## Iranian-Azeri Dynamic Relations: Conflict & Cooperation in Southern Caucasus<sup>1</sup>

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#### Introduction

For a peripheral country<sup>2</sup>, Azerbaijan has certainly received a great deal of attention in modern history. During the World War Two, the oil-rich Soviet Azerbaijan was one of the main targets of the German invasion of Russia for securing Germans growing oil demands and for denying such a resource to the Russians. After the war, some argued that the Cold War began with the Crisis of Azerbaijan (1945-46) when the first direct showdown took place between the Western and Eastern camps<sup>3</sup>. Even before the XX<sup>th</sup> century, however, the strategic importance of the Caucasus region (especially its southern part) was known to the Great Powers, as the British, Russian, and Ottoman Empires struggled for power and dominance in the XIX<sup>th</sup> century. This became known as the Great Game.

Following the demise of the Ussr, some have argued that a New Great Game started as the Great Powers struggled for strategic dominance and oil power among themselves<sup>4</sup>. It is in this new Global Con-

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<sup>2</sup> This phrased is borrowed from Mark Saroyan, "Azerbaijan Looks West", in Edward Walker (ed. by), *Minorities, Mullahs, & Modernity*, Berkeley, CA, University of California Press, 1997, pp. 221-230.

<sup>&</sup>lt;sup>3</sup> For a mainstream historical perspective, see George Lenczowski, United States' Support for Iran's Independence & Integrity, 1945-1959, «Annuals of the American Academy of Political & Social Sciences», 1972, vol. 401, pp. 45-55. Also see, Louise Fawcett, Iran & the Cold War: The Azerbaijan Crisis of 1946, Cambridge, Cambridge University Press, 1992. For a revisionist view, see Brian Begy, The State-War-Navy Coordinating Committee & The Origins of the Cold War in the Near East: A Reinterpretation, «Jusur: The UCLA Journal of Middle Eastern Studies», 1994, vol. 10, pp. 31-50.

<sup>&</sup>lt;sup>4</sup> MARSHALL INGWERSON, *The Next Great Game*, «Christian Science Monitor», 25 Aug. 1997, vol. 89, no. 189, p. 10.

text that the foreign relations of the (former Soviet Republic or) newly independent Republic of Azerbaijan must be analyzed<sup>5</sup>. This situation has become even more complex as regional powers such as Islamic republic of Iran and the secular Republic of Turkey are naturally competing for influence in the region<sup>6</sup>. Since the fall of the Soviet Union, the Caucasus has faced several conflicts, including the Azeri-Armenian War over Nagorno-Karabakh, the Abkhazian struggle for independence against Georgia, and the Chechen War to name a few.

Beyond the regional military-security challenges and the religious-secular ideological struggles in the Caucasus, there is also a great deal of competition for controlling the valuable natural resources of the region, especially the oil and gas. Thus, one may argue that the economic and business environment is also highly contested, especially with the discussion of building infrastructure, particularly pipelines to transport the fossil fuels of landlocked territories to the international markets <sup>7</sup>.

The growing importance of the Caucasus requires the study of foreign relations among many pairs of States both within and outside the region. Obviously, the goals and means of foreign policies of the Great Powers must be carefully analyzed. Nevertheless, the interactions among the regional powers themselves should not be ignored. One such relationship is the dynamic ties of the Islamic Republic of Iran and the secular Republic of Azerbaijan<sup>8</sup>. Interestingly enough, these two neighboring States have majority Shia Muslim populations, which lead some to assume a very close tie soon after independence of Azerbaijan. However, the test of time illustrates complex relations that need further study. Thus, this article focuses on the dynamic Iranian-Azeri relations that have implication not only for the region, but also for the global politics.

<sup>&</sup>lt;sup>5</sup> For a comprehensive analysis of the Azerbaijan foreign policy, see HOUMAN SADRI, *Elements of Azerbaijan Foreign Policy*, «Journal of Third World Studies», 2002, vol. 19, no. 2, pp. 180-186.

<sup>&</sup>lt;sup>6</sup> For Iranian-Turkish rivalry in the Caspian region, see ALVIN RUBINSTEIN, OLES SMOLANSKY, Regional Power Rivalries in the New Eurasia: Russia, Turkey, and Iran, Armonk, ME Sharpe, 1995.

<sup>&</sup>lt;sup>7</sup> RAYMOND BONNER, Getting This Oil Takes Drilling and Diplomacy, «NewYork Times», 15 Feb. 1995, p. D1-2; MICHAEL LELYVELD, Azerbaijan Moves to Make Peace in Caspian Oil Row, «Journal of Commerce & Commercial», vol. 413, no. 29066, 26 Sept. 1997, p. 10A; MICHAEL LELYVELD, New Showdown Looms Over Iranian Pipeline, «Journal of Commerce & Commercial», vol. 416, no. 29232, 2 June 1998, p. 3A.

 $<sup>^{8}</sup>$  Luke Allnutt, Iran/Azerbaijan: Faith, Oil, & Power Threaten Historic Brotherhood, «Radio Free Europe», 20 Dec. 2007, <a href="https://www.rferl.org/feature-sarticle/2007/12/327ef94b-2229-4b75-b216-78814e926271.html">https://www.rferl.org/feature-sarticle/2007/12/327ef94b-2229-4b75-b216-78814e926271.html</a>

#### EXPERTS & THE REGIONAL POLITICS

Many Western analysts tend to overemphasize the Islamic dimension of Iran's polity when analyzing the country's foreign policy behavior towards the Caucasus, Central Asia, and the Persian Gulf States. However, we argue that political, strategic and economic variables have been more instrumental in affecting Iran's foreign policy towards the Caspian countries, using Iranian-Azerbaijan relations as a case study.

Since the downfall of the Soviet Union, the Islamic Republic of Iran has emerged as an important player in the Caspian Basin and Greater Middle East regions. During the Ayatollah Khomeini era, an important principal of Iran's foreign policy was based on the concept of «Neither East nor West» 9. In the post-Khomeini era, this principal has been replaced with a new tenet that R.K. Ramazani has referred to as «Both North and South» 10. Based on this principle, Iran has developed political and economic ties with its northern neighbors in the Caspian Basin. Iran's unique geographic location as a bridge between the Persian Gulf and the Caspian Sea has long been viewed by the architects of the Iranian foreign relations as an asset that will enable the country to play a lasting role in sociopolitical and economic developments in the region.

Almost immediately after the dissolution of the Soviet Union<sup>11</sup>, Iran initiated a multidimensional approach to forging meaningful ties to the Caspian Sea littoral States. As the former Iranian Foreign minister Ali Akbar Velayati noted, Iran could not have remained passive in the face of deteriorating security conditions on its northern borders after the collapse of the Soviet security system. Consequently, Tehran developed a two-pronged policy of sealing its borders, while seeking to

<sup>&</sup>lt;sup>9</sup> For a detailed discussion of this point, see Shireen T. Hunter, *Iran and the World: Continuity in a Revolutionary Decade*, Bloomington, Indiana University Press, 1990, pp. 46-97; Nader Entessar, *Superpowers and Persian Gulf Security: The Iranian Perspective*, «Third World Quarterly», vol. 10, no. 4, October 1988, pp. 1427-1451; and Houman Sadri, *An Islamic Perspective of Non-Alignment*, «Journal of Third World Studies», 1999, vol. 16, no. 2, pp. 29-46.

