

Presentation date: May, 2024
Date of acceptance: October, 2024
Publication date: November, 2024

# MAIN FEATURES

OF IRAN-AZERBAIJANI RELATIONS: HISTORICAL ROOTS AND FU-TURE PROSPECTS

# PRINCIPALES CARACTERÍSTICAS DE LAS RELACIONES ENTRE IRÁN Y AZERBAIYÁN: RAÍCES HISTÓRICAS Y PERSPECTIVAS FUTURAS

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# Suggested citation (APA, seventh ed.)

Mammadli, A. (2024). Main features of Iran-Azerbaijani relations: historical roots and future prospects. *Universidad y Sociedad*, 16 (6), 489-498.

### **ABSTRACT**

Bilateral relations in the South Caucasus region are fundamental to the geopolitical stability and economic development of the region. There are numerous studies on the regional dynamics of the South Caucasus, but there is limited understanding of how historical, cultural, and religious ties between Azerbaijan and Iran influence their contemporary bilateral relations, particularly since Azerbaijan's independence following the disintegration of the USSR. This research analyzed the fundamental characteristics that have defined bilateral relations between Iran and Azerbaijan since the Iranian Revolution of 1979 until the first decade of the 2000s, considering the historical, political, economic, and cultural aspects that shape this complex diplomatic relationship. Our results reveal that high-level political dialogues have positively impacted economic and cultural cooperation, especially in key areas such as resource exploitation in the Caspian Sea and international economic projects. Moreover, both countries have demonstrated a clear preference for peaceful resolution of regional issues. These bilateral dynamics not only strengthen regional stability but also significantly influence relations with other key regional players such as Turkey and Russia. In general, despite several tensions due to the alignment of Azerbaijan with Western policies, strengthening ties between Iran and Azerbaijan could be crucial for the future development and stability of the South Caucasus.

Keywords: South Caucasus, Adjacent countries, Political relations, Oil, economic cooperation, Caspian region.

### **RESUMEN**

Las relaciones bilaterales en la región del Cáucaso Sur son fundamentales para la estabilidad geopolítica y el desarrollo económico de la región. Existen numerosos estudios sobre la dinámica regional del Cáucaso Sur, pero existe una comprensión limitada de cómo los lazos históricos, culturales y religiosos entre Azerbaiyán e Irán influyen en sus relaciones bilaterales contemporáneas, en particular desde la independencia de Azerbaiyán tras la desintegración de la URSS. En esta investigación se analizan las características fundamentales que han definido las relaciones bilaterales entre Irán y Azerbaiyán desde la Revolución iraní de 1979 hasta la primera década de los años 2000, considerando los aspectos históricos, políticos, económicos y culturales que dan forma a esta compleja relación diplomática. Nuestros resultados revelan que los diálogos políticos de alto nivel han tenido un impacto positivo en la cooperación económica y cultural, especialmente en áreas clave como la explotación de recursos en el Mar Caspio y los proyectos económicos internacionales. Además, ambos países han demostrado una clara preferencia por la resolución pacífica de los problemas regionales. Estas dinámicas bilaterales no solo fortalecen la estabilidad regional, sino que también influyen significativamente en las relaciones con otros actores regionales clave como Turquía y Rusia. En general, a pesar de las tensiones que se han generado debido a la adhesión de Azerbaiyán a las políticas occidentales, el fortalecimiento de los vínculos entre Irán y Azerbaiyán podría ser crucial para el desarrollo y la estabilidad futuros del Cáucaso Sur.

Palabras clave: Cáucaso Sur, Países limítrofes, Relaciones políticas, Petróleo, Cooperación económica, región del Caspio.

#### INTRODUCTION

The relationship between Iran and Azerbaijan offers an interesting insight into the regional dynamics of the South Caucasus. The reason for that relationship is deeply rooted in the cultural ties between the two countries, as Iran has a sizable ethnic Azerbaijani population that shares linguistic and cultural affinities but the same is also true in the opposite direction (Winrow, 1995). The political situation has been especially complex, for example, when in 1979 the Revolution in Iran and its subsequent attempts to spread Islamic ideology strongly opposed Azerbaijan's secular orientation, making the initial relations between the two countries quite tense. Another example in which their bond tended to generate friction was when Iran feared the possibility of separatist sentiments from its Azerbaijani minority, particularly after Azerbaijan emerged as an independent country following the collapse of the Soviet Union in 1991. However, pragmatic considerations often prevailed, leading to various forms of cooperation (Mozaffari & Akbar, 2023).

