Caspian Triangles: 
Azerbaijan's Trilateral Diplomacy—
A New Approach for a New Era

Richard Weitz

Introduction

A series of trilateral partnerships in the Caspian-Caucuses is reinventing geopolitics and unleashing economic potential in a region eager to outrun its Cold War-era shadows and escape new peripheral tensions. Azerbaijan and Turkey are working with Georgia, Iran, and Turkmenistan through targeted multilateral projects to strengthen regional security, economic and energy development, and improve diplomatic relations between Eurasian states. The trilateral format also helps deepen ties between other Caspian Basin and South Caucasus countries, promote Eurasian-European energy collaboration through these states, and balance external pressures from a newly assertive Russia. The national security of these countries is closely related to energy production as well as balancing relations with external actors.

Azerbaijan, the driving force of these partnerships, has seen the trilateral format as supplementing bilateral and other multilateral mechanisms for promoting Azerbaijan’s national security, economic development, and geopolitical independence. These relationships allow for Azerbaijan to fulfill a number of geopolitical objectives that might otherwise be denied it, either due to lack of capability or the presence of outside political pressure, without the risk of being controlled by larger regional powers. Despite Azerbaijan’s impressive economic performance, the country is still relatively weak in comparison with its neighbors, primarily due to its relatively small size (86.6
square km, 20% of which is under Armenian occupation, with 9 million inhabitants).

Azerbaijan wants to arrange its relations in such a way that cooperating with one country does not adversely affect its relationship with another.\(^3\) In particular, Azerbaijan must seek to balance its quest for greater Western ties against Russia’s enduring regional influence. Essential to balancing these competing orientations is Azerbaijan’s policy of diplomatic compartmentalization, which is partially advanced through trilateral diplomacy. This practice allows Azerbaijan to manage antagonistic relationships by aligning with different combinations of partners in pursuit of mutually beneficial goals. President Ilham Aliyev has also described the triangles as transcending regional boundaries and having wider international significance, such as contributing to Europe’s energy security.\(^4\)

Turkey plays a vital role in all three of Azerbaijan’s trilateral diplomatic efforts. Ties with Turkey strengthen Azerbaijan’s position in negotiations on regional energy and transit projects. In particular, without Turkey’s participation in the triangles, Azerbaijan has much less to offer Georgia, Iran, and Turkmenistan. Relations between Azerbaijan and Turkey have remained strong for decades as the two countries share ethnic, cultural, and religious ties. The official discourse of both countries highlights their special relationship—it describes them as “one nation” living in two states, due to their deep cultural, religious, and ethnic ties.\(^5\) Turkey has supplied arms and other military assistance to Azerbaijan, and dozens of Azerbaijani peacekeeping troops served under Turkish military command in Kosovo. More recently, Azerbaijani and Turkish companies have begun co-producing military equipment. Turkey has a modest military training program in Azerbaijan, which has proven very valuable, given that the U.S. and other foreign sanctions have limited the level of defense cooperation Azerbaijan enjoys with the United States and other Western militaries. When Iranian air and navy forces violated Azerbaijan’s borders in 2001, Turkey’s warplanes made a show of force in Baku that ended the Iranian incursions. On numerous occasions, Erdoğan and other Turkish leaders have reiterated that Turkey would not reopen its borders with Armenia until the Nagorno-Karabakh dispute is resolved.\(^6\)

During its past decade under the ruling Justice and Development Party (AKP), Turkey launched a “Zero Problem with Neighbors” policy aimed at resolving the many problems the country previously had with surrounding states. For the most part, the initiatives that Turkey has launched under this formulation have failed, but the Caspian triangles stand out as partial successes, especially regarding Azerbaijan and Turkmenistan. Through its economic and political cooperation with Azerbaijan, Georgia, and Turkmenistan, Turkey has amplified its regional economic and security influence in the South Caucasus and the Caspian Basin and has established itself as an essential transit corridor and energy hub between the Caspian countries and Europe, which has become even more important with the Ukraine crisis. Although Turkey’s ties with Tehran have remained troubled, the triangle has helped reduce the prospects of a military confrontation between Iran and Azerbaijan into which Turkey and other countries could easily be dragged.

From Ankara’s perspective, having a stable source of energy imports from Azerbaijan and the Caspian reduces its dependence on Russia, which has been a leading provider of oil and gas, and could dominate Turkey’s emerging nuclear energy sector. Paying for energy imports was a major reason for the country’s $65 billion trade deficit in 2013. In addition to consuming and transporting Azerbaijan oil and gas, Turkey has become a major partner in those projects. In 2013, Turkey became the second-largest shareholder after BP of the Shah Deniz-2 gas field.\(^7\) There is also much mutual investment between Azerbaijan and Turkey. At the beginning of 2015, more than 2,600 Turkish companies were operating in Azerbaijan, while nearly 1,600 Azerbaijani companies existed in Turkey. Azerbaijan’s investments in Turkey amount to $5 billion, while Turkish investments in Azerbaijan’s economy exceeded $6 billion.\(^8\) In just a few years, Azerbaijan’s investments in Turkey are projected to exceed $20 billion due to the construction of new energy pipelines.\(^9\) Turkey’s International Cooperation
and Development Agency regularly provides substantial economic aid to Georgia and to Turkmenistan as well as to Azerbaijan.¹⁰

Ethnic Turks and Azerbaijanis also have contributed heavily to the history of Georgia, Iran, and Turkmenistan, while peoples from these nations have also had an impact on the history of Azerbaijan and Turkey. In addition to reinforcing these historical, ethnic, and popular ties, Georgia, Iran, and Turkmenistan see developing connections with Azerbaijan and Turkey as a means of escaping from their relative isolation from wider European economic processes.

