that newly appointed officials in Turkey always make their first visits to Azerbaijan. The same is true about Azerbaijan. As soon as I received a confidence vote from the Grand National Assembly on late hours of Monday, my very first visit was to Azerbaijan. I'd like to mention that even before going to Istanbul or my hometown Konya I came to Baku. It

means that Baku is as cherished for us as Istanbul or Konya is.

Whenever I say "Azerbaijan", I add "Can" in front of it. 78 million [the population of Turkey] greetings to Can Azerbaijan! The relations between Turkey and Azerbaijan are very different from relations between any other countries all over the world and they are very special. Heydar Aliyev gave the best description of these relations when he said: "one nation, two states". Mr. Bakhtiyar Vahabzade, well-known Azerbaijani poet described [our relationship] as two sons of one mother. And we really are one family. From this perspective, today I will speak about our vision of bilateral relations of Turkey and Azerbaijan and will also share with you the future vision of Turkish foreign policy.

You may have noticed that as soon as the government accepted the agenda I left for Brussels to attend the EU Summit, and we met with the leaders of 28 countries. We discussed the relations between Turkey and EU and shared views on future plans for our common European continent. Less than a week has passed and I am in Baku now. We discussed not only Turkish-Azerbaijani relations, but also future visions of Asian and global affairs. In Brussels I told the leaders of the European governments that Turks are Europeans and without the history of Turkey, and the archives of Istanbul, the history of Europe cannot be written; without Turkey the future of Europe cannot be defined.

Now in Baku I am saying that Turks are

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*\* As this text is translated from Turkish, the editors have abridged content where necessary, without changing the original meaning.*

Asians, and Asian history cannot be learned and Asia region's future cannot be defined without studying Turkish – Azerbaijani relations. In saying this I am not only referring solely to our bilateral relations. In fact, Turkey's most important characteristic is its multi-dimensional geography. I emphasized this fact in my book "Strategic Depth" (Stratejik Derinlik), which I wrote before becoming Prime Minister. The foreign policy of Turkey must never be one-sided. Turkey can neglect neither Asia nor Europe. Turkey can neglect neither the Black Sea, nor the Mediterranean Sea, nor the Caspian Sea, nor the Gulf. Turkey can neglect neither Africa nor Latin America nor the Atlantic unions. Our geographical location is such that all the surrounding developments affect us and our own decisions have an impact on all our neighbors.

Turkey hosted the G20 Summit recently. Global leaders including President Mr. Aliyev took part. Right after the Summit I attended the EU Summit, and Turkey will host the OIC Summit this April, and the World Humanitarian Forum is set to be organized in May 2016.

#### Turkey's Multidimensional Foreign Policy

It does not matter whether it is a humanitarian or a strategic issue, Turkey's approach is multidimensional. When I was Minister of Foreign Affairs I told [our] ambassadors that the time for a single line of diplomacy has passed; now is the time for a multidimensional globally orientated diplomatic strategy. In this regard Turkey-Azerbaijani relations have a special role to play. This relationship is accountable for the corridor which connects Asia

and Europe, East and West. Turkish – Azerbaijani relations are the backbone of this corridor. Turkey is a country that links European horizons with Asian depths. And as I mentioned in the same book, if we do not have in depth analysis of Asian affairs we cannot achieve the outcomes the European region desires. If we strive to develop relations with Europe then we must put a similar emphasis on improving relations with Asia. The same is true with regards to the African region. When we look at our relations with this part of the world we can see that when I was appointed as Minister of Foreign Affairs we had embassies in 12 African countries. Today the number of our embassies there is 39. If we say that we are Europeans or Asians, we are Africans to the same degree.

Wherever we speak with a region we identify ourselves with that region; when I speak in Brussels I am a European, in Baku or Samarkand I am an Asian, in Ethiopia, I am an African and I do not feel uncomfortable because we relate to the people of each of these regions by understanding their language and their identity. We consider all people as our brothers and whatever region we are dealing with we understand their issues and challenges and address them in their own language.

We do not underestimate anyone and hold no one in contempt. We listen to all peoples; we respect all countries. That is why when there was an earthquake in Haiti the first plane to land there was Turkish airplane. When there was a tsunami in Japan, in the Philippines it was Turkish jet that landed there first. The first plane to land in Somalia was the plane of then-Prime Minister of Turkey Mr. Recep

Tayyip Erdoğan. Wherever there is a need for humanitarian action and help Turkey is at the ready. We call it diplomacy for humanity, diplomacy of conscience. Despite all the difficulties, we are honored to host our Syrian brothers and sisters who suffer from that barbarian regime and terror. We didn't bomb our Syrian brothers, we did not inflict any harm on Syrian civilians, and when Syrian refugees crossed the Turkish borders we did not ask them whether they were Muslims or Christians, whether they were Arabs, Kurds or Turks, whether they were Sunnis or Shias – we embraced them all. We host almost 2 million Syrian refugees. Turkey alone is meeting almost all the humanitarian challenges posed by the Syrian crisis. We discussed these issues with the EU. And I would like to emphasize that the only friend and brother of the Syrian people is the Turkish Republic. We will always stand with our Syrian brothers, no matter who bombs them or who applies discriminatory policies towards them. Our Azerbaijani brothers would understand this like no one else. Because we embrace the Syrian refugees and those who suffer from the bombings and terror in Syria, just like we share the pain of one million of refugees and IDPs from the Nagorno-Karabakh conflict.

#### Challenges of Turkish-Azerbaijani relations

Firstly I would like to talk about Turkish – Azerbaijani relations. Against the background of all these economic and political crises, with geopolitical challenges striking each of our neighbors one by one, Turkey and Azerbaijan have been experiencing steady growth for the last

15 years. The 1990s were a crucial post-Cold War period for both countries. On the one hand Turkey, with its unstable political coalitions, faced economic crises in 1994, 1999 and 2001, all whilst trying to manage the threat of terrorist attacks; with its weak economy and urgent need for foreign assistance. On the other hand, Azerbaijan was trying to overcome the traumatic outcomes of the occupation of its lands and to ensure its unity. In this regard, Heydar Aliyev managed to ensure internal stability and development, and opened up new horizons for his country.

A similar story emerged after 2002 when the ruling Justice and Development Party and then-Prime Minister Recep Tayyip Erdoğan launched the development of Turkey. In the last 10-13 years both countries have grown steadily, ensuring their development and guaranteeing their futures by leading the most important projects in the Eurasian region.

While Turkey has increased its GDP by 3-4 times over the last 13 years, Azerbaijan has increased its own GNP by 5 times. I would like to stress the striking fact that Azerbaijan increased its GNP from 15-16 billion USD in 2005 to 75 billion USD in 2015. This period has been a very crucial one, because it has seen the opening of the Baku-Tbilisi-Ceyhan pipeline. This means that Azerbaijan played a role in the development of Turkey just as Turkey played a role in the development of Azerbaijan. Our bilateral relations form a backbone for development and whenever we meet we do not feel like the delegations of two countries who are negotiating – it seems like there is one general delegation, and it is defined by saying “one nation,

two states". Even if we sit face-to-face we represent one delegation; whenever our two flags are nearby they look like one flag. We plan together, we move towards the future together. The Baku-Tbilisi-Ceyhan connected the Caspian Sea with the Mediterranean Sea. Then the Baku-Tbilisi-Erzurum and Baku-Tbilisi-Kars projects linked the Caspian with Anatolia and we now have two other very significant projects. One is the Trans Anatolian Natural Gas project (TANAP); another is the Trans Adriatic Pipeline (TAP) project. These projects, which aim to deliver the Caspian's natural gas to European markets, were contested for a long period of time. Firstly, there was the Nabucco project, but unfortunately the indecisive position of the EU on this project meant it failed. It was only when Turkey and Azerbaijan came together and agreed on TANAP that they managed to go further with the TAP project and link the Caspian Sea with the Adriatic Sea and the rest of Europe. This is a brand new horizon. We will restore the Great Silk Road through pipelines and high-speed trains. The implementation of energy dialogues and the functionality of the Southern Corridor is hotly debated within the European Union.

Once again, the Baku-Tbilisi-Kars railway does not just link these three beautiful cities through the cooperation of Turkey, Azerbaijan and Georgia. It is a backbone of the new Silk Road that will connect Beijing, Brussels and London. In this regard we signed a Memorandum of Understanding with China. We also discussed these issues extensively here in Azerbaijan. We agreed with President Aliyev on these issues, and during his upcoming visit to China he will also hold negotiations there.

This time the cooperation of Azerbaijan and Turkey will form the backbone for the linkage of the cultures and traditions of the countries that lie along the route of the historical Great Silk Road. This is evidence of the fact that both energy politics of Turkey and Azerbaijan together with their collaboration in the trade and transportation spheres serve only peace, development and welfare. This is demonstrated by the fact that even though 20 percent of Azerbaijani lands are under occupation it has not pursued a confrontational policy, and instead through its own development has become a driving force for development in the Caucasian region. I would like to stress once more that the Turkish Republic will always stand close and support Azerbaijan until it regains its occupied territories.

I would like also to call on Armenia to return the occupied lands and to join the cooperation of Turkey, Georgia and Azerbaijan, which is based on a peaceful vision of future. Every inch of Azerbaijani land is sacred for us and those lands should be returned. Yesterday we discussed with President Aliyev the negotiation process for the Nagorno-Karabakh conflict and we believe that positive changes will lead to the resolution of the conflict and will ensure peace and stability in the Caucasus region. Turkey and Azerbaijan are determined to increase their trade volumes from 5 to 15 billion USD and investment volumes from 13 to 20 billion USD. Cooperation in spheres such as energy, investment, trade, and cultural exchange are key for achieving sustainable growth and development in the region, and for building stable links between Asia and Europe throughout the Caucasus.

I would like to stress once more that we strive for sustainable peace in the region and believe in peaceful connections between the Caucasus and the Caspian, between the Black Sea and the Mediterranean Sea, and between Asia and Europe. In this regard, the relations between Turkey and Azerbaijan will play a key role in achieving these peaceful goals for the Caucasus, Central Asia, the Caspian, the Mediterranean Sea, the Black Sea, and Balkans and throughout Europe. Turkey has never been in favor of tension, conflicts and polarization. Turkey is a European country and as such will play an active role in the future of the European continent. Turkey is an Asian country and as such will pursue many developments in this region and will sustain peace and improvement. Turkey is a Caucasian state and as such will try to contribute extensively to the peace-building process. Turkey is a Balkan state and wishes for the end of ethnic conflicts and strives for sustainable development in the region. Turkey is a Black Sea state and therefore believes peace and development must be the key tenets of its foreign policy in this part of the world. Turkey is a country that is indirectly affected by the Caspian Sea. Therefore we want to see the Caspian as a sea which boasts sustainable trade, energy and economic activity. Turkey as a country of Central Asia and consequently wishes all the crises of this region to be resolved. We would like to see the peoples of this region living in a peaceful environment under the rule of democratically elected leaders and with the ability to build their future in a democratic way. We also wish for the elimination of the many forms of injustice and inequality that Africa faces today. Our internal policy is based

on cooperation, peace and development; our regional vision is founded on mutual respect and economic development; our wider strategy is to work towards a future based on peaceful relations and mutual understanding in this post-Cold War age.

### Turkish-Russian relations

In this regard, I would like to speak about the Turkish-Russian relations, which have become one of the main topics on many agendas recently. Turkish-Russian relations in the post-Cold war period, and especially during the governance of the Justice and Development Party, have consistently deepened. We have always cared about our relations with Russia. We have even had internal and external debates regarding the relations between our two countries; there were doubts whether Russia would replace the EU as the main dimension of Turkish foreign policy; there were also questions over whether it is normal that Turkey, as a country with close relations with NATO, maintains such warm relations with Russia. But we didn't take those considerations seriously and established neighborly relationship with Russia and have tried to preserve these relations. We removed visas. We helped Russians access new opportunities, and in turn we expanded our horizons with the help of Russia. We hosted millions of Russians in Antalya and we will continue to do so. Turkish and Russian people do not have any problem between each other and they won't have them. I am referring to Moscow and the whole of Russia when I say that we do not have any doubts or negative intentions towards them. Turks and Russians as I said before are the two nations that built the history of Asia and Europe.

The Russian nation is a proud people and we respect that. But everyone should know that the Turkish nation is also a proud one and it wants to see mutual respect. Turkey does not underestimate anyone, but it won't let anyone to underestimate it either. Turkey respects the borders of all countries but it also wants its own borders to be respected. The recent events are not a problem between the two nations. Everyone should know that the Turkish-Syrian border is not a Turkish-Russian border; it is not Russian-Syrian border either. The Turkish-Syrian border is the Turkish-Syrian border and it is about these two countries only. Consequently we cannot accept or understand the anti-Turkish propaganda that the Russian media has tried to advance. I call upon Russia and President Putin to allow us to negotiate and discuss these issues. We call on Russians not use Cold War-style campaigns to accuse Turkey of supporting ISIS. If you have evidence of this why hadn't you raised it before? We consider these comments to be Cold War-style rhetoric. Let us talk.

I would like to share here my views on the issue. The reality is as follows. The Turkish-Syrian border is a border over which millions of Syrian refugees have travelled in last 5 years. And we accepted everyone who crossed this border. Recently both Turkey and Russia have been combating terrorist activities along this border. In 2012 two Turkish jets were shot down on this border and our pilots were martyred. After that event we decided that all jets crossing the Turkish border from Syria would be perceived as a threat and that Turkey would not let any plane from Syria cross this border. We declared our deci-

sion to the rest of the world in June 2012.

