

Iran's Challenged Position in the Post-War South Caucasus

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Even though last year's war between Armenia and Azerbaijan ended in a decisive victory for Azerbaijan, there is no sign of progress towards peace. There are many reasons for this stalemate, but one of them, upon which this article focuses, is that Iran has proven itself unable to come to terms with the new realities on the ground and the defeat it has suffered. Despite correct relations with Azerbaijan, Iran has covertly supported and continues to support Armenia's position in the latter's conflict with Azerbaijan, which, backed by Turkey, will not tolerate that policy. As a result, there is a growing danger of an Iran–Azerbaijan conflict, and such a conflict would necessarily spill over into the Middle East because of Turkey's enhanced role in the South Caucasus and deepening alliance with Azerbaijan. Thus, the ambiguous state of tension between Iran and Azerbaijan builds upon this unresolved crisis between Armenia and Azerbaijan and adds to the desirability and urgency of a peaceful reconciliation.

Keywords: Azerbaijan, Armenia, Iran, Karabakh, South Caucasus



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Introduction

The repercussions of the Second Karabakh war will continue to reorder international relations among the countries of the South Caucasus and beyond. Most commentators on the new configuration of the South Caucasus naturally point to Azerbaijan's victory over Armenia as the major outcome of the war. At the same time, Armenia's weakness and internal discontent have become matters of public record.¹

Despite its apprehensions about Turkey's presence in the South Caucasus, Russia has now realized its long-standing goal of having military emplacements in all three South Caucasus countries through its peacekeepers, who, according to the Trilateral Statement of 2020 that ended the war, will remain in Azerbaijan's Karabakh region for five years.² Nevertheless, at least in one respect, Russia's ambitions for exclusive domination of the South Caucasus suffered a setback. Moscow has had to accept, probably against its will, a fully legitimate Turkish presence in the region that is now being buttressed by a Turkey–Azerbaijan alliance and the formalized presence of all the dimensions of Turkey's military, economic, and informational – as well as diplomatic – power in the region.³ Thus, Turkey is, de facto, at least trying to realize ideas hitherto associated with its own brand of "Eurasianism".⁴ Indeed, Turkey and Azerbaijan have announced plans that are seen as a consolidation and extension of Turkey's influence in the region. These plans, as formalized in the Shusha Declaration on Allied Relations, pertain to what Azerbaijan's President Ilham Aliyev called defence, the defence industry, and mutual military assistance.⁵

1 Mejlumyan, A., "On Independence Day, Armenia not in a mood to celebrate", *Eurasianet*, 22 September 2021, available at <https://eurasianet.org/on-independence-day-armenia-not-in-a-mood-to-celebrate> (accessed: 23 September 2021).

2 Jafarli, S., "Russia's peacekeeping operations", *Baku Research Institute*, 12 April 2021, available at: <https://bakuresearchinstitute.org/en/russias-peacekeeping-operations/> accessed (accessed: 24 September 2021).

3 Stronski, P., "The shifting geography of the South Caucasus", available at: <https://carnegieendowment.org/2021/06/23/shifting-geography-of-south-caucasus-pub-84814> (accessed: 23 June 2021).

4 O. Tufekci, *The Foreign Policy of Modern Turkey: Power and the Ideology of Eurasianism*, London: Library of Modern Turkey, I.B. Tauris, 2017.

5 Apa.az, "Shusha Declaration on allied relations between the Republic of Azerbaijan and the Republic of Turkey", 17 June 2021, available at: <https://apa.az/en/xeber/official-news/shusha-declaration-on-allied-relations-between-the-republic-of-azerbaijan-and-the-republic-of-turkey-full-text-351900> (accessed: 17 June 17, 2021); Natiqqizi, U., "In Karabakh, Turkish and Azerbaijani leaders cement alliance", *Eurasianet*, 16 June 2021, available at: <https://eurasianet.org/in-karabakh-turkish-and-azerbaijani-leaders-cement-alliance> (accessed: 16 June 2021).

Turkey's expanding agenda that envisages a role through the Caucasus and potentially to Central Asia poses serious questions for Russia, too.⁶ However, beyond that, these war outcomes also present serious challenges to Iran, which styles itself as a "major power" in the South Caucasus, especially because Turkey, its Muslim rival, and Azerbaijan, which it has long regarded with suspicion, are now on Iran's border with armed forces and as allies. These developments seriously challenge Iran's pretensions to major power status, as well as its more material and tangible state interests in the South Caucasus.

However, while most analyses focus on Azerbaijan, Armenia, Russia, and Turkey, it is also necessary to focus on Iran's standing during the war and afterwards as it is clear that the outcome of the war has eroded its position in the South Caucasus. Not only has its partner (if not ally) Armenia been defeated, Iran must now watch Turkey's ascending influence in the South Caucasus and, potentially, beyond. Furthermore, Turkey and Azerbaijan have now consolidated their formal alliance that was already displayed by virtue of Turkey's participation in military exercises in the Caspian Sea and on Azerbaijan's liberated territories close to the border with Iran. Equally troubling for Iran is the fact that Armenia has now opened a dialogue with Turkey that is intended to lead to formal normalization of bilateral relations. Should that occur, Turkey will undoubtedly obtain direct and unimpeded access to Azerbaijan through both Nakhchivan and the newly liberated territories of Azerbaijan and Armenia.⁷ Since Azerbaijan–Iran relations have always been tense, with much mutual suspicion between Baku and Tehran, this outcome clearly disturbs the Iranian government. Therefore, this paper moves from an exploration of the sources of Iran–Azerbaijan tension to a discussion of Iran's reaction to the war and its outcome, and from there to the difficult and potentially conflict-causing issue of regional trade and transport routes in the wake of the war.

⁶ Goble, P., "Russian analysts divided on impact of Turkey's expanded role in South Caucasus", *Eurasia Review*, 12 December 2020, available at: <https://www.eurasiareview.com/13122020-russian-analysts-divided-on-impact-of-turkeys-expanded-role-in-south-caucasus-oped/> (accessed: 28 October 2021).

