

Azerbaijan's Niche Diplomacy in the Western Balkans

Nina Miholjčić Ivković*

This article examines how Azerbaijan, as an emerging middle power, uses niche diplomacy to build stronger ties with the states of the Western Balkans and increase regional and international influence. It discusses Azerbaijan's proactive foreign policy in the Western Balkans as a qualitative case study and applies document analysis, media content analysis and process tracing to explain the country's rise as a middle power in the region. The analysis identifies energy security, infrastructure development and soft power diplomacy as the main niche assets of Azerbaijan's diplomatic outreach in the Western Balkans. It concludes that sectoral specialization in regional foreign policy activism facilitates emerging middle powers to gain a competitive advantage and expand their geopolitical influence.

Keywords: Niche diplomacy, Azerbaijan, middle power, Western Balkans, energy diplomacy



* **Nina Miholjčić Ivković** is a researcher based in Serbia with a background in international relations and diplomacy.

Introduction

The concept of middle powers, especially the notion of emerging middle powers, remains largely contested in international relations literature. Despite lacking a universally accepted definition, the concept continues to gain relevance, with a large set of diverse countries with diverse foreign policy interests being grouped under this category.¹ Nevertheless, there is general agreement that recognized middle power states use niche diplomacy to expand and strengthen their influence.²

As defined by Gareth Evans, niche diplomacy means “concentrating resources in specific areas best able to generate returns worth having, rather than trying to cover an entire field.”³ The core of niche diplomacy

As defined by Gareth Evans, niche diplomacy means “concentrating resources in specific areas best able to generate returns worth having, rather than trying to cover an entire field.”

lies in identifying specialized areas where a middle power can focus its restricted resources to maximize benefits, thereby avoiding action across the board and risking diluting its influence or draining its efforts.⁴ In essence, niche diplomacy is a form of specialization that allows middle powers to increase their strength and respect in international relations. Middle powers must adjust their foreign policy activism to a niche-

oriented approach, particularly given their lesser capabilities in comparison to those of great powers.

The international landscape has shifted from an old, rigid and predominantly Western-centred world order to an uncertain, new international environment, which has contributed to the rise of middle powers and niche diplomacy.⁵ In the contemporary global order, filled with complexities and unpredictability, many countries, especially middle powers, have more manoeuvring space to approach their foreign policy more flexibly and arrange their relations with numerous other relevant actors and institutions.⁶

In recent years, Azerbaijan has been confidently emerging as a

1 Efstathopoulos, C., “Global IR and the middle power concept: exploring different paths to agency,” *Australian Journal of International Affairs*, Vol. 77, No. 2, 2023, pp. 213–232, Available at: <https://doi.org/10.1080/10357718.2023.2191925> (Accessed: April 22, 2026).

2 A.F., Cooper, “Niche Diplomacy: A Conceptual Overview”, in Andrew Cooper (ed.), *Niche Diplomacy. Studies in Diplomacy* (London: Palgrave Macmillan, 1997), p. 21.

3 Evans, G., “Middle Power Diplomacy”, *gevans.org*, June 29, 2011, Available at: <https://www.gevans.org/speeches/speech441.html> (Accessed: February 24, 2026).

4 *Ibid.*

5 Cooper, *op. cit.*, p.5.

6 *Ibid.*, p.19.

prominent middle power, which became particularly visible following its military victory in the 2020 Second Garabagh War and subsequent consolidation of sovereignty over its territory. The country's recent efforts to shift its foreign policy from a conflict-resolution-oriented one to maximizing its regional and international influence, especially through energy diplomacy, geopolitical leverage and strategically significant connectivity concepts such as the Middle Corridor, confirm its commitment to transitioning into a recognized middle power.⁷

In this study, Azerbaijan's proactive foreign policy in the Western Balkans is understood as an interesting case of niche diplomacy that represents an effective way to increase the country's influence through specific fields in a smaller, often overlooked but strategically relevant region. The study applies a qualitative case study approach, including document analysis through the examination of official government agreements and statements concerning bilateral relations, media content analysis of leading Western Balkan and Azerbaijani news sources, and process tracing of Azerbaijan's rise to the middle power status and its gradual engagement with Western Balkan countries. The main objective of the study is to examine how Azerbaijan uses energy security, infrastructure development and cultural diplomacy as part of its niche diplomatic strategy in the Western Balkans, consequently increasing its power profile with Europe and in global politics. Azerbaijan's foreign policy towards the Western Balkan countries includes energy diplomacy, as a main driver of political leverage; infrastructure investments that create long-term strategic interaction; and cultural diplomacy that simultaneously increases the country's presence and enhances political receptivity in the region. The findings strongly suggest that a resource-rich emerging middle power is capable of effectively using sectoral specialization in a selected region, despite being, in a territorial sense, a small state – which has not prevented it from successfully expanding its geopolitical profile.

