Azerbaijani-Iranian Relations After the Second Karabakh War: Features and Trends

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Abstract. The study presents an analysis of bilateral relations between the Republic of Azerbaijan (RA) and the Islamic Republic of Iran (IRI) after the Second Karabakh War (SKW), identifying the sources of tension and new trends in their relations. On the one hand, the participation of RA and IRI in large-scale Eurasian transport and logistics projects allows both countries to play a special role in regional politics, and on the other hand, the full-fledged security of the South Caucasus region, including its current position in the system of international relations, largely depends on the level and quality of Azerbaijani-Iranian relations. The purpose of this study is to identify the features and trends of Azerbaijani-Iranian relations after the Second Karabakh War. The author analyzes the reasons for the aggravation of bilateral relations after the SKW in terms of domestic and foreign policy factors. If ethno-political and religious-ideological factors are considered as domestic political reasons, then the nature of the development of relations between Azerbaijan and Türkiye, Azerbaijan and Israel, and Iran and Armenia is assessed as a foreign policy aspect that led to the deterioration of Azerbaijani-Iranian relations. In addition, conducting military exercises by the two countries near the Azerbaijani-Iranian state border, the position of the Iranian authorities against the opening of the Zangezur corridor, and the attack on the Azerbaijani embassy in Tehran at the end of January 2023 also contributed to the deepening of the escalation between the RA and the IRI. Along with this, a new positive trend is also emerging in bilateral relations. The volume of trade turnover between the two countries has traditionally decreased during crisis situations; however, despite the fact that Azerbaijani-Iranian political relations are currently experiencing the worst period in their history, the development of relations in the trade and economic spheres is observed, which is a new trend in the interactions between Baku and Tehran. Thus, not only the problems caused by the COVID-19 coronavirus infection in the economies of the two countries, but also the intensification of work on transport projects in the South Caucasus create conditions for maintaining and increasing the level of trade and economic relations.

Key words: Azerbaijan, Iran, South Caucasus, North — South International Transport Corridor, Middle Corridor

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Азербайджано-иранские отношения после Второй карабахской войны: особенности и тенденции

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Аннотация. Анализируются двусторонние отношения между Азербайджанской Республикой (АР) и Исламской Республикой Иран (ИРИ) после Второй карабахской войны (ВКВ), выявляются причины напряженности и новые тенденции, сложившиеся в отношениях между ними. С одной стороны, участие АР и ИРИ в масштабных евразийских транспортно-логистических проектах позволяет обеим странам играть особую роль в региональной политике, а с другой — от уровня и качества азербайджано-иранских отношений в значительной степени зависит полноценное обеспечение безопасности на Южном Кавказе, в том числе его современное положение в системе международных отношений в целом. Цель исследования — выявление особенностей и тенденций развития азербайджано-иранских отношений после ВКВ. Анализируются причины обострения двусторонних отношений после ВКВ с точки зрения внутриполитических и внешнеполитических факторов. Если этнополитический и религиозно-идеологический факторы рассматриваются в качестве внутриполитических, то характер развития отношений между АР и Турцией, АР и Израилем, а также между ИРИ и Арменией оценивается как внешнеполитический аспект, приведший к ухудшению азербайджано-иранских отношений. Кроме того, проведение двумя странами военных учений вблизи азербайджано-иранской государственной границы, позиция иранских властей по открытию Зангезурского коридора и нападение на посольство Азербайджана в Тегеране в конце января 2023 г. — все это также способствовало углублению эскалации между АР и ИРИ. Наряду с этим намечается и новая положительная динамика в двусторонних отношениях. Традиционно во время кризисных ситуаций объем торгового оборота двух стран снижался, однако, несмотря на то, что азербайджано-иранские политические отношения на данном этапе переживают самый худший период своей истории, наблюдается развитие отношений в торгово-экономической сфере, что является новой тенденцией в взаимодействии между Баку и Тегераном. Тем самым не только проблемы, возникшие из-за пандемии COVID-19 в экономике двух стран, но и активизация работы по транспортным проектам на Южном Кавказе создают условия для сохранения и повышения уровня двусторонних торгово-экономических взаимоотношений.