Russian aircraft violated the Turkish border on September 30, 2015 and again on October 3 and 4, 2015. We did not violate anyone's border. We did not take any offensive actions against Russia or any other country. But our borders were violated. At that time we called on the Russians in a friendly manner not to violate our borders again. We told them politely that we have Syrian and Turkmen brothers who live along that border and need Turkish help and assistance. We asked them not to create a new wave of migration. If your operations move thousands of people towards Turkey, if it creates a new wave of refugee migration, such operations affect the interests of Turkey. We shared these views with our Russian colleagues. They promised us not to violate our borders again.

Our Azerbaijani brothers will understand us. If we had thousands, tens of thousands of refugees from Karabakh coming to Turkey we would have embraced them. And this is the same attitude we show to our Syrian brothers. If they kill Turkmens, if they bomb their places our conscience, our history, our morality won't let us keep silent and not take any action. That is what happened. The radars showed that Turkish borders were violated three times that day and that they bombed Turkmen villages whilst passing through Turkey. We couldn't establish the ownership of this aircraft. We warned our Russian friends and asked them to share information about the operations they were planning to implement in the region with us. We offered to fight together with them against terrorist threats. But as long as we did not



know who owned this aircraft belonged to we couldn't accept the violation of our borders.

This aircraft could also have been Syrian. It could have entered Turkish air space and attacked. We acted within the framework of the rules of engagement as they had been previously established. The plane was targeted and shot down whilst it was on the Turkish border. It crashed as soon as it left the Turkish border. We didn't act against Russian aircrafts in open air space or in the air space of any other country. We used our rights to preserve our borders from the aircraft of an unclear affiliation. And no one can blame Turkey for that. No one can expect Turkey to apologize. We can't apologize for the fact that we preserved our borders. We are accountable only to our beloved and cherished population. We are not accountable to anyone else.

This event did not take place in a region close to Russia. This event happened in Turkish airspace. Our Russian friends should firstly understand this: this didn't happen because of any offensive policy from Russia towards Turkey. This accident took place while Turkey was exercising its defensive rights. This reaction was not against Russia. But if we look now we see that they are trying to accuse Turkey of attacking Russian aircraft or backstabbing. Despite all these provocative statements we called Russians to open a dialogue with us and yesterday our Minister of Foreign Affairs met with his Russian counterpart and discussed these issues. We want to find a solution through negotiations and discussions.

We have all seen that other countries are also determined to fight against terrorist threats from Syria, but in this case all these countries should act together and in cooperation. These operations should only target terrorist threats; they should not kill Turkmen civilians or support the brutal regime of Syria. That's why we call on Russians to act together and fight together against this common threat.

On the other hand, mutual economic embargos bring no benefits to either side. Our Russian friends know this very well. We maintain that we pursue an open, transparent and honest policy and won't place economic embargos on Russian trade. Russia has supported us on these issues several times, and wasn't happy when other countries placed economic sanctions against it. Yet Russia is now trying to use this tool against Turkey. Economic sanctions have a twofold effect: when you try to harm the opposite side you are harmed as well. Now, especially given the fact there is such interdependence all over the world, Russia cannot benefit from such sanctions. Moreover, they are wrong if they think that they can crack an honored country and nation such as Turkey. In our fight for stability and development we were hungry but we didn't crack, we fought in Çanakkale [Gallipoli] but we weren't broken down. When the issue is about our independence, about our borders, there is no sacrifice that we cannot afford.

Regarding the economic sanctions, they will harm both sides. Therefore, we call on Russia to enhance economic cooperation rather than implementing these sanctions. Instead of preventing Russians



from coming to Turkey we would like to see more Russians in Turkey and more Turks in Russia. Turkish-Russian cooperation can bring immense benefits in terms of stability to the Balkans, the Caucasus, the Black Sea, Central Asia and the whole of Asia and Europe. On the other hand, a rivalry between these two countries will end up producing only negative results.

Once again I would like to mention that Turkey seeks stability and peace throughout all of its surroundings including the Balkans, the Caucasus, Central Asia, the Black Sea, the Caspian Sea, the Gulf, and also in the African region. All these difficulties will pass. The only thing that will stay is the peace-oriented policy of states. In this regard, the relations between Turkey and Azerbaijan are the backbone for stability and welfare and we hope and believe that this friendship will continue to grow. 78 million people will continue

to say: "Can, Azerbaijan!" Whoever is appointed to an official post in Turkey will make his/her first official visit to Baku, and whoever is appointed to an official post in Azerbaijan will firstly visit Ankara and Istanbul.

I would like to thank you once again for your hospitality! Have a nice day!

## **AMBASSADOR HAFIZ PASHAYEV**

Thank you! Thank you very much Your Excellency Mr. Prime Minister! I think your extensive lecture gave answers to many questions of our audience. Your thoughts and views are very valuable and I am sure that our students and faculty will use them in their future work. We express our deepest gratitude once again for coming to our University and I think that this day will be marked in the history of ADA University! Thank you!



# POPULATION GROWTH AND THE SUSTAINABLE DEVELOPMENT GOALS FOR 2030

## DR. BABATUNDE OSOTIMEHIN

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Dr. Babatunde Osotimehin, a physician and public health expert, became the fourth Executive Director of the United Nations Population Fund (UNFPA) on January 2011. He holds the rank of Under Secretary General of the United Nations. Before this appointment, Dr. Osotimehin was Nigeria's Minister of Health. Prior to that, he was Director General of Nigeria's National Agency for the Control of AIDS, which coordinates HIV and AIDS work in a country of about 180 million people.

This discussion took place on November 12, 2015.

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## POPULATION GROWTH AND THE SUSTAINABLE DEVELOPMENT GOALS FOR 2030

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### **MODERATOR'S INTRODUCTION AMBASSADOR HAFIZ PASHAYEV**

Good afternoon!

Welcome to the ADA University.

Dear Students,

Dear Faculty members,

It is a great pleasure for me to greet our distinguished guest – Under Secretary General of the United Nations and Executive Director of the UN Population Fund, Professor Babatunde Osotimehin. His Excellency is visiting Azerbaijan for the first time and has already met with President Aliyev today and the First Lady prior to coming to ADA University.

ADA University is proud of its cooperation with United Nations. Sometimes I even joke that we have become part of the United Nations because of the frequency with which we hold events related to the United Nations. Just a few days ago we hosted an International Conference dedicated to the 70th Anniversary of the United Nations. Prior to that we have hosted workshop events for the UN Office of Drug and Crime, United Nations Institute for Training and Research, United Nations Industrial Development Organization and United Nations Conference on Trade and Development. We also had an excellent presentation from the Head of the UNDP, Mrs. Helen Clark. Our international scholarship program, which brings more than 50 students from developing countries

to study at ADA University, has recently served as a model for the UNDP Program with Central Asia.

Today we are honored that Professor Babatunde Osotimehin, Director of UN Population Fund, has chosen us as a venue to address and discuss the newly adopted UN Sustainable Development Goals and what that means for population growth in the world. I am sure this lecture and discussion will be of great interest to our students, especially those who deal with international development issues and public policy. Professor Osotimehin is a global leader in public health, women's empowerment and young people. Today we will also sign a Memorandum of Understanding (MoU) between ADA University and UN Population Fund; this MoU will lay the foundation for an exchange of expertise and resources on development issues.

Your Excellency, it is our pleasure to host you at our University and we look forward to a fruitful discussion today.

### **REMARKS BY DR. BABATUNDE OSOTIMEHIN**

Thank you, Your Excellency Ambassador Hafiz Pashayev,  
Distinguished guests,  
Future Diplomats,  
Ladies and Gentlemen,

It is a privilege to be here and see such

a working interest in this auditorium. His Excellency informed me that your campus is built in a green zone. So let me congratulate all of you for setting an excellent example for the entire world to follow. This is part of our new development goals, and how we are going to show the people on this planet how to survive going forward. I also want to thank the ambassador for inviting me to speak to you today. For us at the United Nations and around the world we are living at a time of extremes; at this moment in time development and diplomacy are very important. Just a few weeks ago, on September 25, 2015 in New York, we adopted the 23rd agenda for Sustainable Development. I think this is a big step forward because it is a universal agenda. It is an agenda that actually speaks to all countries and all peoples around the world. While we celebrate this achievement we have to recognize the importance of hard work, which must begin now in translating these bold commitments into action that will transform the lives of peoples and nations around the world. And as future diplomats, you have a particularly important role to play by fostering interaction and collaboration that transcends national boundaries. You will help to create an international environment in which progress towards common goals is possible. There are more than 100 students from different countries studying at this university. I was glad to see the flag of Nigeria as I was coming here which means that my country is represented here, which actually gave me greater impetus to give this lecture.

The document we adopted consists of 17 goals and 169 targets. They are very ambitious but they are achievable. If we

work together and develop new, more effective, modes of interaction and cooperation between government and civil society, they will serve as our key partners. I want to underscore that this is going to go beyond the United Nations, beyond governments, it is going to involve the private sector and civil society. The Sustainable Development Goals that we have adopted provide a roadmap for the next 15 years. Within that period of time we are committed to working to end poverty. I am not sure whether we can end poverty but we aspire to do so, along with hunger around the world. You will be surprised how many people suffer from hunger, even in the most prosperous part of the world. It is not solely a problem for developing countries.

We also want to ensure health and wellbeing and build peaceful, just and inclusive societies. I think in order to underscore this I want to talk about inclusiveness, because if you have followed the Millennium Development Goals, which have recently ended, you will know that while they sought to do several things, inclusivity was not one of them. We committed to reducing mortality, poverty and ensuring that people are staying in school, especially in the developing world. But inclusiveness has not been a goal. One of the effects of this is that around the world today there are many countries, particularly with economies that have grown in terms of prosperity, but with more people who are left behind and in poverty than in the developing world. So inclusiveness has to be a major issue as we go forward.

Human rights is another important issue where we all share responsibility - we

have to protect human rights. You cannot choose the right you want to protect. Human rights must mean all rights. I think that is the notion on which we all have to all move forward. Because of what I do I am very passionate about promoting gender equality. This is a global issue. There is no country in the world where gender equality exists, not one, and the empowerment of women and girls is hugely important part of human rights.

It may seem like a new idea, because we did not talk about the environment previously and there have been debates as to whether global warming is really taking place - but I think if you look around you will see that the evidence is compelling. We have to protect the planet and its natural resources. The goals we are talking about link economic, social and environmental dimensions of sustainable development. As I said they are built on the legacy of the Millennium Development Goals, which have just finished.

The 2030 Agenda reaffirms our commitment to the ICDP program of action. This program states that human beings must be at the center of sustainable development. Particular focus was placed on women, young people and vulnerable groups. This was based on fieldwork on human rights. This movement began in 1994. So what we have now is merely an affirmation of what Cairo did in 1994. The Sustainable Development Goals, or Agenda 2030, demands that we leave no one behind and that we reach for those falling behind first. There are people who are left behind and those who are easy to reach. But unfortunately those who are left behind are many. I can tell you that around

the world there are large swathes of populations that are defined by their ethnicity or religion or some other characteristic, and as a consequence they are excluded from political consideration. Because of that they do not enjoy what others do in terms of the products of development. Thus we have to go forth and make sure that this does not happen again.

### Gender equality in the world and in Azerbaijan

I do not want to paint a picture of gloom; we have made progress since the International Conference on Population and Development in 1994 and the announcement of the Millennium Development Goals in 2000. Globally the number of people living in extreme poverty has declined by more than half. Many more goals have been reached. The majority of countries have achieved gender parity in primary education. That is significant but not enough. Primary [compulsory] education is not what you must enforce if you actually want sustainable development. What we are talking about now with the Sustainable Development Goals is that girls in particular must go to the school until at least eighteen. A secondary education is the minimum that we must offer them. It has a great effect on several things and I am happy that I am looking out at many young women here today. It is also important that you serve as a role model for your community by sending young ladies and girls to school. You are going to be the change and the agents of development because you decide what happens within families and communities. You have the power to empower women. I also want to say in the last 20 years more women have

entered the paid workforce, despite the fact that there is no country in the world where they are paid on equal terms with men. What you find is that women do the same job as men and are paid less than men. So we need to make sure that that is corrected.

It is also seen that maternal and child mortality rates have fallen, and greater choices of for women around the world mean that we have seen a drop in fertility by 23 percent. Infant mortality has also fallen by 20 percent. This overall progress is encouraging. As I said, this masks hidden disparities between countries and within countries themselves. One of the areas in which we are progressing is the elimination of preventive maternal deaths. Azerbaijan has made great progress in reducing its maternal mortality ratio from 35.5 percent 100,000 lives in 2007 to 14.5 percent 100,000 in 2013. However, the legal and policy framework of a certain set of rights needs strengthening to ensure that this progress reaches everyone.

Migrants, refugees, internally displaced people and women from rural and remote areas all have poor access to health services. The use of mono contraception among married women over a productive age in Azerbaijan remained at 13.9 percent between 2006 and 2011. Today Azerbaijan has rates of induced abortion in this region of about 41 percent.

