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Priorities of Economic Cooperation Between Russia and Azerbaijan in the Conditions of the Global Turbulence

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Abstract. The relevance of the study is due to the fact that in the context of the sanctions policy, the Russian Federation is interested in building a new paradigm of international relations focused on achieving economic and political advantages based on cooperation with friendly states. Azerbaijan, of course, acts as such a state, which, due to its geographical location, political stability and international cooperation with Russian manufacturers, is now able to become a strategically important partner, taking into account geopolitical and geo-economic realities. Despite the availability of scientific papers on the problem of economic cooperation between Russia and Azerbaijan, there is currently no comprehensive study of the possibilities of expanding economic partnership in the conditions of turbulence of global processes. The purpose of the study was to determine the priorities of economic cooperation between Russia and Azerbaijan in the context of the global transformation of modern international relations and the turn of the Russian Federation to the East. To achieve this goal, the methods of comparison, system analysis, synthesis, logical generalization, and economic analysis were used. As a result of the study, the current situation of the development of economic cooperation between the Republic of Azerbaijan and the Russian Federation was studied, taking into account the political peculiarities of the development of the global community, which makes this study interdisciplinary. The novelty of the study lies in the fact that for the first time the factors contributing to the deepening of the economic partnership between the two countries have been identified. It was noted that in the new conditions, the role of Azerbaijan as a strategic partner of the Russian Federation is growing. The role of Azerbaijan as an international transport and logistics center has increased due to global turbulences, and in 2023 alone, the volume of traffic through the territory of the republic from Russia has almost doubled. It is concluded that the countries are interested in expanding economic cooperation and creating conditions for the development of international cooperation. Azerbaijan is expected to cooperate more closely with the states of the Eurasian Economic Union (EAEU), including the process of deepening the integration partnership within the framework of the formation of a single economic space. In addition, new priorities for international economic cooperation and strategic directions for the development of international relations between the Republic of Azerbaijan and the Russian Federation in the long term have been identified, taking into account the turbulence of global processes.

Key words: international relations, regional integration, international cooperation, Eurasian Economic Union, EAEU

Conflicts of interest. The authors declare no conflicts of interest.

Authors' contributions. The authors made an equal contribution to the design, research and preparation of the final article's text.

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Приоритеты экономического сотрудничества России и Азербайджана в условиях глобальной турбулентности

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Аннотация. Актуальность исследования обусловлена тем, что в условиях санкционной политики Российской Федерация заинтересована выстраивать новую парадигму международных отношений, ориентированную на достижение экономических и политических преимуществ на основе сотрудничества с дружественными государствами. В качестве такого государства, безусловно, выступает Азербайджан, который благодаря своему географическому положению, политической стабильности и международной кооперации с российскими производителями сегодня способен стать стратегически важным партнером с учетом геополитических и геоэкономических реалий. Несмотря на наличие научных трудов по проблеме экономического сотрудничества России и Азербайджана, в настоящее время отсутствует комплексное исследование возможностей расширения экономического партнерства в условиях турбулентности глобальных процессов. Цель исследования — выявление приоритетов экономического сотрудничества России и Азербайджана в условиях глобальной трансформации современных международных отношений и поворота Российской Федерации на Восток. Для достижения поставленной цели использовались методы сравнения, системного анализа, синтеза, логического обобщения и экономического анализа. Изучена современная ситуация развития экономического сотрудничества Азербайджанской Республикой и Российской Федерацией с учетом политических особенностей развития глобального сообщества, что делает данное исследование междисциплинарным. Новизна исследования заключается в том, что впервые выявлены факторы, содействующие углублению экономического партнерства двух стран. Отмечено, что в современных условиях возрастает роль Азербайджана как стратегического партнера Российской Федерации. Глобальная турбулентность привела к повышению значимости Азербайджана как международного транспортно-логистического центра: только в 2023 г. объем перевозок из России через территорию республики вырос почти вдвое. Авторы приходят к выводу, что страны заинтересованы в расширении экономического сотрудничества и создают условия для развития международной кооперации. Прогнозируется более тесное сотрудничество Азербайджана с государствами Евразийского экономического союза (ЕАЭС), включая процесс углубления интеграционного партнерства в рамках формирования единого экономического пространства. Кроме того, определены новые приоритеты международного экономического сотрудничества и стратегических направлений развития отношений Азербайджанской Республики и Российской Федерации в долгосрочной перспективе с учетом турбулентности глобальных процессов.