A critical historical foundation is established through Davoodi's in 2016 research, which traces the roots of modern tensions to 19th-century Russian-Iranian treaties regarding South Azerbaijan. The emergence of an independent Azerbaijan in 1991 created new dynamics, with Iranian concerns about potential territorial reunification leading to diplomatic adaptations, including Azerbaijan's strategic adoption of the term "Caucasus Azerbaijan" in official discourse. Economic relations proved to be a bright spot in the relationship between countries. Trade partnerships began to expand in the 1990s, as both nations explored opportunities in the energy sector. This economic cooperation has undoubtedly functioned as a stabilizing force in their relationship.

The economic dimension of the relationship has always been a driver for pragmatism, with the golden period of cooperation being between 1993 and 1995, however, in later times a decline occurred due to Azerbaijan's growing ties with Western powers, particularly the United States. This shift highlights how external alignments can significantly affect bilateral relations, even in the presence of a shared cultural and religious heritage. Currently, there is to some extent an intention to foster this cooperation (Avdaliani, 2024; Seymur, 2024), however, the influence of regional and global powers adds another layer of complexity, as discussed by several authors (Cohen & Lev, 2023; Traub et al., 2024). Other works illuminate how Azerbaijan's close ties with Turkey, based on ethnic and linguistic kinship, have influenced its relationship with Iran (Avatkok, 2022). This triangular dynamic became particularly significant during the Nagorno-Karabakh conflict,

affecting regional balance and diplomatic relations. The Nagorno-Karabakh conflict tested the diplomatic skills of Iran, which sought to appear neutral while maintaining good relations with both Azerbaijan and Armenia (Erendor & Öztarsu, 2019).

In general, cultural exchanges during the last century remained a consistent bright spot, as ongoing exchanges in art, education, and media served to keep people-to-people ties alive, particularly when relations between the two states were at their most strained. Coverage of Azerbaijan in the Iranian media reflected both the importance and complexity of this relationship. Ultimately, the period from 1979 to the 2000s would demonstrate that, in the context of historical ties, modern state interests, and regional dynamics, a complex but manageable relationship can be achieved between neighboring countries with a common cultural heritage but different political systems. This evolution of the relationship also demonstrates that nations can maintain functional diplomatic and economic ties even in the face of differences and competing regional interests - an important lesson for understanding contemporary international relations in the region.

The goal of this research is to analyze the fundamental characteristics that have defined the bilateral relations between Iran and Azerbaijan since the Iranian Revolution of 1979 through the first decade of the 2000s, considering the historical, political, economic, and cultural aspects that shaped this complex diplomatic relationship. The relevance of the study is determined by the complex international situation that developed in the South Caucasus region after the collapse of the USSR, as well as by Northern Azerbaijan becoming an important subject of international law and gaining state independence. Iran, is seriously concerned about Russia's consideration of the South Caucasus republics as its sphere of influence, the intensification of competition for the special interests of great powers in this region, the strengthening of Western countries' participation in the region, and is especially irritated by Turkey's increased cooperation with Azerbaijan, has attached particular importance to relations with Azerbaijan, with which it shares a long border.

In addition, in analyzing Iranian-Azerbaijani relations during the period under review, the serious interests of both neighboring states in the region and Western states, including the United States, must be taken into account. The great powers, especially the United States and Russia, have been trying for decades to use these countries' accumulated internal problems to put pressure on the states of the region. After the collapse of the USSR, the open and secret struggle of interested international powers intensified as they tried to fill the void that had formed in the

political arena of the South Caucasus. During that time, the economic, political, ideological, and cultural activities of 16 states were observed, especially in Azerbaijan. These activities were attempts to influence the future political course of the newly independent Azerbaijan.

The economic, political, and cultural influence of Western countries, which have long tried to keep Iran isolated, has also begun to increase in Azerbaijan. Unique challenges have arisen in the foreign policies of both the Iranian and Azerbaijani Republics. States that were officially on the brink of a "cold war" with Tehran have already begun to show special interest in Azerbaijan, which shares a 765 km border with Iran. These factors increase the topic's relevance.

## **DEVELOPMENT**

It should be noted that several important events that took place in the world during the last third of the 20th century led to serious changes in the system of interstate political relations. The creation of the IRI (Islamic Republic of Iran) as a result of the Iranian People's Revolution in 1978-1979 and the emergence of new independent states after the collapse of the USSR left deep marks not only in the Middle East, the South Caucasus, and the entire post-Soviet space but also in the system of international political relations as a whole. On a global scale, these changes were accompanied by outbreaks of tension, bloody military clashes, and military-political conflicts. As a result, tensions between the East and the West reached their highest point, the ideological struggle of the opposing sides intensified, and the atmosphere of the "cold war" prevailed again.

