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Azerbaijan Unable, Or Unwilling, To Pay For Russian Weapons: Reports

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Azerbaijan's President Ilham Aliyev

Russia's senior defense industry official has made an unexpected visit to Baku, as a Russian newspaper reports that Azerbaijan is refusing to pay for a shipment of Russian arms.

"The fall in oil prices has affected everyone, and Azerbaijan is no exception," an unnamed Russian defense industry official told the newspaper Kommersant. As a result, a shipment of weapons ordered several years ago by Azerbaijan is currently sitting in port waiting for payment, the official said.

An early version of a story on the Sputnik Azerbaijan site cited an Azerbaijani military expert backing that up, but some time after it was published all references to Baku's failure to pay were erased.

In an apparent effort to sort out the situation, Russia's deputy prime minister in charge of

defense industry, Dmitry Rogozin, arrived in Baku for a previously unannounced visit on Wednesday night. On Thursday, Rogozin posted a photo with him and Azerbaijan President Ilham Aliyev on his facebook page with the caption "Following positive negotiations with the leader of friendly Azerbaijan Ilham Aliyev." There was no indication of what may have resulted from the positive negotiations.

While Azerbaijan's budget problems are real, "its problems paying for the shipment may be both objective, as well as a bargaining position in negotiations with Russia," Kommersant noted. In particular, Azerbaijan has objected to a $200 million credit that Russia offered Armenia last year in order to acquire weaponry. Armenia and Azerbaijan are locked in a struggle over the disputed territory of Nagorno Karabakh. Armenia, a formal ally of Russia, gets discounted arms from Moscow, while oil-rich Azerbaijan is one of the Russian defense industry's best customers.

Azerbaijan has made a number of arms purchases from Russia that it has estimated at $4 billion, and most of that has been delivered but there are still some tanks, infantry fighting vehicles and artillery systems yet to be delivered, according to Kommersant's source.

"Russia's negotiation position will be fairly harsh, since the situation has arisen through no fault of Russia's," the newspaper noted. It quoted Russian military expert Ruslan Pukhov as suggesting that "you can always find a compromise... we could either stop the delivery of equipment and sell it to another country, or defer payment." Oh, to have been a fly on the well in the Rogozon-Aliyev meeting...

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