

# The Azerbaijan-Germany Relations in the Past 25 Years: The Milestones of the Past as the Basis for the Achievements of the Future

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The article focuses on the history of German-Azerbaijani relations, namely, the dynamics over the last two centuries. There have been times when the relationship has been limited, if it has existed at all, due to the political circumstances of the time. The bilateral relationship can be divided into two stages: during the first stage, Azerbaijan was a dependent political entity inside the Russian Empire, and then a union member within the USSR. The second stage is characterized by the relationship between two independent states, with economic and political freedom in decision-making, as the countries have enjoyed for the past quarter of a century. The article traces the important moments in the relationship, and outlines achievements, as well as areas for further cooperation.



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### *Introduction*

25 years after having declared independence, Azerbaijan is not only politically but also economically the most prosperous and stable country in the Caucasus, with impressive economic growth rates. In term of political outlook, the Caspian state decided to integrate partially into the West, and actively cooperates with European structures. The immigration of settlers from Southwest Germany to Azerbaijan and Georgia began 200 years ago. Since then, Germany has maintained close political, economic, and cultural relations with the South Caucasian state. The restoration of diplomatic relations took place on 20 February 1992. Azerbaijan is an important supplier of oil to Germany, and Berlin sees Baku as an important partner in the Caspian region. The foundation of the German-Azerbaijani Chamber of Commerce in Baku in 2012 testifies to the high level of economic cooperation. Moreover, the last two decades have seen numerous mutual official political visits and meetings. The cooperation in the field of science and intercultural exchange has reached a high level, and is continuing to develop successfully.

### *The History of Germany-Azeri Relations*

#### *Establishment of the first German settlements in Azerbaijan in 1818*

Ties between Germany and Azerbaijan go back two hundred years. At the invitation of the Russian Tsar Alexander I, families from Swabia started settling in the western regions of today's Azerbaijan in 1818. Fleeing economic hardship and absolutist rule, they abandoned their native lands to found new settlements in the Caucasus. The first and most significant village was Helenendorf, today known as Göygöl. The local Azerbaijani population cordially received the immigrants. The German winegrowers were among the largest producers of wines and spirits of Tsarist Russia and the Soviet Union. They brought new wine production and transportation technologies to Azerbaijan, and built their own schools, churches, and hospitals. By 1914, there were eight German settlements in Azerbaijan with a total population of over 6000. Lorenz Kuhn, the representative of the German minority, made a noteworthy contribution to the country's agricultural development, when he was the chairman of

the Agrarian Commission in the Parliament of the first Republic of Azerbaijan (1918– 1920).

Besides the German settlers, there were multiple other avenues for contact. Johann Wolfgang von Goethe described the 12<sup>th</sup> century Azeri poet and thinker Nizami Gancavi as ‘The teacher of all Poets’. The travel notes of Adam Olearius (1600-1671) from Aschersleben and Engelbert Kämpfer (1651-1716) from Lemgo laid the ground for German perceptions of the Caucasus. One of the most successful books of the 19<sup>th</sup> century ‘The Songs of Mirza Schaffy’, produced in over a hundred editions, was translated by Friedrich Bodenstedt and published in Germany. Siemens built a telegraph line Moscow-Tiflis-Poti-Vladikavkaz in 1863 and Tiflis-Baku in 1868, gaining international renown. The first 45-km naphthalene pipeline in the world was built in 1889-1894, made of seamless Mannesmann pipes to feed the Siemens copper plant in Kedabeg, where a German consulate was situated. In 1898, oil production on the Absheron Peninsula outstripped the USA to become the world’s largest oil-producing region. That led to the construction of the longest oil pipeline of that time, running from Baku to the coast of the Black Sea. The pipeline, commissioned in 1907, was constructed of Mannesmann pipes. The equipment for the pipeline, electrification and construction were primarily of German origin. German chemists von Liebig and Engler played a significant role in the construction of first oil refinery in the Baku region.

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#### *German consulates in Kedabeg and Baku*

The first German consular representations in Azerbaijan were in Kedabeg and Baku. The technical and administrative head of the copper mine in Kedabeg was Georg William Bolton, who was also in charge of the German Consulate in Tiflis. In connection with his move to Kedabeg on 5 December 1877, Bolton was authorized to provide consular services in the Elisabethpol Governorate, where many Siemens employees were working. Bolton was the first and the last German Consul in Kedabeg.<sup>1</sup>

<sup>1</sup> Deutsche Konsulate Rußland (1918) *Akten betreffend die Kaiserliche Konsular-Agentur in Kedabeg*. Politischen Archiv des Auswärtigen Amtes No. 46 (R 252214). Berlin: Deutsches Auswärtiges Amt.