Under these difficult conditions, on October 18th, 1991, Azerbaijan declared its state independence, becoming a subject of international law. In a short time, it established bilateral, equal relations in foreign policy with both neighboring and distant countries. The development of multilateral relations between Azerbaijan and Russia, Iran, Turkey, and Georgia had a positive impact on strengthening mutual trust and mutually beneficial cooperation. The groundless expansionist policy of neighboring Armenia against Azerbaijan, which had begun during Soviet times, escalated into a large-scale war in 1992.

During this period, the Islamic Republic of Iran attached special importance to the Republic of Azerbaijan as one of its bordering states. The relations between the two countries were determined by several political, economic, spiritual, and cultural factors. First, Azerbaijan's location in a strategically important region meant that stability there promised great prospects for Iran. Additionally,

cooperation with Azerbaijan, located at the crossroads of air, water, and land routes, was a vital necessity for Iran as it sought to expand its international economic ties.

Furthermore, Iran, which had significant geopolitical and geostrategic potential, held voting rights in international and regional organizations. From this perspective, Azerbaijan could benefit from Iran's constructive position in resolving its important problems. Iran's active participation in the UN and the Organization of Islamic Cooperation (OIC), as well as the alignment of official positions between Baku and Tehran on many international issues, became factors that gave impetus to the development of bilateral relations.

# Features of double-sided relations

After gaining independence, the young Republic of Azerbaijan gained the opportunity to adopt Iran's experience in developing its economy. The lengthy border with Iran created the need to use Iranian territory to enter the world market. The four customs checkpoints along the Azerbaijani-Iranian border gave primary impetus to trade and economic ties. Simultaneously, Iran has consistently used Azerbaijan's territory to escape international isolation. Additionally, an important role in strengthening ties was played by the desire to restore spiritual connections between Azerbaijanis living on both sides of the Iranian-Azerbaijani border. During the Shah's regime, Iran's new religious and political leadership considered the South Caucasus, especially Azerbaijan, as a territory separated from Iran (the Qajar state) by the Turkmenchay Treaty of 1828. However, the establishment of a democratic, independent republic in Azerbaijan has consistently worried official Tehran. The religious and political leadership of Tehran was seriously concerned that the reforms planned for implementation in 1990s Azerbaijan, which had embarked on the path of integration with European and neighboring countries, could have a revolutionary impact on Iranian society.

The religious leadership of the IRI showed great interest in the fate of 70 million Muslims living in the post-Soviet space, representing a 280-million-strong market for traditional Iranian consumer goods. These and other factors determined Tehran's official position toward Azerbaijan, which had chosen the path of secular, democratic development and occupied a leading position in the South Caucasus region. The capitals of both countries clearly understood that the normal development of Iranian-Azerbaijani relations was one of the important conditions for both countries' security. Thus, regarding various international problems, the parties often took similar positions and made statements supporting each other's territorial integrity.

The Iranian parliament members' protest action in mourning during the January 1990 events in Azerbaijan demonstrated the solidarity between the two countries. In the second half of 1991, when the USSR's collapse was inevitable, favorable conditions emerged for developing relations between Azerbaijan and Iran at a higher level. At the invitation of Iranian Energy Minister Zanjani, Azerbaijan's Prime Minister Hasan Hasanov made an official visit to Tehran on June 10-11 of that year. As a result of the negotiations, a nine-point memorandum on mutual cooperation was signed between the two countries on August 19th, 1991.

Iranian Foreign Minister A.A. Vilayati, who was very wary of Moscow's interests in the South Caucasus, advocated during his visit to the USSR for the creation of a strong Soviet confederation in Baku to prevent Western influence on the new sovereign states (Aliyev, 2021). During the period of emerging political unrest in the USSR, Tehran closely monitored events in the southern republics, especially in the South Caucasus. During Iranian Foreign Minister A.A. Vilayati's visit to Azerbaijan in December 1991, the principles of cooperation were defined. On December 3rd, a 19-point Azerbaijani-Iranian agreement was signed, reflecting principles of cooperation across all spheres of socio-political and trade-economic activity (Valiyev, 2012).

It should be noted that the IRI was among the first states to recognize Azerbaijan's independence. On December 27, 1991, Iranian Minister of Economy and Finance M. Nurbakhsh announced his country's official recognition of Azerbaijan's state independence (Talibly, 2017). The formation of the independent Azerbaijan Republic strengthened Tehran's South Caucasus policy. To regulate relations, Iran also established cooperation with Azerbaijan within international organizations. One such step was taken on February 16th, 1992, at the summit of the Economic Cooperation Organization (ECO) member countries, when a decision was made to admit Azerbaijan to the ECO (Chakhmakli, 1994).

