

ОДЕСЬКИЙ НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ ІМЕНІ І. І. МЕЧНИКОВА

(повне найменування закладу вищої освіти)

Факультет міжнародних відносин, політології та соціології

(повне найменування факультету)

Кафедра міжнародних відносин

(повна назва кафедри)

Кваліфікаційна робота

на здобуття ступеня вищої освіти «магістр»

«The policy of Iran and Turkey regarding the South Caucasus region»

(тема кваліфікаційної роботи англійською мовою)

«Політика Ірану та Туреччини щодо регіону Південного Кавказу»

(тема кваліфікаційної роботи українською мовою)

Виконав(ла): здобувач(ка) денної форми навчання
спеціальності 291 Міжнародні відносини, суспільні
комунікації та регіональні студії

(код, назва спеціальності)

Освітня програма Міжнародні відносини, суспільні комунікації
та регіональні студії

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Рекомендовано до захисту:
Протокол засідання кафедри

№ ____ від ____ . ____ . 20 ____ р.

Завідувач(ка) кафедри

(підпис)

(прізвище, ім'я)

Захищено на засіданні ЕК № ____
протокол № ____ від ____ . ____ . 20 ____ р.

Оцінка ____ / ____ / ____
(за національною шкалою/шкалою ECTS/ бали)

Голова ЕК

(підпис)

(прізвище, ім'я)

Одеса 2024

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INTRODUCTION

1. Relevance of the Topic.

The practical relevance of the topic can be explained by the tumultuous and deeply unstable political environment in South Caucasus region created by the protracted tussle between Azerbaijan and Armenia along with complex and ambiguous relations between their powerful neighbors: Iran and Turkey. Such unstable political climate, which is mostly shaped by simmering ethnic tensions and fight for regional dominance, paves the way not only for the greater regional chaos, but also has a humongous effect on economic and political processes worldwide. Therefore, in the times of great instability, these regional dynamics should be thoroughly studied. The scientific relevance of the topic is defined by the thorough analysis of the countries' foreign policies that are shaped by their ambitions and interests. Moreover, such relevance can also be explained by the interconnectedness of regional affairs with global political and economic situation, proving that they shape each other deeply and permanently. Such topic, if studied extensively, demonstrates its multilayered nature that can be useful for a better understanding of different world processes. In this regard, the study of this particular topic can be useful for the comprehension of the situation in Ukraine. While being two hot spots where instability is a result of a changing world order, Ukraine and South Caucasus region are also part of the Russian's zone of interest, therefore, events that are taking place in either of them are likely to affect the other.

2. Type of Research.

The given research is attributed to empirical type to study the dynamics between three variables: Turkey, Iran and South Caucasus region in order to define main interests of above-mentioned states in the region with the consequences of their policy. In this research, Iran and Turkey are independent variables meanwhile South Caucasus

is a dependable variable. Therefore, the factors that influence the object at most are structural factors.

3. Research Question.

The researched question is formulated as follows: “How exactly do the policy of Turkey and Iran affect the South Caucasus region?” During the given research, it was decided to focus on actions of above-mentioned states that influence the region at most in order to define the scale of their involvement and to determine reasons and consequences of their policymaking.

4. Aim and Tasks of the Study.

The main aim of the study is to analyze Turkish and Iranian foreign policies regarding South Caucasus region, define their main goals and interests along with assessing the levels of their regional activity and the scale of involvement. Furthermore, the research is also aimed at identifying and comparing key similarities and differences in approaches of the two states towards the analyzed region. Therefore, the following tasks are:

- 1) to identify Iranian and Turkish approaches towards South Caucasus region;
- 2) to trace the dynamics of foreign policy development of both states;
- 3) to define main contradictions and resemblances Iran and Turkey may share in regards with South Caucasus region.

5. The Object and Subject.

The object of this research is Turkish and Iranian foreign policies. The subject is Turkish and Iranian policies regarding the South Caucasus region since 2011.

6. Hypotheses.

In order to conduct the research, the following hypotheses can be formulated:

1. Iranian and Turkish policies are playing a significant role in the life of the region;
2. Iranian and Turkish policies are not playing a significant role in the life of the region.

7. Chronological framework.

This master thesis is aimed at studying Iranian and Turkish foreign policy

starting from 2011. Such choice of a chronological framework can be explained by the Kazan Summit that took place in Russia in 2011 and was brokered by Moscow, Paris and Washington in order to help Armenia and Azerbaijan to reconcile. Despite such reconciliation attempt has turned out to be futile, this particular summit is remarkable for giving Baku and Erevan the closest proximity of ending the infamous feud since both parties did not have a chance to regulate it ever since.

Therefore, the research will be conducted from 2011 and up until modernity.

8. Research methods.

In this work the case study research method will be used. Such choice is based on the aspiration to conduct an in-depth foreign policy analysis of two states, in order to determine their real, and sometimes hidden, reasons and motives to explain certain behavioral patterns of Ankara and Tehran regarding the South Caucasus region.

During the work upon the given topic both qualitative and quantitative methods were used. Among qualitative, there are methods such as:

1. Methods of archival and documentary investigation. Such method was used in order to derive data from primary sources such as agreements, resolutions and official statements;

2. Method of collecting data in media and secondary sources. To carry out a research, it is appropriate to look for additional information on social media and to turn to sources like books, articles, periodicals etc.

3. Method of Internet research. The necessity of such method is dictated by the abundance of free online resources that provide access to online libraries, archives and official websites of ministries and organizations.

As for the quantitative method, statistical analysis and numeric data was used in this work to support main statements and conclusions.

For this particular research, the method of discourse analysis was used.

Therefore, the triangulation was achieved due to the combination of qualitative and quantitative methods.

9. Scientific Innovation.

This paper analyzes Turkish and Iranian foreign policies regarding the South

Caucasus region with the help of the game theory. Additionally, the given master thesis is mainly focused on studying main objectives and priorities in the policies of both states, while simultaneously pointing out main contradictions that may arise between Turkey and Iran. Along with the implementation of game theory, this paper is unique for its meticulous analysis of multilayered and complex nature of Iran-Turkey relations especially in the context of ambiguous dynamics in the South Caucasus region. Such approach enhances deep and profound understanding of ideological, security and economic components of the problem. The amount of works regarding this particular phenomenon in the Ukrainian scientific field is insufficient and lacks the detailed analysis of the problem which would combine within itself all aspects of the regional dynamics along with providing the up-to-date information. With the usage of the game theory, this paper is focused on elaboration of the relations between Tehran and Ankara, who are driven not only by economic benefits and security threats, but also by the ideological aspects, that have roots in remote past and, therefore, not always mentioned properly.

10. Approbation of the Findings and Publication.

The results of the study were approbated during participation in the conference 3rd MEDITERreg Graduate Conference for Master's Students and Early Stage Researches in May 2024. The results of this conference were published in the form of abstracts in the 38th issue of the scientific journal "International and Political Studies".

11. Work Structure.

The given master thesis consists of Introduction, Chapter 1. Theoretical Foundations of the Research, Chapter 2. The Growing Importance of the South Caucasus in Turkish Foreign Policy, Chapter 3. Relations with South Caucasus countries in the Framework of Iranian Foreign Policy, Conclusions, List of References and Appendix. Each chapter consists of at least two subparagraphs. The division of the content into three chapters was conducted the following way: the first chapter is dedicated to the theoretical foundations of the study where political theories and themed literature are being analyzed. The second chapter is fully dedicated to Turkish foreign policy regarding South Caucasus region and is divided into two subparagraphs

about ideological and economic components respectively. The third chapter delves into the specifics about Iranian foreign policy, emphasizing issues of regional security and economic prosperity with two subparagraphs as well. The total volume of work is 66 pages.

CHAPTER 1. THEORETICAL FOUNDATIONS OF THE RESEARCH

Characteristics of the chosen theory

The given master's thesis is studying a complex and multilayered nature of relations between Turkey and Iran in the context of their competition for regional hegemony in South Caucasus. Considering the vast range of interests that, despite contradicting each other, both parties are determined to pursue at any cost, it is appropriate to choose a game theory as a foundation of the research.

Game theory is a subfield of applied mathematics that offers methods for analyzing situations in which participants make interdependent decisions. This dependency encourages each player to consider the other player's probable decisions or plans while constructing their own. The game solution outlines the best decisions of players with comparable, opposing, or mixed interests, as well as the possible outcomes of these decisions. The primary challenge in developing game-theoretic models of international relations is prioritizing alternative methods of behavior for opposing parties. The key issue here is not a lack of rationality in state behavior in the international arena, but rather an accurate assessment of alternatives by different states. Frequently, the scale of values for one state does not correspond with the scale of another. For example, instead of real trade and economic gains, image considerations, moral norms, and other issues take precedence.

Typically, the conditions under which a war between two “rational” states begins are: 1) the difficulties of working toward dispute resolution; 2) the impossibility of exchanging trustworthy information about each other; 3) the indivisibility of the 'good' over which the conflict originated (Xoma,2016).

In his book “Theory of Games and Economic Behavior” American mathematician John von Neumann described the main provisions of game theory:

- a ‘game’ is an activity of two or more participants that has conditions of some ‘winning’ and ‘losing’, in which all participants manage certain resources, interact with each other and have the goal of ‘winning’ by making decisions based on the behavior of other players;
- any system that has a conflict is a game. Specifics of the components that define a game lead to different types of games;
- decision-making is the choice of an individual player or a coalition of players of their strategy;
- strategy is a possible action that allows a player at each stage of the game to choose from a certain number of alternatives a move that, in his opinion, is the best response to the actions of other players;
- strategies that minimize the maximum losses for each player are called optimal. The search for optimal strategies in such a game is calculated mathematically with a certain probability.

Games are classified based on particular criteria. Thus, classification is feasible based on the number of players, which can include governments, ethnic groupings, political blocs, and so on. Furthermore, there is a contrast between fixed and variable sum games. Fixed-sum games can be classified into two types: complete information, in which players know everything about the game, and incomplete information, in which players do not know everything about their opponent. Variable sum games are classified into cooperative and non-cooperative games. In cooperative games, participants can communicate and form binding agreements, whereas in non-cooperative games, players can interact but not form binding agreements

With O. Morgenstern, Neumann developed game theory as a full mathematical science and demonstrated the minimax theorem. According to the minimax theorem, in zero-sum and comprehensive information games, both parties have numerous methods for minimizing their maximum loss. When analyzing each alternative tactic, a player must examine his opponent's potential reactions. The player then selects the strategy that will reduce his greatest loss. The minimax theorem has been modified and expanded to accommodate games with partial information and multiple players.

Neumann and Morgenstern employed mathematical analysis to give a scientific basis for player behavior in any game in which players compete (Neumann, Morgenstern, 1944).

Another American mathematician, J. Nash has made a tremendous contribution to the game theory by deriving the Nash equilibrium, a mathematical principle of game theory that studies rivalry between competitors with mixed interests and describes a game strategy in which no participant can increase his or her winnings by changing his or her decision unilaterally. It is advantageous for players to maintain this equilibrium because any change will worsen their position. In other words, in this situation, players use the optimal strategy, which leads to the creation of a stable equilibrium. A game can have several Nash equilibria or none at all.

Nash inferred the rules of action for players who won using the chosen strategy. Each player attempts to lower the level of risk by employing the most profitable strategy, i.e. by constantly adapting to the behavior of those who wish to obtain the best results. The reward for each participant is determined by their chosen strategy as well as the strategy of their competitors. On this premise, a matrix is created to determine the ideal strategy that, when the game is performed multiple times, provides a certain player with the highest possible average win or loss. Since this player has no idea what strategy the opponent will employ, it is more practical for him to select a strategy that is tailored to capitalize on the opponent's most unfavorable behavior. Acting carefully and presuming a powerful opponent, this player will select the smallest feasible win for each approach. So, out of all the minimal winning tactics, he will select the one that would offer him with the greatest number of minimum wins. His opponent will undoubtedly think the same thing. He will identify the highest losses in all of this player's strategies and then select the smallest loss from these maximum losses. The game will be in equilibrium if the “maximum” and “minimum” are distributed equally. The stability of decisions implies that it would be unprofitable for both players to depart from the chosen strategies. If the “maximum” and “minimum” are not distributed equally, both players' strategies will be unstable, even if they have partially predicted the opponent's strategy choice (Nash, 1951).

The Prisoner's Dilemma, a well-known game theory example that illustrates how “rational” parties would not always collaborate with one another, even when doing so would benefit them, helps to comprehend the Nash equilibrium. The term was coined and explained by Canadian mathematician Albert W. Tucker in his book “Contributions to the theory of games”. For example, there are two inmates who are thought to have committed major offenses. Given the evidence of their alleged collusion, the police separate them and offer them the same tactic: if one prisoner testifies against the other and the other does not speak, the former is released for aiding the investigation, while the latter faces a 10-year sentence. Naturally, the prisoner wants his sentence to be shortened. If both keep silent, their actions are categorized under a lesser article, and they are sentenced to one year in jail. In contrast, if both testify against each other, they will face five years in prison. Each prisoner may either testify that the other committed the crime or remain silent. However, neither of them can predict what the other will do. In this situation, each prisoner may dread betrayal and conclude that five years is preferable to 10 (Tucker, 1950).

As a result, option (5;5) will be realized, which is the ideal strategy or “Nash equilibrium”. Thus, without collaborating, they can get an optimal solution under certain conditions. The Nash equilibrium indicates that such a result is attainable in any non-cooperative game.

Martin J. Osborne and Ariel Rubinstein's book “A Course in Game Theory” uses the game “Chicken”, also known as “The Hawk and Dove Game”, as an example of a non-cooperative two-player game in which each player must choose between two strategies: act aggressively or passively. The game depicts scenarios in which mutual aggressiveness results in the worst consequence for both players, whereas mutual compromise results in a better conclusion. The game is structured as follows: each player chooses whether to act “Chicken” (give in) or “Dare” (act aggressively). Both players will suffer the worst possible fate if they select “Dare” which is typically represented as a vehicle crash in the traditional “chicken” scenario. In the event where one player selects “Courage” while the other choose “Chicken” the braver player wins a bigger payout, while the less brave player gets a lower but still favorable payout. A

moderate compensation is given to each player if they both select Chicken. This is not as favorable as a win, but it is still preferable than a catastrophic result.