All these countries feel neglected by the West and are uncomfortable with Russia’s rising power as well as the possibility that more frozen conflicts may suddenly thaw, to their detriment. One of the consequences of the Russian-Ukraine war has been to highlight the security dilemmas of the countries that find themselves outside of the Washington-led NATO alliance, the Moscow-led Collective Security Treaty Organization (CSTO), or any other regional military alliance. Although none of these governments characterize the Caspian triangles as being directed against Russia or any other country, the partnerships stand to decrease their dependency on Russia through the development of energy transit routes that bypass Russian territory. This structure however, lessens Moscow’s concern by excluding ties with rival great powers like China and the United States.

**Azerbaijan-Turkey-Georgia**

The most developed of the Caspian trilateral partnerships is that between Azerbaijan, Turkey, and Georgia. These three states have enjoyed positive relations since the breakup of the Soviet Union, overcoming earlier periods of animosity between Turks and Georgians. But they only formalized their trilateral cooperation following the opening of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline in 2006, and solidified it after the shock of the August 2008 Russian-Georgian War, which challenged their mutual economic and security interests. That said, their partnership “is rooted in growing economic and strategic interdependencies,” since Turkey needs more energy sources and wants to become a bridge between Europe and Asia, Azerbaijan is seeking to expand its regional energy and security connections, and Georgia, which is attractive to its partners due to its physical location between them, requires Western-oriented partnerships for its pursuit of Euro-Atlantic integration.¹¹ The South Caucasus is the gateway between the Caspian and the West. They have followed the BTC with a Trans-Anatolian Pipeline (TANAP) project, a Baku-Tbilisi-Kars (BTK) railway, a bilateral working group on defense industrial production, and trilateral military exercises and security drills.

Georgia has long been interested in achieving deeper relations with the West. Tbilisi’s aspiration to move closer to the EU and NATO harmonizes well with Azerbaijan’s interest to increase the importance of its region to the West. Similarly, Georgia’s cooperation with Turkey (a NATO member and party to a customs union with the EU) offers a connection with these Euro-Atlantic institutions.¹² Recent governments in Tbilisi have seen Ankara as a key advocate for Georgia’s ties with NATO.¹³ Additionally, the BTC, TANAP, and other energy pipelines and transportation conduits generate jobs and revenue, and make Georgia more important to Europe, as well as strengthen Tbilisi’s ties to Euro-Atlantic structures.¹⁴ Participation in the Turkey-Georgia-Azerbaijan triangle also reduces Georgia’s dependence on Russia. Energy imports from Azerbaijan provide an alternative to Russian gas, so Georgia receives only 10% of its gas imports from Russia, which Moscow supplies free of charge as payment for its use of a pipeline that transits Georgian territory to Armenia.¹⁵ Turkey has become Georgia’s largest trading partner. In 2012, trade volume between the two totaled $1.4 billion.¹⁶ Without such robust bilateral trade, the Georgian economy would have fared much worse in the wake of Russia’s 2006 trade embargo. Meanwhile, Azerbaijan has become a prominent investor in the Georgian economy. In 2011, the State Oil Company of Azerbaijan
(SOCAR) became the largest foreign investor in Georgia. Azerbaijan also provided Georgia with electricity and gas during its war with Russia in 2008.

Russia’s decision to use overwhelming force in 2008 to defeat Georgia shocked Turkish policy makers into realizing that their margin for maneuver in Russia’s backyard might be smaller than anticipated due to Moscow’s new assertiveness. To prevent further regional disorders, Ankara sought but failed to establish a multilateral regional security framework that would both dampen Moscow’s assertive impulses, as well as solve frozen regional conflicts, such as that between Azerbaijan and Armenia, which might provide opportunities for further Russian military intervention. "Turkey tried but failed to secure an Armenian military withdrawal from the territories it occupies in Azerbaijan, in return for Turkish diplomatic and economic concessions. Turkish leaders also limited their open criticism of Moscow’s military intervention and subsequent dismemberment of Georgia in the hope that no such scenarios would recur in the future—only to be faced with a new crisis this past year in nearby Crimea and Ukraine.

The foreign ministers of Azerbaijan, Turkey, and Georgia met in the trilateral format in Turkey in 2012, Georgia in 2013, and Azerbaijan in 2014. These meetings have focused on reaffirming the principle of territorial integrity, constructing energy conduits and trade routes to Europe, coordinating investment in each other’s countries, and emphasizing their European orientation. The 2012 meeting culminated in the signing of the Trabzon Declaration in which the parties committed to backing each other’s candidacies for membership in international organizations. The Trabzon Declaration also supported the principle of territorial integrity applied specifically to the frozen conflicts in the occupied regions of Georgia and Azerbaijan. At their February 2014 meeting, the foreign ministers extended their collaboration goals to include science, culture, and other underdeveloped sectors as tools for building interstate relations, especially at the popular level. On May 6, 2014, the first presidential summit occurred among the leaders of Azerbaijan, Turkey, and Georgia, which gave high-level approval to their deepening cooperation. President Aliyev recalled the three countries’ historical and cultural links, and described their trilateral format as symbolizing how “the three independent states have built modern and equal relations based on mutual understanding, respect and which correspond to the interests of our peoples.”