<sup>&</sup>lt;sup>10</sup> R.K. RAMAZANI, *Iran's Foreign Policy: Both North and South*, «Middle East Journal», summer 1992, vol. 46, no. 3, p. 393.

<sup>&</sup>lt;sup>11</sup> After the demise of Ussr, some argued that Iranian influence will increase among the deprived Muslim of the Caspian region. For example, see: ABOLHASSAN BANI-SADR, Azerbaijan: The Muslim Revolt Against Moscow, «New Perspective Quarterly», spring 1990, vol. 7, no. 2, pp. 29-30; DAVID NISSMAN, Iran & Soviet Islam: The Azerbaijan & Turkmenistan, «Central Asian Survey», 1983, vol. 2, no. 4, pp. 45-60.

actively strengthen the territorial integrity and independence of its Caspian Sea neighbors. In other words, Iran saw its national security as an integral part of stability in the Caspian region <sup>12</sup>. To this end, Tehran undertook a number of initiatives to establish cooperative arrangements with the countries of the region.

Between 1992 and mid-1994, a myriad of cooperative schemes were proposed by Iran, some of which developed into successful regional ventures. For example, in February 1992, President Ali Akbar Hashemi Rafsanjani and his counterparts from Azerbaijan, Kazakhstan, Russia, and Turkmenistan signed a memorandum of understanding to establish the Caspian Sea Cooperation Organization to «better handle the geo-political situation of the region» <sup>13</sup> and lay the groundwork for future cooperation in the areas of fishing, environmental protection, shipping, transportation, pollution control, and oil exploitation. Although the formal structure of this proposed grouping was never established, nevertheless, it signaled Iran's new constructive approach towards its Caspian neighbors. This has not restricted the growing diplomatic activities of Iran. On 12 August 2006, the first legally binding treaty by the five Caspian States took effect to protect the Caspian Sea environment <sup>14</sup>.

In addition to proposing several multilateral measures involving the Caspian countries, Iran also signed various bilateral cooperative agreements with the Caspian countries. For example, in November 1992, Iran and Russia agreed to establish a joint research center for Caspian Sea studies, and in February 1993, the Iran and Azerbaijan Joint Shipping Company inaugurated its ferry service between the Iranian port of Anzali and Baku. In addition, a number of bilateral agreements were signed between the Iranian Caspian provinces of Gilan and Mazandaran and the countries of Azerbaijan, Kazakhstan and Turkmenistan <sup>15</sup>.

#### THE EVOLUTION OF CONTEMPORARY IRANIAN-AZERI TIES

Under the Russian rule, a conscious attempt was made to develop new identities among Muslim people who were brought into the

<sup>&</sup>lt;sup>12</sup> ALI AKBAR VELAYATI, The Islamic Republic of Iran, Central Asia and the Caucasus, Speech delivered at the Crans Montana Forum, Switzerland, 20-23 June 1996

<sup>&</sup>lt;sup>13</sup> RAMAZANI, Op. cit., p. 408.

<sup>&</sup>lt;sup>14</sup> N.J. WATSON, Not Yet a Caspian Sea Change, «Petroleum Economist», Oct. 2006, vol. 73, no. 10, p. 32.

<sup>&</sup>lt;sup>15</sup> EDMUND HERZIG, *Iran and the Former Soviet South*, London, Royal Institute of International Affairs, 1995, p. 39.

Russian orbit through military conquests <sup>16</sup>. Consequently, a new awakening occurred in the centers of Azeri intellectual life, especially in Baku. By the same token, the exploitation of the Baku oil fields transformed the city into an industrial hub and magnet for Azeri workers in Iran. During the period of 1880-1890 alone, over 30,000 Iranian workers received work permits and obtained employment in the Baku oil fields and factories. If one adds those entering Baku without official work permits, the number would reach 100,000. In the early XX<sup>th</sup> century, 50 percent of all Muslim workers in Baku were Iranian migrants <sup>17</sup>.

After the establishment of the Soviet Union, the two-way traffic between Iranian and Russian Azerbaijan was severely curtailed, although the Azeri intellectuals in Russia continued to serve as a conduit for the propagation of Marxist thought in Iran <sup>18</sup>. Through Soviet support, the *Firqi-e Demokrat-e Azerbaijan* (Azerbaijan Democratic Party), an off-shoot of the pro-Soviet Tudeh (Masses) Party of Iran, managed to declare the establishment of an autonomous Azerbaijan republic inside Iran in 1945. Soviet Azeri émigrés, such as Jafar Pishevari, provided many of the leaders of the new republic <sup>19</sup>. This autonomous republic disintegrated in 1946, partly because of Joseph Stalin's decision to terminate the Soviet Union's support for an independent Azerbaijan in Iran, and partly due to the inability of the leadership of this republic to penetrate non-urban areas where the Azeri peasantry had remained deeply suspicious of the motives of Pishevari and his colleagues.

After the fall of the Azerbaijan Democratic Republic and the onset of the Cold War, Shah Mohammad Reza Pahlavi adopted a vigorous policy of reducing ethnic sentiments and weakening Soviet influence in Iran. Contacts between Iranian and Soviet Azeris and the use of written Azeri were outlawed. At the same time, the Shah's government undertook measures to reintegrate the Azeris into the country's

<sup>&</sup>lt;sup>16</sup> For details, see Tadeusz Swietochowski, *Russia and Azerbaijan: A Borderland in Transition*, New York, Columbia University Press, 1995, pp. 1-36.

<sup>&</sup>lt;sup>17</sup> DAVID B. NISSMAN, The Soviet Union and İranian Azerbaijan: The Use of Nationalism for Political Penetration, Boulder, Westview Press, 1987, p. 14.

<sup>&</sup>lt;sup>18</sup> NADER ENTESSAR, "Azeri Nationalism in the Former Soviet Union and Iran", in Crawford Young (ed.), *The Rising Tide of Cultural Pluralism: the Nation-State at Bay?*, Madison, University of Wisconsin Press, 1993, pp. 122-125.

<sup>&</sup>lt;sup>19</sup> For details, see Touraj Atabaki, Azerbaijan: Ethnicity and the Struggle for Power in Iran, London, Tauris, 2000, pp. 27-178. Also, see Touraj Atabaki, Solmaz Rustamova (eds.), The Baku Documents: A Complete Catalogue of Persian, Azeri, Ottoman and Arabic Newspapers in Libraries of the Republic of Azerbaijan, London, Tauris, 1995.

mainstream socioeconomic and political spheres. As a result, large numbers of Iranian Azeris attained prominent positions in the government, military and business circles on the national level during Mohammad Reza Shah's reign in Iran. However, underlying tensions between the Shah's government and Azeri intellectuals remained a source of contention throughout the Pahlavi monarchy.

With the advent of the Islamic Republic and the Shah's ouster in 1979, the ban on the writing and reading of Azeri Turkish was lifted in Iran. The people of Azerbaijan played a decisive role in the revolutionary activities that led to the Shah's downfall<sup>20</sup>, and they have continued to play an important part in the Islamic Republic' by holding many top-level posts in the country. For example, the late Mehdi Bazargan, the first prime minister of the Islamic Republic, was an Azeri, as was Mir Hussein Mussavi, the last prime minister of Iran before the country abolished the post of prime minister and established a presidential system. Ayatollah Ali Khamenei, the country's Supreme Leader, is also an Azeri-speaking Iranian<sup>21</sup>. In general, the Azeris have been represented in a proportionally higher number in many levels of government, military and private business sectors than any other single Iranian ethnic group<sup>22</sup>.