Ключевые слова: Азербайджан, Иран, Южный Кавказ, Международный транспортный коридор Север — Юг, Срединный коридор

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Introduction

The results and consequences of the Second Karabakh War (SKW), which ended with the signing of a joint statement by the Presidents of Russia and Azerbaijan, V.V. Putin and I.G. Aliyev, and the Prime Minister of Armenia, N.V. Pashinyan, on November 9, 2020, have significantly changed the

A geopolitical landscape of the South Caucasus, brought new opportunities for the development of cooperation between regional powers, and also caused the emergence of new challenges and threats to regional stability and security. As a result of the war, the balance of power in the South Caucasus was disrupted, and a new, but not yet fully established, geopolitical status quo emerged in the region, within which the necessary conditions were created for the formation of a new contour of strategic interaction and multilateral cooperation between Azerbaijan, Armenia, and Georgia with the participation of Russia, Türkiye, and Iran. However, disagreements between regional actors not only complicated the implementation of the agreements reached, but also led to the activation of the countries of the collective West, in particular, the United States and France, in the region, which intensified the rivalry between the regional and global centers of power for influence on the region.

In these conditions, special attention is drawn to the bilateral relations between the Republic of Azerbaijan (RA) and the Islamic Republic of Iran (IRI), whose peoples share common historical, ethno-cultural, and religious values. However, despite this, the Azerbaijani-Iranian relations are characterized by inconsistency in both cooperation and confrontation. It is primarily due to the fact that Baku and Tehran have different foreign policy strategies and international positioning on regional issues. Also, such factors as the ethnic issue (Azerbaijanis in Iran, Persian-speaking peoples in Azerbaijan), the religious and ideological aspect, the level of development of cooperation between Azerbaijan and Türkiye, Azerbaijan and Israel, Iran and Armenia, as well as transport and energy projects from time to time become the reason for the aggravation of bilateral relations between Baku and Tehran.

In connection with the above mentioned, bilateral relations between Azerbaijan and Iran, as well as the regional dimension in the South Caucasus, are the focus of the attention of scientists and experts. In their works, the peculiarities of Azerbaijani-Iranian relations are considered (Aghazada, 2021a; Belov & Savicheva, 2021), the transport infrastructure of the South Caucasus region and the role of Azerbaijan and Iran in the implementation of such international transport corridors as the North — South (Belov (Yurtaev) & Binish, 2021; Fedorovskaya, 2019; Malysheva, 2021; Sanaei & Karami, 2021) and the Middle Corridor (Akçay & Guo, 2023; Borzova, Savicheva & Kulumbegova, 2022; Fedorovskaya, 2022b; Sattarov, 2022) are thoroughly studied, the influence of the ethnic issue on the level of Azerbaijani-Iranian relations is investigated (Aghazada, Goncharova & Chernyavskiy, 2021; Alizada, 2021; Sazhin, 2019), and the consequences of the SKW for the South Caucasus region are analyzed (Aghazada, 2021b; Andreeva, 2021; Balci & Aslanli, 2022; Cicheckci, 2021; Avdaliani, 2022; Gök, 2022; Kaleji, 2021; Sarpaz, 2022; Sarikaya, 2021).

The study is based on a descriptive-analytical approach; the necessary information was collected by studying scientific publications, documents, etc. The author’s hypothesis is that the new geopolitical realities that emerged after the SKW in the South Caucasus require new approaches to resolving regional issues. Facing the threat of the growing Western influence, including against the background of the intensification of the policy of the European Union (EU), whose mission operates on the territory of Armenia, it is necessary to continue efforts to work in the format of the Caucasus Platform “3+3” (Azerbaijan, Armenia, Georgia + Russia, Türkiye, Iran). The full implementation of this format will not only help to avoid possible clashes between its participants and create conditions for regional development, but also contribute to the establishment of a new regional world order by finding common interests of the above mentioned countries. And, in turn, it will allow the building of trustworthy relations between the Azerbaijani and Iranian...
authorities and the strengthening of bilateral mutually beneficial cooperation.

