



Azerbaijan frameworks: geopolitical and socio-economic considerations

Nicoletta Varani

Ph D, Full professor of Geography, Department of Education [DISFOR], University of Genoa, email: varani@unige.it

Doi: 10.2478/gssfj-2018-0013

Abstract

The contribution intends to present a framework as updated as possible on Azerbaijan, a country of which we are hearing more and more but not very well known and known to most, trying to provide an overview of what Azerbaijan is today, paying particular attention to the history of this interesting country in order to understand what it is today and even more what is the path taken for its future development. Therefore, some areas and aspects of the country have been identified, which will be, to follow, argued. Starting from the entirely geographical aspects to the more socio-cultural, then moving on to international relations and geopolitics and finally to the economic aspects.

Keywords: *Azerbaijan, geopolitics, tourism*

1. Geo-social introduction

Azerbaijan is the easternmost and largest (86,000 sq. km) country in the South Caucasus region; 800 km of coastline is on the Caspian Sea. More than 50% of the Azerbaijani territory is mountainous, and the morphological variety gives the country its own climatic, naturalistic and landscape peculiarities: nine of the eleven climate zones in Azerbaijan are located worldwide (Figure 1). In addition to this wealth of climate is a considerable wealth of minerals, represented by reserves of oil and natural gas.

The socio-cultural aspects are defined in relation to the languages spoken on the territory: Azerbaijani (official language) 92.5%, Russian 1.4%, Armenian 1.4% and other 4.7%. The vehicular language is Russian, a legacy of the Soviet period, particularly widespread in the less young part of the population. English, the "language of the young", is mainly spoken in the capital.

* Part of this paper was presented at the *International Panel Discussion "Mediterranean, Black and Caspian Seas: 25 years of Italian-Azerbaijani relationships"* held in Genoa on May 12th 2017.



Figure 1: Physical map of the territory (Source: University of Texas Libraries, 2004)

The secular Republic of Azerbaijan is a country with a vast Muslim majority (96.9% - Shiite prevalence -), flanked by Russian, Georgian and Armenian Orthodox minorities. It should be noted that in Azerbaijan there is total freedom and autonomy towards all religious denominations and also the fact that there is a secular state system.

Azerbaijan is the most populous country in the Caucasus: the estimate for 2016 is 9,872,700 inhabitants divided into various ethnic groups, such as Azerbaijan 91.6%, Lezghin 2%, Russians 1.3%, Armenians 1.3%, Talysh 1.3%, others 2.4%.

It is the youngest country of the States of this area and of the European-Eastern area. 37.8% are under the age of 24, while only 6.64% are over 65, and the average age of the nation is 30.9 (Figure 2). The 91.6% of the population is of Azerbaijani ethnicity, while the rest of the population is mainly Russian and Armenian.

Remarkable is the entity of the Azerbaijani diaspora in the world. In addition to the Azerbaijanis allocated in the north of Iran (and estimated at between 15 and 20 million individuals), significant communities are present in Russia (over two million), Turkey (about one million), North America (400,000) and Europe (300,000). The distribution of the population does not present any contrasts or polarizations: the population is almost equally located on the territory between urban areas (53%) and rural areas (47%). The structure of the population has five main subdivisions:

- 0-14 years: 22.82% (males 1.204.976 / females 1.047.737)
- 15-24 years: 15.77% (males 812.537 / females 744.538)
- 25-54 years: 45.28% (males 2,188,683 / females 2,281,242)
- 55-64 years: 9.64% (males 439.566 / females 512.118)
- 65 years and over: 6.5% (males 245,144 / females 396,224) (2016 est.)

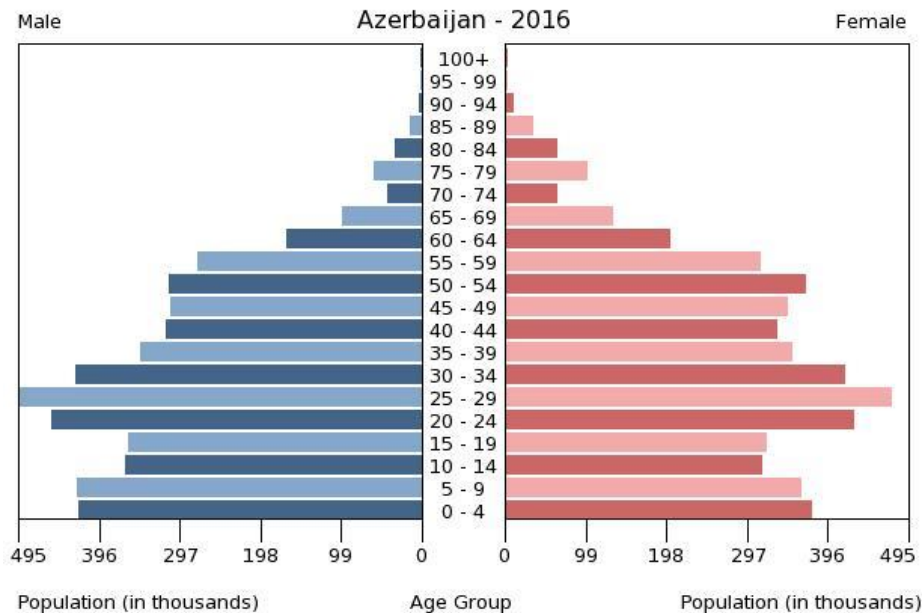


Figure 2: Pyramid of Age (Source: CIA World Factbook, 2017).

Life expectancy at birth in Azerbaijan is 73 years. The statistical data allow us to understand the quality of life in Azerbaijan: in 2017 the GDP per capita of the country was \$17,400, the Human Development Index is equal to 0.757 (80th place), school life expectancy is 13 years. For health (7.4% of GDP) the State spends twice as much as for education (3.1% of GDP).

Almost one-fifth of total expenditure, or 17.8%, is spent on social protection. Approximately 90% of the Azerbaijani population benefits from health services and almost the same percentage (87%) has access to drinking water. The 80.6% of the population regularly uses the Internet. Finally, the index of gender inequality is 0.717, placing the country in 45th place in the world.

Thanks to the HDI we can, therefore, see that in Azerbaijan there is a strong focus on social development, understood as improvement of all classes without distinction of gender or generations. Although the investments are not of a size comparable to those in the industrial field, it should be noted that Azerbaijan has invested in 2017, the year of the last figure recorded, 3,1 % of the total national GDP in education with the aim, now almost wholly achieved, to allow the entire population access to primary education, i.e. the basic ability to read and write. It should also be noted that more and more attention has been paid to the issue of population poverty.