While the Azeri presence has remained high within government and business circles in today's Iran, tensions with Tehran have at times been apparent. Moreover, policies of the Republic of Azerbaijan towards Iran and the Islamic Republic's posture vis-à-vis Baku have impacted Iranian relationship with its own Azeri population as well as with Baku. Since more than twice as many Azeris live in Iran as they do in the Republic of Azerbaijan, there exists a symbiotic relationship between events on both sides of the Azeri divide.

The Islamic Republic government has accommodated some serious demands from the Iranian-Azeri community in the last 1.5

<sup>&</sup>lt;sup>20</sup> Brenda Shaffer, Borders and Brethren: Iran and the Challenge of Azerbaijani Identity, Cambridge, MIT Press, 2002, pp. 77-84.

<sup>&</sup>lt;sup>21</sup> MEHRDAD R. IZADY, Persian Carrot and Turkish State: Contrasting Policies Targeted as Gaining State Loyalty from Azeris and Kurds, «Kurdish Times», Fall 1990, vol. 3, no. 2, pp. 32-33.

<sup>&</sup>lt;sup>22</sup> During an interview in July 2006, Houman Sadri asked a high ranking Iranian official (of Azeri heritage) about any Iranian government concern regarding the possibility of a serious Azeri uprising in Iran or plausibility of Iranian-Azeri desire to reunify with the Azerbaijan Republic. Requesting to remain anonymous, the Iranian-Azeri official jokingly replies that «we [Azeri-Iranians] basically run a 70-million strong country [Iran] with many God-given natural resources, why would we want to leave Iran, and run a 7-million landlocked State [Azerbaijan] that only has oil for a few more decades?!».

decades. In 1993, for example, Tehran created the new province of Ardabil, the third province in Iranian Azerbaijan, after Western and Eastern Azerbaijan provinces. H. E. Chehabi suggests that the harnessing by the Azeri ethnics of Ardabil of social, political, and cultural resources combined with the disintegration of the Ussr allowed them to demand Tehran to grant them their old wish of province<sup>23</sup>. Tehran government has also invested significant funds for developing infrastructure project within Azerbaijan provinces as well as between Iranian-Azerbaijan and the Republic of Azerbaijan. In Azerbaijan provinces, which are Iran's richest agricultural areas, Tehran has heavily invested in irrigation that is crucial for the agricultural production<sup>24</sup>. Moreover, Iran is developing its border regions with Azerbaijan. For instance, in February 2006 a new inter-modal hub on the Iranian-Azeri border opened offering an alternative to long-haul trucking or rail routes around the Caspian Sea. Rail freight can now reach the terminal at Astara (Iranian-Azeri border city) in about 15 days from Western Europe, with road taking over to Azerbaijan<sup>25</sup>.

Beyond its economic means to make a difference, however, the Iranian Islamic Revolution itself made a lasting ideological, political, and psychological impression among the neighboring Muslim people. Some claimed that the Islamic Revolution stimulated conservative Muslim movements in the region, and might be responsible for directly of indirectly stimulating pan-Islamic sentiments in the Soviet Socialist Republics of Azerbaijan and Turkmenistan in the Ussr. In this regard, Soviet attempts to promote atheism in these areas, inadequate even before the Islamic revolt since 1980, have been strengthened. Nevertheless, such measures as forbidding pilgrimage to Sufi graves were ineffective, if not counterproductive <sup>26</sup>.

#### THE ARMENIAN FACTOR

Historically, Iranian-Armenian relations have been generally cordial, and the Armenian community has been able to play a meaningful and constructive role in Iranian society<sup>27</sup>. During the Iranian Con-

<sup>&</sup>lt;sup>23</sup> HOOSHANG E. CHEHABI, Ardabil Becomes a Province: Center-Periphery Relations in Iran, «International Journal of the Middle East Studies», vol. 29, May 1997, pp. 235-53.

<sup>&</sup>lt;sup>24</sup> For example, see, Water Tender Issues: East Azerbaijan Regional Water Corporation Contract, «Middle East Economic Digest», 23 Feb 2007, vol. 51, no. 8, p. 23.

<sup>&</sup>lt;sup>25</sup> As reported by «International Railway Journal», 1 April 2006.

<sup>&</sup>lt;sup>26</sup> NISSMAN, Iran & Soviet Islam cit., pp. 45-60.

<sup>&</sup>lt;sup>27</sup> GEORGE A. BOURNOUTIAN, "Armenians in Nineteenth-Century Iran", in Cos-ROE CHAQUERI (ed.), The Armenians of Iran: The Paradoxical Role of a Minority

stitutional Movement of 1905-1911, many Armenians, such as Yeprim Khan and Petros Khan, became heroic figures among the revolutionary constitutionalists. The Armenians were also instrumental in establishing associations and participating in the birth of Iranian socialism in the early part of the XX<sup>th</sup> century<sup>28</sup>. After the downfall of the Soviet Union, the Islamic Republic signed numerous bilateral agreements in many fields with Armenia, and it has spearheaded the signing of several multilateral agreements in economic and political areas with Yerevan and the other regional countries.

Its expanding ties with Armenia provided Iran the opportunity to play a mediating role in the Azeri-Armenian conflict, especially as it relates to the Armenian-controlled Azeri territory of Nagorno-Karabakh. Some experts claim that Iran is a strategic ally of Armenia against Azerbaijan<sup>29</sup>. Although Tehran has given more weight to the Azeri arguments than to those of Armenia over Nagorno-Karabakh<sup>30</sup>, Tehran has tried to play a diplomatic balancing act between its two Caspian neighbors 31. Nevertheless, this has resulted in tension between Baku and Tehran as the Islamic Republic endeavors to tread the murky waters of the politics of the Caspian region. Similarly, Yerevan has not been totally satisfied with Iranian neutrality position. For example, in February 1994, Armenian officials accused Iran of allowing six Azeri planes to use airfields in Iranian Azerbaijan to bomb Armenian targets in Nagorno-Karabakh. A month later, an Armenian newspaper claimed that an Iranian military officer had been captured in Karabakh 32.

in a Dominant Culture–Articles and Documents, Cambridge, Harvard University Press, 1998, pp. 54-76.

 $<sup>^{28}</sup>$  Cosroe Chaqueri, «Armenian-Iranians & the Birth of Iranian Socialism, 1905-1911»,  $ivi,~\rm pp.~77\text{-}118.$ 

<sup>&</sup>lt;sup>29</sup> For example, see JERZY ROHOZINSKI, *Religious Rebirth in Azerbaijan*, «World Press Review», April 2001 Vol. 48, no. 4, pp. 38-39; and KEVIN WHITELAW, *A Refugee: 1 in 10 Azerbaijanis*, «U.S. News & World Report», 10 Nov. 1997, vol. 123, pp. 64-65.