SKW and Iran’s Position

In the period from the mid-1990s to 2020, the Iranian authorities tried to maintain the status quo in the South Caucasus, which was established at the end of the First Karabakh War, and thus were not interested in transforming the Armenian-Azerbaijani conflict into active military action. This position is explained by the fact that the continuation of the conflict between Iran’s two northern neighbors has a negative impact on the strengthening of the statehood of Azerbaijan, which for a number of reasons is considered by Tehran as a threat to its national interests.

First, a significant part of the Iranian population consists of ethnic Azerbaijanis, who hold high positions in the army, play a significant role in the spiritual and religious life of the country, and mostly live compactly in the north-west of the republic, in the economically backward region. The economic development of the RA and the secular lifestyle of the “northern” Azerbaijanis, on the one hand, seem more attractive to their “southern” compatriots, and therefore thousands of Iranian Azerbaijanis visit Azerbaijan every year; and on the other hand, the strengthening of the RA gives impetus to the growth of liberation nationalism among the Turkic-speaking population of Iran (Balci & Aslanlı, 2022).

Second, Azerbaijan is a kind of “bridge” between the Turkic-speaking countries of Central Asia and Türkiye, which the Azerbaijani authorities “allow” to strengthen its position in the South Caucasus. The transformation of the Turkic Council into an Organization of Turkic States in 2021 (Gök, 2022, p. 113) laid the foundation for institutionalism in the political sphere; thus, Türkiye’s promotion of pan-Turkic ideology by increasing its military-political presence and trade and economic relations in the region may cause the formation of a “Turkic belt” on the northern borders of the IRI. It can become a threat to the territorial integrity of Iran. In this regard, Armenia is considered by the Iranian authorities as an obstructing barrier between the Turkic states, and Tehran’s support for Yerevan actually, to a certain extent, is aimed at preserving the territorial integrity of Iran.

In addition to the above-mentioned reasons, Iran’s position on the Armenian-Azerbaijani conflict should also be considered in terms of the following factors.

The first factor is the official position of the Iranian authorities, which is to recognize the territorial integrity of the countries of the South Caucasus. High-ranking Iranian officials, including the Supreme Leader A. Khamenei, have repeatedly stated in their speeches their recognition of the territorial integrity of Azerbaijan, emphasizing that Karabakh is a Muslim land (Sarıkaya, 2021, p. 94).

The religious aspect is the second factor that has led to ideological contradictions in Tehran’s foreign policy regarding the Armenian-Azerbaijani conflict. Iran’s full-fledged support of Christian Armenia against Muslim, especially Shi’ite Azerbaijan, not only does not correspond to Article No. 152 of the Iranian Constitution, which states that Iran’s foreign policy is based on the protection of the rights of all Muslims, but is also one of the main obstacles in the development of bilateral Azerbaijani-Iranian military-political relations.

The third factor is the regional world order as a whole in the South Caucasus, which can be formed within the framework of the Caucasus Platform “3+3” proposed by Türkiye. Although the positions of Ankara and Tehran on this format are similar, since both sides emphasize the importance of ensuring regional security, which can be achieved through intensive cooperation between regional players without the participation of representatives of the

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collective West, and support the idea of unblocking all transport networks in the region, the Iranian authorities ambiguously assess its possible implementation. In addition to the fact that the implementation of this project may lead to further strengthening of Ankara in the region due to the fact that Türkiye will have direct access to transportation routes with Central Asian countries, the interests of the three major regional players — Russia, Türkiye and Iran — do not coincide in the implementation of all transportation projects. While Russia and Iran are interested in the development of the North — South International Transport Corridor (INSTC), Türkiye is betting on the Middle Corridor (Avdaliani, 2022, p. 135).

The fourth factor is the geopolitical factor based on mutually beneficial relations between regional and extra-regional actors. In particular, the high level of cooperation between Azerbaijan and Israel forces Iran to take the Armenian side, despite the fact that an EU mission has been established in Armenia and the second largest US embassy in the world, with up to 2,500 diplomatic staff, is operating in Armenia. Taking into account the fact that there are no US diplomatic missions in Iran, it becomes clear why there are so many American “diplomats” in Armenia.

