



# Integrated Country Strategy

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## Azerbaijan

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## 1. Chief of Mission Priorities

As the front line in a competition for influence between the United States and the malign influences of Russia, Iran, and China, a stable, independent, democratic, and prosperous Azerbaijan is more important than ever for U.S. strategic interests. Azerbaijan, unique as a secular, Shi'a Muslim-majority, Western-oriented state and the only country bordering both Iran and Russia, is an important player in regional security in the South Caucasus and on Europe's southeastern frontier.

U.S. Embassy Baku will focus its efforts to advance U.S. interests in security, economic growth, rule of law, and democracy and governance. Our (U) Mission Goals and Objectives recognize that these areas are interdependent and mutually reinforcing in the effort to create a strong foundation for Azerbaijan's long-term stability. The United States will partner with Azerbaijan to build its resiliency and capacity to address security threats and increase its contributions to regional and international security efforts, particularly as a key part of the Northern Distribution Network and NATO's access to Afghanistan. Azerbaijan is poised to help Europe diversify its gas supplies: gas is now flowing from an expansion of the Shah Deniz gas field into the first two sections of the Southern Gas Corridor (an expanded South Caucasus Pipeline and the Trans Anatolian Pipeline) and could arrive in Italy by the first half of 2020, if the Trans Adriatic Pipeline is completed on schedule. Leveraging Azerbaijan's energy resource production, while also supporting efforts to diversify the economy away from oil and gas dependence will, if successful, drive improvements in the investment climate. This will help build closer economic ties with the United States and reduce Russian economic influence in Azerbaijan.

Since its independence from the Soviet Union in 1991, Azerbaijan has expressed a desire for greater integration with the West. The shared economic and security interests that are the foundation of Azerbaijan's relationships with the United States and Europe remain important building blocks to achieve strong institutions that respect rule of law, transparency, and accountability. U.S. Embassy Baku will use all available diplomatic and assistance tools to support Azerbaijan's reform initiatives to solidify rules-based institutions and support a functioning civil society. Encouraging Azerbaijan's commitment to human rights and democratic values will further the development of a broadly strategic partnership. Achieving U.S. national security goals requires investing in increased educational, professional, and people-to-people exchanges and robust public diplomacy programming, including English language learning, to ensure the United States remains a partner of first choice for the people and government of Azerbaijan.

Achieving progress on U.S. strategic interests in Azerbaijan is not without its challenges. The conflict between Azerbaijan and Armenia over Nagorno-Karabakh remains a source of regional instability and, absent significant progress in the OSCE Minsk Group process, an impediment to regional development and integration. Inconsistent observance of fundamental human rights and the rule of law contribute to a weak civil society and ineffective public institutions, and hinder Azerbaijan's advancement in other areas. Azerbaijan is also subject to external, malign influences, such as disinformation, that have the potential to hinder progress on economic and institutional reforms and challenge Azerbaijan's stability. In the face of those challenges, the United States believes Azerbaijan will be most resilient when it adopts principles of good governance that counter the appeal of extremist ideologies and addresses the needs of vulnerable populations.

The conduct of effective diplomacy and advancement of the bilateral relationship requires a strong U.S. presence in Azerbaijan with robust operational platforms. During the period of this strategy, U.S. Embassy Baku will pursue significant progress in negotiations to construct a purpose-built New Embassy Compound.

## 2. Mission Strategic Framework

### **(U) Mission Goal 1: Azerbaijan strengthens its capacity to deal with security threats and bolsters its contributions to regional and international security efforts.**

(U) Mission Objective 1.1: Contribute to progress towards a peaceful and durable settlement of the Nagorno-Karabakh conflict by participating in OSCE Minsk Group negotiations and endorsing informal and people-to-people diplomacy efforts.

(U) Mission Objective 1.2: Azerbaijan increases its stability and mitigates the impact of transnational threats.

(U) Mission Objective 1.3: Azerbaijan's security forces develop additional units certified as interoperable with NATO forces, show willingness to work alongside U.S. and NATO peacekeeping forces, and expand civilian oversight of military and security forces.

### **(U) Mission Goal 2: Azerbaijan increases economic development through continued energy resource production while diversifying its economic base, improving its business climate, and building economic ties with the United States.**

(U) Mission Objective 2.1: Azerbaijan meets commitments to supply the Southern Gas Corridor and improves domestic energy efficiency to promote energy security in Europe.

(U) Mission Objective 2.2: Azerbaijan's business climate and economy develops, reforms, and diversifies, creating a more transparent business environment for U.S. companies and decreasing economic ties with Russia.

### **(U) Mission Goal 3: Azerbaijani institutions and civil society are increasingly independent and promote the principles of rule of law, transparency, and government accountability.**

(U) Mission Objective 3.1: Azerbaijan strengthens respect for individual liberty, the rule of law, separation of powers, democratic institutions, independent media, and civil society.