According to Osborne and Rubinstein, there are two Nash equilibria in pure strategies for this game, where one player makes the decision and the other chickens out. Additionally, there is a mixed strategy equilibrium where each player choose one of two methods at random, weighing the benefits and drawbacks of both daring and giving in. This research sheds light on real-world conflict scenarios where both parties are loath to give in to the first but want to prevent mutual catastrophe. Because each side benefits from a display of power but faces losses if neither side yields, the Chicken Game is a helpful model for analyzing conflict and decision-making in situations like negotiation or competitive confrontation (Osborne, Rubinstein, 1994).

In the book “Conflict Strategy”, American economist T. Schelling investigates various “strategies” of conflict participants' behavior and points out, for example, that the ability to execute retaliatory measures can be more effective than the ability to survive an attack. Schelling was the first to examine conflict-resolution tactics and coined the term “conflict behavior”. According to the scientist, during long-term contact between players, so-called focal points emerge – mutually advantageous solutions based on an understanding of the parties' mutual advantages. In other terms, a focal point is an equilibrium in a coordination game that all participants choose based on shared knowledge, allowing them to coordinate their decisions. Such considerations are highly beneficial in negotiations because one cannot completely trust their partners' words. Simultaneously, a party to the conflict can enhance its position by making credible commitments – persuasive evidence that it will stick to its chosen strategy no matter what (Shelling, 1960).

Robert Aumann's concept of games involving incomplete data delves into the impact of uncertainty and restricted awareness of participants on strategic actions during repeated encounters. Through observations and learning processes if parties decide to adjust their approaches in these scenarios it may result in dynamics of interactions and the attainment of correlated equilibrium amidst uncertainties. In scenarios of recurring games where individuals engage repeatedly with each other

decisions made by players, in each instance could be influenced by actions and observations. Having no information introduces a level of uncertainty to these interactions because players do not have an understanding of the motives, resources or tactics of other participants. This complexity forces them to develop flexible strategies. Aumann demonstrated that when information is lacking players can incrementally gather insights, into each other's tactics and preferences by observing and analyzing game rounds. As the game advances they can revise their assumptions. Refine their strategies potentially resulting in the establishment of a state. In the realm of game theory advancement, by Aumann involves the concept of correlated equilibrium wherein players align their strategies using cues obtained during gameplay despite having restricted information access capability. This becomes particularly relevant, in scenarios involving repeated games where players leverage past gameplay data and observations to make informed judgments and choices that ultimately enhance their gains and outcomes (Aumann, 1995).

Reinhard Selten, a German economist, was the first to attempt to apply the Nash equilibrium concept to non-cooperative games with partial knowledge and many equilibrium points.

The concept of Nash equilibrium was based on the presence of threats or promises from a potential competitor, which forced other players to adopt specific behavioral strategies, despite the fact that these threats and promises could be false, as their implementation was not in the best interests of any player. Selten aimed to eliminate such false threats and promises by presenting a solution known as the "perfect equilibrium". Selten's notion compels players to act logically in all situations, even those that cannot be resolved through rational conduct alone. However, only credible threats are taken into account. Selten presented counterintuitive examples to demonstrate that even equilibrium points can be generated by illogical behavior. According to the scientist, only a specific set of equilibrium points guarantees really rational behavior in a non-coalition game. The primary issue with the "Nash equilibrium" is that players can act unreasonably in the last time of the game. When it becomes evident that this is the final stage of the game, the previously decided action

may prove to be irrational. Selten's revised definition of equilibrium eliminates unforeseen preconditions when selecting a strategy. The concept of “perfect Nash equilibrium”, or equilibrium in subgames, suggests that players' strategies constitute Nash equilibrium in each subgame, regardless of previous actions (Selten,1965).

In a game with complete knowledge, all players are aware of each other's preferences, but in a game with imperfect information, they must be. Because the Nash equilibrium was interpreted based on the assumption that players know the preferences of others, all methods were ineffective for analyzing games with partial information, despite the fact that such games more accurately reflect strategic interactions in the actual world.

John Harsanyi proposed a model in which games with incomplete information can be transformed into games with complete but asymmetric information. A key aspect of his approach is the introduction of the concept of a player's “type”. A player's “type” may include information about his preferences, information level, or any other relevant aspects that may affect his strategic choices.

For example, if one player does not know how much profit the other player will gain from a specific outcome, Harsanyi sees this as a game in which each player has multiple “types” with varying probability.

Harsanyi created the concept of “Bayesian games”, which represent games with insufficient knowledge using Bayesian probability analysis tools. In Bayesian games, each player has a “Bayesian belief” about the types of other players, represented as a probability distribution of their probable types. This enables players to make sensible judgments based on available data and probability.

Harsanyi extended the concept of Nash equilibrium to cases with partial knowledge. A Bayesian Nash equilibrium is a strategy in which no player has an incentive to change his approach based on his assumptions about the characteristics of other players. In such an equilibrium, each player chooses the ideal strategy based on his assumptions about the strategies and kinds of other players. This enables players to choose the best decision despite ambiguity (Harsanyi,1955).

Therefore, considering the above-listed theory, it is appropriate to analyze the

given topic through the prism of repeated games, where both states are repeatedly faced with the decision of how to respond to each other's actions on various issues – political, economic and military. Under this theory, Turkey and Iran consider not only the short-term benefits of their actions, but also the long-term consequences.

Additionally, this particular study can be perceived as a game of incomplete information where both parties don't possess all the necessary data regarding the opponents' resources and capabilities. Such lack of knowledge makes both sides of the conflict to form hypotheses and change them when new information becomes available, as well as employ deception and concealment tactics.

The dynamics between Iran and Turkey can also be described as a non-cooperative game since both countries seek to enhance their geopolitical influence in the South Caucasus, which can lead to competition rather than cooperation. Taking into account the divergent national interests of both parties along with mutual distrust and historical tensions, the studied relations can be defined as a non-cooperative game, where both states operate in a calculative manner and develop their strategies based on incomplete information.

As for the last, the relations between Ankara and Tehran can also be characterized as a variable-sum game since in this particular case one country's gains do not always mean another country's losses. Two countries may collaborate on economic problems while competing for political dominance in the region. The mutual benefits of cooperation may lead them to collaborate in some areas while remaining competitive in others.

Characteristics of the scientific development of the problem

In the course of writing the master's thesis, many scientific books and articles were used as a basis for a thorough research of the topic. The main part of the master's thesis was written with the help of analysis of researches conducted by scientists. O. Petriaiev, a postgraduate student at the Department of Informational Security in National Institute for Strategic Studies in Ukraine provided a definition of such concepts like Neo-Ottomanism and Erdoganism which are forming the backbone of the modern Turkish policy (Petriaiev, 2022). Mohammed Alrmizan, a doctoral

researcher in University of London provided a profound analysis of Turkey's political directions and ideological preferences in Turkish domestic and foreign policies over the years (Alrmizan, 2022). In turn, Veronika Torosyan, a researcher from Institute of Oriental Studies in Armenia delved into the concept of Eurasianism in term of Turkish foreign policy after the dissolution of the Soviet Union and enlisted main benefits Ankara could have derived from such ambiguous approach to post-Soviet countries (Torosyan, 2023). In their research paper, Muhammad Zahid Iqbal, Ph. D scholar and Dr. Noor Fatima from Department of Politics and IR in International Islamic University in Pakistan analyzed peculiarities of the Justice and Development Party and changes in its foreign policy from term to term with the special attention paid to its "zero problems with neighbors" policy (Iqbal, Fatima, 2021). Nienke van Heukelingen and Bob Deen, researchers from Netherlands Institute of International Relations helped to understand the affect "zero problems with neighbors" policy has caused on multiple regions, including the South Caucasus (van Heukelingen, Deen,2022). In his work "The Dawn of Turan: Eurasian Opportunity and Challenge for Turkey" Halil Karaveli, editor of the Turkey Analyst Journal, explained the origins and background of the Turanism ideology and made an emphasis on its relevancy after the 2016 coup attempt in Turkey (Karaveli, 2022). Walter Landgraf and Nareg Seferian, Ph. D from the School of Public and International Affairs in Virginia Tech, made a research dedicated to the dynamics between Armenia and Azerbaijan after the First Nagorno-Karabakh War and to the Turkey's stance regarding the Second Nagorno-Karabakh war (Landgraf, Seferian, 2023). Claire Mills, a researcher from The House of Commons Library conducted a research briefing dedicated to the post-2020 situation in the South Caucasus region, with the special emphasis on the tension between Yerevan and Baku, including the occasional boarder clashes and Azerbaijan's anti-terroristic military operation in 2023 (Mills,2023). In her work "The geopolitical importance of the Zangezur Corridor: the future of the Organization of Turkic States", Çisem Gençoğlu, an intern in the Center for Diplomatic Affairs and Political Studies wrote about the potential realization of the project of the Zangezur Corridor, describing the most important pros and cons of its implementation and strategic importance for Turkey (Gençoğlu,2024).In 2021, Dávid

Biró wrote a research paper named “The Turan Army. Opportunities for a new military cooperation led by Turkey” where he elaborated on the foundation of TAKM – a military law enforcement organization which gave ground for speculations about the prospects of formation of the “Turan Army” and assumed, that despite many challenges and contradictions, the Turan Army initiative may serve as an alternative to NATO and CSTO with Ankara, additionally, being in charge (Biró, 2021). Kadir Sancak, a professor from Gümüşhane University wrote an article dedicated to the Turkish soft power policy in Azerbaijan, paying special attention to the religious component of such policy, which helped to understand the relations and cultural connections between the two states better (Sancak,2019). Director of International Security and Energy Programs for The Nixon Center, Zeyno Baran, delved into the geopolitical and economic importance of Baku-Tbilisi-Ceyhan oil pipeline for Turkey and explaining its main benefit that both Ankara and Baku may derive (Baran,2006). In her work “Turkey’s participation in energy projects in the South Caucasus”, Associate Professor at the Department of International Relations in Baku Slavic University Zুমrud Malikova described other regional energy projects that ensured connection between Asia and Europe and enhanced Turkey’s title as a transit hub, adding relevancy to its geostrategic location (Malikova,2024). Additionally, Samuel Lussac, a PhD candidate at the Institute of Political Studies of Bordeaux provided a profound analysis of a Baku-Tbilisi-Kars railway, explaining its geopolitical relevancy and economic benefits not only for Turkey, but for the entire South Caucasus region (Lussac,2008). Bahri Yilmaz and his work “The Belt and Road Initiative and the Impacts on Turkey as a part of the Middle Corridor” contributed to the better understanding of Ankara’s place in Chinese OBOR initiative and its impact on the economic life of the region (Yilmaz, 2022). Luca Urciuolo, an associated research fellow at European Institute for Asian Studies dwelled upon the importance of the Middle Corridor in the light of current political climate and the role it plays in relations Turkey has with other Turkic states (Urciuolo, 2024). A tremendous contribution to the understanding of the Zangezur Corridor phenomenon not only through the prism of the regional geopolitical context, but also through the economic potential it holds was made by Piotr Gawliczek from University of Warmia

and Mazury in Olsztyn and by Khayal Iskandarov from Military Scientific Research Institute in Azerbaijan (Gawliczek, Iskandarov, 2023). Eka Javakhishvili from Leibniz Institute for the Social Sciences wrote about the 3+3 initiative, which served as a platform for cooperation in South Caucasus region, proposed by Turkey and endorsed by almost every regional actor (Javakhishvili, 2022).

In turn, to complete a meticulous research about the Iranian foreign policy, additional resources were used. American author and journalist of Iranian origin, Iran Davar Ardalan in her book coined a term “The Persian Square” referring to the four main principles that define Iran as an actor on international arena (Ardalan, 2015). Additionally, in his book “Empires of Eurasia. How Imperial Legacies Shape International Security” American senior associate with the Center for Strategic and International Studies, Jeffrey Mankoff provided a detailed description of the term “Iranzamin” and helped to understand Iranian impact on South Caucasus and Tehran’s relations with Baku in post-Soviet era (Mankoff, 2022). Researcher on geostrategic issues in the Middle East Naveed Ahmad in his work delves into the specifics regarding the Iranian-based Azeri ethnic minority and describes ways in which it shapes and affects relations between Iran and Azerbaijan (Ahmad, 2022). Anar Valiyev is an Associate Professor of Urban Studies in Baku conducted his research about the religious power Iran may hold in Azerbaijan and described the ways Iran tried to expand its influence (Valiyev, 2017). Ph.D. candidate in political science in Mammeri University of Tizi Ouzou, Tassadit Klaleche elaborated on the Baku-Tel-Aviv relations, its background and main benefits which was crucial for the better understanding of the Baku-Tehran dynamics (Klaleche, 2023). Nina Miholjcic Ivkovic, an international relations specialist, in her article “Azerbaijan–Israel Strengthened Partnership and its Implications for Regional Geopolitics” dwelled upon the peculiarities of cooperation between Israel and Azerbaijan and its impact on the Baku-Tehran relations (Miholjcic-Ivkovic, 2023). Ilya Roubanis, a political analyst conducted a research dedicated to the partnership between Tehran and Yerevan, explaining the background and main objectives of such alliance (Roubanis, 2024). Tatevik Mkrtchyan has complimented the topic of Iran-Armenia relations by

elaborating on the soft power policy and culture cooperation component between the two states (Mkrtchyan, 2017). Yana Zabanova, a South Caucasus analyst who worked as a research fellow at the German Institute for International and Security Affairs in Berlin wrote about Qazvin-Rasht-Astara railway, a critical route in terms of North-South Corridor project and a missing link between Iran and Azerbaijan (Zabanova, 2017). Elaheh Koolaei, a professor at the University of Tehran along with Ahmad Rashidi, an associate professor at the University of Arak, have facilitated greatly to the understanding of the problem of Zangezur Corridor in terms of Iranian foreign policy regarding the South Caucasus states and its potential impact on Tehran's position in the region (Koolaei, Rashidi, 2024). In his work "Is the Aras Corridor an Alternative to Zangezur?" Ph.D. in Regional Studies, Central Asia and Caucasian Studies Vali Kaleji elaborated on the construction of the Aras Corridor, initiated by Tehran with the purpose of presenting an alternative route to Zangezur Corridor that would connect Azerbaijan and Nakhichevan through Iranian territory (Kaleji, 2024). Atom Margaryan, Emil Grigoryan and Armen Minassian, researchers from Armenian State University of Economics dedicated their study on Iranian place in the OBOR project and Tehran-Yerevan cooperation in terms of this initiative (Margaryan, Grigoryan, Minassian, 2022). Vusal Guliyev, an associate research fellow at Khazar University in Baku provided a relevant information about the main goals and interests Azerbaijan is pursuing in the light of Baku's recent application for BRICS membership (Guliyev, 2024).

