

**HIGHLIGHT OF JOURNAL**

The Growing Importance of the Middle Corridor as an Energy Transport Route,  
and Opportunities for Azerbaijan and Georgia  
**Giorgi Mukhigulishvili**



CAUCASUS  
STRATEGIC PERSPECTIVES

# CAUCASUS

## STRATEGIC PERSPECTIVES

Volume 4 • Issue 2 • Winter 2023

# Unveiling the Complexities: Exploring the Geopolitical Dynamics of the Middle East and South Caucasus

### ARTICLES

Navigating Geopolitical Complexity:  
Iran, Türkiye, and the Quest for  
Middle East-South Caucasus  
Interconnectedness

**Ali Bakır**

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Azerbaijan-Israel Strengthened  
Partnership and its Implications for  
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Contractualization of Environmental  
Protection: Prospects for  
Post-conflict Recovery of the Formerly  
Occupied Territories of Azerbaijan

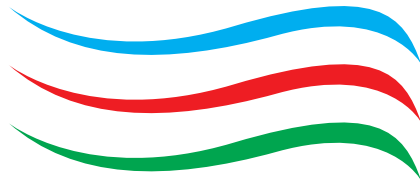
**Valentina Chabert**

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Geopolitics of the  
South Caucasus in Flux:  
Towards a New Security Order

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**Publisher:** Center of Analysis of International Relations

**Type of Publication:** Periodical (biannual)

**Caucasus Strategic Perspectives** is a Baku-based academic foreign policy journal that discusses policymaking in and on the Caucasus as well as the region's role in the global context. Each issue of the journal will focus on a global or regional theme and includes perspectives from authors from different countries and backgrounds. The journal focuses largely on the Caucasus neighborhood, but does so with a global outlook. The journal of **Caucasus Strategic Perspectives** is issued by the Center of Analysis of International Relations in Baku.



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Artpoint Reklam MMC  
ISSN (print): 2788-5178  
ISSN (online): 2788-5186  
Baku - 2023

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# Editor's Note

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The current issue of the Caucasus Strategic Perspectives (CSP) journal entitled “*Unveiling the Complexities: Exploring the Geopolitical Dynamics of the Middle East and South Caucasus*” is dedicated to the different cooperation opportunities and confrontational issues in and between South Caucasus and the Middle East regions.

The CSP's new issue includes 5 articles. The CSP's current authors analyzed the growing importance of the Middle Corridor transport route, the role of Azerbaijan and Georgia in this route, the evolving geopolitical dynamics of and between the South Caucasus and the Middle East regions and opportunities for interconnectivity, the rationale behind the strengthened cooperation between Azerbaijan and Israel and its regional implications, the emergence of new players in the South Caucasus region and the subsequent foreign policy moves of the regions' states, and the last but not least, Armenia's environmental and landmine terror in the formerly-occupied territories of Azerbaijan, etc.

The new issue's **Highlight** is the comprehensive article of Giorgi Mukhigulishvili titled “*The Growing Importance of the Middle Corridor as an Energy Transport Route, and Opportunities for Azerbaijan and Georgia*”. This article examines the Middle Corridor's growing relevance as an energy transportation route and its potential to offer new opportunities for the European Union (EU), Central Asian countries, as well as for Azerbaijan and Georgia. In particular, this article describes the Middle Corridor, as an alternative to conventional routes through Russia or the Middle East, which presents a solution to geopolitical vulnerabilities.

The new issue's *Articles Section* starts with **Ali Bakır's** article of "*Navigating Geopolitical Complexity: Iran, Türkiye, and the Quest for Middle East–South Caucasus Interconnectedness*" explores the multifaceted geopolitical dynamics underpinning the Middle East and South Caucasus regions and emphasizes the profound historical interconnectedness between them and highlights the importance of reviving and promoting the interconnectedness and inter-cooperation between the two regions, particularly in an era of changing geopolitical landscapes.

**Nina Miholjic Ivkovic's** article of "*Azerbaijan–Israel Strengthened Partnership and its Implications for Regional Geopolitics*" explores the reasons behind the strengthened cooperation between Azerbaijan and Israel, reasons that range from strategic and political to energy and economic factors and further examines the impact of such a partnership on the geopolitical tendencies in the Middle East.

**Vasif Huseynov's** article of "*Geopolitics of the South Caucasus in Flux: Towards a New Security Order*" argues that the external actors discern new opportunities to step into the resulting power vacuum in the geographically strategic South Caucasus region and, meanwhile, the three countries of the region – Armenia, Azerbaijan, and Georgia – are strategizing to take the most advantage from the situation, boost their independence, and safeguard their national interests.

**Valentina Chabert's** article of "*Contractualization of Environmental Protection: Prospects for Post-conflict Recovery of the Formerly Occupied Territories of Azerbaijan*" which provides an overview of the wrongful acts committed by Armenia that have caused severe harm to the natural environment of Azerbaijan, and covers a period from the First and the Second Karabakh wars up to the present. The article further outlines

the corporate accountability framework in international law for preventing private companies' illicit environmental conduct.

Finally, on behalf of the CSP team, we hope this issue provides food for thought and contributes to and enriches the discussion on subject-matter issue.

*Sincerely*

***Farid Shafiyev***

***Editor-in-Chief of CSP Journal***

# The Growing Importance of the Middle Corridor as an Energy Transport Route, and Opportunities for Azerbaijan and Georgia

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Giorgi Mukhigulishvili\*

In light of Russia's war in Ukraine and the imposition of Western sanctions, a new multimodal trade route, the Middle Corridor, the shortest available, which passes via Central Asia, the Caspian Sea, and the South Caucasus, is expected to improve interconnection between Asia and Europe. The goal of this article is to examine the Middle Corridor's growing relevance as an energy transportation route and its potential to offer new opportunities for the European Union (EU), Central Asian countries, as well as for Azerbaijan and Georgia. In particular, this article covers the Middle Corridor's growth factors; the EU's current energy shortfall; the potential for fossil and renewable energy in Central Asia, Azerbaijan, and Georgia; as well as the main challenges to and prospects for its development. The Middle Corridor, as an alternative to conventional routes through Russia or the Middle East, presents a solution to geopolitical vulnerabilities. While its current infrastructure capacity falls short of Europe's energy demands, Central Asia and the South Caucasus offer vast amounts of fossil and renewable energy resources that could enhance the EU's energy security and bolster the Middle Corridor's capacity. Despite economic, political, and technical obstacles, global circumstances are creating momentum for its expansion. Azerbaijan, Georgia, and Central Asian countries stand to gain from economic diversification, regional integration, diplomatic strength, and reduced dependence on Russia.

**Keywords:** Middle Corridor, Caucasus, Asia, Energy, Transport, Azerbaijan, Georgia.



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### ***Introduction***

The Middle Corridor has the potential to grow into a global initiative that will contribute to international peace and cooperation while improving the geopolitics, security, and economic ties between the two continents. The Middle Corridor is a novel multimodal transport route comprising diverse infrastructure undertakings that aims to enhance interconnectivity and trade between Asia and Europe through Central Asia, the Caspian Sea, and the South Caucasus. It is the shortest and fastest route compared to its rivals, the Northern and Southern Corridors. Its significance has surged during the Russia–Ukraine war and because of the Western sanctions imposed on Russia and Iran.

Among other opportunities, the Middle Corridor is becoming a more important route for the transportation of energy, and its significance

*the Middle Corridor is becoming a more important route for the transportation of energy, and its significance is projected to increase in the years to come as the EU's demand for energy resources rises and the transportation infrastructure along the corridor keeps growing.*

is projected to increase in the years to come as the EU's demand for energy resources rises and the transportation infrastructure along the corridor keeps growing. The corridor makes it possible to transport a variety of energy resources, including liquefied natural gas (LNG), natural gas, oil, green electricity, and renewable hydrogen, thereby accelerating the EU's green transition. Exporting these resources to the EU can contribute to it achieving its target for renewable energy share in the total energy mix<sup>1</sup> of 42.5% by 2030 and to increasing the union's energy security.

By facilitating the transportation of energy resources, the Middle Corridor can help to create a common market for energy, as well as other goods and services, that can boost economic growth and trade in the region.

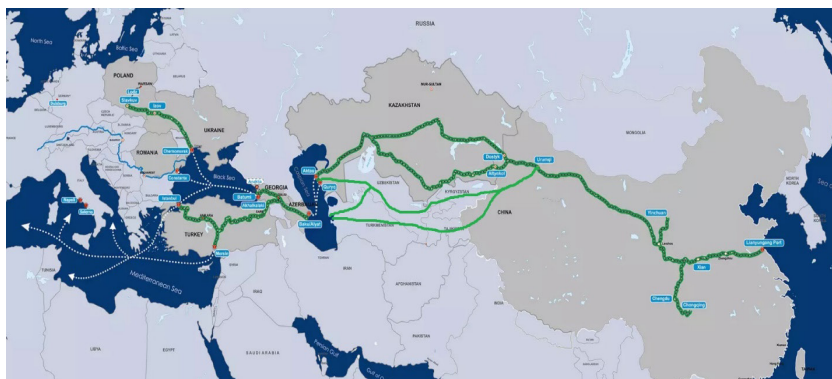
By strengthening ties with the EU and increasing economic integration through providing an alternative trade route for the West, the development of the Middle Corridor can weaken Russia's influence on the countries of the region, both in Central Asia and the South Caucasus.

<sup>1</sup> European Commission, "On 30 March 2023, the European Parliament and the Council reached a provisional agreement to raise the binding renewable energy target to at least 42.5% by 2030.", 2023, Available at: [https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-targets\\_en](https://energy.ec.europa.eu/topics/renewable-energy/renewable-energy-directive-targets-and-rules/renewable-energy-targets_en) (Accessed: November 22, 2023)

The existing infrastructure capacity along the Middle Corridor is currently, in the short term, insufficient to transport the amount of energy that Europe needs. However, the fossil and renewable energy resources in Central Asia and the South Caucasus are so abundant that they can easily meet the growing energy demand of Europe in the medium and long term.

### ***Rise of the Middle Corridor***

The Middle Corridor, also known as the Trans-Caspian International Transport Route (TITR), refers to a transportation and energy corridor that aims to connect East and Central Asia, the South Caucasus, and Europe. It is a new multimodal transport corridor involving various infrastructure projects, including transportation networks, pipelines, and other initiatives, with the goal of improving connectivity and trade between these regions.



*Figure 1 - The Middle Corridor/The Trans-Caspian International Transport Route. Source: [www.middlecorridor.com](http://www.middlecorridor.com).*

The idea of the corridor was initiated back in 2013 by Kazakhstan, Azerbaijan, Georgia, Türkiye, and Romania. On February 20, 2014, the Coordination Committee of Azerbaijan, Kazakhstan, and Georgia was established to develop the TITR.<sup>2</sup>

<sup>2</sup> Ahmadov, N., “Global Insecurity: New Momentum for the Middle Corridor”, in “European Union-Azerbaijan Relations”, eds New Direction - AIR Center, 2022, p.29, Available at: <https://aircenter.az/uploads/JQtZi6TBPadh.pdf> (accessed: November 22, 2023)

After the collapse of the Soviet Union, important transport and energy transit projects were developed along the route of the Middle Corridor. For instance, the TRACECA (Transport Corridor Europe–Caucasus–Asia) project aimed to develop multimodal transportation routes, including by road, rail, and sea, to connect the Caspian Sea and Black Sea regions. At the end of the 1990s, the Western Route Export Pipeline (WREP, or Baku–Tbilisi–Supsa oil pipeline) was brought into operation. The South Caucasian Gas Pipeline (SCP, the SGC’s first pipeline chain, starting from Azerbaijan, passing through Georgia, and ending in Türkiye) and the Baku–Tbilisi–Ceyhan (BTC) oil pipeline, which today supplies Azerbaijani and Kazakh oil to the world market via Georgia and Türkiye, represented an important breakthrough.

The Baku–Tbilisi–Kars (BTK) railway, opened in 2017, is another significant development in the history of the Middle Corridor. It connects the railway systems of Azerbaijan, Georgia, and Türkiye, thus providing a direct rail link between Europe and Central Asia.

Currently, several factors have led to growing interest in the Middle Corridor. These include the Russia–Ukraine war and Western sanctions imposed on Russia and Iran; the EU’s need to diversify energy sources and routes; the existence of significant potential fossil and renewable energy resources in the Central Asia and South Caucasus regions; a necessity to diversify trade routes between Asia and Europe; and the need for a secure internet connection between the continents bypassing Russia.

The Middle Corridor, which is the shortest<sup>3</sup> route connecting Asia and Europe, is a rival to the Northern and Southern Corridors. Russia’s war in Ukraine has drastically changed the picture of energy supply for the European Union and the world. The EU’s desire to reduce its energy dependence on Russia has increased its interest in countries of the South Caucasus and Central Asia that are rich in energy resources.

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3 Dušek, M., “From pathway to highway in Eurasia”, Freight transported from Shanghai to Europe could take 10 days along the Middle Corridor, compared to up to 20 days on the Northern Corridor or 45 to 60 days by sea., *We Forum*, June 9, 2023, Available at: <https://www.weforum.org/agenda/2023/06/creating-a-green-and-digital-corridor-through-eurasia/> (Accessed: November 22, 2023).





Figure 2 - Alternative Routes from China to Europe (bakuresearchinstitute.org).

The corridor would allow the transportation of various types of energy resources, including natural gas, LNG, oil, green electricity, and renewable hydrogen, to support the green energy transition in the EU.

The idea of the Middle Corridor was enhanced by the ‘Memorandum on Strategic Partnership in the Energy Sector’ signed between the EU and Azerbaijan on 18 July 2022.<sup>4</sup> The parties agreed that, by 2027, the volume of gas supply through the Southern Gas Corridor (SGC) would double and at least 20 bcm annually would be supplied to Europe. It is also planned to develop the production of renewable energy in Azerbaijan and its supply to Europe. There is also significant green energy potential in Georgia and the Central Asian countries, the development of which will significantly increase the opportunities for cooperation between the EU and the two regions.

*The corridor would allow the transportation of various types of energy resources, including natural gas, LNG, oil, green electricity, and renewable hydrogen, to support the green energy transition in the EU.*

The European Commission has long supported the expansion of the Southern Gas Corridor (SGC) – the predecessor to the Middle Corridor

4 European Neighbourhood Policy and Enlargement Negotiations (DG NEAR), EU and Azerbaijan enhance bilateral relations, including energy cooperation, June 18, 2022, Available at: [https://neighbourhood-enlargement.ec.europa.eu/news/eu-and-azerbaijan-enhance-bilateral-relations-including-energy-cooperation-2022-07-18\\_en](https://neighbourhood-enlargement.ec.europa.eu/news/eu-and-azerbaijan-enhance-bilateral-relations-including-energy-cooperation-2022-07-18_en) (Accessed: November 22, 2023)

– as a major contributor to secure, reliable, and predictable natural gas supplies from the Caspian basin to Southeastern Europe and, potentially, also to the Western Balkans via the Trans Adriatic Pipeline (the SGC’s last pipeline chain starting from the Greece–Türkiye border, passing through Albania, crossing the Adriatic Sea, and ending in Italy).

In the 21st century, the Middle Corridor can become not only a regional corridor, but a world-scale project that can change geopolitics,<sup>5</sup> security,<sup>6</sup> and economic relations of the two continents for the better, and become a guarantee of peace and cooperation between countries.

### ***EU Energy Demand and Energy Resources in Central Asia and the South Caucasus***

The EU has successfully dealt with the energy crisis caused by the Russia–Ukraine war that broke out in 2022, and in which the joint efforts of the member states and the USA played an important role.<sup>7</sup> For 2023, the IEA estimated gas demand in the EU as 395 bcm, considering the consumption in 2022 (360 bcm), adjusted for weather, the potential increase of gas use in industry, and the need for additional gas exports to Ukraine and Moldova.<sup>8</sup>

In 2023, according to an analysis by the IEA, the main sources of gas supply to EU countries will be gas pipelines – from Norway, Algeria, Great Britain, and Azerbaijan; LNG – mainly from the USA and Africa, with a small amount from Asia; and domestic gas production in the Netherlands, Romania, and Denmark, as well as biomethane production, a large share of which comes from France.<sup>9</sup>

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5 Ahmadov, N., *op.cit.*, p.34. “The Middle Corridor is in line with the strategic interests of the United States and its Western allies as the route bypasses their three largest regional rivals—Russia, China and Iran—and connects a landlocked region to Europe.”

6 Hoagland, R., “Connecting Central Asia, The South Caucasus, and Beyond”, The current war in Ukraine has re-opened the doors of the region to the great powers. The countries in the region want more choices and are recalibrating their options. The United States is possibly more welcome than it has ever been. *Caspianpolicy.org*, July 19, 2023, Available at: <https://www.caspianpolicy.org/research/energy-and-economy-program-cep/connecting-central-asia-the-south-caucasus-and-beyond> (Accessed: November 22, 2023).

7 European Commission, “EU action to address the energy crisis”, 2023, Available at: [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/eu-action-address-energy-crisis\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/eu-action-address-energy-crisis_en) (Accessed: November 22, 2023)

8 IEA, “Baseline European Union gas demand and supply in 2023”, 2023 Available at: <https://www.iea.org/reports/how-to-avoid-gas-shortages-in-the-european-union-in-2023/baseline-european-union-gas-demand-and-supply-in-2023> (Accessed: November 22, 2023)

9 *Ibid.*

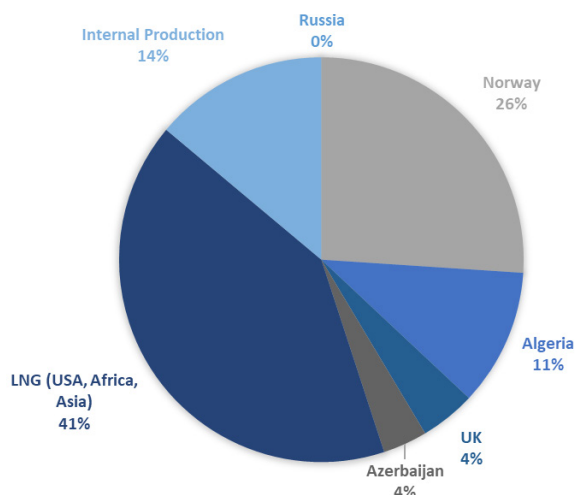


Figure 3 - Gas Supply to the EU in 2023. Source: *IEA*.

According to the IEA, if competition for supplies of LNG increases, due to a rebound of demand from China, and Europe's mild winter temperatures do not continue, then the EU could face a shortage of 30 bcm of natural gas in 2023.<sup>10</sup> The IEA also proposed additional action on energy efficiency, renewables, heat pumps, and gas supply from new sources to close this gap.

Compared to natural gas, the European market for oil and petroleum products is significantly diversified and not critically dependent on Russian sources. However, according to the IEA, "Russia's invasion of Ukraine sparked a surge in oil prices and brought security of supply concerns to the fore, helping accelerate deployment of clean energy technologies. At the same time, upstream investments in 2023 are expected to reach their highest levels since 2015."<sup>11</sup>

In the current energy crisis, the role of the Middle Corridor in connecting the energy-rich countries of the Caspian Sea basin with Europe through new and safer routes has become even more important.

<sup>10</sup> IEA, "How the European Union can avoid natural gas shortages in 2023", December 12, 2022, Available at: <https://www.iea.org/news/how-the-european-union-can-avoid-natural-gas-shortages-in-2023> (Accessed: November 22, 2023)

<sup>11</sup> IEA, "World oil markets reset", 2023, Available at: <https://www.iea.org/reports/oil-2023/executive-summary> (Accessed: November 22, 2023)



Figure 4 - The South Caucasus and Central Asia. Source: *Vidiani*.

Kazakhstan is a major oil producer in Central Asia, with significant proven reserves of oil (about 30 billion barrels) and gas (2.4 trillion cubic meters).<sup>12</sup> In contrast, Turkmenistan has substantial natural gas reserves (more than 11 trillion cubic meters) and has been a major supplier of natural gas to neighbouring countries. Uzbekistan has both oil and natural gas reserves and is a significant player in the Central Asian energy landscape. Tajikistan and Kyrgyzstan have smaller oil and gas reserves, and their energy sectors are less developed. They generally rely on imports to meet their energy needs.<sup>13</sup>

Azerbaijan, which is an important player in the Middle Corridor, is rich in energy resources, with both oil and natural gas reserves.<sup>14</sup> Georgia, which plays an important transit role in the Middle Corridor, does

12 CIA, “The World Factbook”, November 14, 2023, Available at: <https://www.cia.gov/the-world-factbook/countries/kazakhstan/> (Accessed: November 22, 2023)

13 CIA, “The World Factbook”, November 14, 2023, Available at: <https://www.cia.gov/the-world-factbook/countries/> (Accessed: November 22, 2023)

14 The Ministry of Energy of the Republic of Azerbaijan, “History of Development of Oil Industry”, January 31, 2020, Available at: <https://minenergy.gov.az/en/neft/neft-senayesinin-inkisaf-tarixi> (Accessed: November 22, 2023)

not have rich fossil energy resources but is rich in renewable energy sources, mainly hydro, wind, and solar.<sup>15</sup>

*Table 1 - Fossil and Renewable Energy Reserves in Central Asia, Azerbaijan, and Georgia. Source: CIA World Factbook 2023.<sup>16</sup>*

Country	Crude oil reserves (billion barrels, 2021 estimates)	Natural gas reserves (trillion cubic meters, 2021 estimates)	Renewable energy sources
Kazakhstan	30	2.407	Hydro, solar, wind
Turkmenistan	0.6	11.327	Solar, wind
Uzbekistan	0.6	1.840	Solar, WIND
Tajikistan	0.0012	0.006	Hydro (main), solar, wind
Kyrgyzstan	0.04	0.006	Hydro (main), solar, wind
Azerbaijan	7	1.7	Hydro, solar (main), wind
Georgia	0.035	0.008	Hydro (main), solar, wind

However, there are several challenges in terms of resource development, such as: lack of modern production technologies in the region and therefore high extraction costs; limited capacities of transit infrastructure; political instability and the significant influence of Russia and China in the region;<sup>17</sup> and difficulties in attracting investment from the EU.<sup>18</sup>

15 Ministry of Economy and Sustainable Development of Georgia, “National Renewable Energy Action Plan”, 2023, Available at: <https://www.economy.ge/?page=ecopolitic&s=63> (Accessed: November 22, 2023)

16 CIA, “The World Factbook”, November 14, 2023, Available at: <https://www.cia.gov/the-world-factbook/countries> (Accessed: November 22, 2023)

17 Bradsher, K., “In the ‘Great Game’ of Central Asia, China’s Leader Seeks the Advantage”, *NY Times*, September 17, 2022, Available at: <https://www.nytimes.com/2022/09/16/world/asia/china-xi-central-asia.html?searchResultPosition=1> (Accessed: November 22, 2023).