Significant efforts have been made to advance human rights worldwide over the past decade including the adoption of the UN Convention of the Elimination of all forms of discrimination against women. For us in Azerbaijan, and in this region,

these national legal and policy frameworks have been rehabilitating. So to that extent we have made progress in terms of policy framework. However, quality of maternal care is not recognized as a human rights issue. This is essential for the realization of the right to the highest attainable standard of health, equality and non-discrimination. All too often women and girls remain among the most disadvantaged and vulnerable groups, facing serious violations of human rights in countries around the world. Much more progress is needed in the area of gender equality to end violence and discrimination against women and girls: 7 out of every 10 women face gender-based violence during their lifetimes. It is everywhere and it is something we can work against and make sure we eliminate.

Let me also comment on Azerbaijan specifically in with regards to combating gender-based violence and discrimination. I look forward to the International Conference on Ending Domestic Violence in Azerbaijan tomorrow. Child marriages are something else I consider to be awful. It is unacceptable for someone to hand over a girl of 10 to be married. Because she is a child, a 10 year old cannot marry and cannot have children. I think that we must all work together against this practice wherever it exists. Indeed, in the context of Azerbaijan we also do have gender-based violence, which is about gender-based sex selection. People want boys rather than girls and for that reason women are subjected to sex selection before they are born. It is a form of discrimination and abuse and we need to stop it. It is not only in Azerbaijan; it is in many countries in this region and beyond. On consequence



of this is an absence of women for men to marry. In fact, I have information that there is a particular country in a particular part of the world where it is now accepted that woman can have more than one man as a husband. I have no problem with this if it is their choice, but if we have caused this problem, then we need to address it.

I know countries also that have suffered from sex selection that have corrected it. We know what to do and the UNFP can work with countries to ensure that we provide the necessary assistance. Gender dynamics in many respects negatively affect women's human rights since issues concerning sexuality and reproductive health are considered very sensitive both socially and politically. At the UNFP we applaud the adoption of legal frameworks to combat gender discrimination in Azerbaijan. Today I met with President Aliyev and I talked about the critical steps Azerbaijan has made on this matter. But these legal reforms must be accompanied by robust implementation and monitoring as well as the establishment of an effective mechanism for their implementation. When I spoke to the President this morning he made what I thought was quite a significant point. He said that in the last election there were more women voted into Parliament than ever before. I think that is also a good step forward because political participation amongst women is a major issue. Once you have women in the parliament and in the government and the political space they also tend to influence to what happens with regards to social welfare and the dignity of people.

That is not to say that statistics are the only thing that matters. It is to say that

the ones who are there now have the potential to become chairs of committees and put forward legislation that would provide protection and resources going forward. This is a major step in implementing effective evidence-based policies that will ensure that we can move forward. It is not just about women and girls, it is about the population as a whole and how we can make sure that this goes forward. And in that context I want to return to the issues of data. I want to tell you that most countries in the world do not have statistics. This is a problem. When we cite and talk about maternal mortality issues and this type of issue we are talking about estimates, we are not talking about real data. Azerbaijan has a system of registry and data processing and I think that that is something we need to continue to look at. It has the opportunity to enable us to see what is happening within the population and the dynamics of the population. We have a large population of people in this country below the age of 35 and Azerbaijan has profited substantially from the extractive industry. That has enabled us to develop the infrastructure and as well as a social infrastructure. But even if it does, my suggestion and the suggestion to all countries in the world that have that opportunity is to actually invest in human capital development. In this way Azerbaijan can move forward and have a second windfall through demographic dividends. So young people will have skills; they will set up small and medium enterprises; they will be their own bosses, they will actually grow the economy. I want to say that young adolescent girls must be at the center of that. The national development concept, the Azerbaijan Vision 2020, calls for research into evidence on

the interaction of demographic processes with social and economic development. In the United Nations, we want to work with the Azerbaijani government and to ensure that we will provide support to mobilize sufficient resources to translate this into action.

I am hoping that ADA University will be a home for research and data collection, as well as improving public engagement through publicizing issues and informing the public about policies that will lead to a sustainable society.

Now, Azerbaijan is at a crossroads with regards to many things: East and West, old and new. I believe that this country can be the center for change around this region and around the world. I am very pleased that you have an institution like ADA, which has actually started that evolution by bringing together young minds to interact and think about what the future of the world is going to be, how the people on this planet will interact. And we will implement Agenda 2030 in such a manner that 50 years down the road we will congratulate ourselves on a good job.

## DISCUSSION

**Amb. Hafiz Pashayev,**  
**Rector of ADA University:**

Thank you, Your Excellency, for this informative presentation. Honestly, I learnt a lot about Azerbaijan from your lecture. It is your first visit to Baku and to our university and I hope that we will maintain this relationship. As you mentioned I think young minds will determine the future of the country and here we are trying to

make sure that we are on the right path and trying to employ good practice, and I think in that sense our cooperation with the United Nations, and with your Fund, will be a great pleasure and important for us going forward. . Thank you very much. So now, the floor is open for questions.

**Question from the audience:**

Thank you very much. My question is related to one of the Goals. The agency aims to reduce maternal mortality by 5 to 7 percent by 2015, to close the gender gap in education through universal primary education by 2015, and to provide universal access to productive health services by 2015. 2015 is coming to end. Did you achieve all those goals within your Fund, and if not, how much is left for the future?

**Dr. Babatunde Osotimehin:**

The United Nations Population Fund is a United Nations' agency. We support member states. So we are not the ones that would be held accountable for reducing maternal mortality. What we do in Azerbaijan or in my country, Nigeria, is to help governments to formulate policies and to make sure that services are available, to make sure that they can obtain data and evaluate what they have done over a period of time. And to that extent we have seen that our work has succeeded in some countries, while in others it hasn't been as successful as we would have liked.

I think I'd rephrase it: what additional efforts have we made to ensure that globally, maternal mortality is reduced, girls' education is improved, and so on?

I want say that one country at a time is our approach, analyzing it and making sure that we identify any gaps and working with governments to fill those gaps. One of things I've found, and I'll be quite honest with you here, is that around the world governments may not have invested enough in the education or public health. I was once a Minister of Health in my country and I can tell you that it is always a struggle to get all the money needed to provide health coverage for the people. So, in a sense we need to go back and actually make a point that health and education is not welfare. They are investments. Investing in the health and education of people is actually the greatest possible investment, and I think that is what we have to do. So, finally, 2015 was an aspirational year. If we are not achieving certain goals in many countries or in some countries, that doesn't mean we are going to stop. We'll just continue until we actually do save every life and have made sure that people live in dignity. The Sustainable Development Goals and the Agenda 2030 recognize this, so it is the role of new goals to make sure that vision doesn't disappear the moment we have created it.

#### Question from the audience:

Thank you very much for your presentation. The UN has already seen achievements in the case of the Millennium Development Goals, and if we look at statistics we see that the highest contributors towards the reduction of poverty were countries such as China and India. For the Sustainable Development Goals, which countries are you going to be focused on?

#### Dr. Babatunde Osotimehin:

The Millennium Development Goals were directed at developing countries. So, the business model of MDGs was that the rich countries of the world would provide resources to enable the development of the United Nations to work with the poor countries of the world. That was the business model. But the Sustainable Development Goals are universal goals, so it is about every country, and the model has changed because we are talking about more domestic resources. So going forward what we are going to do as the United Nations is to build partnerships in country.

I will take Azerbaijan as an example. Azerbaijan will have to look at the full extent of the seventeen goals and identify the priorities, and we will work with them. So, what we do in Azerbaijan is going to differ from what we do in China. What we do in China is going to differ from what we are doing in Tanzania, because we are going work with the government. So, the governments will work towards development goals in a way that ensures respect for human rights and inclusivity. There are many countries in Western Europe where there are people who live in poverty. So, we have a great sense of responsibility even in those countries. When we go to those countries we are not going to be looking for money. It is going about a policy shift and reinvestments that deal with the previously unaddressed issues. I believe that countries are going to be accountable for what they accepted on September 25 in regard to the Sustainable Development Goals.

Nyakairu Nyagovi,  
MA student at ADA University:

Good afternoon. I am from Kenya. You talked about how in a lot of middle-income countries, many people are left behind. Is there any particular strategy that you would recommend for these countries?

Dr. Babatunde Osotimehin:

I am going to be very controversial here. We have described growth in the world in terms of economic growth. And so you look at the GDP of a country, and as long as it is above a certain number, you say that it is growing, or it is a middle-income country. But this ignores the disparities between the rich and the poor. My suggestion is that as we go into the new development system, we should actually redefine growth, and growth should be about inclusive growth. You should go beyond just money, it should be about human dignity, education, welfare, housing, food security and all the other things that actually matter for peoples' lives. Because if you do not do that you are not going to go far. I believe the World Bank is thinking about that. But in practical terms if you ask me how we should tackle it on the ground of any particular country, I am again going to be controversial. I would say that when you bring government closer to people, you affect their lives. And I will give you an example: Ethiopia is probably the poorest country in Africa in terms of access to credit and money. They do not have any natural resources. But less than 10 years ago, Ethiopia started a program that recruited health workers. And those health workers worked in communities and made sure that children got

treatment for malaria and diarrhea, that women had access to antenatal care and took deliveries, they had access to contraception - and today maternal mortality has dropped by 150 percent. It has also reduced child mortality by more than 50 percent. Now, what I am saying is that in making sure that people live within communities and their lives improve in terms of health, education, food security, access to water, sanitation - you will actually change things considerably. I think that is what we have to do. That is where change must come from.

Rafael Elizade,  
ADA University student:

Dr. Babatunde, thank you for coming to ADA University. This week at ADA University we are celebrating educational week, meaning that we are teaching good manners and etiquette for the students. For example, the first day of this week was "Hello" Day, when we were saying "hello" when we came across students and faculty members in the University. And as you know we have more than 100 international students, so we used the word "hello" in their languages as well. Today it is "I'm sorry day", and as you see I am wearing a T-shirt saying "I'm sorry". Being inspired by this initiative I would like to ask, is there anything that you as a United Nations body would like to apologize for?

Dr. Babatunde Osotimehin:

The United Nations is a family of nations and Azerbaijan is a distinguished member of the United Nations, so I am not sure that I can apologize on behalf of the United Nations. I work for a program of

the United Nations that supports governments. If you ask me within the context of what we do whether there are things that we could do better, of course, yes! There are things which we haven't been able to do yet, of course. But you know at the end of the day, because we are human systems we are never perfect. I want to tell you today that the UN, in the 70 years since its establishment, has actually achieved substantial progress. I ask, without the UN during these past 70 years, what would have happened to the world? Maybe another world war? We would have more conflicts than we have had today. We would have a less developed understanding of humanity or the environment. Let's celebrate what we have. We are sorry for the things that we were not able to do. But not because we are not capable of doing it, but because we are yet to do it and we will do it.

**Dr. Jainaba Kah,**  
**Associate Vice-Rector for Strategy and Development at ADA University:**

When we look at the Sustainable Development Goals and the fact that we are trying to eradicate or reduce gender-based violence, when it comes to working with different countries what programs and projects are you pushing to try to help girls and women who have been targeted. They are also the ones who suffer most in the cases of insurgency and terrorism; how can we protect them?

**Dr. Babatunde Osotimehin:**

That is very good question. I wish I was the president of the Security Council, and I actually want to acknowledge the way

this room is constructed. This is like sitting in the Security Council. The truth of the matter is that we need probably a more complex act than we did before. This is number one. Number two is that all of us as individuals, who are representing member states, need to do a bit more about Security Council reforms. In a sense what we do not have is a meeting of minds between what happens in Security Council and the development part of the United Nations.

So, I as Executive Director of UNFP go to the office in Nigeria, to Mali, to Syria, to Jordan, and I actually work with women and girls there because they are victims of crisis. But you and I know that that is not the end of it. What we actually have to do make sure that we end the crisis. If four years ago we had been able to end the crisis in Syria we would not be talking about those people now. I think that we have to address both root causes and their effects. So I want to say that we need more unified world to address that, and the politics of the world need to also understand that every day we do not address those issues, we have a situation in which women and girls will suffer. We understand that; we try to do our best. But of course member states and the Security Council in particular need to be more collaborative, because otherwise we are not going to go far. We as UNFPA set up a system in Syria to look after those women and girls and we believe we will take 4000 deliveries there without losing a baby or mother. But you know what? At what expense? I mean there are people or other babies in Syria anyway without those systems. But the truth of the matter is that we tend to now provide that when

the economy is falling.

**Amb. Hafiz Pashayev:**

Now, I want to use this opportunity once again to congratulate Dr. Babatunde Osotimehin. Yesterday President Aliyev awarded him. I think for any ambassador it is a great opportunity to finish a term with this presentation from a representative of the top leadership of the United Nations. I think it will be memorable day for us. Once again on behalf of the University I'd like to congratulate you.

**Mr. Fariz Ismailzade,**  
**Vice-Rector of ADA University:**

Ladies and Gentlemen, ADA University is very proud to sign an agreement with the United Nations Population Fund. This Agreement will cover an exchange program for publications, resources, training materials, and expertise on development issues. It is a great honor to have Professor Babatunde in Baku to sign it on behalf of the United Nations Population Fund.

# FOREIGN POLICY OF COSTA RICA

## MANUEL A. GONZÁLEZ SANZ

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Manuel A. González Sanz, Minister of Foreign Affairs of Costa Rica, has received his degree in Law from the University of Costa Rica and his master's degree from the Columbia University Law School. Prior to his current position, González Sanz worked as an Ambassador of Costa Rica to the UN. Between 2004 and 2006 he fulfilled the duties of a Vice-President of the Human Rights Commission and later of a Minister of Foreign Trade. González Sanz formerly was also a Board Member of the International Bank of Costa Rica.

