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C O N F I D E N T I A L STATE 197982

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TAGS: OVIP (ALBRIGHT, MADELEINE K.), PREL, AZ, ENRG

SUBJECT: THE SECRETARY'S SEPTEMBER 7 MEETING WITH

AZERBAIJANI PRESIDENT ALIYEV

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1. (U) CLASSIFIED BY DEPUTY EXECUTIVE SECRETARY ROBERT O.
BLAKE FOR REASONS 1.5 (B) AND (D).

2. (U) SEPTEMBER 7, 2000, WALDORF-ASTORIA, NEW YORK, NY

3. (U) PARTICIPANTS:

U.S.:

THE SECRETARY

AMB. STEPHEN SESTANOVICH, AMBASSADOR-AT-LARGE AND SPECIAL
ADVISER FOR THE NISMR. HAROLD KOH, ASSISTANT SECRETARY FOR DEMOCRACY, HUMAN
RIGHTS, AND LABORMR. RICHARD BOUCHER, ACTING ASSISTANT SECRETARY FOR PUBLIC
AFFAIRSAMB. JOHN WOLF, AMBASSADOR-AT-LARGE AND SPECIAL ADVISER FOR
CASPIAN BASIN ENERGY DIPLOMACY**REVIEW AUTHORITY: Frank Perez, Senior Reviewer**

AMB. CAREY CAVANAUGH, SPECIAL NEGOTIATOR FOR NAGORNO-KARABAKH AND NIS REGIONAL CONFLICTS
MR. MARK MEDISH, ASSISTANT TO THE PRESIDENT AND NSC SENIOR DIRECTOR FOR RUSSIA, UKRAINE AND EURASIA
MR. ALEX WOLFF, EXECUTIVE ASSISTANT TO THE SECRETARY
NOTETAKER

AZERBAIJAN:

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PRESIDENT ALIYEV
FOREIGN MINISTER GULIYEV
AMBASSADOR PASHAYEV
RASUL HUSEYNOV

4. (C) SUMMARY: IN A SEPTEMBER 7 MEETING WITH AZERBAIJANI PRESIDENT ALIYEV, THE SECRETARY STRESSED OUR COMMITMENT TO A STRENGTHENED BILATERAL RELATIONSHIP BASED ON SHARED SECURITY AND ENERGY INTERESTS AND A COMMITMENT TO DEMOCRATIZATION. SHE SAID THAT ALIYEV'S RECENT LETTER SERVED AS A GOOD BILATERAL FRAMEWORK AND SHE REVIEWED OUR RECENT STEPS TO MEET ALIYEV'S SECURITY CONCERNS. ALIYEV RESPONDED WITH A LIST OF PARTICULAR U.S. POLICY SHORTCOMINGS, INCLUDING THE GLOBAL TERRORISM REPORT'S REFERENCES TO AZERBAIJAN, SECTION 907, CRITICISM OF AZERBAIJAN'S ELECTION PREPARATIONS, LACK OF PROGRESS ON AN N-K PEACE SETTLEMENT AND THE NEED FOR A MORE ROBUST U.S. SECURITY POSITION IN THE CAUCASUS. THE SECRETARY RESPONDED THAT, ON THE WHOLE, THE RELATIONSHIP WAS STRONG AND CONSTRUCTIVE. WE TOOK EACH OF HIS CONCERNS SERIOUSLY AND WOULD WORK TO ADDRESS THEM, THOUGH AN EFFORT NEEDED TO BE MADE BY BOTH SIDES. SHE SUGGESTED THAT WE RECONSIDER A PROPOSAL TO TRY AND TABLE A NEW MINSK PLAN, BASED ON THE EARLIER LAND SWAP DEAL, UNTIL ALIYEV AND KOCHARIAN MEET AT UNGA. WE HAVE A CHANCE FOR FURTHER DISCUSSION OF THIS IDEA IN WASHINGTON THE WEEK OF SEPTEMBER 11. END SUMMARY.

STRENGTHENING THE BILATERAL AGENDA

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5. (C) THE SECRETARY BEGAN BY THANKING ALIYEV FOR HIS RECENT LETTER, WHICH SHE DESCRIBED AS AN EXCELLENT FRAMEWORK FOR A FUTURE BILATERAL AGENDA. SHE SAID THE ADMINISTRATION WAS COMMITTED TO A STRENGTHENED BILATERAL

RELATIONSHIP AND THAT STRONG BIPARTISAN SUPPORT EXISTED FOR THIS, WHICH WOULD CARRY OVER INTO THE NEXT ADMINISTRATION, WHOEVER WON THE ELECTION. THE RELATIONSHIP IS BUILT ON COMMON REGIONAL SECURITY GOALS AND INTERESTS, IN AREAS OF SECURITY, ENERGY DEVELOPMENT AND AZERBAIJAN'S DEMOCRATIC TRANSITION. WE WOULD CONTINUE TO WORK TO BROADEN THE