The trilateral cooperation has been centered on joint energy, transportation, and defense projects. Energy cooperation stems from the geographic location and resource endowments of the three countries: Azerbaijan possesses a wealth of natural energy resources, and supplies Turkey with oil via Georgia. This cooperation accomplishes several goals: to improve the economic relationship between Azerbaijan and Turkey; to supply Azerbaijani energy to the European market; to attract investment to the region; and to contribute to global energy security through the diversification of world export routes. In addition to the already completed Baku-Tbilisi-Ceyhan oil pipeline, which began operating in 2005, two new pipelines are being built, the Trans-Adriatic Pipeline (TAP), and the Trans-Anatolian Natural Gas Pipeline (TANAP), while the existing South Caucasus Pipeline (SCP) is being expanded. Developing pipelines to export hydrocarbons to the West generates jobs, revenue, and other benefits for all three countries. Profits achieved in the energy sector have allowed Azerbaijan, Turkey, and Georgia to implement projects that focus on expanding the non-oil sectors, specifically transportation and infrastructure development. The United States has supported the development of the pipeline, as it provides an alternate route for Caspian oil that bypasses both Russia and Iran.

The Baku-Tbilisi-Ceyhan pipeline, which became operational in 2006, is still integral to the functioning of the triangle. The 1768km-long pipeline transports oil from Azerbaijan’s Azeri-Chirag-Deepwater Gunashli field as well as from Turkmenistan and, most recently, Kazakhstan’s Tengiz field through the Sangachal terminal and over the territories of the three countries (443km in Azerbaijan, 249km in Georgia, and 1076km in Turkey) all the way to
Turkey’s large Mediterranean terminal at Ceyhan. More recent attention has focused on the enormous gas condensate located in the Shah Deniz field, which is being developed by a BP-led consortium. The 980 km-long SCP began transporting gas produced at Shah Deniz through a parallel pipeline to the BTC that runs through Baku to Tbilisi before turning in the direction of Erzurum. Shah Deniz Stage 1 was completed in 2006 and currently supplies natural gas to Azerbaijan, Turkey, and Georgia. Shah Deniz Stage 2, scheduled for completion sometime in 2018, will increase the annual gas production to 25 billion cubic meters (bcm) per year from the current production of 9 billion bcm per year.

In June 2012, Erdogan and Azerbaijani President Ilham Aliyev signed an agreement to build a $7 billion Trans-Anatolian Natural Gas Pipeline (TANAP) that also draws from the Shah Deniz field, before connecting with the SCP on the border of Georgia and Turkey and extending to the Turkey-Greece boundary. This is the first time that Azerbaijan and Turkey have partnered as energy transit countries. TANAP is projected to convey initially 16 bcm of gas per year from Azerbaijan’s Shah Deniz II field. Its capacity is scheduled to grow to 23 bcm by 2023 and to 31 bcm by 2026. About 6 billion of the initial 16 bcm annual supply will be delivered to Turkey, with the rest slated for European consumption. An additional route for Caspian natural gas exports to Europe was solidified in 2013 with the decision to pursue construction of the Trans-Adriatic Pipeline (TAP), a move that will solidify Azerbaijan as a European energy supplier and allow energy exports to extend further west into the EU. The proposed TAP pipeline connects with TANAP near Kipoi on the border of Turkey and Greece, traverses northern Greece and the Adriatic Sea, and ultimately ends in Italy. The TAP has a scheduled completion date in 2018 and will be operational by the time the second stage of the Shah Deniz development is finished. Prospective energy projects might increase the significance of the triangle further. The Azerbaijani State Oil Company (SOCAR) and the French companies Total and Gaz De France Suez are developing a large natural gas field discovered at Absheron in the Azerbaijan sector of the Caspian Sea in 2011.

Building on these energy ties, mutual direct investment among these economies has increased, adding more jobs and enlarging mutual trade. Azerbaijani investment projects in Turkey encompass the construction of a port in Izmir, the acquisition of retail stores in Istanbul, and the new STAR oil refinery and “Aegean Gateway Terminal” container port on Turkey’s Aegean coast. Azerbaijan also increased its investments in the Georgian economy by more than $800 million from 2006 through 2011. Azerbaijan, Turkey, and Georgia also cooperated on the construction of the Trans-Asia-Europe fiber-optic communications line, the TAE FOC, which runs from Shanghai to Frankfurt-am-Main. On January 15, 2015, President Aliyev said that Turkish companies have implemented $10 billion worth of projects in Azerbaijan, while Azerbaijani investment in Turkey will reach an estimated $20 billion by 2020.

Efforts to launch a China-Kazakhstan-Caspian-Caucasus-Turkey container train, termed the Silk Wind project, fostered collaboration between Kazakhstan, Azerbaijan, Turkey, and Georgia. The Silk Wind project, initiated under the TRACECA program, aims to “create a multimodal train route (container/RO RO) with a primary information exchange system between customs services and railway operators of the project’s partners based on a single tariff for cargo transport.” However, after Beijing announced its plans to construct a $242 billion, 7000 km high-speed railway running from Beijing to Moscow, the future of the Silk Wind project remains unclear. The BTK rail project will connect Azerbaijan and Turkey via Georgia, and constitute a key link in a China-to-Europe overland transit system. A transition center in Akhalkalaki to convert European trains to Georgian tracks will facilitate the transportation of 30 million tons of cargo a year via the rail network. Political unrest in Georgia caused delays in completion of the Georgian section of the railway, which is being supported by Azerbaijani loans, and progress has slowed in Turkey, partly as a result of security concerns regarding Syria. However, a test train ran in late January 2015 and the railway is projected to be fully operational by the end of 2015. This new transport line will also
accommodate the shipment of oil exports from Kazakhstan’s Kashagan oil field, the discovery of which is the largest of its kind in the last forty years. The BTK railway could rival Russia’s Trans-Siberian Railway. The Turkish Economy Minister projected that the BTK railway would transport 17 million tons of goods and 3 million passengers by 2034.