Ключевые слова: международные отношения, региональная интеграция, международная кооперация, Евразийский экономический союз, ЕАЭС

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Introduction

The increase in uncertainty and unpredictability that has been observed in recent years is undermining the geopolitical and geo-economic foundations. Moreover, an important factor of turbulence is the intensification of competition in commodity markets, and primarily in the oil and gas market. “The basis for the tension in this sector of the economy was the fact that since 2001 the United States began to implement a consistent strategy aimed at a ‘value gap’ with the Russian Federation and countries that have the largest oil and gas reserves, including Venezuela, Iraq, Iran, Syria and a number of other countries” (Filkevich, 2006, pp. 30, 32—33). Based on this geopolitical strategy, American business is striving to take a leading position in global oil production in the world as early as 2025 (Smelkov, 2023). “It should be noted that already in 2022, thanks to the implementation of a policy of increasing tensions with countries producing and supplying oil to world markets, the largest oil companies in the United States received a noticeable increase in net profit. Specifically, for *Exxon Mobil*, net income was 55.7 billion USD in 2022, an increase of 83.8% compared to 2021. In turn, for *Chevron*, net income amounted to 35.5 billion USD in 2022, an increase of 89.8% compared to 2021.”¹ A new round of tensions occurring in the Middle East in 2023–2024 is forcing countries to look for ways to overcome turbulence by moving towards more stable markets. Russia’s turn to the East is due to the need to develop close relationships with friendly countries, one of which is Azerbaijan.

It should be noted that in order to overcome the turbulence of global processes, Azerbaijan and Russia are taking consistent steps aimed at

reducing political tensions in the region, creating conditions for the development of economic partnership and solving important security problems. “In particular, with the active participation of the countries, the Convention on the Legal Status of the Caspian Sea was signed in 2018, which clearly stipulates the principles of the division of the water spaces of the Caspian Sea, thereby ensuring political, economic, military and environmental stability in the region” (Pivovarov, 2019). The Russian Federation is also actively involved in the settlement of the conflict between Azerbaijan and Armenia over Nagorno-Karabakh; it was with its active role as a mediator that the military conflict was stopped in 2020.

On October 31, 2022, the “road map” for normalizing relations between Azerbaijan and Armenia with the assistance of Russia began to be implemented, which provides, among other things, for the restoration of economic and transport ties in the region.² As E.M. Allahverdiyev and T.G. Mustafayev emphasizes, “Over the 31 years that have passed since the establishment of diplomatic relations between the Republic of Azerbaijan and the Russian Federation, more than 250 bilateral documents were signed between the two countries and important steps were taken for their implementation” (Allahverdiyev & Mustafayev, 2023, p. 55).

By strengthening economic cooperation today, Azerbaijan and Russia today contribute to the stabilization of the situation in the region, which creates prospects for the long-term development of international cooperation between the countries. In our opinion, “Russia is the main trade partner of Azerbaijan. Historical

¹ The Big Five Oil Companies Made Record Profits in 2022 // Office Life. February 8, 2023. (In Russian). URL: <https://officelife.media/news/40549-bolshaya-neftyanaya-pyaterka-poluchila-rekordnuyu-pribyl-v-2022-godu/> (accessed: 03.12.2023).

² Interview with the Director of the Fourth Department of the CIS Countries of the Russian Foreign Ministry D.V. Gonchar to TASS (August 4, 2023) // Ministry of Foreign Affairs of the Russian Federation. August 4, 2023. (In Russian). URL: <https://www.mid.ru/ru/detail-material-page/1899623/> (accessed: 03.12.2023).

and economic relations, unified transport network, common infrastructure and broad knowledge of the Russian language contribute to the cooperation between the two countries. In our opinion, the development of the banking system of both countries will henceforth be a prerequisite for the intensification of integration processes. Close economic integration with Russia meets the strategic interests of Azerbaijan” (Mamedov, 2008, p.70).

The purpose of the study is to determine the priorities of economic cooperation between Russia and Azerbaijan in the context of the global transformation of modern international relations and the turn of the Russian Federation to the East.

Materials and Research Methods

In the article the materials of the Commonwealth of Independent States (CIS), the Eurasian Development Bank, data of national statistical agencies of Azerbaijan and Russia, publications of international news agencies, researches of scientific research centers of Azerbaijan and Russia and other analytical works were used.

As part of the preparation of the article, the following methods were used: comparison, logical generalization, economic and system analysis. The materials and research methods used in the work made it possible to conduct a comprehensive analysis of the development of economic cooperation between Azerbaijan and Russia, taking into account the global challenges.