Given the above factors, the outbreak of hostilities between Azerbaijan and Armenia on September 27, 2020, became a serious challenge for Iran (Andreeva, 2021, p. 108). During the war, Tehran tried to play the role of a mediator between Baku and Yerevan, but its attempts were unsuccessful (Aghazada, 2021b, p. 124). In general, the Iranian authorities have failed to show any activity during the war or pursue a coherent policy. While the Iranian authorities called for an immediate cessation of hostilities at the beginning of the war, they adopted a wait-and-see attitude over time. And in early November 2020, when the situation on the battlefield was unambiguously in favor of Azerbaijan, the statement of Iran’s Supreme Leader A. Khamenei that Azerbaijan has the right to liberate its territory occupied for three decades attracted special attention, indicating Tehran’s attempt to adapt to the new realities in the region (Sapmaz, 2022, p. 30).

However, Iran failed to participate in the negotiation process between Azerbaijan and Armenia, which subsequently resulted in the signing of a trilateral statement on November 9, 2020, with the participation of Russia. According to this statement, Russian peacekeepers are deployed on the territory of Azerbaijan, and under the terms of the negotiations between Moscow, Ankara, and Baku, Turkish military personnel are stationed at the Joint Russian-Turkish Ceasefire Monitoring Center in the city of Aghdam (Azerbaijan). Although the Iranian authorities welcomed the signing of this statement (Markedonov, Kaleji & Has, 2020, p. 21), Iran’s absence from these processes is seen as a political and diplomatic setback for Tehran, as Moscow and Ankara, its historical rivals, have increased their influence in the region and limited the Iranian authorities’ maneuvers in the South Caucasus.

Thus, the SKW and its results have dealt a serious blow to Iran’s image and interests in the South Caucasus and seriously weakened its influence in the region. The main reason for this was the fact that, unlike Russia and Türkiye, the IRI has no military ally in the region, although it is the only regional actor with diplomatic relations with all three South Caucasus


countries. Moreover, due to its economic weakness, Tehran cannot play a prominent role in the region’s economic processes, which also limits its actions in the region (Atrisangari, 2020, p. 44).

**Impact of the SKW on Azerbaijani-Iranian Relations: Causes of Tension**

As it is known, regional and global processes are not only interdependent but also complementary. In this regard, the level of bilateral relations between countries, which can influence the dynamics of geopolitical and geoeconomic processes, attracts special attention. Given their strategically favorable geographical location, which allows them to become significant links in Eurasian transport projects, the level and quality of relations between Azerbaijan and Iran largely determine both the current status of the South Caucasus region, including the full provision of its regional security, and transport geopolitics in Central Eurasia as a whole. However, if we analyze Azerbaijani-Iranian relations between 1991 and 2019, it becomes clear that the level of relations between the Azerbaijani and Iranian authorities is characterized by turbulence due to the lack of long-term trust and military-political relations at the highest level (Aghazada, 2021a).

This trend has also been observed after the SKW, as the disagreements between Baku and Tehran on regional issues have intensified. In general, the factors influencing the level of bilateral relations after the war can be divided into two groups: domestic and foreign policy factors.

**Domestic Political Factors**

It is known that Azerbaijan and Iran are inhabited by representatives of various ethnic groups, including Persian-speaking and Turkic-speaking peoples. The number of Persian-speaking people in Azerbaijan is about 1.3% (Ibrahimov & Aghazada, 2017, p. 203), but the quarrels around the number of Azerbaijanis living on the territory of Iran do not subside. The main reason for this is that, in accordance with domestic policy, the Iranian authorities do not conduct ethnicity-based censuses, which causes the figures to differ between Iranian and Azerbaijani sources. If Iranian sources indicate that about 15—20 million people living in the territory of the IRI are Azerbaijani, then in Azerbaijani sources this figure is 35—40 million people.

Despite the lack of official IRI documents confirming the number of Azerbaijanis in Iran, it is possible to determine their approximate number based on the statement of A.A. Salehi, former IRI Foreign Minister, according to which 40% of the population of the Islamic Republic speaks Turkic language. An article written by an employee of Yerevan State University, published in 2013, concluded in a study that the number of Azerbaijanis is about 85% of all Turkic-speaking people living in Iran (Rashidvash, 2013, p. 220). Considering the fact that today the population of Iran is about 87 million people, it can be calculated that the Turkic language is spoken by about 35 million people (87 million × 40 / 100 = 34.8 million). Taking into account that about 85% of the Turkic-speaking peoples living in Iran are Azerbaijani Turks, we can conclude that

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6 Russia has no diplomatic relations with Georgia, and Türkiye has no diplomatic relations with Armenia.