Theoretical framework and methodology

The analysis of Azerbaijan's niche strategy in the Western Balkans is grounded in middle power theory, particularly its core element of niche diplomacy, which provides the theoretical framework for the

7 Zahidov, S., "Azerbaijan as a Middle Power", *Center of Analysis of International Relations (AIR Center)*, June 4, 2026, Available at: <https://aircenter.az/uploads/RAByx1UmnRZ0.pdf> (Accessed: June 4, 2026).

argument that Azerbaijan has attained emerging middle power status. Methodologically, relying on the middle power theory, the study combines the examination of primary sources, media narratives and the tracing of key developments in Azerbaijan's regional engagement.

Middle power states are vaguely described as neither great nor small regarding their international power capacity, while being interested in contributing to a more stable and cohesive world order.⁸ Although the vagueness of the middle power concept persists, introducing a distinction between traditional and emerging middle powers has brought a certain level of analytical clarity.⁹

The initial, narrow inclusion of only Western, consolidated democracies, such as Australia, Canada and Sweden, in the 'middle power' category became unsuitable in the post-Cold War era as many, especially non-Western, countries started to be recognized as middle powers due to their increasingly influential roles in regional and international affairs.

The need to include a new category of emerging middle powers has become apparent, especially as countries such as Brazil, South Africa and Türkiye have begun exhibiting foreign policy features common in middle power behaviour.¹⁰ These behavioural characteristics include moderate but influential economic, diplomatic and regional capabilities; active involvement in multilateral initiatives, with reliance on international institutions; and strong support for international law as a beacon of a stable and rules-based global order.

Niche diplomacy is also an important part of foreign policy outreach for emerging middle powers.¹¹ These middle powers can make significant contributions and obtain comparative advantages with considerable returns by focusing on specific areas, which consequently can increase their prestige and political impact in the international arena. However,

8 Jordaan, E., "The Concept of a Middle Power in International Relations: Distinguishing between Emerging and Traditional Middle Powers," *Politikon: South African Journal of Political Studies*,

Vol. 30, No. 1, 2003, p. 165, Available at: https://ink.library.smu.edu.sg/soass_research/394 (Accessed: April 23, 2026).

9 *Ibid.*

10 Xiao, Y., "Emerging Middle Powers' Balancing Diplomacy: Connotations, Motivations, and Implications," *BRIQ Belt & Road Initiative Quarterly*, Vol. 6, No. 2, 2025, p. 213.

11 Öniş, Z. and Kutlay, M., "The Dynamics of Emerging Middle Power Influence in Regional and Global Governance: The Paradoxical Case of Turkey," *Australian Journal of International Affairs*, Vol. 71, No. 2, 2017, p. 10.

the identification of appropriate fields of foreign policy activism, as well as actions, of aspiring middle powers must be in accordance with their capabilities, otherwise they may risk entering into a paradox of power and locking their potential.¹²

From a methodological aspect, the paper uses document analysis that relies on official government strategies, bilateral agreements and policy statements issued by the governments of Azerbaijan and Western Balkan countries, which display recurring themes related to energy cooperation, infrastructure investment and soft power engagement in bilateral relations. Media content analysis focuses on assessments of news articles from major Western Balkan outlets as well as Azerbaijani and international news sources, which identify dominant narratives surrounding Azerbaijan's role in the region.

Moreover, the process tracing method is used, first to reconstruct Azerbaijan's path to becoming an emerging middle power by identifying key historical, economic and diplomatic events that helped in building the country's middle power status. This method further traces important Azerbaijani energy and investment initiatives and soft diplomacy engagement in the Western Balkans to display the gradual expansion of the country's presence in the region.

Azerbaijan as an emerging middle power

Middle powers could generally be defined as states with strong competencies in certain areas but without sufficient capacity to challenge the major powers within the global power structure.¹³ The most common classification of middle powers includes the division between traditional and emerging middle powers. While traditional powers hold an already entrenched position of recognition and considerable influence in international relations, and are likely to defend the international status quo, emerging middle powers aspire to be more reformist-oriented towards the current world order and are more involved in regional affairs.¹⁴

With the changing international system and the strong emergence of

¹² *Ibid.*, p. 9.

¹³ Xiao, op. cit, p. 212.