Results

As the results of the study show, there are currently changes in the strategic priorities of the Russian Federation, which, due to geopolitical and geo-economic processes, lead to the development of closer relations with Asian states, which is associated with the use of economic sanctions by Western Europe, the USA and a number of other countries (Isachenko & Revenko, 2022). New realities are being formed through the expansion and deepening of economic and political cooperation, primarily with the countries of the post-Soviet space. The

closest cooperation takes place with the member states of the Eurasian Economic Union, as well as with a number of countries of the Commonwealth of Independent States, primarily with Azerbaijan and Uzbekistan (Kotilko, 2011).

It should be noted that the special role of Azerbaijan is due to the geographical location of the country and the implementation of the new strategy of the Russian Federation aimed at strengthening economic cooperation with the countries of Central Asia and the Middle East. The common border of Azerbaijan with Russia, as well as with the states that are considered to be the main Russian partners in the near future (Armenia, Georgia, Iran and Türkiye), creates the preconditions for the formation of new priorities for the economic partnership of the two countries.

According to the Organization for Economic Co-operation and Development (OECD) experts, the quality of Azerbaijan’s transport infrastructure is noticeably higher than in other Eastern Partnership countries. Moreover, the efficiency of railway transportation is particularly highly rated; the republic ranks 11th in the world according to the World Economic Forum’s infrastructure index. “The TEN-T investment plan prioritises the creation of 6 logistics centres and the completion of remaining signalling, telecommunications and electrification along the railway. The total cost of prioritized projects would be EUR 2.1 billion.”³

In our opinion, modern priorities in the field of economic cooperation between the Republic of Azerbaijan and the Russian Federation are provided by: “Baku Declaration of Friendship and Strategic Partnership dated July 3, 2008; Joint Statement on Priority Areas of Economic Cooperation between Russia and Azerbaijan dated September 1, 2018; Cooperation Program between the Government of the Republic of

³ Strengthening the Role of Private Finance in Infrastructure Development in Eastern Partner Countries. Paris: OECD, 2020. P. 19–20. URL: <https://www.oecd.org/eurasia/competitiveness-programme/eastern-partners/Strengthening-the-Role-of-Private-Finance-in-Infrastructure-Development-in-Eastern-Partner-Countries-EN.pdf> (accessed: 29.12.2023).

Azerbaijan and the Government of the Russian Federation for the period until 2024” (Allahverdiyev & Mustafayev, 2023, p. 55).

The signing of the Declaration on Allied Cooperation between the Republic of Azerbaijan and the Russian Federation, which took place on February 22, 2022, contributed to the further development of cooperation between Azerbaijan and Russia.⁴ The declaration consists of 43 points and covers all areas of political and economic relations between the states. The signed declaration represents a new stage in the development of economic partnership between Russia and Azerbaijan. The priority areas of cooperation include the following industries: oil and gas, chemical, mechanical engineering and other industries. In addition, joint investments in agriculture, tourism, construction and others are envisaged.

It should be noted that, in our opinion, the following factors are important for the further expansion of economic cooperation between the Republic of Azerbaijan and the Russian Federation:

1) the common historical past; the development of Russian and Azerbaijani economic relations was already established in the framework of the Russian Empire;

2) the majority of Azerbaijani entrepreneurs have a good command of the Russian language, and economists are trained in the Russian language in many universities in Azerbaijan;

3) the residence of a large Azerbaijani diaspora in Russia. “It is extremely important to add that the friendly relations between our peoples were sealed by the jointly shed blood during the Great Patriotic War” (Vittenberg & Pivovar, 2020, p. 26). In particular, on November 26, 2023, within the framework of the cultural and educational project Peoples of the USSR in the Liberation of Leningrad and in connection with the 80th anniversary of the breaking of the siege of Leningrad, the event Heroes of

Leningrad: The Feat of Azerbaijanis in Defense of the Fatherland was held⁵;

4) availability of well-developed transport communications;

5) creation of common mechanisms for regulating the economy, with the aim of forming a common market. In particular, in 2023, the State Service for Antimonopoly Supervision and Control of the Consumer Market of the Republic of Azerbaijan received access to 39,123 Russian Standard documents in order to standardize and ensure their direct application on the territory of Azerbaijan.⁶

Russia is a strategic partner of Azerbaijan. “In 2022, foreign trade turnover between Azerbaijan and Russia amounted to 3 710 million USD, and the share of the Russian Federation in the total turnover was 7.04%. The volume of foreign trade between Azerbaijan and Russia in 2022 compared to 2021 increased by 715 million USD and grew by 23.9%. The Russian Federation ranked third in Azerbaijan’s foreign trade in 2022. The first place in terms of foreign trade turnover was occupied by Italy (18 123 million USD or 34.4%), the second place — by Türkiye (5 842 million USD or 11.09%)” (Allahverdiyev & Mustafayev, 2023, p. 55).