In May 1992, amid increasing military and political tensions in Azerbaijan, the two countries signed a memorandum on expanding economic, scientific, technical, and cultural cooperation (Safarli & Alibeyli, 1994). This document stimulated the general development of Azerbaijani-Iranian relations. However, critical attacks on Tehran by Abulfaz Elchibey, a presidential candidate and chairman of the Popular Front of Azerbaijan (PFA) party that came to power in mid-May, led to cooled relations. Despite this, ties were not severed, as Tehran remained interested in developing normal relations with Azerbaijan for its multipurpose policy.

The priority was to establish normal mutual political relations and resolve emerging problems. Since July 1992, Azerbaijani-Iranian political relations at the foreign minister level entered a new phase of development. The July 22nd, 1992 orders establishing the Azerbaijani-Iranian Business Cooperation Council played a significant role in this matter. This council's main responsibility was to implement agreements, treaties, and other documents signed between the two countries, and to assist republican enterprises and organizations in developing trade, economic, and humanitarian ties with the neighboring country (Aliyev, 2004).

As a logical continuation, Resolution No. 259 of the Supreme Council of Azerbaijan dated August 5, 1992, established an embassy of the Republic of Azerbaijan in Iran (Shukurov, 1994). In the first years after Azerbaijan gained independence, then-head of Azerbaijan Abulfaz Elchibey championed the idea of reuniting the two regions where Azerbaijani ethnic groups resided to form a single state. In his view, this would create Greater Azerbaijan. Iran interpreted this as an attempt to disintegrate Iran and as interference in its internal affairs. The NFA government took several steps to discuss existing problems with Iran. However, various statements about the rights of Azerbaijani Turks living in Iran and the existence of the "South Azerbaijan problem" in general, including such publications in the republican press, were received negatively by official Iranian circles. This situation culminated in relations between Iran's Islamic leadership and Azerbaijan's NFA leadership reaching a crisis stage. Consequently, no successful agreements were reached during the Azerbaijani Foreign Minister's official visit to Iran in August 1992 (Nassibli, 2010).

Discussions of Azerbaijani-Iranian relations in January 1993 also yielded no results. The PFA government was overthrown following the June armed coup by the military-political opposition in Azerbaijan. The departing PFA leaders invited Heydar Aliyev to Baku. Although Heydar Aliyev, who later became president of Azerbaijan, did not continue voicing this idea, the topic of separatism has remained an ongoing source of tension in bilateral relations. In contrast to the pro-Western policy during the NFA period, H. Aliyev's balanced approach toward foreign countries, drawing from his extensive management experience, created opportunities for Azerbaijani-Iranian relations to reach a qualitatively new level (Mojtahedi, 2023). Iran's diplomatic activity in this direction soon revived. The Iranian Foreign Minister's visit to Baku on August 18, 1993, resulted in the signing of a memorandum documenting intentions for economic cooperation between the two countries.

On October 26th, 1993, Islamic Republic of Iran President Ali Akbar Hashemi-Rafsanjani made an official visit to Baku. A memorandum on principles of friendship and cooperation between Iran and Azerbaijan was signed during this visit. In total, the parties signed 14 agreements, protocols, and memoranda. These documents provided for consultations, economic cooperation, mutual trade relations, mutual understanding in transport, cooperation in scientific, educational, and research fields, and cooperation between the two countries' ministries of economy and industry (Guseynova, 2005).

It should be noted that from 1993 to 2001, the parties refrained from taking any drastic actions toward each other (Embassy of the Republic of Azerbaijan to the Islamic Republic of Iran, 1995). Despite this, relations between Iran and Azerbaijan during the period under study depended more on regional and global international issues than on mutual interests (Dubnov, 2006). The increase in passenger traffic, expansion of humanitarian ties and border trade between the two countries, and the growing number of pilgrims wishing to visit holy places necessitated the establishment of modern consular ties. Political exchanges between the two countries often lacked positive outcomes. In February 1994, Iran's Consulate General opened in Nakhchivan. However, the Iranian side indefinitely postponed the opening of Azerbaijan's Consulate General in Tabriz. During that period, Iran's northern provinces also maintained direct relations with Azerbaijan. In April 1994, the governor of Azerbaijan province, Abdulalizade, visited Baku. On April 7, discussions focused on the role of border relations (Gunter, 2024). As a result, several steps were taken to expand border trade.