¹⁴ Jordaan, E., "The Concept of a Middle Power in International Relations: Distinguishing between Emerging and Traditional Middle Powers," *Politikon*, Vol. 30, No. 1, 2003, p. 165.

the Global South, the rise of emerging middle powers has become more evident and prominent.¹⁵ Rising middle powers are showcasing more proactive foreign policies, with greater efforts in regional integration and involvement in multilateral constellations, especially through multinational organizations such as the United Nations (UN) and the Non-Aligned Movement (NAM), which enable them to practise multilateralism and revive international cooperation.¹⁶

What distinguishes emerging middle powers from traditional ones is that the former are more focused on regional leadership, practise bridge diplomacy through norm entrepreneurship and apply a strategically autonomous diplomatic approach. Such common features of emerging middle powers are all present in Azerbaijan's foreign policy.

Having become an influential actor in its geographic vicinity, Azerbaijan has confirmed its emerging middle power status through regional leadership. The country experienced a transition from a small power to a middle power capable of dictating regional realities following the restoration of its territorial sovereignty after the Second Garabagh War.¹⁷

As a rising middle power, Azerbaijan employs bridge diplomacy, promoting itself as a bridge between East and West, North and South.

This South Caucasian country acted as a norm entrepreneur through its leadership of the NAM in the period between October 2019 and January 2024, using it as a platform to advocate for global cooperation, multilateralism and respect of international law.¹⁸

As a rising middle power, Azerbaijan employs bridge diplomacy, promoting itself as a bridge between East and West, North and South.

Azerbaijan pursues a strategic, independent foreign policy, manoeuvring between major powers, such as

Russia, the US, China and Iran, and avoiding aligning permanently with one. A balancing approach, common to emerging powers' behaviour, enables the country to practise interest-based foreign policy and to leverage regional influence to increase its agency.¹⁹

¹⁵ Xiao, p. 213.

¹⁶ Patrick, S., "The Middle Power Moment," *Carnegie Endowment Russia Eurasia Center*, Jan 20, 2026, Available at: <https://carnegieendowment.org/russia-eurasia/research/2026/01/the-middle-power-moment>, (Accessed: March 4, 2026).

¹⁷ Oztarsu, M. F. and Ibrahimov, R., "No longer small? Azerbaijan's pursuit of middle power status," *Third World Quarterly*, Vol. 47, No. 5, 2026, p. 977, <https://www.tandfonline.com/doi/abs/10.1080/01436597.2025.2582694>.

¹⁸ "A Praiseworthy Stance on Global Affairs: Azerbaijan's Leadership in NAM," *AZERTAC*, July 5, 2023, Available at: https://azertag.az/en/xeber/a_praiseworthy_stance_on_global_affairs_azerbaijan_039s_leadership_in_nam-2683372 (Accessed: April 27, 2026).

¹⁹ Mammadli, M., "Key Aspects of Azerbaijan's Independent and National Interest-Based Foreign Policy," *Eurasia Review*, April 29, 2025, Available at: <https://www.eurasiareview>.

Although both traditional and emerging middle powers use niche diplomacy to boost their influence through focusing their limited resources on specific areas that provide considerable returns worth having, emerging middle powers tend to use it to increase visibility and recognition while advocating for reforms within the existing international system. Such a dynamic approach makes them generally more assertive and flexible in their diplomatic outreach compared to traditional middle powers.²⁰

Azerbaijan's step into the status of an emerging middle power began with the signing of the "Contract of Century" in 1994, which established a new oil strategy and doctrine for an independent Azerbaijan by inviting in major international oil companies and opening the country to Western investment. The contract remains an essential step in strengthening Azerbaijan's sovereignty, as it enabled the country to assume control of its resources and build a strong global reputation as a reliable partner in the energy sphere.²¹

Over the following three decades, Azerbaijan has built a considerable network through 'pipeline diplomacy' and expanded its energy influence beyond the Caspian region to European markets. In 2006, with the Baku–Tbilisi–Ceyhan oil and Baku–Tbilisi–Erzurum gas pipelines becoming operational, Azerbaijan made a huge leap into the energy market, offering alternatives to traditional Russian energy routes.²² The country continued expanding its gas deliveries by extending the Baku–Tbilisi–Erzurum gas pipeline and creating the Southern Gas Corridor (SGC) megaproject, which became operational in 2020.²³

Within the SGC project, Azerbaijan managed to solidify its relations with Türkiye and expand its gas network to the Balkans and further to Europe through the Trans-Anatolian Pipeline (TANAP) and the

com/29042025-key-aspects-of-azerbajians-independent-and-national-interest-based-foreign-policy-oped/ (Accessed: April 27, 2026).