“According to the State Statistics Committee of Azerbaijan, in 2023, Russia took the third place among Azerbaijan’s trading partners. At the end of 2023, the foreign trade turnover of Azerbaijan and Russia reached 4.3 billion USD and increased by 17.5% compared to 2022. At the same time, Azerbaijan’s exports to Russia in 2023 amounted to 1.1 billion USD and increased by 22.7%. In

⁵ The Event “Heroes of Leningrad: The Feat of Azerbaijanis in the Defense of the Fatherland” Took Place in St. Petersburg // Xalq qəzeti. November 28, 2023. (In Russian). URL: <https://xalqqazeti.az/ru/sosial-heyat/150623-sankt-peterburqe-sostoyalos-meropriyatie-qeroi> (accessed: 23.12.2023).

⁶ Karavaev A. Russia — Azerbaijan: Important Trends in Economic Relations in 2023 // Caspian Institute for Strategic Studies. November 19, 2023. (In Russian). URL: <https://caspian.institute/product/karavaev-aleksandr/rossiya-azerbajdzhan-novyte-tendencii-v-ehkonomicheskikh-otnosheniyah-2023-goda-38593.shtml?ysclid=Iraems82q6122914264> (accessed: 23.12.2023).

⁴ Declaration on Allied Interaction Between the Republic of Azerbaijan and the Russian Federation // President of Russia. February 22, 2022. (In Russian). URL: <http://www.kremlin.ru/supplement/5777> (accessed: 23.03.2024).

turn, supplies of Russian goods to Azerbaijan reached 3.1 billion USD and increased by 15.6%.⁷ It can be noted that compared to 1995, the growth of foreign trade turnover was 22.8 times.

It should be noted that the development of trade and economic cooperation between Azerbaijan and Russia is facilitated by the support of governments and ministries, which is provided within the framework of: Program of Cooperation between the Government of the Republic of Azerbaijan and the Government of the Russian Federation for the Period until 2024;⁸ Action Plan for the Development of Key Areas of Russian-Azerbaijani Cooperation for the Period until 2024;⁹ Agreement between the Ministry of Economy of the Republic of Azerbaijan and the Ministry of Industry and Trade of the Russian Federation on Strengthening Cooperation in the Field of Industry;¹⁰ Agreement between the Ministry of Economy of the Republic of Azerbaijan and the Ministry of Economic Development of the Russian Federation on the Development of Economic Cooperation¹¹ and other documents.

In order to expand economic cooperation and coordinate business activities, “The Representative Office of the Russian Export Center has been opened in Baku, and work is underway to create an Azerbaijan pavilion at the All-Russian Exhibition Center in Moscow” (Əkbərov, 2021). Creation of the first trade mission of Azerbaijan abroad in the Russian Federation is an important indicator of the priority of the development of economic and trade relations of our countries.

⁷ Salaev E. Trade Turnover Between Azerbaijan and Russia Increased in 2023 // Sputnik Azerbaijan. January 31, 2024. (In Russian). URL: <https://az.sputniknews.ru/20240131/tovarooborot-azerbaydzhana-i-rossii-vyros-v-2023-godu-462291981.html> (accessed: 23.03.2024).

⁸ Documents Signed During the Visit of the President of the Republic of Azerbaijan I.G. Aliyev to the Russian Federation // President of Russia. September 1, 2018. (In Russian). URL: <http://www.kremlin.ru/supplement/5333> (accessed: 23.03.2024).

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

It should be taken into account the fact that Azerbaijan actively cooperates with Russia in the fuel and energy complex (Vidadili et al., 2017). According to J. Davenport and N. Wayth, the proven oil reserves of Azerbaijan in 2022 amounted to 1 billion tons (0.4% of the world reserves) and natural gas, respectively, 2.5 trillion m³ (1.3% of the world reserves) (Davenport & Wayth, 2023).