### **(U) Mission Goal 4: The United States becomes a more visible leader and role model supporting Azerbaijan's independence, stability, and prosperity.**

(U) Mission Objective 4.1: Azerbaijanis gain an increased understanding about the United States, its culture, and values through primary sources, and increases its cooperation and support for initiatives that align with U.S. interests.

### **(U) Management Objective 1: Acquire a site for the construction of a New Embassy Compound, including host government approval, the transfer of legal ownership of the real property to the U.S. Government, and commencement of construction.**

### 3. Mission Goals and Objectives

**(U) Mission Goal 1: Azerbaijan strengthens its capacity to deal with security threats and bolsters its contributions to regional and international security efforts.**

**(U) Description and Linkages:** The United States and Azerbaijan have a shared interest in strengthening our partnership to counter transnational threats including terrorism, the proliferation of weapons of mass destruction (WMD) and related materials, and narcotics smuggling. This cooperation enhances the security of the U.S. homeland and ensures Azerbaijan's stability and participation in regional and international security efforts, including Afghanistan. Stable, prosperous, and friendly states enhance American security and boost U.S. economic opportunities. Azerbaijan collaborates with the United States to protect global energy infrastructure from cyber and physical threats. Azerbaijan develops and diversifies its energy sources, supplies, and routes and encourage other countries to develop their own. (U) Mission Goal 1 directly links to the National Security Strategy to defeat transnational terrorist organizations, advance American influence, and promote economic prosperity.

**(U) Mission Objective 1.1: Contribute to progress towards a peaceful and durable settlement of the Nagorno-Karabakh conflict by participating in OSCE Minsk Group negotiations, endorsing informal dialogue and people-to-people diplomacy. The Mission will continue to seek opportunities to include Azerbaijanis in dialogue with Armenian counterparts on issues of regional interest, even if not directly related to the conflict, to expand regional cooperation and find areas of common interest.**

**(U) Justification:** A lasting settlement of the Nagorno-Karabakh conflict is vital for enhancing regional security and stability, preventing the human and economic devastation that would result from a return to widespread fighting, and unlocking the region's economic potential by removing barriers to trade and movement. Increased Mission efforts, including advocacy aimed at building government confidence, and public readiness for the compromises needed to secure a just and lasting peace, and support for internally displaced persons, will support international mediation efforts and the work of the U.S. Minsk Group Co-Chair. Risks associated with not achieving this (U) Mission Objective include the possibility of increased instability in the Caucasus region, which will negatively influence all other (U) Mission Objectives.

**(U) Mission Objective 1.2: Azerbaijan increases its stability and mitigates the impact of transnational threats.**

**(U) Justification:** Within the limits of the Freedom Support Act, Section 907, the United States makes the U.S. homeland safe and advances U.S. influence by continuing our counter proliferation and counterterrorism cooperation with Azerbaijan to prevent the spread of WMD, stem the flow of narcotics and foreign fighters, and counter violent extremism in Azerbaijan. Foreign assistance resources will be used to mitigate vulnerabilities in rural and other communities, which could push youth and community members to join extremist organizations or engage in violence to promote change. The United States will also work with Azerbaijan to protect critical energy infrastructure in the Caspian basin as well as along transit routes to

global markets, in order to protect global energy infrastructure from cyber and physical threats and enhance its capability to respond to manmade and natural disasters. These efforts will contribute to the safety of Azerbaijan and the U.S. homeland while strengthening a strategic partnership and advancing U.S. influence. Risks associated with not achieving this (U) Mission Objective include the persistence of cross-border terrorism that could directly impact the security of the U.S. homeland and U.S. allies.

**(U) Mission Objective 1.3: Azerbaijan’s security forces develop additional units certified as interoperable with NATO forces, show willingness to work alongside U.S. and NATO peacekeeping forces, and expand civilian oversight of military and security forces.**

**(U) Justification:** Maintaining and expanding Azerbaijan’s cooperation with the United States and NATO will be increasingly important for long-term U.S. security interests, especially to U.S. and NATO efforts in Afghanistan. Risks associated with not achieving this (U) Mission Objective include reduced capabilities of the U.S. and its allies to counter security threats and could negatively affect stabilization efforts in Afghanistan.

**(U) Mission Goal 2: Azerbaijan increases economic development through continued energy resource production while diversifying its economic base, improving its business climate, and building economic ties with the United States.**

**(U) Description and Linkages:** Strong economies protect both the United States and Azerbaijan, their peoples, and their ways of life from instability and disruption. Economies tend to thrive when they are free to innovate, trade, develop natural resources, and operate in free markets. The United States also offers unique expertise, technology, and trade opportunities for mutual economic growth. The United States will partner with Azerbaijan as it imports modern equipment and develops its technologies to build export markets, promote free market competition, and incentivize private sector growth. By incentivizing Azerbaijan’s development and diversification rooted in reciprocity and free market policies, we can mutually enhance our prosperity for the United States and Azerbaijan. (U) Mission Goal 2 directly links to the National Security Strategy to promote a free, fair and reciprocal relationship; advance the tools of economic diplomacy; and promote American prosperity.