⁷ Avdaliani, E., "Erdoğan the likely winner as post-war Armenia rethinks", *Center for European Policy Analysis*, 1 October 2021, available at: <https://cepa.org/erdogan-the-likely-winner-as-post-war-armenia-rethinks/> (accessed: 1 October 2021).

The Basis of Tension between Iran and Azerbaijan

Iran has endeavoured to play a role as a major South Caucasus power for the last thirty years, in keeping with its self-image of being such a power. Yet it has repeatedly been frustrated here and this war merely ratifies the continuing refusal of the other actors to accept Iran's claims to importance.⁸ Although the South Caucasus comes second to the Gulf and Middle East in Iran's hierarchy of interests, the 44 Day War in 2020 triggered, as shown below, a burst of Iranian diplomatic activity, and not only because of fears about the security of its borders.

Iran is striving to overcome years of isolation and disengagement in order to become a third power in the region, together with Turkey and Russia. Although Iran's borders with the South Caucasus states have been relatively stable, unlike its borders with Afghanistan and Iraq, Tehran has security concerns in the region. Any intensification of violence in the South Caucasus would have important repercussions for Iran in terms of border security, refugee flows and damage to the energy infrastructure it has constructed together with Armenia.⁹

Thus, the outcome of the war exacerbated long-standing Iranian apprehension about Azerbaijan as well as the latter's suspicions concerning the former. Despite the fact of considerable mutual economic ties between the two countries in the form of investment, infrastructure projects, and trade, these ties have not by any means overcome those deeply rooted factors of mutual suspicion.¹⁰ The bases of tension in relations are deeply rooted in both countries' history, culture, and politics. Because north-western Iran's population is substantially composed of ethnic Azerbaijanis who have long had a wary relationship with official Tehran, the region is always viewed with apprehension in Tehran. The fear of pro-Azerbaijan sentiment triggering an internal separatist movement among Iranian citizens is an enduring factor in Iran's stance towards Azerbaijan.¹¹ There are solid grounds

8 De Waal, T., "What role for Europe in the new post-war Caucasus", *Carnegie Europe*, 19 November 2020, available at: <https://carnegieeurope.eu/strategicEurope/83267> (accessed: 19 November 2020).

9 Melvin, N.J. and Klimenko, E., "Shifting conflict and security dynamics in the Caucasus: The role of regional powers", *SIPRI*, available at: <https://www.sipri.org/commentary/blog/2016/shifting-conflict-and-security-dynamics-caucasus-role-regional-powers> (accessed: 23 September 2021).

10 Kaleji, V., "Iran and Azerbaijan after the Second Karabakh War", *Baku Dialogues*, Vol. 5, No. 1, Fall, 2021, pp.126–146, available at: <https://bakudialogues.ada.edu.az/media/2021/09/24/kaleji-bd-v5-n1-fall-2021-.pdf> (accessed: 25 September 2021).

11 Shaffer, B., *The Limits of Culture: Islam and Foreign Policy*, BCSIA Studies in International

for an enduring Iranian apprehension concerning the integrity of the state, because the Tsarist Russian and Soviet governments repeatedly played or attempted to play this card to undermine Iran's territorial integrity, government, and independence.¹² Moreover, to the mullahs and religious leadership of Iran, the Turkified and westward-leaning Azerbaijanis appear as something very suspicious, if not heretical. As a result, Iran views its ethnic Azerbaijani population with suspicion, discriminates against them, and deprives them of equal rights, thereby creating much resentment in those communities and in Azerbaijan.¹³

Moreover, Iran regards Azerbaijan's relations with Western countries and Israel with hostility. This enduring enmity has continued, despite periods of superficial calm, since the breakup of the Soviet Union. Iran has repeatedly sought to continue religious indoctrination and political recruitment among Azerbaijani citizens of Shia belief and has, in tandem with these activities, sponsored what can only be described as terrorist activities in Azerbaijan going back to 1997.

In 1997, members of the Islamic Party of Azerbaijan were tried for spying on behalf of Iran. In 2007, Said Dadasbeyli, an Azerbaijani cleric and alleged leader of a group known as the "Northern Mahdi Army", was accused of receiving assistance from the Quds Force and plotting to overthrow the secular government. The Azerbaijani authorities believed he had provided Iran with sensitive intelligence on the US and Israeli embassies in Baku.¹⁴

In October 2009, Azerbaijan brought charges against two Lebanese Hezbollah operatives, and their four local Azerbaijani assets were charged with plotting to attack the US and Israeli embassies.¹⁵ Meanwhile, religious proselytization continues; Iranian-trained and

Security, Belfer Center Studies in International Security, Cambridge, MA: MIT Press, 2006.

12 J. Hasanli, *The Sovietization of Azerbaijan: The South Caucasus in the triangle of Russia, Turkey, and Iran, 1920–1922*, Utah Series in Middle East, Salt Lake City, UT, 2018; J. Hasanli, *At the Dawn of the Cold War: The Soviet-American Crisis over Iranian Azerbaijan, 1941–1946*, The Harvard Cold War Studies Book Series, Lanham, MD: Rowman & Littlefield, 2006; B. R. Kuniholm, *The Origins of the Cold War in the Near East: Great Power Conflict and Diplomacy in Iran, Turkey, and Greece*, Princeton: Princeton University Press, 2016.

13 Shaffer, *op. cit.*

14 Cohen, A. "Iran threatens U.S. interests in the South Caucasus", testimony before the Subcommittee on Europe and Eurasia in the Committee on Foreign Affairs, U.S. House of Representatives, 5 December 2012, available at: <https://www.heritage.org/testimony/iran-threatens-us-interests-the-south-caucasus> (accessed: 25 September 2021).