In 1874, the brothers Ludwig and Robert Nobel started their oil venture in Azerbaijan. During the 1877-78 Russian-Turkish War, they had been engaged in goods procurement for the Russian Army; they used the resulting profits to establish the company ‘Naphtaproduktionsgesellschaft’ in 1879. Baron Gustav Schenck zu Schweinsberg, who was German minister in Tehran, took a great deal of interest in economic development for that period in Azerbaijan. He visited Baku for the first time in 1886, and wrote to the German Chancellor on 15 November 1888 about the remarkable flourishing of the city and a growing significance of the local oil industry. The completion of the Transcaucasian Railway would strengthen Baku as a trading center, signaling

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the importance of a consular presence. “Baku is the only place where reliable information about trade and other conveyance conducted from Russia to Central Asia and Persia can be obtained.”<sup>2</sup> Therefore, a consulate in Baku would be extremely valuable for the embassy in Tehran. There was a person perfectly suited for the position, due to his knowledge of the state of affairs in Baku, his skills, social position, and excellent relations with the Russian authorities: Carl Deney, a German national from the trading company Burkhardt & Cie.

The ambassador recommended that the Chancellor appoint Carl Deney for the position of consul. On 7 March 1890, the German Emperor Wilhelm II approved his appointment. The consulate in Baku, along with the consular missions in Batumi, Kedabeg and Poti, were subordinate to the consulate in Tbilisi. In addition to the German consulate, Baku also hosted a Turkish diplomatic mission. The German consulate was open until the Germany’s declaration of war to Russia in August 1914. The last German Consul, Otto Tiedemann, left Baku by ferryboat for Astrakhan, where he was captured.

The history of Azerbaijani independence dates back nearly a century and so the history of relations between independent Azerbaijan and Germany. The monarchy in Russia was abolished by the February Revolution in 1917. On 28 May 1918, the Azerbaijani Democratic Republic (ADR) proclaimed its independence. The German government supported independence

<sup>2</sup> Deutsche Konsulate Rußland (1918) *Akten betreffend das Kaiserliche Konsulat in Baku*. Politischen Archiv des Auswärtigen Amtes. Band 42 (R 252212). Berlin: Deutsches Auswärtiges Amt.

for military reasons. New official representations were established in the Caucasus in order to protect German interests, but formal recognition of Azerbaijan was not approved due to the Imperial Germany's peace treaty with Russia. According to Rudolf Nadolny of the Russia Unit of the Foreign Office of Germany, the withdrawal of the Russian troops from the Transcaucasus did not have any legal effect on the status of the territory, and would not entitle countries to enter into international relations with the newly-created states.<sup>3</sup>

The newly-founded Transcaucasian Republics were not recognized as an independent state by Russia, or by other governments, and therefore remained a Russian territory in the eyes of the Germany. With Russian consent, the German government was prepared to accept Georgian independence, but recognition of Armenia and Azerbaijan was not planned. Germany considered that the right to self-determination was applicable, in the first instance, between the Bolshevik government and the new states. Therefore, there was a need for an inter-Russian legal arrangement, to proceed to recognition of independence.

However, on 23 September 1918, Mehemed Talaat Pasha, the State Secretary of the Turkish Foreign Office and the German Secretary of State Paul von Hintze, signed a secret protocol stating that Turkey acknowledges Georgia, Armenia, and Azerbaijan as independent states. According to the protocol, Germany only recognized Georgia but would also appoint consuls for Armenia and Azerbaijan.<sup>4</sup> The head of the delegation in the Caucasus was already trying to reopen or rebuild consular missions. However, the ADR could not withstand Bolshevik aggression and fell two years later following the Bolshevik occupation of the South Caucasus. This led to the establishment of the Soviet Socialist Republic of Azerbaijan on 28 April 1920. In the new political framework, the independence of Azerbaijan was de facto suspended for the next seven decades.

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<sup>3</sup> Deutsche Konsulate Rußland (1918) *Akten betreffend Russisch-Asien*. Politischen Archiv des Auswärtigen Amtes. Band 97a (R 11058). Berlin: Deutsches Auswärtiges Amt.

<sup>4</sup> Deutsche Konsulate Rußland (1918) *Telegramm Hintzes an Krefß*. Politischen Archiv des Auswärtigen Amtes. Band 97a (R 11060). Berlin: Deutsches Auswärtiges Amt.