20 Cooper, p. 5.

21 Heybatov, T., "Contract of the Century turns 30: A milestone for Azerbaijan and the region," *News.az*, October 4, 2024, Available at: <https://news.az/news/-contract-of-the-century-turns-30-a-milestone-for-azerbaijan-and-the-region> (Accessed: March 15, 2026).

22 Mikail, E. H., Çora, H. and Çora, A. N., "Azerbaijan's energy resources and BTC (Bakü Tbilisi Ceyhan is the name given to the pipeline project being built for crude oil transfer) project," *Open Journal of Political Science*, Vol. 10, No. 02, 2020. p. 165.

23 Jafarova, E., "Is Azerbaijan a Middle Power?" *Center of Analysis of International Relations*, May 2020, Available at: <https://aircenter.az/uploads/files/Is%20Azerbaijan.pdf> (Accessed: March 15, 2026).

Trans-Adriatic Pipeline (TAP) extensions.²⁴ The SGC project possesses immense strategic opportunities, as it enables Azerbaijan to further expand the network with interconnectors, such as the Bulgaria–Serbia interconnector, and a new, planned initiative, the Ionian Adriatic Pipeline (IAP) that can deliver Azerbaijani gas to other Western Balkans countries and on to Europe.²⁵

In addition to strong energy assets, Azerbaijan’s middle power status was reinforced with its decisive military victory in the 2020 Second Garabagh War, which opened the country to a more forward-leaning foreign policy that goes beyond conflict-burdened diplomacy. Especially after the full restoration of its state sovereignty in 2023, Azerbaijan has not only entrenched its leading position in the South Caucasus but also started more actively investing in its reliable-partner image abroad, reaching out to other regions outside its immediate neighbourhood.²⁶

Through the use of energy diplomacy, regional security engagement, economic and political initiatives, as well as participation in multilateral and plurilateral frameworks, the country leverages its soft power in relations with different regions and major powers.²⁷ Plurilateralism is a form of cooperation among a smaller group of countries that share similar interests and focus on specific issues. This enables Azerbaijani foreign policy to focus better on selected issue areas and motivate more effective joint action.²⁸

Niche diplomacy is at the centre of Azerbaijan’s diplomatic engagement, particularly in plurilateral initiatives where energy cooperation, investment and cultural ties play an important role in extending the

24 “TANAP Project,” *TANAP*, n.d. Available at: <https://www.tanap.com/en/tanap-project> (Accessed: March 6, 2026).

25 Shahbazov, F., “Ionian-Adriatic Pipeline: A Priority Gas Transit Project for Azerbaijan and the Western Balkans,” *Jamestown*, August 8, 2018, Available at: <https://jamestown.org/ionian-adriatic-pipeline-a-priority-gas-transit-project-for-azerbaijan-and-the-western-balkans/> (Accessed: March 6, 2026).

26 Shukurlu, F. and Shumunov, J., “Azerbaijan’s Active Non-Alignment: How Baku is Pivoting to Greater Power,” *Baku Dialogues*, Vol. 9, No.1, December 2025, pp. 62-81, Available at: <https://bakudialogues.idd.az/articles/azerbaijans-active-non-alignment-09-12-2025> (Accessed: March 6, 2026).

27 Cutler, R., “Azerbaijan: Middle Power, Multilateral Diplomacy,” *Open Canada*, September 11, 2024, Available at: <https://opencanada.org/azerbaijan-middle-power-multilateral-diplomacy> (Accessed: March 6, 2026).

28 Cutler, R., “Plurilateralism and the rise of Azerbaijani diplomacy,” *Center of Analysis of International Relations (AIR Center)*, May 22, 2020, Available at: <https://aircenter.az/en/post/plurilateralism-and-the-rise-of-azerbaijani-diplomacy-346> (Accessed: April 28, 2026).

country's influence. Azerbaijan's niche strategy has been crafted by the country's two leading advantages, location and hydrocarbon abundance, which have been additionally buttressed by major geopolitical events, including the Russia–Ukraine war and subsequent European energy crisis.²⁹

While Azerbaijan uses its niche assets in bilateral relations and multilateral forums, namely the UN and OSCE, the country also fosters regional and plurilateral integration by building stronger ties with a limited group of states and through more institutionalized frameworks, such as the Organization of Turkic States and NAM, and several 'minilateral' formats, including Azerbaijan–Türkiye–Georgia, Azerbaijan–Türkiye–Turkmenistan and Azerbaijan–Türkiye–Pakistan.^{30,31} The country also strategically selects smaller, usually overlooked regions with significant potential for the expansion of its cooperation profile. The Western Balkans represents a region that often holds a peripheral position but offers a gateway to European markets and transit routes, as well as a platform for emerging middle powers, such as Azerbaijan, to strengthen their regional influence through niche strategies.