SECURITY DIMENSION, INCLUDING IN AREAS OF NON-PROLIFERATION, MIL-MIL AND COUNTER-TERRORISM. TWO REQUESTED PATROL BOATS WOULD BE DELIVERED EARLY NEXT YEAR. IN THE MEANTIME, WE WOULD PROVIDE A PACKAGE OF MOBILE RADARS AND GPS TO ASSIST AZERBAIJAN'S COASTAL AND BORDER AUTHORITIES. THE SECRETARY HAS ASKED S/CT SHEEHAN TO VISIT BAKU IN THE FALL TO EXPAND OUR COLLABORATION IN COUNTER-TERRORISM.

6. (C) PRESIDENT ALIYEV THANKED THE SECRETARY FOR THIS SUPPORT. HE HAD A GREAT DEAL OF PERSONAL ADMIRATION FOR HER AND THOUGHT OF HER AS A SISTER. HIS LETTER HAD BEEN INSPIRED BY HER OWN EARLIER CORRESPONDENCE TO HIM AND A DESIRE TO CLARIFY A FEW POINTS. HE SHARED THE BASIC GOAL OF EXPANDING AND STRENGTHENING THE RELATIONSHIP, BUT HE WAS DISSATISFIED WITH SEVERAL PARTICULAR ELEMENTS OF U.S POLICY AND HE WENT ON TO COMMENT ON THESE.

A BILL OF PARTICULARS
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7. (C) ALIYEV STARTED WITH THE REFERENCE TO AZERBAIJAN IN THE DEPARTMENT'S 1999 REPORT ON GLOBAL TERRORISM. IT HAD BEEN A DISAPPOINTMENT, WAS INACCURATE AND UNDERMINED WHAT HE WAS TRYING TO DO IN THIS AREA. HE HAD HEARD OUR EXPLANATIONS FOR THESE STATEMENTS, BUT THEY WERE GROUNDLESS. THE RUSSIAN MEDIA HAD PICKED UP ON THIS REPORT AND WERE USING ITS CONTENTS TO CRITICIZE HIS GOVERNMENT. HE ASKED THAT U.S. INTELLIGENCE SERVICES BE MORE DILIGENT IN REVIEWING THE FACTS IN FUTURE.

8. (C) THE BILATERAL ECONOMIC RELATIONSHIP WAS DEVELOPING WELL. AZERBAIJAN WAS DOING ALL IT COULD TO PROMOTE U.S. ECONOMIC INTERESTS IN CENTRAL ASIA AND THE CASPIAN. THIRTY PERCENT OF ALL OIL CONTRACTS HAD BEEN SIGNED WITH U.S. FIRMS. THIS WILL TRANSLATE INTO MORE THAN USD 60 BILLION IN INVESTMENT ACTIVITY WELL INTO THE NEXT CENTURY. AZERBAIJAN WAS WORKING TO BRING KAZAKHSTAN AND TURKMENISTAN

INTO CASPIAN ENERGY PROJECTS AND PIPELINES (THOUGH IT'S NOT EASY WITH TURKMENISTAN). THESE ACTIONS HAD ATTRACTED THE CONCERN OF RUSSIA AND IRAN, BUT IT WAS DONE WITH A STRATEGIC VISION IN MIND. AZERBAIJAN WANTS AMERICA TO HAVE A STRONG STAKE IN THE REGION'S ECONOMIC FUTURE. THIS WOULD BE A BASIS FOR ADVANCING COMMON SECURITY INTERESTS IN THE REGION. THE BAKU-TBILISI-CEYHAN PROJECT WAS PROCEEDING. RECENTLY AIOC, ESPECIALLY COMPANIES LIKE EXXON, WAS SHOWING INSUFFICIENT COMMITMENT TO IMPLEMENTING THE PROJECT ON THE TERMS AGREED AND RATIFIED BY THE AZERBAIJANI PARLIAMENT. THE AZERI STATE OIL COMPANY (SOCAR) WOULD ONLY NEGOTIATE
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THE PROJECT ON THIS BASIS.