18 Bloomberg, *Gas-Rich Turkmenistan Is Running Out of Time to Feed Europe’s Fuel Appetite*, July 31, 2023, Available at: <https://www.bloomberg.com/news/articles/2023-07-31/gas-rich-turkmenistan-is-running-out-of-time-to-feed-europe-s-fuel-appetite> (Accessed: November 22, 2023)

For decades, the development of the Caspian Basin as an important source of fossil energy resources for Europe and the world was prevented by several factors. On the one hand, the effective resistance of Russia and Iran blocked the construction of the Trans-Caspian gas pipeline, while Russia itself became the supplier of Central Asian energy resources to Europe.<sup>19</sup> On the other hand, the growing markets of China<sup>20</sup> and India shifted Turkmenistan's gas exports to the East. Nevertheless, significant reserves of energy resources remain untapped and are waiting for investment from the West.

The countries of Central Asia are looking for a higher degree of independence from Russia, which has proved itself to be an

*Azerbaijan and Georgia are also important players in the Middle Corridor, as an energy producer and a transit country respectively, and each has significant potential in renewable energy sources.*

unreliable and monopolistic partner that disregards the sovereign interests of its neighbours. If Russia significantly cuts back or stops buying oil and gas from Kazakhstan and Turkmenistan due to its own excess production, those countries may start more active trade relations with European countries.<sup>21</sup> The first examples of this can already be seen in Kazakhstan increasing its oil exports to Azerbaijan for the European market<sup>22</sup> and Turkmenistan's recently reached agreement with Hungary on gas trade.<sup>23</sup>

19 Hoagland, R., *op.cit.* The five Central Asian states, each in its own way, have inherited the strong Russian political tradition of the confluence of oligarchs and intelligence services; that always plays a role in government decision-making.

20 Lingling, W., "China's 40-Year Boom Is Over. What Comes Next?", The end of China's economic boom may be accompanied by a slowdown in the growth rate of its energy demand. *Wall Street Journal*, August 20, 2023, Available at: <https://www.wsj.com/world/china/china-economy-debt-slowdown-recession-622a3be4> (Accessed: November 22, 2023).

21 Bushuev, M., "Russia targets EU, cutting off Kazakhstan's oil exports", *DW*, August 7, 2022, Available at: <https://www.dw.com/en/russia-targets-eu-cutting-off-kazakhstans-oil-exports/a-62408644> (Accessed: November 22, 2023).

22 Abbasova, V., "Kazakhstan Increases Oil Exports via Azerbaijan", *Caspiannews*, July 14, 2023, Available at: <https://caspiannews.com/news-detail/kazakhstan-increases-oil-exports-via-azerbaijan-2023-7-13-16>. (Accessed: November 22, 2023).

23 Caspianpolicy, *Hungary to Become the First Country to Sign a Commercial Agreement on the Import of Turkmen Gas*, August 20, 2023, Available at: <https://www.caspianpolicy.org/research/weekly-media-highlights/headlines-from-the-caspian-august-22-2023> (Accessed: November 22, 2023)

Azerbaijan and Georgia are also important players in the Middle Corridor, as an energy producer and a transit country respectively, and each has significant potential in renewable energy sources. Azerbaijan is making every effort to increase its exports of hydrocarbons to the European market, and to help achieve this it plans to significantly promote energy efficiency<sup>24</sup> and renewable energy production<sup>25</sup> and to export the saved gas and oil. At the same time, Azerbaijan is increasing imports of gas for its own use from Turkmenistan through an Iran-enabled swap. In June 2022, Iran and Azerbaijan agreed to double (from the existing 1.5–2 bcm/y) the annual gas exchange from Turkmenistan to Azerbaijan via the Iranian pipeline system.<sup>26</sup>

Azerbaijan possesses substantial potential for renewable energy sources, including a technical potential of 135 GW onshore and 157 GW offshore.<sup>27</sup> The economic potential for renewables is estimated at 27 GW, encompassing wind (3,000 MW), solar (23,000 MW), bioenergy (380 MW), and run-of-river hydro (520 MW). Despite being recognized as a fossil fuel energy exporter, Azerbaijan places special emphasis on renewable energy under President Ilham Aliyev’s energy security policy. The country’s total power generation capacity is 7,954 MW, with renewable sources contributing 16.5%. Azerbaijan aims to achieve a 30% share of renewable energy in its energy balance by 2030, thus fostering a clean and sustainable energy future.<sup>28</sup>

Georgia has abundant water resources, ranking among the top countries in the world on a per capita basis.<sup>29</sup> About 300 of its 26,060 rivers have

24 President of the Republic of Azerbaijan, *The order of the president of Azerbaijan dated July 17, 2023, on the approval of the “Procedure for the Implementation of State Control in the Field of Rational Use of Energy Resources and Energy Efficiency.”*, Azerbaijan, July 17, 2023.

25 The Ministry of Energy of the Republic of Azerbaijan, “The Use of Renewable Energy Resources in Azerbaijan”, June 16, 2023, Available at: <https://minenergy.gov.az/en/alternativ-ve-berpa-olunan-enerji/azerbaycanda-berpa-olunan-enerji-menbelerinden-istifade> (Accessed: November 22, 2023).

26 Newscentralasia, *NIGC: Iran recorded a surge in gas swap from Turkmenistan to Azerbaijan*, April 16, 2023, Available at: <https://www.newscentralasia.net/2023/04/16/nigc-iran-recorded-a-surge-in-gas-swap-from-turkmenistan-to-azerbaijan/> (Accessed: November 22, 2023)

27 The Ministry of Energy of the Republic of Azerbaijan, *op.cit.*

28 The Ministry of Energy of the Republic of Azerbaijan, *op.cit.*

29 REN21, “Factsheet: Renewable Energy in Georgia”, 2021, Available at: [https://ren21.net/wp-content/uploads/2019/05/Factsheet\\_Georgia-HardTalk-2021.pdf](https://ren21.net/wp-content/uploads/2019/05/Factsheet_Georgia-HardTalk-2021.pdf) (Accessed: November 22, 2023)

the potential to generate hydropower, but only 20–22% of this potential is currently being utilized. Georgia also has significant solar and wind energy potential. According to REN21, the economic potential for renewables in Georgia is estimated at 18 GW, including 15 GW of hydropower and 1.5 GW each for wind and solar energy.<sup>30</sup> In its National Integrated Energy and Climate Plan, Georgia plans to develop an additional 895 MW of renewables (hydro: 330 MW, wind: 400 MW, and solar: 165 MW) by 2024, and 1980 MW (hydro:700 MW, wind: 730 MW, and solar: 550 MW) by 2030.<sup>31</sup> Georgia aims to achieve a 27.4% share of renewables in its final energy consumption by 2030. The increased share of renewables will allow for increased electricity exports during spring and summer.

Georgia is also actively working on opportunities for the development of renewable hydrogen, for which it has already developed a strategy. With the help of donors, it has begun research on alternative technologies for its development.<sup>32</sup>

Fossil-fuel-rich Central Asia also has a lot to offer in terms of renewable energy, mainly solar and wind, which can play an important role in the decarbonization of the Middle Corridor and enhance the green energy transition in Europe and the region. The production and export of green electricity and renewable hydrogen may be one way to promote renewable energy in the Middle Corridor.

According to an IEA assessment, the deserts of KaraKum (mainly in Turkmenistan) and KyzylKum (divided between Kazakhstan, Turkmenistan, and Uzbekistan) can accommodate 26.3 and 22.5 TW of solar panel capacity capable of producing, respectively, 30.4 and 26 thousand TWh annually,<sup>33</sup> which is more than current world electricity

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30 *Ibid.*

31 GSE, Ten-Year Network Development Plan of Georgia, the existing capacities of power plants are distributed as follows - regulatory hydroelectric plants: 2381 MW, seasonal hydroelectric plants: 995 MW, combined thermal plants: 1079 MW, air turbine: 110 MW and wind power plant: 21 MW. 2023, Available at: [https://www.gse.com.ge/sw/static/file/TYNDP\\_GE-2023-2033\\_GEO.pdf](https://www.gse.com.ge/sw/static/file/TYNDP_GE-2023-2033_GEO.pdf) (Accessed: November 22, 2023)

32 Ministry of Economy and Sustainable Development of Georgia, “Draft National Integrated Energy and Climate Plan (NECP), of Georgia”, Tbilisi, MoESD, as of August 2023.

33 K. Komoto, “Energy from the Desert: Very Large Scale PV Power Plants for Shifting to Renewable Energy Future”, February 2015, Table A.2-1, Available at: [https://iea-pvps.org/wp-content/uploads/2020/01/Energy\\_from\\_the\\_desert\\_Ed-5\\_2015\\_lr.pdf](https://iea-pvps.org/wp-content/uploads/2020/01/Energy_from_the_desert_Ed-5_2015_lr.pdf) (Accessed: November 22, 2023)



production.<sup>34</sup> Another important site for renewable energy production in Central Asia is the Ustyurt Plateau, located between the Caspian and Aral Seas, and shared by Kazakhstan, Uzbekistan, and Turkmenistan. According to some estimates, this unoccupied flat clay desert has good solar potential alongside the highest wind potential in Central Asia. If only 20% of this territory could be exploited, it could generate an estimated 0.8 TW of wind or 2 TW of solar power, giving an estimated total of 2.4–2.8 thousand TWh of electricity production.<sup>35</sup>

In addition, Central Asian countries, especially Kazakhstan and Uzbekistan, are rich in critical minerals, which are important raw materials in the production of renewable energy technologies. This further increases the competitiveness of the region and creates a favourable environment for investment.<sup>36</sup>

Considering the significant potential of green energy production, Central Asian countries could become globally competitive in renewable hydrogen production. Production of renewable hydrogen is an emerging technology that can support the development of intermittent renewable energy sources such as wind and solar; the energy from those technologies can be stored and transported using hydrogen as the energy carrier. The EU's hydrogen strategy and REPowerEU plan aim to make hydrogen a key part of the energy mix by 2030, as it can help to reduce greenhouse gas (GHG) emissions and improve energy security.<sup>37</sup>

Although the development of even a part of the renewable energy capacity in Central Asia could fully satisfy not only the demands of the region but also contribute to the growing demand of Europe for electricity, it requires significant investment by and political readiness of the interested parties.

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34 IEA, “Energy Statistics Data Browser”, about 27 thousand TWh in 2020, August 18, 2022, Available at: <https://www.iea.org/data-and-statistics/data-tools/energy-statistics-data-browser?country=WORLD&fuel=Energy%20supply&indicator=TESbySource> (Accessed: November 22, 2023)

35 Margvelashvili, M., “Central Asia Decarbonizing the Southern Gas Corridor”, [www.weg.ge](http://weg.ge/sites/default/files/other_paper_10_weg.pdf), 2023, Available at: [http://weg.ge/sites/default/files/other\\_paper\\_10\\_weg.pdf](http://weg.ge/sites/default/files/other_paper_10_weg.pdf) (Accessed: November 22, 2023).

36 Vakulchuk, R., “Central Asia is a missing link in analyses of critical materials for the global clean energy transition”, Volume 4, Issue 12, p.1678-1692, December 17, 2021, Available at: <https://www.sciencedirect.com/science/article/pii/S2590332221006606#!> (Accessed: November 22, 2023).

37 European Commission, “Hydrogen”, 2022, Available at: [https://energy.ec.europa.eu/topics/energy-systems-integration/hydrogen\\_en](https://energy.ec.europa.eu/topics/energy-systems-integration/hydrogen_en) (Accessed: November 22, 2023).

Kazakhstan has already taken the first steps. It has signed a deal with Swedish company Svevind Energy Group to build a 20-GW green hydrogen plant on its territory. The \$50-billion-value plant is expected to produce up to 2 million tons of green hydrogen per year, which could be used to meet 20% of the EU's hydrogen import needs by 2030.<sup>38</sup> However, the transportation logistics need to be clarified. The current understanding is that this will be achieved in the form of green ammonia.<sup>39</sup>

As the shortest and safest alternative route to the North and South routes, the Middle Corridor facilitates the export of significant volumes of fossil energy resources and, by developing large-capacity renewable energy, can contribute to the decarbonization of the corridor and support the EU in reaching its renewables target. Despite a number of challenges<sup>40</sup> – economic, political, and technical – that hinder the large-scale and timely development of the corridor, current events in the world have created momentum for the expansion of this corridor. All interested parties, including Central Asia and South Caucasus countries, the EU, and the USA, should unite their efforts to realize the Middle Corridor and share the benefits of economic, political, social, and security development in the region.

### ***Energy Infrastructure in the Middle Corridor***

Modern technologies and infrastructure are critical to developing the abundant energy resources in Central Asia and the South Caucasus and transporting them along the Middle Corridor. Although large-scale projects such as BTC and SCP have been developed over the years, the infrastructure available today does not allow for the full exploitation and export of fossil and renewable energy resources to the European

38 Dezem, V., “Kazakhstan Signs Deal to Make Hydrogen at a \$50 Billion-Plant”, *Bloomberg*, October 27, 2022, Available at: <https://www.bloomberg.com/news/articles/2022-10-27/kazakhstan-signs-deal-to-make-hydrogen-at-a-50-billion-plant#xj4y7vzkg> (Accessed: November 22, 2023).

39 Atchison, J., “More green hydrogen & ammonia for Kazakhstan”, *Ammoniaenergy*, November 9, 2021, Available at: <https://www.ammoniaenergy.org/articles/more-green-hydrogen-ammonia-for-kazakhstan/> (Accessed: November 22, 2023).

40 Conflicts among countries, lack of production technology and infrastructure development, the willingness of gas-rich countries to allow hydrogen transportation rather than developing and exporting their gas etc. Author's note.

market. Table 2 provides a brief technical description of the main oil and gas transit infrastructure in the corridor.

*Table 2 - The main oil and gas transit infrastructure in the Middle Corridor*

Energy resource	Project	Means of transportation	Full capacity	Real load
Oil	Western Route Export Pipeline (WREP, operational since 1999)	Oil pipeline	7.2 mln. tons a year	4.2 mln. tons. (58%, in 2021) <sup>41</sup>
Oil	Baku–Tbilisi–Ceyhan pipeline (BTC, operational since 2006)	Oil pipeline	Up to 70 mln. tons (≈500 mln. barrels) a year (throughput capacity is currently 1.2 million barrels per day)	500 mln. barrels. (100%, in 2021) <sup>42</sup>
Gas	South Caucasus Pipeline (SCP, operational since 2006)	Gas pipeline	24 bcm/y with the extension perspective up to 31 bcm/y <sup>43</sup>	19.8 bcm (83% in 2022) <sup>44</sup>
Gas	Southern Gas Corridor (SGC, operational since 2020, when TAP began commercial operation <sup>45</sup> )	Gas pipelines	SCPX (current 24.04 bcma, with up to 31 bcma extension capacity), TANAP (16.2 bcma, up to 31 bcma), TAP (10.5 bcma, with up to 20 bcma by 2027),	11.4 bcm (109% in 2022)

41 O’Byrne, D., “Ukraine war forces closure of Azerbaijani oil export pipeline”, *Eurasianet*, June 6, 2022, Available at: <https://eurasianet.org/ukraine-war-forces-closure-of-azerbaijani-oil-export-pipeline> (Accessed: November 22, 2023).

42 BP, “Baku–Tbilisi–Ceyhan pipeline”, 2022, Available at: [https://www.bp.com/en\\_az/azerbaijan/home/who-we-are/operationsprojects/pipelines/btc.html](https://www.bp.com/en_az/azerbaijan/home/who-we-are/operationsprojects/pipelines/btc.html) (Accessed: November 22, 2023).

43 SGC, “South Caucasus Pipeline (SCP)”, 2020, Available at: <https://www.sgc.az/en/project/scp> (Accessed: November 22, 2023).

44 GOGC, “Years Statistics, Georgian Oil & Gas Corporation”, 2023, Available at: <https://www.gogc.ge/en/statistics/years/> (Accessed: November 22, 2023).

45 The Ministry of Energy of the Republic of Azerbaijan, “The Southern Gas Corridor”, May 31, 2023 Available at: [https://minenergy.gov.az/en/layiheler/cenub-qaz-dehlizi\\_2196](https://minenergy.gov.az/en/layiheler/cenub-qaz-dehlizi_2196) (Accessed: November 22, 2023).

Oil	Baku–Tbilisi–Kars Railway (BTK, operational since 2017)	Railway transportation of oil and oil products <sup>46</sup>	5 mln. tons of cargo (potential increase up to 17) and 3 mln. passengers.	Oil not observed as of 2023, while 1.4 mln tons of dry cargo was transported during 2017-2022
Oil	Georgian Railway, excluding BTK route	Railway transportation of oil and oil products	Up to 30 mln. tons of cargo <sup>47</sup>	14.8 mln. tons of cargo (53% in 2022)

**The Western Route Export Pipeline (WREP) (Baku–Supsa)** was the first oil pipeline to begin operation (in February 1999) after the collapse of the Soviet Union. The WREP transports crude oil from offshore oil fields in the Caspian Sea (Azerbaijan) to the Black Sea (Georgia), where it is further shipped via tankers through the Bosphorus to European markets. The construction budget of the WREP was about \$600 million.

**The Baku–Tbilisi–Ceyhan (BTC)** oil pipeline was another major development that became operational in June 2006. The pipeline transports oil from the Azeri-Chirag-Deepwater Gunashli (ACG) field and condensate from the Shah-Deniz field across Azerbaijan, Georgia, and Türkiye. It links the Sangachal terminal on the shores of the Caspian Sea to the Ceyhan marine terminal on the Turkish Mediterranean coast. Starting in October 2013, the BTC pipeline also resumed the transportation of some volumes of

46 TRACECA, “Opening ceremony of the Baku-Tbilisi-Kars railway - Uninterrupted and Reliable Rail Transport Bridge for the TRACECA Corridor”, October 31, 2017, Available at: [https://www.traceca-org.org/en/news/single-news/n/opening\\_ceremony\\_of\\_the\\_baku\\_tbilisi\\_kars\\_railway\\_uninterrupted\\_and\\_reliable\\_rail\\_transport\\_bridge/](https://www.traceca-org.org/en/news/single-news/n/opening_ceremony_of_the_baku_tbilisi_kars_railway_uninterrupted_and_reliable_rail_transport_bridge/)(Accessed: November 22, 2023).

47 Ministry of Economy and Sustainable Development of Georgia, “2020-2030 national logistics strategy of Georgia”, 2023, Available at: [https://www.economy.ge/uploads/files/2017/transport/2023/strategy/transportisa\\_da\\_logistikis\\_strategia\\_2023\\_2030.pdf](https://www.economy.ge/uploads/files/2017/transport/2023/strategy/transportisa_da_logistikis_strategia_2023_2030.pdf) (Accessed: November 22, 2023).

Tengiz crude oil from Kazakhstan.<sup>48</sup> Kazakhstan hopes to deliver up to 1.5 million tons of oil through the BTC pipeline in 2023 as part of growing efforts to find export routes bypassing Russia.<sup>49</sup> The total cost of the BTC oil pipeline project was estimated to be around \$3.9 billion.



Figure 5 – The WREP, BTC, and SCP pipelines. Source: The State Oil Company of Azerbaijan Republic (SOCAR, 2018).

**The South Caucasus Gas Pipeline (SCP)**<sup>50</sup> was constructed jointly with the BTC oil pipeline to minimize the environmental and social impact and to achieve synergies in capital and operating costs. The pipeline has been operational since late 2006, transporting gas from Azerbaijan to Georgia and, starting from July 2007, to Türkiye from the Shah-Deniz field’s Stage 1 development.

**The South Caucasus Pipeline Expansion (SCPX)** is being constructed to increase the capacity of SCP. The expanded section of the pipeline began commercial deliveries to Türkiye in June 2018 and to Europe in December 2020. The SCPX is a joint venture between the State Oil Company of the Republic of Azerbaijan (SOCAR), BP, Chevron, Equinor, Shell, Total-Energie, and the State Oil and Gas Company of Turkmenistan (Turkmengas). The project has an

48 bp, *op.cit.*,

49 Oilmarketnews, “Kazakhstan To Start Using New Oil Export Route In 2023”, 2023, Available at: <https://oilmarket.news/kazakhstan-to-start-using-new-oil-export-route-in-2023/> (Accessed: November 22, 2023).

50 SGC, South Caucasus Pipeline (SCP), *op.cit.*,

estimated cost of about \$3 billion.<sup>51</sup> The SCPX is a major component of the SGC, a network of pipelines that transports natural gas from Azerbaijan to Europe.

**The Southern Gas Corridor (SGC)**, a predecessor of the Middle Corridor, includes the SCP, Trans-Anatolian Pipeline (TANAP), and Trans-Adriatic Pipeline (TAP), with a total budget of about \$20 billion.<sup>52</sup> The SGC aims to increase and diversify European energy supply by bringing gas resources from the Caspian Sea to markets in Europe to reduce the continent’s reliance on Russian gas and assist in diversifying the energy supply therein. Upon completion, the Shah-Deniz natural gas field development (SD2) project will add a further 16 bcm/a of natural gas production capacity to the existing 11 bcm/a production capacity already existing from the first-stage (SD1) project. The total length of the newly constructed SCPX, TANAP, and TAP pipelines is more than 3,200 km.