It is important to note that active investment cooperation is developing between Azerbaijan and Russia (Hacıyeva, 2023). “The volume of mutual foreign direct investment amounted to over 4.5 billion USD in 2023, with 4.2 billion USD of Russian investment in Azerbaijan. In total, there are about 1,000 enterprises operating in Azerbaijan with the participation of Russian capital in such industries as oil and gas production and transportation, energy, chemical industry, petrochemicals, pharmaceuticals, mechanical engineering and others” (Malakhov, Serik & Zabojev, 2023).

The largest Russian investments in Azerbaijan are: the 2.9 billion USD development of the Shah Deniz gas condensate field by LUKOIL; investment of Russian capital in the *South Caucasus Pipeline Company* in the amount of 300 million USD; development of LUKOIL-Azerbaijan gas stations in the amount of 115 million USD (Kuznetsov et al., 2022).

In turn, Azerbaijan’s largest projects in the Russian Federation are foreign direct investments of *Karat Holding* and *Azersun Holding* amounting to over 170 million USD between 2014 and 2020. The second in terms of investment volume is the acquisition of the investment portfolio by the International Bank of Azerbaijan in the amount of 52 million USD (Herrala, 2020).

A new investment project should be a project for the development of the North — South Transport Corridor. “In September 2022, following a trilateral meeting, Russia, Azerbaijan and Iran signed a joint declaration on this project, and in May 2023, Russia and Iran signed an Agreement on the Joint Construction of the Rasht — Astara Railway Section. An interstate loan in the amount of 1.3 billion euros is allocated for the implementation of this project,

85% of which falls on the share of the Russian Federation” (Martynova, 2023). As noted by A. Skatin, General Director of *Navinia RUS*, “The volume of transportation along the North — South international transport corridor in the first quarter of 2023 doubled to 2.3 million tons. This company is the main Russian logistics company, which is located in Azerbaijan with its office and can quickly resolve any issues in the field of logistics between our countries.”¹²

It is important to note that thanks to the development of the North — South Transport Corridor, Azerbaijan in the coming years may become a strategic transit hub for the Russian Federation, which is interested in the development of alternative transport and logistics corridors, due to the introduction of economic sanctions by almost 50 countries of the world. Moreover, the Azerbaijani company *ADY Express* is already investing in the construction of four terminals in Iranian Astara as part of the development of the North — South Transport Corridor; these terminals are planned to be put into operation in 2024.

As the results of the study show, currently over 70 constituent regions of the Russian Federation are engaged in economic cooperation with Azerbaijan. The leaders in interregional trade turnover with the republic in 2022 were Moscow, Krasnodar region, Stavropol region, Moscow region, Sverdlovsk region, the Republic of Tatarstan, Volgograd region, Saratov region and the city of St. Petersburg.¹³

According to the Declaration of Allied Cooperation between the Republic of Azerbaijan and the Russian Federation,¹⁴ the parties agreed

¹² Russia — Azerbaijan: Business Cooperation Strategy, Opportunities for Cooperation and Partnership // Russian-Azerbaijani Dialogue. July 21, 2023. (In Russian). URL: <https://ruazdialog.ru/2023/07/21/россия-азербайджан-стратегия-дело/> (accessed: 22.11.2023).

¹³ Mikhail Mishustin Took Part in the XI Russian-Azerbaijani Interregional Forum // Government of Russia. November 17, 2022. (In Russian). URL: <http://government.ru/news/47065/> (accessed: 22.11.2023).

¹⁴ Declaration on Allied Interaction Between the Republic of Azerbaijan and the Russian Federation // President of Russia. February 22, 2022. (In Russian). URL: <http://www.kremlin.ru/supplement/5777> (accessed: 23.03.2024).

to more actively use national currencies in mutual settlements, to ensure interaction of payment systems, including joint servicing of bank cards, and also to develop direct correspondent relations between banks of both countries. It should be noted that “Already in 2022, more than 30% of trade turnover between Azerbaijan and Russia was carried out in national currencies.”¹⁵ In our opinion, it is precisely the increase in settlements using national currencies that is becoming an important priority of economic cooperation between Russia and Azerbaijan.

The banking sector of Azerbaijan includes 24 banks, 10 of which have foreign capital (about 25% of the total assets of the banking system). Total banking assets amount to 33% of GDP. State-owned banks account for 19.2% of the total assets of the banking system (Rohmanov & Süleymanov, 2021). In 2022, the President of Azerbaijan signed a decree stating that the privatization of systemically important banks is not envisaged.¹⁶ Moreover, in the event of a crisis, these banks will have priority in receiving government support.