### *Independence from the USSR and the diplomatic recognition by Germany*

With the fall of the Soviet Union, the independence of Azerbaijan was officially restored on 18 October 1991, when the Supreme Council of Azerbaijan Republic passed the Constitutional Act ‘About the State Independence of the Republic of Azerbaijan.’ A referendum on 29 December 1991 finalized the process of restoring sovereignty. Germany was one of the first countries to recognize the independence of the Republic of Azerbaijan on 12 January 1992. Diplomatic relations between the two countries were launched on 20 February 1992. On 2 September 1992, the Embassy of the Republic of Azerbaijan in the Federal Republic of Germany opened, and just twenty days later, Germany opened its Embassy in Azerbaijan. The Embassy of the Republic of Azerbaijan in Germany was the first Azerbaijani embassy in Western Europe.

### *Post-Independence Relations*

#### *Bilateral political relations between Azerbaijan and Germany*

Current relations between Azerbaijan and Germany are conflict-free and friendly. Germany is one of Azerbaijan’s most important political and economic partners; to date, 73 bilateral documents have been signed and 11 documents are still in progress. Germany is an active supporter of the EU Eastern Partnership program, initiated by Poland and Sweden, which advocates for closer EU cooperation with some post-Soviet states. Political relations between the two countries are supported by high-level official visits and intensive parliamentary cooperation.

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Political discussions undertaken in a climate of mutual trust have created a constructive bilateral relationship at the highest levels. The former President of the Azerbaijan, Heydar Aliyev, visited Germany in 1996, and his successor, the incumbent President Ilham Aliyev undertook eight official visits to Germany in the period 2004-2016. The latest official visit of President Ilham Aliyev took place on 6-7 June 2016 at the invitation of the German Chancellor Angela Merkel. Ilham Aliyev, the vice-chancellor, and then-Federal Minister of Economics and Energy of the Federal Republic of Germany Sigmar Gabriel all took part in the

German-Azerbaijani Economic Forum at the German Federal Ministry of Economics and Energy on 7 June 2016. In 2016 and 2017 President Aliyev participated in the Munich Security Conference. German Foreign Ministers visited Azerbaijan six times during 1995-2012. The most recent visit by the former Federal Foreign Minister and the recently elected President of Germany Frank-Walter Steinmeier to Baku took place within his South Caucasus trip on 30 June 2016.

The inter-parliamentary cooperation between the two countries is carried out in Azerbaijan through the Azerbaijani-German parliamentary working group. Numerous reciprocal visits contribute to the promotion of the bilateral relations. The last visit took place in May 2015, when the German-South Caucasus parliamentary group of the German Bundestag, headed by Karin Strenz, CDU, came to Baku.

Numerous bilateral visits, the growing interest of German companies in projects in Azerbaijan, and an increasing number of business events have further strengthened German-Azerbaijani relations over recent years.

### *Economic cooperation*

The cooperation between Azerbaijan and the countries of the European Community started right after the restoration of Azerbaijan's independence. Germany has been one of the most active actors in Azerbaijan, with German companies playing a significant role in the economic development of Azerbaijan. More than 100 German companies are operating in Azerbaijan. There is growing interest among Azerbaijani companies seeking opportunities to benefit from doing business with Germany, a source of modern technologies and industry know-how.

Currently, Azerbaijan is Germany's chief economic and trade partner in the South Caucasus. According to the German Ministry of Economics and Energy, trade with Azerbaijan constituted around 80% of the total trade volume between Germany and the South Caucasus in 2015.<sup>5</sup>

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<sup>5</sup> Federal Foreign Office (2017) *Bilateral relations*. Available at: [http://www.auswaertiges-amt.de/EN/Laenderinformationen/Laenderuebersicht\\_node.html](http://www.auswaertiges-amt.de/EN/Laenderinformationen/Laenderuebersicht_node.html) (Accessed: 4 February 2017).

According to the Ministry of Economic Affairs of the Republic of Azerbaijan, the trade turnover between Azerbaijan and Germany in 2015 was \$1.914 billion, consisting of \$0.69 billion of imports and \$1.223 billion of exports. Therefore, Azerbaijan had a positive balance of trade of \$0.534 billion. In 2015, 9.27% of Azerbaijan's total foreign trade turnover was with Germany. The German-Azerbaijani working group for trade and investment was founded on 5 May 2011.

**Table 3:** Trade turnover of Azerbaijan with Germany, \$ million.

Year	Import	Export	Trade Turnover	Balance
2012	779,8	964,8	1744,6	185
2013	823	1356,7	2179,7	1274,4
2014	703,6	1925,6	2629,2	1221,9
2015	690,08	1223,96	1914,04	533,88

**Source:** The State Statistical Committee of the Republic of Azerbaijan (2016).

In order to expand economic relations, the German Chamber of Commerce (AHK) was officially opened on 12 November 2012. A high-ranking government and economic delegation, headed by the German State Minister Cornelia Pieper and a former Federal Minister of Economics Michael Glos, came to Baku. This is Germany's second Chamber of Commerce in the CIS region.<sup>6</sup> At present, about 130 companies are registered with

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AHK Baku, representing both sides. The Azerbaijani companies SOCAR, Azerbaijan Airlines, and Azerbaijan International Bank all have offices in Germany.