29.5 million Azerbaijanis (34.8 million × 85 / 100 = 29.58 million, or 34% of the population of IRI) live on the territory of Iran.

In addition to their numbers, Iranian Azerbaijanis differ from other ethnic groups living in the IRI by their ability to mobilize quickly during internal political events. In this regard, the Iranian authorities have been pursuing a “cautious” policy towards Azerbaijan since the early 1990s, fearing that Baku might use the ethnic factor within the IRI. It should be noted that the Azerbaijani authorities are also concerned about the possible use of Iranian-speaking ethnic groups living in Azerbaijan by the IRI. However, unlike the Azerbaijanis in the IRI, the Iranian-speaking groups in Azerbaijan are more loyal to the central authorities (Aghazada, Goncharova & Chernyavskiy, 2021, p. 153).

In addition to the ethno-political factor, the religious-ideological aspect also has a place in the tensions between the two countries. Azerbaijan is one of the “first and main targets of Iranian-Shiite attention” (Sazhin, 2019, p. 165), and therefore has been subjected to ideological attacks by the IRI, and Tehran’s activities in this direction continue to this day regardless of the state of political, trade, and economic relations between the two countries. The main goal of the Iranian authorities is to establish a system based on Shiite ideology in Azerbaijan, i.e., to actually change the constitutional structure of the country. ¹¹ It is noteworthy that for many years there has been an opinion that having Shi’ite leverage over Azerbaijan, Tehran has a serious influence over Baku due to the fact that the majority of the RA population professes the Ja’fari madhhab. However, the war demonstrated that, in fact, the religious factor of containing Azerbaijan is not an effective mechanism in the hands of the Iranian authorities but, from time to time, becomes a cause of the deterioration of bilateral relations.

**External Political Factors**

Among the external political factors, first of all, it is worth noting Türkiye’s growing influence on geopolitical processes in the Caucasus-Caspian region. Since the 1990s, the rapprochement between Azerbaijan and Türkiye has been a source of concern in Tehran (Dudaiti, 2022, p. 775), and Iran’s first serious concern after the SKW was in December 2020, when Türkiye’s president R.T. Erdogan, while in Baku, recited a poem about a divided Azerbaijan (Şeyban, 2022, p. 43). The signing of the Shusha Declaration on June 15, 2021, which brought Azerbaijani-Turkish relations to a qualitatively new level (Agamaliev, Dadabaeva & Savicheva, 2022, p. 87), the de jure Azerbaijani-Turkish military alliance was formalized, which was one of the main reasons for the tension in Azerbaijani-Iranian relations in the summer of 2021. Moreover, the election of a new president of the IRI, E. Raisi, in August 2021 played a role in the deterioration of bilateral relations. In contrast to his predecessor, H. Rouhani, under whose presidency Azerbaijani-Iranian relations reached their peak, Raisi took a tougher course towards the RA. However, a meeting between the two presidents on the sidelines of the 15th Economic Cooperation Organization summit in Turkmenistan on November 28, 2021, temporarily reduced tensions. ¹²

Azerbaijani-Israeli relations are the next factor that has a serious impact on relations between RA and IRI. Strong interactions between Azerbaijan and Israel are based on balancing threats in international, regional, and national contexts (Çiçekçi, 2021, p. 282). Despite the lack of evidence, Iranian officials

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often claim that Azerbaijan is providing space for Israel to conduct intelligence operations against the IRI (Abbasov & Souleimanov, 2022, p. 146). In turn, the pace of development of bilateral relations between Iran and Armenia also has a place in the aggravation of Azerbaijani-Iranian relations (Alizada, 2021). In other words, the Azerbaijani and Iranian authorities use the Israeli and Armenian factors in order to balance threats and deterrence in relation to each other.