15 *Ibid.*

-paid mullahs are indoctrinating Azerbaijanis living in the villages and towns along the Iranian border.¹⁶ Furthermore, Iranian agents have made terrorist attacks on US and Israeli targets in Azerbaijan.¹⁷ Nor have Iranian inroads into the population of Azerbaijan nor religious attacks on it stopped.¹⁸

In addition, Azerbaijan's security forces periodically arrest both Iranian and Azerbaijani citizens for allegedly participating in terrorist activity directed by Iran's Islamic Revolutionary Guard Corps.¹⁹ Official Baku and Tehran possess divergent views on, and conduct different types of activity in, the broader region. Azerbaijan now enjoys a range of diplomatic, economic, and security ties to two of Iran's key rivals, Israel and Turkey.²⁰

In recent years entities associated with the Islamic Republic of Iran have been very active in the Republic of Azerbaijan. It is seen as a strategic location in which to promote both Shia Islam and the wider interests of the Islamic Republic. Iran's arms-length activities in the country have included,²¹ but not been limited to:

- providing Azerbaijani students with free education at Iran's seminaries;
- sending Azerbaijani students to universities in Iran to study religion;
- dispatching Iranian clergymen to Azerbaijan to promote the Shia religion;
- funding various pro-Iranian organizations;
- funding and organizing ceremonies to mourn the martyrdom of Imam Hussein, the second Shia Imam;
- establishing websites in the Turkic dialect of Azerbaijan to promote the Shia faith; and

16 *Ibid.*

17 *Ibid.*

18 Ahmadzada, R., "Growing Iranian influence in Azerbaijan: What should be done", *Times of Israel*, 11 March 2019, available at: <https://blogs.timesofisrael.com/growing-iranian-influence-in-azerbaijan-what-should-be-done/> (accessed: 25 September 2021).

19 BBC, "Azerbaijan arrests 22 suspects in alleged Iran spy plot", 14 March 2012, available at: <https://www.bbc.com/news/world-europe-17368576> (accessed: 26 September 2021).

20 Stronski, *op. cit.*

21 Ramezani, E., "Who are Iran's allies in the Republic of Azerbaijan and what are their ambitions?", *Iran Wire*, 10 August 2020, available at: <https://iranwire.com/en/features/7438> (accessed: 26 September 2021).

- running historic projects, through the Imam Khomeini Charitable Foundation, in various Azerbaijani cities.

There are more than 50 active pro-Iranian websites broadcasting in the Azerbaijani language. As well as news sites registered in Iran, there are others registered at domains in Azerbaijan and providing low-quality public news and propaganda items.²²

However, in the context of Iran's long-standing partiality in favour of Armenia in the latter's conflict with Azerbaijan, the country's actions reveal the essential duality of Iranian national security policy, in which formal diplomatic policy often cloaks a much more malevolent, covert, but actual policy intent. Thus, its economic-political benefits from the previous status quo and its support for Armenia in this former conflict far eclipse the energy infrastructure interest cited above. In this regard, testimony to the US Congress in 2012 revealed that, according to Armenian sources, Iranians use the Armenian real estate market to launder money and achieve liquidity outside Iran and use Armenia as a source of expanded banking connections to evade international sanctions. Iran has also built electricity plants and oil pipelines in Armenia to supply it with Iranian fuel and, in return, receive power from Armenia. Lastly, this testimony also revealed that Iran looks at the South Caucasus as a region where it can procure critical elements for its nuclear programme by setting up joint projects in countries like Armenia that can serve as fronts for the acquisition of these technologies and know-how.²³ There are even unconfirmed reports of secret Russo-Iranian-Kuwaiti flights carrying arms supplies to Armenia.²⁴ Despite the fact that Iran has formally supported Azerbaijan's territorial integrity throughout all the phases of the former Armenia–Azerbaijan conflict, it nonetheless entered into an especially profitable mutual economic relationship with Armenia.²⁵

22 *Ibid.*

23 Cohen, *op. cit.*

24 News.az, "Secret flights in reality: Russia, Iran and Kuwait involved in secret arms supplies to Armenians", 24 August 2020, <https://news.az/news/secret-flights-in-reality-russia-iran-and-kuwait-involved-in-secret-arms-supplies-to-armenians-todays-top-topic> (accessed: 25 August 2020).

25 Arasli, J., "The fifth element," *Baku Dialogues*, Vol. 5, No. 1, Fall 2021, pp. 108–125, available at: https://bakudialogues.ada.edu.az/media/2021/09/24/bd-v5-n1-fall-2021_final.pdf (accessed: 27 September 2021).

By 2019, there were 5,301 companies backed by Iranian capital operating in Armenia, the fifth largest trading partner of Iran. Thus, Iran's idea that Armenia represented a valuable corridor to Europe had clearly materialized before the latest round of hostilities.²⁶ But this corridor was hardly an exclusively commercial one, even though the issue of transport corridors possesses great importance in this part of the world. Covert activities quickly became prominent instruments of Iranian statecraft here. Iranian exploitation of its Armenian connections for nefarious purposes does not end with these activities, nor did it stop in 2012, but has evidently continued into the present. Already by 2007, Azerbaijan's previously Armenian-occupied territories had emerged as a major centre for the illegal transport of drugs, weapons, and people, much of the trade either originating or passing through Iran. This trend facilitated smuggling into and from Iran, a trend that gained additional seriousness because of the potential for enhancing Iran's nuclear programme.²⁷

Moreover, this smuggling appears to have continued into 2020–21. In April 2020, Azerbaijan discovered that Iranian trucks were illegally supplying fuel for Armenians in that part of its Karabakh region which is under the temporary control of Russian peacekeepers, even though formal Iranian policy stated that it recognized Azerbaijan's territorial integrity.²⁸

Thus, Iran showed, once again, that the habit of conducting two foreign policies, namely its formal and covert policies, was continuing in regard to the South Caucasus. Rather than supporting Armenia and seeking better ties with Azerbaijan, Iran showed its willingness to undercut Azerbaijan's interests and its shaky truce with Armenia.²⁹ Certainly, the revelation of Iranian energy supplies to Karabakh region of Azerbaijan put the lie to Iran's numerous statements that it recognized Azerbaijan's sovereignty over this region and that it was not trading with that region.³⁰

26 *Ibid.*

27 Cohen, *op. cit.*; Arasli, J., "The rising win: Is the Caucasus emerging as a hub for terrorism, smuggling, and trafficking?", *Connections*, Vol. VI, No. 1, Spring 2007, pp. 5–26 (accessed: 25 September 2021).