Even though German businesses are not represented directly in the two largest oil projects in Azerbaijan, it had an important role in service contracts. Out of \$3 billion provided for implementation of the Baku-Tbilisi-Ceyhan oil pipeline project, British Petroleum (BP), as the main stakeholder, paid \$1 billion for its orders to contractors, including

<sup>6</sup> Commonwealth of Independent States.

\$250 million to German companies.<sup>7</sup> A striking example of the long-term interest of German business community in energy domain of Azerbaijan is the joint venture between Uniper and SOCAR, established in May 2015.<sup>8</sup> According to the German Department of Economics and Export Control, Azerbaijan is the sixth largest oil supplier of Germany.<sup>9</sup> In 2015 Germany imported US\$ 1.2 billion worth of Azerbaijani oil.<sup>10</sup> German companies act as the end buyers of the Azerbaijani oil, which arrives in southern Germany for processing at local refineries. This successful example of the cooperation in oil trade between Azerbaijan and European companies can be applied for Azeri gas.

As Azerbaijan passed its oil peak in 2010 with 50.8 million tons, its oil production has been gradually declining, down to 41.04 million tons in 2016.<sup>11</sup> However, Baku sees significant opportunities for future EU energy cooperation in the gas sector. The resource base for the future gas export is Azerbaijan's largest gas field, Shah Deniz, which contains 1.3 trillion cubic meters of natural gas.<sup>12</sup> In regard to the development of its gas sector, Azerbaijan has remained true to its energy strategy, following the same model of cooperation as for its oil sector. Shah Deniz has been operated by a seven-party joint venture (JV) since 2006. The JV expects to start exporting 10 billion cubic meters of gas per year to the EU following the completion of the second stage of Shah Deniz in 2020. Azerbaijan's European exports are enabled by a series of gas pipeline projects: South Caucasus Pipeline (SCP), Trans-Anatolian Pipeline (TANAP), and the Trans-Adriatic Pipeline (TAP). This export strategy is consistent with the EU energy supply diversification policy, crucial for Europe's energy security.<sup>13</sup>

7 British Petroleum (2016) <http://www.bp.com/> (Accessed: 4 February 2017).

8 formerly E.ON SE.

9 Caspian Energy (2015) *We want to use the full potential of our relations – Ambassador of Germany to Azerbaijan*. Available at: <http://www.baku.diplo.de/contentblob/4693526/Daten/6197314/InterviewCaspianEnergy.pdf> (Accessed: 3 February 2017).

10 Federal Foreign Office (2016) *Azerbaijan*. Available at: [http://www.auswaertiges-amt.de/EN/Aussenpolitik/Laender/Laenderinfos/01-Nodes/Aserbaidtschan\\_node.html](http://www.auswaertiges-amt.de/EN/Aussenpolitik/Laender/Laenderinfos/01-Nodes/Aserbaidtschan_node.html) (Accessed: 4 February 2017).

11 SOCAR (2017) *SOCAR figures. Oil production*. <http://socar.az/socar/en/home> (Accessed: 4 February 2017).

12 British Petroleum (2016) *Shah-Deniz 2*. Available at: [http://www.bp.com/en\\_az/caspian/operations/projects/Shahdeniz/SDstage2.html](http://www.bp.com/en_az/caspian/operations/projects/Shahdeniz/SDstage2.html) (Accessed: 4 February 2017).

13 European Commission (2011) *On security of energy supply and international cooperation – The EU energy policy: engaging with partners beyond our borders*. Available at: <http://eur-lex.europa.eu/>

Diversification beyond the energy sector is a part of the joint development policy. The German Association for International Cooperation (GIZ) supports economic diversification through advising the government on the improvement of the regulatory environment, establishing a needs-based vocational education and training system, and strengthening export potential. Another important project is the development of the credit system through a series of financial and technical joint measures (microfinance bank ‘Accessbank’, German Azerbaijani Fund, Support for Private Banking). A politically important area of cooperation is support for legal and judicial reform. The purification of the water supply for more than 145 thousand inhabitants in selected provincial centers, as well as the preservation of biodiversity, are additional priorities for German-Azerbaijan cooperation.

