

Strategic Balancing in the South Caucasus: Azerbaijan's Multi-Vector Foreign Policy and New Actors

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DOI: [10.22178/pos.121-1](https://doi.org/10.22178/pos.121-1)

LCC Subject Category: L7-991

Received 27.07.2025

Accepted 27.08.2025

Published online 31.08.2025

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Abstract. As one of the main arenas of modern geopolitical competition, ensuring security and stability in the South Caucasus is characterised by the mutual relations of the three neighboring countries of the region, Iran, Russia, and Türkiye, the development of regional strategies of the United States and Western Europe, as well as the relations of traditional actors towards new players entering the system of regional international relations. The independence of the countries in the region coincided with a period of significant turmoil and uncertainty. During the 1990s, the policies of the United States and Russia towards the region were on the verge of evolution. While Russia, Iran, and Türkiye, neighbouring countries of the South Caucasus, had historical, ethnic, and religious interests, the United States and the European Union evaluated the region more from the perspective of energy, democracy, and security. However, today, new changes are taking place in the regional security environment, primarily manifested in the weakening of traditional actors' influence and the entry of new actors, such as China, India, Pakistan, Israel, and the Gulf countries, into the regional geopolitical competition space. At the same time, the security of the South Caucasus is closely linked to the security of other regions - the Middle East, the Balkans, the Black Sea basin, and Central Asia. In this regard, new challenges are emerging for the foreign policy of the South Caucasus states. The struggle of new powers for influence in the region, on the one hand, allows Azerbaijan, Georgia and Armenia to implement a more balanced and multi-vector policy.

On the other hand, the problem of reconciling different interests arises. The emergence of new participants in the South Caucasus presents an opportunity to diminish the influence of traditional actors seeking to maintain the status quo and manipulate the region's countries. At the same time, economic projects, increased investments, construction and planning of transport corridors can stimulate the positive development of the regional security architecture.

Keywords: balanced foreign policy; South Caucasian security; energy cooperation; green energy projects; transport corridors.

INTRODUCTION

The South Caucasus holds significant geopolitical and geoeconomic importance due to its strategic location, offering important transit opportunities, access to Caspian region energy resources, and serving as NATO's flank in the Muslim world. Additionally, it is the intersection of historical interests between Russia, Iran, and Türkiye. The independence of the countries in the region was

marked by their transcending traditional borders and attracting the attention of the United States and European states, thus becoming a favourable platform for Western-Russian competition during the 1990s. While the entry of the South Caucasus into the sphere of geopolitical interest of new actors, on the one hand, opened up broad opportunities for the political and economic development of the newly independent states of the region and the creation of multilateral formats

for the settlement of regional conflicts, on the other hand, it created serious challenges for the foreign policies of these countries. At a time when Georgia pursued a West-oriented foreign policy course and Armenia pursued a pro-Russian policy, Azerbaijan chose a balancing strategy between Russia and the West. Before the second Karabakh war, Azerbaijan had strengthened itself as a geopolitical actor in the region by implementing a balanced foreign policy between Western countries and Russia. It had become a key player in the regional security system by establishing strategic alliances with countries such as Türkiye, Pakistan, and Israel. After the Second Karabakh War, regional security challenges are evolving. Against the backdrop of the Russia-Ukraine war, new opportunities for more independent and multifaceted foreign policies are emerging among the countries of the region. In this regard, the entry of new players into the geopolitical competition space, alongside traditional actors, deepens their engagement in the region, thereby increasing the strategic importance of the South Caucasus. The entry of new participants such as China, India, and the Gulf countries into the regional security environment strengthens the manoeuvring capabilities of the regional states. It is a pressing issue, as the stability in the South Caucasus determines the security of not only the three regional states and their neighbouring powers, but also a larger region, extending from China to the Euro-Atlantic space. In this regard, it is of great importance to study the modern challenges of balancing in the South Caucasus by analysing new geopolitical realities.

METHODS

The study employs qualitative methods, including document analysis, content analysis, and comparative approaches, to analyse security trends and challenges in the South Caucasus. The main focus is on how the relations between the three independent states of the region and states outside the region affect the formation of the security system of the South Caucasus. The data used in the article were collected mainly from academic journals, newspaper materials, as well as speeches and statements by government officials. A comparative approach was employed to distinguish the strategic involvement of major powers in the South Caucasus and analyse their levels of cooperation with the region's countries.