**Southern Gas Corridor:** SCPX (current 24.04 bcma, with up to 31 bcma extension capacity), TANAP (current 16.2 bcma, with up to 31 bcma extension capacity), TAP (current 10.5 bcma, with up to 20 bcma extension capacity by 2027),

*Figure 6 - The Southern Gas Corridor, Source: SGC.*

The SGC’s current 10.5 bcm/a capacity for supplying gas to the EU can be enhanced to 16.2 bcm/a, if Türkiye delivers its portion of TANAP to the EU, by saving gas through energy efficiency, increasing the share of renewables, purchasing LNG, or imports from other sources. This would account for about 20% of the current gas shortage (30 bcm/a in 2023) in the EU.

51 Socor, V., “SCP, TANAP, TAP: Segments of the Southern Gas Corridor to Europe”, Jamestown Foundation, January 15, 2014, Available at: <https://jamestown.org/program/scp-tanap-segments-of-the-southern-gas-corridor-to-europe/>(Accessed: November 22, 2023).

52 *Ibid.*

The implementation of the above-mentioned projects was challenging, as they involved significant technical, environmental, political, and economic difficulties. However, each project was successfully completed and now plays an important role in the regional development and energy security of Georgia, Türkiye, and the EU.

Along with oil pipelines, railways play an important role in the transportation of oil from Asia to Europe, doing so even in the 19th century. The Baku–Tbilisi–Batumi railway line, a vital artery linking the Caspian Sea and the Black Sea, became operational in 1883, allowing the transportation of Azerbaijani oil through the port of Batumi. Over the past decade, more than 38.7 million tons of Kazakh and Turkmen oil have been delivered to world markets by rail via the Azerbaijan-Georgia railway infrastructure.<sup>53</sup> So far, more than 14.8 million tons of transit oil products, including fuel oil, jet fuel, petrol, diesel, and gas oil, have been transported to Georgia and exported to world markets.<sup>54</sup> The modern Alat Port of Baku is connected by railway to the ports of Batumi and Poti on the Black Sea of Georgia. The Port of Baku is also well connected to the newly developed BTK railway line connecting Azerbaijan, Georgia, and Türkiye, which became operational on 30 October 2017. This route provides transportation of goods from Central Asia, primarily oil and oil products, to ports on the Mediterranean Sea in Türkiye and, subsequently, to world markets. Despite BTK providing significant transit opportunities to Georgia, the capacity of the Akhalkalaki line is not fully utilized for unknown reasons.<sup>55</sup>

The significance of Georgian ports as gateways to the Black Sea cannot be overstated. Companies from Georgia, Azerbaijan, and Kazakhstan have launched new feeder vessels operating between Poti and Constanta (Romania), while Denmark’s Mærsk and Finland’s Nurminen Logistics have joined the Middle Corridor initiative.<sup>56</sup> The EU’s support under

53 SOCAR, “Rail transportation”, 2021, Available at: <https://socar.az/en/page/rail-transportation> (Accessed: November 22, 2023)

54 *Ibid.*

55 Radiotavisupleba, “The Baku-Tbilisi-Kars railway section was temporarily closed”, May 16, 2023, Available at: <https://www.radiotavisupleba.ge/a/32413707.html> (Accessed: November 22, 2023)

56 Eldem, T., “Russia’s War on Ukraine and the Rise of the Middle Corridor as a Third Vector of Eurasian Connectivity, SWP-Berlin, October 28, 2022 Available at: <https://www.swp-berlin.org/10.18449/2022C64/> (Accessed: November 22, 2023) / [www.maersk.com](http://www.maersk.com), Maersk launches a revamped Middle Corridor rail service, May 16, 2022 Available

the Trans-European Transport Network (TEN-T) programme would further boost the corridor's capacity.

In the framework of the Middle Corridor, one of the critical project ideas is the Trans-Caspian Pipeline (TCP), a proposed undersea pipeline that would transport 30 bcm of gas annually from Turkmenistan to Azerbaijan and then to Europe. The TCP is seen as a way to diversify European gas supplies and reduce the continent's dependence on Russia. The TCP has been on the agenda since the United States first suggested the project in 1996, but construction has not yet begun due to border disputes among the five littoral states of the Caspian Sea and the resistance of Iran and Russia.

However, the last four years have seen the most remarkable and dynamic changes in the Caspian and South Caucasus regions. The Caspian Convention, which has a provision that undersea pipelines may be constructed by countries involved in the project without requiring others to first approve, was signed in 2018.<sup>57</sup> Azerbaijan and Turkmenistan have also opened a new era in their bilateral relations, culminating in January 2021 with a memorandum of understanding (MoU) on the joint development of the offshore 'Dostluk' field, raising hopes for the realization of the TCP.<sup>58</sup> The TCP would be an eastward extension of the SGC and would increase the latter's capacity in the future. In light of the Russia–Ukraine war and induced energy crisis, the TCP pipeline is receiving renewed attention. The EU and the United States should seize this opportunity to increase their support for the project.

In addition to the TCP gas pipeline, other projects such as the Azerbaijan–Georgia–Romania Interconnector (AGRI) for LNG<sup>59</sup> and

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at: <https://www.maersk.com/news/articles/2022/05/16/maersk-launches-a-revamped-middle-corridor-rail-service> (Accessed: November 22, 2023)

57 Nortonrosefulbright, "The Convention on the Legal Status of the Caspian Sea - A sea or not a sea: that is still the question", September 2018, Available at: <https://www.nortonrosefulbright.com/en-in/knowledge/publications/5f222b95/the-convention-on-the-legal-status-of-the-caspian-sea---a-sea-or-not-a-sea-that-is-still-the-question#:~:text=On%20August%2012%2C%202018%2C%20the%20leaders%20of%20Azerbaijan%2C,Legal%20Status%20of%20the%20Caspian%20Sea%20%28the%20Convention%29>. (Accessed: November 22, 2023)

58 Hajiyev, Sh., "Has the Trans-Caspian Pipeline's Time Finally Arrived?" Aircenter, June 15, 2021, Available at: <https://aircenter.az/en/single/has-the-trans-caspian-pipeline-time-finally-arrived-728> (Accessed: November 22, 2023)

59 Azernews, *Timeframe for implementation of AGRI project revealed*, March 8, 2019, Available at: [https://www.azernews.az/oil\\_and\\_gas/146939.html](https://www.azernews.az/oil_and_gas/146939.html) (Accessed: November



the White Stream<sup>60</sup> pipeline should not be overlooked. These projects were previously supported by the EU and could be revived in light of current events in the region for the further development of the Middle Corridor.

Georgia, Azerbaijan, Romania, and Hungary have already reached an agreement on the development of the Black Sea Submarine Power Cable; this was signed at a meeting in Bucharest on 17 December 2022.<sup>61</sup> It will be the longest (1,100 km) underwater power cable in the world, aiming to connect the South Caucasus region with southeastern Europe and involving the electricity systems of Azerbaijan, Georgia, Romania and Hungary, and continental Europe. Within the framework of the project, a high-speed fibre optic internet cable is also being considered, which will increase the security of information transmission between the regions, bypassing Russia. According to the President of the European Commission, Ursula von der Leyen, the Black Sea submarine cable is “an ambitious project. It would connect us on both sides of the Black Sea and run further towards the Caspian Sea region both for digital communication and for energy. It will help reinforce our security of supply by bringing electricity from renewable sources to the European Union.”<sup>62</sup> A feasibility study of the submarine cable is ongoing and will be completed in the first half of 2024.<sup>63</sup>

*Although the Zangezur Corridor is the shortest route connecting Azerbaijan with its Nakhchivan Autonomous Republic and with Türkiye through Armenia and would also provide economic benefits for Türkiye, it still faces opposition from Armenia and Iran.*

The development of the Zangezur Corridor could increase the capacity and importance of the Middle Corridor. Although the Zangezur Corridor is the shortest route connecting Azerbaijan with its Nakhchivan

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22, 2023)

60 Actmedia, *White Stream, is currently being considered, bringing gas through Romania and Bulgaria*, December 4, 2014, Available at: <https://actmedia.eu/energy-and-environment/white-stream-is-currently-being-considered-bringing-gas-through-romania-and-bulgaria/55487> (Accessed: November 22, 2023)

61 GSE, *Black Sea Submarine Cable Project Feasibility Study Review*, June 15, 2022, Available at: <https://gse.com.ge/communication/news/2022/black-sea-submarine-project-feasibility-study-review/> (Accessed: November 22, 2023)

62 RFE/RL's Romanian Service, *Hungary, Romania, Georgia, Azerbaijan Agree To Black Sea Electricity Project*, December 17, 2022, Available at: <https://www.rferl.org/a/romania-hungary-azerbaijan-georgia-electric-cable-black-sea/32180990.html> (Accessed: November 22, 2023)

63 GSE, *op.cit.*

Autonomous Republic and with Türkiye through Armenia and would also provide economic benefits for Türkiye, it still faces opposition from Armenia and Iran.<sup>64</sup>

Overall, the existing gas transport infrastructure capacity in the Middle Corridor is insufficient to transport the amount of energy that Europe needs in this critical period. The Middle Corridor requires further development and scaling up of transport infrastructure. In addition, it is necessary to harmonize the transport and economic policies of the Middle Corridor countries and bring them closer to EU standards.

### *Implications of the Middle Corridor for Azerbaijan and Georgia*

The development of the Middle Corridor will bring significant economic and political and security benefits to Azerbaijan and Georgia, further increasing their cooperation. These countries now have unprecedented potential to diversify their economies and establish a major regional energy hub thanks to the Middle Corridor. By leveraging their strategic location and the transportation infrastructure of the Middle Corridor, Azerbaijan and Georgia can attract investment in energy infrastructure, stimulate economic growth, and enhance their energy security.

By positioning them as regional energy centres and proponents of regional integration, the Middle Corridor can provide Azerbaijan and Georgia with more leverage in international negotiations. To fully reap the rewards of the Middle Corridor, Azerbaijan and Georgia must also further their cooperation with the EU and apply its principles of good governance and trade-related acquis.

The development of the Middle Corridor has the potential to bring significant benefits to Armenia as well. The opening of the Middle Corridor would provide Armenia with a new trade route to both East and West, which would help to boost its economy, increase trade and investment, and improve connectivity. The development of the Middle Corridor would require cooperation between Armenia, Azerbaijan,

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<sup>64</sup> Huseynov, V., "Uncertainty Looms Over Zangezur Corridor as Armenian-Azerbaijani Disputes Persist", Jamestown Foundation, March 7, 2023, Available at: <https://jamestown.org/program/uncertainty-looms-over-zangezur-corridor-as-armenian-azerbaijani-disputes-persist/> (Accessed: November 22, 2023)

Türkiye, and other countries in the region. This would help to improve relations between these countries and promote peace and stability in the region.

The favourable geopolitical locations of Georgia and Azerbaijan can enable them to become educational hubs for significant academic and scientific initiatives in the Middle Corridor development. They can become centres of research that will promote the green transition, energy security, and making and keeping peace in the region. Projects of strategic importance that will reinforce the Middle Corridor can be initiated and will be facilitated by attracting students and researchers from Central Asia and neighbouring countries.

Georgia and Azerbaijan are therefore taking important steps for the development of the Middle Corridor:

As a member of the Energy Community, Georgia is actively implementing reforms in the energy sector by introducing European directives and regulations.<sup>65</sup> This is creating a favourable investment environment for the development of renewable energy resources that might later be exported to the EU.

Georgia supports the Black Sea Transmission Planning (BSTP) project, which aims to strengthen electricity trade potential between Black Sea countries, regional cooperation, and improved market operation studies. Project participants include TSO representatives of Georgia, Ukraine, Moldova, Bulgaria, and Türkiye.<sup>66</sup>

Azerbaijan aims to produce more electricity from renewables, thereby attracting investment, particularly from the UAE and Saudi Arabia.<sup>67</sup>

Another important development in EU–Azerbaijan cooperation was a new ‘Memorandum of Understanding on a Strategic Partnership in

*The opening of the Middle Corridor would provide Armenia with a new trade route to both East and West, which would help to boost its economy, increase trade and investment, and improve connectivity.*

65 Energy-Community, “The 2022 Country Report Georgia”, 2022, Available at: <https://www.energy-community.org/implementation/report/Georgia.html> (Accessed: November 22, 2023)

66 Ministry of Economy and Sustainable Development of Georgia, “Draft National Integrated Energy and Climate Plan (NECP), of Georgia”, Tbilisi, MoESD, as of August 2023

67 Zawya, “Saudi’s ACWA Power, UAE’s Masdar, Azerbaijan’s SOCAR team up for 500MW renewable energy projects”, November 9, 2023, Available at: <https://www.zawya.com/en/wealth/sustainability/saudis-acwa-power-uaes-masdar-azerbajians-socar-team-up-for-500mw-renewable-energy-projects-mrvi2j39> (Accessed: November 22, 2023)

the Field of Energy’ signed on 18 July 2022.<sup>68</sup> The MoU includes a commitment to double the capacity of the SGC to deliver at least 20 bcm annually to the EU by 2027 and to accelerate the development of renewable energy generation and green hydrogen production. This will contribute to the diversification objectives in the REPowerEU Plan and help Europe to ease its dependency on Russian gas.

Despite this, even stronger cooperation between Azerbaijan and Georgia is needed to promote the Middle Corridor. They can set an example for Central Asian countries in terms of simplifying border relations, eliminating tariffs and bureaucratic barriers, implementing joint infrastructure projects, and cooperating with the EU.

### *Conclusion*

The Middle Corridor has the potential to develop into a major undertaking that will alter the geopolitics, security, and economic ties between Europe and Asia in the 21st century. It can also enhance cooperation between countries.

The conflict between Russia and Ukraine, Western sanctions against Iran and Russia, the EU’s need to diversify its energy sources and trade routes, the significant potential of fossil and renewable energy resources in Central Asia, the requirement for a secure internet connection between Asia and Europe bypassing Russia, and other factors have all contributed to the current increase in interest in the Middle Corridor.

The Middle Corridor is essential because it offers an alternative transportation route for the delivery of energy resources, avoiding conventional routes that pass through or originate from Russia or the Middle East, which can be vulnerable to geopolitical tensions and disruptions. The corridor facilitates the movement of a variety of energy resources, including LNG, natural gas, oil, green electricity, and renewable hydrogen, all of which can help accelerate the EU’s green transition.

In the past two years, important steps have been taken in the development of the Middle Corridor, examples of which are the EU–Azerbaijan

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<sup>68</sup> European Commission, “EU and Azerbaijan enhance bilateral relations, including energy cooperation”, July 18, 2022, Available at: [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_22\\_4550](https://ec.europa.eu/commission/presscorner/detail/en/IP_22_4550) (Accessed: November 22, 2023)

MoU on strategic partnership in the energy sector, the natural gas trade agreement reached between Hungary and Turkmenistan, the agreement between Kazakhstan and a Swedish company on the development of a gigawatt-scale renewable hydrogen plant, increased oil exports from Kazakhstan to Azerbaijan and on to EU markets, and an agreement among Georgia Azerbaijan, Romania, and Hungary on the development of a high-voltage submarine electricity cable under the Black Sea. In the Middle Corridor, the interests of the world's leading logistics companies, such as Denmark's Mærsk, Austria's Rail Cargo Group, Finland's Nurminen Logistics, and the Dutch Rail Bridge Cargo, all taking actions aimed at increasing cargo turnover along the route, have amplified the significance of the initiative.

The fossil-fuel-rich Central Asian region has a lot to offer in terms of renewable energy, especially solar and wind, which can help decarbonize the Middle Corridor and advance the green energy transition in Europe and the region. The best way to encourage renewable energy generation in the Middle Corridor may be through the production and export of green electricity and renewable hydrogen. Azerbaijan, a significant player in the Middle Corridor, is endowed with vast oil and natural gas deposits. Georgia, which is a key transit state in the Corridor, has a wealth of renewable energy resources, particularly hydro, wind, and solar, making up for its lack of abundant fossil fuel resources.

Overall, Central Asia and the South Caucasus offer a wide range of fossil and renewable energy sources and export routes, which can significantly improve the EU's energy security and be instrumental in the growth of the Middle Corridor. The Middle Corridor facilitates the export of significant amounts of fossil fuels and, by developing large-capacity renewable energy, can help to decarbonize the corridor and aid the EU in meeting its renewable energy target. It is also the shortest and safest alternate route to the North and South routes. Despite numerous obstacles – economic, political, and technical – that have prevented the corridor's rapid and extensive development, the current situation in the world is creating momentum for its growth.

If Türkiye delivers its share of gas from TANAP to the EU (by saving gas through energy efficiency, increasing the share of renewables, purchasing LNG, or import from other sources), the SGC's existing 10.5 bcm/a capacity for supplying gas to the EU can be increased to

16.2 bcm/a. About 20% of the EU's current gas shortage (30 bcm/a in 2023) would be attributable to this increase. Despite the Middle Corridor's limited ability to transport the amount of gas required for Europe to meet its current energy needs, Central Asia and the South Caucasus have abundant fossil and renewable energy resources that can more than meet the continent's growing long-term energy needs.

The Middle Corridor can have significant economic and political implications for Azerbaijan and Georgia, including economic diversification, enhanced regional integration, increased diplomatic leverage, and reduced dependence on Russia. Georgia's advantageous location makes it a potential centre for academic and scientific activities in the Middle Corridor. It can attract students and researchers from the region to promote the green transition, energy security, and peace-making. This could contribute to the overall development and stability of the South Caucasus region.

Much depends on whether the energy-rich countries of Central Asia manage to break free from Russian influence and actively begin negotiations and cooperation with the EU to increase production and export on the scale required to meet Europe's current deficit. This is an urgent moment, because fossil energy resources may soon become a thing of the past in light of the development of green and clean energy sources, and countries' decarbonization commitments. Viewing this from the perspective of national interests is crucial; however, the world as a whole, and these nations themselves, will benefit most from a larger-scale vision at this time.

# Navigating Geopolitical Complexity: Iran, Türkiye, and the Quest for Middle East-South Caucasus Interconnectedness

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Ali Bakır\*

This article explores the multifaceted geopolitical dynamics underpinning the Middle East and South Caucasus regions and emphasizes the profound historical interconnectedness between them. It highlights the importance of reviving and promoting the interconnectedness and inter-cooperation between the two regions, particularly in an era of changing geopolitical landscapes surrounding the US and Russia. Central to the theme of the article are Iran and Türkiye, two critical regional actors whose roles and policies profoundly influence the interconnectedness of the Middle East and South Caucasus regions. The author argues that, while Iran presents a geographical opportunity to promote interconnectedness, realities on ground reflect another image. In stark contrast, it is argued that Türkiye could be a unifying force. The article sheds light on significant initiatives spearheaded by Türkiye, notably the Middle Corridor, the Gulf Corridor, and the Zangezur Corridor. These endeavours are viewed not just as modern infrastructure projects, but as a reflection of the ancient Silk Road's spirit of connectivity and cooperation. Against the backdrop of a constantly evolving global geopolitical landscape, the article underscores the paramount importance of bolstering such regional interconnectedness to usher in economic synergies, enhanced security cooperation, and a robust cultural exchange, thereby contributing to regional stability and shared prosperity.

**Keywords:** Middle East, South Caucasus, Iran, Türkiye, Interconnectedness.



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### *Introduction*

From a geopolitical standpoint, the strategic importance of the Middle East and South Caucasus regions cannot be overstated. The Middle East is located at the crossroads of Europe, Asia, and Africa. The region is rich in natural resources, including fossil fuels. It is home to some of the world's most important oil and gas resources. The vast reserves of oil and gas have made it an economic powerhouse. Countries such as Saudi Arabia, Iran, Iraq, the UAE, and Kuwait are pivotal players in the global oil market. Others, such as Qatar and Algeria, have great impact on the global gas market. The vast energy resources, especially in the Gulf region, elevate the importance of these countries in the global economy.

The Middle East is also strategically important due to the Suez Canal and the Strait of Hormuz, two of the world's most important choke points for maritime trade and the world's busiest shipping routes. The Suez Canal facilitates a significant portion of global trade, linking the Red Sea to the Mediterranean. Its significance is underscored by the 2021 blockage<sup>1</sup> that disrupted global supply chains. Similarly, the Strait of Hormuz, a narrow passage between the Arabian Gulf and the Gulf of Oman, sees a substantial portion of the world's oil shipments. Any disruption here can have cascading effects on global energy security.

Similarly, the South Caucasus, roughly corresponding to the territory of Armenia, Georgia, and Azerbaijan, is strategically important due to its location at the crossroads of Europe and Asia. Nestled between the Black and Caspian seas, the South Caucasus serves as a natural bridge between Europe and Asia. Its importance stems from the fact that it is energy rich, particularly Azerbaijan, and is adjacent to the Caspian Sea region. It is also home to the Caucasus Mountains, which form a natural barrier between Europe and Asia. Its geo-economic significance increases as a result of it being an energy corridor between exporters in the East and consumers in the West. The Baku–Tbilisi–Ceyhan pipeline exemplifies this, transporting oil from Azerbaijan's Caspian fields through Georgia and Türkiye to Mediterranean shores. Another mega project – the Southern Gas Corridor, originating from Azerbaijan's Shah-Deniz gas field and stretching to Europe through Georgia and Türkiye – not only

<sup>1</sup> Chellel, K., Campbell, M., and Oanh Ha, K., “Six Days in Suez: The Inside Story of the Ship That Broke Global Trade”, *Bloomberg*, June 24, 2021, available at: <https://www.bloomberg.com/news/features/2021-06-24/how-the-billion-dollar-ever-given-cargo-ship-got-stuck-in-the-suez-canal> (Accessed: October 3, 2023)



boosts the economies of Azerbaijan, Georgia, and Türkiye, but also helps to diversify Europe's energy sources, thus reducing its dependence on Russian gas.