In addition to the above-mentioned domestic and external political factors, another important reason for the aggravation of Azerbaijani-Iranian relations after the SCW is the holding of military exercises near the border with Azerbaijan, which Iran has never held in the period from 1991 to 2020. In this regard, President of Azerbaijan I.G. Aliyev in his speech, emphasizing that any country can hold any military exercises on its territory, as it is its sovereign right, asked: “Why did Iran not hold military exercises during the occupation of our territory by Armenia? Why is this happening after we liberated these lands, ending 30 years of occupation?”

In turn, the holding of joint military maneuvers in September 2021 with the participation of Azerbaijani and Turkish forces in the Caspian Sea was strongly criticized by the official representative of the Iranian Ministry of Foreign Affairs, S. Khatibzadeh, who considered such events to be a violation of the Convention on the Legal Status of the Caspian Sea. Khatibzadeh, who considered such events to be a violation of the Convention on the Legal Status of the Caspian Sea. Indeed, according to Article 3 of this Convention, armed forces not belonging to the Caspian littoral states cannot be present in the Caspian Sea.15 However, while the parliaments of other coastal countries have ratified the instrument, the Iranian Majlis has not yet ratified it, so the Convention has not yet entered into force.

Another reason for the aggravation of bilateral relations was the opening of the Iranian Consulate General in Kapan in Southern Armenia on October 21, 2022.16 In response to this step by the Iranian authorities, Azerbaijan decided to open its embassy in Israel in November 2022, and on March 29, 2023, during the official visit of the Minister of Foreign Affairs of RA, J. Bayramov, to Israel, the ceremony of its official opening took place.17 Moreover, the visit of the Israeli President I. Herzog to Baku on May 30—31, 2023,18 the suspension of the activities of the Iranian Cultural Centre in Baku on June 1, 2023,19 and the announcement by the Iranian authorities on the same day that F. Safarli, an Azerbaijani citizen and a student of the University of Jena in Germany, who had been missing since March 5,
2023, had been arrested in Iran on charges of espionage, became another reason for the deterioration of bilateral political relations.

One of the key sources of tension is Iran’s position on the Zangezur Corridor. According to the 9th paragraph of the statement of November 9, 2020, signed by the leaders of Russia, Azerbaijan, and Armenia, all transport and economic ties in the South Caucasus should be unblocked, and the construction of new transport corridors linking the Nakhchivani Autonomous Republic (NAR) with other regions of Azerbaijan should be ensured by an agreement between Baku and Yerevan. The opening of this corridor will not only provide Azerbaijan with the shortest and most favorable route to Nakhchivan but will also free it from dependence on Iran for transit and ensure the energy security of the NAR, in particular, after the construction of the Turkish part of the Iğdır — Nakhchivan gas pipeline. However, the Iranian authorities are categorically opposed to the implementation of this project, citing the possible loss of relations with Armenia if this corridor is opened.

The culmination of the deterioration of the Azerbaijani-Iranian relations was the attack on the RA Embassy in Tehran on January 27, 2023, as a result of which one member of the embassy’s security service was killed and two employees were wounded. Although on January 28, the day after the incident, telephone talks were held between the presidents of the two countries, I.G. Aliyev and E. Raisi, in which the Iranian president expressed his condolences and noted that the attack on the embassy should not affect relations with Azerbaijan, on January 30 the Azerbaijani embassy in Tehran completely suspended its activities. On February 6, the Azerbaijani Foreign Ministry released a video showing the attacker making hand gestures to unknown people at a distance, as well as Iranian policemen in a squad car driving past the embassy, talking for a few seconds with a policeman guarding the embassy, and leaving shortly afterwards. On February 17, I.G. Aliyev directly accused the Iranian authorities of involvement in the attack. In response to his statements, an Iranian Foreign Ministry spokesman called on Azerbaijani officials to refrain from prejudging and politicizing the attack on the embassy in Tehran.