The oil factor played a significant role in Tehran's South Caucasus policy. On May 25, 1994, during Iranian Oil Minister G. Agazade's visit to Baku, current issues of cooperation in the oil sector were discussed. On June 29, 1994, Azerbaijani President H. Aliyev made an official visit to Iran (16). The presidents of both countries discussed the main problems of bilateral relations. Iranian President Hashemi-Rafsanjani stated that "the spiritual closeness of Iran and Azerbaijan creates a solid foundation for implementing the agreements reached. The Iranian people are very happy about Azerbaijan's liberation from colonial oppression" (Eliyev, s.f, p. 17).

Tehran well understood that Azerbaijan's Karabakh problem represented one of the serious obstacles in its South Caucasus policy. Therefore, both parties emphasized the importance of ending Armenia's ongoing aggression against Azerbaijan, liberating the occupied Azerbaijani lands, and politically settling the related problems. On June 2, at a meeting between IRI's spiritual leader, Ayatollah Seyyed

Ali Khamenei, and Azerbaijan's President H. Aliyev, special attention was given to discussing events taking place in the Near and Middle East. President H. Aliyev stated: "I, as the President of the Republic of Azerbaijan, declare: preserving Iran's territorial integrity and the inviolability of its borders are considered sacred aspirations of the Azerbaijani people and state" (Mamamdov, 1999). On the same day, at a meeting between H. Aliyev and the Chairman of Iran's National Majlis, Natiq Nuri, a range of issues related to Iranian-Azerbaijani cooperation was discussed.

The Iran-Azerbaijan negotiations resulted in the signing of seven documents, marking a new level of economic and political relations between the two countries. The most important of these documents was the statement on developing friendly relations between the two countries. This historic statement outlined the political pathways for further development of relations between the two fraternal countries (Tahai, 1999, p. 142).

After the USSR's collapse, Iran played an active role in the competition for Caspian oil. Tehran was seriously concerned about Western companies' growing investments in this region and considered them a threat to its economic interests (Kharrazi, 1999). Official Tehran responded very negatively to Western countries' increased participation in Azerbaijan's economic and political life. Consequently, Azerbaijan had to consider Iran's interests in its oil policy to some extent.

In October 1994, a tense situation developed in Azerbaijan's political life. Due to clashes with the armed opposition, society verged on civil war. Tehran remained engaged with these processes and expressed the Iranian government's position regarding the attempted military coup in Azerbaijan through a letter to the Azerbaijani Foreign Ministry (Mammadov, 2000).

Although Caspian Sea status issues had been a constant subject of discussion in Tehran's Azerbaijan policy, this problem intensified after the signing of the "Contract of the Century." In negotiations with neighboring Iran regarding the Caspian status, the Azerbaijani side consistently attempted to reach common ground, as it did with other coastal countries (Russia, Kazakhstan, and Turkmenistan). In November 1994, during negotiations held in Baku with IRI Deputy Foreign Minister M. Vaezi, discussions covered not only the development of political, economic, cultural, and trade relations between the two countries but also Caspian Sea status issues (Hasanov, 2005). Azerbaijan reiterated that Baku's position on this issue was based on international law experience, according to which it should have its rightful part of the sea basin. These negotiations

resulted in an agreement to create joint commissions in the economic, cultural, banking, trade, and customs sectors. To develop cooperation, the Iranian Foreign Ministry established a special committee covering several sectors during that period.

Despite this, in the autumn of 1994, a relative cooling of relations between Iran and Azerbaijan occurred. The reason for this was the "Contract of the Century" - an international oil agreement signed on September 20th by Azerbaijan and leading Western oil companies. Iran regarded this fact as an increase in the influence and presence of the West in the Caspian region. Official statements from Tehran openly expressed dissatisfaction with this matter. However, the official position of Baku stated that the oil agreement remained open to other countries, including the Islamic Republic of Iran. The events of the following years ensured the participation of the national oil company of Iran in the extraction of oil reserves in the Caspian Sea.

It should be noted that the temporary cooling of relations between Azerbaijan and Iran was further exaggerated by some media outlets in Azerbaijan, Iran, and Russia. In this situation, in April 1995, Azerbaijani President H. Aliyev was invited to Iran to attend the opening ceremony of a new railway line. The Azerbaijani side regarded this as a positive step towards developing bilateral relations. In April 1995, at a meeting with Iran's Chargé d'Affaires in Azerbaijan M. Tairi, the Azerbaijani President, rejecting slander and attacks on relations between the two countries, resolutely stated that the friendship between the states and peoples of Iran and Azerbaijan was unbreakable (News-Azerbaijan, 2016).