Therefore, it can be concluded that despite being famous for its abundance of scientific publications and involvement of scientists from different countries and institutions, the given topic obviously lacks more profound analysis of the regional economic issues, the interconnectedness of regional actors and fails to explore small, yet crucial details and parallels in ideological and economic aspects of the study. This master's thesis was written with the purpose of paying enough attention to the above-mentioned aspects and to fill the gaps.

Categorical research apparatus

For the study of the topic "The policy of Iran and Turkey regarding the South

Caucasus region” the following terms were defined:

1. Balance of power – is a concept in international relations that assumes that the security and stability of the international system can be secured by distributing power among different states in such a way that no single state or coalition of states can dominate the rest. The balance of power serves as a deterrent to aggression since no state can establish hegemony without incurring significant risks and costs.

In this research, such term can be used to characterize the dynamics between Iran and Turkey. While being two quite powerful regional players, both states have opposite interests and perceive their future in different and contradicting ways which makes them choose completely disparate strategies for the South Caucasus. Such situation makes it impossible for one country to top another.

2. Regional hegemony – is a single state's domination or leadership within a certain geographic region, characterized by overwhelming political, economic, and military power in comparison to adjacent states. This dominant state, known as the regional hegemon, has the ability to influence or control the conduct of other states in the region by influencing regional policies, security arrangements, and economic exchanges to align with its objectives while preventing competing powers from emerging.

In this particular context, regional hegemony is exactly what both parties are aspiring for. Considering the current international situation along with tumultuous atmosphere in the given region, no wonder that both Ankara and Tehran are striving to become a sole superpower in their region so ardently.

3. Conflict of interests – is a situation where two or more states or international players have competing goals, needs, or priorities that are incompatible. These disputes are frequently triggered by problems such as territory, resources, economic competition, political influence, or security concerns. When multiple countries' national interests clash, it can result in diplomatic difficulties, negotiations, or even military war as each works to achieve its own strategic goals.

Considering goals that both countries are determined to achieve, it is appropriate to mention such term as well. It is quite obvious, that Turkey and Iran are making

completely different plans for the future and that their interests do not correlate with each other. Such conflict of interests is a foundation of the studied confrontation.

4. Revisionist activity – activities taken by a state or group to alter the current international order, power structures, or territorial boundaries. These states, known as revisionist states, are dissatisfied with the prevailing status quo and seek to question established norms, regulations, or territorial accords, usually through diplomatic, economic, or military methods. Their goal is to gain greater power, influence, or territory, as opposed to status quo powers, who wish to preserve the current global system.

The given term is also frequently used throughout the entire research, since it perfectly describes and characterizes the behavioral patterns of both parties in regards to South Caucasus region and Nagorno-Karabakh conflict.

5. Status quo – the current state of affairs or the balance of power among nations and political institutions. It includes the established distribution of territories, political authority, and influence that determine the ties between states at any given period. Maintaining the status quo frequently entails retaining the current borders, alliances, power structures, and norms without significant change.

The status quo term is frequently used throughout the entire master's thesis because of its high relevancy in the study of South Caucasus region. While Iran struggles to maintain the regional status quo to prevent the collapse of already existing balance of power, Baku's victory in the Second Nagorno-Karabakh War and its further joint efforts with Ankara are making it almost impossible to prevent major regional changes.

Research source base

During the research of the given topic, official documents, speeches and statistics were used with the aim of providing a profound analysis.

In order to determine the trade relations between Turkey and Azerbaijan, data regarding the worth and volume of Azerbaijan exports to Turkey was derived from the Trading Economics platform (Azerbaijan Exports to Turkey, 2023). Likewise, the information regarding the export from Turkey to Azerbaijan was retrieved from the

Trading Economics platform (Turkey Exports to Azerbaijan,2024). To assess the amount of Azerbaijan's investments in Turkish economy, the data from News. Az was collected (Azerbaijan doubles its investments, 2024).

The famous “The world is bigger than five” speech, which was delivered by Recep Tayyip Erdogan during the 74th Session of the UN General Assembly was also used as a primary source. In his speech, Turkish president stated that the world order is outdated and requires major reforms, including giving stage to other competitive countries, which is often perceived as turning point in Turkish foreign policy (Birleşmiş Milletler 74., 2019).

Additionally, various agreements and documents were used. Thus, Agreement on strategic partnership and mutual assistance between the Turkey and Azerbaijan was analyzed in order to provide a better understanding on the relations and obligations of two Turkic states in the field of defense and security, along with their cooperation in economic and military issues (Agreement on strategic partnership, 2010). The Ankara Declaration, signed by Turkey, Georgia, Azerbaijan, Kazakhstan and Uzbekistan has enhanced the improvement of economic relations between Turkey and newly independent states and also prepared a foundation for the construction of the Baku-Tbilisi-Ceyhan oil pipeline (Ankara Declaration,1998). The Preferential Trade Agreement between Turkey and Azerbaijan which came into force in 2021 was also used with the purpose to study the development of relations between two Turkic states after the Baku's victory in 2020 and their economic accomplishments (Preferential Trade Agreement,2021). Along with this agreement, the Shusha Declaration was studied since it served as an indicator of Turkey's unwavering support of Azerbaijan during and after the Second Nagorno-Karabakh War and ensured special attention being paid to joint military trainings and advancement of defense industries by both parties (Shusha Declaration, 2021). Additionally, the adapted by the OTS members strategy named “Turkic Vision 2040” was used for the completion of the research with the purpose of shedding light on the areas the given organization is determined to develop its activity in (Türk Dünyası, 2023).

The importance of the primary sources lies within the ability to obtain crucial

data from the most reliable source, emphasizing the relevancy of the given study.

Furthermore, during the research process, different press materials were studied. Therefore, the article about the recent rapprochement process between Turkey and Armenia was studied (Turkish, Armenian envoys, 2024). Additionally, The Turkish Cooperation and Coordination Agency's activity in Azerbaijan throughout decades was analyzed in a similar way (Turkey's development aid grows, 2021). Likewise, Iran's participation in a North South Transport Corridor was covered (Krishnakutty, 2024). The nature of cooperation in a security field, along with the possibility of a secret military deal signed between Yerevan and Tehran was also explored with the help of press materials (Ahmadzada, 2024). The problem of the speculations around the Israeli military presence in Azerbaijan was profoundly studied through the article (Are there Israeli military forces, 2024). Moreover, the information about the agreement between the Baku and Yerevan to postpone negotiations about the potential implementation of the Zangezur Corridor was derived from media resources (If borders were restored, 2024). Article about the rapid rise of export thorough the Iran-based Aras Corridor and the prerequisites of its foundation was analyzed (Export from Aras Free Zone, 2024). Recent developments in regards to the Iranian ambitions within the TRACECA project were also studied with the help of the press material (Iran ready to host, 2024). Additionally, Armenian aspirations to become a new regional commercial hub with the help of Iran were explored through the information from news agencies (Transportation: Armenia is targeting Iran and India, 2024). Furthermore, in the same way, the expansion of the capacity of gas pipelines between Iran and Azerbaijan after the implementation of sanctions against Russian Federation was examined (O'Byrne, 2023). Likewise, the high value of the BTK railway for the economic life of the region was explored with the help of the news article (Shahin, 2024). In a similar way, an article about the mutually beneficial agreement between Yerevan and Tehran, where Armenia tries to lessen its dependance from Russian gas (Shahverdyan, 2023). At last, information regarding the beginning of construction of Nakhchivan gas pipeline and its trading potential was also analyzed with the help of a news article (O'Byrne, 2023).

The implementation of the information from the secondary sources was due to

the lack of primary sources, books and articles regarding certain narrow aspects that were necessary to study in the course of writing the given master's thesis. Articles contributed to the filling of the gaps that were crucial for the full understanding of the topic.

CHAPTER 2. THE GROWING IMPORTANCE OF SOUTH CAUCASUS IN TURKISH FOREIGN POLICY

Nowadays, it is clear that our world is on the verge of tremendous changes. The well-known world order is about to collapse, paving the way for the new powers to emerge on international arena. Simmering tensions and brewing wars across the globe are the proof of this. Unfortunately, South Caucasus is not an exception. Considering the protracted tussle between Azerbaijan and Armenia, the aspirations of other regional and global powers to get involved are quite natural. Therefore, it can't be denied that both Turkey and Iran are having a great impact on the state of regional affairs.

In this context, 2011 was a special year. Besides the disastrous Arab Spring uprisings with the following shift of power in the Muslim world, which granted both Tehran and Ankara a window of opportunity to pursue their ambitions, another major event has taken place in Kazan, Russia. June 2011 was quite a promising month with regard to Azerbaijan-Armenia feud, as Kazan Summit was supposed to be a great milestone which would end the infamous rivalry and settle the matter. Despite all hopes and predictions, the summit has turned out to be not as fruitful as it was expected. As a result, the lack of mutual understanding, despite the active involvement of Russia, USA and France led to the prolongation of the conflict with parties unable to find the common ground within the next decade as well (From Kazan to Nowhere, 2011).

A clear sign of Ankara's aspirations to gain more power and influence on international arena was the motto "the world is bigger than 5" which was coined by Recep Tayyip Erdogan back in 2013, while he was still a prime minister. Later on, after becoming president, he referred to this term in his speeches in front of UN General Assembly. The main provisions of the speech that were made included criticism of permanent members of the Security Council and dissatisfaction with the veto right that all five members are entitled to. In his speech Erdogan has also called for the fundamental reforms to be made, implying that inability of the current UNSC to ensure peace, justice and security worldwide proves that it is time for other countries to step

in and take the stage. Many scholars refer to this speech as an indicator of Turkish ambitions to play a more significant role and pursue more independent and self-centered policy on the global arena (Birleşmiş Milletler 74., 2019).

With Turkey trying to find its place among the most influential actors on international arena, such situation was a double-edged sword. On one hand, Ankara, given the circumstances, had an opportunity to spread its influence in the region, by supporting another Muslim country against Christian Armenia and countering Iran's policy of exporting the Islamic Revolution by deepening its ties with Baku. On the other hand, such state of affairs posed a serious threat to any aspirations for leadership Turkey could possibly have. As a state which not only strives to preserve status quo in the region, but is also interested in becoming a key figure in the Muslim world, Iran can't be not concerned about the possibility of Sunni Turkey deepening ties with Azerbaijan, which is widely known as a Shia majority country. Therefore, Iran's own plans and ambitions make it a formidable opponent for Turkey with the obvious conflict of interests hovering over. In this case, Ankara is bound to take action and pursue its own dominance. But the feud between the two regional states is far more multifaceted than it may seem at first.

And just like any other conflict, the studied case is also permeated with complexity that is worth unraveling. For the better understanding of the problem, it is necessary to study all layers of the given confrontation: economic, ideological, confessional and military.

2.1 Ideological and military grounds for Ankara's strong presence in the region

Today, modern Turkey is known as a country with rich history and heterogenous inheritance, a land that was a home to many civilizations. Therefore, there is no surprise that country with such a diverse past went through different periods of its existence, arming itself with various policies and ideologies.

After the collapse of the Ottoman Empire, it was Mustafa Kemal Atatürk, the

founder of the Republic of Turkey, who transformed his country into a secular state and became famous for implementing his Western-oriented ideology called “Kemalism”. Such strategy has strongly defined Turkey’s place on global arena up until the dissolution of the Soviet Union in 1991. Rapid transition to unipolarity, along with the formation of new independent states paved the way for the completely different political climate, in which Ankara would start to look eastward. Just like Russian Federation, Turkey combines within itself both European and Asian features. Such duality helped to define Turkey as a bridge between two different parts of Eurasia, which Ankara has gained profusely from. Therefore, despite still having close ties with the West, Turkey decided to spread its influence on Asia-located, post-Soviet republics, taking up one more ideology – Eurasianism (Alrmizan,2022).

Eurasianism is a political and ideological framework that underscores the cultural, historical, and geopolitical unity of the Eurasian continent. During the presidency of Turgut Ozal, it was considered as a quite pragmatic approach, since Turkey was interested in a role of a mediator between newly independent states and the Western world. Such framework was promising and beneficial for two reasons. Firstly, it gave Ankara an opportunity to spread its influence on other Turkic states, which would strengthen its position not only in the region, but in the Turkic world as well, while simultaneously preventing Iran and Russia from occupying the dominant positions. Secondly, it would have made Turkey a more attractive partner in the eyes of EU countries, that would represent and pursue European standards and values outside of Europe. In 1992, the first unification of Turkic states took place in Ankara. Turgut Ozal convened a summit that brought together the heads of Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan and Azerbaijan. But after his death in 1993, all further steps towards such union were put on hold (Torosyan, 2023).

Later on, with AKP Party coming to power in 2002, Turkey was more oriented on accession to EU rather than cultivating its own identity and spreading influence in the region. But during AKP’s second term, Turkish government became more active and more involved in regional affairs, which resulted in “zero problems with neighbors” policy. Such desire to normalize ties with neighbors was applicable to South Caucasus

region as well, since it was a part of Ottoman Empire. Nevertheless, the most fruitful and close cooperation in various fields, including military, was established only with Baku, which automatically prevented Ankara from reconciliation with Yerevan (Iqbal, Fatima, 2021).

After being elected for the third time, the rhetoric of Turkish government became more bold, assertive and identity-based. It was during the third term of AKP Party when Ankara started to emphasize the importance of its traditions and cultural inheritance, slowly but surely positioning itself as a regional leader with great ambitions and potential. Such shift, especially after Arab Spring uprisings and failed peace talks in Kazan, was a clear sign that Turkey, given the circumstances, was about to try to improve its position in Muslim world and South Caucasus.

But truly tremendous changes have happened in 2016 with the infamous coup attempt taking place in Turkey. Such turmoil has managed to drastically change country's policymaking processes. This, along with the strain in relations between Turkey and EU has forced Ankara to shift from Western-oriented policy and "zero problems with neighbors" principle to more ruthless means. By blaming the West in the coup attempt, Turkish authorities started to distance itself from its NATO partners, determined to become more independent and to create its own identity. Overall, such turn of events led to complete revision of Turkish foreign policy and desire to find its own autonomy in the region, mainly relying on military means (van Heukelingen, Deen, 2022).