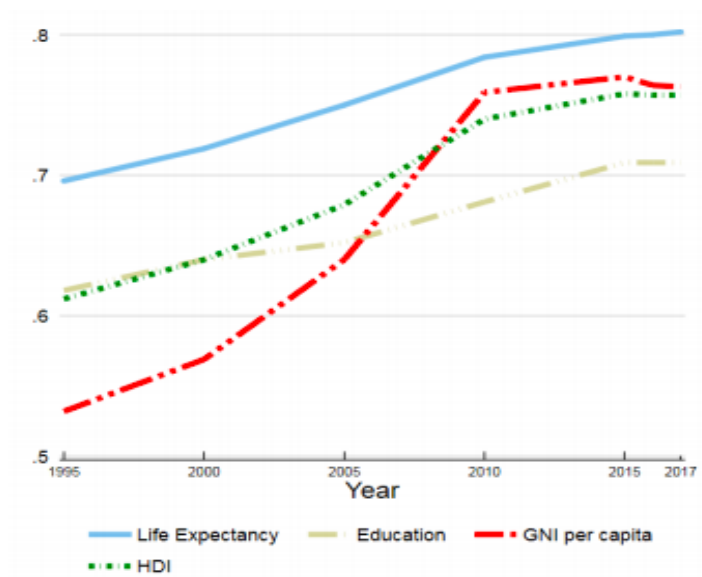


Figure 3: The development of the main primary factors of the HDI and of the HDI itself: life expectancy in blue, education in grey, GDP per capita in red and HDI in green (Source: http://www.hdr.undp.org/sites/all/themes/hdr_theme/country-notes/AZE.pdf)

Thanks to the Multidimensional Poverty Index (MPI), where Azerbaijan has a score of 0.019¹, it is possible to see how the number of people living in a state of absolute poverty is increasingly reduced and this underlines how the Azerbaijani institutions are trying to make the internal situation of the population as egalitarian as possible, even if imbalances clearly remain, so as to encourage an ever-increasing popular involvement in the development process of the country. From this look at Azerbaijani society, we can first of all see that we are in the presence of a country that can already be put in touch with the great world powers, as it presents a continuous evolution towards social improvement and the achievement of the highest standards in this field.

¹ Source: <http://hdr.undp.org/en/2018-MPI>

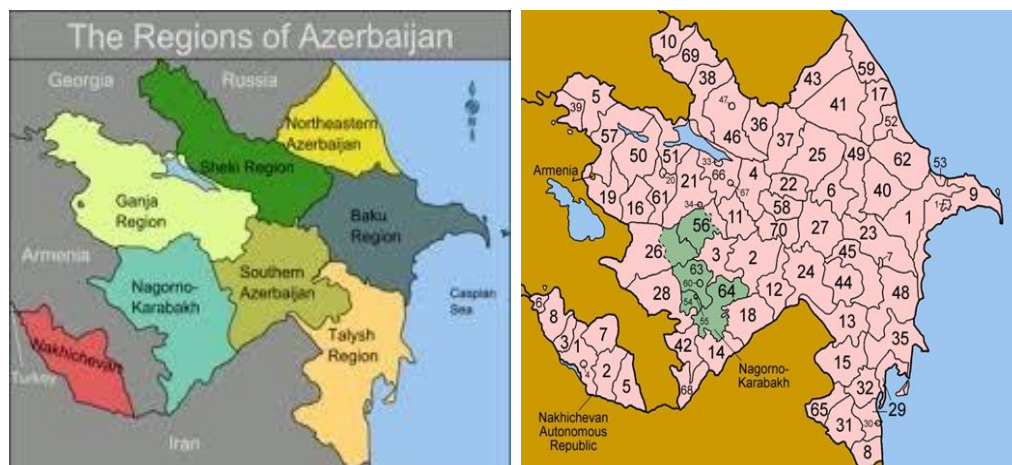


Figure 4: Azerbaijan: Division into regions and districts. (Sources: <http://mapsof.net/azerbaijan/azerbaijan-regions> and https://en.wikipedia.org/wiki/Administrative_divisions_of_Azerbaijan)

Concerning the administrative division of the territory, Azerbaijan is divided into eight regions (of which one is autonomous, the Naxcivan), into 59 districts, of which eight belong to the region of Naxcivan (Figure 4). Baku is the capital with 2,725,000 inhabitants and has been divided into 10 districts and 48 municipalities; the city is also twinned with Naples in Italy.

As far as world politics is concerned, the role of Azerbaijan should be defined. Became independent from the Soviet Union in 1991, in little more than twenty-five years manages to build its own identity with regard to foreign policy, remaining traditionally joined to Moscow with which it continues to maintain good relations, but also pushing always more towards NATO and the European Union, working towards the creation of political and economic links with the chancelleries and multilateral organisations of a Euro-Atlantic matrix. With its neighbours (e.g. Turkey), Azerbaijan adopts the strategy of partnership and negotiation, establishing good and synergistic diplomatic and economic relations in order to move closer and closer to the West. The ethnolinguistic affinity between the two countries (Azerbaijan and Turkey) - commonly synthesised in the motto "two states, one nation" - has constituted the basis on which these have founded a stable and strong diplomatic, economic and strategic agreement.

Any foreign policy full of economic-diplomatic relations built over time can also be damaged by the heated or latent conflicts of war. In this regard, the conflict with Armenia over the control of Nagorno-Karabakh (Dağlıq Qarabağ), an Azerbaijani region with an Armenian majority, was the main obstacle to Azerbaijan's post-

independence path and to the full affirmation of its sovereignty. Today, however, Azerbaijan is an established member of: Council of Europe, CIS (Commonwealth of Independent States), EBRD (European Bank for Reconstruction and Development) OCI (Organization of Islamic Cooperation), UN (United Nations Organization), OSCE (Organization for Security and Cooperation in Europe), OSA observer, often OAS (Organization of American States), WTO (World Trade Organization) observer.

Finally, Azerbaijan has managed to win the organization of international sporting events: particular attention should be paid to the construction of the city circuit of Baku for the Formula 1 Grand Prix (an event that will be repeated annually), the European Olympic Games (played in Baku in 2014) and important events in the media for the new image of the country that has ambitious plans and aims to host in the near future in the near future major international events.