28 Blank, S., "Iran's latest misadventure destabilizes the Caucasus", *War On The Rocks*, 18 June 2020, available at: <https://warontherocks.com/2020/06/irans-latest-misadventure-destabilizes-the-caucasus/> (accessed: 18 June 2020).

29 *Ibid.*

30 Akbar Mammadov, "Baku voices concern over Iran's reported aid to occupied Karabakh", *Menafn*, 17 April 2020, available at: <https://menafn.com/1100042137/Baku-voices-concern-over-Irands-reported-aid-to-occupied-Karabakh> (accessed: 14 September 2021).

Furthermore, this episode strongly suggested that Iran's cooperation with the illegal regime formed by Armenia in the previously occupied territories of Azerbaijan on fuel shipments had been going on for some time, and that Armenia's government has supported this cooperation as part of its larger relationship with Iran. That would implicate Armenia in a breach of international norms.

More recently, in mid-2021, the Azerbaijani government again discovered not only that Iranian trucks were crossing into the Karabakh region to deliver fuel and food supplies to local Armenians, but they were also doing so with the tolerance (if not support) of the Russian peacekeepers there. Azerbaijan has started both charging these trucks and their drivers a fee and detaining drivers for illegal entry into its sovereign territory, thereby provoking a heated response from Tehran.³¹ Baku has also protested to Russia about its peacekeepers' toleration of such smuggling and this has clearly coloured recent perceptions of Russia's role in the Karabakh region.³² Azerbaijan has also now moved vigorously to break up the Iranian-sponsored drug courier routes through its formerly occupied territories, thereby drying up a considerable source of revenue to covert Iranian operators.³³ These controversies are also occurring in the context of heightened tensions between Azerbaijan and Iran connected with latter's military exercises in the border areas.

³¹ Isayev, H., "Azerbaijan–Iran Relations strained over truck driver arrests", *Eurasianet*, 28 September 2021, available at: <https://eurasianet.org/azerbaijan-iran-relations-strained-over-truck-driver-arrests> (accessed: 28 September 2021); Isayev, H., "Azerbaijan starts charging Iranian trucks supplying Armenia", *Eurasianet*, 14 September 2021, available at: <https://eurasianet.org/azerbaijan-starts-charging-iranian-trucks-supplying-armenia> (accessed: 14 September 2021).

³² Aliyev, J., "Azerbaijan warns Russia over illegal entry of foreign vehicles into its territories", *Timeturk*, 26 September 2021, available at: <https://www.aa.com.tr/en/world/azerbaijan-warns-russia-over-illegal-entry-of-foreign-vehicles-into-its-territories/2362966> (accessed: 26 September 2021); Kuzio, T., "Russian peacekeepers enable Iranian criminality in Azerbaijan", *The American Spectator*, 23 September 2021, available at: <https://spectator.org/russia-iran-azerbaijan-peacekeepers/> (accessed: 23 September 2021); Huseynov, V., "Azerbaijan increasingly critical Of Russia's peacekeeping mission in Karabakh", *Eurasia Daily Monitor* (The Jamestown Foundation), Vol. 18, No. 144, 22 September 2021, available at: <https://jamestown.org/program/azerbaijan-increasingly-critical-of-russias-peacekeeping-mission-in-karabakh/> (accessed: 20 September 2021).

³³ Eminoglu, E., "Iran declared drug war on Azerbaijan?", *Azeri Daily*, 22 May 2021, available at: <http://azeridaily.com/analytics/62673> (accessed: 29 September 2021); Ismayilovna, V., "Azerbaijan set to curb drug flows in liberated lands", *Azernews*, 24 May 2021, available at: <https://www.azernews.az/karabakh/179141.html> (accessed: 24 May 2021); The Ministry of Internal Affairs of the Republic of Azerbaijan, 29 September 2021, available at: <https://www.mia.gov.az/?en/content/29824/> (accessed 29 September 2021).

Iranian Policy during the War and Afterwards

Under the circumstances described above, it is no surprise that the 44 Day War galvanized Iranian diplomacy into action, but it is equally unsurprising that Iran seems to have completely failed to have its interests and equities considered, as has generally been the case. Neither can we say that its formal diplomatic initiatives have been taken into account in the conditions of the war or its aftermath. The covert side of Iranian policy was clearly very one-sided on behalf of Armenia, and that factor may have doomed these initiatives from the start.

Nevertheless, Iran had no alternative but to launch these formal initiatives because it was clear from the start of hostilities that Azerbaijan was winning, Russia would not intervene to stop its victory, and Turkey was playing an unprecedently major role here with no real opposition. Thus, Iran faced the threat of an enlarged, militarily proficient Azerbaijan on its borders, backed by an emboldened and empowered Turkey, and with an acquiescent Russia. Not only would its ally or partner Armenia be defeated, it would be further marginalized, if not isolated, from the South Caucasus.

Thus, several analysts have argued that we can discern eight principles of Iranian foreign policy that emerged from and were articulated by Tehran during this war.³⁴ Subsequently, Iran's former Foreign Minister, Muhammad Javad Zarif, on his tour of the South Caucasus, stated that any changes in Armenia's borders were a red line for Iran, and Iran opposed any border changes in the South Caucasus.³⁵

The eight principles built on Iran's earlier statements and clearly included as number one Azerbaijan's formal sovereignty over the Karabakh region – though what that meant exactly was left unsaid. This principle clearly stemmed from the government's awareness that Iran would also be at risk from discontent among ethnic Azerbaijani and cannot, therefore, formally embrace the principle of occupation based

34 Kaleji, V., "Eight principles of Iran's foreign policy towards the Nagorno-Karabakh conflict", Valdai Discussion Club, 9 October 2020, available at: <https://valdaiclub.com/a/highlights/eight-principles-of-iran-s-foreign-policy/> (accessed: 9 October 2020); Has, K., Kaleji, V., and Markedonov, S., "The breakdown of the status quo and the international dimension of the Nagorno-Karabakh crisis", Valdai Club Discussion Report, 17 December 2020, available at: <https://valdaiclub.com/a/reports/the-breakdown-of-the-status-quo/> (accessed: 3 January 2021).

