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THE FLOURISHING ECONOMIC AND POLITICAL RELATIONS OF TURKEY & AZERBAIJAN: AN OVERVIEW AFTER 30TH DIPLOMATIC ANNIVERSARY

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Abstract

Turkey was the first country to recognize the Azerbaijan's independence from Soviet Union on 9th of November, 1991. Turkey-Azerbaijan bilateral relations are rooted in their historic cultural analogy and geopolitical features which have always fostered the mutual support for industrial, economic, and technological development. Turkey's foreign policy has evolved with the changing dynamics of international relations for promoting cordial bilateral ties with Azerbaijan. Bilateral trade between these countries has provided a solid foundation for reciprocity and preliminaries for maintaining the balance. The primary catalyst of the trade growth trajectory in Azerbaijan has been the earning from energy resources but the role of Azerbaijan's FDI inflows in Turkey has also been a strategic calculus in its flourishing trade. To date, the ties between Turkey and Azerbaijan have remained cordial, however, according to economists and international relations professionals, the relationship has undergone qualitative changes. In this study, an in-depth analysis of the bilateral relations between Turkey and Azerbaijan has been conducted to identify the trajectory of evolution, success indicators, and the associated challenges.

Keywords: Turkey, Azerbaijan, Soviet Union, Bilateral Trade, Military Relations

1. Introduction

The population of a country, its origin, foundation, historical realms, and relations with other countries in the global arena contribute significantly to the overall development, stability, and growth trajectory of that country in many diverse ways. International relations professionals consider that political collaboration, inter-state economic and social dimensions, and ethnicity are also important factors towards a state's progress. In the case of international relations, the role of culture cannot be disregarded. Common culture, language, religious roots, and social ambiance create a unique sense of similarity and ownership. The trait of cultural commonness paves the path for understanding mutual economic and national stability interests. These historical and cultural factors played a vital role in defining the bilateral relationship between Turkey and Azerbaijan. Both these countries manifest similar ideologies, spiritual bases, closely resembling cultural practices, language, and moral values. These strong cultural ties have always called for their unity, solidarity, and coordinated stability. As per the laws of international collaboration, the foreign policies and bilateral trade agreements are not only fueled by political and national factors but are also nurtured by the common interests of both countries. The Turkey-Azerbaijan bilateral

relations are rooted in their historic cultural analogy and geopolitical features which have always fostered mutual support for industrial, economic, and technological development (Suleymanli, 2021).

The debate on the role of national sovereignty in developing international relations is valid as undoubtedly the dynamics of relations significantly get influenced by the individual identity of a community. This is evident from the example of Azerbaijan as when it was under the rule of the Soviet Union, its relationship magnitude with Turkey was negligible to what it is today despite the strong cultural ties (Altstadt, 2016). When Azerbaijan became independent from Soviet rule, Turkey was the first country to accept this newly developed state on 9th November 1991. Since its independence, both countries have shared cordial relationships in different dimensions, be it in the form of scientific support, technical assistance, or cultural growth. Due to this reason, the Turkey-Azerbaijan relationship has remained the point of focus. In 1990, Turkey signed a framework for the bilateral transfer of cultural and scientific assistance spanning over 3 years till 1992. When the Azerbaijani President visited Turkey for the first time, this framework was signed by the two countries as a mutual support agreement. For conserving common cultural and spiritual roots while keeping pace with the modern developments on the technological side, cultural and scientific institutes have been developed in both countries such as the "The Summits of Heads of Turkic States" established in 1992 and the "Ataturk Center in Azerbaijan" opened in 2004 (Nurmammadov, 2016; Bedford, 2016).

In addition, the Baku-Istanbul airline route was scheduled in the first year of Azerbaijan's independence in 1991 and collaborated hospitality industry was established for promoting bilateral tourism. Another important step towards strengthening the cultural ties between the two countries was the airing of Turkish TV channels in Azerbaijan. Besides, tourism and media, both countries have also shared collaborated efforts for mutual scientific development. Examples include the numerous joint research projects in state universities in which the "National Academy of Sciences of the Republic of Azerbaijan" and the "Baku State University" have their significant share (Akbulut, 2021; Mustafayeva, 2021). Not only in the field of research, but in the education and health sectors as well, both the countries have extended their hands of support. One recent initiative in the education sector is the agreement between the Maarif Foundation and Azerbaijan Education Ministry in 2021 for cooperated efforts. The major focus of this agreement is to undergo development in the field of cultural science, religious studies, and social sciences for promoting mutual heritage and traditional values. For fostering development in the field of art, literature, and music, certain relevant bilateral agreements have been signed. The opening of the "Turkic world" and "the World" bookstores in Baku is part of these agreements. The art and folk music in Azerbaijan are also greatly influenced by Turkish artists and film festivals (Özdek, 2015).

