

# Strengthening Cooperation with Kazakhstan and Uzbekistan is Important for Azerbaijan

*Ruslan Suleymanov*

The onset of the present stage of the conflict over Ukraine has accelerated large-scale geopolitical movements. Many countries, including most of the post-Soviet states belonging to the Silk Road region, are changing their foreign policy guidelines and strengthening relations with long-standing allies and partners. These include Azerbaijan, Kazakhstan, and Uzbekistan.

It is thus no coincidence that in recent months Azerbaijan has fast-tracked its diplomatic activity in several regions, including Central Asia. The visit of Azerbaijan's president Ilham Aliyev to Uzbekistan on 21-22 June 2022, and the trip of Kazakhstan's president Kassym-Jomart Tokayev to Azerbaijan on 24-25 August 2022 were intended to emphasize the fraternal nature of relations between these three "keystone states"—a term developed in the pages of *Baku Dialogues* and elsewhere by Nikolas Gvosdev of the U.S. Naval War College and IDD's own Damjan Krnjević Mišković.

Thus, the leading country of the South Caucasus is reaching a new level of relations with Central Asia's two leading countries. At the same time, this strategic rapprochement neither harms their respective neighbors nor Baku's relations with such regional actors as Russia, Türkiye, and Iran. As Krnjević has argued, by working more closely together, the Silk Road region's keystone triumvirate can lead in transforming this part of the world from an object of great power relations into a subject of international order.

This analytic policy brief will examine various aspects and trends of this potentially game-changing set of relationships.

*Ruslan Suleymanov is an independent political analyst and journalist focusing on Middle East issues and a former senior correspondent for Russia's state news agency TASS in Cairo. The views and opinions expressed herein are solely those of the author.*

## *Azerbaijan and Uzbekistan: Deepening Strategic Partnership*

The Baku-Tashkent relationship has been developing upward. Diplomatic ties between Azerbaijan and Uzbekistan were established on 2 October 1995. The first visit to Azerbaijan by the then President of Uzbekistan, Islam Karimov, took place in May 1996. During the visit, a package of documents was signed, consisting of 18 bilateral agreements, including the Treaty of Friendship and Cooperation. The reciprocal visit of the then President of Azerbaijan, Heydar Aliyev, to Tashkent in June 1997 represented a transition to a new stage in the development of the relationship. During the visit, 19 documents were signed. All in all, the strategic direction of Azerbaijani-Uzbek relations was determined during these two historic visits.

Ilham Aliyev's June 2022 visit to Uzbekistan at the invitation of President Shavkat Mirziyoyev was mainly aimed at increasing the volume of mutual trade, strengthening business and regional ties, promoting joint investment projects in various sectors of the economy, and effectively using opportunities in the transport and transit sectors.

Among the most important documents that were signed during this visit is the Declaration on Deepening the Strategic Partnership and Building Up Comprehensive Cooperation. Also, in the presence of the two heads of state, 18 documents were signed between the governments, ministries, and departments of the two countries. Among the most important are an agreement on international road links, a document on addressing illegal migration, a treaty on military and military-technical cooperation, and a cooperation program in the field of tourism. Thus, the legal basis of the development of bilateral relations, taking into consideration the agreements signed during the state visit of President Aliyev, has already reached almost 150 different agreements and treaties.

The paramount factor in the advancement of bilateral ties is the desire of both states to increase trade and industrial cooperation. Since 2016 (the year Mirziyoyev came to power in Uzbekistan), the trade turnover between Baku and Tashkent has increased almost sixfold whilst the number of joint ventures and projects has quadrupled.

In 2021, the volume of exports from Uzbekistan to Azerbaijan was \$78.4 million, and from Azerbaijan to Uzbekistan, the figure was \$33.5 million. This year, the trade turnover has already increased by 70 percent compared to last year. At the moment, the two governments indicate that their countries aim to reach a \$500 million a year volume of bilateral trade in the near future.

An effective mechanism in the development of bilateral trade and economic relations is the joint Intergovernmental Commission on Cooperation, which was established in 1998. Today, 238 enterprises with the participation of Azerbaijani capital operate on the territory of Uzbekistan, and 53 Uzbek companies operate in Azerbaijan. Their main areas of activity are trade, mechanical engineering and metalworking, finance and insurance, real estate transactions, energy, services, jewelry production and repair, food industry,

and light industry. An example of successful cooperation between the two countries is the creation of a joint production of motor vehicles by Azerbaijani Azer mash SR, on the one hand, and Uzbek UzAuto Motors and SamAuto, on the other hand, in the city of Hajiqabul, about 120 kilometers away from Baku, on 17 September 2021.