Among the important projects implemented within the framework of banking cooperation, we believe that it is necessary to highlight the following: *the International Bank of Azerbaijan* and *Roseximbank*, one of the leading banks of Russia, signed a Memorandum of Cooperation, which was announced at the meeting of the Azerbaijani-Russian intergovernmental commission in Moscow. According to the agreement, both banks will participate in trade relations between Azerbaijan and Russia, as well as provide mutual support in a number of sectors. A priority area of interaction will be the possibility of financing investment projects

¹⁵ Tagieva A. The Year of the Alliance: What the Moscow Declaration Gave to Azerbaijan and Russia // Sputnik Azerbaijan. February 21, 2023. (In Russian). URL: <https://az.sputniknews.ru/20230221/god-soyuznichestva-cto-azerbaydzhanu-i-rossii-dala-moskovskaya-deklaratsiya--451967351.html> (accessed: 22.11.2023).

¹⁶ Khaidarshina G. Azerbaijan: Potential for Transformation into a Regional Financial Center // Gazprombank. May 22, 2023. (In Russian). URL: <https://investfunds.ru/analytics/351110/download/> (accessed: 11.12.2023).

aimed at developing infrastructure, information technology, the energy complex, and the agro-industrial complex. In addition, the banks will work together on projects in the field of environmental protection, the use of natural resources and “green” technologies.¹⁷

Being an expert in the field of trade relations between Russia and Azerbaijan, *IBA-MOSCOW Bank* contributes to the entry of Russian companies into the Azerbaijani market. The Bank’s activities in the field of foreign economic activity are aimed at the overall development of trade and economic relations between Azerbaijan and Russia and, consequently, increasing trade turnover between the two countries.¹⁸

In our opinion, other Russian banks also play an important role in Azerbaijan. In particular, “The arrival of the *VTB Group* in Azerbaijan is not accidental; in the international development strategy, priority is given to the effective promotion of business in the CIS” (Mamedov & Namazov, 2021, p. 1078).

To develop business communication between Azerbaijan and Russia, interregional forums are organized, and such events play an important role in the development of bilateral cooperation. In addition, the Russian-Azerbaijani Dialogue Association began to function in 2023,¹⁹ which is a business association connecting Russian and Azerbaijani business circles with the aim of increasing international business interaction, expanding communications and connections between the countries aimed at promoting investment projects and developing

trade and economic relations. Creation of the Association was supported by industrial and public business associations of both countries, financial and governmental structures.

It is important to note that *the Eurasian Economic Union* (EAEU) and Azerbaijan are currently demonstrating sustainable economic development, as well as growth in mutual trade and foreign direct investment. “For Azerbaijan, within the framework of the implementation of the concept of Eurasianism, a promising area of cooperation is the strengthening of economic interaction with the member states of the EAEU” (Bazavluk, Kurylev & Savin, 2022). It is important to note that the EAEU is currently demonstrating sustainable economic development and growth in mutual trade and foreign direct investment (Syssoyeva, 2015). The problems of growing military tensions in Asian countries, noted by E. Solingen (2007), force states to look for new forms of economic cooperation that help strengthen peace in the region.

An important direction in the development of the economic partnership between Azerbaijan and the EAEU was the participation of the President of Azerbaijan I. Aliyev as a guest in the meeting of the Supreme Eurasian Economic Council on May 25, 2023. As I. Aliyev stressed in his speech, “Azerbaijan’s cooperation with the EAEU member countries, with the exception of Armenia, has been successfully developing for 30 years. There are serious prerequisites for the normalization of relations between Azerbaijan and Armenia on the basis of mutual recognition of territorial integrity and sovereignty.”²⁰

It is expected that, “Within the framework of modern policy, Azerbaijan will develop closer economic cooperation with the member states of the Eurasian Economic Union” (Pantin, 2022). According to the study, “Azerbaijan’s trade turnover with the EAEU countries in 2022 amounted to 4.7 billion USD and increased by 31% compared to 2021. In 2022, the share of the

¹⁷ The International Bank of Azerbaijan Begins Cooperation in the Field of Exports with Another Russian Bank // *Finance Time*. April 29, 2021. (In Russian). URL: <https://www.financetime.az/russian/news/news-view.php?id=27605> (accessed: 22.12.2023).