1.1 The geopolitical situation: the Nagorno-Karabakh question

The question of resources and, above all, the laying of gas and oil pipelines from the Azerbaijani Caspian Sea to the European continent, it has over time become the keystone of territorial claims in the region. It's about the dispute for control of the region on the border between Azerbaijan and Armenia: Nagorno-Karabakh (figure 5) translated from the Azerbaijani "black mountain garden", or Artsakh as it is called by the Armenians, who since 1989 shortly before the collapse of the Soviet Union, have eroded the territory, taking away control of the area from the Azerbaijani up to occupy it illegally, according to the Ministry of Foreign Affairs in Baku, six provinces beyond the disputed area. From 1923 Nagorno-Karabakh was an autonomous *Oblast'* (province) of the Republic of Azerbaijan, but after the social and geographical upheavals typical of the Soviet era and exploiting a fortunate phase of demographic growth and forced re-immigration, the Armenians began to press on the border of the region and literally colonize entire areas until they could arrive, with the force of numbers and weapons, to proclaim the annexation.



Figure 5: Nagorno-Karabakh: territories under the occupation of Armenia
(Source: <http://sakeritalia.it/armenia/combattimenti-in-nagorno-karabakh-un-mal-di-testa-per-mosca/>)

The historicity of the conflict between Azerbaijan and Armenia corresponds to the period of political stability in Azerbaijan, which has long been in the hands of a single family: the Aliyev family has been in power continuously since 1923. The last president in office since 2003 is Ilham Aliyev, re-elected in 2013 to the third term that seems to hold office in the coming years.

The Nagorno-Karabakh conflict is still alive today and presents the risk of an escalation of tensions until a new armed conflict is reached. The positions of Azerbaijan and Armenia, from a strictly political point of view, are still very far away. While Azerbaijan would like to see the total retreat of Armenian army from the region and its surrounding areas, granting Nagorno-Karabakh a substantial autonomy but always under the central government of Baku, the Armenian position is opposed, as there is no intention to withdraw its armed forces and, at the same time, there is a continuing demand for official recognition of the Republic of Nagorno-Karabakh.

In addition to all this, armed clashes have again occurred at the front, as in July 2014, which has led to a rise in the level of tension between the parties. It should also be considered that in the dispute there is the increasingly direct intervention of third-party factors in support of the parties involved. In fact, on the Armenian side, it should be noted that Russian support has intensified, with the aim above all of weakening the Baku government to

gain political advantages in the Caucasus region, but above all economic advantages; on the Azerbaijani side, Turkey should be noted for its support, which believes that the Nagorno-Karabakh conflict is an obstacle to its geo-economic plan to guarantee stability in the region.

Finally, the inhabitants of the region now consider themselves to be an autonomous state and are increasingly demanding international recognition. A first step in this direction was taken in 2015 with the parliamentary elections held in the region, which received positive comments from more than 120 international observers. This is not enough, however, as stressed by the President of the Republic of Nagorno-Karabakh, Bako Sahakyan, as the objective is to resolve the dispute with the international recognition of the region as a state in itself, and not only obtain certificates of favour and appreciation.

2. The economic image

The new image of Azerbaijan is built thanks also to its economic geography which has followed particular aspects:

1. The economy is closely linked to the price of oil and natural gas, which play a decisive role in exports (Italy is the largest trading partner).
2. Intensive agriculture is practised on the northern hills (tobacco, aromatic plants, viticulture) and the Caspian coast (citrus and other fruits, tea, vegetables); irrigation systems make the Kura plain (cereals) cultivable, while cotton production is important.
3. Sheep and goat farming is practised in arid areas. Silkworm breeding is important.
4. In the manufacturing sector, the leading sectors are linked to the transformation of hydrocarbons (refinery and petrochemicals), concentrated in the Baku area. This is followed by mechanics, building materials and food processing.

In general, the Azerbaijani economy is dominated by the oil sector (32.5% of GDP), which follows an ancient tradition of exploitation dating back to the nineteenth century. The Apšeron peninsula is one of the first areas in the world where oil is extracted and marketed on a large scale. Towards the end of the 19th century, the refining of fossil fuels began. At that time Azerbaijan produced half of the world's oil and was known for its integrated production system that was at the forefront of technology at the time.

With Azerbaijan's entry into the USSR (1920) the oil sector developed further until the advent of the Second World War (70% of Soviet production). In the mid-1980s, due to rising extraction costs, Azerbaijani oil

lost its dominance in hydrocarbon production due to competition from cheaper deposits in the Volga Basin and Western Siberia. At the beginning of the 1990s, with the dissolution of the USSR (1991), there was a significant economic decline, but towards the middle of the same years (ceasefire in Nagorno-Karabakh-1994) the interest of Western governments and oil companies revitalised the sector. In the years 1994-95, the government signed with the AIOC (Azerbaijan International Operating Company, a Consortium to which the principal oil companies of the Planet belong), an important agreement for the exploration and exploitation of the principal offshore oil fields (Azeri, Čirag, Gunešli), whose extraction potential is estimated at 4.3 billion barrels. Thus, at the end of the 1990s, around 20 other agreements were signed involving 33 oil companies from 15 countries, confirming the international interest in Azerbaijan's oil resources, estimated at 33 billion barrels in total.

An important aspect is that of the hydrocarbon transport infrastructure which involves, in delicate diplomatic balances, not only the countries of the region (Azerbaijan, Georgia, Turkey, Russia), but also the Western countries (United States in the head) interested in the exploitation of Azerbaijani energy resources and, more generally, the Caspian region. There are two alternative routes for transporting Azerbaijani crude oil to European markets, which correspond to two antagonistic geopolitical visions:

- Russocentric: a northern route to the Russian terminal in Novorossiysk.
- Western: Western routes to the Georgian port of Supsa and the Turkish port of Ceyhan, the Mediterranean terminal of the Baku-Tbilisi-Ceyhan pipeline, completed in 2005 and strongly sponsored by the United States.

Besides, the country has significant natural gas reserves, which are still undervalued compared to their potential. The main ones are those of Bakhar and Shah Deniz. A very important pipeline (Southern Gas Corridor) is under construction, which should bring methane and Azerbaijani oil to the old continent, bypassing the pipelines controlled by Moscow. These are three lines for oil and four lines for gas, which reach the Mediterranean through Georgia and Turkey, and then land in Greece, Albania and Italy. It is expected that 10 billion m³ of gas will arrive per year and then rise to 20 billion m³ per year. The first deliveries to Turkey are expected at the end of 2018 and to Italy in 2019/2020.