Since then, it is considered by many scholars that Erdogan pursues a gradual revival of Turkish Ottoman past with the subsequent shift from Kemalism principles. Therefore, clear signs of Neo-Ottomanism ideology are visible in domestic and foreign policy of Turkey. In foreign policy such strategy can be seen in active presence of Ankara in political and social processes in the life of territories that were a part of Ottoman Empire once, including South Caucasus. Such ideological path is aimed at restoring Ottoman legacy in today's realities in order to transform Turkey into the regional leader and to return Turkey's influence on territories that once belonged to its predecessor. As a result, nowadays one can see that current Turkish government, in

order to create a unique identity, based on its legacy and to return the power Ottoman Empire once held over the region, is gradually stepping away from Kemalism basic principles in favor of its imperial and Islamic past, by taking appropriate measures including active involvement in the life of South Caucasus region and determination to expel any Iranian presence. Some scholars refer to Neo-Ottomanism as an integral part of Erdoganism – a relatively new term, used specifically to describe a strategy where Turkey is balancing both: control over former Ottoman territories and influence on Europe (Petriaiev,2022).

Another important change in Turkish policy under Erdogan's presidency is a newfound ambition in regards to Turkic states which can be seen in a rapid raise of popularity of another ideology – Turanism. Turanism is a pan-nationalist movement that is based on close biological and linguistic connections all Turkic peoples are sharing, which implies the creation of Turan – a state located in Central Asia and unites all Turks under one banner. The first time this ideology gained momentum was shortly before the collapse of the Ottoman empire, when the country was desperate for new ideas and meanings to preserve its statehood. But such idea has lost any prospects for its realization with Mustafa Kemal Atatürk coming into power. Ever since then, Turkey lacked resources or suitable political climate to bring such concept into life. But with the coup attempt in 2016, everything has changed. By uniting with the far-right Nationalist Movement Party (MHP), Erdogan demonstrated his determination to find a development path for his country that would help to preserve its identity and to increase its influence in the region. But, at this time, Turkish government came up with a more realistic approach towards the matter. Considering strong presence of Russia, China and Iran in the given region, any further steps towards unification of the Turkic states were made in the framework of economic and cultural cooperation (Karaveli, 2022).

Created back in 2009, Cooperation Council of Turkic Speaking States at first consisted of Kazakhstan, Kyrgyzstan, Azerbaijan and Turkey, but with Erdogan becoming President in 2014, Turkey began to position itself as a “big brother” to other members. Later on, with Uzbekistan gaining membership and Turkmenistan joining

the council as an observer, the organization was renamed into the Organization of Turkic States (OTS), with the first summit held in 2022 where the strategy “Vision of the Turkic World 2040” was adopted, which, in addition to social and humanitarian cooperation, provided for in-depth cooperation, in particular in the areas of economy and security (Türk Dünyası, 2023).

As of today, among all Turkic states, Ankara shares the history of the most fruitful and multilateral cooperation with Baku. Ever since the dissolution of the Soviet Union, Turkey was the first state who recognized the independence of Azerbaijan and Armenia, even though it later refused the idea of establishing diplomatic ties with Yerevan. Instead, Turkey took pro-Azerbaijani stance in its war with Armenia, where Yerevan had an upper hand in regards to its military capabilities. Therefore, during the First Nagorno-Karabakh War, Turkey started to actively equip Azerbaijan according to Turkish, not Soviet standards, which automatically halted any steps towards rapprochement between Ankara and Yerevan with no further chances of thaw visible. It is assumed, that in such context, partnership with Baku serves as a first step towards Central Asia, since such active support and close cooperation between two states was meant to demonstrate Turkey’s ability to satisfy the needs in security field of any other Turkic state in exchange for profound economic cooperation (Karaveli, 2022).

In addition, it is necessary to mention the Agreement on strategic partnership and mutual assistance between the Turkey and Azerbaijan, aimed at strengthening the strategic cooperation and mutual defense commitments. This document implies mutual defense obligations in case one party to the treaty would be subjected to intervention or military aggression with another providing all necessary assistance and equipment. Another article ensures strategic cooperation not only in security, but also in economic and political fields, along with full support of each other’s territorial integrity and sovereignty. Additionally, the agreement also aims to enhance joint military exercises to increase each other’s defense capabilities (Agreement on strategic partnership, 2010).

Ever since then, many scholars referred to Armenia-Azerbaijan dynamics as “no war, no peace” with occasional outbursts of aggression with shootings on borders that

resulted in casualties among soldiers and civilians from both sides. But in 2020, another clash actually resulted in conflict known as a Second Karabakh War which lasted for 44 days. Obviously, Turkey has expressed its unwavering support of Baku, supplying Azerbaijani military with all necessary equipment and even sending its peacekeepers to the border areas. Ankara did not sympathize with the idea of ceasefire, claiming that peace is possible only after the clear victory of Baku with the full control over the Karabakh region. With such active and full-encompassing assistance Azerbaijan received from Turkey and Israel, Azerbaijani military forces has quickly achieved superiority on the battlefield, which led to ceasefire negotiations. During the peace talks, brokered by Kremlin, the territorial dispute resolved in favor of Baku, with Azerbaijan securing its gains (Landgraf, Seferian, 2023).

In the context of Turkey-Azerbaijan relations, such unconditional support and cooperation between the states led to the raise of popularity of the term “one nation, two states”, which was coined by the former Azerbaijani President Heydar Aliyev. Later on, such brotherly-like relations, reached a new level with the signing of Shusha Declaration in 2021. The given declaration is remarkable for the usage of the phrase “strategic alliance”, which clearly indicates the intention of both parties to strengthen already successful and beneficial cooperation in the light of Baku’s victory and major geopolitical changes. The special attention was paid to the security issue, with the decision to focus on their joint military development along with advancing their defense industries. Furthermore, Turkish President even made an announcement about the possibility of opening its military base in Azerbaijan withing the framework of the declaration. Such document automatically prevented Turkey from establishing diplomatic ties with Yerevan without the reconciliation between Azerbaijan and Armenia happening first (Shusha Declaration, 2021).

But despite all the talks, the matter was not settled. Clashes have continued from time to time with both sides blaming each other for the escalation and the blockade of Lachin Corridor which connected Armenia and Karabakh that provoked humanitarian crisis. In April 2023, Armenian Prime Minister Nikol Pashinyan made an official statement, recognizing Nagorno-Karabakh region as an integral part of Azerbaijan

under condition that Baku will guarantee safety for ethnic Armenians who live there. Not long after that, on September 19, as a result of a new round of escalation, Azerbaijan launched an “anti-terroristic military operation” and took full control over the entire Nagorno-Karabakh region within the next 24 hours, which brought swift end to the Republic of Artsakh, demilitarization of local defense forces and mass exodus of ethnic Armenians from the region (Mills, 2023).

Such outcome was a deeply beneficial event for Turkey. Baku’s clear victory and gain of full control over its territories resulted in a regional geopolitical shift that strengthened Ankara’s position and paved the way for the new changes that would undoubtedly establish new status quo in favor of Turkey-Azerbaijan alliance and put Armenia in even more disadvantageous position.

The project of the Zangezur corridor – is the stretch of land that is supposed to link Azerbaijan with its landlock exclave Nakhichevan. Obviously, the realization of such project would increase Ankara’s influence over the region in tenfold and would grant it a direct access to Azerbaijan, Central Asia and Caspian Sea. As a result, despite numerous tempting economic possibilities, Armenia is not happy about such prospect, since it would put Yerevan in a geographical and political isolation. In regards to this matter, Iran has taken the same stance. The reason why Tehran is radically opposed to the idea of such route is not only the commercial benefit Turkey may gain, but also the loss of its own geopolitical and geostrategic weight with the consequential strengthening of Ankara as a regional hegemon. Another argument against the Zangezur corridor is a Turkish NATO membership. For obvious reasons, Iran cannot be content with the potential influence or strong presence of non-regional actors that are also a part of the North Atlantic Alliance. The regular usage of terms “NATO Corridor” or “Turan Corridor” in Iranian media proves that the main Tehran’s concern lies not within economic, but security field. The successful accomplishment of this project would completely dismantle the current balance of power and shape new security dynamics (Gençoğlu, 2024).

In the light of such tendencies, many scholars have expressed their assumptions about Turkey preparing a base for a for more serious and large military alliance that

would serve as an alternative to NATO with Ankara in charge. A prerequisite for such controversial Turkish military expansion can be seen in a foundation of TAKM – military law enforcement organization which was established in 2013 by Turkey, Azerbaijan, Kyrgyzstan and Mongolia with Ulaanbaatar quitting the organization in 2014 and Kazakhstan expressing its desire to join. An even though, an organization created in order to enhance cooperation between law enforcement agencies of its member states and to fight terrorism and smuggling instead of falling into enmity with another country or organization, has turned out to be not as fruitful and active as it was expected, many refer to this initiative as a cornerstone of the formation of the so-called “Turan Army”.

But is there a real chance for such organization to be created one day? Undoubtedly, the 2020 events have proved the necessity of a greater security cooperation for Ankara and Baku and even prepared a ground for a further convergence, but there are also some serious obstacles on the way to realization of such grand plans and ambitions.

First of all, Turkey is not the only country whose foreign policy is fueled with determination to control the South Caucasus region significantly. The reason many scientists refer to the interaction of regional and global powers in the given region as a “Gordian Knot” is because of its complex and ambiguous nature. Another powerful actor, Tehran, is an obvious opponent to such projects since it would weaken its own position and pose a threat to its security with a clear disbalance of power in favor of Turkey. Furthermore, Russia is also not happy about the prospect of such expansion since Moscow is also seeking to preserve influence on its Southern Underbelly, especially in the light of the strained relations with the West.

Moreover, another reason of stagnation of the “Turan Army” project is a problem of membership. Despite being part of Collective Security Treaty Organization (CSTO), such countries as Kazakhstan and Kyrgyzstan, along with the former CSTO member Azerbaijan are also members of the NATO Partnership for Peace program. And while it can be useful in terms of active and fruitful cooperation with Turkey, CSTO membership creates a conflict of interests and prevents countries from further

cooperation and accession to another military alliance, especially with NATO member state being in charge (Biro,2021).

Therefore, considering the current state of affairs, it is unlikely that, despite all plans and ambitions, Ankara would be able to expand its impact on the region through such organization.

In regards to Armenia, Turkish foreign policy went through its certain highs and lows. The normalization process between the two states, despite futile attempts to reconcile in 2009, renewed in 2021 with establishing a dialogue and agreeing to find ways towards peace. After the number of meetings between representatives of the two countries in 2022, Recep Tayyip Erdogan and Nikol Pashinyan attended their first meeting and in 2023, Armenia expressed its willingness to help Ankara to recover from the devastating earthquake with the borders opening briefly. And while still having no official ties established, the dialogue between the two states did not come to naught. In 2024, representatives from both states met at the border-crossing to simplify visa procedures for holders of diplomatic or official passports and assess the technical requirements for the operation of railway border gates. Furthermore, both parties have agreed upon the continuation of the reconciliation process without any preconditions. Such dynamics gives a small glimpse of hope that relations between Yerevan and Ankara will move forward with the long-term feud being finally over (Turkish, Armenian envoys, 2024).

Also, one can see how Turkey is trying to fulfill its ambition to be the leader in the Muslim World in the context of its activity in South Caucasus as well. Despite the fact that both Azerbaijan and Turkey are secular countries, Islam is definitely an important facilitating factor for the improvement of their relations. Despite the fact that Azerbaijani society is 85 % Shia and 15 % Sunni, it is a mistake to assume that Iran has a greater influence on Azerbaijan's religious life than Turkey does. Tense relations with Iran and permanent presence of Turkish official and non-governmental organizations resulted in Ankara getting an upper hand on this issue. Moreover, the main driver in Turkish-Azerbaijani relations is the nationalist factor, not the religious one. This allows the Azerbaijani population to turn a blind eye to the fact that the two

peoples profess different strains of Islam. At the same time, the secular Azerbaijani society favors the development of relations with modern and secular Turkey rather than Iranian theocracy. Also, Turkish religious activity in Azerbaijan is commonly perceived as a factor that is necessary for counterbalancing Iranian influence. Thus, despite the fact that the majority of Azerbaijanis are Shia Muslims, Turkey's religious activities are generally met with either approval or indifference, which is often explained as a minor difference between the two Muslim nations (Sancak, 2019).

2.2 Economic benefits and challenges in the context of Turkey's active involvement in regional affairs

As a country that is not only striving to become a regional hegemon, but is also heavily dependent on import and export, it is absolutely natural that Turkey seeks to strengthen its positions when it comes to trade and economic ties with other states. And in this regard, South Caucasus is playing a crucial and defining role for Ankara. Back in 1998, Turkey has signed an Ankara Declaration along with Georgia, Azerbaijan, Kazakhstan and Uzbekistan. The essence of the document was an improvement of economic cooperation between Turkey and post-Soviet republics. Therefore, the given declaration was mainly focused on regional energy security, trade relations and the development of infrastructure. As a result, Ankara Declaration has not only facilitated to bigger trade volumes and economic growth between Baku and Ankara, but also paved the way for the building of Baku-Tbilisi-Ceyhan (BTC) oil pipeline (Ankara Declaration, 1998).

Considering Turkey's advantageous location, the BTC pipeline has made a massive impact on Ankara's position in the world. Besides deepening ties between Baku and Ankara, BTC project has also ensured that Turkey will be supplied with the amount of oil necessary for its own consumption and also for onward sale to third countries. It has also significantly increased the geopolitical importance of South Caucasus region and Turkey on a global level. Furthermore, for Ankara the building of this particular pipeline also meant rapprochement with Central Asia countries along with the improvement of its position in the eyes of the EU countries, which has

turned Turkey into more favorable and important partner. Additionally, such route guaranteed more economic independency for Ankara and Baku by circumventing other actors like Iran, Armenia and Russia (Baran, 2005).

As of the first half of 2024, BTC remains a key pipeline which is vital for the transportation of Azerbaijani oil. According to official data, Baku transported 15,805 million tones of oil, which is 81.5% of all oil transported through this pipeline (Baku-Tbilisi-Ceyhan pipeline, 2024).

But at this, regional development in the energy field did not falter. In 2008, European Union has initiated a creation of a new route that would supply Europe with Azerbaijani natural gas. The Southern Gas Corridor (SGC) is a gas supply route that consists of three parts: South Caucasus Pipeline (SCT) which is also known as a Baku-Tbilisi-Erzurum Pipeline (BTE), Trans-Anatolian Pipeline (TANAP) and Trans Adriatic Pipeline (TAP). The reason for such offer is a desire to decrease European dependance from Russian gas. For Azerbaijan, such project was a perfect opportunity to start supplying Western countries not only with oil, but with gas as well, making Baku a favorable and necessary partner. At the same time, for Turkey the realization of such idea meant becoming a major regional energy hub that would connect Europe and Asia. And while the building of SCT was already completed in 2006, the SGC project was initiated in order to expand SCT. In 2011, the creation of TANAP, a Turkish part of the SGC, was launched with the agreement signed between Ankara and Baku. Later on, the construction of the of the TANAP got started in 2015 with the first gas being transported to Turkey in 2018.