During this period, some factors contributed to the emergence of rumors regarding the cooling of relations between the two countries. Thus, starting in 1995, the first trilateral (Iran, Armenia, and Turkmenistan), and then quadrilateral (Iran, Armenia, Turkmenistan, and Ukraine) meetings were held in Iran. However, it is very interesting that the Minister of Foreign Affairs of Azerbaijan was not invited to these meetings. In this regard, critical materials about Iran's foreign policy were published in various Baku newspapers. It so happened that in March 1995, an armed civil confrontation occurred in Azerbaijan. In such a tense situation, President H. Aliyev could not leave Azerbaijan and postponed visits to the cities of Islamabad and Bandar Abbas. Some forces took advantage of this fact. In July of the same year, at a meeting with the temporary Chargé d'Affaires of Iran in Azerbaijan, President H. Aliyev again returned to this topic and noted that there are also forces that do not want to see good neighborly relations between the two countries (Dadashov, 2017).

In general, the leadership of Azerbaijan has repeatedly invited the Iranian side to take positive, adequate steps to resolve certain urgent problems and improve bilateral relations. Official Tehran, understanding this as a historical necessity, took a number of constructive steps at the end of 1995. At the same time, in October 1995, at the jubilee events on the occasion of the 50th anniversary of the UN, the head of the Azerbaijani state met and held discussions with the Minister of Foreign Affairs of the Islamic Republic of Iran. In addition, on October 5th-7th, the Minister of Cooperation of Iran, co-chairman of the joint Iran-Azerbaijan Interstate Commission on Trade and Economic Relations G. Safei, and on December 11th-14th, Deputy Minister of Foreign Affairs of the Islamic Republic of Iran M. Vaezi held official negotiations in Azerbaijan. One of the topics of discussion at these bilateral meetings was the implementation of the treaties and protocols signed between Iran and Azerbaijan. It is no coincidence that in December 1995, at a meeting in Baku between the Deputy Minister of Foreign Affairs of Iran M. Vaezi, and President H. Aliyev, a decision was made to re-examine the signed documents and determine possible ways of implementing them.

The official visit of the Iranian Foreign Minister to Azerbaijan in March 1996 brought some clarity to the problems between the two countries. In response to the discontent of the Azerbaijani public regarding the expansion of Iran's cooperation with Armenia, the Iranian Minister stated that "we have special relations with each of the states - Russia, Azerbaijan, and Armenia, and this is incomparable with our relations with other countries. In turn, many common features link Iran with Azerbaijan".

First on May 13th, 1996 in Mashhad, and then on May 15th of the same year in Ashgabat, most of the problems discussed by the presidents of the two countries found their positive solution. The parties agreed on the practical implementation of the projects for the construction of the Astara (Iranian) - Astara (Azerbaijani) bridge and its subsequent connection to the Astara-Qazvin railway line, the construction of the Nakhchivan cement plant, the laying of a gas pipeline from Iran to Nakhchivan, and a number of other technical facilities. As a result, during the official visit of the Minister of Foreign Affairs of Azerbaijan to Iran (August 1996), the visits of the Vice President of Iran H. Habibi (October 1996), and the member of the Presidium of the Majlis of the Islamic Council of Iran S.R. Akrami to Azerbaijan (late November 1996), documents on economic issues between the two countries were signed.

One of the practical steps between the two countries was the official visit of the Deputy Minister of Foreign Affairs of Iran M. Mursali to Nakhchivan in March 1997.

The Azerbaijani side noted that along with the Tabriz-Nakhchivan, Nakhchivan-Tabriz train, which operated three times a week, there was also the Nakhchivan-Mashhad train, proposed opening bus routes from Nakhchivan to neighboring regions of Iran, including the Nakhchivan-Baku, Baku-Nakhchivan bus routes, which passed through the territory of Iran.

Interestingly, the leaders of both countries also used regional and international forums to discuss the problems between them. On May 13th-14th, 1997, at the OIC summit in Ashgabat, during the meeting of the presidents of Iran and Azerbaijan, the need to develop economic ties both within the organization and bilaterally was emphasized. As a result of close cooperation between Iran and Azerbaijan in the economic sphere, the volume of trade between the two countries increased by 70 percent. However, it is possible to further increase the trade turnover.

It should be noted that in May 1997, after the election of reformist Mohammad Khatami as the President of Iran, the foreign policy of this country became even more active, significantly weakening the process of international isolation. Although Tehran followed its previous foreign policy, new tactical steps were noticeable in its implementation. Thus, the revival of the country's foreign policy served to reveal new specific features in relations not only with large states but also with neighboring countries. In relations with neighboring countries, Tehran has always been especially sensitive to Azerbaijan. At the same time, Azerbaijan also paid great attention to Iran in this process.