Like any research, this article also has its limitations, which are related to the difficulty of comprehensively analysing the constantly evolving geopolitical landscape of the South Caucasus.

RESULTS AND DISCUSSIONS

Azerbaijan's Foreign Policy Ambitions Following the Second Karabakh War. Azerbaijan's liberation of its territories occupied by Armenia as a result of the "Iron Fist Operation", and on the other hand, Russia's occupation of Ukrainian territories in gross violation of international law, forced Azerbaijan to reconsider its foreign policy priorities. At a time when the world's countries have to take sides between the West and Russia, Azerbaijan's balanced and multifaceted foreign policy concept has become even more relevant. The shift in the 30-year balance in the South Caucasus has created a more complex and dynamic situation, with increased political activity from new players in the region [1]. New geopolitical realities necessitated that Azerbaijan revise its foreign policy strategy and establish flexible mechanisms capable of addressing modern challenges. First, it was necessary to further strengthen national security from a conceptual perspective by signing security accords, neutralising potential anti-Azerbaijani alliances, and forming adequate mechanisms against foreign forces supporting Armenia in the current situation. Azerbaijan and Türkiye tried to reduce regional concerns by presenting it as an opportunity for mutual benefit. They introduced the 3+3 format as a sign of their willingness to collaborate, stressing that they do not view the results of the 44-Day War as a zero-sum outcome [1].

Secondly, Azerbaijan has proven to be a reliable and predictable partner by further strengthening its activities within the non-aligned movement, advocating for the fight against neo-colonialism, and demonstrating strategic neutrality in relation to regional conflicts. In particular, the absence of foreign military bases on Azerbaijan's territory during the period of independence and the prohibition on their use for war purposes is an important fact. This issue has been repeatedly reflected in the oaths of high-level Azerbaijani officials. After the recent events on the Israeli Iranian front, Azerbaijani Foreign Minister Jeyhun Bayramov clearly asserted that Azerbaijan's territory must not and will not be used by any state to carry out actions against a third country, including its neighbour and partner, Iran [2].

Thirdly, the country's role as a reliable and sustainable energy provider, one of the main priorities of its foreign policy since independence, has been adapted to modern challenges. Azerbaijan produces 48.7 billion cubic meters of gas and 30.2 million tons of crude oil annually, which may put it slightly behind global energy suppliers. Still, Azerbaijan's role in the energy security of European countries is growing [3]. While the advantage of traditional resources in energy supply is clearly observed, the development of alternative energy sources, increasing the use of renewable energy sources in the country's energy supply, and transitioning to green energy in cooperation with the European countries and other interested parties in the energy sector are among Azerbaijan's main goals today. One of the most crucial steps in this area is to attract new actors to the green energy sector. The memorandum on strategic energy cooperation signed in 2022 between Azerbaijan and the European Union emphasised renewable energy as a central focus of their partnership. The implementation of the Caspian Green Energy Corridor marks the beginning of a large and significant network, with Azerbaijan's participation in the renewable energy sphere. The Corridor is designed to pass solar and wind energy from Central Asia, stretching from Kazakhstan, under the Caspian Sea, through Azerbaijan and Georgia, and finally reaching Romania – effectively connecting the Caspian Basin to the core of the European Union [4]. Azerbaijan is working closely with China, Japan, Saudi Arabia, the UAE, the EU, Türkiye and other countries to implement its new green energy priorities. As Azerbaijan ramps up its renewable energy efforts, it's also aiming to turn Baku into a green energy hub for the South Caucasus – a vision the country's leaders actively shared with the world during the COP29 climate summit held in Baku in November 2024 [7].

New Players and Their Interests in the South Caucasus. The reasons for the clearly noticeable changes in the security environment of the South Caucasus after the Second Karabakh War are related to the decline in Russia's dominance in the region, the attempts of the countries of the region to use soft power strategies more widely, and the increase in the "corridor" discourse as the key to regional stability.

Among the new players entering the South Caucasus, China can fundamentally alter the regional balance of power. The basis of balanced cooperation with all three countries of the region is the

consideration of the South Caucasus as a key link in the One Belt, One Road initiative launched in 2013, which will extend from China to Europe. Developing the South Caucasus as a centre of regional and interregional transport and communication corridors is becoming a key element of Azerbaijan's regional policy in the modern era. In this regard, China's Strategic Partnership Agreements signed with Georgia in 2023 and with Azerbaijan in 2024, as well as deepening cooperation with Armenia, are important in terms of Azerbaijan's foreign policy balancing strategy. The active involvement of a new actor like China in the region gives the countries of the region a free hand by weakening the influence of states such as Russia and Iran in the region.