In this study, an in-depth analysis of the bilateral relations between Turkey and Azerbaijan has been carried out especially after the establishment of diplomatic relations for over 30 years. In Section 2, Turkish policy towards Azerbaijan has been discussed; Section 3 highlights the Turkey's military support to Azerbaijan; Section 4 has shed light upon the trade relations of Turkey and Azerbaijan. Finally, Section 5 concludes the paper.

2. Turkish foreign policy towards Azerbaijan

It is extremely important to divide the foreign policy of Turkey into two parts when analyzing the foreign policy in South Caucasus, primarily Azerbaijan. At the time when the "Justice and Development Party" also known as AK Parti (AKP) was not sworn into power, the foreign policies of the country in that era were guided by the Kemalist's policies. However, as soon as AKP started establishing its power in the year 2002, there were new principles on which the foreign policies were being based. In literature is termed as neo-Ottomanism. The principles of the foreign policy of Turkey were mainly a derivative of the Kemalist western policy in the Turkey's constitution of 1937. Following are the six principles on which foreign policy is based: Nationalism, Secularism, Republicanism, Populism, Statism, and Reformism (Ozpek and Yasar, 2018).

It is due to these features that Turkey realized the importance of regional issues and developed closer ties with the Western world so the economy of the country can be exploited for meeting some needs like modernization, striving to be accepted as a European country, and be

recognized by the Western civilization. Since Turkey had been focusing on the West, it resulted in its foreign policy becoming something of secondary interest. After the Cold War ended and some Turkic-speaking countries emerged in Central Asia and the Caucasus, a few Kemalists wanted a Pan-Turkism as they considered that Turkey and these new countries were sharing their histories, cultures, and languages. Pan-Turkism was inspired by the teachings of Euranianism so that the Kemalist teachings can be replaced while interacting with these surrounding countries. After this policy, Turkey decided to establish a Turkic-speaking countries' alliance in Central Asia and the Caucasus. Following this policy overlapped with the rise of the Islamists and ultimately the rise of the AKP and thus, the domestic and foreign policy took a new discourse in the country.

Due to these significant changes that took place globally, regionally, and domestically in the last two decades, the position of Turkey transformed from a backward country that was strategically significant for the West to a regional power that had bold and impressive intentions in the Middle East, Central Asia, and the Caucasus. As the Soviet Union collapsed and independent states emerged in Central Asia and the Caucasus, Turkey got a chance of exploring new roles in the region i.e., politically, and economically. The history and geography of Turkey were redefined as it emerged as an energy center, connecting the Caucasus to Europe, and the region's energy and economy were now being related to the global economy (Valiyev, 2017). Also, the strategic position of the country has influenced the region in terms of peace and stability. Foreign relations with Azerbaijan are extremely significant for Turkey, in the same manner, the foreign relations of Turkey are important with any Middle Eastern or Muslim country. Currently, it is considered that Turkey is more than just a mediator in the region and more of a central country because of it being linguistically and culturally close to the region. Therefore, Turkey plans and executes its foreign policies on these grounds (Jasim, 2020).

For Turkey, Azerbaijan is of great importance particularly due to its cultural and linguistic similarity and its substantial energy resources. The policy of Ankara regarding Baku is essentially the development of relations of political and economic terms and assists them in developing mechanisms so that their domestic stability, prosperity, growth, security, and peace can be increased. One of the ways Turkey is trying to influence and manage the region is through establishing organizations on regional levels like the Organization of Black Sea Cooperation and TRACECA based on common economic and security incentives. Moreover, Turkey has also tried to use the resources of NATO to facilitate Azerbaijan with military and security services (Mammadov, 2017). Azerbaijan is relatively isolated from the global market and due to its enclosed position, it is not able to export its natural resources. Azerbaijan had exploited its production and mining methods and increased its production; however, it still looks for new ways to which can assist it in talking its natural products and the Caspian oil to the world markets. The solution to which Azerbaijan sought was to construct new pipelines for transporting oil and gas which was supported by the countries of the West.