### ***Middle East–South Caucasus interconnectedness***

The Middle East and the South Caucasus have historically been intertwined,<sup>2</sup> not just geographically, but also through a web of trade, culture, religion, and diplomacy.<sup>3</sup> Their shared legacy of the Silk Road epitomizes this connection; goods, ideas, and beliefs flowed seamlessly along this route, enriching both regions. This historical connectedness laid the foundation for mutual understanding, shared values, and collaborative endeavours for centuries. The Silk Road, a vast network of trade routes, stands as a symbol of the deep-rooted interconnectedness between the Middle East and the South Caucasus.

Economically, the Silk Road elevated the Middle East and South Caucasus as pivotal commercial hubs, with cities like Aleppo, Baku, and Tbilisi thriving as trade centres. This economic significance also had geopolitical ramifications, as control over sections of the Silk Road became a strategic objective for empires. The enduring legacy of the Silk Road underscores the historical, cultural, and geopolitical ties that bind the Middle East and South Caucasus, highlighting their shared past and intertwined destinies.

Beyond the exchange of tangible goods such as silks and spices, this ancient pathway facilitated a profound era of cultural and intellectual exchange. The Middle East, with its centres of learning and commerce, absorbed and disseminated knowledge, while the South Caucasus, positioned at a strategic crossroads, became a melting pot of diverse ideas, beliefs, and cultures. As merchants and travellers journeyed along these routes, they carried with them not just commodities, but also ideologies, knowledge, and artistic expressions. This led to a remarkable cultural syncretism.

*Nestled between the Black and Caspian seas, the South Caucasus serves as a natural bridge between Europe and Asia. Its importance stems from the fact that it is energy rich, particularly Azerbaijan, and is adjacent to the Caspian Sea region.*

2 Bishku, M., “Is the South Caucasus Region a Part of the Middle East?”, *Journal of Third World Studies*, vol. XXXII, no. 1, 2015, pp. 83-102.

3 Chankvetadze, N., Murusidze, K., “The ties that bind: The South Caucasus and the Middle East”, *Middle East Institute*, January 24, 2020, available at: <https://www.mei.edu/publications/ties-bind-south-caucasus-and-middle-east> (Accessed: October 3, 2023)

However, when the two regions fell under the colonial hegemony of East and West, the connectedness was shattered, intra- and inter-regional cooperation vanished, and a huge gap was created between the two regions, only to be widened later by regional actors such as Russia and Iran. Despite this, the intrinsic significance of both regions has rendered them arenas for global power dynamics. The USA, with its strategic imperatives; Russia, with its historical hegemony; China, with its expansive Belt and Road Initiative; and regional actors such as Iran and Türkiye are all seeking strategic inroads.

The intricate tapestry of geopolitical dynamics in the Middle East and South Caucasus underscores their centrality in global affairs. With the decline of the USA, and the weakening of Russia's regional influence, there is an opportunity, and an urgent need, for the two regions to once more promote interconnectivity and elevate mutual cooperation.

In today's global dynamics, regional interconnectedness and cooperation are more crucial than ever. At the heart of this lies the promise of economic synergies. By joining forces, the Middle East and the South

*By joining forces, the Middle East and the South Caucasus can unlock new opportunities for trade and investment, thereby creating a mutually beneficial partnership that benefits both regions.*

Caucasus can unlock new opportunities for trade and investment, thereby creating a mutually beneficial partnership that benefits both regions. This type of collaboration has the potential to open up vast markets, creating new pathways for growth and prosperity. The ultimate goal is to enhance economic growth and uplift the living standards of the populations.

Moreover, infrastructure, often the backbone of economic growth, benefits immensely from regional cooperation, thus offering new possibilities when countries come together to build highways that traverse continents or pipelines that connect energy hubs. Such endeavours not only fuel economies but also weave regions closer together, both literally and metaphorically.

Yet, the benefits of regional cooperation are not just economic. There is a ripple effect on security and stability. By joining hands, regions can present a united front against any shared threat, be it foreign powers, terrorism, organized crime, or any other. Taking into account the valuable lessons drawn from history and contemporary geopolitics, regions bound by strong economic ties are less prone to conflicts, ensuring a more harmonious and stable geopolitical landscape.

On the softer side of these ties lies the promise of strong cultural exchange. As regions interact, they revive the shared values, traditions, and customs that bonded the people of the region for centuries, thus fostering a mutual understanding and appreciation of diverse traditions and values. This not only enriches societies but also acts as a buffer against misunderstandings that could escalate into larger conflicts. Innovation, the driver of future growth, also thrives in an environment of cooperation. Countries of the Middle East and South Caucasus regions need to foster joint research initiatives, academic exchange programmes, dialogue, think-tank ties, and projects, as well as technology investment and exchange. These initiatives can fast-track advancements and bring shared benefits to the people of the two regions.

In our globalized world, challenges have also gone global. From the looming shadow of climate change to the unpredictability of pandemics, no challenge is confined to a single region and no such challenge can be countered by one country.<sup>4</sup> It is here that the strength of regional cooperation shines brightest, offering collective solutions to shared challenges. Crises, unfortunately, are an inevitable part of our global narrative. Nevertheless, with regional cooperation, their impact can be mitigated. Neighbours can swiftly step in with humanitarian aid, ensuring that recovery is both quick and effective.

Moreover, there is the weight of collective voice. When regions speak in unison, the world listens. Be it in global forums or trade negotiations, a united regional front often holds more sway, ensuring that participants' interests are not sidelined. The question is, how do we start promoting interconnectedness, and where from?

### ***Iran: An opportunity or a challenge?***

Geographically speaking, Iran might offer the shortest corridor to elevate the interconnectedness and cooperation between the Middle East and South Caucasus regions. In an ideal world, this would work, and Iran's principles, priorities, and interests would align with its neighbouring countries in both regions. However, this is not the case. Iran has serious problems with most of its neighbours in the Middle

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<sup>4</sup> Viña, A., Liu, J. "Effects of global shocks on the evolution of an interconnected world", *Ambio*, 52, 2023, p. 95, available at: <https://doi.org/10.1007/s13280-022-01778-0> (Accessed: October 1, 2023)

East and South Caucasus. For so long, Iran has defined itself not in terms of what it can offer in terms of building bridges and enhancing regional cooperation and interconnectedness, but in terms of showing its unique capacity as a spoiler,<sup>5</sup> an actor that can effectively undermine the constructive initiatives and projects of neighbouring countries just to elevate its self-importance vis-à-vis the “other”.

During the last few decades, Tehran has proved that it has difficulties engaging with its neighbouring countries as sovereign and independent states. Iran has problems with almost all its neighbours in both the Middle East and South Caucasus. These challenges stem not only from historical territorial disputes but also from the myriad geopolitical strategies and ambitions that Tehran has pursued over the years.

**Iran’s Territorial Ambitions:** Historically, Iran’s geopolitical aspirations have been a source of tension. A notable point of contention has been the region of South Azerbaijan, which lies within Iran’s borders. This issue underscores the deep-rooted historical complexities that often resurface in contemporary geopolitics. In the Middle East, Iran’s territorial claims extend to its Arab neighbours in the Gulf. The 1979 war with Iraq, which spanned nearly a decade, was, in part, a manifestation of these territorial disputes. Furthermore, Iran’s territorial claims on waters shared with Kuwait and Saudi Arabia,<sup>6</sup> its occupation of three Emirati islands,<sup>7</sup> and its audacious claim over Bahrain, which it often refers to as an Iranian province,<sup>8</sup> further complicate regional dynamics. Such territorial disputes, if unresolved, can significantly strain diplomatic and economic ties.

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5 Sadjadpour, K., and Ben Taleblu, B., “Iran in the Middle East: leveraging chaos”, *Fride*, Policy Brief no. 202, May 2015, available at: [https://www.files.ethz.ch/isn/191161/Iran%20in%20the%20Middle%20East\\_%20leveraging%20chao.pdf](https://www.files.ethz.ch/isn/191161/Iran%20in%20the%20Middle%20East_%20leveraging%20chao.pdf) (Accessed: October 1, 2023)

6 Bakir, A., “How the Dorra gas field could disrupt warming relations between Iran, Saudi Arabia, and Kuwait”, *Atlantic Council*, August 30, 2023, available at: <https://www.atlanticcouncil.org/blogs/menasource/arash-dorra-gas-field-iran-saudi-kuwait/> (Accessed: October 5, 2023)

7 Harrison, R., “The GCC versus Iran: Low Intensity War, High Intensity Conflict”, *Arab Center for Research and Policy Studies*, April 4, 2021, available: <https://www.dohainstitute.org/en/Lists/ACRPS-PDFDocumentLibrary/The-GCC-versus-Iran-Low-Intensity-War-High-Intensity-Conflict.pdf> (Accessed: October 20, 2023)

8 Alfoneh, A., “Bahrain Reduced to Province of Iran on President Raisi’s Instagram”, *AGSIW*, July 8, 2022, available at: <https://agsiw.org/bahrain-reduced-to-province-of-iran-on-president-raisis-instagram/> (Accessed: October 4, 2023)

**The Shadow of Iran’s Nuclear Ambitions:** Iran’s nuclear pursuits have been a focal point of regional and global apprehension. This programme poses two primary challenges to cross-regional cooperation between the Middle East and the South Caucasus. First, the sanctions imposed on Iran, as a consequence of its nuclear endeavours, have had cascading effects on its neighbouring regions, impeding economic cooperation and integration. Second, the potential militarization of Iran’s nuclear programme could escalate regional tensions, with the spectre of conflict looming large. If Iran were to acquire nuclear weapons, it could disrupt the regional balance of power, possibly igniting a nuclear arms race involving key players such as Saudi Arabia, Egypt, and Türkiye.

**The Sectarian Dimension:** While Iran stands unique as a nation that intertwines its religious and sectarian identity, as enshrined in its constitution, the real concern arises from its use of sectarianism as a tool in its foreign policy. This approach has often been at odds with the interests of its neighbours in both the Middle East and the South Caucasus. Although Iran highlights its ties with Sunni groups and its relationship with Armenia to showcase its non-sectarian stance, a closer examination of its actions suggests a different narrative. The use of sectarianism, whether overt or covert, has been a defining feature of Iran’s regional strategy.

**Iran’s Proxy Engagements:** Iran’s reliance on proxy militias and conflicts is a multifaceted issue. While conventional wisdom suggests that, post-1979, Iran has employed proxies due to its weaker conventional military, historical precedents, such as the Shah regime’s use of Kurdish proxies against Iraq, challenge this notion.<sup>9</sup> Regardless of the reasons, Iran’s heavy dependence on proxy militias has strained its relations with many countries. Its overt involvement in proxy wars in nations like Lebanon, Iraq, Syria, and Yemen, coupled with covert operations in other states, underscores the challenges posed by Iran’s regional strategies.<sup>10</sup>

Iran’s geopolitical manoeuvres, driven by a mix of territorial ambitions,

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9 Van Bruinessen, M., “The Kurds between Iran and Iraq”, *MERIP Middle East Report*, no. 141, July-August 1986, pp. 14-27, <https://www.jstor.org/stable/3011925> (Accessed: October 5, 2023)

10 Loft, P., “Iran’s influence in the Middle East”, *UK-Parliament, Commons Library Research Briefing*, April 14, 2023, available at: <https://researchbriefings.files.parliament.uk/documents/CBP-9504/CBP-9504.pdf> (Accessed: October 10, 2023)

nuclear aspirations, sectarian strategies, and proxy engagements, present a complex web of challenges for regional stability and cooperation. Understanding these dynamics is crucial for crafting informed policies aimed at fostering interconnectedness between the Middle East and the South Caucasus. In other words, while Iran should be considered in terms of its advantages in terms of interconnectedness for both regions, the reality on the ground should not be ignored.

### ***Bypassing Iran: The Turkish Option***

While Iran constitutes a serious challenge to the idea of interconnectedness between the Middle East and the South Caucasus regions, it can be bypassed, both physically and virtually, via Türkiye. However, this alternative may require additional expense, time, and effort in the short term. Türkiye's geostrategic importance to the Middle East and the South Caucasus is shaped by a combination of its geographical location, economic interests, security dynamics, and historical and

cultural ties. Its role as both a bridge and a player in these regions underscores its significance in shaping the geopolitical landscape of the broader region.

*Türkiye's position at the crossroads of Europe and Asia has historically rendered it a pivotal actor in the geopolitical realm, especially concerning the Middle East and the South Caucasus.*

Türkiye's position at the crossroads of Europe and Asia has historically rendered it a pivotal actor in the geopolitical realm, especially concerning the Middle East and the South Caucasus. This unique geographical placement has endowed Türkiye with a role that extends beyond mere territorial significance;

it acts as a conduit for trade, culture, and knowledge, seamlessly linking the diverse landscapes of the Middle East, the South Caucasus, and Europe.

One of the most tangible manifestations of Türkiye's geostrategic importance is its role as an energy hub. The nation has astutely positioned itself as an indispensable energy transit hub. Projects such as the Baku–Tbilisi–Ceyhan (BTC) oil pipeline and the Trans-Anatolian Natural Gas Pipeline (TANAP) crisscross its terrain, channelling oil and gas from the resource-rich Caspian region to the energy-hungry markets of Europe. Similarly, the Iraq–Türkiye Pipeline (ITP) carries Iraq's oil to the global market via Ceyhan on the Mediterranean and

contributes about 0.5% of global crude supply.<sup>11</sup> This not only amplifies Türkiye's strategic influence but also fortifies the energy security matrix of European nations and ensures the oil resources of the Middle East region and the South Caucasus reach the global market smoothly.

Economically, Türkiye has been proactive in weaving a web of trade and investment across these regions. Its burgeoning economic partnerships and ventures underscore its commitment to regional stability, interdependence, and prosperity. The Middle Corridor and the Gulf Corridor are two strategic initiatives, both actively promoted by Türkiye, aimed at enhancing connectivity and trade not only in the Middle East and South Caucasus, but also between these two regions and the world.

1. **The Middle Corridor**<sup>12</sup> is also known as the Trans-Caspian East–West Middle Corridor Initiative. It is a revival of the ancient Silk Road, beginning in Türkiye and passing through the South Caucasus countries of Georgia and Azerbaijan before crossing the Caspian Sea, traversing Central Asia, and terminating in China. The corridor aims to develop connectivity between East and West, thereby offering important economic opportunities for Central Asian countries to benefit from trade between China and Europe.
2. **Türkiye's Gulf Corridor:** This is a proposed trade corridor linking Europe to the Middle East and Asia via the Iraq Development Road initiative,<sup>13</sup> which is proposed to link the Gulf in the south through Iraq to Türkiye and from there east towards China and west towards the UK. The Abu Dhabi wealth fund ADQ is reportedly in talks with Türkiye to build a railway over the Bosphorus in Istanbul as part of this corridor.<sup>14</sup> Türkiye wants to use its strategic geographic

11 Reuters, *Turkey says to re-start operations of Iraq oil pipeline this week*, October 2, 2023, available at: <https://www.reuters.com/business/energy/turkey-says-re-start-operations-iraq-oil-pipeline-this-week-2023-10-02/> (Accessed: October 10, 2023)

12 Invest, *Türkiye's "Middle Corridor" Integrates Asia and Europe*, November 8, 2019, available at: <https://www.invest.gov.tr/en/News/News-from-Turkey/Pages/turkey-middle-corridor-integrates-asia-and-europe.aspx> (Accessed: October 20, 2023)

13 Samson, A., "Turkey floats alternative to G20's India-Middle East trade corridor plan", *Financial Times*, September 17, 2023, available at: <https://www.ft.com/content/0673f928-dec9-48fb-83b3-8b868a9dcbbe> (Accessed: October 20, 2023)

14 Al-monitor, *Abu Dhabi's ADQ in talks with Turkey to build railway for trade corridor*, October 5, 2023, Available at: <https://www.al-monitor.com/originals/2023/10/abu-dhabis-adq-talks-turkey-build-railway-trade-corridor> (Accessed: October 22, 2023)

position to help establish a trade corridor between London, the Gulf, and Beijing. Türkiye is promoting this corridor as an alternative to India–Middle East trade corridor plan.<sup>15</sup>

- 3. The Zangezur Corridor:**<sup>16</sup> Following the liberation of its territory from Armenian occupation in 2020 and 2023, Azerbaijan has been pushing to realize the Zangezur Corridor with the support of Türkiye. The proposed corridor would connect Azerbaijan’s main territory with its landlocked Nakhchivan Autonomous Republic through Armenia.<sup>17</sup> This project would boost intra-connectedness and cooperation within the South Caucasus. The corridor could also become a critical node in the interconnectedness between the South Caucasus and the Middle East as it connects Türkiye to Azerbaijan through Nakhchivan. Surprisingly, when Armenia expressed resistance to the idea, Iran showed willingness to allow the corridor to pass via its territory.<sup>18</sup> Whether this is a way to guarantee control over it and gain leverage over Azerbaijan and Türkiye, or it is a tactical manoeuvre to absorb the pressure applied on Armenia to proceed with the original project, remains to be seen.

Defence-wise, Türkiye’s membership of NATO amplifies its strategic weight. As an increasingly autonomous regional power, Türkiye provides a robust counterbalance in a region that often grapples with volatility,<sup>19</sup> especially given its proximity to the Middle East’s intricate conflict zones and US military presence, as well as to the South Caucasus, where Russia traditionally flexes its muscles and Iran tries

15 Blair, A., “Turkey moves against Europe with trade corridor alternative to IPEC”, *Railway Technology*, September 20, 2023, available at: <https://www.railway-technology.com/news/turkey-alternative-india-middle-east-trade-corridor-plan/> (Accessed: October 23, 2023)

16 Bakir, A., “Why Iran is sabotaging an Armenia–Azerbaijan peace deal”, *The New Arab*, November 28, 2022, available at: <https://www.newarab.com/analysis/why-iran-sabotaging-armenia-azerbaijan-peace-deal> (Accessed: October 26, 2023)

17 Rehimov, R., “Zangezur corridor to provide new link between Turkey, Azerbaijan”, *Anadolu Agency*, June 1, 2021, available at: <https://www.aa.com.tr/en/economy/zangezur-corridor-to-provide-new-link-between-turkey-azerbaijan/2260088> (Accessed: October 29, 2023)

18 Aghayev, I., “Azerbaijan begins construction of corridor to Nakhchivan through Iran”, *OC Media*, October 9, 2023, available at: <https://oc-media.org/azerbaijan-begins-construction-of-corridor-to-nakhchivan-through-iran/> (Accessed: October 29, 2023)

19 Bakir, A., “Turkey’s security role in the Gulf region: exploring the case of a newcomer”, *Turkish Studies*, v. 24, no. 5, 2023, pp. 809-831, available at: <https://www.tandfonline.com/doi/full/10.1080/14683849.2023.2182686> (Accessed: October 30, 2023)



to expand its influence. Concurrently, on the security front, Türkiye's stance on pivotal issues, ranging from the Syrian quagmire to its nuanced relations with regional powerhouses like Iran and Russia, plays a decisive role in shaping the security dynamics of the region.

Beyond the realms of hard power and strategic positioning, Türkiye's influence is also felt through its deep-rooted cultural, ethnic, religious, and historical ties with countries in both the Middle East and the South Caucasus. These shared bonds, cultivated over millennia, serve as invaluable diplomatic conduits, fostering avenues for cooperation even amidst the fluctuation of regional tensions. Türkiye's soft power, emanating from its vibrant cultural exports, media outreach, and educational initiatives, among other things, further cement its regional role and, if utilized in an appropriate way, will enable the idea of interconnectedness between the Middle East and the South Caucasus to be realized.

*As an increasingly autonomous regional power, Türkiye provides a robust counterbalance in a region that often grapples with volatility, especially given its proximity to the Middle East's intricate conflict zones and US military presence, as well as to the South Caucasus, where Russia traditionally flexes its muscles and Iran tries to expand its influence.*

### **Conclusion**

The Middle East and the South Caucasus, both historically significant regions, have served as pivotal junctures for empires, trade routes, and cultural exchange. Their geographical locations have positioned them as gateways, facilitating interactions between East and West, and North and South. Their vast energy reserves, particularly oil and gas, have not only driven their domestic economies but have also positioned them as critical nodes in the global energy matrix. This historical centrality has endowed both regions with a rich amalgam of cultures, resulting in a diverse mosaic of ethnicities and religions.

The Middle East and South Caucasus stand at a crossroads. With the shifting sands of global power dynamics marked by US decline, the rise of China, and Russia's weakened hegemonic influence, their decision to foster mutual cooperation and interconnectedness could be pivotal. This evolving geopolitical landscape underscores the necessity for enhanced cooperation between the two regions, not just as a strategic

option but as a means to ensure regional stability and prosperity.

While Iran emerges as a hurdle to the idea of interconnectedness due to its policies, its willingness to embrace regional interconnectedness and be a useful and constructive actor should be investigated. As for Türkiye, its historical and geopolitical position offers a unique chance to actualize the idea of interconnectedness between the Middle East and the South Caucasus. Its deep-rooted ties in both regions make it a natural bridge, enabling smoother economic, political, and cultural pathways.

# Azerbaijan-Israel Strengthened Partnership and its Implications for Regional Geopolitics

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Nina Miholjčić Ivković\*

In recent years, Azerbaijani-Israeli strategic ties have been fostered by frequent high-level diplomatic visits, as well as bilateral agreements that underline strong economic and political bonds between the two countries that imply a long-lasting, valuable partnership. This article explores the reasons behind the strengthened cooperation between Azerbaijan and Israel, reasons that range from strategic and political to energy and economic factors. The article further examines the impact of such a partnership on the geopolitical tendencies in the Middle East, in particular Iran's response. While the strengthened Azerbaijani-Israeli collaboration across various fields has been mutually beneficial for both countries, it has met with harsh criticism from Iran, which interprets such cooperation as a serious threat to its security. Undoubtedly, recent relations between Azerbaijan and Israel have raised some concerns about security issues, as well as discussions on the potential expansion of cooperation in the Middle East. The partnership has reverberated within the geopolitical dynamics of the Middle East in various ways, ranging from Iran's shifting foreign policy strategy that seeks to undermine the blossoming Azerbaijani-Israeli relationship to the potential development of a stronger relationship between Israel and Türkiye.