<sup>&</sup>lt;sup>30</sup> For instance, on 7 Sept. 1993, the Iranian Foreign ministry issued a statement demanding the immediate withdrawal of ethnic Armenian forces from Azerbaijan, and warned that Tehran would not remain silent in the face of such unrest along Iranian borders. See, «New York Times», 8 September 1993.

<sup>&</sup>lt;sup>31</sup> On 8 May 1992, «Fbis» reported that with Iranian mediation, the Azerbaijani and Armenian presidents signed a cease-fire agreement addressing the fighting in Nagorno-Karabakh. On 13 April 1993, a «New York Times» article stated that during a three-country summit, the Iranian president warned that «unless Azerbaijan and Armenia curtailed their fighting, Iran would have to adopt a more serious stance».

 $<sup>^{\</sup>rm 32}$  «Iran Times», February 18, 1994, p. 16, and «Iran Times», March 25, 1994, p. 16.

During some of the most intense periods of fighting between the Azeri and Armenian forces, Iran provided substantial relief to the Azeri refugees fleeing the war zone<sup>33</sup>. In a visit to Iran, Irshad Aliyev, who headed the Azerbaijan's Committee for Refugees, expressed his gratitude by stating that Iran saved Azerbaijan from a certain catastrophe by accommodating 100,000 refugees from the Nagorno-Karabakh war. In a similar vein, Aytaollah Khamenei met with President Heidar Aliyev and declared Armenia as the aggressor against Azeri territory<sup>34</sup>.

Notwithstanding the aforementioned developments, the Azeri government has remained distrustful of Iran's close relations with Armenia. This has had negative consequences for both Iranian-Azeri relations and the broader geopolitics of the Caspian region. Certain members of the Iranian press have, in turn, accused Azerbaijan of aligning itself with both domestic and foreign opponents of Islamic Republic and participating in the American-Israeli campaign of isolating Iran and damaging its legitimate security and economic concerns in the Caspian Basin region 35.

#### AZERI LEADERS & FOREIGN POLICY STRATEGY

Both Tehran and Baku have pursued a complicated, and at times, ambivalent policy towards each other since Azerbaijan attained its independence from the Soviet Union. During the presidency of Ayaz Mutalebov, Iran generally remained aloof from Azeri developments as it evaluated the emerging constellation of power in its northern neighbor. Mutalebov, tried to play Moscow and Tehran against each other in order to solidify his own tenuous position in Azerbaijan. Baku's cautious policy towards Tehran changed drastically when the Popular Front's Abolfalz Elchebey was elected president of Azerbaijan in June 1992.

Almost immediately after his election, Elchebey openly accused Tehran of «neglecting the interests of the Azeries» in Iran and called for the unification of northern and southern [Iranian] Azerbaijan<sup>36</sup>.

 $<sup>^{33}</sup>$  On 7 Sept. 1993, «Financial Times» reported that Tehran agreed with Baku's request to set up a refugee camp inside Azerbaijan to accommodate as many as 100.000 Azeri war refugees.

 $<sup>^{\</sup>rm 34}$  «Kayhan Havai», 25 May 1994, p. 32, and «Iran Times», 8 July 1994, pp. 2 & 14.

<sup>&</sup>lt;sup>35</sup> Like Iranian press, the international media also reports about Us-Israel-Azeri axe in the region. For example, see TAMINE ADEEBFAR, *Azerbaijan's Geopolitical Challenge*, «Middle East Economic Survey», 4 Dec 2006, vol. 49, no. 49.

<sup>&</sup>lt;sup>36</sup> «Iran Times», 10 July 1992, p. 1.

Elchebey went further and called for the overthrow of the Iranian government. Although the Iranian press launched a blistering attack against Elchebey and his Popular Front, the Iranian government remained uncharacteristically calm in the face of provocative statements by the Azeri president <sup>37</sup>. Apparently, a report prepared by the Central Asia and Caucasus department of Iran's Foreign Ministry had concluded that Elchebey had a "fragileand unstable" personality and that his administration lacked depth and the necessary popular support to remain in power. Tehran also provided much needed economic help to Nakhichevan, an autonomous and separate portion of Azerbaijan, and encouraged Elchebey's opponents, to undermine his regime.

Under Heidar Aliyev, Azerbaijan sought to curry favor with its neighbors as well as with the West. Aliyev skillfully played up the danger of Islamic fundamentalism when dealing with Washington, and expressing his desire to maintain friendly and cooperative relations when dealing with Tehran. However, as the American influence strengthened in Baku, Heidar Aliyev came under pressure by Washington to distance himself from Tehran. When Ilham Aliyev succeeded his father as Azerbaijan's president, he generally pursued the same foreign policy towards Tehran as his father had pursued in the waning years of his reign.

In general, soon after the independence, Azerbaijan distanced itself from Russia 38, and established closer ties with the West, particularly the Us. Within the region, Azerbaijan is in alignment with the pro-Us Turkey a Nato member 39. Despite its claim to neutrality toward Us-Iran rivalry 40, Baku is seriously pursuing membership in Nato, and meanwhile has a special defense treaty with the Nato 41.

 $<sup>^{\</sup>rm 37}$  «Kayhan», 8 November 1992, p. 2, and «Jomhuri-e Eslami», 8 November 1992, p. 4.

<sup>&</sup>lt;sup>38</sup> Nurani Kasimova, Azerbaijan Breaking From Russia, «Moscow News», 20 Jan 1995, no. 3, p. 5.

<sup>&</sup>lt;sup>39</sup> NAZRIN MEHDIYEVA, *Azerbaijan & Its Foreign Policy Dilemma*, «Asian Affairs (London)», Nov. 2003, vol. 34, no. 3, pp. 271-285.

<sup>&</sup>lt;sup>40</sup> On 26 April 2006, Robert McMahon (Council on Foreign Relations) reported that Azeri president confirmed his country's military cooperation with the Us, but he denied that such cooperation would be used against Iran.

<sup>&</sup>lt;sup>41</sup> From the Center for Global Research, Michel Chossudovsky stated that Baku allowed Nato to use two military bases and an airport for supplying Nato operation in Afghanistan. The Azeri facilities are to be modernized for Nato standards under the Individual Partnership Action Plan (Ipap). The media relates the event with US-Israeli-Nato war plans, <a href="http://globalresearch.ca/index.php?context=va&aid=5322">http://globalresearch.ca/index.php?context=va&aid=5322</a>.

Last but not least, Baku has an open relationship with Tel Aviv, but its Israeli ties are not well documented. No matter how significant such a relationship is, it has certainly impacted Azerbaijan's wary southern neighbor, the Islamic Republic<sup>42</sup>.

#### CONCERNS & RESPONSES OF IRANIAN LEADERS

From the perspective of Iranian leaders, there remain a number of problems between the two neighbors. First, Tehran considers Baku's anti-religious policies detrimental to the interests of the peoples of the two Shia nations. Although the city of Baku and its surrounding environs are highly secular in culture, much of the rest of the country remains devout in its culture. As Ali Reza Bigdeli, the former Iranian ambassador to Baku, noted, «Shia Islam in Azerbaijan is a fact of life. There are forces in the country which do not wish to acknowledge this fact. They do not want to admit that Islam has deep roots in Azerbaijan. Iran does not wish to focus on the strength of Shia Islam among the majority of the Azeris, but we cannot remain silent when Islamic sensibilities are under constant attack by forces that do not wish to see friendly relations between our two peoples» 43.