Meanwhile, security cooperation among Azerbaijan, Turkey, and Georgia has included joint military exercises, defense industrial cooperation, and pipeline security drills. Although Turkey is a member of NATO, Azerbaijan and Georgia find themselves uncomfortably outside both the transatlantic and the Moscow-led Eurasian defense alliances. Both Azerbaijan and Georgia have welcomed Turkey as a security partner in a troubled neighborhood. Although Turkey’s 2008 Caucasus Stability and Cooperation Platform, aimed at decreasing tensions in the South Caucasus following the Russia-Georgia War, failed to develop into an enduring organization, the initiative successfully signaled Ankara’s newfound commitment to enhancing the region’s security. Military exercises involving Azerbaijan, Turkey, and Georgia now take place regularly. For example, the annual ETERNITY drills feature training exercises to protect the oil and gas pipelines that cross the territory of the three countries. Azerbaijani, Georgian, and Turkish special forces have also conducted a trilateral military exercise, called “The Caucasus Eagle.” Georgia requested that Azerbaijani and Turkish forces be included in Georgia’s annual exercises with U.S. forces in 2014. The three countries have also established a joint transit plan to aid the withdrawal of NATO-led troops from Afghanistan that use trilateral transportation and communications networks. The defense ministers of Azerbaijan, Turkey, and Georgia began to have regular meetings in August 2014 to discuss regional stability and military cooperation.

Azerbaijan-Turkey-Iran

Azerbaijan, Turkey, and Iran represent a more complex Caspian triangle. Tehran’s interests in the partnership include gaining trade and investment opportunities with its neighbors, and bolstering Iranian security. These two goals are intertwined, as demonstrated by the creation of front companies in neighboring states that enable Iran to evade sanctions. Conversely, religious factors appear to play no role in Tehran’s choice of regional partners. The Islamic Republic of Iran has developed better ties with its Christian regional neighbors (Armenia and Georgia) than with Erdoğan’s Sunni Muslim Turkey or the Shiite majority government of Azerbaijan. Given Iran’s poor relations with Azerbaijan and Turkey, this trilateral construct has helped moderate their differences in a conflict-prone region. Past tensions between Iran and Turkey have centered on their rivalry for regional leadership as well as on their support for different local allies, as seen most recently in Iraq, Syria, and Yemen. Tehran opposes the secular and Western orientation of its two neighbors, and challenges the sovereignty and legitimacy of the newly independent state of post-Soviet Azerbaijan, whose existence was seen as a potential existential threat to Tehran’s control over its large Azerbaijani minority. A nuclear deal between Iran and its P5+1 negotiating partners might open opportunities for moving the triangle in a more positive direction, but it might require a regime change in Tehran before it is possible to achieve a deeper partnership based on respect for national sovereignty and joint cooperation in the development of Caspian energy resources.

Although Azerbaijani shares extensive historical and cultural ties with Iranians, since Azerbaijan regained independence in 1991, many ethnic Azerbaijanis began to reside in northern Iran (“Southern Azerbaijan”), and Tehran is concerned about the possibility of separatist and independence movements there. Azerbaijan’s secular, government pro-Western orientation, and its independent energy and military policies have also angered Tehran. As a result, Azerbaijan has suffered from Iranian threats since its independence in 1991, though these have declined in recent months. These have ranged from warnings of Iranian retaliation over Azerbaijani assistance in any military strike against Iran to Iranian-linked assassination attempts against Jewish and Western targets inside Azerbaijan.
Whereas Iran’s relations with Azerbaijan have remained consistently poor since Azerbaijan became an independent state again in 1991, Tehran’s ties with Turkey improved under the AKP government a few years ago, only for them to relapse again more recently into mutual acrimony. The foreign ministers of Azerbaijan, Turkey, and Iran met in Iran in April 2011, in Azerbaijan in March 2012, and in Turkey in 2014. Increasing economic cooperation is a declared focus of the tripartite ministerials. At their 2011 meeting, the countries “agreed to form a trilateral economic committee to examine means for signing a preferential trade agreement, easing customs affairs, modernizing border points, and establishing joint companies.”\textsuperscript{49} At their 2012 meeting in Azerbaijan’s region of Nakhchivan, the foreign ministers released a joint statement declaring that, “the Parties shall continue to work together in order to further strengthen economic and commercial ties as well as to promote the level of welfare and prosperity in their respective countries.”\textsuperscript{50} The March 2014 meeting in Van, Turkey reiterated the sentiment of promoting economic relations.

The most ambitious objective of these talks is the establishment of a trilateral common market that could serve as the basis for such a market in the larger region. The 2012 meeting in Nakhchivan, in particular, focused on this goal and called for the subcommittees for trade, industry, and investments to gather later that year.\textsuperscript{51} Much of these efforts are channeled through the Economic Cooperation Organization, which comprises the three countries, as well as other states in the South Caucasus and Central Asia regions. In 2012, notably, Iran created the Maku free economic area, which comprises several cities near the border with Nakhchivan. Iran has called on Turkey and Azerbaijan to invest in the Maku free economic area, with promises that goods produced and exported from there would be exempt from customs duties.\textsuperscript{52} The Maku economic area, as well as other trade areas, contributes to establishing a foundation for the type of common market that the tripartite group has discussed at length but not yet implemented.