As a result, one can see how greatly Turkey has benefited from SGC initiative. Not only did it make Baku and Ankara stronger and deepened their economic ties, but it also strengthened their positions on the global arena with Turkey becoming a key element of any gas or oil route that supplies Europe. Furthermore, as the war in Ukraine has broke out in 2022, the significance of the TANAP route has increased significantly because of the sanctions that were imposed on Russia with the consequential rise in demand for energy resources from Azerbaijan and Central Asia countries (Malikova, 2024).

In 2023, after Baku's swift completion of military operation in Karabakh, Recep Tayyip Erdogan and Ilham Aliyev met in Nakhichevan to ensure further cooperation between their countries in the context of regional changes. Back in 2020, Baku and Ankara have signed a memorandum of understanding with a plan to build the Igdir-Nakhichevan pipeline with completing it by the end of 2024. Such initiative allows Azerbaijan to lessen its dependency from Iran since it allows Baku to supply its exclave, Nakhichevan, with its own natural gas through Turkey and without Armenian or Iranian involvement (O'Byrne, 2023).

Another major facilitation to the development of economic relations in the region is the building of Baku-Tbilisi-Kars (BTK) railway. Initially, such project was offered in 1993 due to closure of Kars-Gyumri-Tbilisi railroad which was going through Armenia. But actual steps towards the construction of this particular route were made only after the successful launch of BTC pipeline with the trilateral agreement regarding its implementation signed between Turkey, Azerbaijan and Georgia in 2007. The implementation of such route did not only mean to increase trade volumes between the states, but also to carry passengers. Another important point about the BTC initiative was an active rapprochement of all three countries with the consequential political and economic isolation of Yerevan. But even though BTC project falls perfectly into the "Silk Road revival" narrative, it did not attract European partners to the extent it was expected to. Despite the fact that BTC or "Iron Silk Road" profoundly contributes to the transportation of Asian goods to global market and to trade process between Europe and South Caucasus, that is also laid to bypass Iran and Russia specifically, EU and USA did not provide any investments nor support for its construction. The reason for such, at first sight, irrational behavior can be explained with the EU's promotion of the idea of revival of Kars-Gyumri-Tbilisi railroad which goes through Armenia. In turn, this initiative can be explained with a big and quite influential Armenian lobby in both USA and EU. Anyway, with the West's strong refusal to facilitate to the BTK construction, it was decided to build the railway without any foreign investors or organization with the main financial contribution from Ankara and Baku.

Therefore, the development of BTK railroad had not only economic, but a geopolitical meaning. Certainly, Turkey has greatly benefited from the railway construction by not only deepening political ties and trade volumes with Azerbaijan and Georgia with the consequential isolation of Armenia, but also by securing its position as a major and necessary trade hub between Europe and Asia in the international market. But additionally to this, BTK route has strongly defined two axis in the region. Thanks to this project, Baku-Tbilisi-Ankara axis has started to carry itself as the most relevant trade route that would help to deliver goods from China to London, which helped to integrate it into European trade issues, while Moscow-Yerevan-Tehran axis has suffered because of this railway economically (Lussac, 2008).

As of today, due to the significant delay, BTK railway was finally launched in 2017 with the beginning of proper operation in 2018. During the Second Nagorno-Karabakh war, the railway helped to transfer military equipment from Turkey to Azerbaijan. Later on, the trade flows also increased, with the economic cooperation between Turkey, Azerbaijan, Central Asia and, most importantly, China growing. It is necessary to mention, that the railway is strongly connected to Chinese “One Belt, One Road” initiative and forms a significant and integral part of the Middle Corridor (Shahin,2024).

“One Belt, One Road” (OBOR) is a Chinese transnational project which was first presented in 2013. This project consists of three main corridors that are connecting China and Europe: The North Corridor, The South Corridor and the Middle Corridor. The second corridor connects China with Turkey through Central Asian countries and Iran. The third route is often perceived as an alternative for the second corridor since it starts in China and goes through Caspian Sea and South Caucasus countries to Turkey, from where it goes further to Europe.

In 2015, Ankara and Beijing have signed a “Memorandum of Understanding on Aligning the Belt and Road Initiative and the Middle Corridor Initiative”. For Ankara, such project is a win-win situation since it promotes its rapprochement with Turkic countries and allows Turkey not only to benefit financially and expand its market, but also to take a leading position in relations with the countries of the Caucasus and

Central Asia. Although, even today, Beijing is a bigger and far more active trading partner for these countries than Ankara. Turkey is connected to this initiative through above-mentioned BTK railway and another railway that was meant to be built within the framework of this project starting from Turkish eastern border (Kars) to the western one (Edirne). However, this project is yet to be realized (Yilmaz,2022).

As of today, the Middle Corridor is a perfect chance for Turkey to capitalize on its geographical location. Apart from the fact that Middle Corridor is way shorter than Northern Corridor, which makes a transportation of any cargo faster, another advantage of this route is deeply connected with the current political situation. Considering the fact, that both Russia and Iran are two the most sanctioned states, which makes any trade operation complicated, the narrow passage through South Caucasus region today is more valuable than ever. Giving this tendency, this region has all the potential to be in the very center of Europe-Asia trade processes, with Turkey intending to triple the trade volume through the corridor by the end of the decade.

Therefore, it can be concluded, that Middle Corridor plays a crucial role for Turkey. Not only does it increase its geostrategic importance and helps to diversify trade routes for the better stability and security of the global economy, but it also contributes to the image of Turkey as a “big brother” to other Turkic states and as a significant actor in global trade processes and relations between China and EU with the consequential development of its own infrastructure (Urciuolo, 2024).

Another relevant point in this regard is the Zangezur Corridor. Mentioned above in the context of regional geopolitical tensions, such route also holds great potential and plays an important role in South Caucasus economic cooperation.

As it was already said, Zangezur Corridor is a concept strongly promoted by Baku because of its multilayered nature. A piece of land that connects Azerbaijan with Nakhichevan has not lost its relevance ever since the First Nagorno-Karabakh War. But apart from being a crucial milestone on the way to Azerbaijani security and unity, this corridor also holds a major economic significance. The realization of such project would dramatically expand trade routes network from the Caspian region to Turkey and would facilitate to trade relations with Turkey and to the South Caucasus image on

the global market profoundly. Moreover, the corridor would have expanded railway system with the consequential facilitation to the Middle Corridor and OBOR initiative. With the Second Nagorno-Karabakh War being over, many scholars have hoped for a more stable political climate that would be a prerequisite for the economic cooperation between Baku and Ankara on the one hand and Yerevan on the other. Considering years of economic isolation, the Zangezur Corridor would facilitate to Armenian economic development and would help to integrate it in the regional economic affairs. But apart from the direct railway connection between Turkey and Azerbaijan, the corridor would also ensure the connection between Russia and Armenia with Moscow consequentially gaining connection with Ankara. Therefore, yet again Turkey will be the one benefiting from another route project greatly. Furthermore, opening of the Zangezur Corridor would create another trade route that would be bypassing Iran and concentrating all routes and corridors in the hands of Baku and Ankara (Gawliczek, Iskandarov, 2023).

As of today, despite the fact that Karabakh matter has been settled and the political climate in the region seems to be relatively stable, the realization of this initiative is still under a big question. Because no matter the economic benefit it promises, Yerevan is still unwilling to participate in this project. As a result, the Zangezur Corridor is far from completing despite the determination and perseverance of Turkey and Azerbaijan.

It is also necessary to mention, that the Zangezur Corridor would be a practical addition to another regional project, the so-called “3+3” platform.

After Baku’s victory in 2020 with the official settlement of the Karabakh question, Turkish President has voiced an initiative that would unite all regional countries and major powers in hope of peace and prosperity. The name of the format has been chosen to emphasize the determination to bring together Georgia, Armenia and Azerbaijan on the one hand and Turkey, Russia and Iran on the other. Despite the refusal of Georgia to be involved in the given format, this initiative was supported not only by Azerbaijan, but also by other participants. Such reaction can be explained with the fact, that no matter the tensions and contradictions all members may have, all of

them are interested in reducing West's influence and preventing it from interfering in the regional affairs. And although Turkey is a NATO member, in the light of it pursuing a more independent and ambitious policy, Ankara is deeply reluctant about the prospect of someone else's presence in the South Caucasus. Obviously, despite the fact that "3+3" initiative is aimed at strengthening regional economic cooperation, such partnership is way more beneficial to major powers, than regional ones. This asymmetry is caused by the ongoing competition between Ankara, Tehran and Moscow. Despite the readiness to cooperate if necessary, Turkey still perceives Russia and Iran as its most dangerous opponents in the fight for the regional dominance (Javakhishvilli, 2022).

It should be mentioned, that this project is also facing its own obstacles. Although the platform was founded with the determination to establish dialogue in order to demonstrate the ability of the regional players to solve their problems without any external assistance, as of today, the cooperation of all member-states is under a question. With Georgia refusing to participate in projects along with Russia, Armenia has also expressed its distrust towards the structure and the format of this initiative, fearing for its inability to defend its own interests. Additionally, with the above-mentioned aspirations of Turkey and Azerbaijan to open the Zangezur Corridor, Tehran remains cautious about the entire arrangement. Furthermore, despite quiet fruitful meeting that was held in Moscow in 2021 within the framework of this platform, the beginning of Russian-Ukrainian War in 2022 was originally perceived as the end to all connections and partnership with Moscow, which put the entire "3+3" arrangement under even bigger question that it already was. But despite that, another meeting was finally held on October 23, 2023 in Tehran. As a result, with the Karabakh matter being settled, the South Caucasus region, despite other relevant problems, is currently trying to create a more favorable political climate with Turkey trying on the role of a mediator. But it should be noted, that no matter the efforts, the given region is still far away from the final solving of all its problems (Yüce, 2023). Another sign of close economic cooperation between Turkey and Azerbaijan is a Preferential Trade Agreement (PTA), which was signed in February 2021. And while Turkey has PTA signed with three

other countries as well, for Baku Ankara remains the only preferential trade partner. In the light of Azerbaijani victory in the Second Nagorno-Karabakh War such agreement has greatly contributed to the bilateral relations between both states with the consequential strengthening of their political positions. PTA implies reduction or full elimination of tariffs on a list of selected goods with the significant expansion of trade volume. Furthermore, the agreement provides an easier access to each other's market for both states along with diversifying the trade process. It is also necessary to mention that PTA prepares a foundation and paves the way for the future establishment of Free Trade Agreement between Turkey and Azerbaijan. As a result, the given agreement symbolizes not only a determination to develop even deeper economic ties and to enhance investment flows, but also a strong political message (Preferential Trade Agreement, 2021).

Additionally, it is worth mentioning the soft power policy Ankara is actively pursuing in the South Caucasus region. The Turkish Cooperation and Coordination Agency (TIKA) is a government department that reports to the Ministry of Culture and Tourism of Turkey that was established in 1992 with the aim of enhancing economic, social, cultural and educational cooperation with other countries with the special attention to Turkic states. Moreover, along with providing humanitarian help, if necessary, TIKA's activity abroad is also focused on deepening cultural ties with the emphasize on the shared past, legacy and origins which greatly facilitates to the promotion and popularization of Ankara's agenda in the framework of OTS.

For instance, since 1993, Turkey has implemented above 1,200 projects in Azerbaijan with the non-oil sectors being prioritized. Since day one, TIKA's activity involved development of all sectors of the newly-independent Azerbaijan with the aim of diversifying Azerbaijani economic branches. For this purpose, Ankara has provided training courses and education for the specialists that would make a significant contribution to the development of fields like healthcare, agriculture, tourism and IT. Furthermore, after the Second Nagorno-Karabakh War, Turkey has demonstrated its involvement into the matters regarding the Karabakh region. Apart from the necessary development of local infrastructure and uplifting the living standards, Ankara has also

provided humanitarian help and temporary accommodation for the displaced people. As of today, TIKA is focused on strengthening the brotherly bond with Baku through the active participation in restoration of the territories that were torn by war along with organizing special cultural events in order to support the “one nation, two states” claim (Turkey’s development aid grows, 2021).

Speaking of investments, according to statistics, during the first quarter of 2024, the amount of Azerbaijan’s investments in Turkish economy has increased up to \$40 million, meanwhile Turkey invested \$261.4 million in Azerbaijan's economy during the same time period (Azerbaijan doubles its investments, 2024).

Turkey is widely recognized as one of Azerbaijan's most important trading partners. Statistics show that as of February 2024, Turkey's exports to Azerbaijan grew to \$192.61 million. However, despite such great results, with the average export for the 2014-2024 timeline anticipated at \$158.12 million, it has achieved its all-time high of \$309.19 million in December 2023 (Turkey Exports to Azerbaijan, 2024).

As of Azerbaijanian export to Turkey in 2023, it is estimated at \$5.36 billion with petroleum gas and crude petroleum being the main exported products (Azerbaijan Exports to Turkey, 2023).

Therefore, considering the above-mentioned information, it can be concluded that South Caucasus region is one of the most prioritized directions in Turkish foreign policy. Starting with the ideological component, it should be mentioned that South Caucasus serves as a necessary and integral part of Turkish ambitions to become a regional hegemon along with increasing its importance not only for Asian countries, but for Europe as well. Serving as a bridge between both parts of Eurasia, Ankara is trying to capitalize on its geographic location and to base on it its ideology.

As it was already said, in the context of Turkish regional interests, South Caucasus is considered as a gateway to Central Asian states for Ankara which makes it a valuable asset. In a rapidly changing political climate Turkey is trying its best to strengthen its positions on international arena. That is why Ankara is striving to come up with its own unique path by implementing such ideologies like Eurasianism or Turanism in its policy. In this regard, Turkish authorities are trying to kill two birds

with one stone: to create its own zone of influence and to occupy a leading role in a Muslim world, which would counter Iranian religious impact. The OTS is considered not only as an international organization that would enhance multifaceted cooperation between Turkic states, but also as a strong political message. In this regard, the first steps that Turkey made in its direction towards dominancy in the region and in the Turkic world, were steps towards close and comprehensive partnership with Baku, which proved to be quite fruitful.