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## FOREIGN POLICY OF COSTA RICA

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Excellencies,  
Dear students of ADA University

plays a fundamental role for our Foreign Policy.

I thank this University for the invitation to present the major guidelines of the Costa Rican Foreign Policy in the multilateral, regional and bilateral areas and its challenges.

### Pillars of the Costa Rica Foreign Policy

Costa Rica has defined 5 Pillars for the conduction of its Foreign Policy:

1. The defense of democracy, territorial integrity and national sovereignty.
2. The promotion, protection and respect of human rights and fundamental freedoms.
3. The promotion of peace, disarmament, and national, regional and global security.
4. The strengthening of international law and the development of effective multilateralism.
5. The promotion of sustainable development in its three approaches - social, economic and environmental and coordination and political representation in international environmental negotiations.

### Multilateral Strengthening

For a small country like Costa Rica, a very small country, with no army, with a population of 5 million citizens, multilateralism

Costa Rica works intensively in the strengthening of the United Nations and has an active participation in the debates related to:

- Respect for international law
- Reform of the United Nations Security Council
- Human rights and humanitarian agenda
- Human rights bodies
- Global and Regional Challenges
- The promotion of peace, disarmament and global and regional security
- Specialized agencies of the United Nations
- Environmental Agenda

### *Costa Rican Priorities in the Multilateral Arena I*

In the United Nations General Assembly, Costa Rica actively promotes its national priorities in the areas of peace and security, nuclear weapon disarmament and non-proliferation, the promotion of human rights and international law, solutions to the economic and financial crisis, multilateral cooperation, socio-economic and sustainable development, environmental protection, as well as actions to prevent and mitigate the effects of climate change, among others.

Since the United Nations General Assem-

bly is the ideal forum to deepen relations among members of the international community, Costa Rica will continue to use this space to strengthen its international presence and promote international cooperation.

Costa Rica will continue to support discussion on initiatives and decisions made by the United Nations General Assembly and Security Council that contribute to promoting the protection of civilians, including women and children; offering humanitarian assistance to displaced people and refugees; contributing to disarmament; promoting international cooperation for economic and social development; and encouraging political dialogue and accountability in the area of human rights violations and international humanitarian law.

#### United Nations Reform

For Costa Rica, like for other countries, the comprehensive reform of the United Nations is important to strengthening the organization's ability to adapt to new needs and challenges in the international community. In particular, Costa Rica will participate actively in meetings on revitalizing the United Nations General Assembly (UNGA) and reforming the Security Council.

In the case of Security Council reform, Costa Rica maintains its position on the creation of new non-permanent seats and favors the efficiency, effectiveness and accountability that the organization so needs.

Within the Uniting for Consensus (UfC)

group, Costa Rica maintains the following position:

- Favors prudent expansion of non-permanent members, with the possibility that some countries could remain for more than two consecutive years on the Council, considering that is the only practical way to make the Council more representative, legitimate and flexible.
- Promotes a balance that will improve representation in some areas and regions. Costa Rica continues to advocate for greater and fairer participation from Africa, Asia-Pacific, Latin America and the Caribbean.
- Favors a different representative configuration that will increase substantially the possibility of being elected to the Security Council, which will open more opportunities for the small countries that represent a majority of the United Nations.
- Costa Rica is flexible with respect to the exact number of members that the new Council should have; however, the country emphasizes that the total number, with better representation, should be able to perform efficiently.

#### ACT (Accountability, Coherence and Transparency) Group – Working Methods of the Security Council.

Besides the work of my country in the United for Consensus Group, Costa Rica considers that a larger Security Council requires clearer, more predictable, inclusive and systematic procedures.

Therefore, Costa Rica has formed part of the Accountability, Coherence and Trans-

parency Group since 2012, which includes 23 members from all regions.

This Group analyzes and makes concrete proposals to review the Working Methods of the Security Council in order to make it more transparent, efficient and effective; to strengthen accountability mechanisms; and to improve its relationship with the General Assembly.

In addition, Costa Rica has been vocal about the veto issue. For our country, we cannot support a proposal to extend new permanent members veto rights. This proposal contradicts the principal of sovereign equality for the member nations and the imperatives of democratization, efficiency and transparency that should guide the reform of the Council.

For our country, the goal should be to regulate, limit and eventually eliminate the veto.

In fact, for several years now, Costa Rica has proposed that permanent members should abstain from vetoing on issues, such as genocide, crimes against humanity, war crimes and massive human rights violations, as was proposed initially by the Small Five Group, and now has been presented by France with its proposed code of conduct for the use of the veto.

Disarmament is another fundamental topic for Costa Rica. In this topic, Costa Rica has worked and the universalization of the Cluster Munitions Convention and the Arms Trade Treaty.

Costa Rica is one of seven co-authors of the Arms Trade Treaty and will continue to

lead the process of implementation. The preparatory process recently concluded in the First Conference of the States Parties last August 24-27, held in Cancun Mexico.

### Presidency of Costa Rica of the Cluster Munitions Convention

Costa Rica held the Presidency of the Cluster Munitions Convention and hosted the Fifth Meeting of States Parties on September 2014.

This was the first Meeting of the States Parties (MSP) held in Latin America in preparation to the First Conference for the Review of the Convention which took place in Dubrovnik last August. Costa Rica Presidency of the Convention was an ideal opportunity to begin the evaluation of achievements and to identify the challenges for the full application of Cluster Munitions Convention.

Our goal was to integrate the efforts made by the international community to prohibit and completely eliminate cluster munitions. Therefore, the full implementation of this Convention is essential to achieve a world free of cluster munitions. Costa Rica will encourage any effort that helps every country to join this Convention.

Likewise, we also hope that the growing community of States Parties will take full advantage of all possible forms of cooperation, including South-South and triangular cooperation, as mechanisms to develop the collective and constructive implementation of the Convention, which effectively supports the application of all elements of this international instrument. In the hope of making this Convention uni-

versal, Costa Rica called upon the States in the region to make Latin America and the Caribbean an area free of cluster munitions.

### Reduction in Excessive Military Spending

Our country, as a small, democratic, disarmed and civil nation, believes in the multilateral system and international law as its only defense mechanisms.

For Costa Ricans, the main tools to promote and guarantee national and international security are strengthening democracy and promoting and respecting the Rule of Law.

Even though we are a demilitarized country, Costa Rica still understands legitimate concerns about security and defense that other countries may have and their need to incur military spending, as justified by the amount and reasonability of the expenses. What Costa Rica questions is excessive military spending, which becomes a barrier to development and a driver of conflict.

Therefore, we insist on the need to make progress, from antiquated security doctrines based on strictly military paradigms, to those that are essentially based on paradigms of human development.

### Nuclear weapons

On September 2014, the United Nations General Assembly held a High-level Meeting on Nuclear Disarmament, in which high-level officials met for the second time in history to discuss the topic of nuclear disarmament exclusively.

In September 2014 took place the VIII Conference on Measures to Facilitate the Entering into Effect of the Comprehensive Nuclear Test-Ban Treaty (CTBT). For Costa Rica, this Treaty is a fundamental element of nuclear non-proliferation and disarmament around the world and complements the Nuclear Non-Proliferation Treaty.

The Conference to Review the Nuclear Non-Proliferation Treaty finished last May. Despite being a key instrument in strengthening international peace and security, the Treaty continues to face many challenges. The most important challenges are:

- a) the “step-by-step” approach that has failed to result in reaching the Treaty’s goals. This approach also has not led to the implementation of the Comprehensive Nuclear Test-Ban Treaty (CTBT), the start of negotiations of a treaty to prohibit the production of fissile material (FMCT), or the requirement to eliminate nuclear weapons; in addition,
- b) the lack of full implementation of the 2010 Action Plan with thirteen practical steps for nuclear disarmament that were agreed upon in the 2000 Review Conference, among others, continue to impede achievement of the Treaty’s main objective.

### Preventing Armed Conflicts

Costa Rica forms part of the Group of Friends of Mediation, the main promoter of the United Nations General Assembly resolution entitled “To promote the use of mediation in the peaceful settlement of disputes, conflict prevention and resolution” adopted on July, 2011.

The Group responds to the need to have States make efforts in preventive diplomacy, or, in other words, in those diplomatic measures that are taken as soon as possible to avoid the rise of disputes among two or more parties, to avoid that disputes turn into conflicts, or if there are conflicts, to avoid that they extend for long periods of time.

Finland and Turkey are the two countries that have led this mechanism.

For Costa Rica is very important to continue participating actively in this Group since it contributes to the creation of alliances with similar countries and the creation of a commitment to use mediation. Likewise, the country's participation creates alliances with international entities and civil society.

*Slide: Costa Rican Priorities in the Multilateral Arena II*

#### Sustainable Development Goals (SDG) and 2030 Agenda

During the entire negotiating process that led to the adoption of the 2030 Agenda for Sustainable Development, in which Costa Rica shared its experience in conservation, environmental protection, unilateral disarmament and leadership in the transformation towards a model of sustainable development.

#### Human Rights

We are convinced that the work being done by the Human Rights Council and its mechanisms significantly contribute to improving human rights around the

world. Therefore, Costa Rica supports the work of the Human Rights Council, as well as other practical proposals to improve the Council's efficiency and capacity to prevent and respond in a timely manner to human rights violations.

#### Geneva Pledge

We must also take advantage of the opportunities that arise from international cooperation regarding the means of implementation to facilitate the participation of all countries in global efforts, notably middle income countries. Our country has launched the Geneva Pledge for Human Rights in Climate Action, a voluntary initiative based on the recognition of the relationship between the enjoyment of human rights and the impact and consequences of climate change. Costa Rica calls upon all States to adhere to the Geneva Pledge for Human Rights in Climate Action.

#### Election of the Secretary General of the UN.

Costa Rica is proud to have included, in the resolution that was approved just a few weeks ago, an invitation to member States to present women candidates for the position of the Secretary General. The time has come for the post of Secretary-General to be occupied by a woman. Let us recognize the great capacity, competence and commitment of women in all areas. Let us send an unequivocal political signal that, as we commemorate the twentieth anniversary of the Beijing Declaration and Platform for Action, this organization stands by what it preaches in terms of equality and empowerment of

women and girls.

### Concentric Spheres of Influence in Latin America

Besides the Multilateral Arena, Costa Rica plays a relevant role in the regional sphere and work to increase and strengthen its bilateral ties.

### Regional System

#### Central American Integration System (SICA)

The Central American Integration System continues to be a cornerstone of Costa Rican foreign policy because it represents the natural environment its implementation.

Costa Rica seeks to strengthen its participation in this forum with more proactive actions to improve the performance of the integration process and make it more efficient and effective.

### CELAC

It is worth mentioning that Costa Rica held the presidency of CELAC until last January. This enable our country to have the spokespersonship of the Latin American and the Caribbean region. In its Presidency, Costa Rica worked on the process of political, economic, social and cultural integration of Latin America and the Caribbean promoting development towards a more inclusive region with more equality. Costa Rica proposed the fight against poverty, as the main subject of the Summit, and insisted that it should remain one of the main work objectives of CELAC.

### OAS

The Organization of American States, created in 1948, brings together all 35 independent states of the Americas and constitutes the main political, juridical, and social governmental forum in the Hemisphere.

In addition, it has granted permanent observer status to 69 states, as well as to the European Union (EU).

Your country, is currently an Observer of the OAS and contributes to the organization with relevant cooperation projects.

### European Union

The European Union is a strategic partner for Costa Rica. It was an ally to the peace process in Central America in the late 80s, in which Costa Rica had an important leadership. This relationship has evolved into an Association Agreement that includes three pillars; commercial, political and cooperation matters. For Costa Rica, the European Union is its second largest trading partner. Trade with the European bloc recorded a cumulative growth of 30% in the last 9 years, 60% of companies that export are small businesses and over 100 000 jobs are linked to export activities to the European Union.

The European Union is also important for Central American economy. Trade between Central America and the European Union doubled between 2000 and 2009 at a rate of export growth of 7.3% per year, except for 2010 due to the effects of the global crisis.

## Concentric Circles of influence

Costa Rica's foreign policy towards Latin American, North America and Asia and Oceania is structured according to different priorities based on the aforementioned pillars and has defined different concentric circles of influence:

### Bordering countries

#### Nicaragua

#### Central American Countries.

#### Latin America and the Caribbean

### Bordering Countries

With the exception of Nicaragua, Costa Rican foreign policy centers on strengthening the positive ties that have traditionally characterized our relations with Panama, Colombia and Ecuador (this last two countries this only maritime borders).

With Panama, the Strategic Partnership Agreement is not yet fully operational, so the priority is to proceed with the launching of the Association Council to translate the agreement into actions on its three pillars: politics, cooperation and trade.

### Nicaragua

The relations are not good due to border disputes. Currently, there are three disputes before the International Court of Justice.

The foreign policy with this country is at a minimum and mainly dedicated to monitoring the progress of the litigations before the International Court of Justice concerning the Isla Calero case, and the border trail, as well as to defending the

sovereignty of Costa Rican territory, and national interests in the various political and legal, national and international arenas.

### Central American countries

Foreign policy is focused on strengthening the friendship and historical ties that bind us. Thus, bilateral actions seek to establish closer relations through a stable and continuous development of Bi-national Commissions that are the natural mechanism for coordination between our countries.