**(U) Mission Objective 2.1: Azerbaijan meets commitments to supply the Southern Gas Corridor and improves domestic energy efficiency to promote energy security in Europe.**

**(U) Justification:** Diversifying the country’s domestic energy supplies can promote access to clean, affordable, and reliable energy. Azerbaijan’s development of non-conventional energy resources recognizes the importance of environmental stewardship and enables broader diversification of supply and consumption options. Azerbaijan needs to continue to attract adequate investment to meet its gas export commitments over the medium- to long-term, while upgrading transmission infrastructure to minimize technical losses. The country must also responsibly implement energy tariff reforms to discourage inefficient consumption and attract investment in new sources of power and heat generation. Risks associated with not

achieving this (U) Mission Objective include an increased opportunity for U.S. strategic competitors to potentially weaken Europe's energy security.

**(U) Mission Objective 2.2: Azerbaijan's business climate and economy develops, reforms, and diversifies, creating a more transparent business environment for U.S. companies and decreasing its dependence on Russia.**

**(U) Justification:** Azerbaijan's long-term economic stability will remain closely tied to its energy resource exports, while structural reforms create the potential for a non-energy dependent, resilient, broad-based, market economy with increased opportunities for U.S. businesses. The U.S. will help Azerbaijan diversify its economy away from a reliance on the oil sector. In addition, expanding and diversifying trade with new partners will strengthen Azerbaijan's economic resilience away from historic Russian-dominated markets. Azerbaijan needs to reduce corruption to move towards the goal of a fair, transparent, and market-oriented business climate. Risks associated with not achieving this (U) Mission Objective include the persistence of weak institutions in Azerbaijan and reduced opportunities for U.S. companies.

**(U) Mission Goal 3: Azerbaijani institutions and civil society are increasingly independent and promote the principles of rule of law, transparency, and government accountability.**

**(U) Description and Linkages:** The community of like-minded democratic states improves the condition of their peoples. The United States' core principles form the foundation of our most enduring alliances. Using our economic and diplomatic tools, the United States will work with Azerbaijan to improve its ability to fight corruption and strengthen rule of law so U.S. companies can compete fairly in transparent business climates. The strengthening of civil society organizations will enable the Azerbaijani people to push for key reforms and government accountability to advance democratic development. (U) Mission Goal 3 directly links to the National Security Strategy to promote a free, fair and reciprocal relationship; counter foreign corruption; and advance American influence.

**(U) Mission Objective 3.1:** Azerbaijan strengthens respect for individual liberty, the rule of law, separation of powers, democratic institutions, independent media, and civil society.

**(U) Justification:** Azerbaijan's democratic development remains constricted due to weak institutions with little decision-making authority. Non-state actors have been marginalized and are unable to play a role in Azerbaijan's democratic processes. The United States will continue to use diplomatic tools and foreign assistance resources to strengthen diverse actors and institutions to more effectively participate in Azerbaijan's development and strengthen rule of law and institutional capacity. Risks associated with not achieving this (U) Mission Objective include weakening affinities for U.S. principles and values, limits foreign direct investment, and increases the fragility of democratic and civil institutions.

**(U) Mission Goal 4: The United States becomes a more visible leader and role model supporting Azerbaijan's independence, stability, democratic development, and prosperity.**

**(U) Description and Linkages:** Governments that respect the rights of their citizens remain the best vehicle for prosperity, progress, and peace. The United States has been a keystone of these fundamental principles, and should remain a leader and role model for countries deciding how to develop. In Azerbaijan, our diplomats will build and lead coalitions that advance shared interests and articulate America's vision in international forums, in the U.S.-Azerbaijan bilateral relationship, and at local levels within Azerbaijan. (U) Mission Goal 4 directly links to the National Security Strategy to promote competitive diplomacy and advance American influence.

**(U) Mission Objective 4.1: Azerbaijanis gain an increased understanding about the United States, its culture, and values through primary sources, and increases its cooperation and support for initiatives that align with U.S. interests.**

**(U) Justification:** Increased people-to-people diplomacy, access to Western media sources, and English language skills will provide alternatives to counter negative regional influences. In Azerbaijan, we seek to advance shared interests, values and aspirations, and articulate America's vision for a world that is safe, prosperous, and free, and to counter the influence of parties seeking to keep Azerbaijan bound within a regional sphere of influence or weaken its sovereignty. Risks associated with not achieving this objective include creating space for U.S. strategic competitors to expand their influence and possibly disinformation, undermining U.S. national security goals.

## 4. Management Objectives

**(U) Management Objective 1: Acquire a site for the construction of a New Embassy Compound, including host government approval, the transfer of legal ownership of the real property to the U.S. Government, and commencement of construction.**

(U) (U) Justification: The mission to Azerbaijan is currently housed in two separate buildings located in different parts of the city. The mission's chancery is located in a more than 130 year old building with significant structural and life-safety issues, which cannot be addressed by repair or through mitigation. The already overcrowded building limits the U.S. government's in-country operations to its current footprint. A New Embassy Compound is essential to ensure the safety and security of U.S. government personnel working in Azerbaijan.