9. (C) ALIYEV SAID RESOLUTION OF THE NAGORNO-KARABAKH PROJECT REMAINED A PRIORITY, NOT JUST IN TERMS OF ARMENIAN-AZERBAIJANI RELATIONS BUT ALSO FOR THE REGION AS A WHOLE. TALK OF REGIONAL ECONOMIC COOPERATION INITIATIVE WOULD REMAIN HOLLOW IN THE ABSENCE OF A PEACE SETTLEMENT. SINCE THE SECRETARY ENGAGED AND BLESSED THE BILATERAL DIALOGUE BETWEEN HIM AND KOCHARIAN LAST YEAR AT THE NATO SUMMIT, PROGRESS HAD BEEN MADE. HE REVIEWED THE HISTORY OF HIS EXCHANGES WITH KOCHARIAN AND HIS OFFER OF A FAVORABLE LAND SWAP. AT THE END OF THE DAY KOCHARIAN HAD BALKED AND NOW SAID THE DEAL WAS NOT DOABLE. KOCHARIAN WANTED TO LOOK AT "OTHER WAYS." ALIYEV SUSPECTED RUSSIAN AND IRANIAN OPPOSITION WERE BEHIND THIS BACKTRACKING. ALIYEV SUPPORTED AMBASSADOR CAVANAUGH'S IDEA OF TRYING TO GET THE MINSK GROUP TO FORMALLY TABLE A VERSION OF THE LAND SWAP DEAL. THIS WOULD SMOKE OUT TRUE RUSSIAN AND ARMENIAN INTENTIONS. HE CONCLUDED THAT PRESIDENT CLINTON HAD PROMISED THAT HE WOULD DO HIS BEST TO REACH A SETTLEMENT, BUT HIS TERM WAS ENDING AND QUICK ACTION WAS REQUIRED.

10. (C) ALIYEV COMPLAINED THAT AZERBAIJAN HAD SUFFERED EIGHT YEARS OF DISCRIMINATION FROM SECTION 907 OF THE FREEDOM SUPPORT ACT. HE POINTED TO AN EXXON-MOBIL ADVERTISEMENT IN THE DAY'S NY TIMES CRITICIZING 907. THE SECRETARY SHARED THESE CRITICISMS. ALIYEV SAID 907 WAS A PIECE OF UNFINISHED BUSINESS THAT SHOULD NOT BE LEFT FOR THE NEXT ADMINISTRATION. HE ASKED THAT THE PRESIDENT ACT AFTER THE NOVEMBER ELECTIONS TO REMOVE THIS IRRITANT.

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11. (C) AS FAR AS U.S. ASSISTANCE AND THE BOATS WERE CONCERNED, THESE WERE WELCOME, BUT IN HIS VIEW NOT SUBSTANTIAL HELP. THE LEVEL OF ASSISTANCE WAS NOT

COMPARABLE TO WHAT THE U.S. WAS DOING ELSEWHERE IN THE NUS. SECURITY ASSISTANCE TO PROTECT PIPELINES AND AZERBAIJAN'S OFFSHORE OIL FIELDS WAS A PRIORITY. THE IRANIANS HAD BEEN AGGRESSIVELY OVERFLYING U.S. OIL RIGS IN THE CASPIAN AND IRANIAN BOATS WERE UNTRUDING INTO AZERI WATERS. RUSSIA AND IRAN WERE DEVELOPING A RAPPROCHEMENT. ARMENIA REMAINED A STRATEGIC RUSSIAN ALLY. IN SHORT, AZERBAIJAN FACED ENEMIES ON ALL SIDES, EXCEPT GEORGIA, WHICH WAS DEALING WITH ITS OWN SECURITY THREATS. ALIYEV ASKED THE U.S. TO CEMENT ITS POSITION IN THE CAUCASUS WITH "MORE FUNDAMENTAL" SECURITY MEASURES.

12. C) THE MENTION OF ELECTIONS AND DEMOCRACY IN THE SECRETARY'S LETTER WAS UNHELPFUL. AZERBAIJAN WAS ADVANCING DEMOCRACY AT THE MAXIMUM PACE POSSIBLE. SOME 15 PARTIES, 12 OF THEM OPPOSITION PARTIES, HAD BEEN REGISTERED FOR THE NOVEMBER PARLIAMENTARY ELECTIONS. HE OBJECTED TO A RECENT DEPARTMENT STATEMENT ENCOURAGING GOVERNMENT DIALOGUE WITH THE OPPOSITION. HE DID NOT NEED TO BE TOLD TO TALK TO HIS