The path of the main pipeline towards Europe is as follows:

- 1st South Caucasian Section from the Azerbaijani Shah Deniz 2 field across Georgia.

- 2nd Tanap Section: runs through Turkey.

- Tap Section (878 km): climbs in northern Greece (to an altitude of 1.800 m), descends towards the coast of Albania, sinks into the sea (to -820 m) and arrives in Italy in Salento. The landing is planned on the beach of Melendugno, where the uprooting of centuries-old olive trees has begun. The lead company TAP AG, which groups together a group of multinationals in Switzerland, ensures that the pipeline will be buried, all trees will be replanted, and the highest safety standards will eliminate any risk of pollution, accident or disaster.

In any case, a process aimed at reducing dependence on oil and gas has been underway for a few years now. To attract new capital, the Azerbaijani government has proposed to:

- Creating free ports.

- Introducing tax relief for international companies.

- Investing in the modernisation of machinery and production processes.

- Reduce the time needed to start a business (about 3 days).

- To provide public support to the population for agriculture, tourism and information technologies, which have been identified as priority sectors.

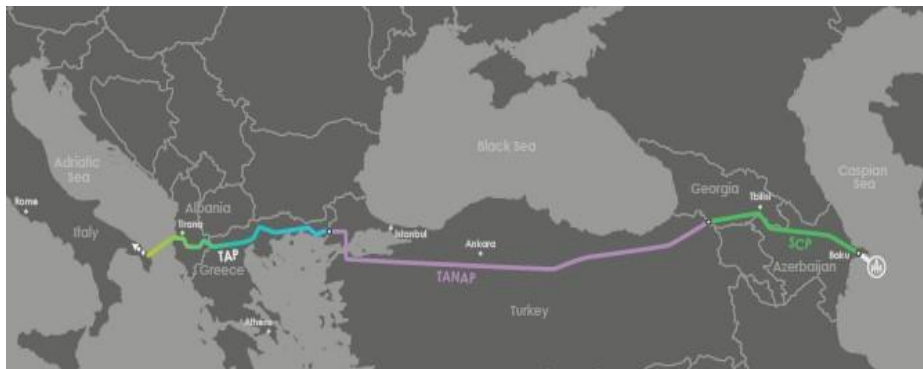


Figure 6: TAP (Trans Adriatic Pipeline) is the final part of a giant gas pipeline of almost 400.000 km of pipelines for huge quantities of methane from Azerbaijan to Italy. (Source: Image taken from the website of the manufacturer Tap-ag)

2.1 The main stages of the Azerbaijani economy: from independence to present

The Azerbaijani economy from 1991 to the present day has been influenced by a strong presence and, consequently, by the wide availability of hydrocarbons, the exploitation of which has been the pillar of the process of building state institutions

and has been determined the role of Azerbaijan both within the Caucasian regional area and internationally. It is possible to distinguish four different phases of development through the energy exploitation by Azerbaijan, characterised by different problems and opportunities, but always linked by a common thread, the energy.

The first phase, from 1991 to 1994, is characterised by the beginning of the post-Soviet transition in which we find the country in the presence of a severe economic crisis that brings it to the threshold of economic collapse. The Soviet economic planning had the merit of having guaranteed Azerbaijan a plan of industrialisation and infrastructural development, but at the same time, it was responsible for the strong imbalances generated by the productive specialisation that made the various Republics of the Soviet Union interdependent from each other. The collapse of the Soviet system caused the crisis of the Azerbaijani light industry, no longer able to maintain the previous levels of production and employment, followed by a contraction in demand for domestic food products by traditional economic partners of Azerbaijan, since there had not yet been a replacement with new markets. All these factors, accompanied by a political situation of significant instability, have led to a great economic recession, also causing a general impoverishment of the population. In 1994, this first difficult economic phase came finished, and the first steps were laid for a recovery. Thanks to the "freezing" of the conflict in Nagorno-Karabakh, which has led to relative stability in the political sphere, the first economic development plans are adopted; another fundamental factor for the reversal of the negative economic trend is represented by the possibility of returning to exploit the potential of the subsoil fully. This followed the signing, in October 1994, of the Contract of the century whereby the rights of exploitation of the off-shore oil fields of Azeri, Chirag and Guneshli (ACG) were transferred to Azerbaijan International Oil Company (AIOC), a consortium composed of international energy companies and the state company SOCAR. With this agreement, besides guaranteeing Azerbaijan 30% of the oil revenues, it opened the way to the use of expensive and advanced technologies, to huge foreign investments and, above all, it broke the isolation, tied to a still Russian-centric system, in which Azerbaijan was, so as to be able to open directly to the international markets (Frappi, 2012).

The second phase, between 1994 and 1999, is characterised, thanks to the stability guaranteed by the figure of Heydar Aliyev, by the adoption of important structural reforms and economic policy measures that have stabilised the country, leading it towards a market economy. This phase is the one in which the foundations are laid for what will be the record growth of the following economic phase. From this phase, it should be noted that since 1995, in agreement with and with the support of the International Monetary Fund (IMF) and the World Bank (WB), has started a programme which provided the reform of the agricultural and banking sectors, the liberalization of prices and privatization of state enterprises, the monetary stabilization and control of public expenditure. Following these reforms in 1996, for the first time since independence, the economy grew positively.

The third phase, from 1999 to 2011, was characterised by record economic growth of 15.1% per annum over the decade 1999-2009, followed by careful management of large capital inflows for preventing structural economic imbalances. In 1999, a sovereign fund for the management of oil rents was established, the SOFAZ, with the aim of protecting the state budget from possible fluctuations in oil prices and, in the same way, to have useful financial reserves to deal with critical situations. The SOFAZ² has seen a significant increase in the financing of public expenditure, from 8% of government revenue in 2003 to 50% in 2010.

The fourth and currently final phase is the one that has come into our daily lives since 2011. This period has seen an attempt by state institutions to diversify the economy of Azerbaijan, trying to focus more attention and investment in the agricultural sector and the tertiary sector, in an attempt to protect the state from possible economic crises related to the energy sector. Until 2014, this diversification strategy proved to be profitable, with interesting growth results; however, the global severe oil crisis was the cause of a strong economic crisis in Azerbaijan, with the state having to face the lack of oil rents with a substantial devaluation of the national currency, the manat. To underline how strong the crisis in Azerbaijan has been, it can be noted that the State has invested 60% (2015) of its monetary resources to try to overcome this severe difficulty (Frappi, 2012).