**Keywords:** Azerbaijan, Israel, Middle East, Iran, South Caucasus, Türkiye



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**Introduction**

The current geopolitical situation in the Middle East and the South Caucasus, as well as the course of global politics, has encouraged certain states within these regions to strategically plan their alliances and pursuit of foreign policy objectives. Azerbaijan and Israel perceive each other as strategically important partners in a highly complex and volatile environment that requires carefully planned diplomatic efforts aimed at achieving and protecting national interests and security. Although Azerbaijan and Israel have been fostering good relations ever since the former gained independence in 1991, recent regional political developments have inspired even greater collaboration between these

*Azerbaijan and Israel perceive each other as strategically important partners in a highly complex and volatile environment that requires carefully planned diplomatic efforts aimed at achieving and protecting national interests and security.*

two countries. The security issues that both countries have faced and the need for broader diplomatic and economic reach are contributing to elevated Azerbaijani–Israeli cooperation.

Even though an evolving relationship between the Jewish state and a small, energy-rich Muslim country in the South Caucasus may represent an odd partnership, this alliance has a deep logic, and a more profound analysis of current geopolitical developments in the neighbourhoods of both countries proves this collaboration to be justifiable and necessary.<sup>1</sup> In terms of mutually beneficial bilateral relations, Azerbaijan

and Israel represent compatible partners. For instance, Azerbaijan is Israel’s major oil supplier, supplying 40% of the country’s energy needs, while the State of Israel exports high-tech weaponry such as drones, artillery rockets and missile interceptor systems to Azerbaijan, positioning itself as one of Azerbaijan’s largest weapon suppliers.<sup>2</sup> In addition to such convenient reasons for cooperation, both countries have troubling relations with Iran and desire to mitigate threats coming from the Islamic Republic. Azerbaijan and Israel perceive political Islam and its expression in the Islamic fundamentalism that constitutes the basis of Iran’s system of governance as a serious threat.<sup>3</sup>

1 Abbasov, N. and Souleimanov, E., “Azerbaijan, Israel, and Iran: An Unlikely Triangle Shaping the Northern Middle East”, *Middle East Policy*, 6 March 2022, available at: <https://onlinelibrary.wiley.com/doi/abs/10.1111/mepo.12611> (accessed: 10 September 2023).

2 Muradov, M. and Guliyev, I., “Azerbaijan-Israel Relations Shifting the Geopolitics of the Middle East”, *Geopolitical Monitor*, 26 May 2023, available at: <https://www.geopoliticalmonitor.com/azerbaijan-israel-relations-reach-a-new-level/> (accessed: 13 September 2023).

3 Hashemi, A., “Warming Israel-Azerbaijan Ties and the Iranian Ire They Stoke”, *Hudson*

Official Baku and Tel Aviv are keen to continue expanding bilateral cooperation, especially due to the complex and hostile neighbourhoods that both nations are situated in. Azerbaijan, as the only country in the world neighbouring both Russia and Iran, has to be cautious in its foreign policy behaviour while actively seeking partners to strengthen its position and interests. Israel is also interested in expanding its political and economic ties outside the Middle East, a region with a far from friendly orientation towards the Jewish state. The recent opening of Azerbaijan's embassy in Israel displayed the willingness of the two states to take their relationship to the next level, even if that means further antagonizing Iran.<sup>4</sup>

The increased partnership between Azerbaijan and Israel, besides bringing advantages for both countries, has also affected regional geopolitical dynamics. In the first place, it has caused security concerns in the highest-ranking Iranian political circles and heightened the diplomatic rhetoric emanating from the Iranian establishment. However, it has also opened an opportunity for Israel–Türkiye rapprochement and the idea of establishing a trilateral alliance between Azerbaijan, Israel, and Türkiye. Azerbaijan and Israel's close relationship encouraged recent Israel–Türkiye rapprochement, especially during the Second Karabakh War in 2020, when Türkiye and Israel aided Azerbaijan and realized the benefits of cooperation.<sup>5</sup>

In times of changing geopolitical trends in the Middle East, with increasing hostility of Iran towards Israel and the Turkish-Israeli rapprochement that was initiated, but has been hindered by the recent Israeli military operation in Gaza, the Azerbaijani–Israeli strategic partnership has become the centre of attention as an atypical alliance that brings new regional perspectives.

### ***Mutually Beneficial Bilateral Relations***

The Azerbaijan–Israel strategic partnership relies on the mutual advantages of forming strong security and economic bilateral

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*Institute*, 6 February 2023, available at: <https://www.hudson.org/security-alliances/warming-israel-azerbaijan-ties-iranian-ire-they-stoke> (accessed: 13 September 2023).

4 Ibid.

5 Ibid.

*The Azerbaijan–Israel strategic partnership relies on the mutual advantages of forming strong security and economic bilateral relations between the two nations.*

relations between the two nations.<sup>6</sup> Due to unstable environments with numerous security issues, these two countries have concluded that their compatible needs and interests, in addition to their pragmatic foreign policies, motivate a valuable alliance that provides mutual political and economic benefits. On one hand, Azerbaijan purchases and imports Israeli military equipment and training, which makes Israel a perfect partner for this tiny South Caucasus country that faces hostility from its immediate neighbour, Armenia. On the other hand, Israel finds Azerbaijan’s energy resources valuable and necessary for satisfying its energy needs. Even though the Arab states of the Middle East surrounding Israel are rich in oil and gas, troubled relations and often hostile attitudes prevent energy collaboration, while Azerbaijan offers more economically viable energy imports that contribute to stronger Azerbaijani–Israeli energy ties.<sup>7</sup>

Azerbaijan pursues a foreign policy that is oriented to expanding the country’s ties beyond its immediate neighbourhood and obtaining strategically compatible allies that can help the country strengthen its position in the South Caucasus and reduce the influence of regional powers such as Russia and Iran. Ever since it gained independence, Azerbaijan has been open to extending its network of partners and gathering support for re-establishing the country’s territorial integrity.

Israel possesses advanced technological capabilities, especially in the military area, and a Western-oriented policy that is highly appreciated by and attractive to Azerbaijan.<sup>8</sup> Moreover, the close relationship between the two countries has been buttressed with historic and cultural bonds. Azerbaijan is home to the last remaining Jewish community in the Caucasus, settled in the northern district of Guba, and a community of European Jews who have been residing mostly in the Baku area since the late 19th century.<sup>9</sup> Especially important to Azerbaijan has been Jewish advocacy that has acted as a counterbalance to the Armenian

6 Mehdizade, S., “Azerbaijan and Israel: A Strategic Alliance in the Middle East”, *Aze. Media*, 25 July 2023, available at: <https://aze.media/azerbaijan-and-israel-a-strategic-alliance-in-the-middle-east/#introduction> (accessed: 20 September 2023).

7 Ibid.

8 Ibid.

9 Muradov, M. and Guliyev, I., *op. cit.*

diaspora and its lobbying in the USA and contributed to deepening Azerbaijani-Israeli political relations.<sup>10</sup> For instance, it has been argued that the assistance of American Jewish organizations contributed to an executive waiver of Section 907 of the 1992 Freedom Support Act, a measure that had restricted any kind of direct US aid to Azerbaijan because of the First Karabakh War.<sup>11</sup>

The State of Israel, viewed as an outcast by many Arab states in the region as well as Iran, has been keen on expanding the country's ties outside the Middle East for the purpose of satisfying not only its energy needs but also its diplomatic and strategic interests. Although Israel's connection to Azerbaijan is mostly related to the energy sector, over the years these two countries have developed strong economic cooperation in many other fields ranging from agriculture, tourism, telecommunications, and heavy machinery to high-tech industries.<sup>12</sup> Despite pressure and criticism levelled at official Baku and Tel Aviv regarding their strengthened collaboration, the benefits of such economic and strategic partnership counterbalance Iran's criticism.

Deepening Azerbaijani-Israeli relations have been marked by high-level official visits in both countries, as well as the establishment of the Azerbaijani embassy in Tel Aviv. Diplomatic visits have particularly intensified following the end of the Second Karabakh War and the announcement of the opening of the embassy. For instance, Israel's Intelligence Minister, Gila Gamliel, visited Baku before Azerbaijan's Foreign Minister, Jeyhun Bayramov, paid a visit to Israel for the Embassy's opening ceremony in March 2023. Furthermore, Israeli Foreign Minister Eli Cohen visited Azerbaijan in April 2023. However, one of the most important diplomatic visits that further confirmed the thriving relationship between Baku and Tel Aviv occurred on May 30, 2023, when Israeli President Isaac Herzog visited Azerbaijan to meet

10 Motamedi, M., "Analysis: Will Azerbaijan-Iran tensions lead to war?", *Aljazeera*, 8 April 2023, available at: <https://www.aljazeera.com/news/2023/4/8/analysis-will-azerbaijan-iran-tensions-lead-to-war> (accessed: 20 September 2023).

11 Sultanova, S., "In Muslim Azerbaijan, Self-Interest Prompts Support for Israel on Gaza", *Eurasianet*, 7 August 2014, available at: <https://eurasianet.org/in-muslim-azerbaijan-self-interest-prompts-support-for-israel-on-gaza> (accessed: 11 November 2023).

12 Göksel, O., "Beyond Countering Iran: A Political Economy of Azerbaijan-Israel Relations", *British Journal of Middle Eastern Studies*, 42(4), pp. 655–675, 29 May 2015, available at: <https://doi.org/10.1080/13530194.2015.1048973> (accessed: 21 September 2023).

with his Azerbaijani counterpart President Ilham Aliyev to discuss the broadening of cooperation between the two states in various fields as well as to address potential threats emanating from Iran.<sup>13</sup>

### ***Iran's Response and the Shifting Geopolitics of the Middle East***

Azerbaijan and Israel's atypical alliance is based not only on mutually beneficial economic incentives but also on the hostility of and security threats posed by the Islamic Republic of Iran.<sup>14</sup> Iran has been strongly opposed to a close Azerbaijani–Israeli relationship from its inception in the early 1990s. The Iranian government has been extremely concerned about enhanced military cooperation between Baku and Tel Aviv. In particular, during the Second Karabakh War in 2020, when Israel supported Azerbaijan with high-tech weaponry, Tehran perceived that Israel was preparing attacks on Iran using Azerbaijan's territory and airspace.<sup>15</sup> Such concerns remain present to this day among the Iranian political elite and continue to shape the country's foreign policy towards its northern neighbour.<sup>16</sup> Moreover, Iranian officials allege that the presence of Israeli agricultural companies in the regained Zangilan, Jabrayil and Fuzuli districts bordering Iran is a convenient cover for spying and reconnaissance.<sup>17</sup> Iran condemns not only military cooperation between Azerbaijan and Israel but also economic collaboration, due to concerns that Tel Aviv has dishonest intentions and is always seeking opportunities to harm the Islamic Republic.

#### The hostile relations between Iran and Israel that date from the 1979

13 Hasanoglu, E., "3 QUESTIONS - Diplomatic relations between Azerbaijan, Israel", *Anadolu Agency*, 17 June 2023, available at: <https://www.aa.com.tr/en/middle-east/3-questions-diplomatic-relations-between-azerbaijan-israel/2916339> (accessed: 13 November 2023).

14 Souleimanov, E., Ehrmann, M. and Aliyev, H., "Focused on Iran? Exploring the rationale behind the strategic relationship between Azerbaijan and Israel", *Southeast European and Black Sea Studies*, 14(4), pp. 471-488, 21 October 2014, available at: <https://doi.org/10.1080/14683857.2014.967945> (accessed: 23 September 2023).

15 Kaleji, V., "The Israel Factor as a 'Third Party' in Growing Tensions Between Iran and Azerbaijan", *The Jamestown Foundation*, 8 May 2023, available at: <https://jamestown.org/program/tehran-worried-about-israel-factor-in-growing-tensions-between-iran-and-azerbaijan/> (accessed: 23 September 2023).

16 Scollon, M., "Iran's Relations With Azerbaijan Get Heated Over Attacks, Baku's Ties To Israel", *Radio Free Europe Radio Liberty*, 8 June 2023, available at: <https://www.rferl.org/a/iran-azerbaijan-fraying-relations/32450502.html> (accessed: 11 November 2023).

17 Ibid.



Islamic revolution have been deteriorating over the years while enhanced Azerbaijani–Israeli cooperation has further worsened Tehran–Tel Aviv relations. Azerbaijan and Israel’s close relationship is in accordance with Israel’s ‘Periphery Doctrine’, a strategic plan that favours alliances with non-Arab nations on the fringes of the Middle East.<sup>18</sup> While Israeli foreign policy doctrine has been pursuing partners with common economic and security interests, Iran has remained extremely cautious of such endeavours, perceiving Israel’s interest in Azerbaijan as a way to surreptitiously achieve geographical proximity to Iranian territory. The Iranian government believes that Tel Aviv’s main goal in pursuing enhanced cooperation with Baku is to collect intelligence and plan military attacks on Iran from Azerbaijan’s territory.<sup>19</sup> Such constant, yet paranoid, fear of potential attacks has made Iran highly critical of the Azerbaijani–Israeli partnership.

*The aftermath of the Second Karabakh War confirmed the strong and developing relationship between Baku and Tel Aviv, and even saw a normalization of relations between Israel and Armenia just a year after the war.*

The aftermath of the Second Karabakh War confirmed the strong and developing relationship between Baku and Tel Aviv, and even saw a normalization of relations between Israel and Armenia just a year after the war. In 2021, Armenia appointed a new Armenian ambassador to Israel after it had previously recalled its ambassador from Tel Aviv following the end of the war.<sup>20</sup> In contrast, Iran reacted to enhanced Azerbaijani–Israeli cooperation by holding regular and extensive military exercises along its northwestern borders with Azerbaijan.<sup>21</sup> Iran alleged that the purpose of such military drills was to protect Iran’s borders and territory from the increased Israeli presence and possible military action.<sup>22</sup> The latest incident involved a terrorist attack against Azerbaijan’s Embassy in Tehran that resulted in the death of an Azerbaijani security guard and left two embassy security employees wounded. This evidenced the rising hostility towards Azerbaijan that has been cultivated in Iran, especially since the Second Karabakh War and the strengthening of the Azerbaijan–Israel strategic partnership.<sup>23</sup>

18 Mehdizade, *op. cit.*

19 Ibid.

20 Kaleji, *op. cit.*

21 Ibid.

22 Ibid.

23 Muradov, M. and Guliyev, I., *op. cit.*

Recent shifts in Iran's foreign policy could necessitate greater collaboration between Azerbaijan and Israel. Iran has started pursuing an eastern-oriented foreign policy that aims at improving the country's economic and diplomatic relationship with China and other Asian countries. Within the Gulf region, Iran seeks to embrace a more conciliatory course in order to reduce tensions with its neighbours.<sup>24</sup> Iran has started pursuing a more interactive and multi-vector foreign policy in the Middle East to strengthen its position and power in the region and counter Israel's growing influence. Recent Iran–Saudi Arabia rapprochement is an example of such proactive Iranian geopolitical endeavours. The Iranian regime has also started fostering good relations with Russia, especially in the military area, which has been perceived by the West and Israel as a potentially grave security threat. Russo–Iranian cooperation has increased during the Ukrainian crisis while the rise of anti-Western sentiment has been evident in both countries.<sup>25</sup> These new developments in Iran's foreign policy are reasons for possible concern to both Azerbaijan and Israel, which can respond through greater collaboration and cautious diplomatic efforts to ease the existing tension in the region.

### *A Regional Trilateral Alliance*

While Iran has been strongly against the Azerbaijani–Israeli alliance, Türkiye has been more open to cooperating with the Jewish state and flexible when it comes to safeguarding its interests and stability in the region. Türkiye–Israel relations have witnessed increased collaboration recently. For instance, both countries were actively involved in detecting an Iranian cell reportedly targeting Israeli tourists in Istanbul.<sup>26</sup> Moreover, Israel provided humanitarian aid to the victims

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24 Salami, M., "What the West Can Expect of Iranian Foreign Policy in 2022", *Gulf International Fund*, 10 March 2022, available at: <https://gulffif.org/what-the-west-can-expect-of-iranian-foreign-policy-in-2022/> (accessed: 25 September 2023).

25 Geranmayeh, E. and Grajewski N., "Alone together: How the war in Ukraine shapes the Russian-Iranian relationship", *European Council on Foreign Relations*, 6 September 2023, available at: <https://ecfr.eu/publication/alone-together-how-the-war-in-ukraine-shapes-the-russian-iranian-relationship/> (accessed: 25 September 2023).

26 Arab News, *Turkey busts Iranian cell targeting Israeli tourists: report*, 23 June 2023, available at: <https://www.arabnews.com/node/2109271/middle-east> (accessed: 11 November 2023).

of a devastating earthquake in Türkiye.<sup>27</sup> In addition, the 2020 Abraham Accords that opened a space for Israeli–Muslim regional reconciliation have forced the Turkish government to reconsider its foreign policy and make efforts towards restoring its relationship with the Jewish state and participating Arab nations.<sup>28</sup>

The Second Karabakh War was one of the powerful influencing events in Israeli–Turkish relations. Ankara and Tel Aviv supported Azerbaijan during the war and consequently increased their mutual collaboration. Some analyses have concluded that Azerbaijan can play a potential bridging role in the normalization process between Israel and Türkiye,<sup>29</sup> and that Baku possesses unifying abilities between these two countries that have a history of strained relations.<sup>30</sup> Azerbaijani officials have shown a willingness to act as initiators and hosts of a trilateral summit with Israel and Türkiye to repair and strengthen regional relations.<sup>31</sup> Azerbaijan has been more than supportive of the idea of restoring ties between its closest allies, especially given the shifting geopolitics of the region and growing tensions and threats emanating from the Islamic Republic.

The ongoing deadly Israeli military operation that followed Hamas' recent surprise attack from Gaza has shocked the world, especially Muslim countries in the immediate and wider neighbourhood.<sup>32</sup> Türkiye's government, a vocal advocate of the Palestinian cause, has expressed concerns and directed criticism against Israel.<sup>33</sup> Following

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27 Boms, N. and Rosenthal, J., “Regional Crisis and Regional Cooperation: Israeli Response to the Earthquake in Syria and Turkey”, The Washington Institute, 6 March 2023, available at: <https://www.washingtoninstitute.org/policy-analysis/regional-crisis-and-regional-cooperation-israeli-response-earthquake-syria-and> (accessed: 11 November 2023).

28 Yanarocak, H. E. C., “The game changers in Israeli-Turkish relations”, *JISS*, 28 September 2023, available at: <https://jiss.org.il/en/yanarocak-the-game-changers-inisraeli-turkish-relations/> (accessed: 26 September 2023).

29 Muradov, M. and Guliyev, I., *op. cit.*

30 Epstein, J., *op. cit.*

31 Brooks, R., “Azerbaijan, Israel, and Turkey to open to a trilateral summit”, *Aze.media*, 28 April 2021, available at: <https://aze.media/azerbaijan-israel-and-turkey-to-open-to-a-trilateral-summit/> (accessed: 11 November 2023).

32 Mammadli, R., “Perspectives | Azerbaijan walks fine line as Turkey-Israel relations deteriorate”, *Eurasianet*, 9 November 2023, available at: <https://eurasianet.org/perspectives-azerbaijan-walks-fine-line-as-turkey-israel-relations-deteriorate> (accessed: 11 November 2023).

33 Aljazeera, *Turkey's Erdogan scraps Israel trip over 'inhumane' Gaza war*, 25 October 2023, available at: <https://www.aljazeera.com/news/2023/10/25/turkeys-erdogan-scraps->

the start of the military hostilities, Türkiye's President Recep Tayyip Erdogan cancelled a planned visit to Israel, stating that relations between the two states would not improve.<sup>34</sup> The recent escalation in Gaza will probably impede further Israeli–Turkish rapprochement as well as discussions about developing an Azerbaijan–Türkiye–Israel trilateral alliance.

### *Conclusion*

The Azerbaijan–Israel relationship revolves around several points of interest. Economic ties involve cooperation not only in energy and military technology but also agriculture, tourism, and communication, which are the initial incentives for bringing these two nations closer together. Security concerns related to Iran's hostile foreign policies are also among the priority reasons why Azerbaijan and Israel have been developing stronger political ties. Moreover, both countries are interested in broadening their influence and reinforcing their images in their wider neighbourhoods as proactive and prosperous countries. An enhanced relationship between Baku and Tel Aviv seems to have supported accomplishing all of the indicated mutually beneficial goals.

Strong Baku–Tel Aviv diplomatic ties have been particularly elevated following the opening of Azerbaijan's embassy in Israel, and frequent high-level official visits between the two countries have only contributed to strengthening their mutual security and economic relationship. Shifting geopolitical dynamics in the Middle East have further put the focus on the Azerbaijani–Israeli alliance as an unusual yet strong partnership that ushers in a new regional perspective.

Iran remains extremely cautious of any Israeli diplomatic endeavours with any other countries, but especially with Azerbaijan, which brings Israeli presence and influence close to the Islamic Republic's borders. Tensions between Tehran and Baku have been on the rise recently, and Iran's shifting foreign policy has only added to the already existing security concerns of Azerbaijan. The Islamic Republic has been fostering stronger relations with Russia and China while also repairing

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israel-trip-over-inhumane-gaza-war (accessed: 12 November 2023).

34 Aljazeera, *Turkey's Erdogan scraps Israel trip over 'inhumane' Gaza war*, 25 October 2023, available at: <https://www.aljazeera.com/news/2023/10/25/turkeys-erdogan-scraps-israel-trip-over-inhumane-gaza-war> (accessed: 12 November 2023).

relationships with its Arab neighbours. Such diplomatic efforts have caused concerns, especially among Israeli and Azerbaijani officials, who have been looking for ways to concurrently expand their relationship and curb Iranian influence.

The Azerbaijan–Israel partnership has brought an opportunity for Türkiye to relax its isolated position, as has become particularly evident since the implementation of the 2020 Abraham Accords. Before Israel’s military operations, the idea of forming an Azerbaijan–Israel–Türkiye regional trilateral partnership as a way to achieve mutually beneficial interests and goals, and as protection from more powerful states and their alliances, was present on the sidelines of diplomatic talks among the three countries. However, the latest conflict in the Middle East has delayed further developments in the field of rapprochement and forming alliances.