Promoting mutual energy security is another important aspect of the trilateral network. The 2012 statement addressed energy twice, with the parties pledging to “further develop relations” in the field of energy and “support the right to develop peaceful nuclear energy within the Treaty on Non-Proliferation of Nuclear Weapons (NPT) framework without any discrimination and inequality.”\textsuperscript{53} Given the interconnectedness of their energy ties, expansion of trilateral cooperation in this sector seems logical. Turkey relies heavily on energy imports to fuel its domestic consumption, and both Azerbaijan and Iran rely on energy exports as significant and essential sources of revenue. Although Azerbaijan is trying to develop its non-hydrocarbon revenue, 90% of Azerbaijan’s total exports still consist of oil and gas.\textsuperscript{54} Ironically, the Nakhchivan region, being disconnected from the rest of Azerbaijan’s pipelines due to Armenia, depends on Iran for its natural gas. In 2012, Turkey imported 35% of its oil and 18% of its natural gas from Iran.\textsuperscript{55}

Facilitating transportation among the three countries is crucial to expanding relations and deepening economic ties. Since Azerbaijan and Turkey do not have open borders with Armenia, Azerbaijan is an important transit hub for material from the Caspian and Iran.\textsuperscript{56} Turkey is regarded as both a market and a gateway for products bound for Europe. Transportation also can be a source of contention, however, particularly as most Azerbaijani supplies to the Nakhchivan region must travel through Iranian territory, and are therefore subject to pressure from Tehran. The 2011 meeting included discussion on eliminating “obstacles at customs points,” with a goal to producing “a memorandum on customs cooperation” among the three parties.\textsuperscript{57} The Nakhchivan meeting acknowledged the barriers to trilateral transportation cooperation, while the text merely called for “incremental measures” on such issues as visa-free travel. Even so, some progress can be seen. A recent deal between Iran and Azerbaijan allows for Iranians to get a 15-day visa at the Azerbaijani border in order to visit Nakhchivan, though to visit any other area in Azerbaijan they must still apply at Azerbaijan’s consulates.\textsuperscript{58} According to the Deputy Minister of Urban Development and Road Maintenance of Iran, Dawood Keshavarzian, Iran’s entry-exit passenger terminals “will facilitate the
entry and exit of citizens of Azerbaijan.” A key topic of discussion at the meeting in Van in 2014 was the linking of the highways of the three countries. Both Turkey and Iran recently signed a deal of preferential treatment that came into force at the start of 2015 and could prevent renewed disputes over trucking. Since Turkey has many agreements in the field of transportation with Azerbaijan, trilateral transportation cooperation now requires further cooperation between Azerbaijan and Iran.

Trilateral security collaboration is in the form of security assurances instead of more positive mutual commitments to joint defense. At the 2012 Nakhchivan meeting, the parties announced that under no circumstances would they use, or allow their territories to be used, “for any threat and activity against each other which may lead to hostilities.” Without such assurances, progress in cooperation in the other fields would be further stymied. Azerbaijan, in particular, has been wary of becoming too economically interdependent with its much larger Iranian neighbor, given their mutual distrust and Iran’s close relations with Armenia. Iran has worried about the potential for Israel and the United States to use Azerbaijan as a staging ground for a conflict. Turkey is therefore an integral link in the trilateral network, since it acts as a crucial guarantor of security for Azerbaijan. The trilateral meetings emphasized the parties’ “firm commitment to strengthen their cooperation in the fight against terrorism and extremism in all their forms and manifestations, transnational organized crime, narcotics, arms and human trafficking and migrant smuggling.” There are many forms of trafficking occurring, including in narcotics, arms, and humans, and they reach different destinations. They pose significant negative effects for international security, not just for Azerbaijan, Turkey, and Iran, but also for the broader Central Asian, South Caucasian, Eurasian, and European regions. While the tripartite group may pledge to fight terrorism in principle, in practice this can be a contentious subject. Iran’s Syrian ally, President Bashar al-Assad, considers all rebel factions fighting his government to be terrorists, while Turkey is arming those same groups to overthrow him. In the past, Turkey and Iran have supported Kurdish terrorist groups in their fights ing the other country. Turkey and Iran have yet to cooperate directly against the so-called Islamic State in Iraq and the Levant (ISIL), a terror organization operating primarily in Iraq and Syria.

Due to Tehran’s ties with Yerevan, President Aliyev has said that, “For Azerbaijan, Iran is crucial to the resolution of the Karabakh conflict.” Yet, Iran has called for a restoration of peace between Azerbaijan and Armenia, but not for the return of the occupied territories. In theory, given Iran’s ties with Armenia, Tehran is in a position to apply pressure on Yerevan, even indirectly through curtailing economic and other assistance to Armenia, in order to work toward a more lasting agreement. In practice, Tehran has refrained from exerting its leverage on behalf of its supposed new partners. More generally, mutual distrust, regional rivalries, international sanctions, and other obstacles have impeded this proposed economic, energy, transportation, and security cooperation. While all parties regularly express interest in pursuing joint projects, they acknowledge difficulties in doing so. Speaking after the 2012 Nakhchivan meeting, Iranian Foreign Minister Salehi indicated that there is a strong bond between the three countries “but this does not...mean that there is no disagreement between us.”