Niche strategy in the Western Balkans and energy diplomacy

Azerbaijan's niche diplomacy interaction with the Western Balkans states can be understood as a form of flexible, less institutionalized plurilateralism. In addition to developing strong bilateral ties, Azerbaijan simultaneously cooperates with several countries in the region, including Serbia, Albania and Montenegro, through issue-specific initiatives centred on energy, investment and infrastructure development.

The country also combines cultural diplomacy, humanitarianism and common similar historic experiences that act as a catalyst for the diffusion of its soft power. Azerbaijan effectively utilizes shared

*Azerbaijan's niche
diplomacy interaction
with the Western Balkans
states can be understood
as a form of flexible,
less institutionalized
plurilateralism.*

29 Hedlund, S., "Azerbaijan extends its influence beyond the South Caucasus," *GIS*, May 29, 2024, Available at: <https://www.gisreportsonline.com/r/azerbaijan-influence/> (Accessed: March 7, 2026).

30 Cutler, *op. cit.*

31 Ahmadov, N., "First Trilateral Meeting of the Ministers of Türkiye, Azerbaijan and Kazakhstan," *Jamestown*, July 18, 2022, Available at: <https://jamestown.org/first-trilateral-meeting-of-the-ministers-of-turkiye-azerbaijan-and-kazakhstan/> (Accessed: April 29, 2026).

post-conflict experience and a political philosophy approach that emphasizes territorial integrity and national sovereignty to form closer, bonding relations with the Western Balkan states. Azerbaijan and other countries in the Western Balkans, specifically Serbia and Bosnia and Herzegovina, have experienced protracted territorial conflicts and post-conflict reconstruction processes, shaping their mutual emphasis on sovereignty, stability and territorial integrity. These binding elements make Azerbaijan's niche diplomacy more successful in a region that seeks alternative and reliable energy partners with greater understanding and appreciation for its complex historic and current political environment.

The ongoing Russia–Ukraine conflict, which has seriously disrupted energy security in the EU, has also affected the Western Balkans' energy sector through rising energy prices, prompting a refocus away from Russian dependence and encouraging greater investment in the green energy transition. Although the share of Russian oil and gas is not particularly significant in the overall energy mix of the region, which remains heavily reliant on coal, many Western Balkan states face geopolitical pressure, mainly from the EU, to dilute their relations with Russia. Consequently, the region is being forced to look for alternative energy partners and resources.³²

Before the Russia–Ukraine conflict, Russia supplied all the gas consumed in Serbia, North Macedonia and Bosnia and Herzegovina through the TurkStream and Balkan Stream pipelines. Although the countries remain dependent, they have taken significant steps to reduce their reliance on Russian gas and have introduced Azerbaijani natural gas into their energy mix.

Serbia has decreased its reliance on Russian gas from 100 per cent in 2021 to 82 per cent in 2024, mainly through imports of Azerbaijani gas via the Bulgaria–Serbia interconnector, commissioned in 2023.³³ A preceding memorandum of understanding (MOU) that outlined annual deliveries of up to 400 million cubic meters until 2026, with volumes expected to increase to one billion cubic meters beyond that period, confirms a strong interest from both countries in continuing to

32 Vujanović, N., R. Stubbe and M. Catarina-Louro, "The Western Balkan energy sector: between Russia, the European Union and the green transition," *Working Paper Issue 33/2025, Bruegel*, December 2025, <https://doi.org/10.64153/KTCC2593>.

33 "Western Balkans need to cut Russian energy ties and speed up EU power market integration, Bruegel says," *bne IntelliNews*, January 8, 2026, Available at: <https://www.intellinews.com/western-balkans-need-to-cut-russian-energy-ties-and-speed-up-eu-power-market-integration-bruegel-says-419092/> (Accessed: March 20, 2026).

deepen energy relations.³⁴ Energy cooperation remains the backbone of the Serbia–Azerbaijan strategic partnership and an important part of Azerbaijan’s wider energy strategy in the region.

