

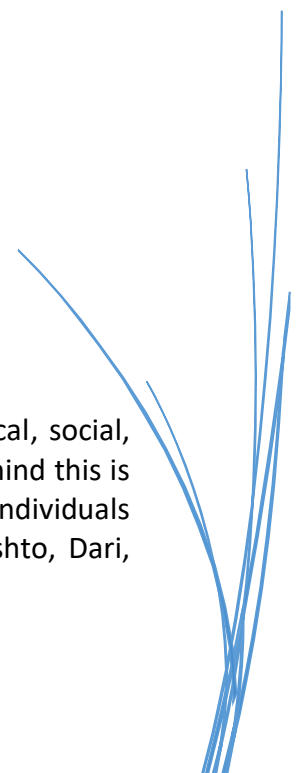
WEEKLY ANALYSIS

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RECENT GEOPOLITICAL CHANGES IN THE SOUTH CAUCASUS AND THEIR IMPACT ON THE REGION



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Center for Strategic and Regional Studies (CSRS)



RECENT GEOPOLITICAL CHANGES IN THE SOUTH CAUCASUS AND THEIR IMPACT ON THE REGION

Introduction

After the collapse of the Soviet Union in 1991, a major geopolitical shift occurred in the South Caucasus region. Three independent republics of the Soviet Union—Azerbaijan, Armenia, and Georgia—gained their independence in this area. In the new international system, they became sovereign states. At the onset of independence, these countries encountered numerous challenges, including ethnic differences, political instability, border disputes, and economic problems.

Among these challenges, the initial Karabakh conflict arose between Azerbaijan and Armenia, revolving around the ownership of the Karabakh region. This conflict significantly altered the geopolitics of the region, as Azerbaijan not only lost control over the Karabakh region but also ceded an additional 20 percent of its territory. The most recent Karabakh war, occurring in September of this year, resulted in Armenia's defeat. In addition to Karabagh, Azerbaijan reclaimed other territories that were previously occupied by Armenia for reconstruction, marking a significant geographical change in the region.

These transformations not only impact the countries of the South Caucasus but also extend their influence to neighboring regions. This analysis aims to elucidate the effects of recent geopolitical changes in this region on neighboring countries such as Iran, Turkey, Russia, Central Asian countries, and China.

THE GEOPOLITICAL IMPORTANCE OF THE SOUTH CAUCASUS

The South Caucasus, depicted in the map below, is situated between the Black Sea and the Caspian Sea, serving as a crucial bridge connecting Europe and Asia. Furthermore, the region shares borders with Russia, Western Europe, the Middle East, and Central Asia. The presence of significant energy and mineral resources in the area has further amplified its geopolitical significance. Among the South Caucasus countries, Azerbaijan stands out as a major holder of oil and gas reserves. As of 2022, Azerbaijan possesses 46.7 billion cubic meters of gas, and estimates from the Oil and Gas Journal indicate the country's crude oil reserves to be around 7 billion barrels.¹ Despite its relatively small size on the world map,² the South Caucasus holds not only economic importance but also political and security relevance for both regional and global players. The ongoing conflict between Russia and Ukraine has intensified the search for



alternatives to Russian gas by Western and European countries, elevating the strategic importance of the region.³ Furthermore, the recent conclusion of the Karabakh war has opened up opportunities for large-scale projects and energy transfer in the region. From a transit perspective, the South Caucasus serves as a central hub connecting China, Central Asia, and Europe. The Karabakh conflict between Armenia and Azerbaijan had previously hindered the full utilization of the region's geographical potential. However, with Azerbaijan gaining complete control over the region following the war's conclusion on September 20 of this year, there has been a significant increase in the geopolitical importance of the South Caucasus⁴. A detailed analysis of how this geopolitical change unfolded in the region will be presented in a separate section below.



Map 1: The South Caucasus region, surrounded by Russia, the Black Sea, Turkey, Iran and the Caspian Sea.