The situation currently sees Azerbaijan in a phase of recovery and also sees the institutional attempt, in this case at the hands of President Ilham Aliyev, to implement a plan of economic diversification that can lead the country in a short period of time to no longer have to rely mainly on oil but opening its economy to new sources of energy, such as natural gas, and especially by increasing the service sector and touristic which could provide the Country with a new and interesting growth (International Monetary Fund, 2017).

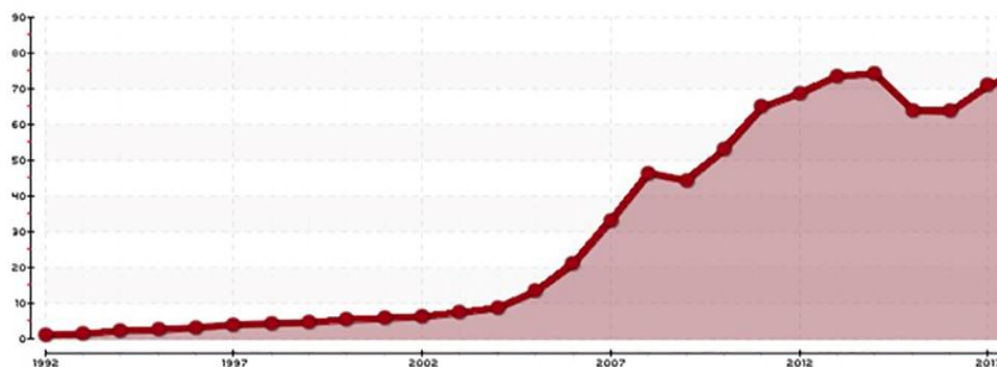


Figure 7: GDP (USD billion), Azerbaijan 1992 to 2017 (Source: International Monetary Fund, 2017)

² State Oil Fund of the Republic of Azerbaijan

3. Beyond hydrocarbons... tourism potential

Azerbaijan is in an extremely favourable geographical position. In fact, the country is a strategic crossroads between Europe and Asia, as a bridge between two continents, along with that which was once the Silk Road. Currently, the territory is crossed by several regional and international corridors, considered strategic for both Europe and Asia. In addition, Azerbaijan aims to become a new tourist destination, as an alternative to the traditional world tourist destinations.

The potential for development is very high taking into account the historical, and climatic-natural attractions of the country should be highlighted as the tourism sector of Azerbaijan is developing rapidly, becoming one of the strong sectors of the Azerbaijani economy indeed, occupying a competitive position in the world tourism landscape.

At first sight, there are considerable opportunities for Azerbaijan in terms of tourism development: the natural beauties represented by the different climate zones and the variety of the landscape. The territory is partly mountainous, and the coast has a temperate climate. There are also therapeutic mineral water springs, mud volcanoes and flames generated by natural gas. The historical and cultural attractions are based on the history of Azerbaijan and the monuments of certain civilisations and religions.

From the multicultural capital Baku to the mountain community of Saki, from the caves of Qobustan to the ancient mountain villages of Xinaliq and Lahic Azerbaijan offer the opportunity to discover the millenary roots of the country with craft and cultural traditions still very much alive.

In recent years, the capital Baku has become a real international tourist destination. A cosmopolitan city, in constant change, Baku still presents its Soviet past, well present in the architecture of ancient palaces and at the same time projected into the future, visible in the definition of the new unique and recognizable skyline, with the craziest skyscrapers, the Flame Towers: three tall towers in the shape of a flame, reminiscent of fire, a symbol strongly linked to the capital of Azerbaijan. In recent years Baku has seen numerous redevelopments such as the particularly well-tended pedestrian streets full of tea rooms and pubs, luxury designer shops with big names and the most famous five-star hotel brands.

Old Town "Icheri Sheher" declared an UNESCO World Heritage Site in 2000 surrounded by ancient walls, where there are major tourist attractions that alternate with quiet and picturesque streets, The Tower of the Virgin, built of stone, is 29 m., high and stands out immediately in the city skyline: whether it was watchtower, lighthouse, astronomical observatory or defensive tower, it stands out with its mighty walls of 5 m.

The Shirvanshah Palace is a very fascinating complex of buildings built of sandstone, also composed of a ceremonial courtyard, a cistern, the ruins of the Keyquabad Mosque and the Dervish Mausoleum. Among the various museums the most

important are the State Museum of Art, which is housed in two impressive residences built during the oil boom and which houses a collection of Azerbaijani and Russian art of the nineteenth century as well as works of modern Azerbaijani art, and the Carpet Museum, housed in an impressive neoclassical building, which traces the history of carpet manufacture³.

In addition to the capital, another tourist attraction is represented by the State Reserve of Qobustan, a historical-naturalistic park located in the town of the same name located about 60 km from Baku. The importance of Qobustan is such that, in 2007, it was included by UNESCO in the list of World Heritage Sites, following the "conservative" decision made for the Old Town of Baku. Qobustan is a reserve and "cultural landscape"⁴, in which there are: several hundred volcanoes of mud, natural formations that emit clay, salt and, occasionally, gas, in a way very similar to that of traditional eruptive volcanoes whose products are often associated with beneficial and healing properties (potential for developing a spa tourism); walls and caves in which there are numerous inscriptions and paintings of rock art dating back to 20.000 years ago, and that speak to us of the anthropological history of the peoples of the Caucasus and, to a greater extent, of the possible origin of the Vikings, also thanks to the studies of Thor Heyerdahl, a Norwegian anthropologist who for half a century studied Qobustan in search of the "*trait d'union*" between the Caucasus and Norway⁵.

The settlement was originally called "Black Stones", but it was later renamed "Neft Daşları" ("Oil Rocks"), replacing the allusion to the black colour of oil with reference to the substance itself. An entire city by the sea, it was the first oil rig in Azerbaijan and the first operational offshore oil rig in the world, including several drilling rigs. The artificial city has historical importance for Azerbaijan and also for the history of offshore oil extraction (Ema Hasanova Mehrab, 2018).