# Geopolitics of the South Caucasus in Flux: Towards a New Security Order

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Vasif Huseynov\*

Geopolitics is never constant. There are always actors with revisionist ambitions who seek to alter the existing political order with a hope of securing a better position in the emerging circumstances. Presently, the world appears to be traversing one such period of geopolitical reconfiguration, characterized by the rivalries and overt confrontations among several major global powers. These dynamics in international relations, particularly the repercussions of the Russia–Ukraine conflict, have also had implications for the security order of the South Caucasus. Facing an unexpected military debacle in Ukraine and massive economic troubles at home, Moscow has also encountered challenges in the South Caucasus, a region that Russia has traditionally treated as part of its “zone of privileged interests” and dominated its security space. In parallel with the decline of Russia’s regional hegemony, other external actors discern new opportunities to step into the resulting power vacuum in this geographically strategic region. Meanwhile, the three countries of the region – Armenia, Azerbaijan, and Georgia – are strategizing to take the most advantage from the situation, boost their independence, and safeguard their national interests. The developments in regional politics over the last few years signal a significant transition towards a new security order. This article explores the veracity of this ongoing transition and, if it is indeed taking place, what repercussions it might hold for the future of the South Caucasus.



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***Introduction***

The South Caucasus has long been subject to a dynamic interplay of power and influence, marked by a complex history of shifting alliances and territorial disputes. As the world witnesses a period of geopolitical reconfiguration, instigated by the Russia–Ukraine conflict and a more assertive global competition for power, the implications of these changes have reverberated through the South Caucasus. This article delves into the intricate landscape of the South Caucasus, exploring its evolving geopolitical dynamics and the potential emergence of a new security order.

Traditionally, this region has been under the considerable influence of Russia, which has regarded it as a part of its “zone of privileged interests”. However, Moscow’s regional dominance has faced challenges, primarily due to its unexpected military setbacks in Ukraine

*These recent developments in regional politics signal a significant transition toward a new security order, prompting an examination of the unfolding transformation and its potential consequences for the future of the South Caucasus.*

and economic troubles at home. This shift in the global geopolitical landscape has created opportunities for other external actors to fill the void left by Russia’s diminished influence.

Meanwhile, the three countries of the South Caucasus – Armenia, Azerbaijan, and Georgia – have been strategically positioning themselves to capitalize on the changing dynamics, safeguard their national interests, and enhance their independence. These recent developments in regional politics signal a significant

transition toward a new security order, prompting an examination of the unfolding transformation and its potential consequences for the future of the South Caucasus.

This article seeks to shed light on the ongoing transition and assess its implications, exploring the origins of the Russia-dominated security order, its subsequent decay, and the emergence of a possible new security framework in the South Caucasus. As we delve deeper into the intricate geopolitical shifts within the South Caucasus, this article aims to provide a comprehensive understanding of the emerging security order and the opportunities and challenges it presents for the countries and actors involved.



### ***Origins of the Russia-Dominated Security Order***

The South Caucasus has passed through a multitude of significant junctures over the two centuries since the Russia–Iran agreement of 1828, commonly referred to as the ‘Turkmenchay Treaty’. The treaty concluded the war that occurred between 1826 and 1828 between the two empires and formalized Iran’s recognition of this region as part of the Russian Empire, with the Araz River serving as the border between the two empires. Moscow managed to maintain its dominance over this area, with a brief exception occurring during the transition in Russia from Tsarism to Bolshevism in 1918–1920. Until the late 1980s, the region remained under Moscow’s nearly unchallenged dominance as part of the Soviet Union, along with three regional countries (Armenia, Azerbaijan, and Georgia) that had constitutional, but not *de facto*, secession rights.

The South Caucasus countries, along with other fellow Soviet states, regained their independence in 1991, following the disintegration of the Soviet Union. This event, which was named “the biggest geopolitical catastrophe of the century” by President of Russian Federation Vladimir Putin, put an end to Russia’s unchallenged hegemony over its neighbourhood.<sup>1</sup> Nevertheless, Russia was able to obtain a dominant role in the newly emerged security order of the South Caucasus. Towards this purpose, Russia took advantage of the separatist movements and territorial conflicts in the region. Moscow’s support to Abkhaz separatists in Georgia and for Armenia’s occupation of the Karabakh region of Azerbaijan in early 1990s provided the Kremlin with important and effective leverage in its relations with these countries.

This translated into a resurgence of the Russia-dominated security order in the region in the post-soviet period, but with more assertive independent states that sought to boost their sovereignty while minimizing Russia’s hegemony. In subsequent years, Armenia joined the Russia-led security and economic integration project, with full membership at the Collective Security Treaty Organization (CSTO) and Eurasian Economic Union (EAEU). Since 1995, the military base in Gyumri city of Armenia has served the Kremlin as a stronghold in the region. In this period, Armenia developed multi-sectorial dependency

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1 Rferl.org, *World: Was Soviet Collapse Last Century’s Worst Geopolitical Catastrophe?*, April 29, 2005, Available at: <https://www.rferl.org/a/1058688.html> (Accessed: October 29, 2023).

*Unlike Armenia, Azerbaijan managed to establish a neutral and multilateral foreign policy, thereby enjoying the benefits of its economic independence, made possible through the exports of its hydrocarbon resources.*

on Russia, which emerged as the largest trading partner and security provider for this South Caucasian country.

Unlike Armenia, Azerbaijan managed to establish a neutral and multilateral foreign policy, thereby enjoying the benefits of its economic independence, made possible through the exports of its hydrocarbon resources.<sup>2</sup> Azerbaijan succeeded in avoiding any dependency on Russia in economic and security terms,

but Baku respected Russia's core regional concerns and interests. This nature of relations played an important role in Azerbaijan's efforts to liberate its occupied territories in 2020 without provoking a military escalation with Russia, Armenia's security ally.<sup>3</sup>

Georgia, the only country of the region that sought to 'escape' by joining the Euro-Atlantic political and military structures, faced insurmountable obstacles on this path. The pro-Western aspirations of Tbilisi resulted in the deterioration of Russia–Georgia relations. Russia's occupation of two regions of Georgia (Abkhazia and South Ossetia) in 2008 dealt a severe blow to Georgia's national security.<sup>4</sup> As a result, Tbilisi failed to reach its goal of entering the European Union (EU) and North Atlantic Treaty Organization (NATO).

The post-Soviet security order in the South Caucasus has been, therefore, more volatile compared to earlier periods. The occasional military escalations between Armenia and Azerbaijan (1994–2020), along with the war in Georgia (2008), manifested such sporadic disruptions of the regional security order. However, in both cases, Russia succeeded in its intention to act as hegemon by brokering a ceasefire between Armenia and Azerbaijan and putting a *de facto* veto on Georgia's integration into the Euro-Atlantic political and military blocs. Even during the full-scale military operations between Azerbaijan and Armenia in 2020, known as

2 Gurbanov, I. "Relevance of Non-Alignment for Azerbaijan's Foreign and Security Policy", *Caucasus Strategic Perspectives*, Vol. 1, No. 1, Summer 2020. Available at: <https://cspjournal.az/post/relevance-of-non-alignment-for-azerbajjans-foreign-and-security-policy-410> (Accessed: 15 November, 2023)

3 Huseynov, V. "Vicious Circle of the South Caucasus: Intra-regional Conflicts and Geopolitical Heterogeneity", *Caucasus Strategic Perspectives*, Vol. 1, No. 1, Summer 2020. Available at: <https://cspjournal.az/post/vicious-circle-of-the-south-caucasus-intra-regional-conflicts-and-geopolitical-heterogeneity-418> (Accessed: 15 November, 2023).

4 Ibid.

the 44-Day War, Russia acted as the only mediator with enough authority to bring the sides to a ceasefire. By deploying its peacekeeping troops to the Karabakh region of Azerbaijan in the aftermath of the termination of military operations, Russia succeeded in ensuring its military presence on the soil of each of the three countries of the region.

Thus, in the post-Soviet era, Moscow largely succeeded in maintaining the security order in the region under the hegemony of Russia, albeit with somewhat less assertiveness and determination than in the past. The Kremlin was compelled to recognize the increasing security connections between Azerbaijan and Türkiye, and responded with a more measured approach to these ties, as Baku exhibited respect for Russia's fundamental national interests and concerns in the region. Azerbaijan's signing of a declaration on allied interactions with Russia in February 2022 was a notable manifestation of Azerbaijan's cautious policy approach towards its northern neighbour.<sup>5</sup>

### ***Decay of the Russia-Dominated Security Order***

Russia's invasion of Ukraine on February 24, 2022, opened a new chapter in the history of international relations and had similarly significant implications for the South Caucasus. Facing an unexpected military debacle in Ukraine and massive economic troubles at home, Russia began to face challenges in this region. Russia's regional aspirations face particular challenges, especially concerning Armenia and Azerbaijan. Meanwhile, Georgia appears to be attempting to find a balance with Russia while seemingly distancing itself from its pro-Western aspirations.<sup>6</sup>

Georgia is the only country in the South Caucasus that has a territorial conflict with Russia and feels threatened by its northern neighbour. The Georgian government has therefore been attentive to the potential spillover of the Ukraine conflict into its territories.<sup>7</sup> These security

<sup>5</sup> President.az, *Declaration on allied interaction between the Republic of Azerbaijan and the Russian Federation*, Statements, February 22, 2022, Available at: <https://president.az/en/articles/view/55498> (Accessed: October 29, 2023).

<sup>6</sup> Genté, R. "Broken Dream: The oligarch, Russia, and Georgia's drift from Europe", *European Council on Foreign Relations*, December 21, 2022, Available at: <https://ecfr.eu/publication/broken-dream-the-oligarch-russia-and-georgias-drift-from-europe/> (Accessed: October 29, 2023).

<sup>7</sup> Tass.com, *Georgian PM says opposition wants to drag Tbilisi into war with Russia*, February

threats have prompted Tbilisi to reevaluate its foreign policy concerning the EU and the USA while reducing the emphasis on its aspirations to join NATO. In parallel, the government of Prime Minister Irakli Garibashvili has attempted to diversify the country's foreign policy by establishing stronger ties with China and refraining from an all-out confrontation with Russia.<sup>8</sup>

Georgia has also stood out as one of the few countries in the South Caucasus and Central Asia that significantly increased its trade with Russia after the West imposed sanctions on Russia in response to its aggression against Ukraine. In the year following the onset of the conflict, the overall trade between Georgia and Russia surged by nearly 22 percent, despite objections from the EU and the United States.<sup>9</sup> The Georgian government has exhibited a resolute commitment to maintain its newly adopted multi-dimensional foreign policy, irrespective of criticism and occasional pressure from Western powers.<sup>10</sup>

The developments involving Armenia and Azerbaijan exhibited significant differences when compared to those concerning Georgia, marking a trend that can be described as the erosion of the Russia-dominated security order in the region. One pivotal development in this context revolved around the involvement of external mediators in the Armenia–Azerbaijan peace negotiations. Prior to the Russia–Ukraine conflict, Russia had been the primary mediator in these talks, but in 2022 and 2023, the EU and the USA assumed a more active role in mediating. The Kremlin referred to these actions by Western powers as “geopolitical games,” with the apparent goal of diminishing Russia's influence in the South Caucasus.<sup>11</sup>

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28, 2022, Available at: <https://tass.com/world/1413305> (Accessed: October 29, 2023).

8 Ge.china-embassy.gov.cn, *Full text: Joint Statement of the People's Republic of China and Georgia on Establishing a Strategic Partnership*, August 7, 2023, Available at: [http://ge.china-embassy.gov.cn/eng/xwdt/202308/t20230807\\_11123383.htm](http://ge.china-embassy.gov.cn/eng/xwdt/202308/t20230807_11123383.htm) (Accessed: October 29, 2023).

9 Politico.eu, *'Ridiculous' to rope Georgia into Western sanctions against Russia, PM says*, May 24, 2023, Available at: <https://www.politico.eu/article/economic-sanctions-from-georgia-would-not-affect-russias-economy-pm-says/> (Accessed: October 29, 2023).

10 Kandelaki, G., *Russia is losing in Ukraine but winning in Georgia*, August 31, 2023, Available at: <https://www.atlanticcouncil.org/blogs/ukrainealert/russia-is-losing-in-ukraine-but-winning-in-georgia/> (Accessed: October 29, 2023).

11 Huseynov, V. “Moscow warns EU against Geopolitical Games in the South Caucasus”, *Eurasia Daily Monitor*, Vol. 19, No. 79, May 2022, Available at: <https://jamestown.org/program/moscow-warns-eu-against-geopolitical-games-in-south-caucasus/> (Accessed: November 15, 2023).

Nevertheless, Moscow failed to keep the process under control. Most importantly, Armenia and Azerbaijan recognized each other's territorial integrity in the EU-mediated summit of the leaders of the two countries on the sidelines of the first gathering of the European Political Community in Prague on October 6, 2022.<sup>12</sup> The recognition of the Karabakh region by Yerevan as part of Azerbaijan was a development that was not planned by the Kremlin, whose representatives were proposing to leave the issue of the “status of [the] Karabakh region” to future generations.<sup>13</sup> A month after the Prague summit, Russian diplomats clearly expressed their dissatisfaction with Armenia's recognition of the Karabakh region as part of Azerbaijan. For instance, on November 1, 2022, Russia's Ambassador to Yerevan, Sergei Kopyrkin, told reporters that “the status . . . is an issue that should be left to the next generations, when the conditions for a solution to the problem acceptable and fair to all are in place”.<sup>14</sup>

*To the dismay of the Kremlin, Azerbaijan continued to gradually restore its sovereignty over the Karabakh region and prevented military supply from Armenia and Russia to the separatist regime established by Armenia in this region.*

To the dismay of the Kremlin, Azerbaijan continued to gradually restore its sovereignty over the Karabakh region and prevented military supply from Armenia and Russia to the separatist regime established by Armenia in this region. Azerbaijan's installation of a border checkpoint on the Lachin Road on April 23, 2023, to the frustration of Russia, whose Foreign Minister, Sergei Lavrov, categorically opposed this move during his visit to Baku two months previously, dealt a major blow to Russia's role in the Karabakh region.<sup>15</sup>

12 Consilium.europa.eu, Statement following quadrilateral meeting between President Aliyev, Prime Minister Pashinyan, President Macron and President Michel, 6 October 2022, Available at: <https://www.consilium.europa.eu/en/press/press-releases/2022/10/07/statement-following-quadrilateral-meeting-between-president-aliyev-prime-minister-pashinyan-president-macron-and-president-michel-6-october-2022/> (Accessed: November 15, 2023).

13 Civilnet.am, *Putin: Status of Karabakh is not Resolved*, November 17, 2020, Available at: <https://www.civilnet.am/en/news/474884/putin-status-of-karabakh-is-not-resolved/> (Accessed: October 29, 2023).

14 Azatutyun.am, *Deal on Karabakh's Status Should Be Delayed, Says Russia*, November 1, 2022, Available at: <https://www.azatutyun.am/a/32110598.html> (Accessed: October 29, 2023).

15 Apa.az, *Russian FM comments on proposals to open border checkpoints on the Lachin road*, February 28, 2023, Available at: <https://apa.az/en/foreign-policy/russian-fm-comments-on-proposals-to-open-border-checkpoints-on-the-lachin-road-397531/> (Accessed: October 29, 2023).

Until September 2023, Azerbaijan sought to resolve the conflicting issues through diplomatic means. Towards this purpose, Baku invited the representatives of the Armenian community of the Karabakh region to meetings in either an Azerbaijani city or Europe. The rejection of these proposals by the separatist regime played a critical role in Azerbaijan’s decision to launch anti-terror operations against the illegal military units in Karabakh on September 19–20, 2023. In less than 24 hours, the Armed Forces of Azerbaijan succeeded in forcing the separatist regime into capitulation. This has resulted in the self-dissolution of the puppet regime once established by Armenia in Azerbaijan’s internationally recognized territory.

Moscow did not intervene or publicly condemn Azerbaijan. It can be assumed that Russia did not want to risk its overall relations with Azerbaijan and the country’s major ally, Türkiye. This has been affected by the growing importance of the two countries for Moscow in the context of the disruptions of Russia’s relations with many countries due to the Ukraine war. The fact that the Azerbaijani government succeeded to restore its territorial integrity without sacrificing its independence

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vis-à-vis Russia or any other major power was an accomplishment few would have thought possible. In the aftermath of the elimination of the separatist regime, Azerbaijan emerged as a more assertive regional player with its territorial integrity restored and the ‘Karabakh card’ as leverage against Baku gone from Moscow’s hands.

The decline of Russian dominance in the South Caucasus is also being observed in relations between Yerevan and Moscow. There have been a wide range of decisions by the Armenian government over the last two years that have annoyed the Russian leadership. These decisions have related to both Armenia’s relations with Russia and the country’s attempts to deepen relations with the West. Yerevan invited a monitoring mission of the EU to observe the situation on the country’s border with Azerbaijan. In parallel, the government of Prime Minister Pashinyan was less receptive to the offer of the Russian side to deploy such a mission of the CSTO.<sup>16</sup>

<sup>16</sup> Arka.am, *Khandanyan: Armenia has never refused to accept CSTO observation mission*, April 6, 2023, Available at: [https://arka.am/en/news/politics/khandanyan\\_armenia\\_has\\_](https://arka.am/en/news/politics/khandanyan_armenia_has_)

Yerevan took further steps to distance itself from Russia's military bloc. In January 2023, it refused to host an exercise of the CSTO<sup>17</sup> and, on March 10 of that year, it renounced its right to take part in the bloc's leadership rotation.<sup>18</sup> In spite of the objections and threats by the representatives of Russia at various levels, Yerevan also proceeded with the ratification of the Rome Statute of the International Criminal Court (ICC), which imposes legal obligations on Armenia to arrest the President of Russia, Vladimir Putin, should he visit Armenia. The joint military exercises of Armenia and the United States on September 11–20 were seen in Moscow as another unfriendly move. In his press conference following the G20 summit in New Delhi, Russia's Foreign Minister Lavrov harshly criticized these exercises:

*“We deplore Armenia's actions. We have said this ... Of course, the announced agreement about joint Armenian–American exercises looks all the more unusual since Armenia has been refusing to participate in CSTO exercises for two years now.”*<sup>19</sup>

These political tensions are replicated in the media sphere. Russia's state-funded media channels are targeting the Armenian premier and his cabinet members, accusing them of being agents of the West and of seeking to undermine Armenia–Russia relations. Simultaneously, the Armenian media disseminates anti-Russian sentiments by accusing Russia of “ceding Karabakh to Azerbaijan” and failing to fulfil its security commitments to Armenia within the CSTO and other bilateral agreements. Pashinyan is depicted by the Russian media and political circles as a prospective “Zelensky,” alluding to Volodymyr Zelensky, the President of Ukraine, under whose presidency Russia–Ukraine relations deteriorated into a war.<sup>20</sup>

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never\_refused\_to\_accept\_csto\_observation\_mission/ (Accessed: November 15, 2023).

17 Kucera, J., “Armenia refuses to host CSTO exercises”, *Eurasianet.org*, January 10, 2023, Available at: <https://eurasianet.org/armenia-refuses-to-host-csto-exercises> (Accessed: October 29, 2023).

18 Mgdesyanyan, A., “Armenia further downgrades participation in CSTO”, *Eurasianet.org*, March 14, 2023, Available at: <https://eurasianet.org/armenia-further-downgrades-participation-in-csto> (Accessed: October 29, 2023).

19 Mid.ru, *Foreign Minister Sergey Lavrov's statement and answers to media questions following the G20 Summit*, September 10, 2023, Available at: [https://mid.ru/en/foreign\\_policy/news/1903728/](https://mid.ru/en/foreign_policy/news/1903728/) (Accessed: October 29, 2023).

20 Tass.com, *Pashinyan follows in Zelensky's footsteps by quantum leaps — high-ranking*

Against this backdrop, the government of Armenia is concerned that Moscow seeks to force a regime change in Yerevan. Some officials stated that Russia deliberately tried to drag Armenia into the fighting in the Karabakh region on September 19 and 20 with the purpose of destabilizing the country. “Since this scenario did not work out, now they are already trying to achieve their goal on the streets. They are trying to change the government in Armenia,” said Armen Grigoryan, secretary of the Armenian Security Council, in an interview with local media.<sup>21</sup> Grigoryan’s statement came amid protests in Yerevan demanding Pashinyan’s resignation over his mishandling of the situation in the Karabakh region.

*Nevertheless, Armenia’s exit from the CSTO and the EEU, or its departure from Russia’s orbit altogether, does not seem realistic.*

These simmering tensions have been further enflamed by public criticism from officials on both sides. Dmitry Medvedev, deputy chairman of the Russian Security Council, criticized Pashinyan for his engagement with the NATO and concluded with the suggestive phrase “imagine what awaits him”.<sup>22</sup> Alluding to Russia’s role in the anti-government protests, the Prime Minister of Armenia criticized Moscow’s alleged intervention: “Some of our partners are making more and more efforts to expose our security vulnerabilities, now putting not only our external but also internal security and stability at risk, violating the ethics of diplomatic, interstate relations in the process.”<sup>23</sup>

Nevertheless, Armenia’s exit from the CSTO and the EEU, or its departure from Russia’s orbit altogether, does not seem realistic. It is important to note that Russia remains the country’s major trading

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source in Moscow, October 18, 2023, Available at: <https://tass.com/world/1692799> (Accessed: October 29, 2023).

21 News.am, *Grigoryan: Attempt was made to drag Armenia into larger regional conflict, now they try to replace government*, September 21, 2023, Available at: <https://news.am/eng/news/782453.html> (Accessed: October 29, 2023).

22 Mediamax.am, *Dmitry Medvedev: “Guess what fate awaits him”*, September 19, 2023, Available at: <https://mediamax.am/en/news/foreignpolicy/52549/> (Accessed: October 29, 2023).