Moreover, Iranian religious authorities have been vocal against what they view as the alarming presence of American evangelical Christian groups in Azerbaijan, and have accused the United States of seeking to woo Azeris away from Islam. According to Iranian sources, fundamentalist Christians proselytize using humanitarian front organizations in such cities as Baku and Lankaran. Some unofficial conservative Iranian sources have claimed that in the 1990s these front organizations succeeded in converting some 5,000 Azeris to various Christian evangelical sects by spending \$15 million to entice cash-strapped Shia Azeris 44. Although government authorities in Tehran have now generally decided to eschew critical comments about the policies of the Azeri government regarding Islam, it is nevertheless important not to dismiss the salience of religion and religious issues in the broader context of Iran's Caspian policies.

The government of Azerbaijan has also used religion as a variable in its relations with Iran. For example, under the Aliyev's presidency, the government of Azerbaijan on numerous occasions accused Iran of backing the opposition, especially during the 1998 presidential election. More recently, in December 2007, the Azeri Court for Grave

<sup>&</sup>lt;sup>42</sup> SANOBAR SHERMATOVA, *Harsh Words between Iran & Azerbaijan*, «Moscow News», 14 March 1996, no. 10, p. 5.

<sup>43 «</sup>Iran Times», 27 February 1998, p. 8.

<sup>44 «</sup>Kayhan Havai», 12 October 1998, p. 17.

Crimes sentenced 15 members of the said group and its purported leader Said Dadashbeyli to lengthy prison terms for treason and high crimes and passing information about Israeli, American and British activities to Tehran. In response, the Iranian government summoned the Azeri ambassador in Tehran to the Foreign ministry and launched a strong protest against baseless accusations against Iran<sup>45</sup>.

Second, although Iran welcomed the downfall of the ultranationalist Elchebey's government, Tehran has had periodic conflicts with both the Heidar and Ilham Aliyev administration over what it views as Azerbaijan's promotion of irredentism in Iran. In particular, Iran has become increasingly critical of Azerbaijan's tolerance of anti-Iranian activities on its territory. From time to time, heated debates have been heard both in the Iranian press and Majlis (Parliament) about the country's ties with Azerbaijan. In the 1990s, a series of demonstrations took place in Tabriz, Urumiyeh, Ardebil, and other Azeri cities in Iran against the secessionist voices emanating from the North. In one particular instance, a number of Majlis deputies from the East and West Azerbaijan provinces of Iran issued a joint resolution asking for the annexation of the Republic of Azerbaijan to Iran 46. Perhaps the most serious incident in this regard occurred in March 1998 when Aliyar Safarli, the Azeri ambassador to Tehran, expressed his irritation with the religious zealotry of Iranian Azeris and chastised them for their «blind attachment to Iran and Shia Islam» 47. The government of Azerbaijan immediately fired its envoy to Tehran and offered a formal apology in order to prevent further damage to its relations with Iran. Episodic eruptions of this nature have continued to the present time. For instance, during the World Congress of Azerbaijanis, which was held in March 2006 in Baku, a number of participants called for the establishment of a unified Azerbaijan and attacked Iran's alleged abuses of its Azeri citizens. This caused an immediate protest from Iran's ambassador to Baku, Afshar Suleymani, who is an Azeri himself. Similarly, Akef Jafarzedeh, the head of the Association of Government Social Organizations of Azerbaijan, denounced the anti-Iran sentiments of some participants in the Baku conference as "unjustified" and "harmful to relations between the two countries" and especially detrimental to the interests of the Republic of Azerbaijan 48.

<sup>&</sup>lt;sup>45</sup> «Agence France Presse» (Afp), 18 January 2008.

<sup>&</sup>lt;sup>46</sup> «Kayhan Havai», 15 November 1995, p. 22, and 18 March 1996, p. 17.

<sup>47 «</sup>Iran Times», 27 March 1998, pp. 1 & 11.

<sup>&</sup>lt;sup>48</sup> See, Azeri Thinkers Denounce Anti-Iran Statements at Azeri Seminar [in] Baku, «Journal of Turkish Weekly», 20 March 2006, <a href="http://www.turkishweekly.net/news.php?id=28239">http://www.turkishweekly.net/news.php?id=28239</a>.

Third, Iran has long been critical of the evolving relationship between Azerbaijan and Israel. Tehran views the Israeli presence on its border as a threat to its national security. This issue first came to a head in March 1996 when Foreign minister Ali Akbar Velayti during his visit to Baku accused Azerbaijan of endangering Iran's security by entering into a de facto strategic alliance with Israel, this prompting Velayati's Azeri counterpart to publicly rebuke him for interfering in Azerbaijan's domestic affairs 49. Following Velayati's visit to Baku, Israel's ambassador to Azerbaijan attacked Iran in several interviews he gave to the Azeri press, prompting the Iran-Azerbaijan Friendship Society to denounce the Israeli envoy's impudent remarks and undiplomatic behavior50. More recently, Iran's Tabnak website published a lengthy letter from an unnamed prominent Tabrizi intellectual to President Elham Aliyev criticizing Azerbaijan's support of Israel. The letter chastised Aliyev for supporting a regime that «continues to massacre the Palestinians» while being impotent to deal with the Karabakh situation and the deteriorating status of the Azeris in that enclave 51.

More significantly, Iran has concluded that an Israeli-Azerbaijan alliance, even an informal one, will lead to the militarization of the Caspian Sea and the destabilization of Iran's northern tier. Tehran is also concerned about the growing Israeli-Azerbaijani intelligence cooperation as well as a possible Nato encirclement of Iran, especially in light of Baku's desire to establish closer ties with Nato, with an eventual goal of becoming a member of this military alliance system. In short, the nature and direction of Azeri-Israeli and Azeri-Nato relations will undoubtedly affect the contours of Iran's Caspian policy for years to come.

Fourth and finally, pollution in the Caspian Sea is considered to be a long-term threat to Iran's economic security. Approximately 80 percent of the world's caviar comes from the Caspian Sea, and a substantial segment of the economies of Iran's Caspian provinces depend on fishing and related industries. If the Caspian littoral States do not take drastic and immediate measures, sturgeon and other types of fish will become extinct in the near future. Iranian officials have blamed Azerbaijan and Russia as the major culprits that have done very little to reverse the rate of pollution in the Caspian Sea. Iran's Center of Oceanography has undertaken extensive research to determine the

<sup>49 «</sup>Iran Times», 8 March 1996, p. 1.

<sup>&</sup>lt;sup>50</sup> «Ettela'at International», 11 March 1996, p. 10.

<sup>&</sup>lt;sup>51</sup> For details, see Mr. Aliyev, Instead of Talking about Sending Azeri Troops to Iraq and Afghanistan, Think about Rescuing Karabakh, «Tabnak», 20 May 2008, <a href="http://www.tabnak.ir/pages/?cid=11042">http://www.tabnak.ir/pages/?cid=11042</a>.

major causes of pollution in the Caspian and has identified several sources of pollutants in the Caspian region 52. According to Iranian sources, Azerbaijan alone is responsible for dumping 75,000 tons of waste per year into the Caspian from its oil and related industries. The volumes of waste will undoubtedly increase as the Republic of Azerbaijan expands its oil production in the XXIst century. Despite much talk, and some modest agreements, among the Caspian littoral states to devise an effective pollution control policy for the region, no appreciable reversal of the environmental degradation in the Caspian Basin can be expected in the near term. As the southern most State of the Caspian Basin region, Iran is affected more than any other State when pollutants come downstream to the Iranian coastlines. This partly accounts for Iran's insistence on establishing a comprehensive Caspian Sea legal regime.

