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# A Northern Neighbor Grows, and Azerbaijan Reassesses Its Options

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BAKU, Azerbaijan ' This country has always had tricky geography. To its north is Russia. To its south is Iran. And ever since the collapse of the Soviet Union it has looked west, inviting American companies to develop its oil reserves and embracing NATO.

Azerbaijan, a small, oil-rich country on the Caspian Sea, has balanced the interests of Russia and the United States since it won its independence from the Soviet Union. It accepts NATO training but does not openly state an intention to join. American planes can refuel on its territory, but American soldiers cannot be based here.

'Azerbaijan is doing a dance between the West and Russia,' said Isa Gambar, an Azeri opposition figure. 'Until now, there was an unspoken consensus. Georgia was with the West, Armenia was an outpost of Russia, and Azerbaijan was in the middle.'

But with the war in Georgia, Russia burst back into the region, humiliating Tbilisi and its sponsor, the United States, which issued angry statements but was powerless to stop Russia's advance. It was a sobering sight for former Soviet states, and one that is likely to cause countries like Azerbaijan to recalibrate their policies.

'The chess board has been tilted, and the pieces are shifting into different places,' said Paul Goble, an American expert on the region, who teaches at the Azerbaijan Diplomatic Academy in Baku, the capital. 'What looked balanced before does not look balanced now.'

A Western official said, referring to Azerbaijan: 'Georgia was very much a wake-up call. This is what the Russians can do and are prepared to do. Georgia events underscored their vulnerability.'

Azerbaijan will be under more pressure from Russia when undertaking energy contracts and pipeline routes that Russia opposes, said one Azeri official, who spoke on the condition of anonymity because of the delicacy of the matter. Officials from Russia's gas monopoly, Gazprom, on a trip here this spring, offered to buy Azerbaijan gas at European prices, rather than at the former reduced rate. That offer, if the Azeris chose to accept it, could sabotage a Western-backed gas pipeline project called Nabucco.

Rasim Musabayov, a political commentator in Baku, said that under the new conditions, many Azeris think that selling gas to Russia is not such a bad idea.

New projects carry political risks, he said, and if Russia 'will pay us a price we agree on for our gas, why build something new?'

'You can't have a foreign policy that goes against your geography,' he added. 'We have to get along with the Russians and the Iranians.'

After the fall of the Soviet Union, Russia was weak, with a collapsed economy and a scattered, inconsistent foreign policy. Azerbaijan used that to its advantage. Now Russia is stronger and speaks in one voice, and Azerbaijan has to be more careful in its relations with its big neighbor.

Georgia is now so hostile to Russia that working with it as a partner in the region is increasingly difficult, said Borut Grgic, chairman of the Institute for Strategic Studies in Ljubljana, Slovenia, an expert on Caspian energy infrastructure.

'Azerbaijan will never seek E.U.-NATO integration at the expense of functional and working relations with Russia,' he said. The Georgian president, Mikheil Saakashvili, he said, 'is making this balance difficult to sustain.'

At no point in the crisis did Azerbaijan take a position that would have made Moscow bristle. When the fighting began, Azerbaijan appealed to Russia, asking it to preserve its infrastructure in Georgia ' a port, an oil terminal and a pipeline. Moscow agreed, according to Azerbaijan's foreign minister, Elmar Mammadyarov.

Azerbaijan helped European diplomats enter Georgia while it was under attack, but when the leaders of Ukraine, the Baltics and Poland traveled to Tbilisi to express solidarity with the Georgians, the Azeri president, Ilham Aliyev, did not make the trip. And after Vice President Dick Cheney visited Baku in September, Mr. Aliyev flew immediately to Moscow for talks with the Russians.

But the issue closest to this country's heart is that of Nagorno-Karabakh, an area in its southwest where Armenian separatists formed an independent enclave in the 1990s. For years, Azerbaijan has tried, through international mediation, to reclaim the territory and allow Azeri refugees who fled to return.

Since the war this summer, the Russians seem to have grabbed the initiative. President Dmitri A. Medvedev, on a trip to Yerevan, Armenia, this week, said Russia was pushing for a meeting between the Azeri and Armenian presidents.

'I hope such a meeting will take place in Russia,' he said, Reuters reported.

Russia has traditionally backed the Armenians, but times are changing.

'One of the positive effects of the Georgian crisis is that the Kremlin will try to show that they are not crazy guys,' an Azeri official said. 'That they can be good neighbors, too.'

The Russian attitude toward Azerbaijan, one Azeri official said, was that 'the U.S. has come to your country and is plundering your natural resources, but not giving you any support. Why not go with us instead?'

Mr. Cheney, on his visit to Baku, also pledged to redouble efforts, causing some Azeris to remark ruefully that it took him eight years to make the trip.

Ali Hasanov, an official in Azerbaijan's presidential administration, said concrete progress would win many points in Baku.

'If a big country takes a position, stands on the side of unbroken territory, we will follow its interests,' he said.

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