Issues of security, combat to international organized crime, and migration are the currently most dynamic topics in the agenda, however, does not imply that the agenda is limited to them.

### Latin America and the Caribbean

#### The Caribbean

The Caribbean is a priority for the current administration, especially through the relation with the Association of Caribbean States (ACS) and the Caribbean Community Secretariat.

Costa Rica seeks to promote a political rapprochement with the Caribbean region through initiatives that result in economic, political and trade cooperation which will also improve a relationship that has traditionally been not as close as geography would allow.

Currently, Costa Rica chairs the Caribbean Sea Commission which has led to a higher profile of the country in this regional body.

Other areas of interest are tourism, culture, education and multilingualism.

## Latin America

Costa Rica's foreign policy focuses on strengthening the existing ties of friendship, seeking political spaces of action that allow Costa Rica to introduce bilateral and multilateral issues on the agenda.

In the case of Mexico, Brazil, Argentina, Uruguay, Peru and Chile, the main field of action is to intensify political, cooperation and trade exchanges through the systematic use of political consultation mechanisms or Bi-national Commissions that allow us to maintain open communication channels and promote Costa Rican initiatives in various areas such as disarmament, human rights and environment, as well as the promotion of Costa Rican candidacies.

## Ties with North America

United States of America is the main trading partner of Costa Rica, is also the first source of foreign direct investment to our country and is the country of origin of the majority of tourist visiting Costa Rica every year.

## Concentric Circles of Influence Asia and Oceania

### Asia and Oceania

For Costa Rica, the rapprochement with countries of the Asian continent is a major objective of our current foreign policy. This visit is the best example of the importance we concede to Asian countries.

In this process of rapprochement, Costa Rica have defined several goals for the Asia Pacific region:

The increased of its political positioning.  
Opening of new Embassies in Australia and Indonesia.

New markets and investments attraction.  
Sharing best practices.

## FEALAC 2015

As a major part to step towards closer its ties with countries of the Asian region, Costa Rica co-chaired with Thailand the Forum for East Asia-Latin America Cooperation. As part of this chairmanship Costa Rica recently held the VII Foreign Ministers Meeting on August 19-20 in San José. FEALAC is very important to Costa Rica as a platform for close interaction with 16 countries of the Asia Pacific Region. (FEALAC) in the only dialogue space to exchange diverse points of view and co-operation projects between East Asia and Latin American countries.

## Other important Aspects

## Organization of Economic Cooperation and Development, OECD

Another relevant topic of the current Costa Rican Foreign Policy is the process of accession to the OECD.

This is an intergovernmental international organization that brings together the most industrialized countries of the world and it is composed of 34 democratic countries with open market economies.

An analysis of the advantages of joining the OECD leads to the undeniable conclu-



sion that becoming a member is an important positive decision for Costa Rica in its route to development.

#### Goals to achieve: OECD

Costa Rican has set up certain goals to achieve within the process of accession to the OECD, among others:

- a) To increased competitiveness for domestic companies.
- b) A more flexible and transparent state apparatus.
- c) Increased the attraction of foreign investment.
- d) Be considered as a stable country by macroeconomic and regulatory policies.
- e) To have comparable data on the performance of the country in different matters in relation with the most advanced economies.
- f) Mutual learning with more developed nations, and definition of policies and recommendations working together with these countries.
- g) Active participation in major OECD committees that negotiate agreements and recommendation on best public practices and policies.

#### International Cooperation Paradigm

One last topic, but not least important for Costa Rican Foreign Policy is related to challenge the current international cooperation paradigm.

The international landscape is changing very rapidly, forcing us to rethink the design and content of the cooperation system for development that we would like to have in the future.

Many of these changes are being carried

out by middle-income countries, which is the case of Costa Rica. But because of this status, the country seems to be punished for doing its job well. The country has been punished and excluded from the traditional patterns of cooperation. This process is not likely to be corrected in the near future.

Therefore, it seems appropriate for donors to review their position on middle-income countries in order to address their shortcomings and more actively engage them in the management of collective problems.

Dear Students,

In our recent history we have managed to protect very important national interests. Given the conflict with Nicaragua, we have not only acted and responded based on the international law that assists us, but, as well, Costa Rica, following its peaceful tradition, achieved the approval of the Arms Trade Treaty.

It is a commitment of the Costa Rica current President, to work towards a more active regional and multilateral foreign policy.

There are many more elements of continuity than difference in our foreign policy of the recent decades. We believe that this achievement has become a State policy, a policy that raises general consensus.

To conclude, I would like to remark that history teach us that, usually, small countries enjoy greater international acceptance and have an important number of allies in the diplomatic arena. Countries like Costa Rica, with a small population

and no army, would be able to be stronger, safer and defend its interest as far as it could adapt to the rules of the international game. Ultimately, an active diplomacy and a successful international integration

are the key elements that have strengthened our foreign policy and contributed to the defense of our sovereignty and security.

Thank you for your Attention.

# THE MULTILATERAL DIPLOMACY IN A NEW AGE

## AMBASSADOR JAMES WARLICK

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James Warlick has been the United States Co-Chairman of the Minsk Group of the OSCE since September 2013. Before this appointment Warlick served as the US ambassador to Bulgaria from 2009-2013. He has experience serving in positions such as Director of the Office of European Security and Political Affairs, responsible for political, military and security issues for Europe and the former Soviet Union, including NATO, OSCE, and related arms control and non-proliferation policy issues (2005-2006). He also served as Principal Deputy Assistant Secretary of State in the Bureau of International Organization Affairs from 2006 to 2009.

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## THE MULTILATERAL DIPLOMACY IN A NEW AGE

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### **MODERATOR'S INTRODUCTION** **FARIZ ISMAILZADE,** **VICE-RECTOR, ADA UNIVERSITY**

Good afternoon dear students!  
Ladies and gentlemen,  
Dear Professors,  
Dear Guests,  
Diplomats,

Welcome to our Global Perspective Lecture Series. Today we are honored to host Ambassador James Warlick, who as you know is the current US co-chair of the Minsk Group of the OSCE.

Let me say few words about his distinguished career and then I will turn the floor over to him. There will be time for some questions afterwards. Ambassador James Warlick is the former US Ambassador to Bulgaria, serving there until 2003 when he was appointed as US co-chair of the OSCE Minsk Group, the main mediating body for the Nagorno-Karabakh conflict. Ambassador James Warlick has earned his academic degrees at various prestigious universities. His bachelor degree was from Stanford University and he has completed two masters' programs, one at Oxford University and a second at the Fletcher School of Law and Diplomacy at Tufts University, which, incidentally, is one of our partner institutions. Ambassador James Warlick has worked in the State Department for many years; he is an accomplished diplomat and has served in

various positions. He has primarily served as the Principal Deputy Assistant Secretary of State but he also spent time as the Director of the Office of European Security and Political Affairs, responsible for political, military and security issues in the former Soviet Union and Europe.

Today we are greatly honored to host you, Ambassador James Warlick. As I mentioned, ADA University is very proud of its student body, which is always curious and eager to learn. I hope they will use this opportunity to challenge you on some of the issues and ask you about some of the interesting aspects of global conflicts. The floor is yours, Mr. Ambassador.

### **REMARKS BY** **JAMES WARLICK**

Thank you very much! I came in here and the first thing I saw was a small poster saying that I was here to talk about Nagorno-Karabakh. Well, before that I had not really thought that I was here to talk about the Nagorno-Karabakh conflict; I thought I was going to talk about multilateral diplomacy.

The United States is the last remaining superpower. We are the ones who won the Cold War, not the Russians. We are the greatest military power in the history of the world. There has never been a force like ours. We have the strongest, most dynamic economy. There is nothing similar

anywhere else in the world. Okay, you will say China. No. It is the United States of America. We are also the greatest democracy in the history of the world. Not Greece, not Rome, not ancient Egypt.

We represent the best. We are the ones who are trying to lead the world. Some people say we are the world's policemen. Well why not? If you ask where the strongest military, the strongest economy, is the best democracy, we've got the answers for you. After the fall of the Soviet Union a lot of people thought that what I have just told you is true. There are even Americans today that think we do not need the rest of the world. But I am here to tell you today that the world is not like that. Let me tell you that the most important issues of today are not being solved by one country alone: not the United States, not Russia, not China, not Azerbaijan.

The way that we are going to address the most important issues facing all of us is by finding ways to work together. There are already institutions out there like the United Nations, NATO, OSCE, ASEAN, the Organization of the African Union, etc. We should use them; we should use the United Nations. There were times when the United Nations was very viable. The World Health Organization is a superb institution. Also, we have been able to address global diseases by working collectively through a technical agency like the World Health Organization. The UN High Commission for Refugees is also really important, as people from Azerbaijan know, because they were here working with displaced persons and refugees from the war from 1992 to 1994.

Certainly from the United States' point of view NATO is viable not only for European security but for global security. What I am going to tell you today is a new idea, because there is something happening in international affairs that hasn't really happened before. Let me give you some examples. What is happening now in global affairs is a new kind of multilateral diplomacy. It is where countries come together with a common interest. You have probably heard it called the coalition of the world, though sometimes this is misused. There are a few examples where coalitions have come together to address specific problems that wouldn't otherwise be addressed. Sometimes we are able to bring these countries together in coalitions successfully and with positive results. First let me introduce the term, "variable geometry", P5+1 - that sounds like a mathematical equation. G20, G7, the six-party talks - all these sound like mathematical terms. We have other coalitions that are coming together too. Let me give you some examples of them: in Sudan for example; Korea; Burma; Darfur.

What we do is we bring together countries that have a common interest to solve a problem. It does not prevent us from working bilaterally; it does not prevent us from working within the UN or any other organization. But in the case of Iran what do we have? We have the P5+1 - you have the US, UK, France, China, Russia + 1, which is Germany. More recently, in the last round, we had Germany representing the European Union. Why should we bring these nations together, and why did we? Why couldn't we do this under the umbrella of the Security Council? Because they have institutional issues to deal with

there. That is why the Security Council is important. But in terms of being really successful in bringing together a group of countries that could work effectively with Iran and bringing about an agreement, it wouldn't be possible without P5+1.

Let me give you a historical example. I mentioned the six-party talks. The six-party talks is still how we refer to our dealings with North Korea. How could we possibly have an influence on a regime led by irrational ideas that wanted to develop a nuclear weapon? That was the case in the 1990s. We knew for sure that they were working on something called a nuclear water reactor. How they got the technology for that amazes me. Here we saw Kim Jong-Il developing a nuclear weapon on the border of China, which this man could use elsewhere against thousands of people. So the international community said, what we are going to do about this? We took it to the UN; we could simply ask the Chinese to go and knock on Kim-Jong-Il's door. But we brought together a six-party format with Korea, North Korea, the US, China, Japan and Russia. Why did we choose those countries? Because they were the ones who had the most influence on North Korea. The other challenge was that China and Russia were at loggerheads at the time. Yet, both countries knew that they were dealing with a nuclear weapon in the hands of an unwise leader. Without going into the details of what happened over years of negotiation, we reached an agreement with the North Koreans. They not only agreed to stop their production of plutonium, or enhanced uranium; they also agreed to take the nuclear reactor that they were using and fill it with cement. It could never be

used again. It was pretty amazing. The population was starving and we provided them with food. They had no energy for electricity, so we provided them with fuel. I do not believe this would have been possible without the six-party talks, without the variable geometry that I am telling you about.

It did not work forever. Indeed, we ended up with further problems with North Korea down the line. The probability of them developing a nuclear reactor is still a challenge. But I think the way we can be successful in dealing with them is not by waving a finger up to the United Nations, but by working constructively through these new and temporary coalitions. Now with the P5+1 with Iran, the six-party talks we arrived at a deal and then the coalition faded away. We do not need the P5+1 to deal with Iran anymore. We still have to ensure the implementation of this agreement, but I hope we will do so soon, and if we do not and things go wrong, maybe we will need the P5+1 again.

The examples that I have given you so far have involved a single country, but it does not have to about a particular country. It could be - and we see that now - cross-border transnational issues. For example, climate change. There is nothing the great power of the United States could do to prevent climate change or have an impact on it. In fact, there is nothing that any country alone can do. Some countries are higher polluters or ozone makers or ozone destroyers, but all the different states want to stop climate change. The only way we can do it is through multilateral cooperation.

We all hope that the international community will find a way to deal with climate change. What we are talking about now is not the US government's policy or the policy of any country. In order to deal with climate change in a productive manner, the countries who are most affected by it, both in the way that climate is affecting them and also in terms of their production of greenhouse gases need to get together. I cannot see us around the table of 150 plus countries all agreeing. I'm talking about Brazil, India, China, Russia, and the US coming together in a productive way and recognizing that climate change is going to be a problem for all of these countries. Look, have you ever been to Beijing? You'll know that there is smog in Beijing so thick that you can barely see your hand in front of your face. Beijing has a lot of issues. It is not the strongest democracy in the world. But people in China are concerned about the price of rice, the price of oil, and I can tell you today that they are worried about the quality of the air that they are breathing. What we'll need to do is to find a way to work with China, with India, with Brazil, with the major consumers and polluters, and find the way forward.