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21 This corridor is called the Zangezur or Syunik corridor, depending on the political position of various experts. Given the geopolitical implications for the region, however, it can be called the South Caucasus Corridor.
24 İrandakı sәfirliyimizә hücumun heç yerdә görmәdyiniz tam görüntülәri // Youtube. February 6, 2023. URL: https://www.youtube.com/watch?v=ZZ87s8IogE&t=1043s&ab_channel=AZTV (accessed: 01.03.2023).
Trade and Economic Relations amid Tensions

Undoubtedly, the SKW, its results and consequences in the South Caucasus became a turning point in the bilateral relations between the AR and the IRI in the political sphere. One of the key consequences of the war was the restoration of Baku’s full control over the entire RA border with the IRI. It is also obvious that during and after the war, the Iranian authorities had to adjust their position towards both Baku and Yerevan, which was done publicly and led to increased tension in the political relations between Azerbaijan and Iran.³⁰ Traditionally, during the deterioration of bilateral political relations, the volume of trade turnover has declined, but this time, despite the fact that bilateral political relations are probably experiencing the worst period in their history, there has been an increase in trade turnover, and this is actually a new trend in relations between Baku and Tehran.

If the trade turnover between the two countries was 339.1 million USD in 2020, this figure reached 440.8 million USD in 2021 and 506.2 million USD in 2022. The level of trade and economic relations did not decrease even after the attack on the RA embassy in Tehran at the end of January 2023. On the contrary, there was an increase in the export of goods from Iran to Azerbaijan. In total, Azerbaijan imported goods from Iran worth 340.8 million USD in the period from January 1 to September 30, 2023 (Table 1).

This new positive trend can be explained as follows. The economies of both countries have been hit hard by the COVID-19 coronavirus infection, which has also impacted bilateral trade and economic relations, reducing trade turnover from 493.8 million USD in 2019 to 339.1 million USD in 2020 (see Table 1). Therefore, despite the tensions in political relations, the desire to return to previous figures has forced Baku and Tehran to improve the level of bilateral trade and economic relations. For example, in November 2021, the presidents of Azerbaijan, Iran, and Turkmenistan signed a natural gas swap agreement, which envisages annual deliveries of 1.5 to 2 billion cubic meters of gas per year from Turkmenistan to Azerbaijan via Iran, or 5—6 million cubic meters of gas per day (Belov & Savicheva, 2021, p. 620). In June 2022, the parties agreed to double the volume of gas transported between the three countries.³¹

| Table 1 |
|-----------------|--------|--------|--------|--------|------------------|
| Index           | 2019   | 2020   | 2021   | 2022   | 2023 (January—September) |
| Import          | 452.7  | 300.6  | 397.6  | 476.4  | 340.8            |
| Export          | 41.1   | 38.5   | 43.2   | 29.8   | 11.7             |
| Trade turnover  | 493.8  | 339.1  | 440.8  | 506.2  | 352.5            |
| Trade balance   | -411.6 | -262.1 | -354.4 | -446.6 | -329.1           |
| Share in total imports, % | 3.31 | 2.80 | 3.40 | 3.28 | 2.70 |
| Share in total exports, % | 0.2 | 0.28 | 0.19 | 0.08 | 0.04 |
| Share in total trade turnover, % | 1.48 | 1.38 | 1.30 | 0.96 | 0.90 |


In addition, Azerbaijan is Iran’s most important economic partner in the South Caucasus, and more than 51% of IRI’s trade with the region is with RA (Kaleji, 2021, p. 127). Given the sanctions against the IRI, Tehran does not intend to lose its leading trading partner in the region.

As Iran’s influence in the South Caucasus has been severely weakened since the SKW, the Iranian authorities are keen to play an important role in the railway and road transport systems connecting Asia and Europe that run through the region. To this end, Tehran signed a memorandum of understanding with Baku on March 11, 2022, on the construction of railways and roads connecting the East Zangezur economic region of Azerbaijan and the Nakhchivan Autonomous Republic through Iranian territory. According to this memorandum, four bridges and two railways across the Araks River are planned to be built to create a new corridor. Thanks to this corridor, Azerbaijan will have a short land link to Nakhchivan, and Iran will be able to play a transit role between Türkiye and Azerbaijan. In addition, IRI is the only direct transit route for RA leading to the Persian Gulf. Thus, the realization of this project will increase the political and economic interdependence of the two countries.