³ The Nizami Museum of Azerbaijan's Literature is also interesting, with its ogival niches on the outer side containing statues of the greatest national writers, the Historical Museum and the Rastropovich Museum. An attraction is the Heydar Aliyev Cultural Centre (designed by Zaha Hadid), whose fluid white shape makes it photogenic from any angle. It hosts concerts, international conferences and numerous exhibition spaces, including a permanent collection with gifts received from the presidents of Azerbaijan.

⁴ The current concept of the cultural landscape is due to the European Landscape Convention adopted by the Committee of Ministers of the Council of Europe in Strasbourg on 19 July 2000 and to date 32 member states of the Council of Europe have ratified the Convention and six have signed it. The concept of cultural landscape inherent in the Convention is an innovative "Landscape" designating a part of the territory as perceived by the populations, whose character results from the action of natural and/or human factors and their interrelationships. The object of attention is no longer limited to the physical elements of the reality that surrounds us in its best aspects but turns to the relationship with it in all its positive and negative components depending on the perception by the populations involved.

⁵ Please refer to <https://whc.unesco.org/en/list/1076>



Figure 8: Itinerary with the main tourist attractions
(Source: <http://www.viaggilevi.com/itinerario/azerbaigian/>)

3.1 Some data about tourism phenomenon

Available statistics on tourism in Azerbaijan, both from national sources and from international bodies, show that the sector is still somewhat limited but that it has strong potential. According to the WTTC (World Travel & Tourism Council), in 2013 the tourism sector contributed 8.8% to the national GDP⁶ and is expected to grow by 5.3% by 2024.

According to the statistics of the State Statistical Committee (SSC) in 2013 the number of tourists was 2.12 million, and the WTTC estimates that they will become more than three million by 2024 (State Statistical Committee 2014). The same statistical sources provide data on the types of tourism. The first is now leisure tourism (34.1%), followed by business tourism, health tourism and religious tourism. However, business tourism (33.8%), on which Azerbaijan is focusing, should be considered. The city of Baku is rapidly gaining importance and reputation internationally by hosting meetings, conferences, fairs and a whole range of international events. The city itself in recent years has experienced, as already mentioned, a building boom funded by oil revenues that has transformed its

⁶ The contribution to the national GDP must be divided between direct and indirect contributions: direct contributions come from enterprises directly involved in the tourism sector such as hotels, airlines and restaurants, while indirect contributions come from expenditure made to support the tourism sector, government investment in promotion and administration, resources necessary for the management of tourism flows and for the proper functioning of related structures (State Statistical Committee, Tourism and Services in Azerbaijan, State Statistical Committee of the Republic of Azerbaijan, Baku, 2014, p. 38)

appearance and has made it the largest and most modern city in the Caucasus, followed by tourism related to finding relatives and friends (27.5%) (Figure 9).

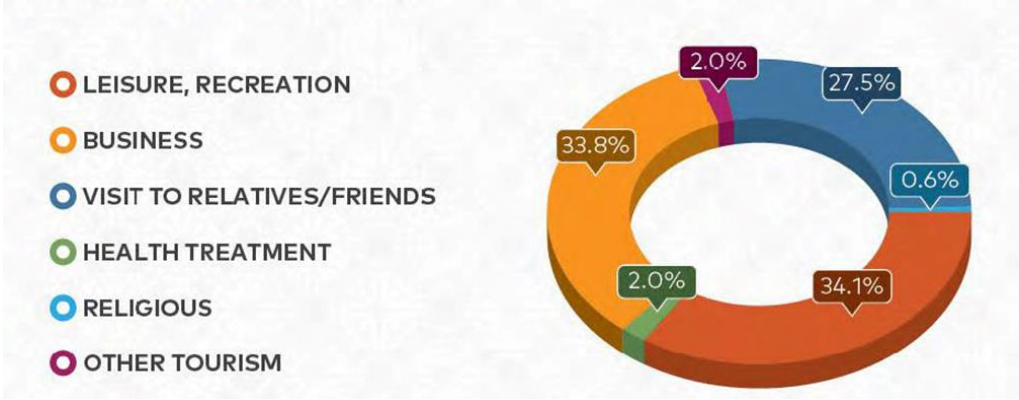


Figure 9: Foreign Tourists for travel purposes.
(Source: <http://www.azpromo.az/uploads/files/pages/e37487df3bf3dbc389a964cbc59bbd35.pdf>)

The so-called wellness tourism (2.0%) is also in its start-up phase and has great potential because there are places dedicated to thermalism and balneotherapy, such as the well-known resorts of Naftalan and Duzdagh Cave⁷ (World Travel & Tourism Council; 2017).

Along with business tourism, Azerbaijan is investing heavily in sports tourism and the organisation of major events. It is clear that Azerbaijan is interested in developing its tourism sector but wants to do so on its terms. The conflict with Armenia in this still influences the development of tourism and is one of the reasons that has led the authorities to try to concentrate tourist flows in new resorts and complexes, high level and highly publicised as the Shahdag Ski Resort, Naftalan resorts and the seaside resorts of Merdeken. In order to increase and facilitate tourist flows, the rules for obtaining visas have been simplified, which, despite recent improvements, are even more restrictive than those of countries such as Georgia and Armenia, where European citizens can enter without a visa.

The main tourist flows in arrivals come from neighbouring countries and very important in the international relations of Azerbaijan and especially from Russia, followed by Georgia and Turkey (figure 10). Then follow Iran and Iraq where they live and work many zeroes and that during the holiday period return to Azerbaijan

⁷ Located in Duzdag, Duzdag is located 18 km to Nakhchivan International Airport, 10 km to the heart of Nakhchivan city and 2 km to Duzdag Physiotherapy Center. The hotel "Duzdag", which has a mysterious beauty, reflects the richness and richness of our history, which reflects the first acquaintance of the visitors of our city with the ancient history of Nakhchivan. Guests feel like they have gone to the richest places of our history. Starting from 2008, Duzdag Hotel has 6 floors, with a total of 151 rooms. 100 standard, 8 suites, 35 small suites, 1 king circle, 7 villas serve the highest comfort of guests. SPA and Fitness centre, table games, mini-football and tennis, basketball court, wide aqua for roomy and ultra-modern equipment, television, telephone line, fast WI-FI internet line, minibar, secure safe, park, mini Olympic pool and sauna (<http://www.duzdag.com/en>)

as tourists. Tourists in the business segment come from the UEA, Kazakhstan and Uzbekistan, which are very active in terms of investment, exports and collaboration between companies.