The biggest issue facing us now is terrorism in its many forms around the world. We are fortunate that with the exception of 9/11, we are largely free from domestic terrorism. Fortunately Azerbaijan is also largely free of domestic terrorism. But look around the world; this is what we have to be worried about. Now, how we are going to deal with that? You take it to the United Nations or you go to the G20, the Non-Aligned Movement, and the Organization for Islamic Cooperation. I know

they cannot do anything. I do not think it is possible. What I am telling you is that we are going to deal with the rise of Islamic State in a productive way. We are going to identify our partners for working on this.

It is not news that variable geometry is being implemented with regard to Syria. We have got Saudi Arabia as a part of the discussion, Germany, Iran has been added into this mix. We are trying now to bring together a group of countries that care about what is happening, that can work together and collaborate. I am talking about using collective political influence, using the tools we have to deal with this kind of transnational threat. I have a feeling that it won't happen in the Security Council, and as much respect as we have for NATO, nothing will happen there. It is not going to happen unilaterally. We need to find some variable geometry here - whether we work with countries that care, or countries that have been affected by it, just countries that want to work together.

#### "Geometry" of Nagorno-Karabakh conflict resolution

Even the Nagorno-Karabakh problem has a variable geometry dimension. Azerbaijan took the issue to the United Nations - the four Security Council resolutions reflect this. But the United Nations will not be able to solve Nagorno-Karabakh for Azerbaijan or Armenia. It has been taken in by the Organization to the Security and Cooperation in Europe and that is probably a good thing. During the 1990s, Jack Maresca came up with a very interesting idea, which involves a little bit of variable geometry. He said, 54 OSCE countries



are not going to sit down around the table and resolve the conflict. We have to find a different way to do this. So, Maresca proposed the creation of the Minsk Group with countries that could be helpful in coming up with a reasonable way of approaching a very difficult and dangerous problem. We moved forward from the mid-1990s with the creation of the Minsk Group, which also exists today, to three Co-chairs: the United States, France and Russia. My point is that the variable geometry is going to work. The countries which are most affected, most interested, and most influential should be part of that variable geometry. The geometry for Nagorno-Karabakh is not so bad. You have Russia with its historical interest in the region, the US with its global reach, and you have France who informally speaks for the European Union.

I've done a lot of negotiations. Before this I was negotiating in Afghanistan. What I wanted to talk to you about today but did not have time to do, is that we can choose some of the examples of variable geometry, whether Syria or Darfur, and we can actually take a look into the negotiations themselves and start to pick them apart and see what worked and what didn't work. I think it is a valuable lesson for all of you, whether you go into international affairs or whether you go into business. The principle is not that different. Variable geometry works pretty well in the business realm. Now is the floor is yours.

## DISCUSSION

Mr. Fariz Ismailzade  
Vice Rector at ADA University:

Thank you Mr. Ambassador! Thank you

for your remarks. When you said that the reason the US is engaged in multilateral diplomacy is because these problems cannot be solved by the US alone I actually thought that you were leading us to the conclusion that the US cannot solve Nagorno-Karabakh by itself. There is of course a lot of hope in Azerbaijan that the US can push for the resolution of the Nagorno-Karabakh conflict. But I understand that you are trying to imply that multilateral diplomacy is the answer and one country cannot solve the issue on its own. We now have time for questions.

### Question from the audience:

Good evening, Your Excellency. Welcome to Azerbaijan. I'd like to ask you whether the negotiation process can start with real action, like returning the 7 regions of Azerbaijan to Azerbaijani rule. The second is about current US policy. As you know, Section 907 bans any military aid to the Republic of Azerbaijan from the United States; can you elaborate on the reasons for this?

### James Warlick:

We need to have more structural, formal negotiations. It is important that the Presidents of Armenia and Azerbaijan come together and meet, and talk about the most important issues. It is only the two presidents who can confront the most difficult issues. In the last two years the presidents have come together four times to talk about Nagorno-Karabakh. Each time they made some progress. Not long after that I took the position of the US Co-chair, we brought President Ilham Aliyev and Serzh Sargsyan together in Vienna.

It wasn't easy. If you remember we came very close to working out an ideal program with President Medvedev in Kazan in 2011. That would have provided a framework for peace. Unfortunately it broke down and since then the two presidents haven't seen each other. In the media they just blamed one another's extreme positions. Honestly, we were very worried when bringing them together in Vienna towards the end of 2013. The Co-chairs were very worried about what would happen when we brought them into the same room. Well, we brought them together and they were both stern faced, neither very happy to be where they were. I have to say, we were really worried that it would be a disaster. We spoke to them for a few minutes. Then we left them alone. Just the two presidents. And they talked with each other for 90 minutes. Just the two of them. Then, they came out of the meeting and called back the Co-chairs and the Foreign Ministers. It was President Aliyev who spoke for both of them and he said something very interesting. He said: "Yes, for the first time we talked to each other and we set up each other's red lines", and he said: "We believe that we can work together to find an agreement that respects each other's red lines."

That is remarkable. I am not sure whether that was ever in the media but we were surprised and encouraged that they came out of the meeting saying that they were ready to work together. They came together three more times after that in Sochi under the auspices of President Putin, in Wales on the margins of the NATO Summit with the US Secretary of State John Kerry assisting, and then the last time in Paris under the auspices of the President

of France. In each of these meetings they were talking about the most difficult issues and making progress. We want to bring them together again and see if they can make more progress. As important as these meetings are, 90-minutes every three months or six months is not enough to solve these issues. We think there need to be ongoing negotiations. We do not need to go into most difficult issues; maybe we can start with less controversial but important issues: infrastructure, water, communications, and many other things. We hope that the presidents will consider that and will go in that direction. On your second question about assistance and the provision of the US law that prevents the US from providing military equipment to Azerbaijan that can be used offensively against Armenia. That provision stays in place, but that provision will also go away when we reach a settlement on Nagorno-Karabakh. Even though there is no legislative ban on providing US assistance to Armenia, we don't do that either. We are not providing military assistance to Armenia that can be used against Azerbaijan. I know there are different opinions but I think this is the right approach.

Elnur Imanbeyli,  
BA student at ADA University:

Good evening. I have two questions. I wanted to ask how we can make sure that no weapons or other military resources come through the internationally recognized borders of Azerbaijan. And the second question: when we see the Minsk Group co-chairs talking about the solution of this conflict, they talk about conflict resolution on the basis of the principles of self-determination and territorial integrity.

How is it possible to uphold the idea of self-determination within the territorial integrity of Azerbaijan?

**James Warlick:**

These are very good questions. First of all Armenia does provide military support to Nagorno-Karabakh defense forces to defend themselves, and a significant portion of the military forces within Karabakh come from Armenia. The equipment that is being used there comes from multiple sources, Russia being one. There is nothing to prevent anyone from crawling from Armenia through the Lachin corridor to Nagorno-Karabakh and the surrounding occupied territories. The answer is probably not to try to restrict the flow of weapons. If we are going to have successful negotiations that will lead to resolution, then there cannot be a war waging on the line of contact and the international borders of Azerbaijan and Armenia. It undermines our ability to successfully negotiate. It undermines the ability of the two Presidents to talk honestly with each other. When we see increasing violence on the line of contact we make the case as Co-chairs that it is not in the interest of either country to raise tensions. Unfortunately, the tensions are high and unfortunately the way the people are being killed is with sniper weapons. As a result, we are seeing civilian casualty numbers that we haven't seen before. I do not believe that either side is deliberately targeting civilians. I just do not believe that either side is doing that. My worry here is that we will see a much more dangerous escalation, and I know that neither side wants that. I hope that they will see that in the absence of mutual recriminations, and with mutual

respect for the ceasefire, both countries can focus on negotiations.

The second question was about the principle of self-determination. Each conflict is unique and has to be treated as such. There are three principles that should be taken into account: the principle of territorial integrity, the principle of self-determination and the avoidance of the use of force. We see statements from Azerbaijan on their support for the principle of territorial integrity in Ukraine; in response Armenians refer to the example of Kosovo, which is now an independent country. Therefore, each conflict must be recognized on its own terms. Nagorno-Karabakh will not be resolved solely on the basis of territorial integrity. There is and has been for some time an Armenian majority in Nagorno-Karabakh and they are campaigning for self-determination. But this conflict cannot be resolved by simply choosing one principle or one element. There are multiple problems that we need to tackle: how to deal with the refugees and IDPs, the matter of their return, as well as the status of international peacekeeping forces and other issues which need to be addressed as part of a comprehensive solution.

**Sanan Ahmadli,**  
**BA student at ADA University:**

The Minsk Group Co-chairs are countries with major Armenian lobbies, especially the United States. Countries like Turkey and Pakistan, which are close to Azerbaijan, are not Co-chairs. Why is this the case?

James Warlick:

The Armenian-American community in the United States is so strong; you must always answer to them. People always say that, because there is such a big Armenian community in the US. It is ironic that the Armenians believe that I am somehow pro-Azerbaijani and that I do too many things to support Azerbaijan. And when I am in Azerbaijan people always say to me: "you must be acting under the influence of the Armenian lobby". I take that maybe as a positive. But honestly I think that as Co-chairs we are being very balanced in our approach. I would say that despite all problems that we have now between the US and Russia I think we work very effectively on this issue together with my French colleagues. But if we can solve this issue in some other way, if the governments of Azerbaijan and Armenia say that they do not need Co-chairs anymore, then they can go forward with a different format. That would be fine if that is the choice of Baku and Yerevan - and if it brings about the lasting peace, I'd say go for it. The United States does not do this out of self-interest. We do this because we want to see lasting peace in the region. But the fact is that the Co-chair format is the one format that both sides have accepted; they want to work with us and they do not want to abandon us because they believe that we can be successful. There is a lot of frustration and [the mediators] are easy targets for blame. But I think we are, right now anyway, the mediators who can work most effectively in bringing about peace. If the governments think that we are not, they are free to take a different path.

Shafag Mehraliyeva,  
Chief of Staff at ADA University:

I do not have a question, but I have a comment. I know you'll go back to the DC, and the State Department, probably sharing some of the developments that you've seen in the region. If there is anything that you can take back from Baku, I'd very much like to ask you to pass on the message that in Azerbaijan we feel that the mediators are hampered by a desire to be politically correct. The mediators are trying to satisfy all the sides. But the UN Security Council Resolutions at the beginning of 1990s addressed the issue using the correct terminology and without caring about being politically correct. We have not seen any developments for the past two years and we keep talking about political will. If both sides could have solved the conflict without the help of mediators, it would have happened by now. We need mediators. But if mediators care more about being politically correct, and I do not only make this point in relation to the Karabakh conflict, we are paralyzed, because we are focusing more on being politically correct than on the solution of the problem.

James Warlick:

I take your point and I think there is the same [attitude] in Yerevan.

Hikmet Hajiyev,  
Spokesman at MFA of Azerbaijan:

In diplomacy we have a right to reply and you referred during your talk to the so-called NK defense forces. There is no such thing as NK defense forces; there are

simply Armenian armed forces occupying the sovereign territories of the Republic of Azerbaijan. I wish this was reflected in your presentation and in the statements of Co-chairs. Acts of occupation and aggression - that is the real cause of the conflict.

And as for the self-determination issue and territorial integrity there is also a contradiction here: no one denies the rights of the Armenian community of Nagorno-Karabakh, but the region is part of Azerbaijan. Self-determination should not supersede the crimes of occupation, ethnic cleansing and aggression, and these are the facts on the ground. We believe that we can find a solution and accommodate the self-determination rights of the Armenian community of Nagorno-Karabakh, a region of the Republic of Azerbaijan.

**James Warlick:**

I take your points and I'll just make one factual correction: Co-chairs and the United States do talk about occupied territories.

**Gulshan Pashayeva,**  
**Deputy Director of Center for Strategic Studies:**

I have an additional point. The Azerbaijani side, understandably, is very much interested in solving this issue. But the Armenian side seems less committed. Do you think that President Sargsyan is genuinely committed to a solution?

And the second point: why do I have these doubts? Because a person from Nagorno-Karabakh has led Armenia since 1998. Over the past 17 years we have had two presidents from Nagorno-Karabakh who have really destroyed the whole peace process. Do you think that we are suffering as a result of the obstructive role played by President Sargsyan?

**James Warlick:**

My one sentence answer to this question is I firmly believe that both President Sargsyan and President Aliyev want a peaceful solution to Nagorno-Karabakh conflict. I honestly believe that. If I did not believe that I wouldn't be able to function effectively as a mediator.

**Mr. Fariz Ismailzade:**

Thank you, Mr. Ambassador! First of all I'd like to thank you for coming and speaking to our students and faculty. I think it is important to have this type of dialogue.



# CYBER-SECURITY CHALLENGES IN AZERBAIJAN

HUSEYN PANAHOV

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The development of e-government services, application of computer operated systems in the financial and oil sectors, transition to e-management of critical infrastructure, and the overall modernization of the information and communication technologies in Azerbaijan have created new liabilities for the country's defense and security institutions. Cybersecurity is a whole new domain, one in which some of the most popular conventional security concepts are no longer relevant. Methods to prevent hackers from breaching private and government networks are a global concern. It is imperative for Azerbaijan to develop its defensive capabilities in cyberspace.