23 Azatutyun.am, *Pashinyan Slams Russia Amid Continuing Protests in Yerevan*, September 24, 2023, Available at: <https://www.azatutyun.am/a/32606928.html> (Accessed: October 29, 2023).



partner (45 percent of Armenia’s overall foreign trade)<sup>24</sup> and investor (40 percent of Armenia’s foreign direct investment)<sup>25</sup> according to 2022 statistics. Armenia has immensely benefitted from the Western sanctions against Russia by circumventing sanctions. With a 92 percent surge, Armenia’s trade with Russia reached US\$5.5 billion in 2022 and played a critical role in its economic growth of 12 percent.<sup>26</sup>

While economic dependency may not be the sole determining factor in shaping the geopolitical orientation of states, it undeniably influences decision-making. According to Armenian experts, Armenia’s multi-sectoral dependency on Russia makes it “unrealistic to expect that Armenia fundamentally alters its foreign policy orientation towards the West without these dependencies being addressed and mitigated.”<sup>27</sup> Hence, it is not surprising that, despite all the above-mentioned tensions, the Prime Minister of Armenia Nikol Pashinyan asserts that his country is not changing its foreign policy vector and does not plan to exit the CSTO.<sup>28</sup> However, this statement may be a rhetorical attempt by Pashinyan to calm down Russia’s concerns while Yerevan is gradually pursuing its policies to diversify the country’s foreign policy.

### ***Towards a New Security Order?***

These developments in the geopolitical sphere of the South Caucasus suggest sufficient basis to conclude that the Russia’s domination of the security order of the South Caucasus has significantly weakened.

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24 Baghirov, O., *Armenia’s Involvement in Russia’s Efforts to Bypass Western Sanctions, Analytical Policy Brief for Institute for Development and Diplomacy*, October 9, 2023, Available at: [https://idd.az/media/2023/10/10/idd\\_policy\\_biref\\_-\\_baghirov\\_9\\_october.pdf](https://idd.az/media/2023/10/10/idd_policy_biref_-_baghirov_9_october.pdf) (Accessed: November 15, 2023).

25 Russia-briefing.org, *Armenia-Russia Trade and Investment summary, 2023*, April 16, 2023, Available at: <https://www.russia-briefing.com/news/armenia-russia-trade-and-investment-summary-2023.html/> (Accessed: October 29, 2023).

26 Azatutyun.am, *Armenia Sees Continued Surge in Trade with Russia*, July 12, 2023, Available at: <https://www.azatutyun.am/a/32500512.html> (Accessed: October 29, 2023).

27 Rcds.am, *Rcds Insights: Armenia’s “Anti-Russian” Turn*, September 14, 2023, Available at: <https://rcds.am/en/rcds-insights-armenias-anti-russian-turn.html> (Accessed: October 29, 2023).

28 Civilnet.am, *Armenia says its foreign policy not changing despite fraying Russia ties*, October 11, 2023, Available at: <https://www.civilnet.am/en/news/754017/armenia-says-its-foreign-policy-not-changing-despite-fraying-russia-ties/> (Accessed: October 29, 2023).

*These developments in the geopolitical sphere of the South Caucasus suggest sufficient basis to conclude that the Russia's domination of the security order of the South Caucasus has significantly weakened.*

The confrontation between the West and Russia and the latter's setback in the war against Ukraine have prompted the two republics with one-sided geopolitical orientations (i.e., pro-Russian Armenia and pro-Western Georgia) to simulate elements of Azerbaijan's foreign policy strategy, known as its "balanced approach in foreign policy". This strategy entails the pursuit of a neutral stance between the West and Russia, steering clear of provoking either side through excessive alignment with just one. With Armenia, however, this policy course is bound to incur Russia's antagonism. Given Armenia's extensive reliance on Russia across various domains, Moscow's frustration with Pashinyan's balancing act appears justified.

As observed in the earlier sections, Moscow's decline as a dominant actor in the region is leading to the growing role of other external actors in the regional affairs. For the countries neighbouring the South Caucasus (Iran, Russia, and, to some extent, Türkiye), the intervention and geopolitical positioning of faraway countries in this region is inadmissible and a grave national security threat. For instance, the "encroachment" of external players into the South Caucasus is observed with concern not only in Moscow, but also in Tehran, Iran. This was made clear by Iran's Foreign Minister Hossein Amirabdollahian on October 23, 2023, before the meeting of the foreign ministers of Armenia and Azerbaijan, that was organized on the sidelines of the ministerial meeting of the 3+3 regional cooperation platform in Tehran.<sup>29</sup> "The presence of outsiders in the region will not only not solve any problems but will also complicate the situation further," he stated without elaborating but with an implicit reference to the EU and the United States.<sup>30</sup>

This emphasis on regional actors as the legitimate players to deal with their local problems in the South Caucasus has been supported by Russia, Azerbaijan, and Türkiye. For instance, on September 16, President of Türkiye Recep Tayyip Erdogan, proposing a quadrilateral format of the leaders of Armenia, Azerbaijan, Russia, and Türkiye,

<sup>29</sup> This format is discussed in more detail below.

<sup>30</sup> Reuters.com, *Iran hosts Armenia-Azerbaijan talks, Russia says main issue resolved in Nagorno-Karabakh*, October 23, 2023, Available at: <https://www.reuters.com/article/armenia-azerbaijan-talks-idCAKBN31M04W> (Accessed: October 29, 2023).

hinted that local disputes need to be resolved by the countries of the region, not far-away nations.<sup>31</sup>

This approach was also observed in the statements of the Azerbaijani side following the collapse of the separatist regime in the Karabakh region. Baku started to emphasize the importance of regional solutions to regional problems, in reaction, in particular, to France's decision to militarize Armenia: "France's biased actions and militarization policy... seriously undermine regional peace and stability in the South Caucasus and put at risk [the] European Union's overall policy towards the region", said Hikmet Hajiyev, foreign policy advisor to President Aliyev.<sup>32</sup> This played a critical role in Baku's refusal to attend the EU-mediated meeting of the leaders of Armenia and Azerbaijan together with the President of France, Emmanuel Macron, Chancellor of Germany, Olaf Scholz, and President of the European Council, Charles Michel, in Granada, Spain, on October 5. The Azerbaijani Press Agency reported that "Baku does not see the need to discuss the problems of the region with countries far from the region. Baku believes that these issues can be discussed and resolved in a regional framework".<sup>33</sup>

Thus, the rise of the 'regional solutions by regional actors' approach in the South Caucasus takes place in parallel with the decay of the Russia-dominated regional security order. This may constitute a new security order in the region; an order that is not dominated by any other extra-regional actor and with stronger agency of the local states. In this order, the interests and concerns of the three surrounding powers, namely Russia, Iran, and Türkiye, would be prioritized over those of other powers that are not from the region. The success of this approach would be critical to prevent a military escalation in the South Caucasus that is expected by some observers due to the erosion of the Russia-dominated

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31 YouTube Channel of Anadolu Agency, *President Erdogan talked to the reporters prior to his visit to the USA*, (translation from Turkish), September 16, 2023, [https://www.youtube.com/watch?v=55HBFoGSJZ4&ab\\_channel=AnadoluAjans%C4%B1](https://www.youtube.com/watch?v=55HBFoGSJZ4&ab_channel=AnadoluAjans%C4%B1) (Accessed: October 29, 2023).

32 X page of Hikmet Hajiyev, "Azerbaijan supports the tripartite Brussels process and the regional peace agenda in the format of the European Union, Azerbaijan and Armenia...", October 5, 2023, 4:24 AM, Available at: <https://x.com/HikmetHajiyev/status/1709892377324724646> (Accessed: October 29, 2023).

33 Apa.az, *Reasons for Azerbaijan's refusal to attend the Granada meeting revealed*, October 4, 2023, Available at: <https://en.apa.az/social/reasons-for-azerbaijans-refusal-to-attend-the-granada-meeting-revealed-exclusive-413407> (Accessed: October 29, 2023).

order and the ‘intervention’ of non-regional players.

The convening of the second meeting of the 3+3 format after almost two years of delay on October 23, 2023, and the expression of intent to hold the next meeting in the near future, can be interpreted as a supporting argument in this context. It is worth recalling that this configuration was introduced by the leaders of Azerbaijan and Türkiye following the 44-Day War in December 2020. The initiative involves the three countries of the South Caucasus plus three neighbouring powers (Russia, Iran, and Türkiye). Currently, Georgia has opted to abstain from participating due to its territorial conflict with Russia. The initiative, even in the “2+3” format (without Georgia), has faced a number of challenges, including Iran’s increasingly aggressive policies in the region.<sup>34</sup> Hence, the sides could not come together again for almost two years after the initial gathering of deputy foreign ministers in Moscow in December 2021.<sup>35</sup>

This time, the sides came together at the level of foreign ministers on October 23. They stressed the “importance of platforms like the Consultative Regional Platform ‘3+3’ in providing opportunities for constructive dialogue and establishing mutually beneficial cooperation between the countries of the region”.<sup>36</sup> The ministers agreed that the next meeting will be held in Türkiye on a date to be specified later. They also confirmed that the platform remains open to Georgia’s participation, though Tbilisi has not indicated any willingness to join.

If the new order in the region takes hold and Georgia continues to uphold a balanced approach in its foreign policy, some breakthrough toward Tbilisi’s participation in the 3+3 format and eventually breaking the deadlock over the Georgia–Russia territorial conflict may be expected. This situation would diminish the geopolitical dimension<sup>37</sup> of

34 Huseynov, V., “Regional Tensions Loom Over Multilateral Initiatives in South Caucasus”, *Eurasia Daily Monitor*, Jamestown Foundation, Vol. 20, No. 61, April 2023, Available at: <https://jamestown.org/program/regional-tensions-loom-over-multilateral-initiatives-in-south-caucasus/> (Accessed: November 15, 2023)

35 Mfa.ir, *Joint Communique of the Second Meeting of the “3+3” Regional Platform*, October 23, 2023, Available at: <https://en.mfa.ir/portal/newsview/732343/Joint-Communique-of-the-Second-Meeting-of-the-%E2%80%9C3-3-Regional-Platform> (Accessed: October 23, 2023).

36 Ibid.

37 Huseynov, V. “Vicious Circle of the South Caucasus: Intra-regional Conflicts and Geopolitical Heterogeneity”, *Caucasus Strategic Perspectives*, Vol. 1, No. 1, Summer 2020. Available at: <https://cspjournal.az/post/vicious-circle-of-the-south-caucasus-intra->

this conflict by making it less a matter of the West–Russia rivalry and hence make Russia more interested in substantial talks for the resolution of this conflict. Overall, the geopolitics of the South Caucasus is passing through a period of transformation and promises more political dividends and prosperity for the regional countries if they manage to tackle this process successfully and with no hostilities.

### *Conclusion*

In conclusion, the South Caucasus finds itself at a pivotal moment in its geopolitical history, characterized by a shifting landscape of power and influence. The long-standing Russia-dominated security order in the region, which has persisted since the end of the Soviet Union, is now showing signs of decay. The geopolitical repercussions of the Russia–Ukraine conflict, coupled with Moscow’s unexpected military setbacks and economic challenges, have created an environment in which the balance of power is undergoing significant changes.

This transformation is particularly evident in the changing dynamics between Russia, Armenia, and Azerbaijan. The involvement of external actors, notably the EU and the USA, in the Armenia–Azerbaijan peace negotiations, as well as Armenia’s recognition of Azerbaijan’s territorial integrity including the Karabakh region, represent a departure from the previously entrenched Russian influence in the region. Azerbaijan, by gradually restoring its territorial integrity and pursuing a balanced foreign policy, has emerged as a more assertive regional player.

Simultaneously, Georgia, the only country in the South Caucasus with a territorial conflict with Russia, is reevaluating its foreign policy stance and seeking a more balanced approach to navigate the changing geopolitical currents. The country’s efforts to diversify its foreign policy, increase trade with Russia, and maintain its own stability are indicative of the broader shifts taking place.

These developments underscore the waning dominance of Russia in the South Caucasus and the emergence of a more multi-polar security

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regional-conflicts-and-geopolitical-heterogeneity-418 (Accessed: 15 November 2023).

order. The concept of ‘regional solutions by regional actors’ is gaining traction, with countries like Russia, Iran, and Türkiye advocating for the primacy of their interests and concerns in the region. This approach promotes the idea that local actors should play a central role in resolving regional issues, minimizing the involvement of external powers.

The success of this new security order hinges on the ability of the South Caucasus countries and their neighbours to navigate these changes without resorting to hostilities. It offers an opportunity for greater independence and prosperity for the region, provided that all stakeholders can effectively manage this transition period.

# Contractualization of Environmental Protection: Prospects for Post-conflict Recovery of the Formerly Occupied Territories of Azerbaijan

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Valentina Chabert\*

Since the outbreak of the First Karabakh War back in the early 1990s, numerous instances of environmental damage have been committed by Armenia and by private companies operating under its sovereignty throughout the formerly occupied territory of Azerbaijan. This article aims at providing an overview of the wrongful acts committed by Armenia that have caused severe harm to the natural environment of Azerbaijan, and covers a period from the First and the Second Karabakh wars up to the present. The article further intends to outline the corporate accountability framework in international law for preventing private companies' illicit environmental conduct. The ultimate objective of this article lies in the proposal of a contractual approach to environmental protection, to be applied both to corporate activities and during the reconstruction of the liberated territories of Azerbaijan. This legal solution is characterized as both a means of compensating for the weakness of the international law framework regarding corporate accountability for environmental harm, and as an approach to prevent future environmental hazard committed by multinational corporations operating in the territory of Azerbaijan. It is possible that the contractualization approach could be applied to additional areas of the world affected by corporate environmental damage.

**Keywords:** environmental protection, Second Karabakh War, corporate accountability, contractualization, Azerbaijan, Armenia



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### *Introduction*

This article aims at providing an overview of the severe environmental damage deliberately committed by Armenia and by private enterprises within the formerly occupied territories of Azerbaijan from the First Karabakh War in the early 1990s to the present. Moreover, as the principal focus regards foreign corporations operating under Armenian sovereignty, this study will delineate the international law framework dealing with corporate environmental accountability, with a view to outlining the main legal drawbacks in guaranteeing the environmentally sound conduct of multinational corporations operating in foreign countries. Eventually, this article recommends the consideration of a contractual approach to environmental protection to be applied by Azerbaijan in relation to multinational companies that conduct activities within its territorial borders, which could serve as both a means to prevent future environmental damage, and a way to overcome legal shortcomings in the field of corporate accountability.

For this purpose, the first section of this article will be dedicated to the description of environmental damage committed by Armenia and foreign companies in the formerly occupied territories of Azerbaijan. Particular attention will be dedicated to the subjects of illegal landmine contamination and eco-terrorism activities. The latter include water pollution, the deprivation of water to adjacent districts' inhabitants, and illegal corporate exploitation of mineral resources. These topics will be covered through an analysis of the transboundary pollution of the Okchucay River due to the dumping of waste from Armenian mining enterprises; the denial of access to the water resources of the Sarsang Reservoir (located in the Karabakh region) to Azerbaijani citizens; and an assessment of the recent interstate arbitration raised by Azerbaijan against Armenia on the basis of the Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention).

Taking into account the environmental damage committed by Armenia, the second part of this article will evaluate the corporate environmental accountability framework under international law, with the aim of outlining a possible approach to be adopted in the future to prevent the perpetration of similar damage on the part of corporations. This includes consideration of the main drawbacks of international law in guaranteeing effective protection of the environment on the part of multinational



corporations due to – among other aspects – the structure of private companies themselves and the difficulties in the identification of which state is internationally required to exercise the control over corporate activities (either the home state in which the enterprise is registered, or the host state in which the company operates). The adoption of this methodology will eventually lead to the development and analysis of tailored solutions to ensure comprehensive governmental action for the protection of the environment, namely the adoption of the approach of contractualization of environmental protection. This includes the transformation of international environmental protection standards and voluntary corporate codes of conduct into binding contractual clauses. Eventually, by overcoming the legal shortcomings in corporate accountability, this approach will be recommended as a solution for the post-conflict recovery of the formerly occupied territories of Azerbaijan and as a preventive methodology to be applied by Azerbaijan in its future relations with multinational companies operating in its territories. This approach could possibly also be applied to further regions of the world potentially affected by corporate environmental damage.

### ***Environmental Damage to the Formerly Occupied Territories of Azerbaijan***

Amid the Soviet Union's implosion in 1991, war erupted between Armenia and Azerbaijan after the former launched an armed occupation of the latter's territories, starting from the former Nagorno-Karabakh Autonomous Oblast and expanding to the adjacent districts. By 1993, the aggression of Armenia against Azerbaijan had resulted in the former's occupation of approximately 20% of the sovereign territory of Azerbaijan and the forcible expulsion of more than 1 million Azerbaijanis from their ancestral lands. During the following year, a ceasefire mediated by Russia, known as the "Bishkek Protocol", left the issue of the occupation of Azerbaijan's territory *de facto* unresolved.<sup>1</sup>

Since the ceasefire in 1994, intermittent clashes, multiple ceasefire violations, and Armenia's unconstructive positions in the diplomatic negotiations prepared the ground for the Second Karabakh War in 2020, during which Azerbaijan liberated the seven districts formerly occupied

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<sup>1</sup> United Nations, "Bishkek Protocol signed between Armenia, Azerbaijan and Russian Federation", May 5, 1994.

*The almost 30 years of Armenian occupation of the sovereign territory of Azerbaijan had resulted in devastating environmental impacts, as indicated by numerous investigations conducted at the levels of both international organizations and the national government of Azerbaijan, as well as by the international media and even environmental activist groups in Armenia.*

by Armenia since the early 1990s.<sup>2</sup> As a result, a Trilateral Statement was signed among the belligerent parties on November 10, 2020, and a peacekeeping contingent of the Russian Federation was deployed to a specified part of the Karabakh region of Azerbaijan.<sup>3</sup>

The almost 30 years of Armenian occupation of the sovereign territory of Azerbaijan had resulted in devastating environmental impacts, as indicated by numerous investigations conducted at the levels of both international organizations and the national government of Azerbaijan, as well as by the international media and even environmental activist groups in Armenia.<sup>4</sup> Nonetheless, urgent action taken by Azerbaijan to invoke Armenia's international responsibility has not

resulted in any outcome, thus nurturing a feeling of impunity despite the environmental damage committed.

### *Landmine contamination*

The issue of landmine contamination ranks among the most dangerous humanitarian and environmental consequences of the First and Second Karabakh Wars.<sup>5</sup> These weapons have been responsible for injuring 3,416 Azerbaijanis since 1991. And thus far, 337 Azerbaijani citizens have been victims of landmine explosions since the end of the Second Karabakh War, of whom 65 were killed, while 272 of them received injuries of varying degrees of severity.<sup>6</sup> Furthermore, according to the

2 Council on Foreign Relations, "Nagorno-Karabakh Conflict", updated August 10, 2023, available at: <https://www.cfr.org/global-conflict-tracker/conflict/nagorno-karabakh-conflict> (accessed: August 28, 2023).

3 President.az, *Statement by the President of the Republic of Azerbaijan, Prime Minister of the Republic of Armenia and President of the Russian Federation*, November 10, 2020, Available at: <https://president.az/en/articles/view/45923> (accessed: August 30, 2023).

4 Baghdasaryan, S., Martirosyan, M., Sarukhanyan, V., "Armenia's Artsvanik Tailing Dump: History, Impacts, Dangers, and Uncertain Future", *Hetq*, August 5, 2019, Available at: <https://hetq.am/en/article/105994> (accessed: September 3, 2023).

5 Mustafayeva, N., "Armenia's Obligations under International Law in the Area of Mine Action", *Caucasus Strategic Perspectives*, Volume 3, Issue 1, Summer 2022, Available at: [https://cspjournal.az/uploads/files/Summer%202022/\(9\)%20Najiba%20Mustafayeva.pdf](https://cspjournal.az/uploads/files/Summer%202022/(9)%20Najiba%20Mustafayeva.pdf) (accessed: October 16, 2023).

6 Official website of the Mine Action Agency of the Republic of Azerbaijan, "Risk Education", Available at: <https://anama.gov.az/en/enlightenment-works> (accessed: October 31, 2023).

most recent data published by the Mine Action Agency of Azerbaijan (ANAMA), from November 10, 2020, to October 15, 2023, a total of 101,904 hectares of land in the liberated districts of Azerbaijan have been cleared of explosive ordnance. During this period, 30,318 anti-personnel mines, 17,690 anti-tank mines, and 52,651 items of unexploded ordnance have been identified and safely neutralized.<sup>7</sup>

For decades, international law struggled to provide immediate answers, in terms of either responsibility for mine removal or enforcement of existing regulations, as no verification mechanism to evaluate the implementation of legislation concerning the use of landmines existed. Nonetheless, the optional “Protocol on Prohibitions or Restrictions on the Use of Mines, Booby-traps and Other Devices” (Protocol II to the 1980 Convention on Certain Conventional Weapons), which entered into force in December 1988, represents one of the first attempts to establish a legal regime for the regulation of the use of landmines in times of war. The Protocol establishes a set of rules for the employment of landmines, despite not forbidding their use.<sup>8</sup> Since humanitarian law does not explicitly prohibit their use, landmines became one of the most devastating and tragic weapons in a great number of conflicts, deployed with a view to preventing access to territories or spreading terror among the population. Indeed, as has been underlined in the case of Azerbaijan, civilians remain the main victims of mines even after the end of hostilities.

It is in this context that states adopted a “Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on their Destruction” (the so-called ‘Mine Ban Treaty’) and opened this for signature in Ottawa on December 3, 1997.<sup>9</sup> Neither Armenia nor Azerbaijan is party to this convention. Therefore, Azerbaijan could not

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<sup>7</sup> *Ibid.*

<sup>8</sup> “Protocol II to the 1980 Convention on Certain Conventional Weapons on Prohibitions or Restrictions on the Use of Mines, Booby Traps, and Other Devices”, 1980, Available at: [https://www.un.org/en/genocideprevention/documents/atrocity-crimes/Doc.40\\_CCW%20P-II%20as%20amended.pdf](https://www.un.org/en/genocideprevention/documents/atrocity-crimes/Doc.40_CCW%20P-II%20as%20amended.pdf) (accessed: October 14, 2023).