#### AZERI TRADE PATTERNS

The growing literature about Azerbaijan contains a number of claims/counter-claims as well as (sometimes even) intense discussion among scholars and policymakers about the Azeri-Iranian ties. This is mainly due to uncertainty about identifying the true policy goals and means of both states, and their real political tensions. From a geopolitical perspective, however, one way to illustrate the orientation of Azeri foreign relations is by examining its foreign trade patterns. In this regard, we have collect, organized, and tabulated export and import data between Azerbaijan and a number of states, including both Great Powers as well as regional players, like Iran.

For the period of 1992-2007, Tables 1 and 3 respectively illustrate the volume of Azeri exports and imports with Western Great Powers (i.e., the Usa, the European union, and Japan) as well as the Great Powers of the East (i.e., Russia and China) in addition to the Azerbaijan's regional economic partners in the Economic Cooperation Organizations or Eco<sup>53</sup> (that includes Iran, Afghanistan & Pakistan, and the Central Asian Republics). The economic patterns evidenced by these two tables are better shown respectively by Charts 1 and 3, which illustrate a simple trend of growing Azeri exports and import volume with all such trade partners <sup>54</sup>.

<sup>&</sup>lt;sup>52</sup> Extensive research on this topic began in earnest in the mid-1990s and has continued to the present time. «Ettela'at International», 10 August 1998, p. 6, and «Kayhan Havai», 17 July 1998, p. 7.

<sup>&</sup>lt;sup>53</sup> For more information about Eco, see HOUMAN SADRI, *The Enlarged Eco at 15: A Plus or a Minus*, «Journal of Central Asian Studies», summer 2007, vol. 11, no. 2, pp. 1-19.

 $<sup>^{54}</sup>$  The data source is: International Monetary Fund,  $Directions\ of\ the\ Trade,$  Washington (DC), 1993-2007.

However, standardizing the data by using percentages presents a different picture, as indicated in Tables 2 and 4<sup>55</sup>. For a more clear illustration, these tables are graphically presented in Charts 2 and 4 respectively. While these charts confirm the dominate position of Eu in Azerbaijan's trade patterns (as Charts 1 & 3 indicated earlier), they clearly illustrate an economic *foreign relations reorientation* <sup>56</sup> (a phrase coined by scholars of geopolitics) for the Republic of Azerbaijan. Azeri trade pattern with Russia has certainly declined from 1992 to present. Chart 2 shows a significant decline of the Azerbaijan exports to Russia, while Chart 4 demonstrates a gradual declining position of Russian as a source of Azeri imports. Interestingly enough, Baku-Moscow trade relationship overshadows Baku-Washington one, even after the opening of the American initiated Baku-Ceyhan Pipeline for this time period with the exception of 2007 data.

The trade relationship with both China and Japan is not as significant as those with the Eu, the Usa, and Russia. While Azerbaijan's exports to both China and Japan remain very limited, the percentage of Azeri imports from China and Japan are higher than those of Azeri exports to these countries. Moreover, the imports from China evidently surpass that of Japan. This supports the notion that China has an active and growing presence in yet another oil-rich region of the world.

Table 1: Azerbaijan Export Volume

| St\Yr  | 1992 | 1993 | 1994 | 1995 | 1996 | 1997  | 1998 | 1999 | 2000  | 2001  | 2002 | 2003  | 2004  | 2005  | 2006 | *2007 |
|--------|------|------|------|------|------|-------|------|------|-------|-------|------|-------|-------|-------|------|-------|
| USA    | 41   | 4    | 1    | 1    | 4.96 | 2.08  | 13.9 | 29.8 | 8     | 13.66 | 52   | 63.86 | 25.99 | 43.16 | 98.2 | 881.8 |
| EU     | 457  | 273  | 112  | 130  | 104  | 147.2 | 288  | 515  | 1221  | 1725  | 1624 | 1922  | 2253  | 2698  | 4032 | 5981  |
| Japan  | 1    | 0    | 0    | 0    | 0    | 0.01  | 0.02 | 0.4  | 0.12  | 0.19  | 0.26 | 19.8  | 0.35  | 0.02  | 0.04 | 166   |
| Russia | 375  | 218  | 140  | 99   | 111  | 180.5 | 106  | 83.1 | 98.3  | 77.56 | 95.7 | 147.9 | 209.8 | 285.4 | 344  | 246.2 |
| China  | 0    | 0    | 0    | 2    | 0.54 | 44.97 | 0.9  | 0.18 | 4.88  | 2.51  | 1.35 | 26.5  | 49.79 | 111.9 | 57   | 2.56  |
| CAC    | 142  | 89   | 37   | 32   | 52.6 | 22.69 | 30.6 | 27.4 | 36.55 | 31.04 | 49.3 | 50.58 | 199.7 | 371.5 | 253  | 225.2 |
| Iran   | 231  | 233  | 242  | 163  | 226  | 189.7 | 44.5 | 22.7 | 7.68  | 9.14  | 29.9 | 49.13 | 153.6 | 166.5 | 296  | 288.9 |
| Af+Pk  | 4    | 3    | 1    | 0    | 0.08 | 0.45  | 1.21 | 0.33 | 1.06  | 3.77  | 3.22 | 0.63  | 2.19  | 12.36 | 33.1 | 29.67 |
| Az Tot | 1571 | 993  | 638  | 544  | 631  | 781.3 | 607  | 929  | 1747  | 2315  | 2168 | 2590  | 3615  | 4347  | 6372 | 8396  |

<sup>&</sup>lt;sup>55</sup> The percentages were calculated by dividing the volume of Azeri exports (or imports) for each year by the total volume of Azeri export (or import) with the world. The authors use this opportunity to express their appreciation to Ms. Allyson Bates (Ucf alumni) for collecting and tabulating data.

<sup>&</sup>lt;sup>56</sup> About concept of reorientation, see Martin Glassner & Chuck Fahrer, *Political Geography*, New York, John Wiley & Sons, 2004, pp. 287-289.