Since 2023, North Macedonia has started receiving commercial gas from Azerbaijan through Bulgarian traders.³⁵ In 2024, North Macedonia signed an MOU with the State Oil Company of Azerbaijan (SOCAR) to secure more reliable natural gas supplies. The country also plans to build an interconnector with Greece to connect to the TAP pipeline.³⁶ Serbia and North Macedonia plan to build an interconnector between themselves to further strengthen energy security in the region and to connect to the SGC, thus obtaining a more effective gas supply network.³⁷

Bosnia and Herzegovina and Montenegro are also interested in Azerbaijani natural gas, with both having expressed strong support for the planned IAP. For Bosnia and Herzegovina, the IAP is important for reducing its dependence on Russian gas imports and diversifying its energy supply.³⁸ Montenegro, although not dependent on Russian energy supplies, perceives the proposed pipeline as important for developing its national gas network and as a stabilizing factor in a rather volatile energy market.³⁹

34 “Diversification of Energy Sources: North Macedonia Turns to Azerbaijan,” *Energetski Portal*, November 20, 2024, Available at: <https://www.energetskiportal.com/diversification-of-energy-sources-north-macedonia-turns-to-azerbaijan> (Accessed: March 20, 2026).

35 Karimli, I., “North Macedonia Seeks More Natural Gas Imports from Azerbaijan,” *Caspian News*, March 12, 2025, Available at: <https://caspiannews.com/news-detail/north-macedonia-seeks-more-natural-gas-imports-from-azerbaijan-2025-3-12-28/> (Accessed: March 20, 2026).

36 “Western Balkans need to cut Russian energy ties and speed up EU power market integration, Bruegel says,” *bne IntelliNews*, *op.cit.*

37 “Serbia Advances Strategic Gas Interconnections with Romania and North Macedonia to Boost Energy Security,” *Serbia Business*, July 4, 2025, Available at: <https://serbia-business.eu/serbia-advances-strategic-gas-interconnections-with-romania-and-north-macedonia-to-boost-energy-security> (Accessed: March 20, 2026).

38 “Bosnia & Herzegovina keen on gaining access to Azerbaijani gas - former president,” *Baku Energy Forum*, November 15, 2022, Available at: <https://bakuenergyforum.az/en/news/bosnia-herzegovina-keen-on-gaining-access-to-azerbaijani-gas---former-president-5681> (Accessed: March 20, 2026).

39 Spasić, V., “IAP pipeline, LNG terminal are strategic projects for Montenegro – minister,” *Balkan Green Energy News*, August 12, 2024, Available at: <https://balkangreenenergynews.com/iap-pipeline-lng-terminal-are-strategic-projects-for-montenegro-minister/> (Accessed: March 20, 2026).

Investment in infrastructure

While energy diplomacy remains the primary channel through which Azerbaijan engages with the Western Balkans, infrastructure investment represents a supplementary tool in the country's niche strategy in the region. Azerbaijan has invested in infrastructure development, mainly in the energy and transportation sectors, across the Western Balkan countries, thereby aiming to sustain a long-term strategic partnership with the region.

Azerbaijan has played a significant role in supporting Serbia's energy and road infrastructure development.

Azerbaijan has played a significant role in supporting Serbia's energy and road infrastructure development. In addition to the already operational Serbia–Bulgaria gas interconnector pipeline, official Baku is actively collaborating with officials in Belgrade on the development of a gas-fired power plant, which is expected to increase gas exports to Serbia and to intensify the energy partnership between the two countries. The agreement between Azerbaijan and Serbia on the construction of a combined-cycle gas-fired power plant, signed in 2026, was followed by six additional cooperation agreements across various sectors, indicating continued strengthening of bilateral relations.⁴⁰

Azerbaijan's investment in energy infrastructure has also been visible in Albania. Although energy relations between Azerbaijan and Albania date back to the early 2010s, when the two countries began establishing the framework for the TAP project, it is important to note that Albania has not imported natural gas from Azerbaijan to date, despite the pipeline crossing its territory. The recently announced Nur initiative, which aims to develop Albania's gas infrastructure, represents a significant step in expanding Azerbaijani energy investments in the country. The Nur project, funded by investment from Azerbaijan and implemented by SOCAR, will have twofold consequences. It will enable Albania to gain access to alternative energy sources, thus helping the country in its decarbonization process, and it will increase Azerbaijan's influence in the Western Balkans.⁴¹

40 Berbatović, V., "Serbia, Azerbaijan sign agreement to build gas-fired power plant," *Balkan Green Energy News*, February 16, 2026, Available at: <https://balkangreenenergynews.com/serbia-azerbaijan-sign-agreement-to-build-gas-fired-power-plant/> (Accessed: March 21, 2026).