Iranian President Hassan Rouhani, elected in 2013, has signaled his interest in expanding Iran’s regional investment. In August 2014, Iran and Azerbaijan signed a memorandum of understanding that included collaboration for joint ventures. The economic sanctions on Iran, however, remain a major obstacle to trilateral business projects. Rouhani has pursued negotiations over his country’s nuclear program in an effort to remove the sanctions, which would facilitate economic cooperation with Azerbaijan, Turkey, and other countries. Iran maintains that its nuclear program is peaceful and should be afforded the guarantees of nuclear development under the NPT. The trilateral network seems to endorse that position, at least on paper, which likely stems from their perception of economic benefit if the sanctions on Iran are removed either in whole or in part. Both Baku and, more reluctantly, Ankara
have maintained at least the UN-mandated sanctions against Iran, but the 2012 Nakhchivan statement shows they are preparing for a further relaxation of the sanctions, when they will be able to broaden their investments in Iran. Meanwhile, the parties have focused on making incremental progress in their tripartite relations, while hoping to expand their partnership should more favorable conditions arise, such as after a nuclear deal that ends most international sanctions.

**Azerbaijan-Turkey-Turkmenistan**

The foreign ministers of Azerbaijan and Turkey met together for the first time with their Turkmen counterpart in Azerbaijan on May 26, 2014. At this ministerial, the participants agreed to continue collaboration on regional and global issues between their respective foreign ministries, and within the framework of international organizations. The ministers also expressed readiness to support each other’s candidacies at the UN and other international organizations. Only a week later, the presidents of the three countries met on the sidelines of a session of the Cooperation Council of Turkic-Speaking States summit. After these meetings, on June 30, Turkmenistan established an embassy in Tbilisi to facilitate further relations with that partner. The second of these meetings of the foreign ministers from Azerbaijan, Turkey, and Turkmenistan took place in Ashgabat on January 29, 2015. Energy cooperation dominated the agenda, specifically the delivery of Azerbaijani and Turkmen gas from the Hazar basin gas to Europe via Turkey. All three parties “noted the importance of expanding cooperation between energy companies, adding that organizing a trilateral meeting of representatives of oil and gas companies is expedient.” Beyond energy transport, Azerbaijan, Turkey, and Turkmenistan also discussed reviving the Silk Road. They specifically discussed a possible project for an Afghanistan-Turkmenistan-Azerbaijan-Georgia-Turkey transportation link. Plans for this and other transportation projects will continue to be developed during subsequent trilateral summits. The foreign ministers of Azerbaijan, Turkey, and Turkmenistan have agreed to convene biannual trilateral meetings.

The Azerbaijan-Turkey-Turkmenistan tripartite format has the potential to assist Turkmenistan in achieving important economic and political goals. Due to the isolationist policies of former President Saparmurat Atayevich Niyazov, restrictions on foreign direct investment in the country, and Ashgabat’s continuing policy of eschewing ties with multinational institutions, Turkmenistan has not developed strong diplomatic or political ties with other countries or international organizations. Partnering with Azerbaijan and Turkey will assist Turkmenistan in bolstering its diplomatic clout in its region and in international organizations. The declaration signed at the first tripartite meeting affirms the “importance of holding regular trilateral meetings in order to strengthen political dialogue, coordination and expansion of cooperation in regional and international issues.” Due to its cultural and geographical proximity, mutual economic and security interests, and other factors, Turkey is in a good position to promote cooperation between Turkmenistan and Azerbaijan, as well as to support economic and energy projects that transit its territory. However, continuing differences between Baku and Ashgabat, as well as other constraints on Ashgabat’s foreign policy flexibility, still limit this triangle from realizing its full potential.

The Azerbaijan, Turkey, and Turkmenistan triangle has thus far focused primarily on promoting economic cooperation, though there is hope that energy and security collaboration may follow. Turkmenistan’s main national resource is its enormous natural gas reserves. Although Russia has traditionally been the main importer, China has become a major buyer in recent years, helping to construct enormous east-west gas pipelines from Turkmenistan and neighboring states. The impending completion of the fourth branch of the Central Asia-China pipeline in 2016, combined with Russia’s economic slowdown, will likely see China’s demand for Turkmenistan’s natural gas rise further above 50% of Turkmenistan’s annual production. As the Caspian Sea region’s largest natural gas exporter, Turkmenistan stands out among countries to which Europeans look to reduce their energy dependence on Russia.
According to information from the U.S. Energy and Information Administration, Turkmenistan produced more than 2.5 trillion cubic feet of dry natural gas in 2012, exporting approximately 1.6 trillion cubic feet of it to other countries via pipelines. China received the majority of these exports, while Russia and Iran were also significant importers. The Agency estimates that Turkmenistan has proven natural gas reserves of about 265 trillion cubic feet. Turkmenistan requires Azerbaijan’s assistance to ship its energy products to Europe without going through Russia. If Turkmenistan sends natural gas to Europe through TANAP, the pipeline’s volume could increase by one bcm per year.

The growing economic and energy cooperation among Azerbaijan, Turkey, and Turkmenistan may at some point extend to the security realm. The Baku Declaration signed by the three foreign ministers after their May 2014 meeting highlights the importance of cooperation “in the fight against terrorism, extremism, transnational organized crime, drug trafficking, human trafficking, illegal migration, and trafficking in arms.” Traditionally neutral, Turkmenistan has resisted Russian pressure to cooperate with the Moscow-led Collective Security Treaty Organization and has not encouraged China to break its longstanding policy of limiting its defense commitments in Central Asia. Turkmenistan’s security leaders may, however, share Central Asian concerns about the declining U.S. and NATO military presence in their region, and the perceived reluctance of Western powers to confront Russia’s regional revival directly. Some regional analysts speculate that Turkmenistan may therefore seek greater Turkish security assistance to counter the threat from Islamist terrorists in nearby Afghanistan, and more recently the Islamic State in Iraq and Syria, which has sought to recruit Central Asians and expand its influence in Eurasia.