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Table 2: Azer Expo %

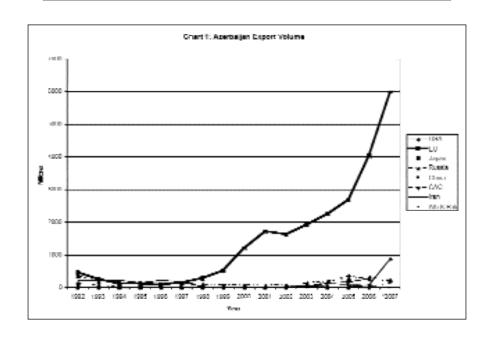
| St\Yr  | 1992 | 1993 | 1994 | 1995 | 1996 | 1997  | 1998 | 1999 | 2000  | 2001  | 2002 | 2003  | 2004  | 2005 | 2006 | *2007 |
|--------|------|------|------|------|------|-------|------|------|-------|-------|------|-------|-------|------|------|-------|
| USA    | 2.6  | 0.4  | 0.16 | 0.18 | 0.79 | 0.27  | 2.3  | 3.2  | 0.46  | 0.59  | 2.4  | 2.5   | 0.72  | 0.99 | 1.54 | 11    |
| EU     | 29   | 27   | 18   | 24   | 16.4 | 19    | 47   | 55   | 70    | 75    | 75   | 74    | 62    | 62.1 | 63   | 71    |
| Japan  | 0.06 | 0    | 0    | 0    | 0    | 0.001 | 0    | 0.04 | 0.01  | 0.82  | 0.01 | 0.76  | 0.01  | 0    | 0    | 2     |
| Russia | 24   | 22   | 22   | 18   | 18   | 23    | 17.4 | 8.9  | 5.6   | 3.4   | 4.4  | 5.7   | 5.8   | 6.6  | 5.4  | 2.9   |
| China  | 0    | 0    | 0    | 0.36 | 0.09 | 5.8   | 0.15 | 0.02 | 0.28  | 0.11  | 0.06 | 1.02  | 1.4   | 2.6  | 0.89 | 0.03  |
| CAC    | 9    | 9    | 5.8  | 5.9  | 8.3  | 2.9   | 5.03 | 2.95 | 1.98  | 1.34  | 2.3  | 1.95  | 5.5   | 8.5  | 4    | 2.7   |
| Iran   | 15   | 23   | 38   | 30   | 36   | 24    | 7.3  | 2.4  | 0.44  | 0.39  | 1.38 | 1.9   | 4.25  | 3.83 | 4.64 | 3.44  |
| Af+Pk  | 0.25 | 0.3  | 0.16 | 0    | 0.01 | 0.058 | 0.2  | 0.04 | 0.1   | 0.16  | 0.15 | 0.024 | 0.1   | 0.28 | 0.52 | 0.35  |
| SubTot | 80   | 81.7 | 84.1 | 78.4 | 79.6 | 75.03 | 79.4 | 72.5 | 78.87 | 81.81 | 85.7 | 87.85 | 79.78 | 84.9 | 80   | 93.42 |

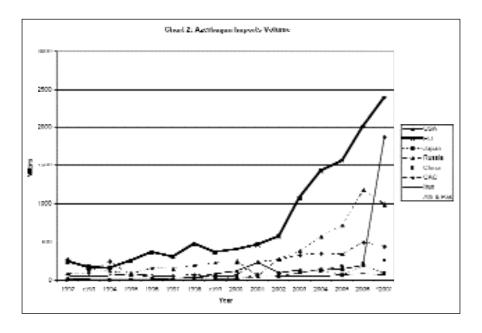
Table 3: Azer Impo Vol

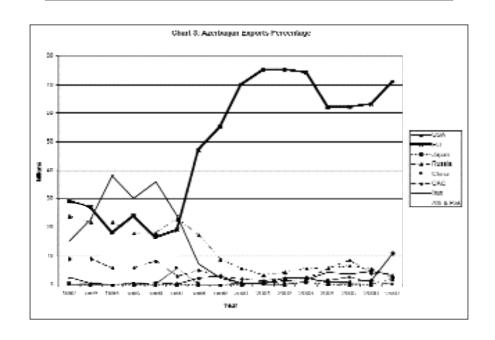
| St\Yr  | 1992 | 1993 | 1994 | 1995 | 1996 | 1997  | 1998 | 1999 | 2000  | 2001  | 2002 | 2003  | 2004  | 2005  | 2006 | *2007 |
|--------|------|------|------|------|------|-------|------|------|-------|-------|------|-------|-------|-------|------|-------|
| USA    | 24   | 12   | 10   | 13   | 16.8 | 22.14 | 39.8 | 83   | 117.7 | 230.9 | 98.7 | 132.6 | 131.9 | 141.3 | 198  | 1874  |
| EU     | 241  | 166  | 163  | 251  | 361  | 300   | 472  | 363  | 405.8 | 465.2 | 574  | 1073  | 1430  | 1571  | 2009 | 2389  |
| Japan  | 0    | 0    | 0    | 1    | 2.61 | 0.8   | 0.38 | 55.5 | 16.39 | 66.66 | 48.4 | 101.5 | 127.1 | 70.61 | 188  | 88.48 |
| Russia | 275  | 147  | 118  | 88   | 158  | 151.5 | 194  | 227  | 249.3 | 52.99 | 281  | 383.9 | 569.5 | 717.2 | 1182 | 994   |
| China  | 0    | 4    | 2    | 3    | 4.47 | 6.75  | 6.13 | 13.7 | 23.1  | 41.99 | 51.1 | 92.39 | 145.6 | 175.5 | 224  | 262.4 |
| CAC    | 83   | 101  | 250  | 71   | 37.9 | 56.39 | 72.3 | 40   | 70.52 | 236.9 | 271  | 328.8 | 352.6 | 339.9 | 497  | 446.1 |
| Iran   | 56   | 48   | 67   | 80   | 66   | 48.8  | 42.6 | 47.4 | 56.83 | 55.42 | 57.9 | 50.61 | 45.32 | 76.32 | 85.9 | 73.55 |
| Af+Pk  | 2    | 3    | 1    | 0    | 1.07 | 0.28  | 0.39 | 2.75 | 1.57  | 0.76  | 1.05 | 1.11  | 1.59  | 2.27  | 1.46 | 1.32  |
| Az Tot | 998  | 636  | 778  | 666  | 961  | 794   | 1077 | 1036 | 1172  | 1434  | 1666 | 2626  | 3516  | 4210  | 5266 | 5476  |