41 "Azerbaijan's Energy Minister Launches Nur Gas Project in Albania," *Caucasus Watch*, April 21, 2025, Available at: <https://caucasuswatch.de/en/news/azerbajjans-energy-minister-launches-nur-gas-project-in-albania.html> (Accessed: March 22, 2026).

Regarding investment in transport connectivity, Azerbaijan is already engaged in transportation and road projects, mainly in Serbia and Montenegro. For instance, the Azerbaijani construction company AzVirt has become a highly active contributor to Serbia's road infrastructure development. It is involved in building segments of the Ruma–Šabac highway and other key routes that will help to strengthen regional transport links and connectivity.⁴² Azerbaijan is also discussing potential investments in Montenegro's infrastructure development, including in the Bar–Boljare highway and the country's other transport network initiatives.⁴³

Energy and transport investments across the Western Balkan countries represent an important aspect of Azerbaijan's niche strategy, as such projects have the potential to underpin the country's already strong energy diplomacy and improve the region's infrastructure. Given that the Western Balkans suffers from underdeveloped infrastructure and seeks foreign investment, Azerbaijan, with its initiative-driven foreign policy, has had great success in strengthening its position as a promising middle power in this region.

Soft power as a tool in niche strategy

Although soft power, defined as the ability to shape preferences through attraction, and niche diplomacy, the strategic focus on specific areas of international engagement, are conceptually distinct, there are instances in which a country employs soft power as a tool within its broader niche strategy to enhance its influence. Soft power outreach is a low-cost and effective tool in Azerbaijan's niche strategy in the region, as it creates symbolic and emotional connections, increases political compassion and augments broader geopolitical influence.

While Azerbaijan has already developed strong energy relations and successful investment projects in the Western Balkans, it also uses soft power resources to strengthen strategic partnerships, to enhance its international image and to secure economic and political support.

42 Velebit, V., Ivić, P. and Jovanović, A., "Serbia–Azerbaijan relations: Strategic depth through energy and connectivity," *Pupin Initiative*, October 30, 2025, Available at: <https://www.pupin.org/analysis/serbia-azerbaijan-relations-strategic-depth-through-energy-and-connectivity> (Accessed: March 22, 2026).

43 Zeynalova, L., "Ervin Ibrahimović Names Promising Areas for Azerbaijani Investments," *Trend News Agency*, January 5, 2026, Available at: <https://www.trend.az/azerbaijan/business/4138096.html> (Accessed: March 22, 2026).

Through investment in cultural and humanitarian projects, as well as the promotion of the historic and political narrative concerning the shared post-conflict experience across the Western Balkans, Baku aims to expand its influence beyond the South Caucasus and to create a bridge between the region and Europe.

The Western Balkan region still carries post-conflict legacies and struggles over territorial integrity, which have influenced its political landscape, making it receptive to foreign states that respect and understand these burdens.

Azerbaijan has shown significant political sensibility and willingness to invest in the Western Balkans. The country has managed to accomplish simultaneous and balanced cooperation with each country in the region, despite its continuing internal quarrels.⁴⁴ For instance, Azerbaijan has managed to foster close diplomatic ties with both Serbia and Albania,

Azerbaijan has shown significant political sensibility and willingness to invest in the Western Balkans.

despite their fundamentally opposing positions on the recognition of the Kosovo region's independence.

Shared historical and political struggles over territorial integrity and sovereignty have played a prominent role, especially in bringing Azerbaijan and Serbia closer together. This has added another layer to their already substantial and productive energy cooperation. In addition to strong political support regarding the Kosovo issue, Azerbaijan has fostered closer cultural ties with Serbia through the symbolic restoration of cultural sites and the development of monument projects.⁴⁵ These initiatives have helped Azerbaijan promote its culture and enhance its soft power in Serbia.

Bosnia and Herzegovina and Azerbaijan continue to foster special cultural relations that are founded on similar legacies of their recent history that revolve around the tragic armed conflicts of the 1990s, which left both nations scarred with the victims of war and forced displacement.⁴⁶ Humanitarianism has been an important aspect of Azerbaijan's diplomatic outreach in Bosnia. Through the Heydar Aliyev

44 Alekberli-Museyibova, N., "Azerbaijan Bolsters Cooperation With Balkan Countries," *Jamestown*, August 8, 2023, Available at: <https://jamestown.org/azerbaijan-bolsters-cooperation-with-balkan-countries> (Accessed: March 22, 2026).