RANK	COUNTRY	(THSD. PERSONS)
1.	RUSSIA	669.7
2.	GEORGIA	440.5
3.	TURKEY	287.6
4.	IRAN	232.7
5.	IRAQ	60.0
6.	UAE	52.3
7.	UKRAINE	50.6
8.	KAZAKHSTAN	29.0
9.	GREAT BRITAIN	27.8
10.	UZBEKISTAN	15.1

Figure 10: Top 10 International Tourist arrivals in Azerbaijan.

(Source: <http://www.azpromo.az/uploads/files/pages/e37487df3bf3dbc389a964cbc59bbd35.pdf>)

Indispensable for the development of investments in tourist infrastructure, for the 'accommodation industry and related services policies of incentives and assurances on the security of the country. The number of hotels and hotel services from 93 in 2001 to 540 in 2016 with a strong increase in the number of beds (figures11). Between 2016-2017, four new medium-high quality hotels opened. Large internationally renowned hotel chains are already present on the zero market. Baku has designer hotels that are leaders in the sector (Four Seasons, Marriott, Pullman, Hilton, Excelsior, Rixos, Fairmont and others).

HOTELS AND HOTEL-TYPE ENTERPRISES



BEDS IN HOTELS AND HOTEL-TYPE ENTERPRISES

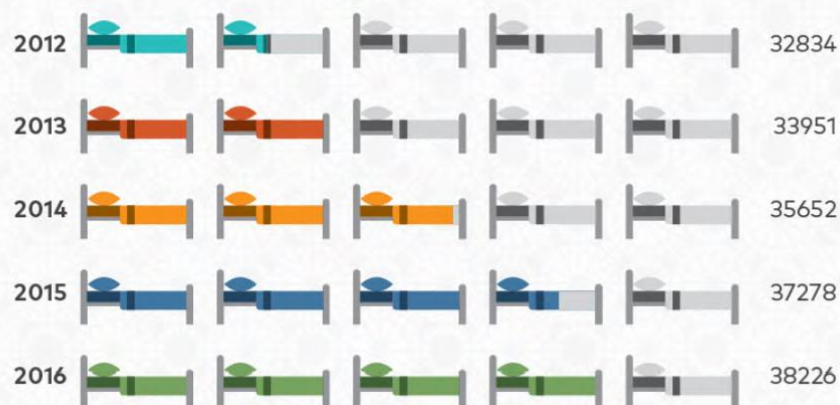


Figure 11. Hotels and Hotel-type enterprises and beds in hotels and hotel-type enterprises (<http://www.azpromo.az/uploads/files/pages/e37487df3bf3dbc389a964cbc59bbd35.pdf>)

However, the fact remains that the tourism sector is very young and still lacks the experience that characterises the European markets. There is also a clear imbalance between the capital, and the rest of the country where the population often lives under challenging conditions and the infrastructure is lacking. The government pursues a results-oriented policy to promote this sector, which is successfully carried out by the Ministry of Culture and Tourism. In addition, over the last decade, regular and regulatory sectoral rules, tourism-related activities and the rational use of available resources have been adapted accordingly. These policies are at the heart of the positive progress of recent years.

In order to summarise state of the art in the tourism sector in Azerbaijan, simple SWOT analysis has been elaborated, which is shown in Table 1.

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. The richness of cultural and environmental heritage 2. The call of the city of Baku 3. The hospitality of the local population 4. International events 4. Internet use* 	<ol style="list-style-type: none"> 1. The requirement of entry Visa to be requested online or at the Embassy; 2. Lack of tourist material and tourist guides in the English language (they are present only in the Russian language);
Opportunities	Risks/difficulties Potential
<ol style="list-style-type: none"> 1. Preparation of a specialised guide in English 2. Increase in the number of airlines with flights to Azerbaijan 3. Participation in international tourism events 	<p>Outside the capital, the population does not speak foreign languages except Russian. Transport problems outside urban areas.</p>

* The use of Internet for tourism is very high also because there are many websites where you can find information about the country of destination, culture, tradition.

Table 1: SWOT analysis of the tourist destination Azerbaijan

4. Final considerations

The contribution in the context of a current and documented overview aims to highlight how much tourism and its development can represent an important diversification for the Azerbaijani economy based on the exploitation and export of energy resources.

The development of tourism can be conducted on a "double track", one of the creations of events of international importance partly already started by the Ministry of Tourism, which has created a particular image of Azerbaijan and its capital, so that it is already called the Monte Carlo de Caspian Sea.

The other, less immediate, which must be thought of and studied, still at an early stage, related to the processes of enhancement of the territory⁸ that are activated

⁸ In this regard, it is necessary to recall the concept of territorialisation of Angelo Turco (1988; 2013), which is an expression of a specific culture and can be considered as the result of the set of relations

through the identification of objects/places to be valued and are prolonged in the political measures and techniques of enhancement (restoration for example) to result in the use of these objects/places for example in a touristic circuit of high historical and cultural value.

It is important to point out that the objects that deserve attention are not only material but also immaterial, such as those derived from local toponymy, dialects or rituals of popular tradition.

In this regard, the UNESCO sites mentioned above (see paragraph 3) are already a concrete example of the start of this process, and that has already had a return of image and tourist interest for Azerbaijan.

There is, therefore, a potential for tourism, especially about the northern territories and the city of Baku, however, for the creation of a competitive tourism market the national system needs to acquire the necessary knowledge and methodologies, a process that is currently underway.