The entry of powerful regional players, such as India and Pakistan, into the security environment of the South Caucasus is more closely related to security factors than economic ones. India's South Caucasus policy is unequivocally Armenia-centric. Relations between the two countries have experienced a dramatic upswing since the 44-day war, with India assuming the role of Armenia's primary arms supplier in 2023, following defence contracts worth an estimated \$2 billion [5]. Azerbaijan and Türkiye's repeated support for Pakistan on the Kashmir issue at international levels and the development of a trilateral strategic partnership were viewed by India as interference in its internal affairs. As a result, India began to fill the power vacuum created in the South Caucasus due to Russia's war in Ukraine [6].

Following the Second Karabakh War, the Gulf countries have become new actors in the competition for influence in the region. The countries of the region approach cooperation with the Gulf states from the perspective of financial diversification for economic development. In contrast, the Gulf states view the South Caucasus as a favourable market for investments and a suitable location for long-term economic projects. Cooperation between the Gulf countries and the South Caucasus states is more dynamic in the economic sphere, driven by shifting global and regional trade and communication trends. With the decline in gold exports due to the war in Ukraine, Armenia has emerged as the primary supplier to the UAE.

Meanwhile, energy cooperation has become a cornerstone of Azerbaijan's relations with the Gulf states. Notably, Acwa Power is building a

major 240 MW wind farm in Khizi, and the UAE's Masdar is launching a 230 MW solar plant in Garadagh. Green energy cooperation isn't limited to Azerbaijan; in Georgia, Masdar is now constructing the country's largest solar power plant in Gardabani [7].

Israel, which is struggling for influence in the South Caucasus, is developing strategic partnership relations with Azerbaijan on the one hand. On the other hand, it aims to neutralise Iran's regional influence. Israel is Azerbaijan-centric in its regional policy, and defence cooperation between the two countries is not limited to arms trade and the exchange of military technologies. The cooperation between the two countries allows for effective coordination in areas such as strategic planning, threat analysis, intelligence sharing, and military operations [8].

In the emerging regional order following the 44-day war and the weakening of Russia's influence in the region, actors such as Türkiye, Iran, and the European Union are also analysed as new players. Although these states have modified their regional policies and mutual relations in accordance with the new realities, it is not accurate to describe them as new players entering the region.

Dilemmas for Balanced Foreign Policies. In essence, the increase in multipolarity in the region is a good trend, as it allows the countries of the region to neutralise external influences and pursue a balanced policy. However, it is worth noting that new participants often come from other regions, where competition and conflict are prevalent. Thus, the contradictory relations between Israel and the Gulf countries, Israel and Iran in the Middle East, and India and Pakistan in South Asia, can be projected into the South Caucasus.

Furthermore, although economic interests represent some of the new actors, cooperation with Pakistan, India, and Israel may increase armament tendencies in the region and the militarisa-

tion of the South Caucasus. The region's armament may lead to a weakening of mutual trust, which is already fragile, and the emergence of conflict situations. In this regard, the countries of the region should set aside their historical enmities and contradictions and capitalise on the geopolitical situation to strive for long-term peace and stability.

Lastly, the influx of foreign investment into the region will play a positive role in internal development. However, excessive reliance on foreign investment may result in weakening economic sovereignty over key production sectors and in political dependence. In this regard, the countries of the region should work on establishing joint economic projects and joint transport corridors, although this is a challenging endeavour.

CONCLUSIONS

The South Caucasus is no longer a region considered as a platform for confrontation between Russia and the West, but a geopolitical space where new players are actively pursuing their economic and security interests. The second Karabakh war, Russia's war in Ukraine, has fundamentally changed the regional security environment. This factor has led to the strengthening of Türkiye's position as the most traditional participant, its efforts to fill the power vacuum in the region, and, at the same time, its dominance as a key state in resolving regional conflicts and problems.

New actors are increasing multipolarity in the region, which expands the manoeuvrability of regional states in a complex geopolitical landscape. Due to its strategic location and transit opportunities, the South Caucasus is closely connected to the security of other regions. Consequently, new players pursuing their policies in this region must carefully plan interregional strategic coordination.

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