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#### *Cooperation in the field of culture and science*

The 200-year history of relations between the people of Azerbaijan and Germany provides a strong basis for the sustainable development of cultural relations between the two countries. In 2008, the ‘Cultural Year of Azerbaijan’ was held for the first time in Germany, while a ‘Culture Week of Germany’ took place in Azerbaijan in 2009.

Within the ‘Cultural Year of Azerbaijan’, up to 100 different events were organized across 12 German cities. During 2013-2015, several Azerbaijani cultural evenings were hosted in Munich, Stuttgart, Cologne, Hamburg, Hanover, Düsseldorf, Dresden, and Frankfurt am Main, supported by the Heydar Aliyev Foundation and the Azerbaijani Embassy.

In 2010, the chair of ‘History of Azerbaijan’ was opened at Humboldt University in Berlin. ‘Azerbaijan’s Educational and Culture Week’ was organized by the Federal Ministry of Education and Science between 29 November and 2 December 2010. Azerbaijan works with leading universities in Germany and the German Academic Exchange Service (DAAD) to implement the ‘State Program for Foreign Studies’. DAAD awards numerous scholarships each year and promotes the exchange of scientists. There are 21 university partnerships. DAAD lecturers promote the quality of German language teaching in Azerbaijan.

The Azerbaijani diaspora in Germany is active and well-organized. As of 2014, around 15 thousand Azerbaijani nationals were registered in Germany, according to the Consular Section of the Embassy in Berlin.

The ‘Coordination Center of the Azerbaijanis living in Germany’ (KAD) was founded in 2008, aimed at linking the Azerbaijanis living in Germany with their diaspora organizations. The KAD is located in Berlin and organizes national celebrations and remembrance days, as well as supporting diaspora organizations and conducting lectures on Azerbaijan.

Azerbaijan is successfully represented in various areas of Germany through the Honorary Consulate of the Republic of Azerbaijan in Stuttgart, the German representation of the European Azerbaijan Society (TEAS), the Azerbaijan Student Network (ASN), the Azerbaijani House in Germany, the Azerbaijani-German Solidarity Society, the Azerbaijani-German Culture Society, and other diaspora organizations.

One of the most important organizations in the promotion of Azerbaijani-German relations is the German-Azerbaijani Forum (DAF), made up of well-known social, political, economic, cultural, scientific, and media figures. The DAF, founded in 2006 in Berlin, aims to promote bilateral relations and to deepen political, economic and cultural relations, and to develop scientific exchange.

Since 1995 there has been a bilateral cultural activity agreement between Azerbaijan and Germany. An important pillar of this is the German-Azerbaijani Cultural Association, which is located in ‘Kapellhaus’ in Baku, a meeting place and a former music hall of the neighboring German evangelical church. The historical building hosts numerous cultural events, partly funded by donations to the regional Goethe Institute in Tbilisi.

German is the most important foreign language after Russian and English, and is taught at numerous schools and several universities throughout Azerbaijan. There are four PASCH schools in Baku, where German language teaching is sponsored by the Goethe Institute and by the Central Office for Foreign Schools (ZfA). The language work of the Goethe Institute in Tbilisi is conducted in cooperation with the local Language

Centre. In 2017, the Goethe Institute is planning to open a branch in Baku. The cities of Ludwigshafen and Sumgayit, and Baku and Mainz, are twinned.

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#### *Conclusion*

Since the restoration of Azerbaijan's independence, relations between Azerbaijan and Germany have developed into full-scale political cooperation. The high-level political relations have been supported by mutually beneficial economic interactions. In addition, scientific cooperation and cultural exchanges over the years have been fruitful.

The successful implementation of energy projects aiming at transporting Caspian hydrocarbon resources to Europe will meet an important part of German and EU energy needs. At the same time, this also represents an important contribution to diversification and long-term energy security. Over the past 20 years, Germany has become an important partner of Azerbaijan in the field of energy, and this cooperation should be continued at all levels. Oil and natural gas are the major factors shaping Azerbaijani foreign policy, and mutual economic interests - particularly in the energy sphere - will continue to be a strong pillar in bilateral relations. Azerbaijan and Germany are also cooperating on renewable energy initiatives, which have even higher potential than fossil fuels projects. Non-energy cooperation is outlined as a 'priority' for Azerbaijan, and can significantly enhance the scope of bilateral cooperation.

At the outset, Azerbaijan and Germany built up relations via economic cooperation, which created a solid base for political relations, both when Azerbaijan declared its independence in 1918 and when it regained sovereignty in 1991. With the restoration of independence, bilateral relations were also revitalized and developed rapidly, in large part due to the strong historical ties.