References

- Aliprandi, E. (2010). *Le ragioni del Karabakh*. Vasto (CH): MyBook.
- Alessandrini, B. (2014). *L'Azerbaijani nel 2020: visione strategica e priorità di sviluppo*, [Online] Available: <https://www.geopolitica.info/azerbaigian-2/>, (December 5, 2014).
- Azopromo (2018). Azerbaijan. Tourism and hospitality. [Online] Available: <http://www.azpromo.az/uploads/files/pages/e37487df3bf3dbc389a964cbc59bbd35.pdf> (January 18, 2019)
- Azopromo (2018). Catalogue of Investment Projects in Azerbaijan. [Online] Available: <http://www.azpromo.az/uploads/files/pages/544c83f2101eed5bac6e20364871f70.pdf> (January 18, 2019)
- Bensi, G. (2012). *Le religioni dell'Azerbaijani*. Roma: Sandro Teti Editore.
- Bifolchi, G. (2016). La Nuova Via della Seta potrebbe aiutare l'economia dell'Azerbaijani. [Online] Available: <https://www.notiziegeopolitiche.net/si-stringono-i-rapporti-tra-italia-e-azerbaigian-intervista-allambasciatore-ahmadzada/> (February 20, 2016).
- Burchia, E. (2017), Baku, la fiammeggiante città d'Oriente che vuole essere Europa [Online] Available: <https://viaggi.corriere.it/viaggi/vacanze/baku-azerbaigian-capitale-europa-guida-mar-caspio-attrazioni-turismo/> (October 14, 2018)
- CIA. The World Factbook. [Online] Available: <https://www.cia.gov/library/publications/the-world-factbook/> (January 18, 2019)
- Cipolla, A. (2018), Che cos'è il TAP? Storia del gasdotto che dall'Azerbaijani arriverà in Puglia, [Online] Available: <https://www.money.it/cosa-TAP-storia-gasdotto-Azerbaijani-Puglia> (November 16, 2018)
- Frappi, C. (2012). *Azerbaijani. Crocevia del Caucaso*. Roma: Sandro Teti Editore.
- Frappi C., Verda, M. (2014). *Azerbaijani, energia per l'Europa. Storia, economia e geopolitica degli idrocarburi del Caspio*. Milano: EGEA.
- International Monetary Fund (2017). *IMF Annual Report 2017. Promoting, Inclusive, Growth*. Washington DC: Editorial and Publications Division of the IMF's Communications Department.

that a society has with the physical environment and the social environment. Cultural, linguistic, social and political relations, economic, which cement and strengthen the sense of belonging that binds the individual to his or her territory and make that territory unique. This must be the basis for the processes of valorisation.

Mehrab, E.H. (2018), The 8th wonder of the world- "Oil Rocks" settlement and miracle in the sea. [Online] Available: <http://www.azerbaijannews.eu/site/the-8th-wonder-of-the-world-oil-rocks-settlement-and-miracle-in-the-sea/> (December 30, 2018)

Mercouris, A. (2016). Fighting in Nagorno Karabakh: A Headache for Moscow. [Online] Available: <https://russia-insider.com/en/politics/fighting-nagorno-karabakh-headache-moscow/ri13720> (November 20, 2018)

Natalizia, G., Pommier Vincelli, D. (eds) (2012). Azerbaijan, Una lunga storia. Firenze: Passigli Editori.

Noble, J., Kohn, M., Systermans, D. (2008). Georgia, Armenia e Azerbaijan. Torino: EDT.

Raucci, T. (2017). La Repubblica dell'Azerbaijan tra nuove prospettive e possibilità di sperimentazione. [Online] Available: <https://www.notiziegeopolitiche.net/la-repubblica-dellazerbaigian-tra-nuove-prospettive-e-possibilita-di-sperimentazione/> (June 1st, 2017).

Shirinov, R. (2018), State register of tourism can appear in Azerbaijan this year. [Online] Available: <https://www.azernews.az/travel/130103.html> (January 16, 2019).

State Statistical Committee (2014), Azerbaijan in Figures 2014, State Statistical Committee of the Republic of Azerbaijan, Baku, pp. 205-260.

Turco, A. (1988). Geografia della complessità. Milano: Unicopli.

Turco, A. (ed.) (2013). Paesaggio, luogo, ambiente. La configuratività territoriale come bene comune. Milano: Unicopli.

World Travel & Tourism Council (2017), Travel & Tourism Economic Impact 2017 World. [Online] Available: <https://www.wttc.org/-/media/files/reports/economic-impact-research/regions-2017/world2017.pdf> (January 15, 2019)

Web resources

Entrepreneurs (employers) of the Republic of Azerbaijan. National Confederation of Organizations. [Online] Available: <http://ask.org.az> (January 20, 2019)

Discovery Azerbaijan. [Online] Available: <http://atoz.az> (January 20, 2019)

Azerbaijan.az. [Online] Available: <http://azerbaijan.az> (January 18, 2019)

About Azerbaijan. [Online] Available: <http://azerbaijan.travel> (January 21, 2019)

Digital Trade hub of Azerbaijan. [Online] Available: <http://www.azexport.az> (January 20, 2019)

Export Azerbaijan. [Online] Available: <http://b2b.az> (January 20, 2019)

Formula 1 Azerbaijan Grand Prix. [Online] Available: <https://www.bakucitycircuit.com> (January 21, 2019)

Baku Expo 2025. [Online] Available: <https://bakuexpo2025.com> (January 20, 2019)

Caspianoilgas.az. [Online] Available: <http://caspianoilgas.az> (January 21, 2019)

Ministry of Economy of the Republic of Azerbaijan. [Online] Available: <http://economy.gov.az> (January 18, 2019)

Republic of Azerbaijan Official Electronic Visa Portal. [Online] Available: <http://evisa.gov.az> (January 18, 2019)

The 2018 Global Multidimensional Poverty Index (MPI). [Online] Available: <http://hdr.undp.org/en/2018-MPI> (January 13, 2019)

Index mundi. [Online] Available: <https://www.indexmundi.com/map/?v=67&l=it> (January 18, 2019)

Internet world stats. [Online] Available: <https://www.internetworldstats.com/stats3.htm> (January 18, 2019)

Limesonline.com. [Online] Available: www.limesonline.com (January 18, 2019)

Mapsof.net. [Online] Available: <http://mapsof.net/azerbaijan/azerbaijan-regions> (January 15, 2019)

Official website of the Ministry of Culture of the Republic of Azerbaijan. [Online] Available: <http://mct.gov.az> (January 21, 2019)

Ministry of Foreign Affairs Of The Republic Of Azerbaijan. [Online] Available: <http://mfa.gov.az/> (January 13, 2019)

Republic of Azerbaijan Embassy in India. [Online] Available: <http://newdelhi.mfa.gov.az> (January 13, 2019)

Sakeritalia.it. [Online] Available: <http://sakeritalia.it/armenia/combattimenti-in-nagorno-karabakh-un-mal-di-testa-per-mosca/> (January 18, 2019)

Viaggilevi.com. [Online] Available: <http://www.viaggilevi.com/itinerario/azerbaigian> (January 20, 2019)

Trans Caspian.az. [Online] Available: <http://transcaspian.az> (January 20, 2019)

Unesco. World Heritage List. [Online] Available: <https://whc.unesco.org/en/list/> (January 20, 2019)

Wikipedia. [Online] Available: https://en.wikipedia.org/wiki/Administrative_divisions_of_Azerbaijan (January 20, 2019)