Despite its novelty, the recent development of trilateral ties between Azerbaijan, Turkey, and Turkmenistan has grown out of longstanding bilateral relationships. The most substantial of these bilateral connections are those that Azerbaijan and Turkmenistan respectively maintain with Turkey. As discussed above, Azerbaijan and Turkey have deep historical, ethnic, diplomatic, economic, energy, and security ties. Although the Turkey-Azerbaijan economic relationship is more developed, the Turkey-Turkmenistan economic relationship is growing, especially in the construction sector. For example, Turkish companies are building a $2 billion seaport at Turkmenbashi alongside a container terminal, as well as a distribution center, and shipyards. Europe’s fervent desire to diversify natural gas imports away from Russian pipelines has motivated Turkey to reach deep into the Caspian Sea region in an attempt to increase gas supplies through a Southern Gas Corridor. President Erdoğan’s visit to Ashgabat in November 2014 highlights Ankara’s ambitions of tapping into Turkmen gas reserves. Turkmenistan President Gurbanguly Berdimuhamedov and Erdoğan again discussed energy cooperation at their bilateral summit in 2015. Building on these bilateral presidential visits and the trilateral ministerial meeting, the three presidents intend to meet again for their first trilateral summit.

These relationships form the foundation for the possible delivery of Turkmenistan’s gas through TANAP to Europe. This would give new life to the possibility of a Trans-Caspian pipeline, something that the EU has been trying to negotiate since the late 1990s. Having lost attention in the early 2000s, this project started to regain momentum in 2011, when the EU Council issued a mandate for negotiations with Azerbaijan and Turkmenistan towards building a Trans-Caspian pipeline. However, the main impetus for momentum behind this project has shifted from the EU to Turkey; what was referred to as the European Southern Gas Corridor will likely be called the Turkic Corridor. Nonetheless, negotiating a Trans-Caspian pipeline will be no simple task. Cooperation has so far been limited by the dispute between Azerbaijan and Turkmenistan over several oil deposits in the Caspian Sea, especially the undeveloped Serdar/Kyapaz oil field. When Turkmenistan announced it was conducting geological surveys in the Kyapaz field, irritated Azerbaijani officials brought up a 2008 bilateral agreement that prohibits both from working on fields whose ownership is disputed between their two countries. Furthermore, Azerbaijani gunboats conducted intimidating
maneuvers near Turkmenistan’s oil platforms close to the border between the two countries. Disputes flared up again in June 2012, when the Azerbaijani Coast Guard found a seismic vessel belonging to Turkmenistan busy exploring the Kyapaz-Serdar field.\textsuperscript{89} Disagreements between Azerbaijan and Turkmenistan concerning the ownership of various energy deposits in the Caspian Sea relate to such core values as territorial integrity, border security, and economic development.\textsuperscript{90} Turkey has been attempting for several years to broker a compromise, though so far with only limited success.\textsuperscript{91} In addition, opposition to a Trans-Caspian pipeline from Iran and Russia is hindering Azerbaijan-Turkey-Turkmenistan energy cooperation.

Nevertheless, progress is being made. A joint statement released after the first trilateral meeting in 2014 stressed the importance of the three countries’ working together to promote energy security.\textsuperscript{92} This topic received even more attention during the joint summit in January 2015, at which energy cooperation was the main topic.\textsuperscript{93} Previously, Turkmenistan was hesitant to commit to the export of its gas across the Caspian and through the South Caucasus due to its tensions with Azerbaijan, its lack of EU financial support to construct a new pipeline, and Russian and Iranian opposition to trans-Caspian east-west energy pipelines. Turkmenistan may recalculate however, due to the growing economic and energy cooperation among Azerbaijan, Turkey, and Turkmenistan; to Russia’s renewed assertiveness; security threats to Turkmenistan from Afghanistan and the Islamic State; Gazprom’s declining purchases of Turkmenistan gas; the decreasing U.S. security influence in Eurasia and Turkey’s growing regional security capabilities; the possible reduction of international sanctions on Iran; and other developments.\textsuperscript{94}

**Caspian Complexities**

For all the participants in these triangles, pursuing trilateral partnerships offers an advantage over regional bilateral relationships, since members can form strong bonds with neighboring states without requiring the time-consuming negotiation of formal alliances that could compromise their independence, national identity, or pursuit of strategic relationships with other actors. The “trilaterals” facilitate cooperative projects, but do not compromise diplomatic flexibility. They are easy to create, but also to dissolve, as the goals of each partner naturally evolve.\textsuperscript{95}

Nonetheless, unresolved disputes over borders and usage rights in the Caspian Sea remains a major hindrance to realizing the Caspian Triangles’ economic potential. Although described as a “sea,” many geographers consider the Caspian to be the world’s largest inland lake. International law applies differently to the two types of water bodies, including how to resolve competing national territorial claims. International law does not apply to the delimitation of lakes, leaving the decision up to the interested parties, while the division of seas into sectors should be made in accordance with the 1982 UN Convention on the Law of the Sea. Since Iran’s own Caspian shelf has relatively little oil and gas, Tehran has favored the latter approach. Iranian officials still insist on the continued validity of two Soviet-era treaties that describe the Caspian as a “common sea,” pending their replacement by a new convention ratified by all five Caspian states.\textsuperscript{96} These treaties, signed in 1921 and 1940, assign Tehran and Moscow joint management of the Caspian beyond territorial zones. But the new post-Soviet republics do not accept the continued validity of these treaties, which in any case cover only navigation and fishing, not undersea mining.