Ideological foundations, in turn, have paved the way for deep economic cooperation between two countries. Yet again, due to its geographic location Turkey did everything to become a major energy and trade hub, especially in the light of recent events in the world. Such position would strengthen Turkey's economic relevance on the global market and would supply the country with all necessary resources. In this regard, strong presence in the South Caucasus region grants Turkey an access to Caspian region and connects Ankara with Beijing through trade routes.

But Turkey's position in the given region is far from perfect. Ankara is still facing major obstacles on its way to the desired result for many reasons. Inability to reconcile with Armenia and to establish diplomatic ties along with the stable trade relations makes it hard for Turkey to gain full control and favorable environment in the region. Moreover, challenges on the way to realize the Zangezur Corridor project prevents Turkey from establishing direct connection with Azerbaijan through Nakhichevan. Additionally, strong presence of Russia and Iran significantly complicates realization of all Ankara's ambitions, along with the devaluation of Turkish currency and devastating earthquake.

CHAPTER 3. RELATIONS WITH SOUTH CAUCASUS COUNTRIES IN THE FRAMEWORK OF IRANIAN FOREIGN POLICY

Islamic Republic of Iran (IRI) – is a country with great history and unique past. Iran, which was also known as Persia long time ago, is considered as one of the oldest civilizations that went through its own ups and downs to become the country it is today. After the Islamic Revolution back in 1979, the country went through massive changes that significantly shaped its relations with the rest of the world, defined its subsequent development path and helped to find its place in the system of international relations.

As a state with great ambitions and daunting challenges that has its own worldview, IRI has many reasons to be more involvement in the affairs of its neighbors. And South Caucasus countries are not an exception.

After 1979 events, religion has started to play a defining role in foreign and domestic affairs of the country. Such dramatic shift to theocracy has aggravated relations with other countries primarily because of Tehran's intentions to export the Islamic Revolution, for which Iran is often accused of revisionist activities, especially after 2011 events. However, despite the active defense and promotion of Islamic values, as well as the promotion of an ideology that has been negatively assessed by other countries, Iran's policy cannot be called irrational and the authorities cannot be accused of excessive fanaticism. On the contrary, most often scholars assess Iran's approach to solving problems as “pragmatic”, both in political and economic life of the country. Iran adheres to the same approach with regard to the South Caucasus. This region is important to Tehran not only for its security, but also for its economic potential, especially in the face of sanctions. Of course, Tehran has its own interests in the region, which are at odds with significant players such as Turkey, the US and, of course, Israel. But as of today, giving the active involvement and rapprochement of Turkey with Azerbaijan, one can see the balance of power in favor of Ankara-Baku

axis. And that is why the multifaceted and complex nature of Iranian policy in South Caucasus should be studied thoroughly.

3.1 Iranian pragmatic approach to regional's security issues

Back in 2015, American author and journalist of Iranian origin, Iran Davar Ardalan coined a term “The Persian Square” which defined main parameters of Iran’s functioning as a geopolitical actor. This term encompasses within itself four next principles:

1. Shiism. Iran is considered to be a leader in a Shia Muslim World. By professing Shia Islam, Iran has managed to preserve its civilization and identity, showing resistance not only after the Muslim conquest of Persia, but also in the era of colonialism. As of today, Teheran is frequently basing its foreign policy on the concept of the spread of Shiism and the protection of all Shiites throughout the world, with the goal of popularizing Shiite Islam outside of Iran. Moreover, under the banner of Shiism, Iran creates militias and implements policies consistent with its faith, including in the South Caucasus.

2. Aryanism. It is believed that Iranian people are direct descendants of the Aryan people and even the direct translation of the name of the country “Iran” means “land of the Aryans”. Even though this concept was sidelined in favor of the Islamic identity, even today Aryanism remains a term that describes the connection of Iranian people with their origins, referring to their cultural and linguistic heritage, simultaneously linking Iranian society with Zoroastrianism – a state religion in Persia before the Muslim conquest. Therefore, Aryanism greatly contributes to national identity of Iranian people.

3. Communications. There is a clear economic aspect of Iran's geopolitical role and significance over the millennia: it is a transit country. Since ancient times, Iran has connected the Far and Middle East of Eurasia, as well as Asian and European parts of it through trade routes on its territory. Even today, Iran is involved in various economic

projects and remains a crucial point in many trade routes despite heavy sanctions.

4. Energy resources. In this regard, Iran was always famous for being rich with gas and oil. Such advantage not only makes Iran a favorable trade partner, but also provides Tehran with opportunity to cover most of its energy needs independently, especially in the face of severe economic pressure. It is necessary to mention, that after the events of 1979, Iran's oil and gas industries are under complete state control (Ardalan, 2015).

In this regard, it is appropriate to mention the concept of "the Greater Iran" which is also largely known as *Iranzamin*. Today, the term is used to refer to territories that were previously under significant Iranian influence, including the South Caucasus region. Therefore, considering impressive cultural and linguistic impact of Iran on its former territories, *Iranzamin* is frequently perceived as a legitimate sphere of Tehran's interests which is awakening the urge for more dominant position in the region.

In its foreign policy, the IRI has no claims to territories that are part of the South Caucasus countries. Despite the promoted ideology and Tehran's restless activities in the Middle East, which are aimed at expanding its influence, no obvious tendencies to export the Islamic revolution to the countries of the South Caucasus through hard means have been noticed. Rather, due to the strong US presence and the hostile regime of Saddam Hussein in neighboring Iraq, Tehran viewed the South Caucasus as a buffer zone that should not only provide security from external threats, but is also a link to the rest of the world and economic benefits.

Although the presence of Russia and Turkey in the given region is more prominent, Iran remains an important player in the South Caucasus to this day. Despite the difficulties Iran has faced and despite having Christian Georgia and Armenia in its sphere of influence, which have managed to preserve their identity through religion, the biggest challenge for Iran since the early 20th century has been Azerbaijan. Due to the almost complete lack of communication between Northern Azerbaijan, which was part of the USSR, and Southern Azerbaijan, which is part of Iran, ideas of reuniting one nation and then creating a single state began to resonate among the citizens of Northern Azerbaijan. Thus, after the collapse of the USSR, despite the political vacuum

created, Iran's position was ambiguous. On the one hand, the collapse of the Soviet Union allowed Tehran to include the newly independent state of Azerbaijan in its sphere of influence. However, such an idea was not successful due to the Iranian authorities' fear of the influence that Baku could exert on Iranian Azerbaijanis. Subsequently, Tehran began to accuse Baku of irredentism and secularism, while Azerbaijan accused Iran of nurturing and supporting Shiite militant groups and interfering in the internal affairs of other countries.

Subsequently, both sides have shown a willingness to put their fears and suspicions to the background in order to improve their economic position. The idea of linking Southern and Northern Azerbaijan through trade routes and supply chains was attractive not only because of the mutual financial benefits, but also because of the possibility of pushing aside the problems of separatism and irredentism in the region. However, the rapid and profound deepening of ties between Ankara and Baku, especially with Azerbaijan winning in the Second Nagorno-Karabakh War, resulted in the emergence of new concerns on the part of Iran, which, contrary to the claims regarding its foreign policy in the Middle East, does not demonstrate a tendency towards revisionist activity in the South Caucasus, but rather, on the contrary, is trying to maintain the current regional order and the status quo by forming a Moscow-Tehran-Yerevan axis as a counterbalance to the Ankara-Baku alliance (Mankoff, 2022).

It is also necessary to delve into the specifics regarding the Azeri minority in Iran. According to statistics, today there are more than 25 million ethnic Azerbaijanis living in Iran, a significant part of which makes up the majority of the inhabitants of Southern Azerbaijan. Even long before the events of 2020, Iran's largest minority was divided between supporters of the Iranian authorities and those who were more inclined towards Turkey and independent Azerbaijan. Thus, despite the fact that the vast majority of Azerbaijanis in Iran profess Shia Islam, instead of religion, representatives of the minority began to rely more on ethno-nationalism in the process of searching for their identity. Additionally, the president of Azerbaijan, Abulfaz Elchibey, Heydar Aliiev's predecessor, has happened to be a Turkish nationalist who was speaking in favor of Turkic unity along with predicting the collapse of IRI with the consequential

unification of Southern and Northern Azerbaijan. Thus, among Iranian Azerbaijanis, there are those who are wary and negative about close cooperation between Azerbaijan and Israel, as well as about the rapprochement between Baku and Ankara due to the fact that Turkey is a secular country with citizens predominantly professing Sunni Islam, and is also a member of NATO, and those who, on the contrary, speak in favor of such an alliance. With the triumph of Azerbaijan and the consequential strengthening of both states' ties and positions in the region, Iran felt even more threatened and concerned for its territorial integrity as the separatist movements have become more frequent in the light of Baku's victory and territorial gains. Therefore, for obvious reasons, strong and multifaceted cooperation between Baku and Ankara is posing a tangible threat to Iranian security, by fueling Pan-Turkism sentiments and focusing more on their shared ethnicity. But even though such activity contributes to the maintenance of ethno-nationalistic inclinations in South Azerbaijan, neither Baku, nor Ankara made any actual and serious steps towards undermining Iran's territorial sovereignty (Ahmad, 2022).

As it was mentioned before, any religious power Iran may hold over Azerbaijani society, Tehran uses it as a counterbalance to ethno-nationalistic rhetoric. Even though Azerbaijan is a secular country, Iran still can use religion as its greatest soft power tool. And the first way to translate the influence is Fatwa. Despite it being not a legally binding document, religious people are following instructions written in them nonetheless, especially those who confess Shia Islam and usually turn to Iranian clergy for guidance and answers to their questions. Another way is the Islamist Party of Azerbaijan (IPA). Strongly motivated by Iran, IPA advocated for the establishment of the Islamic state, close ties with Tehran and for the rejection of Pan-Turkism ideas. Despite being banned, the given organization has proceeded with its anti-governmental activity. In 2015, Muslim Unity Movement (MUM) with the Shia cleric as its leader was successfully promoting its ideas and attracting people through social media. It was later banned and labeled as an extremist organization that was receiving significant financial support from Iran. Those imprisoned for its participation in this organization were portrayed as victims in Iranian media. Such phenomena led to the complete

prohibition of Islamic party or organizations in the country. Moreover, for many years Iran was the main distributor of religious literature to Azerbaijan. Easy access and wide dissemination of this material led to the fact that most Azerbaijani citizens cognized religion and educated themselves specifically with Iranian literature. Additionally, another way of spreading its influence is Iranian TV channels that are available in Azerbaijan, but are also infamous for their anti-governmental rhetoric and special attention towards religion. As a result, religion is still considered as a main way for Iran to shape the mindset of Azerbaijani people that is also puts Azerbaijani authorities into a difficult situation. Baku is unable to establish an independent Shia clergy because of the big chance of it becoming strongly influenced by Iranian clergy, since it's an absolute leader in a Shia Muslim realm. But at the same time, distrust for the state clergy and the absence of one powerful religious authority at home forces people to proceed seeking guidance from Iranian theologians (Valiyev, 2017).

Another important factor that Iran is feeling threatened with is close cooperation between Azerbaijan and Israel. Right after the dissolution of the USSR, Azerbaijan was one of the first newly independent states which recognized Israel. After that, Israel showed its support of Baku in the First Nagorno-Karabakh War and helped to develop economic sector. Such partnership was crucial for Israel, since it was the non-Arab and non-Islamic state rich with energy resources. After Baku's defeat in Karabakh, Israel started to help in development of its military capabilities and quickly became Azerbaijan's second arms supplier after Turkey which helped Baku to win in the Second Nagorno-Karabakh War. Furthermore, as of 2020, the trade volume between the two states was estimated at \$200 million, demonstrating close cooperation in not only military, but also economic field (Klaleche, 2023).

But such atypical alliance exists also because of the common threat in the face of Iran. Right after the Islamic Revolution in 1979, Iran became the main enemy to Israel, perceiving it as a Washington's satellite in a region. Such hostile rhetoric united Tel Aviv and Baku in their desire to counter any potential threat emanating from Tehran, including its export of the Islamic Revolution. Additionally, a rapprochement between Azerbaijan and Israel could contribute to the normalization of relations

between Israel and Turkey, which would aggravate Iran's position in the region. However, after a new round of escalation in October 2023, rapprochement between Ankara and Tel Aviv became impossible. Nevertheless, given the unstable situation in the region, as well as the exchange of attacks between Israel and Iran, Baku and Tel Aviv have rallied together, especially in light of Tehran's stated determination to invent its own nuclear weapons if necessary. Although Israel has long been suspected of possessing nuclear weapons, its small size makes it extremely vulnerable, so a partnership with Azerbaijan as a country bordering Iran could serve as a defense. For Iran, however, such cooperation between Israel and a neighboring country is a direct threat, with Israeli military equipment and military personnel likely to be close to the Iranian border as well as in the neighboring country's airspace. With Azerbaijan's victory in 2020, Azerbaijan has deepened its relations with Israel and even opened its embassy in Tel Aviv. This dynamic forces Iran not only to be attentive to the close military cooperation between Baku and Tel Aviv, but also to seek alternative alliances to improve its position (Miholjcic-Ivkovic, 2023).

For Iran, Armenia is the only northern neighbor with whom Tehran has no problems or territorial claims. For Yerevan, which is territorially isolated by Turkey and Azerbaijan, Iran and Georgia are the only countries that provide a link to the outside world. However, due to the conflict between Georgia and Russia, Iran is a more reliable partner in this matter. Tehran, in turn, builds its relations with Yerevan on the basis of pragmatism with the intention of countering the strengthening of the Baku-Ankara axis in the region.

The events of 2020 and 2023 have shown that despite Armenia being a member of the CSTO, neither this nor the status quo guarantees from Russia have been effective. Azerbaijan's landslide victory sparked unrest from Tehran, which said it would not support even the slightest change on the Armenian-Iranian border under any circumstances. In this context, the concerns are raising over the previously mentioned Zangezur corridor, which will significantly change the balance of power in the region. Thus, Iran's regional policy is aimed at maintaining the status quo. For Armenia, whose security policy, after the freezing of its membership in the CSTO, is based mainly on

independence and reliance on its own forces, rapprochement with Iran is the only way out. In turn, Tehran sees its cooperation with Yerevan not only as a necessity dictated by tense relations with Ankara and Baku, but also as an opportunity to fill the political vacuum created by Armenia's deteriorating relations with Russia and to strengthen its influence in the South Caucasus, given Tehran's ambitions. It is also necessary to add that one of Iran's main goals is to create a regional order without interference and influence from Western countries. The realization of this goal is possible with the normalization of relations between Tehran and Baku, as well as with stable cooperation and trusting relations with Ankara and Moscow. Thus, in order to create a safe political climate for itself, Iran must proceed from considerations of pragmatism and maintain a fragile balance in relations between all regional actors (Roubanis, 2024).