Within the energy arena, two major projects, Baku - Tbilisi – Ceyhan Oil pipeline, and Baku - Tbilisi – Erzurum natural gas pipeline played a strategic role in developing stronger ties between Turkey and Azerbaijan. The pipeline is transferring around 1 million barrels of oil daily. This pipeline project is playing a role in more than just fostering economic growth but is also helping in achieving complex political objectives. This project is facilitating in generating revenue for all the countries involved particularly Azerbaijan. Turkey is a view of the fact that this project has great significance in the foreign policy strategy of the country. The pipe plays a role by economically integrating Turkey and the Turkic-speaking countries of the region. This project can also assist in enhancing cooperation between Turkey and the European Union and speed up its membership.

3. Turkey's military support to Azerbaijan

After the Soviet Union collapsed, the changing political environment demanded a more comprehensive cooperation particularly in the economic, military, energy, and cultural fronts. Therefore, the "Commonwealth of Independent States" (CIS) was established to meet these needs of the countries which had got independence recently along with other regional stakeholders. To adapt to the new and changing world order, the establishment of CIS was

essential. Moreover, the former Soviet countries were important in terms of their geostrategic location as they were a source of attraction for other stakeholders for reaching energy supplies as quickly as possible. Due to the energy-centric position of Azerbaijan, it gained regional importance very quickly. Therefore, Azerbaijan's relation with Turkey had a crucial role to play to adapt to the globally changing political scenario. Over the years, Turkey and Azerbaijan faced different hurdles in establishing good relations which started in 1991 however, the new authorities are now working together to maintain a healthy flow among the two countries (Kökner, 2018).

Both the governments of Azerbaijan and Turkey signed an agreement in 1992 for mutual military training. During this time Azerbaijan was trying to grab the attention of the global public because of the Nagorno-Karabakh issue. Simultaneously Azerbaijan also signed agreements with Turkey for military cooperation. Turkey and Azerbaijan then signed an agreement known as the cooperation protocol in 1996 regarding the activities of the members of the "Delegation of the Armed forces" and to train the medical delegates of Azerbaijan. In 1997, a declaration was signed to extend the protocol along with strategic cooperation for regulation of civilian flights and military vehicles which were to be constructed within a ten-kilometers radius on both sides of the border of Azerbaijan. Azerbaijan started taking initiatives in 1999 on the military front when Azerbaijan started protocol regarding the monetary assistance to the Defense Ministry of Azerbaijan by the Turkish armed forces (Hasanoğlu, 2012).

The military relationship between the two countries highlights the most crucial areas of bilateral relations. In the context of the foreign policy of Azerbaijan, it has a strong footing and the most crucial demonstration of this was observed during Iran crisis which took place in 2001. Although the expectations from Azerbaijan-Armenia have not been fulfilled fully during the occupation, however, in the context of the liberation process from Armenia, the military relation between Turkey and Azerbaijan has played a crucial role (Oxford Analytica, 2020). Furthermore, the foreign policy of Azerbaijan is facing problems regarding the Karabakh conflict and Turkey's military can play a defining role and it also associates military attachment to the bilateral relations between the two countries. The role Mehmetçik has played in the liberation of Baku has influenced the people of Azerbaijan at the beginning of 1918. This has played a very essential role in establishing psychological foundations between Turkey and Azerbaijan. Therefore, in this regard military relations also signify ever-lasting confidence and cooperation. The military cooperation between Azerbaijan and Turkey along with partnership on strategic and military fronts with a defense agreement expected to be signed soon means that a new center of power will emerge in the region. This will consequently translate into a changed profile of the security organizations, or the protocols being used by the Western world to establish themselves in the region, however, they have not been successful yet.

4. Bilateral trade between Turkey and Azerbaijan

The most important elements that define the magnitude of the collaborative strength of the two countries are the bilateral trade and economic relationship. This has always been a determining factor for Turkey and Azerbaijan's emotional bond and cultural ties. Bilateral trade provides a solid foundation for reciprocity and preliminaries for maintaining the balance in relations. Economists have studied the trajectory of Turkey-Azerbaijan relations which have undergone changes based on the economic ties in the last twenty years. The graph of mutual trade and investments in these countries have undergone evolution simultaneously with the aid of two transposing processes i.e., state of economic stability of both countries and larger strategic context of their operation (Graham, 2016). The economic profile of Turkey and Azerbaijan have been exposed to rigorous reorganization.

The internationalization of the economic structure of Turkey in terms of foreign trade and investments fueled by the overall development in the country as well as the reliance of the country on imported energy resources can be categorized as the major determinants of its bilateral relation with Azerbaijan (Mikail *et al.* 2019). The self-sufficiency of Azerbaijan in energy resources and the attempts of the country's leadership for diversifying the economic sector through the development of non-fossil products has also contributed towards the strength of the trade relations. As a result, soon the relation between these countries was largely defined by import-

export rate and partially by the business operations by Turkey-based firms in Azerbaijan. The outward and inward foreign direct investment (FDI) of Turkey from Azerbaijan has also emerged as a major driver of bilateral economic support since the 2000s (Yorgun, 2018). Besides bringing good investment into the country, FDI also poses a positive impact upon major development indicators of the economy (Kayani *et al.* 2021).