<sup>9</sup> “Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction”, 1997, Available at: <https://legal.un.org/avl/ha/cpusptam/cpusptam.html> (accessed: October 14, 2023).

invoke a breach of the abovementioned Convention by Armenia.

The legal situation notwithstanding, the main problem with the landmine contamination issue in the formerly occupied territories of Azerbaijan continues to be the impossibility of correctly locating mines, as no accurate maps have been shared by Armenia since the signing of the Trilateral Statement on November 10, 2020.

### *Eco-terrorism activities*

Most of the rivers flowing through Azerbaijan originate either in its Karabakh region or in Armenia.<sup>10</sup> Therefore, the country is in an extremely vulnerable position as all its territories are located downstream on these rivers, making Azerbaijan heavily dependent on the inflow of water from neighbouring Armenia. Unlike Azerbaijan, Armenia is not party to the UNECE “Convention on the Protection and Use of Transboundary Watercourses and International Lakes”.<sup>11</sup> Adopted in 1992 in Helsinki, the Convention plays a fundamental role as a mechanism for strengthening international cooperation and achieving environmentally sound management and protection of transboundary surface and ground waters. As a consequence of the occupation, Azerbaijan was deprived of the opportunity to cooperate with Armenia in the joint management of water resources. Consequently, examples of anthropogenic harm abound in this perspective.

The first case of environmental harm relates to the critical ecological conditions of the Okhchuchay River. The level of pollution appears to be of fundamental importance for Azerbaijan, as it flows into the Araz River, the second largest river in the South Caucasus. From there, it becomes a tributary of the Kura River, the water from which is employed for the irrigation of the farming lands of Azerbaijan. Results from the testing of water samples from the Okhchuchay River retrieved from January to March 2021 revealed high contents of heavy metals,

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10 Karabakh Center, *Ecocide in Karabakh*, Available at: <https://story.karabakh.center/en/ecocide-in-karabakh> (accessed: November 14, 2023).

11 United Nations Economic Commission for Europe (UNECE), “Convention on the Protection and Use of Transboundary Watercourses and International Lakes”, Helsinki, 1992, Available at: <https://sdg12hub.org/take-action/capacity-building-mechanism/convention-protection-and-use-transboundary-watercourses> (accessed: September 2, 2023).

including copper, molybdenum, manganese, and chromium.<sup>12</sup> In light of the presence of several mining areas in the region, there is reason to believe that the dumping of production waste into the Okhchuchay river without any preliminary treatment has been undertaken by some of the large mining enterprises headquartered in Armenia and operating in its southern region.<sup>13</sup>

Therefore, Azerbaijan has tried to raise the question of transboundary environmental damage committed by Armenia at the international level. On January 18, 2023, Azerbaijan commenced the first known inter-state arbitration under the Council of Europe's "Convention on the Conservation of European Wildlife and Natural Habitats" (Bern Convention), adopted in 1979, the aim of which is to ensure the conservation of wild flora and fauna species and their habitats. Azerbaijan's interstate lawsuit is based on the alleged violation by Armenia of its legal obligations under the Convention; Azerbaijan is demanding the cessation of all ongoing violations of the Convention and full reparations for the environmental harm perpetrated in the formerly occupied territories. Before reaching the arbitration panel, however, a standing committee composed of all the contracting parties will have to use its best endeavours to facilitate an amicable settlement of the dispute, as envisaged by Article 18 of the Convention. Only in case of the failure of this can a formal arbitration process be launched before a tribunal. Nonetheless, since this procedure has never previously been activated, any prediction concerning the development of the lawsuit and the kind of compensation states will be able to request does not yet appear to be feasible.

As concerns the issue of deprivation of water to downstream Azerbaijanis, the environmental issues involving the Sarsang Reservoir appear to be worthy of consideration. Built in 1976, the Sarsang Reservoir contains up to 560 million cubic meters of water and has the capacity to provide irrigation water for six districts in Azerbaijan. The

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12 Valiyev, J., "Armenia's ecological invasion of Azerbaijan's Okhchuchay", *Daily Sabah*, July 29, 2021, Available at: <https://www.dailysabah.com/opinion/op-ed/armenias-ecological-invasion-of-azerbajjans-okchuchay> (accessed: October 31, 2023).

13 Chiragov, F., "Continuing crimes against the natural environment: the case of Okhchuchay river", in "Neglected Victim of the Armenia-Azerbaijan Conflict, Environmental Impacts of Occupation", *Center of Analysis of International Relations*, Baku, 2021, p. 37, available at: <https://aircenter.az/uploads/8PDGIC23ldxV.pdf> (accessed: October 31, 2023).

*Azerbaijan's regional ecological and economic situation has been severely damaged since the occupation in the early 1990s due to the use of the water reserve by Armenia as a political tool.*

reservoir is located in the part of the Karabakh region that was under the control of the peacekeeping forces of Russia until September 2023, when Azerbaijan restored its territorial integrity. Therefore, until September 2023, Azerbaijan had no proper control over Sarsang's resources.

However, Azerbaijan's regional ecological and economic situation has been severely damaged since the occupation in the early 1990s due to the use of the water reserve by Armenia as a political tool. Azerbaijan has repeatedly complained at the international level that the Armenia-installed proxy regime in the Karabakh region persistently reduced the outflow of water from the Sarsang Reservoir to downstream regions in summer, when water demand for people and agriculture is higher.<sup>14</sup> Conversely, up to 85–90% of the reservoir contents were released in winter, when farming and irrigation do not require a similar quantity of water.<sup>15</sup> As a result, downstream villages were flooded, the agricultural sector seriously damaged, and lands and roads severely eroded.<sup>16</sup> As this situation affected the environmental conditions of the areas affected by the flooding and caused severe damage to the agricultural sector of the region, in 2016, the Council of Europe (CoE) confirmed the distressing level of water-related environmental problems in the formerly occupied territories and pronounced on the issue of the Sarsang Reservoir. Hence, in CoE Parliamentary Assembly Resolution 2085 (2016), the Council stressed that “the lack of regular maintenance work for over twenty years on the Sarsang reservoir, located in one of the areas of Azerbaijan occupied by Armenia, poses a danger to the whole border region”.<sup>17</sup>

14 Huseynov, V., The environmental costs of the Armenian occupation of Azerbaijani territories”, in “Neglected Victim of the Armenia–Azerbaijan Conflict, Environmental Impacts of Occupation”, *Center of Analysis of International Relations*, Baku, 2021, p. 11, available at: <https://aircenter.az/uploads/8PDGIC23ldxV.pdf> (accessed: October 31, 2023).

15 *Ibid.*

16 *Ibid.*

17 Parliamentary Assembly of the Council of Europe, “Inhabitants of frontier regions of Azerbaijan are deliberately deprived of water”, Resolution 2085, adopted January 26, 2016, Available at: <https://assembly.coe.int/nw/xml/XRef/Xref-XML2HTML-en.asp?fileid=22429&lang=en> (accessed: August 30, 2023).

*Illegal exploitation of mineral resources*

The exploitation of natural resources involves hazardous mining activities conducted by Armenian and foreign companies in the formerly occupied territories of Azerbaijan. Of particular importance is the issue of the gold and copper mining operations that were perpetrated (during the presence of the illegal separatist regime) at the Gizilbulag and Damirli deposits located in the Karabakh region and materially carried out by Base Metals, an Armenian company with an office in Khankendi city, but part of the Vallex Group, a holding company registered in Switzerland.<sup>18</sup> The deposits concerned are located on an area of more than 850 hectares of land where protected species and forests are present.<sup>19</sup> For the purposes of the construction of the mine, about 82 hectares of forests were felled in the period 2012–2015.<sup>20</sup>

*The exploitation of natural resources involves hazardous mining activities conducted by Armenian and foreign companies in the formerly occupied territories of Azerbaijan.*

At the end of 2022, the Azerbaijani authorities detected and recorded the illegal transportation of Azerbaijan's minerals to Armenia via the Lachin road, which led Azerbaijani authorities to express a desire to monitor the deposits located in the part of the Karabakh region controlled by the Russian peacekeeping contingent.<sup>21</sup> Nonetheless, in spite of an agreement reached with the commanders of the Russian peacekeepers in Khojaly town on December 7, 2022, Azerbaijani specialists were unable to gain access to the deposits due to the lack of suitable conditions for the monitoring process.<sup>22</sup> This situation gave rise, on December 12, 2022, to widespread environmental protests on the Lachin–Khankendi road, where activists and representatives of non-governmental organizations demanded the cessation of the illegal exploitation of Azerbaijan's natural and mineral resources.<sup>23</sup>

18 Detailed information on the company is available from: [https://www.dnb.com/business-directory/company-profiles.base\\_metals\\_cjsc.2155020929b5b578e5a0bec6795bea8c.html](https://www.dnb.com/business-directory/company-profiles.base_metals_cjsc.2155020929b5b578e5a0bec6795bea8c.html) (accessed 5 October 2023).

19 Azertag.az, *Illegal activity and destroyed history at Demirli mineral deposit*, December 17, 2022, Available from: [https://azertag.az/en/xeber/illegal\\_activity\\_and\\_destroyed\\_history\\_at\\_demirli\\_mineral\\_deposit\\_\\_\\_investigation-2413502](https://azertag.az/en/xeber/illegal_activity_and_destroyed_history_at_demirli_mineral_deposit___investigation-2413502) (accessed October 26, 2023).

20 Ibid.

21 Ibid.

22 Ibid.

23 Ibid.

Further evidence of Armenia's harmful environmental conduct and failure to fulfil its duty to prevent environmentally hazardous activities perpetrated by corporate bodies operating under its jurisdiction has been collected by the Azerbaijani space agency Azercosmos. A report published in August 2023 detailed the activities of 24 mines located in Armenia and in the formerly occupied territories of Azerbaijan, observed by the agency's SPOT6 and AZERSKY 7 satellites in 2017 and 2023, and comparisons of the surrounding areas' environmental conditions have been conducted.<sup>24</sup>

### ***Corporate Environmental Accountability in International Law***

The cases of environmental damage analysed in the present article mostly relate to irresponsible corporate environmental behaviour on the formerly occupied territories of Azerbaijan. The present section will focus on the corporate accountability framework in international law, with a view to placing emphasis on the main drawbacks and impediments of the international legal framework regarding corporate environmental responsibility. Specifically, by considering the environmental damage committed by Armenia, this section will place emphasis on the main legal impediments Azerbaijan is facing in directly suing Armenian and foreign corporations for irresponsible environmental behaviour in the formerly occupied territories.

At present, despite decades of debate at the international level, no binding framework directly addressing corporations' responsibility for environmental damage is present in international law.<sup>25</sup> As a result, there exist only multi-stakeholder and voluntary initiatives aimed at enhancing a more transparent attitude of business entities; this includes both non-binding codes of conduct and 'soft law' instruments. This is mainly attributable to a wide set of impediments, which include structural obstacles in the identification of the organizational structure of multinational corporations, the lack of a homogeneous approach in international law with respect to corporate identity, and difficulties

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24 Apa.az, *Report on space monitoring of mineral deposits on the territory of the Republic of Armenia*, August 25, 2023, Available at: <https://apa.az/en/social/report-made-on-environmental-impacts-of-armenias-mining-industry-410349> (accessed September 1, 2023).

25 Marquez, D. I., "The scope of codes of conduct for corporate environmental responsibility", *Revista Catalana de Dret Ambiental*, Vol.6, No 2, 2015, p.4.



in attributing the responsibility to prosecute foreign companies at the home-state level (that is, where a corporation has its seats) or at the host-state level (where the company operates).

In particular, even though multinational corporations are characterized by unity at the economic level, their subsidiaries operating in host states are, in contrast, legally separated, meaning that each subsidiary company possesses its own legal identity. Indeed, in spite of the fact that companies are created as legal entities under the domestic law of a particular state, businesses usually outsource their production processes to more than one country. In this regard, a multinational enterprise consists of multiple subsidiaries and affiliates integrated with the parent company, either in a hierarchical form or through contracts aimed at maximizing profits and shareholders' earnings.<sup>26</sup>

Moreover, as concerns the drawbacks of the international legal framework regarding corporate accountability, difficulties arise when it comes to identifying which state is required, under international law, to guarantee the protection of the environment in the presence of transnational activities carried out by business enterprises. More specifically, no clear rule exists when it comes to assessing which state is internationally required to oversee the activities of multinational corporations. Indeed, this concerns the question as to whether it is the host state that has the power to prosecute illegal corporate environmental behaviours occurring within its territory, or whether it is possible to trace some obligations back to the home state where the parent company is incorporated. Furthermore, it is uncertain whether the jurisdiction of the home state to adjudicate a case involving a foreign company operating abroad could be invoked by virtue of the control exercised by the parent company on the overall activities of multinational corporations. Therefore, the difficulties presented also affect the possibility for Azerbaijan to prosecute regarding the environmental damage committed by Armenian and foreign companies due to the shortcomings of international law in the field of corporate environmental accountability.

This also holds true when it comes to soft law and voluntary alternatives, as they do not represent a legally relevant alternative to the drawbacks of international law on this topic. Markedly, even

<sup>26</sup> Calliess, P.G., "Transnational Corporations Revisited", *Indiana Journal of Legal Studies*, Vol. 18, No.2, 2011, pp. 604 -605.

though the approach of corporate social responsibility and the voluntary integration of social and environmental considerations in corporate operations<sup>27</sup> has developed with a view to contributing to the socially and environmentally sound conduct of business enterprises, difficulties with the provision of independent compliance and monitoring systems represent one of the principal drawbacks for the correct functioning of voluntary initiatives at the intergovernmental and firm levels.

***Contractualization of Environmental Protection:  
A Proposal for Post-Conflict Recovery in Azerbaijan***

In light of the difficulties in holding corporations accountable for damage to the environment under the current framework of international law, this section proposes the contractualization of environmental protection as a central approach for the post-conflict recovery of the formerly occupied territories of Azerbaijan. This could effectively translate into the means to support the reconstruction of these areas, while simultaneously accelerating the recovery of the natural environment that has been the target of Armenia's irresponsible behaviour during the First and Second Karabakh Wars and their immediate aftermath. In particular, the contractualization of environmental protection involves the transformation of social and environmental responsibility standards into legal obligations through their incorporation into contractual clauses. Consequently, their observation would be characterized as mandatory for the parties, who would eventually be allowed to invoke the termination of the contract in the event of the violation of these clauses by one of the (two or more) contracting parties.<sup>28</sup>

Therefore, through the use of the contractual instrument, it would be possible to bridge the gap between the absence of a binding international framework and the presence of mere voluntary and soft law initiatives for corporate social responsibility, thereby imposing environmental protection obligations on affiliate companies and subsidiaries operating

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27 European Commission, "Green Paper: Promoting a European Framework for Corporate Social Responsibility", Doc./01/9, July 18, 2001,

28 Marrella, F., *Protection internationale des droits de l'homme et activités des sociétés transnationales*, Recueil des cours de l'Académie de Droit International de la Haye, vol.385, 2017, p. 267.

along the production and supply chain.<sup>29</sup> In this regard, by having the form of a binding legislative instrument, the contract would potentially be able to leverage the behaviour of the contracting parties. While not operating in isolation from national and international law, contracts could perform an important governance function in regulating economic activities that may potentially be harmful to the environment. However, the relevance of investment contracts could be hindered by the difficulties associated with the confidentiality of contractual agreements and their implementation, as well as by the impossibility of providing an adequate response to environmentally harmful behaviour perpetrated by multinational companies.<sup>30</sup>

At present, successful examples of the approach of adoption of contractualization of environmental protection can be identified in international law. Contracts concluded by multinational companies within the World Bank system and, in particular, with the International Finance Corporation (IFC) are a case in point of the incorporation of environmental protection standards into contractual clauses. In fact, the granting and subsequent disbursement of guaranteed financial resources to multinational companies for the implementation of investment projects in developing countries is subject to compliance with the IFC's Performance Standards on Environmental and Social Sustainability. These include, among others, the assessment and management of risks and social impacts; resource efficiency and pollution prevention; the conservation of biodiversity; and sustainable management of natural resources.<sup>31</sup> The eventual violation of the aforementioned rules during the implementation of an investment project could therefore lead to the interruption or termination of the loan. In this sense, the commitment of companies to comply with the IFC's environmental standards is ascertained through an additional compliance mechanism – the Compliance Advisor/Ombudsman (CAO) – established with the goal of providing the affected communities and individuals with the opportunity

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29 McCall-Smith, K., Ruhmkorf, A., "From International law to national law: the opportunities and limits of contractual Corporate Social responsibility supply chain governance", *University of Edinburgh School of Law*, Research Paper Series No.2018/30, 2018, p. 3.

30 Affolder, N., *Beyond law as tools: foreign investment projects and the contractualisation of environmental protection*, Cambridge University Press, 2011, pp 357-378.

31 IFC, "Performance Standards on Social and Environmental Sustainability", 2012, Available at: <https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards> (accessed: August 30, 2023).

to have allegations related to the application of environmental standards reviewed by an independent monitoring body.<sup>32</sup>

### *A Proposal for Post-Conflict Recovery in Azerbaijan*

In light of the environmental damage committed by corporations in the formerly occupied territories of Azerbaijan, the contractual approach to environmental protection could result in a successful process for the reconstruction and reintegration of the Karabakh region and other liberated territories of Azerbaijan in a post-conflict stage. Indeed, the contractualization of environmental protection could be characterized as a means to both overcome the above-described shortcomings of international law in offering a response to environmental damage committed by corporations, and to prevent the occurrence of future environmental harm in the liberated territories. For this reason, including environmental standards, codes of conduct, and international environmental law principles within contractual clauses in the reconstruction phase would possibly form one of the steps to successfully rehabilitate the ecosystem of the liberated territories after almost 30 years of occupation. Eventually, the same approach could be applied in other regions of the world that have been affected by corporate environmental damage during and after a conflict. With this in mind, some possible concrete applications of the contractualization of environmental protection approach are provided. Most importantly, it should be borne in mind that the contractualization of environmental protection is presented only as a preventive approach to corporate environmental damage, and does not address the wrongful acts committed or the responsibility of Armenia during the period of occupation. Hence, it should be considered as a framing approach that could guide Azerbaijan's relations with multinational companies operating within its borders in the future.

### *Exploitation of mineral resources*

The contractualization of environmental protection in the field of exploitation of natural and mineral resources in the liberated territories

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32 E. Morgera, *Corporate environmental accountability in International law*, Oxford University Press, 2020, p. 257.

may prove fundamental. The contractualization approach could be applied to private companies based in Azerbaijan and, subsequently, to foreign companies willing to acquire shares in such companies for the performance of mining and mineral extraction activities in the liberated territories. When contracts are granted to such companies by the state for the exploitation of such resources, specific environmental clauses should be included in the contract. These clauses could take different forms. For example, they may include international environmental law principles, or indicate international standards or codes of conduct developed at the inter-governmental level. Similarly, reference to an external code of conduct can be made, as well as mention of environmental principles in the general conditions of the contract. Notably, for the contractual clause to be valid and to acquire binding force between the parties, the form, the level of specificity, the accuracy, and the linguistic clarity should be precisely formulated so as to expressly show the intention of the parties to be bound by these clauses.

#### *Reconstruction of infrastructure and transportation lines*

The same approach of contractualization may be adopted for the reconstruction of infrastructure and transportation lines connecting to the liberated territories (including railway connections, airports, and roads). This holds true for the whole spectrum of infrastructure needed in the liberated territories, including in the fields of energy distribution and water management, which appear to be particularly sensitive issues for Azerbaijan. Specific, accurate, and unambiguous environmental clauses may be included in contracts granted by the state to national and foreign companies willing to contribute to the reconstruction phase of the liberated territories. This would, in fact, allow the government to provide oversight and ensure that licensed companies abide by national legislation and international principles of environmental protection during the whole phase of infrastructure reconstruction.

#### *Foreign investment*

The area of foreign investment may prove to be a further flourishing field in which the contractualization of environmental protection could be applied. On the model of the International Finance Corporation

approach, the government of Azerbaijan could exploit the growing attention towards sustainability and environmental protection by linking the attraction of foreign investment to the protection of the environment. In this sense, investment agreements involving foreign corporations or foreign states willing to invest in the liberated territories may contain specific clauses such as the obligation to conduct an environmental impact assessment, and the consideration of the precautionary principle and the principle of prevention before the implementation of reconstruction projects. The government of Azerbaijan would therefore be able to integrate environmental protection objectives with other public policy and economic objectives.

### *Conclusion*

The present research study aimed at investigating the wide variety of activities that have been responsible for severe harm to the natural environment of Azerbaijan in a period including the First and Second Karabakh Wars and their aftermath, and up to the present, with a special focus on environmental damage committed by corporations.

Indeed, the wrongful activities considered in this paper include landmine propagation, eco-terrorism activities, and the illegal exploitation of the mineral resources of the formerly occupied territories of Azerbaijan by corporations of both Armenian and of foreign nationality.

This article further examined the current framework of international law as regards corporate environmental accountability. Remarkably, numerous impediments deriving from corporations' organizational arrangements, and from difficulties in the identification of the state having jurisdiction to rule on cases of environmental harm involving foreign companies, contribute to the relevant shortcomings of international law in guaranteeing the accountability of multinational corporations for damage to the environment.

For the abovementioned reasons, this article has advanced proposals for the adoption of the contractualization of environmental protection approach during the post-war recovery and reconstruction of the liberated territories of Azerbaijan as a potential means of ensuring the prevention of environmental harm and of overcoming the difficulties of international law in this field. Moreover, even though not providing an

answer to the wrongful doings of Armenian and foreign corporations, the contractual approach could possibly guide the future relations of Azerbaijan with multinational corporations operating in its territory. Eventually, the successful application of the contractualization approach in Azerbaijan could spur the employment of the same approach in other regions of the world similarly affected by corporate environmental damage during and after armed conflicts.













ISSN 2788-5178



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