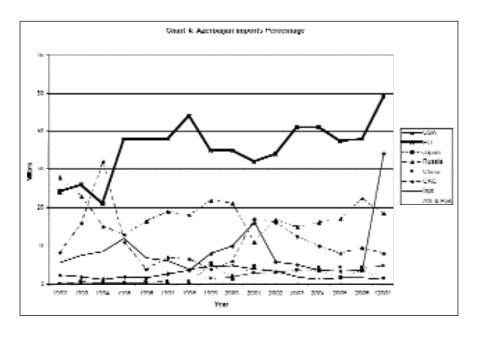
Table 4: Azer Impo %

| St\Yr  | 1992 | 1993 | 1994 | 1995 | 1996 | 1997  | 1998 | 1999 | 2000 | 2001  | 2002 | 2003  | 2004  | 2005  | 2006 | *2007 |
|--------|------|------|------|------|------|-------|------|------|------|-------|------|-------|-------|-------|------|-------|
| USA    | 2.4  | 1.89 | 1.29 | 1.95 | 1.75 | 2.8   | 3.7  | 8    | 10   | 16.1  | 5.9  | 5.1   | 3.75  | 3.4   | 3.76 | 34.2  |
| EU     | 24.1 | 26   | 21   | 38   | 38   | 38    | 44   | 35   | 35   | 32    | 34   | 41    | 41    | 37.3  | 38   | 49    |
| Japan  | 0    | 0    | 0    | 0.15 | 0.27 | 0.1   | 0.04 | 5.4  | 1.4  | 4.7   | 2.9  | 3.86  | 3.6   | 1.7   | 3.58 | 1.6   |
| Russia | 28   | 23   | 15.2 | 13   | 16.5 | 19    | 18   | 22   | 21.3 | 11    | 16.9 | 15    | 16.2  | 17    | 22.4 | 18.5  |
| China  | 0    | 0.63 | 0.26 | 0.39 | 0.47 | 0.85  | 0.57 | 1.32 | 1.97 | 2.9   | 3.1  | 3.5   | 4.14  | 4.2   | 4.25 | 4.8   |
| CAC    | 8.3  | 15.9 | 32   | 11   | 3.95 | 6.9   | 6.6  | 3.9  | 6    | 17    | 16.3 | 12.5  | 10.03 | 8.1   | 9.44 | 8.1   |
| Iran   | 5.6  | 7.56 | 8.6  | 12   | 6.9  | 6.2   | 3.95 | 4.6  | 5    | 3.9   | 3.5  | 1.93  | 1.29  | 1.81  | 1.63 | 1.33  |
| Af+Pk  | 0.2  | 0.47 | 0.13 | 0    | 0.11 | 0.035 | 0.04 | 0.27 | 0.13 | 0.053 | 0.06 | 0.042 | 0.04  | 0.05  | 0.03 | 0.024 |
| SubTot | 68.6 | 75.5 | 78.4 | 76.5 | 68   | 73.89 | 76.9 | 80.5 | 80.8 | 87.65 | 82.6 | 82.93 | 80.05 | 73.56 | 83.1 | 117,6 |









Beyond Azeri foreign relations with the Great Power, the data also shows an interesting pattern of relations with the Islamic Republic of Iran. While Charts 1 & 3 undoubtedly demonstrate that Azerbaijan volume of trade with the Islamic Republic is not as significant as those with the Great Powers, Charts 2 & 4 present that the percentage of Azeri trade with Iran was certainly significant. In fact, Baku-Tehran trade out-weighted Baku-Washington commerce for the most part, despite American pressures for aligning Azerbaijan with the Us and isolating Iran. These charts also evidence an important pattern: the Islamic Republics' trade relations with Azerbaijan has declined in comparison to that of the West. In this regard, we notice a sharp decline in percentage of Azeri exports to Iran in comparison to that of Azeri imports, which have decreased rather gradually. This evidence obviously contradicts occasional statements made by Azeri or Iranian leaders to suggest a rosy picture of their trade relations <sup>57</sup>.

Last but not least, the data shows that there are differences between Azeri trade ties with regional partners within the context of Economic Cooperation organization (Eco). As Chart 2 indicates, Iran was a more significant regional export partner for Azerbaijan than the other Eco State-members for most of the 1992-2007 period. In terms of Azeri imports, however, Iran took the back-seat to the position of the Central Asia countries (or Cac), which have had extensive economic relations with Azerbaijan from the time of the Soviets. Nonetheless, the Islamic Republic ranked much higher than the position of Afghanistan or Pakistan as a destination for Azeri imports, based on Charts 3 and 4.

#### LAST REMARKS

Beyond all never-ending ideological arguments and journalistic sensationalism about Azerbaijan foreign ties, the Azeri trade data clarify interesting trends in foreign relations of a significant Caucasus country. Azeri leaders often claim that Azerbaijan aims to maintain an independent foreign policy to avoid serving as pawn in a regional chess game among the Great and Regional Powers. In this regard, the Azeri President was very forthcoming to state that his country would not be used as a base to attack the Islamic Republic, especially as the tension between the West and Iran increased over the nuclear and

<sup>&</sup>lt;sup>57</sup> For example, in June 2006, Azeri ambassador to Tehran applauded Azeri-Iranian economic cooperation in a statement to Iranian Irna news stating that since 1998 the trade-volume between the two countries grew by six times, reaching \$600 million a year.

missile programs <sup>58</sup>. Nevertheless, diplomatic and political moves of Azerbaijan generally show that Baku reoriented its foreign relations from the sphere of the Russian influence to that of the West. Our data and analysis confirm such a claim. The tables and charts show a clear reorientation of the Azeri foreign relations during the period from 1992 to 2007, for which the data was available.

This data, however, does not address all important questions. For example, the data shows the trade in terms of its quantitative volume, but it does not indicate anything about its qualitative value. What types of American, European, Russian, and Iranian products are exported to Azerbaijan? While we may assume that the West predominately imports fossil-fuel from Azerbaijan, the question remains: what are the other significant Azeri exports that may open other commercial avenues for Baku in the region? How may Azerbaijan use Eco structure to promote its trade within the region? Will Baku establish a balanced trading position for itself in the long-run to avoid exchanging its traditional dependence on Russia with that of the West (particularly America)? These are some questions for future research.

Now, we can make a few general observations about the nature, role, function, and scope of Iranian-Azeri relations. Firstly, despite all their differences in domestic structure and foreign strategy posture, both States theoretically claim that they pursuer an independent foreign policy strategy. Such claims are despite the fact that Azerbaijan has increasingly relied on the Western support to maintain its regional position, and Iran has solidified its ties with Russia and China. Since the Revolution, Tehran has distanced itself from Washington, and maintained only cordial and working relations with the Eu.

Second, the two neighboring States have done their best to avoid a direct military confrontation, although they have agreed to disagree on a number of important issues. These include the division of disputed oil-rich territory in the Caspian Sea, the too-close for-comfort ties of Azerbaijan with Israel and the Usa (from an Iranian perspective), and the lack of autonomy for the Iranian-Azeri provinces (from an Azeri perspective). In spite of all accusation by both side about aggressive edge of the other, there is been only one military showdown between the two, on 23 July 2001, when a few Iranian warships threatened a Bp oil-exploratory party in the disputed Caspian Sea territory. The next day, Bp suspended its work in the

<sup>&</sup>lt;sup>58</sup> ILHAM ALIYEV, A Conversation with Ilham Aliyev, «Transcript (Federal News Service, Inc.)», 26 April 2006. Also, see McMahon, Council on Foreign Relations, 26 April 2006.

Caspian area<sup>59</sup>. Both Tehran and Baku seem to avoid militarization of the Caspian Sea, as neither one has significantly increased its own forces on or around this sea.

Third, both Iran and Azerbaijan are energy exporting States, which use their oil revenues to promote modernization of their economic structure. To promote their oil business, there must be a level of political stability, and to transport their fossil fuel, there must be a level of regional security to use and maintain their fridge infrastructure. These objectives require cooperation even among rivals. Thus, one may argue that despite all their differences and disagreement, they have managed their ties relatively well. This is not to suggest that their relations are optimal, but it is better than one may expect considering their practical and policy challenges.

Finally, our discussion implies that regardless of the nature of regime and type of leadership, both countries have made a good deal of effort to minimize their conflicts and maximize the cooperation. In fact, our discussion and evidence support the application of the *Realpolitik* (Realism) to Azeri-Iranian ties. Our observation goes beyond the typical stereotypes about both regimes, and their foreign policies. Iranian foreign policy has functioned more pragmatic than one would expect. The Azeri leaders also show pragmatism by using Azerbaijan natural resources, geo-strategic position, and the rivalry among the Great and Regional Powers to their own advantage in a grand strategy based on a balancing act of regional powers, including Iran.

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 $<sup>^{59}</sup>$  See reports by «Financial Times», «New York Times», «Wall Street Journal» on 25 July 2001.