Nevertheless, as the heads of the two states noted during their recent talks in Tashkent, the huge potential for interaction in various sectors of the economy is not fully utilized. Contracts worth over \$500 million signed on the eve of Aliyev's visit to Uzbekistan are clear evidence of this potential.

At the current stage, specific projects are being worked out in various extractive industries like petrochemistry, pharmaceuticals, the production of building materials, finished textiles, food products, jewelry, and winemaking. New projects are also planned in the field of agriculture. In particular, Uzbekistan declared its readiness to adopt the experience of Azerbaijan in the field of digitalization of the agricultural sector. The implementation of joint investment projects in this last area would allow the two countries to strengthen their own food security—a heightened policy priority in the wake of the unfolding global food crisis. It is expected that Baku and Tashkent will together implement the establishment of agrologistic clusters in Uzbekistan, which will be aimed at processing and exporting the country's agricultural products to international markets.

The development of bilateral trade is also facilitated by the activities of the Azerbaijan-Uzbekistan Business Council, which was established in November 2020. During various joint events, business representatives of the two countries have discussed how to advance investment cooperation and infrastructure projects in various fields. Members have also presented the investment potential and existing opportunities for cooperation in various fields in their respective countries. Also, an Uzbek-Azerbaijani investment fund is going to be established.

In parallel, Azerbaijan and Uzbekistan are interested in heightening transit potential. Thus, within the framework of the Trans-Caspian railway corridor, Azerbaijan and Uzbekistan are working together to strengthen transportation links between Central Asia, the South Caucasus, and other regions. Their sustainability is important for both sides. Thus, Uzbekistan has already reached an agreement with Turkmenistan and opened for itself a pathway to the Caspian through the port city of Turkmenbashi. This will enable Uzbekistan to gain direct access to Azerbaijan's Alat port facility. From there, cargo will be transported by the Baku-Tbilisi-Kars railway and further on to the European continent.

Along with this, both countries have similar stances towards many issues on the global multilateral agenda, including in the field of security, strengthening the nuclear non-proliferation regime, and implementing the Sustainable Development Goals. Moreover, Tashkent has firmly and consistently supported Baku on the Karabakh issue—both prior to, during, and after the Second Karabakh War. For instance, in

November 2021, Mirziyoyev announced that a large school would be built in Fizuli by Uzbekistan. Work on this has already begun, and the school is scheduled to be put into operation in 2023.

It is worth mentioning that Baku and Tashkent have always been distinguished by the pursuit of independent policies in the military sphere, and in their non-participation in military blocs. Thus, in 1999, Azerbaijan and Uzbekistan, together with Georgia, did not consent to the extension of the post-Soviet space's Collective Security Treaty, or CST (in 2002, the CST evolved into the Collective Security Treaty Organization, or CSTO, which did not involve the participation of Baku, Tashkent, and Tbilisi). Moreover, on 21 June 2022, an agreement on military and military-technical cooperation was signed by the ministers of defense of Azerbaijan and Uzbekistan. This document makes cooperation between the largest army in the South Caucasus, on the one hand, and the strongest army in Central Asia, on the other hand, very promising. It may become the case that, in the future, two separate military cooperation mechanisms (Türkiye-Azerbaijan and Azerbaijan-Uzbekistan) could be transmuted into a single one (Ankara-Baku-Tashkent).

### *Azerbaijan and Kazakhstan: Deepening Allied Cooperation*

2022 has also become a significant year for overall relations between Kazakhstan and Azerbaijan (diplomatic ties were formally established on 27 August 1992).

At the moment, Azerbaijan and Kazakhstan enjoy an extensive contractual and legal framework, numbering around 120 documents of various nature, including interstate treaties, intergovernmental agreements, and so on. Among the key documents that determine the level of relations is the Treaty on Strategic Partnership and Allied Relations, signed in 2005 in Baku, which became the first bilateral strategic document. It notes the deep roots of friendship and allied relations between the two countries.

During the visit of President Tokayev to Baku on 24 August 2022, more than 20 agreements were signed between state structures. The two key ones are the Declaration on Strengthening Strategic Relations and Deepening Allied Cooperation between Kazakhstan and Azerbaijan, and the Comprehensive Program for the Development of Cooperation between the Republic of Azerbaijan and the Republic of Kazakhstan for 2022-2026.