On December 8th-11th, 1997, as a result of the meetings held by the President of Azerbaijan H. Aliyev at the OIC summit with the President of Iran M. Khatami, the Supreme Spiritual Leader of the country Seyyed Ali Khamenei, and the Chairman of the Coordination Council Hashemi-Rafsanjani, bilateral relations entered a qualitatively new stage. The election of H. Aliyev in the fall of 1998 for another term as the President of Azerbaijan opened up new opportunities for the continuation of the stable development of Azerbaijani-Iranian relations. The foreign policy course of the President of Iran M. Khatami also contributed to the creation of conditions for this.

President M. Khatami, who pursued a policy of "anticipation" in relations with the West, declared the 21st century a century of cultural rapprochement. In such a situation, there was an acute need for a high-level political dialogue between Baku and Tehran. For this purpose, Iran invited President H. Aliyev to pay an official visit to Tehran in the summer of 1999. However, the implementation of this meeting was delayed under the influence of objective factors. After some time, Iranian Foreign Minister K. Kharrazi

called President H. Aliyev and said that Iran was eagerly awaiting the official visit of the head of the Azerbaijani state to Tehran, adding that after this visit, Iranian President M. Khatami, in turn, would pay a visit to Azerbaijan.

The Iranian side has always done everything possible in relation to Nakhchivan. In October 1999, a large delegation from Iran also took part in the anniversary event dedicated to the 75th anniversary of the formation of the Nakhchivan Autonomous Republic. The Azerbaijani side noted that during the difficult years, when Nakhchivan was under blockade, comprehensive assistance was received from fraternal Iran. The governor of Ardabil province, Mr. Tehayi, stressed the role of Nakhchivan in the development of relations between the two countries, saying that "Nakhchivan has always been an example in these relations and, by sharing with its neighbor, at the same time received benefits itself". During the anniversary events, the opening of a mosque complex built here by Iran took place.

As the 1990s approached, relations between the two countries improved. This was primarily due to the election of reformist M. Khatami in the 1997 presidential elections in Iran and H. Aliyev in 1998 in Azerbaijan. Iranian Foreign Minister K. Kharrazi said, "Azerbaijan is a good neighbor for us. It is a neighbor with whom we have common interests". In February 2000, he touched on this issue again, stating that "Relations with neighboring states form the basis of Iran's foreign policy. We consider it important to develop relations with Azerbaijan".

In these years, with the efforts of both sides, the people's diplomacy in the relations between Iran and Azerbaijan has already reached its highest level. Every year, more than one million Azerbaijanis visited Iran. Most of them are the people who visit holy places. And some of them visited Iran for treatment and to meet their relatives. It should be noted that there are no unresolved issues between Iran and Azerbaijan, nor is there any confrontation. On the contrary, these two countries have defended each other at international forums. In December 1999, during the discussion of the document on cooperation between the UN and the OSCE at the UN session, the Iranian side acted as one of the countries in the world that recognized the territorial integrity of Azerbaijan. Like previous leaders of Iran, President Hassan Rouhani said that Iran always supports the territorial integrity of all countries, including Azerbaijan. The Iranian ambassador to Armenia once again confirmed this point of view.

It is also positive that the political circles of both countries are committed to further development of relations. In March 2000, the Minister of Foreign Affairs of Azerbaijan

was on an official visit to Iran and informed the President of the Islamic Republic of Iran M. Khatami about the initiative of President H. Aliyev. This was the pact "On stability and security in the Caucasus". In this document, Iran was also assigned a certain role.

#### Some final observations

Although some disagreements between the two countries, in particular the status of the Caspian Sea relations, were not resolved during President Heydar Aliyev's visit to Iran in May 2002, Azerbaijan and Iran laid the foundation for constructive cooperation. As a result of the visit, a new memorandum was signed on May 20th on the principles of friendship and cooperation between the two countries. Iran has generally paid great attention to the implementation of transport projects with Azerbaijan. In 2004, the Iranian government allocated a loan of 40 million dollars for the construction of the Alat-Astara (Azerbaijan) highway. Iran wants to facilitate the connection of transport and communication lines from China through Central Asia and the Persian Gulf to reach the Mediterranean Sea.