¹⁸ Zaur Garaisayev Spoke at the Round Table “Russia — Azerbaijan: Business Cooperation Strategy, Opportunities for Cooperation and Partnership” // *IBA-Moscow Bank*. April 19, 2023. (In Russian). URL: https://www.ibam.ru/about/news/zaur-garaisayev-vystupil-na-kruglom-stole-rossiya-azerbaydzhan-strategiya-delovogo-vzaimodeystviya/?utm_referre (accessed: 11.12.2023).

¹⁹ Association of Business Circles of Russia and Azerbaijan // *RBC*. July 19, 2023. (In Russian). URL: <https://presscentr.rbc.ru/tpost/t7h51mjo81-obedinenie-delovih-krugov-rossii-i-azerb> (accessed: 12/22/2023).

²⁰ Aliyev Pointed Out the Existence of Prerequisites for the Normalization of Relations Between Baku and Yerevan // *TASS*. May 25, 2023. (In Russian). URL: <https://tass.ru/mezhdunarodnaya-panorama/17844965> (accessed: 17.12.2023).

EAEU member states in Azerbaijan's foreign trade turnover reached 9%.”²¹ It should be emphasized that “Azerbaijan is taking the necessary steps to further expand trade and economic cooperation with the core of the EAEU, which consists of Russia, Belarus and Kazakhstan” (Abışlı & Cəbrayilov, 2022).

Priorities for the development of economic cooperation between Azerbaijan and the EAEU, in our opinion, should be based on the free trade zone of the Commonwealth of Independent States and interaction with the system of economic regulation of the Eurasian Economic Union. Azerbaijan as part of a gradual rapprochement with the EAEU at the first stage, it is possible to envisage the conclusion of an Agreement on Trade and Economic Cooperation between the Eurasian Economic Union, in the image of the People's Republic of China. Next, we need to expect to receive observer status in the EAEU. Of course, Azerbaijan has every opportunity to become a full member of this international organization in the future. If it were not for the political tensions between Azerbaijan and Armenia, this process would have proceeded at a faster pace, since all the economic prerequisites for such integration have been created.

It should be noted that due to the geopolitical situation, the EAEU member states have become more active in carrying out cargo deliveries through Azerbaijan. In particular, in 2022 alone, the transit traffic between Russia and Azerbaijan increased by almost two times and with Kazakhstan by more than four times, compared to the previous year.²²

Currently, the foundations of the Greater Eurasian Partnership are being laid, which will be implemented in various formats of multi-

speed integration and bilateral interaction between countries. Moreover, the task of overcoming the global turbulences through political stability and economic interest of the states in the creation of the Greater Eurasia has been set at the head of the project initiated by the President of Russia V.V. Putin. Within the framework of relations between Azerbaijan and Russia, this project is aimed at ensuring the security of states, expanding the possibilities of using common transport corridors and developing new forms of cooperation in the political, economic, cultural and humanitarian spheres.

An important factor in the deepening of economic interaction between Russia and Azerbaijan is the expansion of humanitarian cooperation. At the same time, the number of ongoing scientific, technological and innovative projects is growing, the number of scientific and student exchanges is increasing, and joint programs for training highly professional personnel are being developed (Platonova & Maksakova, 2022).

President of the Republic of Azerbaijan I. Aliyev said in an interview with the Rossiya 24 TV channel: “Knowledge of the Russian language is both a need and ... a tribute to our historical ties. Today I see how much it is in demand in society.”²³ The preservation of the status of the Russian language in Azerbaijan is greatly influenced by the attitude of the Azerbaijani youth towards it, who increasingly realize that along with the knowledge of the state language Azerbaijani, the knowledge of Russian as one of the world languages and languages of interethnic communication is obligatory in the post-Soviet space. This is currently an urgent need. The Russian language is a means of professional growth, one of the most important conditions for the competitiveness of specialists in the republic (Aliyev & Künü, 2023). “The Russian language is actively supported in

²¹ President: We See Great Potential for Further Growth of Trade Turnover // AZERTAJ. May 25, 2023. (In Russian). URL: <https://azertag.az/ru/xeber/2632193> (accessed: 17.12.2023).

²² Tagieva A. On the Way to Integration: Which Infrastructural Opportunities of Azerbaijan Are of Interest to the EAEU // Sputnik Azerbaijan. August 15, 2023. (In Russian). URL: <https://az.sputniknews.ru/20230815/naputi-k-integratsii-kakie-infrastrukturnye-vozmozhnosti-azerbaydzhana-interesny-eaes-457698491.html> (accessed: 27.03.2024).