It is also necessary to mention that the soft power Iran pursues in Armenian is nothing like the soft power policy Tehran is trying to implement in Azerbaijan. Christian Armenia and the Islamic Republic of Iran clearly demonstrate the possibility of peaceful and even productive coexistence within the framework of their cooperation in many areas. For a long time, the Armenian diaspora of significant size has lived in Iran. Although the Armenian diaspora is perceived as a religious, rather than an ethnic minority, representatives of the diaspora enjoy freedom of religion and also have churches for regular attendance in Iran. Moreover, the Armenian diaspora has a guarantee of representation in the parliament. In Armenia, in turn, the number of Muslims is quite low and makes up less than one percent of the total population. Thus, there is simply no population in Armenia on which Iran could extend its religious influence. Therefore, Iran's soft power is based on cultural exchange and diplomacy in order to instill in Armenians a positive vision of Iran, as well as to establish a dialogue between the two peoples based on mutual respect for each other's religions and cultures (Mkrtchyan, 2017).

In May 2024 The world was shocked by the sudden death of Iranian President Ibrahim Raisi. The helicopter carrying Raisi crashed in the mountains of northwestern Iran due to foggy weather. In July, the people of Iran elected a new president, Masoud Pezeshkian. For many, the victory of this particular candidate in the election race was

a surprise. A moderate reformist and ethnic Azerbaijani (just like the current Rahbar of Iran, Ali Khamenei) managed to overtake more conservative political figures, which gave rise to predictions by political scientists and scholars about the future foreign policy course of the state. Of course, the victory of such a candidate inspires optimism regarding the future of Iranian-Azerbaijani relations. Of course, the victory of such a candidate inspires optimism regarding the future of Iranian-Azerbaijani relations. The newly elected president, who not only openly talks about his ethnic origin, but also declares his readiness to normalize relations not only with the countries of the South Caucasus, but also with extra regional actors, certainly inspires some hope for a more peaceful and stable atmosphere in the region. However, as mentioned above, Iran's regional policy must maintain a delicate balance, in which improving relations with one country will not mean worsening relations with another. Despite the fact that the partnership between Yerevan and Tehran still remains strategically important for both sides, Pezeshkian's rhetoric regarding Iranian-Azerbaijani relations has raised some concerns in Armenia. However, it is worth noting that an attempt to normalize relations and settle disputes between Baku and Tehran occurred during the reign of Raisi, who met with Ilham Aliyev on the day of his death. Thus, it can be stated that the rise to power of the moderate reformist Pezeshkian is unlikely to signal cardinal changes in Iran's foreign policy, especially in the South Caucasus. The current president of Iran has continued the rhetoric of his predecessor regarding Israel and will most likely remain loyal to the existing foreign policy of his state (Vasadze, 2024).

A clear confirmation of this statement can be seen in the recent surge in tensions between Tehran and Baku. Following the Israeli media's announcement that the Israeli military leadership had initiated the withdrawal of its military contingent from Azerbaijani territory, Tehran declared its readiness to strike secret Israeli military bases that were allegedly located on Azerbaijani territory. Such rhetoric on the part of Iran raised questions about whether Iran actually has its own military bases abroad and whether Tehran is truly ready to strike Azerbaijani territory. Despite the fact that there is no irrefutable evidence of Israeli military bases in Azerbaijan, Tel Aviv has failed to confirm or deny rumors of its military presence on Azerbaijani territory. Azerbaijan,

in turn, has denied these rumors and called them a provocation aimed at drawing Baku into the conflict between Iran and Israel, as well as into the looming war in the Middle East (Are there Israeli military forces, 2024).

Although Iran has officially recognized Karabakh as part of Azerbaijan, this statement rather signals that Tehran prefers to objectively assess new realities and act within the framework of geopolitical changes, rather than agreeing with and encouraging such changes. Given the fact that the pre-2020 status quo was beneficial for Iran, the recent major changes in the Karabakh conflict indicate that Tehran and Yerevan will reach a new level of cooperation.

In 2024, Iranian media reported that Iran and Armenia had signed a secret \$500 million military deal. The deal would not only involve Iran transferring its weapons to Armenia, but also joint training and intelligence cooperation. Although Armenian authorities refuted the information, such a partnership seems highly likely. After the defeat in the Second Karabakh War, despite the attempts of other actors to resolve the conflict and start a new chapter in the life of the region, Armenia began to actively rearm. Today, the largest suppliers of weapons for Yerevan are India and France. Such cooperation of Armenia with a European country does not bother Iran because the active arming of Armenia with weapons is in the interests of Tehran within the framework of their strategic alliance. In the case of Delhi, such cooperation is also beneficial for Iran because all logistics chains and deliveries of weapons from India to Armenia are carried out through Iran. Thus, Iran acts as a transit country. Moreover, for Iran, Armenia serves as a hub for weapon smuggling (Ahmadzada, 2024).

Therefore, despite the proclaimed readiness to normalize relations with other states through dialogue and peaceful means, Iran remains a country that favors pragmatic approach over everything, especially when it comes to its security issues. Considering the current political climate in Middle East and in South Caucasus, Tehran remains cautious about Azerbaijan and committed to its agreements with Armenia.

3.2 Tehran's economic ambitions and initiatives

For almost its entire existence, Iran has been an important link between Europe and Asia and acted as a transit country. Today, despite the fact that Iran is under severe sanctions, and Turkey and Azerbaijan are trying to exclude Iran from the logistical chains that connect these two countries, thereby reducing dependence on Tehran and isolating it from important economic processes in the region, Iran still remains an important element in many economic projects.

According to statistics, Iran is the third largest gas producer. That is why, in light of the deterioration of relations between Russia and Armenia, Yerevan turned to Iran in order to reduce its energy dependence on Moscow. In August 2023, both sides extended a mutually beneficial agreement that stipulated that in exchange for supplying its electricity to Iran, Armenia would receive Iranian gas until 2030. Thus, it is assumed that Iran will increase its gas exports to Yerevan and will receive approximately 3-4 times more electricity than when Yerevan was still dependent on Moscow's energy. Tehran will supply its gas through the only gas pipeline that connects both countries: Iran-Armenia Gas Pipeline.

Thus, despite the close cooperation and tactical alliance with Moscow, the coldness in relations between Russia and Armenia increases the importance of Iran as a gas supplier in the region and strengthens the mutually beneficial relations between Yerevan and Tehran (Shahverdyan, 2023).

In 2022, within the framework of the trilateral agreement between Iran, Azerbaijan and Turkmenistan, the participants decided to increase the volume of gas supplied to each other. This decision was caused by the EU's ambition in expanding its purchases of Azerbaijani gas and in supplying Turkmen gas through the South Caucasus. This interest was caused by the sanctions that the EU imposed on the Russian Federation. This turn of events also indirectly improved the economic situation of Iran and increased its importance as a gas hub. As the volume of Azerbaijani gas imported to the EU countries has increased, Tehran has committed to completing repairs to expand the Rasht-Chelavand gas pipeline, which is still under construction.

This will allow Iran to supply Azerbaijan with the necessary amount of gas to meet Baku's domestic needs (O'Byrne, 2023).

Moreover, Iran is becoming part of another upcoming cooperation between Armenia and India. As mentioned earlier, Yerevan began its active cooperation with Delhi with arms supplies after the results of the Second Karabakh War. However, the partnership between the two countries did not end there. Considering that Armenia is not part of trade routes and any other major economic projects in the region, it is forced to lay its own logical chains. The route option proposed by Armenia is beneficial for many parties. For Armenia, this is an opportunity to strengthen its geo-economic position by becoming an important transit hub, as well as gain access to the markets of India and the countries of Southeast Asia. For India and the Gulf countries, this route allows them to transport their goods not through the Red Sea, which is currently unsafe to transport, but by land through Iran, Armenia and Georgia, with subsequent access to the Black Sea, from where the goods will be sent to Russia and the EU countries. Moreover, this trade route is cheaper and takes less time. Iran, as an integral part of this chain, is also interested in the trade route that connects the Black Sea and the Persian Gulf. Tehran's main advantage in this matter is the port of Chabahar, a Free Trade Zone located in the southeast of Iran on the shores of the Gulf of Oman. For India, this port is one of the most important links not only because it is the closest access point to the Indian Ocean, but also because the use of this port will allow Delhi to transport its goods bypassing Pakistan (Transportation: Armenia is targeting Iran and India, 2024).

Another economic project in which Tehran is involved is the International North South Transport Corridor (INSTC). This corridor got its name due to its length, which allows cargo to be transported from South Asia to Northern Europe faster and cheaper than through the Suez Canal. The construction of such a route was discussed back in 2000 between Iran, Russia and India, but the exploitation of this transport route began in full only after the war in Ukraine began. Azerbaijan also signed up to participate in this project. Thus, if after the re-imposition of sanctions on Iran in 2019, India was cautious in using the route that ran through Iran, after the sanctions imposed on Russia

in 2022, trade turnover through the INSTC between Moscow and Delhi has increased significantly, which has increased not only its relevance but also increased the geo-economic importance of the South Caucasus. Within the framework of this project, both Iran and Azerbaijan are implementing their functions as a transit country. Moreover, the participation in this initiative facilitates to the diversification of the both countries' economy by developing non-oil and non-gas sectors. Although the project is actively developing two key Iranian ports, Bandar Abbas and Bandar Anzali, until recently the main drawback of this route was the lack of an appropriate rail connection between Iran and Azerbaijan (Krishnakutty, 2024).

Back in 2010, Baku and Tehran agreed to build the Qazvin-Rasht-Astara railway, which would fill the missing part of the INSTC. According to the project, the main part of the railway will run through Iran and will start in the Iranian city of Qazvin, pass through Rasht and, crossing the Iranian-Azerbaijani border, end its route in the Azerbaijani city of Astara. The starting point for the revival of the North-South project is considered to be the trilateral meeting between the presidents of Russia, Iran and Azerbaijan, which took place in 2016 and was dedicated to economic cooperation between these states within the framework of the transport corridor. As of today, the railway is almost commissioned. The only section that should be completed by 2025 is the Rasht-Astara section (Zabanova, 2017).

Thus, despite the tense relations between the two sides, a scenario of deteriorating relations with subsequent border closures would not only deprive both sides of significant economic benefits, but also make the further functioning of the entire corridor impossible.

However, the relationship between Baku and Tehran is a complex and multi-layered phenomenon, so cooperation within one corridor is taking place in parallel with disputes over the implementation of a second one. In this regard, it is necessary to bring up the previously mentioned Zangezur Corridor, which Baku is seeking to implement as an important part of the Middle Corridor. Iran fears not only that the creation of this corridor could lead to a change in borders and a violation of the status quo in the region, but also that it will greatly fuel the pan-Turkic sentiments and

ambitions of Baku and Ankara. However, in addition to this, it is important to mention the economic component of this problem.

As already mentioned, if the Zangezur Corridor were to be implemented, it would become part of the Middle Corridor, which connects Asia and Europe bypassing Iran. Western countries advocate for the active exploitation of this corridor not only because it is short but also because of the sanctions imposed on Iran. In addition, without a direct connection to Nakhichevan, Azerbaijan is heavily dependent on Iran, using its territory to reach its exclave. The implementation of such a project will further isolate Tehran from trade routes and economic initiatives in the South Caucasus (Koolae, Rashidi, 2024).

But, as of lately, within the framework of the peace agreement being developed between Armenia and Azerbaijan, both sides agreed to postpone the discussion of the Zangezur Corridor to the next stage of negotiations. However, Baku stated that the willingness to postpone the issue of constructing the corridor demonstrates Azerbaijan's desire to achieve peace between the countries, but not its readiness to close the issue of the Zangezur Corridor forever. Today, unification with its exclave is Azerbaijan's main priority in the South Caucasus. The proposal to transfer the corridor to the control of international forces has not found support in either Russia or Iran, who are trying in every way to prevent Western influence in the region. Thus, the Zangezur corridor is a problematic topic on which the parties cannot reach the necessary consensus. However, to date, the countries have agreed not to focus their attention on it and not to put it on the agenda until the more favorable political climate in the region is created (If borders were restored, 2024).

In turn, Tehran, realizing the need to implement such a project for Baku, came up with an initiative to build an alternative corridor. Following the end of the Second Karabakh War, the parties to the conflict signed a treaty that discussed the need to unblock all trade and transport routes. Subsequently, due to the strain in relations between Iran and Azerbaijan, as well as prolonged tensions on the Armenian-Azerbaijani border, the implementation of this part of the agreement turned out to be impossible. This continued until 2023, when Nagorno-Karabakh came under the full

control of Azerbaijan. Then, Tehran and Baku agreed on the need to build a transport corridor that would connect Azerbaijan with its exclave. Thus, in October 2023, both parties agreed to build the Aras Corridor, which would connect Nakhichevan and the rest of Azerbaijan and would pass entirely through the territory of Iran. Tehran perceived such a project as an alternative to the Zangezur Corridor, which would help to exclude its construction from the agenda, as well as relieve Iran of concerns about the status quo of the Armenian-Iranian border and the influence of Ankara and Baku. Moreover, in this way Tehran becomes included in another trade route of the South Caucasus region.

However, if a peace agreement is signed between Baku, Ankara and Yerevan with the subsequent unblocking of all borders, the Aras Corridor may lose its relevance, and the issue of laying the Zangezur Corridor will be on the agenda again. Despite the fact that the Aras Corridor project has found a response from the Azerbaijani corridor, Baku does not abandon its original plans and considers the corridor proposed by Iran as a temporary or backup project. At the moment, the part of the Zangezur Corridor passing through the territory of Azerbaijan is under construction, and the completion of the rest of the route is expected no earlier than 2028. Baku and Ankara express hope that during this time they will be able to sign a peace agreement with Yerevan and persuade Armenia to implement the Zangezur Corridor project for the subsequent operation of two corridors simultaneously (Kaleji, 2024).