35 Goble, P., "Tehran says any change in Armenian Borders 'a red line' no one must cross", *Windows Eurasia*, 8 February 2021, available at: www.windowoneurasia.2.blogspot.com (accessed: 8 February 2021).

on ethnic principles that was Armenia's position. Moreover, popular sentiment in Iran, motivated by a rather more primitive Muslim versus Christian sentiment, supported Azerbaijan.³⁶ Principle number two, the non-recognition of what Armenia called the “independence of Nagorno-Karabakh”, logically followed from the preceding precept and was similarly based on the principle of preserving states' territorial integrity.³⁷ Third, Iran proclaimed its policy of conducting balanced relations with both Armenia and Azerbaijan.³⁸ Here, again, the formal diplomatic posture contradicted the actual and covert lines of foreign policy.

Iran's fourth principle was to oppose the war and Azerbaijan's resort to force to restore its territorial integrity. The fifth and sixth principles flowed from the preceding axioms. These are that the rights of both Armenians and Azerbaijanis in the war zone must be protected and, of vital importance, that there be no external interference.³⁹ This last point showed that, while ostensibly aiming at a mediating role, Iran leaned towards Armenia, as the foreign intervention in question was that of Turkey, the actions of a rival in the Middle East and one whose military-political presence in the border zone with Azerbaijan and the Caspian Sea represents a major challenge, if not threat, to Iran. Once again, it followed logically, given its apprehensions about Turkey's ambitions here and long-standing experience with Russian forces on its border with Azerbaijan dating back to the Tsarist and Soviet eras, that, as its seventh and eight principles, Tehran opposed deploying any foreign peacemaking forces in the area; and, lastly, Iran sought to play a mediating role in the former Armenia–Azerbaijan conflict.⁴⁰

Iranian army commanders echoed these principles and strongly opposed any border changes.⁴¹ However, Iran's military rhetoric and actions went a good deal further. In late October 2020, Major General Seyyed Abdolrahim Moussavi, the Commander-in-Chief of the Iranian Army, stated that “respect for the territorial integrity of countries and the protection of official international borders are among our known

³⁶ Kaleji, *op. cit.*

³⁷ *Ibid.*

³⁸ *Ibid.*

³⁹ *Ibid.*

⁴⁰ Kaleji, *op. cit.*

⁴¹ Arasli, “The fifth element”; Kaleji, *op. cit.*

principles and we will not tolerate any changes for territorial integrity and oppose them.” Just a few days prior to the end of the Second Karabakh War, Brigadier General Kioumars Heidari, the Commander of the Iranian Army Ground Forces, asserted that “no power can try to change the geography of the region; we will not tolerate it.”⁴²

Iranian commanders, presumably with government support, also strongly articulated their belief that Azerbaijan was receiving Israeli assistance and thus revealed Tehran’s paranoia on this point, a paranoia that probably was unable to be fully voiced because it would also have included Russia and Turkey in the equation.

Additionally, Iran would combat any security threats arising from the conflict zone, specifically from the supposed “Israeli spy bases” in Azerbaijan or the alleged participation of “Syrian combatants” in the region, as claimed by Iranian military and diplomatic personnel.⁴³

The Iranian military-political leadership was, in their statements and formal diplomatic démarches, clearly voicing their resentment at having been caught completely off-guard and now having to meet myriad unforeseen and grave threats to Iranian security. Thus, the military response, ostensibly to secure the border, but also to show Iran’s “claws” to Baku and Ankara, was also strong. Once Azerbaijan’s success became clear, Iran deployed troops all along the border, and also in Tabriz, presumably to suppress potential domestic ethnic Azerbaijani unrest.⁴⁴

During the war, Iran also positioned its most sophisticated SA-15 Gauntlet air-defence assets near the border with Azerbaijan, under the guise of protecting its territory against stray missiles and drones from the combat zone. The repositioning of that system potentially pointed to the evocation of fears concerning the possibility of a sudden strike against Iranian nuclear facilities by what it termed a “non-regional player” (e.g., the United States or Israel). Simultaneously, the Iranian Air Force and the IRGC Aerospace Force commenced previously unannounced large-scale drills and publicly revealed their underground missile bases. Completing the picture, engineering units with river-crossing equipment were also deployed to the area. None of this was done in secret. The Iranian military high command conducted all of

42 Arasli, “The fifth element”, *op. cit.*

43 *Ibid.*

44 *Ibid.*

the aforementioned military movements openly: footage was shown of armoured columns and firepower assets moving towards the border with Azerbaijan. In short, a public show of force by Iran took place after the Second Karabakh War: the potential option of military action “beyond the Aras River” had made its first, suggestive appearance.⁴⁵

This show of force anticipated what we are now seeing, namely that Iran, in its frustration, paranoia, and resentment of Azerbaijan’s and Turkey’s success, might resort to military force, as we are now seeing in the exercises its forces are carrying out.⁴⁶ Iran’s efforts to play the military card reflect the fact that, for all its rhetoric, diplomacy, and early military moves, it achieved nothing and was again frustrated. Turkey sits astride Caspian transportation, energy, and trade routes to Europe, thereby displacing Iran’s hoped-for corridor. Armenia has expressed its willingness to begin a dialogue with Turkey and in June 2021 Turkey’s forces conducted joint naval drills in the Caspian Sea, an action that probably triggered Iran’s subsequent drills.⁴⁷ Russia has not intervened on behalf of Iran’s interests and shows no willingness to do so. Perhaps most importantly, Iran has been systematically excluded from the military-political-economic processes now taking place in both Armenia and Azerbaijan, and in the latter’s liberated territories.