Another unresolved dispute concerns potential Trans-Caspian energy pipelines. Iran and Russia insist that all littoral countries must approve any and every energy pipeline that is planned to cross any part of the Caspian, since all could suffer from any environmental damage done to the Caspian Sea. A desire to block east-west energy conduits that bypass Iranian and Russian territory might also explain Moscow’s and Tehran’s demand for veto rights over trans-Caspian pipelines. The Caspian Sea summits held in Turkmenistan in 2002, Iran in
2007, Azerbaijan in 2010, and the Russian city of Astrakhan in 2014 have failed to resolve these disputes. The five littoral states have signed several joint declarations of principles and adopted concrete environmental cooperation agreements. In other cases, these countries have resorted to bilateral and “mini-lateral” security initiatives that exclude one or more of the other littoral states. For example, in May 2003, Kazakhstan, Azerbaijan, and Russia agreed to split the northern 64% of the Caspian Sea into shares, with Kazakhstan receiving the largest portion. Iran and Turkmenistan, however, refused to endorse this trilateral agreement and restated their proposal for an equal share for all five littoral states, which would give these two countries bigger economic zones than provided for in the 2003 formula. Azerbaijan and Turkey can try to use their new Caspian diplomatic ties to push their preferences regarding Caspian legal issues—with legally agreed sectorial delineation and rules permitting bilateral projects not to require the consent of other states.

The modest U.S. and European support for trans-Caspian projects has also limited the triangles’ potential. The West has strained relations with all five governments directly involved in the triangles, as well as with many other Eurasian states. Western governments and nongovernmental organizations have criticized these governments’ restrictions on political pluralism and deviation from free market principles. For their part, the five governments participating in the Caspian triangles, whose security relations with Moscow are also strained, despite often having extensive economic cooperation with Russia, have complained about insufficient Western respect and support for their interests and values. Nonetheless, Western governments need to look beyond these differences. There needs to be a more active U.S. policy and better EU-U.S. cooperation to help promote their goals in the Caspian Basin region. They must recognize that these trilateral partnerships can enhance Eurasian-European energy collaboration, discourage Iranian and Russian predatory behavior, and stabilize a region primed for problems.

---

1 The author wishes to thank Derek Bisaccio, Kirsten Bruhn, Ana Chechelashvili, Steven Luber, Steven Martinez, Veronica Penney, Alden Wahlstrom, Paul Weisko, Berman Zhigalko, and especially Ayesha Haider for their help researching and editing this paper.
5 This rhetoric has appeared even in speeches of the respective presidents. See, for instance, http://en.president.az/articles/736/print and http://en.president.az/articles/52/print.
12) Ibid.
21) Aliyev, “Azerbaijan-Georgia-Turkey trilateral format.”
33) Daniyar Mukhtarov, “Agreement on Silk Wind project expected to be signed in summer,” Trend, May 22, 2014.
39) Tanchum, “The AKP’s underappreciated foreign policy achievement.”
40 Michael Hikare Cecire, “Turkey-Georgia-Azerbaijan.”
45 Michael Hikare Cecire, “Turkey-Georgia-Azerbaijan.”
46 “Azerbaijan, Turkey and Georgia present joint transit plan for ISAF troop withdrawal from Afghanistan,” Interfax, November 6, 2012.
48 Humeyra Pamuk, “Turkey’s Erdogan says can’t tolerate Iran bid to dominate Middle East,” Reuters, March 27, 2015, http://in.reuters.com/article/2015/03/26/yemen-security-turkey-idINKBN0MM2NW20150326.
53 “Azerbaijan, Turkey and Georgia present joint transit plan for ISAF troop withdrawal from Afghanistan,” Interfax, November 6, 2012.
54 “Azerbaijan, Turkey and Georgia will hold joint military exercises,” Turan Information Agency, August 19, 2014.
61 “Nakhichevan Statement.”


Tanchum, “The AKP’s underappreciated foreign policy achievement.”

Turkey Ministry of Foreign Affairs, “Meeting of the Ministers of Foreign Affairs of Turkey, Azerbaijan and Turkmenistan was held in Ashgabat,” January 29, 2015, http://www.mfa.gov.tr/turkey_azerbaijan_turkmenistan-meeting-of-the-ministers-of-foreign-affairs.en.mfa


Tanchum, “The AKP’s underappreciated foreign policy achievement.”


Tanchum, “The AKP’s underappreciated foreign policy achievement.”


Turkey Ministry of Foreign Affairs, “Meeting of the Ministers of Foreign Affairs of Turkey, Azerbaijan and Turkmenistan was held in Ashgabat,” January 29, 2015, http://www.mfa.gov.tr/turkey_azerbaijan_turkmenistan-meeting-of-the-ministers-of-foreign-affairs.en.mfa

“Turkey Can Contribute To Trans-Caspian Pipeline by Bringing Azerbaijan’s and Turkmenistan’s Positions Closer,” Trend, September 12, 2012.


Azerbaijan, Turkey, Turkmenistan Likely to Create “Turkic Corridor,” Trend, January 19, 2012


John Daly, “Turkey Emerges as Mediator in Turkmenistan-Azerbaijan Dispute,” Eurasia Daily Monitor, January 23, 2008,


“Azerbaijan-Georgia-Turkey: Trilateral Alliance.”