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## CYBER-SECURITY CHALLENGES IN AZERBAIJAN

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### Background: ICT sector in Azerbaijan

Azerbaijan connected to dial-up internet for the first time in 1991. Today, 62 percent of Azerbaijanis have access to broadband internet, while the overall internet penetration rate in the country is around 75 percent<sup>1</sup>. In the past two decades Azerbaijan has digitalized almost all of its telephone lines and connected with the regional fiber-optic cable networks – Caucasus Cable System and Europe-Persia Express Gateway. Currently, Azerbaijani officials are finalizing the negotiations on the Trans-Eurasian Information Super Highway (TASIM) project, which aims to create a fiber-optic cable link between Western Europe and Eastern Asia (Hong Kong to Frankfurt). In 2013, Azerbaijan launched its first satellite into orbit, and is planning to launch the second one by 2017.

This process of technological modernization in Azerbaijan has been stimulated by the government's decision to increase the share of the ICT sector in GDP. Strengthening competitive and export-oriented ICT potential is identified as one of the top priorities in the main development concept "Azerbaijan 2020: Look in to the future". To this end, Azerbaijan hosted the 20th annual BakuTel Telecommunications

and Information Technologies International Exhibition and Conference, the largest of its kind in the Caspian region.

Azerbaijan has also seen milestones in developing e-government services. Since the signing of the first "National Information and Communication Technologies Strategy for the development of the Republic of Azerbaijan" in 2003, all government organizations now in part or in full offer their services electronically. Earlier this year the State Agency for Public Service and Social Innovations under the President of the Republic of Azerbaijan received a special award from the e-Governance Academy in Estonia.

However, this transition to computer operating systems also creates new targets and opportunities for hackers from around the world. According to the Ministry of Communications and High Technologies, the number of cyber-attacks on information systems in Azerbaijan increases on average by 30% every year and nearly 90% of them come from abroad<sup>2</sup>. One of the most notorious cyber-breaches in Azerbaijan took place in 2012, when the websites of the Ministries of Internal Affairs, Communication and High Technologies, and Education, along with several other government organizations and

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1 "Azerbaijan to provide backup Internet", *Azernews*, December 1, 2015, available at <http://www.azernews.az/business/90300.html>

2 "Number of cyber-attacks in Azerbaijan increases annually by 30%", *Report.az*, May 14, 2015, available at <http://report.az/en/ict/the-number-of-cyber-attacks-in-azerbaijan-increases-annually-by-30/>

media outlets, were hacked. Follow-up investigations showed that 24 out of 25 IPs (e-addresses) used for the attack were based in Iran. The Azerbaijani government sent their Iranian counterparts an official letter requesting an investigation into the case. So far, no one has been arrested for that cyber-attack.

In August 2008 the Baku-Tbilisi-Ceyhan pipeline was dysfunctional for 19 days because of an explosion in the Turkish section of the energy transporter. Recent investigations revealed that an elaborate cyber-attack caused the explosion the perpetrators turned off all the distress signals and erased 60 hours of surveillance video. According to Bloomberg, the attacker's main weapon was the keyboard, as they hacked into the control room, cut off communications and maximized the pressure in the pipes<sup>3</sup>. Thus, not only did the unidentified hacker team turn off alarm and surveillance systems, it also triggered the explosion itself.

Azerbaijan has already taken important steps to combat the growing issue of cybersecurity. A Computer Emergency Response Team (CERT) under the auspices of the Special State Protection Service of Azerbaijan Republic was established in 2013. It is responsible for the security of all government networks in the country. In the same period, another Centre of E-security was established within the Ministry of Communications and High Technologies and is tasked with protecting civilian networks. There is another Cyber Emergency Response Team within the Azerbaijan

National Academy of Sciences, aimed at protecting the Academy network. These centers are fulfilling vital roles, but they cannot carry the whole burden of protecting Azerbaijani cyberspace alone.

### Real Security in the Virtual Realm

The only way to be safe in cyberspace is to develop the proper defensive capabilities. Currently, there are no international conventions or rules of conduct governing cyberwarfare. Considering also the certain specificities of cyberspace, there are not enough deterrents to dissuade hackers from breaching remote networks. Identifying thresholds: If a hostile tank crosses the physical border of a country, it is an obvious act of war. However, it is much more complicated to draw these boundaries in cyberspace. On one hand, no country in the world is resourceful enough to hit back against every minor cyber-attack. On the other hand it is difficult to draw a red line that if crossed would initiate a retaliation plan.

Attribution crisis: When there is a missile attack on a country it is not very difficult to trace it back to the missile launch pad, so the responsibility is clear. However, in cyberspace it is much more complicated. Hackers frequently breach networks and use these for the attack. Another challenge is that even the original source of the attack can be detected, it is very difficult to prove whether the hackers were working independently or on behalf of a hostile government. It could even be a group of teenagers operating from a rent-

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<sup>3</sup> Jordan Robertson and Michael Riley, "Mysterious '08 Turkey Pipeline Blast Opened New Cyberwar", Bloomberg, December 10, 2014, available at <http://www.bloomberg.com/news/articles/2014-12-10/mysterious-08-turkey-pipeline-blast-opened-new-cyberwar>

ed apartment in Baku.

#### Adequacy of response:

Even if the target country recognizes the attackers and decides to retaliate, it will still be difficult to identify an adequate response because:

1. The cyberspace of the attacking country might have superior defensive systems meaning it could take years to prepare a retaliatory attack, an attack that might or might not turn out to be successful.
2. The offensive country might have an under-developed cyber infrastructure, meaning a reciprocal cyber-attack would not inflict comparable damage.

There is no international precedent with regard to launching a military response to a cyber-attack. Cyberspace is a relatively new domain of conflict and international law has not developed quickly enough to respond to all the intricacies of this innovative realm. There have been several multinational efforts to improve the international laws on cyberspace. One of the most prominent regional agreements was the European Union's Budapest Convention on Cybercrimes, which Azerbaijan signed along with many others in 2008. However, there are still many gaps and loopholes in international law regarding cyberspace.

#### Analysis

Imagine a scenario where a citizen of country A sees on the news that there has been an explosion along a major oil pipeline that is vital for the national econ-

omy. Then s/he looks at her/his phone and sees a message informing him/her that his/her bank account has been emptied. At that point the lights go off. Confused and concerned, s/he gets out intending to go to her/his friend's house, but soon realizes that the traffic has come to a standstill, because the traffic light system is malfunctioning. The next day the whole country would be reflecting on an unarmed cyber-attack that debilitated the economy and could even lead to the loss of human life.

Theoretically such an attack is feasible, because all the above-stated industries in Azerbaijan are currently managed and operated by computer networks. Transport, financial and manufacturing sectors, communications, data storage, official archives, education, medical sphere, electric grids, and media outlets are all reliant on computer-operated systems. We live in an age when every aspect of human life is increasingly dependent on information technology.

The cyber apocalypse scenario described above might not be very likely today, since in order to coordinate a multi-vectored attack the perpetrators would need broad control of the targeted networks. However, even much smaller scale cyber-attacks could have grave consequences. If the accounts of several bank customers are hacked and information is leaked to the media, it could quickly create a crisis in the banking sector. The consequence of such incident would be disastrous - everybody would rush to withdraw their money from the banks. Ultimately, even relatively small-scale attacks could have macroeconomic consequences.

Recommendation 1:  
Parliamentary ICT commission to ensure  
timely legislative reforms on cybersecurity

National legislative institutions around the world are grappling with the rapid pace of developments in the ICT sector. Several years ago it was hard to imagine some of the innovations in the ICT sector that today are commonplace. Consequently, it is very important to create institutional mechanisms that expedite the process of legislative reform on issues related to ICT. Azerbaijan has made certain legislative reforms to adapt to the new information environment. In 1998, the Azerbaijani government adopted a “Law on Information, Informatization and Protection of Information”.<sup>4</sup> Most recently, in 2012, Azerbaijan made amendments to the Criminal Code, to include penalties for illegal penetration into computer systems, falsification of online information and documents.<sup>5</sup> The penalties for regular citizens are AZN 1.000-2.000 including deprivation of the right to occupy certain posts or imprisonment for up to 2 years, while officials can be fined up to AZN 3.000 and deprived of the right to occupy certain posts, or be imprisoned from 2 to 4 years.

These are important steps, but the relevant legislation requires constant review in order to achieve the necessary reforms and keep responding to the latest trends. To this end, Azerbaijan could benefit from a special ICT commission in the parliament. Working with the relevant government organizations, NGOs and the private

sector, this committee could facilitate the process of legislative reform on cyber-crimes.

Recommendation 2:  
Training and education of all relevant staff

To satisfy the demand for training and education in the ICT sphere, in 2013 the President of the Republic of Azerbaijan signed a decree establishing the Information Technologies academy. Currently, that academy operates within the ADA University in Baku. In 5-10 years, the School of Information Technologies and Engineering (SITE) at ADA will produce a generation of native IT experts who will take on the responsibilities of protecting our cyberspace.

However, to satisfy more immediate needs, the SITE should also look into organizing short term/crash courses for law enforcement officers and other civil servants responsible for the security of cyberspace in Azerbaijan. It would also be useful to offer basic level cybersecurity courses to all government employees. The cyber system is only as strong as its weakest link. An innocent mistake by an uninformed civil servant could lead to the breach of a critical network.

Recommendation 3:  
National Cybersecurity Strategy

In 2014 Azerbaijan adopted the “National Strategy on development of information society in the Republic of Azerbaijan for

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<sup>4</sup> “Law on Information, Informatization and Protection of Information”, Legislation Online, available at <http://www.legislationonline.org/documents/action/popup/id/6959>

<sup>5</sup> “Azerbaijan introduced criminal responsibility for distribution of children porn for up to 8 years period”, ABC News, June 29, 2012, available at <http://abc.az/eng/news/66095.html>

2014-2020”, a 16-page document where the word ‘security’ is mentioned 24 times. However, this strategy deals primarily with the concept of developing triggers for an innovative economy, increasing the share of information technologies in GDP, and consequently decreasing dependence on the oil sector. Now, Azerbaijan needs a special cybersecurity strategy that would address some of the fundamental issues in this sphere.

Only 5 out of 15 countries in the post-Soviet space have national strategies on cybersecurity. Considering its ambitions to become a regional ICT center, Azerbaijan should be the next country in the region to adopt such a strategy. This document would emphasize the importance of cybersecurity for Azerbaijan and outline a

comprehensive and coordinated action plan for the state regarding the key issues in this domain.

### Conclusion

Cyberspace presents the best opportunity for offenders to inflict maximum damage on the target country at minimum cost. The operational cost of carrying out a cyber-attack on a country’s financial sector may only be a few thousand dollars, but its impact could reach billions. Considering the additional challenges related to detecting, identifying and prosecuting offenders in cyberspace, it is imperative for Azerbaijan to develop a new defensive policy on cybersecurity.



# LIFTING SANCTIONS ON IRAN: IMPLICATIONS FOR THE GLOBAL OIL MARKET

**AKHMED GUMBATOV**

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## LIFTING SANCTIONS ON IRAN: IMPLICATIONS FOR THE GLOBAL OIL MARKET

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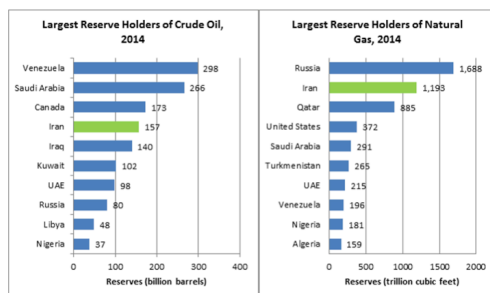
After more than a decade of tough negotiations, the global oil industry expects to welcome Iran back into the market. On July 14, 2015, the P5+1 (the five permanent members of the United Nations Security Council—China, France, Russia, United Kingdom, United States—plus Germany), the European Union, and Iran agreed on a Joint Comprehensive Plan of Action (JCPOA). The JCPOA limits the Islamic Republic's nuclear program in return for relief from oil and financial sanctions.

If implemented, the landmark agreement will reopen the Iranian economy to global trade and recover billions of dollars in frozen assets. Most importantly, investment and technology-starved Iran will be able to rehabilitate its energy sector, which has been hit hard by international sanctions.

Although many obstacles remain before Western oil companies can do business there, the question of whether Iranian crude will reach the market is one of when rather than if. Based on the pace at which nuclear equipment is removed at uranium-enrichment facilities, sanctions against the Islamic Republic might be lifted as soon as early next year. The article seeks to analyze the implications of Iranian sanctions relief for the global oil market.

### Nuclear-related Sanctions on Iran and their impact on the country's energy industry

While Iran enjoys the world's fourth-largest proven crude oil reserves and the world's second-largest natural gas reserves<sup>1</sup>, its production and export potential has remained largely unutilized as a result of the nuclear related sanctions. The sanctions have had a major impact on Iran's energy industry and have caused a number of cancellations or delays in its oil and gas upstream projects.



Source: U.S. Energy Information Administration

Nuclear-related sanctions on Iran date back to September 2005, when the International Atomic Energy Association (IAEA), the UN's nuclear watchdog, found that the country was violating its treaty obligations in regard to the uranium-enrichment program<sup>2</sup>. Since then, numerous sanctions have been imposed by various governments and international institutions, in-

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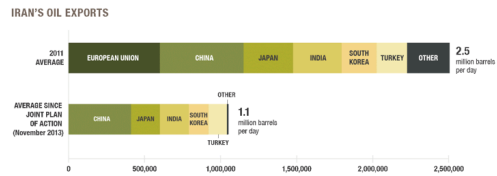
1 Iran, the U.S. Energy Information Administration (EIA), June 19, 2015, available at <https://www.eia.gov/beta/international/analysis.cfm?iso=IRN>

2 "Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran," International Atomic Energy Agency, September 24, 2005, available at <https://www.iaea.org/sites/default/files/gov2005-77.pdf>

cluding the United States, United Nations and the European Union, mostly targeting Iran’s oil and financial sectors. The sanctions have sought to cut Tehran’s access to nuclear-related materials, and to exert economic pressure on the Iranian government to cease its uranium-enrichment program.