In this context, and facing Azerbaijan’s governmental triumphalism that insists that the Armenia–Azerbaijan conflict is settled, it is no surprise that Iran feels more threatened and challenged. Nor is it any surprise that both Ankara and Baku are moving assertively in the economic-military and political dimensions to consolidate their victory and show their power, for example, through joint or individual military exercises. Therefore, given the risks Iran believes it is facing here – on top of those confronting it in the Middle East and regarding its nuclear programme – and in view of the deeply rooted paranoia of the regime that Azerbaijan is in cahoots with Turkey and Israel against Iran, should we be surprised by large Iranian exercises held in response to the Azerbaijan-Turkey joint drills in the region?⁴⁸ Although the proximate cause of Iran’s exercises

⁴⁵ *Ibid.*

⁴⁶ Ismayilova, V., “Azerbaijani-Turkish joint drills underway”, *Azeritimes*, 1 July 2021, available at: <https://azeritimes.com/2021/07/01/azerbaijani-turkish-joint-drills-underway/> (accessed: 1 July 2021).

⁴⁷ Arasli, “The fifth element”, *op. cit.*

⁴⁸ Kucera, J., “Iran holds war games near Azerbaijani borders”, *Eurasianet*, 30 September 2021, available at: <https://eurasianet.org/iran-holds-war-games-near-azerbaijani-border> (accessed: 30 September 2021).

may be the incarceration of the aforementioned Iranian truck drivers, it is also clear that the totality of the Turkey-Azerbaijan challenges, plus the anti-Semitic paranoia of Iran concerning Azerbaijan–Israel relations, is also a factor here.⁴⁹

The Issue of Trade and Transportation Routes

In this part of the world, trade and transportation routes are major policy issues, as shown by China’s Belt and Road Initiative and corresponding parallel or competing projects such as Russia’s International North-South Transport Corridor (INSTC), a multi-modal 7,200 km trade and transportation corridor from Iran north to Central Asia and Afghanistan as well as Russia.⁵⁰ The INSTC facilitates a 7,200 km long trade network stretching from the Indian Ocean to the Persian Gulf via Bandar Abbas port in Iran and onward to the Caspian Sea via Astrakhan port in Russia, from where it goes on to Europe via St Petersburg in Russia and the Baltic Sea. It is a versatile network plan involving India, Iran, Russia, Azerbaijan, Kazakhstan, Armenia, Belarus, Tajikistan, Kyrgyzstan, Oman, Syria, Turkey, Ukraine, and Bulgaria (in an observer capacity).⁵¹

These routes are intrinsically important but have acquired new resonance when they pertain to Azerbaijan, Armenia, and Iran. Article 9 of the 10 November 2020 trilateral statement stipulated that “all economic and transport links in the region” should be unblocked. In the absence of any genuine peace negotiations, discussions over these trade and transport routes link up with the issues of delimiting and demarcating the borders of Azerbaijan and Armenia, thus making these issues particularly important not only to these two states but also to Iran. Azerbaijan has secured a long-desired direct connection to Nakhichevan and thus Turkey. But this also permits Armenia to forge a rail connection from Yerevan to Nakhchivan, through Azerbaijan to Russia, and on to Iran

49 *Ibid.*

50 Zeeshan, M., “Why India should let China snatch Iran and commit to Israel instead”, *Haaretz*, 29 July 2020, available at: <https://www.haaretz.com/world-news/.premium-why-india-should-let-china-snatch-iran-and-commit-to-israel-instead-1.9029783> (accessed: 29 July 2020); Hasan, P., “India and Russia to connect supply chains via Iran’s INSTC”, *Silk Road Briefing*, 24 March 2020, available at: <https://www.silkroadbriefing.com/news/2021/08/08/the-international-north-south-transport-corridor-what-is-the-potential-for-bangladesh/> (accessed: 24 March 2020).

51 Saxena, A., “The Scope for INSTC in the evolving India-Baltic relations”, *Extraordinary and Plenipotentiary Diplomatist*, 27 April 2020, available at: <https://diplomatist.com/2020/04/27/the-scope-for-instc-in-the-evolving-india-baltic-relations/> (accessed: 2 December 2020).

through Julfa.⁵² Furthermore, the Trilateral Statement obligates Armenia to safeguard the transit routes from Azerbaijan to Nakhchivan.⁵³

A final settlement of these issues is of economic importance for Armenia and Azerbaijan, but it is also a burning political issue between these two countries and therefore for Iran.⁵⁴ This is because this Azerbaijani route and all other routes directly connecting Nakhchivan to Azerbaijan must traverse Armenia's southern province of "Syunik" (Zangezur in Azerbaijani parlance). Azerbaijan's President Ilham Aliyev has stated his support for these rail lines that also benefit Armenia. Any easing of earlier trade and transport restrictions would immensely benefit not only all of the South Caucasus but also Central Asia and Iran.⁵⁵ But the unresolved tensions between Armenia and Azerbaijan have so far inhibited any progress on these rail lines and this clearly negatively affects Iranian economic interests.

In addition, Turkey is now trying to replace Iran as the seller of gas to Nakhchivan, which is not directly connected to Azerbaijan. Turkey is proposing an Ighdir–Nakchivan Pipeline to eliminate the Nakhchivan Autonomous Republic's (NAR) dependence on Iranian gas supply. That dependence also prevents Baku from closing the borders of the NAR or Azerbaijan to Iran. If this pipeline goes through, it will be another sign of Iran's reduced standing here.⁵⁶

Although Iranian firms are prepared to help Armenia in building these new corridors as another example of Iran's attempts to become a key player in the South Caucasus, so far it has got nowhere.⁵⁷ This example

52 Broers, L., "Hostage to continued enmity: Regional connectivity after the Second Karabakh War", *Valdai Discussion Club*, 12 July 2021, available at: <https://valdaiclub.com/a/highlights/hostage-to-continued-enmity/> (accessed: 12 July 2021).

53 Shokri, O. "The geopolitics of the Igdir–Nakhichevan natural gas pipeline", *Mena Affairs*, 4 August 2021, available at: <https://menaaffairs.com/the-geopolitics-of-the-igdir-nakhchivan-natural-gas-pipeline/> (accessed: 4 August 2021).