It is necessary to consider separately the role and place of Azerbaijan and Iran in the transport geopolitics of Central Eurasia. It should be noted that two key transport projects are currently being implemented in Central Eurasia: the North — South International Transport Corridor (ITC) and the Middle Corridor. Both countries are an important part of the North — South ITC (Figure 1): for Iran, this corridor is a transit and trade route with Russia, Georgia, and Belarus; and for Azerbaijan, it allows it to diversify its economy and increase its importance in the transport geopolitics of Eurasia, which helps it to solve its foreign policy problems.

Against the backdrop of the Ukrainian crisis and Western sanctions against Russia, the Azerbaijan — Iran route is becoming increasingly important for Moscow. Therefore, tensions between Azerbaijan and Iran are seen by Russia as an attempt to open a new front in the South Caucasus. In this regard, Moscow is trying to play a mediating role between Baku and Tehran. Any possible tension in Azerbaijani-Iranian relations could lead to a deterioration of the situation in general in the South Caucasus, where Russia has historically established interests, the suspension of transport projects that do not meet its economic interests, particularly in the context of sanctions applied by the collective West, a military threat on its southern borders that threatens the security of civilians, and the spread of radical Islamic ideologies in Russian society.

It is no coincidence that a trilateral meeting between Azerbaijan, Iran, and Russia was held in Baku on September 8, 2022, which resulted in the signing of a declaration on the development of the North — South ITC. An important element of the signed document is the agreement to build the Astara — Rasht railway and increase the transit of goods along the North — South ITC to 30 million tons by 2030. Moreover, the territory of Azerbaijan is the only direct and inexpensive land route between Russia and Iran, which, in particular, has become especially important after the signing of the free trade agreement between

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35 Ibid.
the IRI and The Eurasian Economic Union (EAEU) in January 2023. Thus, the interaction between the coastal countries of the Caspian Sea should serve as the basis for this corridor and stimulate regional integration (Malysheva, 2021, p. 61).

As for the Middle Corridor, it is a kind of continuation of the East — West Corridor and is also called the Trans-Caspian International Transport Route (TITR). This project is aimed at connecting China with Türkiye via Kazakhstan, the Caspian Sea, Azerbaijan, Georgia, and further runs to European countries (Borzova, Savicheva & Kulumbegova, 2022, p. 865) (Figure 2). Thus, it should be noted that the North — South ITC and the TITR are “rivals,” which has led to a clash of interests between regional and global centers of power: while the North — South ITC is supported by Russia, Iran, and India, China and Türkiye are betting on the TITR.

It should also be noted that Azerbaijan, due to its geographical location, participates in both projects, which increases its importance in the transport geopolitics of Eurasia and turns it into a leading transport center (Fedorovskaya, 2022b, p. 124). And the fact that participation in these corridors and the position of regional and global centers of power for their development largely determine interstate relations, and they both pass through the Caucasus-Caspian region, we can conclude that the Caucasus-Caspian region today is the new “heartland” of Eurasia.

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Conclusions

The Second Karabakh War, on the one hand, created conditions for changing the traditional balance that had existed in the South Caucasus for 25 years, and on the other hand, it changed the regional geopolitical context, opening up new opportunities for intra-regional integration processes.

Taking into account the common historical, ethno-cultural, and religious values, the study of relations between AR and the IRI should have shown positive dynamics in all spheres of bilateral cooperation, but different positions on regional issues and domestic and external political factors have a negative impact on the pace of development of Azerbaijani-Iranian relations. Alongside this, the lack of trust between the authorities of the two countries is a serious obstacle to the development of relations. This is due to fear of each other’s policies in the field of ensuring the security of their state borders, as well as pragmatic elements of Baku and Tehran’s foreign policy built on the perception of threats. While the Iranian authorities assess the strengthening of Azerbaijan’s military and political relations with Türkiye and Israel as a possible threat to the territorial integrity of the IRI, the Azerbaijani authorities view Tehran’s comprehensive support for Yerevan as an obstacle to the settlement of the Armenian-Azerbaijani conflict.

However, despite the tensions that have arisen in the Azerbaijani-Iranian political relations after the Second Karabakh War, the trade and economic relations between the two countries maintain the pace of development. Perhaps, in the near future, it will bring political relations, including elements of conflict and rivalry, to a level based on mutual interests, promote regional security, and accelerate regional economic development.

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