The border states are interested in the South Caucasus, and serious interest in regional and international economic projects is also a serious factor influencing Iran-Azerbaijan relations. In August 2016, in Baku, Russian President Vladimir Putin, during a trilateral meeting of the presidents of Azerbaijan, Iran, and Russia, emphasized the need for closer cooperation between the three countries in the oil and gas sector, in particular, the importance of developing infrastructure and jointly developing hydrocarbon resources in the Caspian Sea. The Russian leader also proposed supplying Iran with natural gas through Azerbaijan in exchange for Iran supplying gas to Russian companies in the Persian Gulf.

Iran needs huge financial resources to develop the necessary infrastructure elements. According to various estimates, this requires from \$140 billion to \$400 billion. Therefore, Iran needed to export its gas to world markets. And in this regard, it can use the Azerbaijani-Turkish gas pipeline TANAP. The international transport corridor "North-South" also played an important role in the Azerbaijani-Iranian relations. The formation of this corridor was initiated by the Ministry of Transport of Russia to implement Russia's strategic partnership with the countries of the Caspian region. At the same time, this corridor should improve Russia's ties with the countries of the Persian Gulf and South Asia. and will also contribute to the development of transit Euro-Asian transportation with the involvement of the transport complex of Russia. The western branch of the corridor is a direct railway connection through the border crossings of Samur (Russia) - Yalama (Azerbaijan), with further access to the Iranian railway network through the border crossing Astara (Azerbaijan) - Astara (Iran).

Of great importance for the development of the North-South International Transport Corridor (ITC) in the medium term will be the timing of the commissioning of the new railway line Rasht - Astara (Iran) - Astara (Azerbaijan), which is the last missing link in the direct railway route along the western branch of the North-South ITC. The new direction will be in demand, first of all, for the organization of interstate container transportation. Currently, within the framework of cooperation between Russia, Azerbaijan, and Iran, work is underway to form a multimodal route India - Iran - Azerbaijan - Russia, along which container cargo transportation will be organized regularly. In the long term, it is planned to organize a regular service for the delivery of containers to Finland, the Baltic countries, Belarus, and through them to Northern and Eastern Europe.

Forecasts show that if fully operational, the North-South International Transport Corridor will allow European countries, Russia, Central Asian regions, and the Caucasus to access the Persian Gulf and India, and will intensify trade relations between Caspian states and Black Sea ports. This corridor will increase rail transportation between Europe - South Asia - the Middle East, and, accordingly, revenues from rail transport, both from local and transit transportation. Azerbaijan cooperates with Russia and Iran within the framework of this corridor. The country is already connected by rail with its northern neighbor, but there is no such connection with Iran. Transportation of goods and passengers between Azerbaijan and Iran is carried out by road, which significantly limits the possibilities for the development of trade relations and the transit potential of the Iran-Azerbaijan-Russia section.

To develop the corridor, Azerbaijan and Iran are working on a project to connect their railway systems. This will be possible after the Iranian side completes the construction of the Qazvin-Rasht-Astara (Iran) railway, which is over 350 kilometers long. Investments in the construction amount to 400 million dollars. The 205-kilometer section of the Qazvin-Rasht railway has already been built. At the same time, the construction of the Rasht-Astara railway will be carried out, which the Russian and Iranian sides intend to carry out jointly.

The Russian side's activity in this matter is connected with the fact that a significant part of the "North-South" corridor passes through its territory. From this point of view, the construction of the railway section between Azerbaijan and Iran is of great importance for the development of this corridor, the commodity market of which is estimated at more than 20 million tons per year. In recent years, Azerbaijan, Iran, and Russia have reached an agreement on tariffs for the transportation of goods by rail. In order to ensure the activation of cargo transportation along the international transport corridor "North-South", the parties decided to reduce tariffs by 50 percent.

#### **CONCLUSIONS**

From all of the above, it can be concluded that in order to improve Iranian-Azerbaijani relations, it is necessary, first of all, to eliminate hotbeds of tension in the region. In the future, it is necessary to form geo-economic spaces of Central Asia-Azerbaijan-Iran-Turkey-Europe (after the opening of the Zangezur Corridor), Russia-Azerbaijan-Iran-Turkey, in which trade and economic cooperation should prevail. The interests of the listed countries in this region should be the priority. After the conclusion of a peace treaty between Azerbaijan and Armenia, Yerevan can become an equal participant in this project. It is necessary as well to create a basis for the implementation of projects of a new international economic and transport corridor in this space. To achieve this goal, the Caspian Sea should become a zone of peace. Finally, the last step is the implementation of joint efforts for the regular functioning of north-south (Iran-Azerbaijan-Russia-Turkey) transit land, air, and water corridors in this space. In the case of successful implementation of all the listed projects, both Iranian-Azerbaijani relations and relations with bordering countries will receive maximum benefit.

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