54 Broers, *op. cit.*

55 Ohanyan, A., "The Forty-Day War and the 'Russian Peace' in Nagorno-Karabakh", *Carnegie Endowment*, 16 June 2021, available at: <https://carnegieendowment.org/2021/06/16/forty-day-war-and-russian-peace-in-nagorno-karabakh/kdoo> (accessed: 25 September 2021); Mejlyuman, A., "Armenia proposing restoration of rail route through Azerbaijan to Russia", *Eurasianet*, 4 May 2021, available at: <https://eurasanet.org/armenia-proposing-restoration-of-rail-route-through-azerbaijan-to-russia> (accessed: 30 May 2021).

56 Shokri, *op. cit.*; Rahimov, R., "Nakhchivan Corridor: Implications for Georgia and Iran", *Eurasia Daily Monitor* (The Jamestown Foundation), Vol. 18, No. 13, 25 January 2021, available at: <https://jamestown.org/program/nakhchivan-corridor-implications-for-georgia-and-iran/> (accessed: 25 January 2021).

57 Goble, P., "Iranian companies prepared to help Armenia build transport corridors", *Windows*

of competing visions of corridors and trade routes is also part of a larger issue or grand design for both Iran and Azerbaijan. As Arasli has noted, throughout 2021, Iran has strengthened its trade and economic ties with Armenia and may be contemplating a gas pipeline to that country.⁵⁸

But most of all, the Iranians are reportedly interested in forming a multi-modal Persian Gulf–Black Sea International Transport and Transit Corridor that would connect Iran with Europe and Russia. If operationalized, this would multiply Iranian export options, grant the country access to Europe without having to involve Turkey, and instantly become a competitor to the east–west Zangezur Corridor championed by Azerbaijan and Turkey in the wake of the Second Karabakh War.⁵⁹

This may also be tied to Iran’s future plans to reinforce Armenia to counterbalance Azerbaijan’s superiority by providing a land–sea bypass route to Russia via Iran’s Caspian Sea ports.⁶⁰ These examples show how trade, transportation, and corridor issues can easily shade over into military-strategic considerations. If the prospective investments to be made by China in Iran as a result of their 2021 accord materialize, the entire complex of these trade and transport issues might obtain an utterly new configuration and importance.

At the same time, Baku is acting vigorously in regard to this complex of issues to both force Armenia to acknowledge defeat and negotiate directly with it by showing its power to realize its own vision of future trade and transport corridors. Thus, in the framework of demarcation of borders with Armenia, in August 2021 Azerbaijan relocated its forces to the Goris–Gapan highway, thereby cutting direct access between Iran and Armenia.⁶¹ Azerbaijan, by doing this, shows that Armenia is powerless to resist; Baku cannot tolerate Iran’s actions towards the Karabakh region or support for Armenia; and imposes its preferences, backed by Turkey, for trade and transport, and energy corridors that are opposed to Iran’s vision.⁶²

Eurasia, 20 June 2021, available at: www.windowoneurasia2.blogspot.com (accessed: 25 June 25, 2021); Kaleji, “Iran and Azerbaijan after the Second Karabakh War”, *op. cit.*

58 Arasli, “The fifth element”, *op. cit.*

59 *Ibid.*

60 *Ibid.*

61 Poghosyan, B., “The mess along the Goris-Kapan Highway: Reasons and implications”, *Armenia Weekly*, 29 September 2021, available at: <https://armenianweekly.com/2021/09/29/the-mess-along-the-goris-kapan-highway-reasons-and-implications/> (accessed: 29 September 2021).

62 *Ibid.*

The strategic goal is to signal to Iran and India that Armenian territory is not safe enough to be viewed as a potential alternative route for the North–South International Transport Corridor. Launched in 2002 by India, Iran, and Russia, this new route envisages the transportation of goods between India and northern Europe, while avoiding the Red Sea, Suez Canal, and Mediterranean. According to the initial plan, the goods should travel from India's Mumbai port to Iran's Bandar Abbas and Chabahar ports by sea, then reach Iranian ports in the Caspian Sea by rail, then on to the Russian port of Astrakhan and further, by railway, to Northern Europe.

Then the Iran–Azerbaijan–Russia railway route emerged, which should directly connect Iranian Persian Gulf ports to northern Europe by rail. Azerbaijan connected its railway system with Iran's to reach the Iranian town of Astara, located near the Azerbaijan–Iran border. However, Astara lacks a railway connection to the Iranian internal network, and the missing Rasht–Astara line is still awaiting construction.

Meanwhile, another potential route for this corridor to connect India with northern Europe while circumventing the Suez Canal and Mediterranean may pass via Iran, Armenia, Georgia, the Black Sea, and Bulgaria. In 2016, these countries launched a dialogue to establish a Persian Gulf–Black Sea multimodal transportation corridor connecting Iran with Europe via Armenia, Georgia, the Black Sea, Bulgaria, and Greece. The Persian Gulf–Black Sea route may fit quite well into the North–South International Corridor. There is no direct railway connection between Armenia and Iran, but the countries share a land border. Thus, goods may reach Georgian Black Sea ports via the Iran–Armenia–Georgia highway, which passes through the cities of Goris and Kapan in Armenia. Inclusion of a small part of the Armenia–Iran international highway, the Goris–Kapan section inside Azerbaijan's sovereign territory, hampers the prospects for this potential alternative route for the North–South International Corridor. Meanwhile, Azerbaijan may push forward the Iran–Nakhchivan–Armenia–Georgia railway connection as another alternative route for the North–South corridor to link India with Europe via Iran, the Black Sea, and Bulgaria. In this case, both wings of the North–South International Corridor will pass through Azerbaijan (Iran–Azerbaijan–Russia–northern Europe, and Iran–Azerbaijan–Armenia–Georgia–Black Sea–Bulgaria).⁶³ Azerbaijani analysts also concur that

⁶³ *Ibid.*

the route through “Syunik” (Zangezur), called by them the Zangezur Corridor, may well turn out to be Baku’s priority. But meanwhile the rivalries and threats of force connected to these competing visions of trade routes are increasingly inextricably and tied up with the hard security questions of borders.⁶⁴