In the same month, Armenian Prime Minister Nikol Pashinyan proposed his project called the “Crossroads of Peace” which would grant Baku free access to Nakhichevan, enhance free connection and stable transit process between Turkey, Iran, Armenia and Azerbaijan and transform Armenia into a regional trade hub. Despite the fact that such project has caused criticism and discontent within the country, such initiative, in addition to the Aras corridor, is aimed at finally closing the issue of the Zangezur Corridor and is based on four main principles. These principles are:

1. All infrastructure that facilitates to the communication of four states will operate under jurisdiction of the country it is located in, in order to ensure control of all states over their territory and trade routes;

2. All participants to the project will have an equal access to the necessary infrastructure and will have an ability to use it for not only international, but also domestic purposes:

3. Each state will be responsible for the custom service and border control process of the shipped cargo;

4. The project is aimed at diversification of regional trade routes with Armenia and Azerbaijan gaining more access to sea.

But, due to the certain flaws of the project, the future of the “Crossroads of Peace” initiative is uncertain. Azerbaijani authorities perceived it as an attempt to avoid fulfillment of obligations regarding the unlock of all regional transportation system by Yerevan, did not support the project and called it “utopia”. Additionally, the proposed initiative lacked a detailed plan and appropriate attention to crucial specifics, necessary for the successful implementation of such plan. For example, the most developed regional routes mainly connect Turkey and Azerbaijan, which can be explained not only with the newly constructed infrastructure, but also with the Soviet legacy. But, simultaneously, the connection between Iran, Armenia and Georgia is underdeveloped. With such an important link missing, Baku expressed its concern over the seriousness of this project, assuming that Yerevan is using this initiative as a façade.

Therefore, considering the current political climate, although the Zangezur Corridor issue is not on the agenda, Baku's rhetoric and actions prove that despite the many different projects proposed by other countries in the region, Azerbaijan does not intend to abandon its main plan to implement a direct connection with its exclave, which is a ticking bomb in Iranian-Azerbaijani relations (Unpacking the Crossroads, 2024).

In this regard, it is necessary to mention the Aras Free Trade-Industrial Zone (AFZ). Implemented in 2005, AFZ is located in Iran near borders with Azerbaijan, Armenia and Nakhichevan and aimed at boosting regional trade.

In 2023, the value of exports from this zone increased by 30% and was estimated at \$148 million. Mostly, goods from this zone are sent to Russia, Turkey, South Caucasus countries, as well as to the countries of the Caspian region. Considering not

only the importance of the AFZ in strengthening trade relations with the South Caucasus countries, but also its significant contribution to Iran's economy, which enhances the development of non-oil sectors, the Iranian government has announced its intention to implement 10 strategies aiming at increasing trade turnover through the AFZ. The main provisions of the strategies are aimed at exploiting the full potential that Iran has as a member of organizations such as BRICS SCO and ECO, as well as re-exporting goods from other free trade zones and attracting more investments (Export from Aras Free Zone,2024).

Despite the fact that the South Caucasus is not a priority in China's foreign policy, the region plays an important role in Chinese economic projects, in particular, the importance of the South Caucasus cannot be overestimated within the framework of the OBOR initiative. In the framework of this project, the interests of Tehran and Beijing are closely intertwined. In return for oil supplies, China invests capital in the development of Iranian infrastructure and transport. Given China's economic power, such an active presence of Beijing in the region, on the one hand, increases its own influence and, on the other hand, allows Iran to realize itself as a transit country, as it was in the days of the Silk Road.

In this context, Iran, as an important part of this project, is not only a “bridge” that will connect Europe and Asia, but also a country that will provide access to other economic unions and transport routes. In this matter, it is appropriate to emphasize Iranian-Azerbaijani economic cooperation. Given the blocked Armenian-Azerbaijani border, Iran is the only country that provides access to Armenia. Armenia, in turn, is the only member of the Eurasian Economic Union in the region, as well as a potential hub in the previously mentioned project linking the Persian Gulf and the Black Sea that goes through Iranian territory as well.

Despite the fact that the OBOR is now more relevant than ever and allows Iran not only to gain economic benefits and a place in such an important and large-scale transport chain, but also to strengthen its trade relations with Armenia, this project has its obstacles and disadvantages. Given the turbulent political situation in the region and the underdeveloped infrastructure that complicates Iran-Armenia connectivity to the

extent required by the OBOR, the full implementation of this project will require a lot of time and funding (Margaryan, Grigoryan, Minassian, 2022).

Transport Corridor Europe-Caucasus-Asia (TRACECA) is another transport project involving Iran. TRACECA was originally established in 1993 with the aim of strengthening trade between the EU countries and the post-Soviet republics, while at the same time providing connections between Europe and Asia by land and sea. Iran became a member of the program in 2009 and due to its geographical location forms an important part of this trade chain. Iran's advantage lies in its proximity to Central Asia, the Caucasus and the Middle East, which allows it to diversify its trade routes, reduce its economic isolation and expand its market for goods that are not subject to sanctions, including countries of the European Union.

As of lately, considering the beneficial political environment, Iran is determined to strengthen its role of a transit hub and its involvement in another economic project. As a result, in 2024 Iran expressed its willingness to host the next TRACECA meeting that is scheduled for February 2025. Considering the fact that both Azerbaijan and Armenia are also parties to this program, it can be stated that Tehran is looking for the ways to deepen its economic ties with Baku and Yerevan along with using any opportunity to make itself an integral part of any regional trade route or economic initiative (Iran ready to host, 2024).

In the context of the recently held BRICS summit in Kazan, it would be appropriate to touch upon the importance and prospects of this project in the context of the South Caucasus. As is well known, Iran became an official member of BRICS in 2023 and, given the organization's unofficial aim to counter Western economic domination, has applied for membership in order to escape economic isolation during sanctions and strengthen its position in the region by joining the promising economic alliance. Azerbaijan has applied to join BRICS in 2024. It is noteworthy that, unlike Tehran, Baku does not see this organization as an alternative to the West and seeks to develop relations with both BRICS members and countries of the Western world.

As a country that is an important link in both maritime and land logistics chains, Baku is primarily focused on building up its trade potential with BRICS member

countries. Joining this economic organization will contribute to the development of transport infrastructure, as well as deepen cooperation with countries that are also BRICS members and are involved in such projects as TRACECA, INSTC and OBOR. Moreover, upon joining BRICS, Azerbaijan also expects to join the system of preferential customs tariffs, which is being discussed among the participants within the framework of this economic organization, to sign free trade agreements with other major economies of the world (Azerbaijan signed its FTA with Russia back in 1994) and to attract additional investments.

Of course, a solid political base is necessary for successful economic cooperation. Given that BRICS is based on the principles of non-interference in the internal affairs of member countries and serves as a platform for peaceful settlement of disputes through diplomatic efforts, Azerbaijan and Iran, with Azerbaijan's accession to BRICS, can follow the example of India and China and prioritize common economic benefit, thereby contributing to a more favorable political climate both in the region and in Iranian-Azerbaijani relations. Since, at the moment, the accession of Turkey and Armenia to BRICS is unlikely, Azerbaijan is the only country in the region with which the development of trade relations will be possible for Iran within the framework of this economic organization (Guliyev, 2024).

Thus, taking into account all the above information, it can be stated that Iran's policy towards the South Caucasus is based on two main principles: ensuring its national security and satisfying its economic needs. It is important to note that the South Caucasus region is one of the main areas of Iran's efforts to maintain the status quo. Given the protracted conflict in Nagorno-Karabakh and the dubious prospects for a peace agreement between Baku and Yerevan, Tehran is not only trying to ensure peace and stability, but also to maintain a delicate balance in relations with both sides of the conflict. Another area that is closely related to Iran's national security is preventing the active presence and influence of Western countries in the South Caucasus. In addition to Iran's participation in the 3+3 initiative, which is aimed at hindering Western activity in the region, Tehran is concerned about the rapidly developing relations between Baku and Tel Aviv, especially their close cooperation in

the field of defense. Irredentist sentiments within Iran itself also require close attention. Given the impressive number of ethnic Azerbaijanis living primarily in the north of the country near the Iranian-Azerbaijani border, pan-Turkish tendencies in the region directly affect stability within Iran itself.

Despite the tense relations with Azerbaijan, Iran, based on pragmatic considerations, is trying to develop its economic relations and develop trade ties with all countries in the region. Given the geo-economic location of both countries, both Baku and Tehran are interested in close cooperation with each other. Thus, despite the conflict of interests in many issues, Iran actively participates in regional economic projects on an equal basis with Azerbaijan. However, Yerevan is a more reliable partner in the region for Tehran than Baku. Efforts aimed at economic cooperation between the two countries are based on their common interests in security issues, dictated by the active rapprochement between Turkey and Azerbaijan, with the subsequent victory of the latter in the Second Nagorno-Karabakh War. Thus, it is obvious, that in accordance with its own interests, Tehran tries to maintain relations with both sides of the conflict, expand its economic presence in the region, and diversify its economy in order to overcome the isolation in which Iran finds itself as a result of harsh economic sanctions. However, despite the importance that the South Caucasus represents for the Iranian economy, Tehran puts its national security and sovereignty first.

CONCLUSIONS

Having conducted an in-depth analysis of Turkey's and Iran's policies towards the South Caucasus, the following conclusions can be drawn.

The Republic of Turkey, due to its diverse history and geographical location, is interested in establishing contacts with both the West and the East. Turkey's multiple ideologies and strategies indicate that Ankara is more likely to rely on multi-vector approach in its foreign policy than to favor one particular side. As mentioned above, Turkey's role as a “bridge” became more relevant after the collapse of the Soviet Union, not only in economic or cultural terms, but also in the search for new meanings for the newly formed states of the South Caucasus and Central Asia. As a long-standing and easternmost member of NATO, Turkey hoped to act as a mediator between Western civilization and the post-Soviet countries of the region, which would guarantee not only the introduction of democratic institutions, but also facilitate Western influence on the new states at a time when Russia could not pay enough attention to its southern underbelly.

However, despite their ambitions and interests, it was only the failed coup attempt in Turkey in 2016 that actively pursued them. Demonstrating its intention to redefine its position on the international stage, Ankara is moving towards a more audacious policy, which is clearly visible in Turkey's actions towards the countries of the South Caucasus. Attempting to realize its ambitions within the Turan project to create its own zone of influence, Turkey aims to strengthen its position in the South Caucasus by deepening its multifaceted cooperation with Baku, thus giving rise to pan-Turkish sentiments and gaining access to the Caspian Sea with subsequent access to other Turkic states. Not being a rich country in terms of energy resources and minerals, Turkey's economy is closely linked to oil and gas pipelines, as well as trade routes that will not only connect Europe and Asia, but also satisfy Turkey's domestic needs. Thus, in addition to deepening its cooperation from an ideological point of view, it is

necessary to understand that in this matter, the economic aspect of relations with Baku is also important for Ankara. Wanting to increase its importance both in the region and for Western partners, Turkey is maximizing its capitalization on its geographical location, strengthening ties with Azerbaijan, while implementing most of the region's economic initiatives without the participation of Iran and Armenia. Thus, given the number of other strong actors in the region, Ankara seeks to become an absolute and irreplaceable leader, while simultaneously realizing its ambitions aimed at its more significant position in the world.

At the same time, Iran is a country with a different approach and vision of the situation in the South Caucasus. Despite the fact that Turkey seeks to strengthen its position in the region and is focused on achieving its interests, Iran still perceives Turkey as an ally of the West and treats Ankara with caution and mistrust. Although Tehran and Ankara are both against strengthening the position of Western countries in the South Caucasus and cooperate with each other within the framework of the 3+3 initiative, the mutual desire to push some actors out of the region does not mean that both sides agree and have a common vision regarding other aspects of the life of the South Caucasus. The rapid rapprochement between Ankara and Baku worries Iran not only because of the strengthening of Turkey's influence on Azerbaijan, which automatically distances Baku from Tehran, but also because of the possible irredentist activity of ethnic Azerbaijanis within Iran itself due to the strengthening of pan-Turkic sentiments. In addition to the ideological and military rapprochement between the two Turkic countries, Tehran is also concerned about the economic ties that Ankara and Baku are strengthening through trade routes and economic projects. These initiatives leave Iran and Armenia isolated. And although Iran is trying in every possible way to join all sorts of economic projects that one way or another pass through the South Caucasus, the opening of the Zangezur Corridor poses a much greater threat than the loss of economic profit for Tehran. For Iran, the successful opening of the Zangezur Corridor will mean a change of status quo in the region with the subsequent land connection of Turkey and Azerbaijan bypassing Iran.

Unlike Turkey, Iran is also deeply concerned about the close ties between Baku

and Tel Aviv, perceiving Israel as its existential enemy and a source of threat to its national security. Given the complex and tense relations with Azerbaijan, as well as Baku's close cooperation with Ankara and Tel Aviv, Armenia is Iran's only and most reliable ally in the South Caucasus region meanwhile Turkey still has not established diplomatic relations with Yerevan.

In general, it can be concluded that both sides intend to reduce the political influence of Western countries, but Iran takes a more radical position on this issue. Both sides are historically transit countries and are aware of the importance of the South Caucasus, taking into account the economic aspect. However, Ankara and Tehran build their foreign policy based on absolutely polar final goals and use different approaches in their policy towards this region. While maintaining the status quo in the region, Iran bases its policy on strengthening its position among the Shiite population of the region, and is also guided by a pragmatic approach in resolving many problems and contradictions. In turn, Turkey intends to become a leader in the region with the help of the ideology of pan-Turkism and also to continue to fulfill its role as a transit country, especially in light of the sanctions imposed on Russia and Iran. Considering that Ankara is the oldest candidate for the EU and has very low chances of joining, the South Caucasus is necessary for Turkey as a link that will provide Ankara with access to the countries of Central Asia and will prepare the ground for closer cooperation with these countries within the framework of the Organization of Turkic States, where Turkey intends to play the role of absolute leader. Active support of Azerbaijan in the second Nagorno-Karabakh war, as well as lobbying for the opening of the Zangezur corridor, which will connect Azerbaijan with its enclave, thus completely contradicts Iran's statements that Tehran will not tolerate changes in the borders in the South Caucasus.

Given the many contradictions, as well as the unstable political situation today, it can be argued that opposing, and sometimes completely incompatible approaches to the region, may result not only in the impossibility of reaching a compromise, but also in a more violent format of confrontation, which will be accompanied by another round of escalation. In turn, for Ukraine, a country that is going through the uneasy times

itself, tensions in the South Caucasus may influence the further course of events. The potential war, that can affect the South Caucasus region and involvement of such actors as Russia and Iran, may seriously reshape the state of affairs for Kyiv and will determine its future depending on who will be the winner and who will lose their influence.

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Appendix 1. The map of Greater Iran



Appendix 2. Members of the Organization of Turkic States.



Appendix 3. International North–South Transport Corridor Route.