Both Silk Road region keystone states openly support each other's sovereignty and territorial integrity. "I would like to emphasize that, having victoriously restored territorial integrity in accordance with the UN Charter and resolutions of the UN Security Council, Azerbaijan has entered a new era in its development," the Kazakh president emphasized in a statement to the media following talks with his Azerbaijani counterpart.

Undoubtedly, strengthening economic ties between Azerbaijan and Kazakhstan constitute a paramount area of interaction. Thus, in the last full year before the pandemic (i.e., 2019), the volume of bilateral trade was \$415.5 million, while the lion's share of deliveries (\$370 million) fell on the Kazakh side. In the first six months of 2022, the volume of exports from Kazakhstan to Azerbaijan has already amounted to \$231 million, while from Azerbaijan to Kazakhstan the number was \$18.4 million. Today, the stated challenge for both sides is to increase the annual turnover to \$1 billion in the coming years.

Meanwhile, according to the National Bank of Kazakhstan, in the 2005-2020 period, the volume of attracted investments from Azerbaijan amounted to \$306.5 million. For example, in the 2018-2019 period, Azerbaijan invested \$12.7 million, while Kazakhstan invested \$75.7 million during the same period.

The main exports from Kazakhstan to Azerbaijan are special-purpose floating equipment, railway locomotives, petroleum products, wheat, and flour confectionery, while the chief imports to Kazakhstan from Azerbaijan are propylene and ethylene polymers, textile packaging, wires, cables, and agricultural products.

Baku and Nur-Sultan have big plans to expand transit and transport cooperation in connection with the reorientation of export cargo flows from China to Europe to the Trans-Caspian International Transport Route (TITR). As reported by the Ministry of Industry and Infrastructure Development of Kazakhstan, all future roads within this strategic context should be built within the next three years.

In the coming years, the governments of the two countries aim to increase the volume of cargo transportation along the Kazakhstan-Azerbaijan-Türkiye corridor in order to develop trade relations across the "middle corridor" Asia-Europe route, in furtherance of a diversification strategy. Suffice it to say that in the first two months of 2022, the volume of traffic between Kazakhstan and Azerbaijan increased by 149 percent compared to the same period in 2021. In other words, this trend *predates* the onset of the Ukraine war.

The energy sector remains a huge potential area of bilateral cooperation. It is worth mentioning that in June 2006, a special agreement was signed between Azerbaijan and Kazakhstan to promote and support the transportation of oil from Kazakhstan through the Caspian Sea and the territory of Azerbaijan to international markets through the Baku-Tbilisi-Ceyhan (BTC) pipeline. At present, about 100,000 tons of Kazakh oil per year is shipped via BTC on average. At the moment, negotiations are underway between SOCAR and the Kazakh national oil company KazMunayGas on the transportation of a larger share of Kazakhstani oil via BTC. The ultimate aim is to bring 1.5 million barrels of Kazakh oil to the world market per year via this route, which would represent a great increase in comparison to previous levels.

There is no doubt that the work of the Azerbaijan-Kazakhstan Business Council will also contribute to the further development of bilateral relations. On 24 August 2022, its inaugural meeting was held in Baku. It is noteworthy that at the same meeting a document on twinning between the cities of Shusha (in Azerbaijan) and Turkestan (in Kazakhstan) was signed. In addition, a number of government agencies, as well as private companies from the two countries, signed memoranda of understanding and cooperation.

It is also important to note that BI Group, Kazakhstan's largest investment and construction holding conglomerate, is building the Kurmangazy Center for the Development of Children's Creativity in the city of Fizuli.

Azerbaijan and Kazakhstan are also quite successfully cooperating at the multilateral level. In particular, the two countries took a unified position from the very beginning regarding the problem of the division of the Caspian Sea, which was eventually resolved in August 2018 in the city of Aktau at the summit of the heads of state of Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan.

In this regard both Baku and Nur-Sultan, along with their partners, are interested in promoting regional stability and addressing common threats such as terrorism and insecurity. There is no coincidence that the Turkic Council expressed its readiness to support Kazakhstan as needed in the immediate wake of the tumults the country experienced in January 2022. Baku's position was clear. As the country's foreign minister, Jeyhun Bayramov, noted at that time, Azerbaijan "stands for the earliest normalization of the situation in Kazakhstan and restoration of the rule of law. Illegitimate use of force and violence that undermine public order and threaten the fundamental human rights and freedoms of citizens can have no justification, and thus, must be resolutely condemned and rejected."