Conclusions

As of early October 2021, it is clear that direct negotiations between Armenia and Azerbaijan are unlikely to occur any time soon. And even if they began tomorrow, due to Azerbaijan’s determination to enforce its triumph against Armenian resistance, negotiations would be protracted and difficult.⁶⁵ It is equally clear that Iran has been defeated here, or at least that its interests and standing in the South Caucasus have suffered severely, and that it is unwilling to accept this result passively. Indeed, at least one assessment called this a disaster for Iran.⁶⁶

Nevertheless, Iran is clearly unwilling to except this outcome, even though it is clear that all of its initiatives connected with this war to date have failed. This failure has evidently made Iran even more resentful and paranoid about any foreign presence in the South Caucasus. So, beyond the rivalry with Turkey that is now a key element in its strategic calculations, it also sees Israel’s hand in regional developments. Indeed, some Iranian press commentaries see Baku’s discourse on the Zangezur Corridor as a move aimed “at removing Iran from all energy and transit equations in the South Caucasus.”⁶⁷ And in the context of Baku and Ankara’s increasingly assertive policies to enforce their victory, Iran has shown that it also has considered displays of force necessary. As

64 Valiyev, A., “End of the war but no peace”, *Baku Dialogues*, Vol. 5, No. 1, Fall 2021, pp. 80–95, available at: <https://bakudialogues.ada.edu.az/media/2021/09/24/valiyev-bd-v5-n1-fall-2021-.pdf> (accessed: 1 October 2021).

65 *Ibid.*

66 Shaffer, B., “The Armenia–Azerbaijan War: Downgrading Iran’s regional role”, *CACI Analyst*, 25 November 2020, available at: <https://www.cacianalyst.org/publications/analytical-articles/item/13650-the-armenia-azerbaijan-war-downgrading-iran%E2%80%99s-regional-role.html> (accessed: 25 November 2020); Kamat, D., “Nagorno-Karabakh: Armenia–Azerbaijan peace deal is strategic disaster for Iran”, *Euractiv*, 24 November 2020, available at: <https://www.euractiv.com/section/armenia/opinion/nagorno-karabakh-peace-deal-between-armenia-and-azerbaijan-is-a-strategic-disaster-for-iran/> (accessed: 24 November 2020).

67 Tashjian, Y., “Is Iran making a comeback in the South Caucasus”, *Armenian Weekly*, 20 October 2021, available at: <https://armenianweekly.com/2021/10/20/is-iran-making-a-comeback-to-the-south-caucasus/> (accessed: 20 October 2021).

a result, at present, we see an ongoing, potentially escalatory spiral of tit-for-tat on both sides that could lead to a much larger conflagration involving Turkey and Iran, if not Russia.⁶⁸ Given Iran's formidable cyber capabilities, willingness to use them to promote the subversion of hostile states, and its efforts to obtain a nuclear weapon, there need not be an actual outbreak of new hostilities to put this entire area on a permanent quasi-, if not actual, war footing or at permanent risk of escalation either by cyber warfare, actual kinetic warfare, or some combination of both that benefits none of the principals.⁶⁹

However, whatever forms these rivalries involving Iran take, it is unlikely that they will be confined to the South Caucasus. It is already clear that Iran and Israel's confrontations as well as the now visible rivalry with Turkey, not to mention Russian policy and international economic exchanges, as manifested, for example, in the competing trade and transport corridor controversies, are bringing the South Caucasus and the Middle East closer together. This war has only intensified and deepened such connections.⁷⁰ Therefore, we could see any or all of the participants moving from alignment to alignment as they compete with each other: for example, Moscow might move closer to Tehran on the Caspian Sea because of its apprehensions, shared with Tehran, about Azerbaijani-Turkish designs on the Caspian and its energy flows.⁷¹

In the light of these cross-regional rapprochements and the parallel diffusion of power globally to regional actors that is forcing global powers, not least in areas of intractable conflicts such as the South Caucasus, to create new alignments with them, it is entirely possible that Tehran's response to its generation-long and continuing failure in the South Caucasus might be to forge ties with great powers (Russia

68 Joffre, T., "Tensions grow with Azerbaijan as Iran moves forces to border", *Jerusalem Post*, 30 September 2021, available at: <https://www.jpost.com/middle-east/tensions-grow-with-azerbaijan-as-iran-moves-forces-to-border-680669> (accessed: 1 October 2021).

69 Stub, Z., "Newly-found Iranian cyber-espionage may pose 'real threat' to Israel", *Jerusalem Post*, 6 October 2021, <https://www.jpost.com/jpost-tech/newly-found-iranian-cyber-espionage-may-pose-real-threat-to-israel-681196> (accessed: 6 October 2021); Piroti, M., "The ever-growing Iranian cyber threat", *Begin-Sadat Center for Strategic Studies*, 26 September 2021, available at: <https://besacenter.org/iran-cyber-threat/> (accessed: 26 September 2021).

70 Stronski, *op. cit.*; Cornell, S., "Between Eurasia and the Middle East", *Baku Dialogues*, Vol. 4, No. 1, Fall 2020, pp. 10–25, available at: <https://bakudialogues.ada.edu.az/media/2020/08/27/bd-1-cornell.pdf> (accessed: 1 October 2020).

71 Goble, P., "Moscow expanding ties with Iran to counter growing Turkish influence around Caspian", *Eurasia Daily Monitor* (The Jamestown Foundation), Vol. 18, No. 32, 25 February 2021, available at: <https://jamestown.org/program/moscow-expanding-ties-with-iran-to-counter-growing-turkish-influence-around-caspian/> (accessed: 25 February 2021).

and/or China) and shift the conflicts with Israel, and Turkey to another theatre, for example, the Middle East, where it might estimate that it has better chances. If one adds its cyber and potential nuclear capabilities as well as its habitual employment of Shiite terrorism and subversion to this mix, it readily becomes apparent that the continuing failure of Baku and Yerevan to reach a peace agreement will reverberate not only around the Caucasus but also, very likely, the Middle East. Moreover, it may escalate or morph into domains hitherto exempt from the fires of war. These possibilities serve neither Iran nor anyone else's interests.