OWN CITIZENS. THESE PEOPLE DID NOT RECOGNIZE HIM AS THE COUNTRY'S LEGITIMATE PRESIDENT. THEY GIVE HIM NO CREDIT FOR STABILITY THAT HE HAS BROUGHT TO THE COUNTRY OR THE PERSONAL THREATS THAT HE FACES. IF AZERBAIJAN CARRIED OUT ELECTIONS UNDER CONDITIONS COMPARABLE TO FRANCE, HE WAS SURE HE WOULD STILL BE CRITICIZED. HE WAS TIRED OF THIS DOUBLE STANDARD, WHERE AZERBAIJAN'S NEIGHBORS IN THE CAUCASUS WERE TREATED AS MORE DEMOCRATIC. HE WAS LEADING
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HIS COUNTRY INTO THE COUNCIL OF EUROPE AND ESTABLISHING EUROPEAN VALUES. HE OBJECTED TO AMERICA'S INITIAL EFFORTS TO SLOW AZERBAIJAN'S ACCESSION TO THE COUNCIL. THE LEVEL OF AZERBAIJANI DEMOCRACY WAS NO WORSE THAN ELSEWHERE IN THE NIS; IN FACT, IT WAS SUBSTANTIALLY BETTER. HE FEARED DEPARTMENT STATEMENTS ON THE NOVEMBER ELECTIONS WOULD GIVE HIM NO CREDIT FOR THE PROGRESS MADE. HE LISTED A NUMBER OF OTHER U.S. FAILINGS: THE INABILITY TO ASSIST IN THE EXTRADITION OF A KNOWN CRIMINAL, RASUL GULIYEV; AND THE HOSTILITY OF NDI AND OTHER AMERICAN NGO'S. HE DID NOT BLAME THE SECRETARY FOR THESE SLIGHTS, BUT BUREAUCRATS (CHINOVNIKI) WHO WERE INCAPABLE OF SEEING THE BIG PICTURE AND TRENDS. THE BOTTOM LINE WAS THAT AZERBAIJAN WOULD CARRY OUT DEMOCRATIC REFORMS AND CONCLUDE SUCCESSFUL ELECTIONS, WITHOUT ANY FOREIGN PRESSURE.

13. (C) THE SECRETARY REGRETTED THAT SHE DID NOT HAVE SUFFICIENT TIME TO RESPOND IN FULL TO ALIYEV. SHE AGREED

WE NEEDED TO PAY MORE ATTENTION ON PIPELINE SECURITY, AND HAD TOLD PRESIDENT NAZARBAYEV THE SAME THING EARLIER THIS MORNING. SHE AGREED THAT NOT MUCH PROGRESS HAD BEEN MADE ON NAGORNO-KARABAKH; WE SHOULD BE LOOKING AT NEW IDEAS. AMBASSADOR CAVAGNAUGH'S PROPOSAL WAS WORTH CONSIDERING. THERE WAS STILL TIME FOR A PUSH. THE ADMINISTRATION WAS COMMITTED TO 907'S REPEAL, POSSIBLY AFTER OUR ELECTIONS, BUT WE WOULD STILL NEED MOVEMENT ON OPENING BORDERS TO MAKE THIS POSSIBLE. DEMOCRACY REMAINED THE ONLY FORM OF GOVERNMENT FOR ASSURING A COUNTRY'S LONG TERM SECURITY AND STABILITY, BUT IT WAS HARD TO ACHIEVE. SHE REJECTED THE IDEA OF A DOUBLE STANDARD AND STATED WE ONLY ASK AZERBAIJAN
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TO MEET UNIVERSAL STANDARDS. SHE WAS PLEASED AT THE REGISTRATION OF THE OPPOSITION PARTIES BUT MORE STEPS ARE NEEDED. SHE ASKED ALIYEV TO PLAY A LEADERSHIP ROLE IN WORKING WITH THE OSCE TO MAKE THESE ELECTIONS FREE. SHE NOTED AZERBAIJAN'S PARTICIPATION AT THE WARSAW COMMUNITY OF DEMOCRACIES AND SIGNATURE OF THE WARSAW DECLARATION, WHICH WAS PART OF THE USG'S AND GOAZ'S COMMITMENT TO THE FUTURE OF DEMOCRACY IN THE NEXT CENTURY.

14. (C) THE SECRETARY CONCLUDED WE VALUE OUR RELATIONSHIP WITH AZERBAIJAN. IT WAS BASED ON AZERBAIJAN'S GEO-

STRATEGIC IMPORTANCE, AND ITS COMMITMENT TO INDEPENDENCE, DESPITE EXTERNAL PRESSURES. SHE ACKNOWLEDGED THE ISSUES TROUBLING HIM, BUT THE RELATIONSHIP WAS, ON THE WHOLE, A CONSTRUCTIVE ONE. WE ARE PLEASED THAT OUR OIL COMPANIES ARE WORKING WITH AZERBAIJAN AND THAT AZERBAIJAN IS CREATING ATTRACTIVE CONDITIONS FOR FOREIGN INVESTORS. WE WILL TAKE SERIOUSLY OUR REFERENCES TO AZERBAIJAN IN FUTURE REPORTS. OUR INTENTIONS ARE GOOD AND WE WILL SEEK TO AVOID ANY INACURATE CHARACTERIZATIONS. IN REPLY TO ALIYEV'S REQUEST TO CONSIDER A NEW MINSK PROPOSAL, SHE SUGGESTED WAITING UNTIL AFTER HIS MEETING LATER IN THE DAY WITH KOCHARIAN. WE WOULD HAVE AN OPPORTUNITY TO DISCUSS THIS WHEN ALIYEV IS IN WASHINGTON THE WEEK OF SEPTEMBER 11.
ALBRIGHT

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