### *Common Interests, Challenges, and Threats*

The strengthening of Azerbaijan's relations with Central Asia's two keystone states lends weight to Baku's leading position in the South Caucasus. At the same time, the further implementation of joint projects will strengthen the level of interaction between the two regions as a whole.

Also, Baku is interested in increasing the integration of the entire South Caucasus into international transport communications. For instance, Azerbaijan is eager to operationalize the Zangezur corridor as soon as possible, which will also be beneficial for Armenia, Iran, Türkiye, and other states in the Silk Road region.

Kazakhstan, Uzbekistan, and other Central Asian countries, seeking to increase the supply of their goods to Europe, will increasingly use transport communications together

with Azerbaijan, starting with the Trans-Caspian railway corridor and the Trans-Caspian international transport route.

In general, together with other major international projects like the North-South, West-East, and Belt and Road Initiative transport corridors (there is some overlap between them, which should be understood positively), Baku is becoming a key transport hub between Europe and Asia. This issue is urgently rising in importance in the wake of the energy and food crisis in the world caused by the war in Ukraine. Consequently, as the Silk Road region's trade routes are reoriented, the role of Azerbaijan as a link between different parts of the world will only increase.

In addition, Azerbaijan's deepening of cooperation with the two Central Asian keystone states will contribute to the joint relief of common threats, including terrorism and drugs trafficking. This is becoming more and more relevant against the backdrop of the unstable situation in Afghanistan and ongoing reports of terrorist attacks in a country once again governed by the Taliban. In this regard, heightened military cooperation at the regional level is no less important. Thus, the successful experience of Baku in the Second Karabakh War can be very useful for Kazakhstan and Uzbekistan.

At the same time, the promotion of joint projects by Azerbaijan, Kazakhstan, and Uzbekistan, including those in the humanitarian and educational spheres, foreshadows an increase in the level of cooperation between the Turkic countries (within the framework of the Turkic Council) to historic levels. One of the brightest examples in this regard is the participation of both Kazakhstan and Uzbekistan in building education centers in liberated Fizuli. It shows how the two Central Asian keystone states can be involved in promoting social and humanitarian projects in their counterpart country in the South Caucasus. All three are also Turkic states. Thus, such initiatives could become a model for others to emulate within the framework of the Turkic Council.

The growing interaction between Baku, Nur-Sultan, and Tashkent today is also important for maintaining a single economic and cultural space for the peoples of the former Soviet republics. Since multilateral formats, such the Commonwealth of Independent States (CIS), do not seem to be as fruitful as they have been in the past, alternative formats show much greater efficiency.

Thus, Azerbaijan is well-prepared to continue playing an active connecting role between the South Caucasus and Central Asia, between the Turkic countries, between the states of the post-Soviet space and, in a broad sense, between Europe and Asia.

It is also a distinct advantage that the personal rapport between President Aliyev and his two counterparts is genuine and authentic. They all seem to get along, which is quite useful in taking the two sets of state relations to the next level.

## Takeaways

The following takeaways may be said to summarize the abovementioned considerations:

- Azerbaijan and Uzbekistan aim to increase the volume of bilateral trade to \$500 million a year in the near future.
- Azerbaijan and Kazakhstan aim to increase the volume of bilateral trade to \$1 billion a year in the near future.
- Since the Central Asian states intend to gain wider access to markets in Europe, they will increasingly use transport communications with Azerbaijan, starting with the Trans-Caspian railway corridor and the Trans-Caspian international transport route.
- In the wake of the energy and food crisis in the world caused by the war in Ukraine, Baku is becoming a key transport hub between Europe and Asia.
- The implementation of joint economic and humanitarian projects between Azerbaijan and Uzbekistan, on the one hand, and Kazakhstan, on the other hand, contributes to deepening integration within the framework of the Organization of Turkic States.
- The two sets of bilateral formats involving Azerbaijan and Kazakhstan and Uzbekistan, respectively, demonstrate greater efficiency than multilateral projects championed by various organizations operating within the post-Soviet space.
- Deepening cooperation between Azerbaijan and the keystone countries of Central Asia will contribute to the joint relief of common threats such as terrorism and drugs trafficking, especially against the backdrop of the unstable situation in Afghanistan.
- In the future, the military cooperation mechanisms involving Azerbaijan-Uzbekistan and Azerbaijan-Türkiye could be transformed into a single one, consisting of Azerbaijan, Türkiye, and Uzbekistan