Rounds of sanctions enacted by the US and the EU in late 2011 and mid-2012 had an especially significant impact on Iran’s energy sector. Besides boycotting Iranian crude, the sanctions dramatically limited Iran’s ability to export its oil by cutting the country off from the European International Group of Protection and Indemnity (P&I) Clubs, which had provided Iranian oil carriers with insurance and reinsurance. As the European P&I clubs are responsible for the majority of insurance policies for ocean-going ships and cover around 95 percent of tankers worldwide<sup>3</sup>, the insurance ban became a serious barrier to exporting Iranian crude.

As a result, Iran’s oil exports dramatically declined from around 2.5 million barrels per day (mb/d) in 2012 to 1.1 mb/d today<sup>4</sup>. In addition, only six buyers were allowed to import crude from Iran – China, Japan, India, South Korea, Turkey and Taiwan – down from 21 before the sanctions were implemented<sup>5</sup>.



Source: Congressional Research Service/ CFR

### Three-stage increase of Iranian crude export

According to the terms of the JCPOA, sanctions will be lifted once the IAEA submits a report to the UN Security Council confirming Iran’s adherence to the nuclear restrictions of the agreement. The most recent statistics indicate that Iran has already disconnected almost a quarter of its uranium-enriching centrifuges in less than a month. Based on the pace at which nuclear equipment is being removed from uranium-enrichment facilities, sanctions against Iran might be lifted as soon as early next year. In addition, the Islamic Republic is holding parliamentary elections on February 26, and President Rouhani’s team should gain electoral support if the sanctions have been lifted by then<sup>6</sup>.

Amid the anticipated sanctions relief, Iran is already preparing to ramp up its crude output. The country’s oil exports will likely rise in three stages.

The first stage will be the immediate release of the crude currently stored on tank-

3 Isaac Arnsdorf, “Iran Oil Curbs Extend to 95% of Tankers in EU Insurance Rules,” *Bloomberg Business*, January 27, 2012, available at <http://www.bloomberg.com/news/articles/2012-01-27/iran-oil-export-curbs-extend-to-95-of-tankers-in-europe-s-insurance-rules>

4 Written Testimony of David S. Cohen for the U.S. Senate Committee on Foreign Relations, January 21, 2015, available at [http://www.foreign.senate.gov/imo/media/doc/Cohen\\_Testimony1.pdf](http://www.foreign.senate.gov/imo/media/doc/Cohen_Testimony1.pdf)

5 Indira A.R. Lakshmanan and Anthony DiPaola, “Growing Iran Oil Exports Challenge U.S. Nuclear Sanctions,” *Bloomberg Business*, June 13, 2014, available at <http://www.bloomberg.com/news/articles/2014-06-12/growing-iran-oil-exports-challenge-u-s-nuclear-sanctions>

6 Shadia Nasralla and Francois Murphy, “Iran starts dismantling nuclear equipment, U.N. report says,” *Reuters*, November 18, 2015, available at <http://www.reuters.com/article/2015/11/18/us-iran-nuclear-iaea-idUSKCN0T72B720151118#t1HSG7L9pJLf4ui.97>

ers that it has not been able to sell due to sanctions. Since data on Iranian crude oil storage is not publicly available, conflicting reports have circulated, with estimates ranging from around 10 million barrels up to 50 million of barrels. In fact, many experts analyze crude volumes by calculating oil tankers and measuring how deep the ships float in the water. According to the US Energy Information Administration, Iran stores around 30 million barrels, more than half of which is condensate, while the rest is mainly medium, sour crude oil<sup>7</sup>.

The pace of the sales also remains highly uncertain and will depend on a number of factors, including the price of crude and the availability of customers. In theory, Iran could release all of its stockpiled crude and condensate volumes in just a month or two. However, a dumping policy would be damaging, as it would force Tehran to accept larger discounts, thereby, significantly reducing its revenues. Most probably, the volumes in storage will be released at the pace of 100,000-250,000 barrels per day in around six months.

Thus Iranian crude will hit global markets long before the Islamic Republic starts pumping more oil. Whatever volumes are coming, they will surely put downward pressure on an already oversupplied market.

The second stage will be the re-opening of the wells Iran has been forced to shut

down, and the revitalization of mature oil fields currently experiencing production decline. Although Iranian officials claim to return to pre-sanctions levels within a couple of months<sup>8</sup>, most probably it should take around a year to produce an extra 1 million barrels of crude oil. Many existing reservoirs have been abandoned for decades, and will need significant investments and technology to offset falling reservoir pressure and maximize production capacity.

The priority destination for Iran's rising crude output, according to the Iranian oil minister Bijan Zanganeh, will be Asian markets, where oil demand is still growing.<sup>9</sup> Due to sanctions, Iran's Asian share was largely displaced by Saudi Arabia and Kuwait, whose crude contents are chemically similar. In addition, Tehran will find itself competing with Russia, which has significantly increased its market share in many Asian countries, thanks to a pipeline to the Pacific and China.

Tehran is also keen to reclaim its market share in Europe, where additional Iranian barrels will be competing with similar sour quality crude from Russia, Iraq and Saudi Arabia, causing producers to grow still more competitive on pricing. Prior to the sanctions, Iran supplied around 1 mb/d of high-sulphur sour crude to European markets – mostly to Mediterranean refineries in Italy, Greece and Spain. Today, however, the deliveries are limited to just 100,000

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7 "Nuclear accord creates potential for additional crude oil production from Iran," U.S. Energy Information Agency, August 13, 2015, available at <http://www.eia.gov/todayinenergy/detail.cfm?id=22492>

8 Hashem Kalantari and Golnar MotevallilIran, "Oil Minister Says Output to Rise a Week After Sanctions," , Bloomberg Business, August 2, 2015, available at <http://www.bloomberg.com/news/articles/2015-08-02/iran-s-oil-minister-says-output-to-rise-one-week-after-sanctions>

9 Grand Smith, "What Iran's Nuclear Deal Means for the Global Crude Oil Market," Bloomberg Business, July 14, 2015, available at <http://www.bloomberg.com/news/articles/2015-07-14/what-iran-s-nuclear-deal-means-for-the-global-crude-oil-market>

barrels per day for Turkey.<sup>10</sup>

According to the World Bank's simulations with a multi-country, multi-sector computable general equilibrium (CGE) model, without any policy interventions by OPEC and other oil producers, the resumption of Iran's crude exports to pre-2012 levels should decrease international oil prices by around 14 percent.<sup>11</sup> Assuming that Brent crude is traded at today's \$38 (December 14, 2015) per barrel, oil prices should drop to around 33 USD.

Iran's potential return to pre-sanctions levels of crude export could also upset the fragile balance that has been established within OPEC. It is still unclear how the organization is going to accommodate Iran's possible increase in crude production amid the current global supply glut. In December 2011, OPEC agreed to cancel individual country quotas and set a collective ceiling of 30 mb/d. In reality, however, the organization dramatically exceeds its collective quota and currently pumps around 31.76 mb/d,<sup>12</sup> mostly from Saudi Arabia and Iraq, OPEC's top two producers.

Moreover, with Indonesia rejoining OPEC as of January 1, 2016, and bringing additional 800,000 barrels per day<sup>13</sup>, the bloc's de facto production will increase to around 32.56 mb/d. In this regard, OPEC was ex-

pected to adjust the ceiling at its December meeting to accommodate Jakarta's return to the organization, but no changes were introduced. Thereby, OPEC's output target can be considered as more of a guideline than a strict limit. Guided by its largest producer Saudi Arabia, the bloc will most probably continue pumping crude at near-record levels in a bid to maintain market share and squeeze higher-cost shale producers in the US.

In the third stage, Iran will attempt to develop its new oil fields. The Islamic Republic plans eventually to increase oil production to more than 5 million barrels a day by 2020.<sup>14</sup> For that, according to the head of the National Iranian Oil Company and deputy oil minister Rokneddin Javadi, the country will need around \$100 billion over the five years.<sup>15</sup> Raising such a huge investment amid the current low oil prices would be a challenging task for Tehran.

Nevertheless, investments in Iran's upstream oil projects should be well worth the reward for international energy majors, which are already in preliminary discussions with Tehran. The country holds the world's fourth-largest proven crude oil reserves, with most of them located onshore, making development costs well below world averages. Market Realist, an investment research and analytics firm,

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10 Oil Market Report for November 2015, International Energy Agency, available at <https://www.iea.org/oilmarketreport/reports/2015/1115/>

11 "Economic Implications of Lifting Sanctions on Iran," MENA Quarterly Economic Brief, Issue 5, July 2015, World Bank, available at [http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2015/07/28/090224b083031bff/2\\_0/Rendered/PDF/EconomicImplicationsOfSanctionsOnIran.pdf](http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2015/07/28/090224b083031bff/2_0/Rendered/PDF/EconomicImplicationsOfSanctionsOnIran.pdf)

12 Oil Market Report, International Energy Agency, November 13, 2015, available at <https://www.iea.org/oilmarketreport/omrpublic/currentreport/>

13 Indonesia rejoining OPEC despite being a net importer of petroleum, U.S. Energy Information Administration, October 15, 2015, available at <https://www.eia.gov/todayinenergy/detail.cfm?id=23352>

14 Anjali Raval, "Iran in Opec limelight as oil pump is primed", Financial Times, June 10, 2015, available at <http://www.ft.com/cms/s/0/3c002a1e-0f4e-11e5-b968-00144feabdc0.html#axzz3p0L2LPMK>

15 Anjali Raval, "Iran prepares to open up to foreign oil companies", Financial Times, November 1, 2015, available at <http://www.ft.com/cms/s/0/d9f9f4ef0-71a2-11e5-9b9e-690fdae72044.html#axzz3saCfyThG>

estimates Iran's cost of crude production at \$15 per barrel<sup>16</sup>, which is way below shale, deep water and oil sands operations. According to the National Iranian Oil Company, production costs are even lower, averaging at \$5-10 a barrel. In addition to favorable geology conditions making crude production cheap, Iran's stable political regime (in comparison to neighboring countries) and its unique geographical position, with access to the Caspian Sea and the Persian Gulf, will prove attractive to international energy companies.

#### Iran's new petroleum contract model

In an attempt to lure foreign investors to its energy industry, Iran has also introduced a new contract model, putting an end to a two-decade old buyback system that has prevented international oil companies from booking reserves or taking equity stakes in Iranian companies. Although Tehran has updated the buyback model twice since it was first released, the short-term risk service contracts have been unpopular among foreign energy companies due to their inflexibility and limited returns.

The new model, called Iran Petroleum Contract (IPC), aims to make the energy sector financially attractive to international oil companies by offering more flexibility on price fluctuations and investment risks. Under some circumstances, the IPC also allows reserves to be booked, though international oil companies would still not own fields. In addition, the new model extends project involvement period to 15-20 years, and in some cases up to 25 years, allowing

for much longer cost recovery after first production.

Under the new contracts, foreign investors will also be required to partner with Iranian oil companies in running the projects. Potential investors are leading European energy majors, including Total, BP, Shell, Eni and OMV. All of them have recently met with Iranian oil executives, and are keen to exploit the country's abundant oil reserves once sanctions are lifted.

While European energy executives along with the Russians and Chinese line up do to business in a post-sanctions Iran, their American counterparts remain sidelined due to an existing ban prohibiting US firms from dealing with Iranian officials.

#### Conclusion

Based on the pace at which nuclear equipment is removed from uranium-enrichment facilities, sanctions against Iran could be lifted as soon as early next year. When sanctions are eased, Tehran will ramp up its crude exports in three stages.

First, the world oil market will see the immediate release of Iran's stockpiled crude and condensate, totaling around 30 million barrels. The release will be gradual, as dumping the market would not be in Tehran's interests. Thus, Iranian crude will hit the market long before the actual increase in production. Whatever volumes are coming, they will put downward pressure on global crude prices.

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16 "Iran's Crude Oil Production Game Plan and Its Impact on Crude Oil", October 21, 2015, Market Realist, available at <http://marketrealist.com/2015/10/crude-oil-prices-fell-second-day-ahead-opec-meeting/>

In the second stage, Iran will restore the wells it was forced to shut down and abandon due to the sanctions regime. It will allow the country to add an extra million barrels per day, to return to pre-sanctions export levels of 2.2 million. In an attempt to reclaim its market share, Tehran will be targeting, first of all, Asian and European markets, where the Iranian barrels will be competing with similar sour quality crude from Saudi Arabia, Iraq, Kuwait and Russia. Finally, Iran's full return to the crude market could also create a conflict of interests within OPEC over the market share issue and collective output target. Given that OPEC is unlikely to alter its collective ceil-

ing quota, extra output from Iran will send crude prices down.

Finally, the third stage will be the development of new fields to take crude production level to more than 5 mb/d by 2020. Despite low oil prices, international oil companies are keen to invest in Iran. The country's favorable geological conditions making crude production cheap, while its relatively stable political regime and direct access to waterways will prove attractive to international energy majors. In addition, Iran has recently updated its petroleum contract model making investments in the country's energy sector more rewarding.



FOR NOTES



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