45 Aliyev, H., "Azerbaijani-Serbian Relations Booming Thanks to Mutual Interests," *Jamestown*, December 15, 2021, Available at: <https://jamestown.org/azerbaijani-serbian-relations-booming-thanks-to-mutual-interests/> (Accessed: March 24, 2026).

46 Lisica, A., "Diplomatic Relations Between the Republic of Azerbaijan and Bosnia and Herzegovina: Could it be Better?" *Bosnian Studies Journal for research of Bosnian thought and culture*, Vol. 8, 2024, p. 98.

Foundation, Azerbaijan constructed a centre for blind and visually impaired children and young people in the Bosnian capital, Sarajevo.⁴⁷ During the COVID-19 pandemic, Azerbaijan provided humanitarian aid in the form of 40,000 doses of vaccine to Bosnia and Herzegovina for the fight against the coronavirus.⁴⁸

Azerbaijani cultural diplomacy outreach is also present in other Western Balkan states. For instance, through the Azerbaijan–Montenegro Cultural and Economic Center, Azerbaijan promotes active cultural exchange with Montenegro by organizing cultural and traditional events, such as concerts of Azerbaijani folk music and dances.⁴⁹ In November 2025, the National Library of Albania in Tirana opened an Azerbaijani literature section to foster bilateral intellectual ties and showcase Azerbaijani culture.⁵⁰

Building stronger cultural ties legitimizes Azerbaijan's presence and reduces political resistance in the Western Balkans. While energy and infrastructure projects remain a leading force in Azerbaijan's niche strategy, soft power serves as an additional instrument for further deepening collaborative and productive relations with the region. In the Western Balkan countries, Azerbaijan has effectively turned soft power into a niche strength of its foreign policy engagement to build influence, reputation and partnerships.

Conclusion

As an emerging middle power, Azerbaijan has employed niche diplomacy effectively in its regional foreign policy activism, aiming to enlarge its geopolitical influence and position. Azerbaijan's niche strategy in the Western Balkans represents a logical geopolitical choice,

47 "Work starts on Health Center to be built in Bosnia and Herzegovina with support of Heydar Aliyev Foundation," *Report*, March 8, 2017, Available at: <https://report.az/en/foreign-politics/work-starts-on-health-center-to-be-built-in-bosnia-and-herzegovina-with-support-of-heydar-aliyev-fou> (Accessed: March 22, 2026).

48 Lmahamad, A., "Bosnia thanks Azerbaijan for support to fight COVID-19," *AzerNews*, October 12, 2021, Available at: <https://www.azernews.az/nation/184285.html> (Accessed: March 22, 2026).

49 Azerbaijan-Montenegro Cultural and Economic Center, official website, Available at: <https://azcec.me/about-us>.

50 "Azerbaijani Literature Section Inaugurated at National Library of Albania," *The Caspian Post*, November 11, 2025, Available at: <https://caspianpost.com/culture/azerbaijani-literature-section-inaugurated-at-national-library-of-albania> (Accessed: March 24, 2026).

Azerbaijan's niche assets, particularly in energy diplomacy and transport infrastructure development, align closely with the current needs of the Western Balkans.

focusing on a cluster of small states in a peripheral but strategically significant region that provides an entry to broader European markets and increases the country's presence as an influential energy and investment partner in Europe.

Azerbaijan's niche assets, particularly in energy diplomacy and transport infrastructure development, align closely with the current needs of the Western Balkans. In particular, the onset of the Russia–Ukraine conflict, which triggered a severe energy crisis in Europe, has prompted Western Balkan states to pursue greater energy security and diversify supplies while also welcoming foreign investment to modernize their underdeveloped infrastructure.

Although more a supplementary niche tool than a primary one, soft power diplomacy helps Azerbaijan to entrench its already relevant presence in the Western Balkans. Through soft power outreach, including different cultural projects and activities, Azerbaijan can exercise greater influence and increase its political impact in the region.

Through strategically tailored niche diplomacy, Azerbaijan has gained significant influence among Western Balkan countries, which perceive this emerging Caucasian power as a reliable and powerful partner, able to deliver much-needed energy and transport investment without political interference or pressure on the region's internal affairs. Principles including a high degree of respect, political understanding and non-interference in regional issues, as demonstrated in Azerbaijan's engagement in the Western Balkans, are decisive factors in the country's successful niche strategy in the region. Azerbaijan's engagement with the Western Balkans is more than smart diplomacy; it represents evidence of emerging middle power behaviour in practice, with reliance on niche diplomacy, a non-interference stance and partnership-oriented influence, all aimed at enhancing the country's regional standing.