²³ Ilham Aliyev: Paying Tribute to the Russian Language, We Do Not Infringe on Our Language in Any Way // Report. December 26, 2018. (In Russian). URL: <https://report.az/ru/nauka-i-obrazovanie/prezident-uvazhaya-russkij-yazyk-my-ne-ushemlyaem-svoj-yazyk/> (accessed: 17.12.2023).

Azerbaijan; tens of thousands of local schoolchildren and students receive higher and secondary education in it. It is important to note that more than 15 thousand Azerbaijanis study at Russian universities ... In 2010, a branch of the Lomonosov Moscow State University and in 2015 a branch of the Sechenov First Moscow Medical University opened in Baku.”²⁴

At the Azerbaijan State University of Economics (UNEC), the Russian language appears in two perspectives: as a language of instruction in the Russian sector and as a foreign language in the Azerbaijani sector. About 20% of the students prefer to study in Russian, therefore, on the initiative of the Rector of UNEC, a separate faculty with training in Russian was created, the work of which is planned to be developed jointly with the St. Petersburg State University of Economics. In addition, the Azerbaijan State University of Economics is the only foreign university that has a branch on the territory of the Russian Federation. The branch is located in Derbent. Citizens of Russia study for free, applying based on the results of the Unified State Exam. This branch became the first foreign branch in Russia to receive an official license.

Diasporas represented in the countries play an important role in the process of establishing humanitarian and economic cooperation. According to experts, up to 2 million Azerbaijanis live in the territory of the Russian Federation,²⁵ and more than 150,000 Russians live in Azerbaijan.²⁶

²⁴ Aliev E. Relations Between Russia and Azerbaijan. 30 Years of Partnership and New Prospects // TASS. April 4, 2022. (In Russian). URL: <https://tass.ru/politika/14270545> (accessed: 27.03.2024).

²⁵ There Are 2 Million Azerbaijanis Living in Russia, and 100,000 People in Azerbaijan Study Russian // Interfax-Azerbaijan. October 10, 2013. (In Russian). URL: <https://interfax.az/print/588793/ru> (accessed: 27.03.2024).

²⁶ Ibrahimov A. Heydar Aliyev Laid the Foundations of Strategic Partnership Between Russia and Azerbaijan // Russian International Affairs Council. February 13, 2023. (In Russian). URL: <https://russiancouncil.ru/blogs/alimusa-ibragimov/geydar-aliev-zalozhil-osnovy-strategicheskogo-partnerstva-mezhdu-rossii/> (accessed: 27.03.2024).

Conclusion

As the results of the study show, in the conditions of turbulence of global processes and growing political tensions in relation to the main countries producing and exporting hydrocarbon resources to the international markets, the strengthening of good neighborly relations and expansion of economic cooperation becomes a priority for the Russian Federation and the Republic of Azerbaijan. To summarize, it can be noted that the key documents and agreements signed by our countries create objective prerequisites for deepening international cooperation and developing foreign economic cooperation in all areas of activity.

To expand foreign trade, the countries must take consistent action to reduce tariff and non-tariff barriers. Moreover, the foundations for the formation of a common economic space based on the application of Russian GOSTs are currently being laid. The development of international cooperation between the two countries is facilitated by the creation of institutions to support economic cooperation and promote business through a system of state and public associations. Moreover, representative offices to support Russian business in Azerbaijan are established both at the federal level and at the level of the constituent entities of the Russian Federation.

It is concluded that the readiness for long-term cooperation with Azerbaijan is confirmed by the growth of direct investments in the Azerbaijani economy and the creation of more than 1,000 enterprises in the republic with the participation of Russian capital. Moreover, special attention is paid to the development of innovative technologies and the implementation of investment projects, taking into account the interests of the Azerbaijani side. Financial and banking integration and the transition to the use of national currencies in payments contribute to the expansion of economic cooperation between our countries.

As the study shows, Azerbaijan is currently becoming a strategic international transport and logistics center, ensuring the effective promotion of Russian products to the Asian markets.

Moreover, this project leads to the creation of joint logistics organizations on the territory of our countries. An important condition for the development of joint business is the commonality of interests in the humanitarian sphere, including the priority of receiving education in the republic in the Russian language in order to increase the competitiveness of Azerbaijani business in the Russian market. The

authors came to the conclusion that the priority direction for expanding economic partnership can be not only the participation of the two countries in the Commonwealth of Independent States, but also the implementation of the Greater Eurasia project, as well as the step-by-step integration of Azerbaijan with the Eurasian Economic Union, with the unconditional support of the Russian Federation.

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