Besides economic structure, the second important determining process has been the strategic context of the political interplay between these two states which has further supported the flourishing economic relations. Consequently, the strong matrix molded by trade relations has facilitated in consolidating the strategic logic for this alliance. The initial sketch of this economic partnership was defined primarily by the visionary Eurasian policy. However, with the passing years and evolving geopolitical challenges, it underwent some changes. The magnitude of Turkey-Azerbaijan economic relations surpassed that of Turkey's tie with Central Asian and Caspian Basin countries which can be attributed to two major factors, geographic closeness, and similar strategic attractions. The geographical position of Turkey is also of great importance and a motivating factor for the foreign investors (Kayani, 2017). Besides, the strategic interest based on energy collaboration, the conflict between Azerbaijan and Armenia contributed to strengthening economic ties with Turkey. In addition, with Baku monetizing the energy resources and using them as an anchorage to seek conducive solutions in the Nagorno-Karabakh tension, the trade relation between Baku and Ankara grew stronger (Ismayilov, 2016).

Over the past two decades, Turkey's economic sector had been domestically restructured and internationalized in the form of foreign trade and investment. As explained, the primary catalyst of the trade growth trajectory in Azerbaijan has been the earning from energy resources but the role of Azerbaijan's FDI inflows has also been a strategic calculus in its flourishing trade in Turkey. The "State Oil Company of Azerbaijan Republic" (SOCAR) has assisted Baku in penetrating the political and economic community of Ankara and forging a trade group that supports their mutual interests (Gulaliyev *et al.* 2016). As a result of these actions, a significant positive shift in economic investments of Azerbaijan in Turkey has been observed after 2009. As per the statistics of the Ministry of Foreign Affairs, the Republic of Turkey, the average investments of Turkey in Azerbaijan from 2002-2019 have been 11 billion USD while that of Azerbaijan in Turkey has been 20 billion USD. The products exported from Turkey to Azerbaijan include construction material, electronics, and cleaning supplies while those imported from Azerbaijan are energy resources such as fossil fuels and organic chemicals. The magnitude of Turkey-Azerbaijan's economic relation can be comprehended from the facts presented in Table 1 (MFA, 2019).

Table 1. Turkey-Azerbaijan Trade Statistics

Export goods	Iron and raw steel for construction Cleaning supplies Electronic equipment
Import goods	Petroleum Natural gas Plastic raw materials Aluminum & Organic Chemicals
Total Investment of Turkey in Azerbaijan (2002-2019)	11 billion USD
Total Investment of Azerbaijan in Turkey (2002-2019)	19,5 billion USD

Source: MFA (2019)

Azerbaijan is using its energy wealth and FDI as means to mark its importance in downstream markets by smartly using the energy diplomacy policy. Ever since the establishment of the "Turkey-Azerbaijan High-Level Strategic Cooperation Council" in 2010, both the states have re-aligned their focus on devising approaches for strengthening bilateral trade (Graham, 2016). Recently, both Turkey and Azerbaijan have willingly signed the "Preferential Trade Agreement (PTA)" in February 2020 in Baku after the 8th annual meeting of the "Azerbaijan – Turkey

Cooperation Council.” The aim of this agreement is to further facilitate mutual trade by waiving off the import-export tariffs and customs duties for a set of 15 product types. The tariff exemptions as part of this mutual agreement have come into effect from 1st March 2021.

5. Conclusion

In a world where political dynamics and the nature of inter-state relations are ever evolving, there are certain examples where such relations have stood the test of time (Kayani, 2021). The relationship between Turkey and Azerbaijan is still a focal point even after 30 years of engagement in terms of their foreign policy. The relationship between the countries started from the feeling of kinship and was felt strongly by the government and other intellectuals from both sides. The foreign policy of Turkey has evolved with the changing dynamics of international relations for promoting cordial bilateral relations with Azerbaijan. Bilateral trade between these countries has provided a solid foundation for reciprocity and preliminaries for maintaining the balance. The primary catalyst of the trade growth trajectory in Azerbaijan has been the earning from energy resources but the role of Azerbaijan’s FDI inflows in Turkey has also been a strategic calculus in its flourishing trade. After any in-depth analysis, it can be concluded that to date, the ties between Turkey and Azerbaijan have flourished exponentially.

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