RECENT GEOPOLITICAL CHANGES IN THE REGION

Following the dissolution of the Soviet Union, a conflict erupted between Azerbaijan and Armenia in the South Caucasus. In this war, Armenia gained control of the region of Samia in Karabakh and seven other areas of Azerbaijan, as depicted in the map below. These areas encompassed Klubjar, Lachin, Qabadli, Zangilan, Jibrayil, Fuzuli, and Aghdam regions of Azerbaijan. The Armenian population in these territories declared the Republic of Artsakh, with its center in Karabakh according to Armenian terminology. This self-proclaimed republic was administered by the local population and received support from Armenia.⁵



Second Map: The yellow color represents the territory of Armenia, while the dark gray and red colors denote the seven regions and the Karabakh region previously occupied by Armenia. The remaining gray area represents the territory of Azerbaijan, including a section named Nakhchivan, which does not share a direct border with Azerbaijan.

As evident on the map, Azerbaijan experienced significant territorial losses, resulting in not only geopolitical damage but also the destruction of vital routes connecting the center of Azerbaijan to Nakhchivan, as established during the Soviet Union era. The routes through Armenia, providing access to the Kurvaka Republic and Turkey, were



temporarily severed. Politically, Azerbaijan became embroiled in a protracted conflict, with both Russia and Iran supporting Armenia to prolong the war. Russia aimed to maintain its military presence in the region, while Iran sought to keep Azerbaijan occupied and divert its attention from internal issues.

Despite the prolonged conflict and opposition from Russia, Iran, and Armenia, the second Karabakh war erupted in 2022, lasting 44 days. This war reshaped the geopolitics of the region, allowing Azerbaijan to reclaim its seven occupied territories and Nagorno-Karabakh.⁶ Through a series of special operations in September of that year, Azerbaijan compelled the residents of the Armenian enclave in Karabakh to disarm. The region's president, Samuel Shahramanian, subsequently issued a decree stipulating the demolition of all government institutions, with their transfer to Azerbaijan scheduled by the end of the year.⁷ Nearly three decades later, Azerbaijan successfully regained its territory, a move recognized by the international community as part of Azerbaijan. This shift resulted in a renewed geopolitical landscape in the region, impacting not only Lori but also neighboring countries.

To further analyze the repercussions of this change in the region, we will delve into its effects on both Lori and other countries in the vicinity.





The Third Map: The change in the region after the last war, with Azerbaijan highlighted in green. It includes a smaller territory known as the Republic of Nakhchivan Kurvaka, which is separated from Central Azerbaijan by the location of Armenia.

THE IMPACT OF GEOPOLITICAL CHANGES IN THE SOUTH CAUCASUS ON THE REGION

The dynamics and developments at the country level have significant ramifications not only for the involved parties but also for neighboring regions and the global landscape. Geopolitical changes, particularly those in the South Caucasus, can yield diverse effects on both nearby and distant countries. In this case, where Azerbaijan has recently orchestrated a favorable shift, the consequences have manifested in both positive and negative ways for various countries in the region. The following analysis aims to shed light on these effects.

Impact on Iran: Iran shares a border, religion, history, and culture with the South Caucasus region; therefore, any changes in this region affect the country. The recent developments in the South Caucasus are expected to have a negative impact on Iran, and these effects can be illustrated as follows:

1. A ceasefire agreement was signed between Armenia and Azerbaijan after the second Karabakh war in 2020. Article 9 of this agreement states that all economic and transit routes in the region will be reopened.⁸ It mandates that Armenia ensures the safety of transport links between the western regions of Azerbaijan and the Autonomous Republic of Nakhchivan. As a result, Azerbaijan has created transit corridors using Armenian territory, eliminating the need to transit through Iran. This deprives Iran of transit revenue and weakens its leverage in bilateral relations with Azerbaijan. Moreover, the Nakhchivan-Kurvaka area of Azerbaijan, which previously received oil and gas from Iran, will now have direct access to Azerbaijani and Turkish oil and gas markets.
2. In the four major provinces in the northern part of Iran (Ardebil, East Azerbaijan, West Azerbaijan, and Zanjan province, also known as South Azerbaijan), the majority of the population is Azeri.⁹ This common ethnic bond encourages residents of these provinces to align with Azerbaijan. Simultaneously, Azerbaijan actively supports Azeri settlements in Iran, historically straining relations between the two countries. The recent geopolitical change in the region, which strengthened Azerbaijan's influence, raises concerns in Iran about the potential disintegration of the country. It's noteworthy that Iran indirectly supported Armenia in all the Karabakh wars due to this concern.
3. In the recent Karabakh war, Turkey directly supported Azerbaijan by providing Turkish Bayraktar (TB-2) drones and F16 fighter jets.¹⁰ This support aimed to bolster the position of Turkic countries, including Azerbaijan, and pave the way for the reinforcement of Pan-Turkism politics. The recent regional changes now allow Turkey to connect with Turkic countries in Central Asia without relying on Iran's territory. Consequently, Iran's geopolitical significance in the region is expected to diminish, impacting its overall importance.

Effects on Turkey: The South Caucasus region holds significant importance for Turkey in terms of energy, security, and economy. The recent changes in the area provide Turkey with an opportunity to advance these goals. Given the ongoing Russian-Ukrainian war and its adverse effects on international energy supply, this regional shift strengthens Turkey's role. Alongside Azerbaijan, Turkey gains an advantageous position to obtain energy from Central Asian countries and channel it to international markets. Furthermore, the positive effect on Turkey's international trade is notable. As an Islamic country with the ruling Justice and Development Party promoting a robust Islamic



agenda, Turkey's alignment with Azerbaijan, another Islamic nation, enhances its popularity among Islamic countries.

Effects on Russia: Armenia, a member of the Organization for Security and Cooperation in Europe alongside Russia, found itself in a challenging position during the recent geopolitical changes in the South Caucasus. Russia's lack of support for Armenia strained their relations, and other former Soviet Union republics accelerated their efforts to move away from Russia's influence and turn towards the West.¹¹ Armenia's collaboration with the United States, military exercises, humanitarian aid to Ukraine, and recent membership in the International Criminal Court further strained relations with Russia.¹² The court's arrest warrant for Russian President Vladimir Putin could pose diplomatic challenges for Russia,¹³ particularly if Putin visits Armenia, obligating the country to adhere to the court's constitution.¹⁴

Impact on Israel: Israel's relations in the South Caucasus, particularly with Azerbaijan, are crucial. Over the past five years, Azerbaijan has been a significant importer of weapons from Israel, including drones, Barak-8 missiles, and ammunition.¹⁵ Israel's support for Azerbaijan in the Karabakh conflict was strategic, aiming to find a powerful partner in Iran's neighborhood and leverage Azerbaijan's proximity to Iran in potential conflicts. The positive impact of recent regional changes is evident in strengthened ties between Israel and Azerbaijan. This includes the opening of the Azerbaijani embassy in Israel, reflecting the positive outcome of Israel's strategic goals in the region out of which one goal is to use Azerbaijan in normalizing relations with other Islamic countries.

Effects on Central Asia and China: The recent geopolitical developments in the region offer significant benefits to Central Asian countries and China in terms of enhancing connectivity between Central Asia, China, and European countries. The countries of Central Asia can now transport their energy to Turkey and international markets through the Zangzor Corridor, bypassing Iran and avoiding transit taxes. China, in turn, can efficiently transport its goods to global markets by securing secure transit routes in the region, utilizing a direct route to Central Asia, Azerbaijan, and Turkey through Xinjiang.

EFFECTS ON AFGHANISTAN

The regional changes have positive implications for Afghanistan on multiple fronts:



1. In terms of transit, Afghanistan can leverage the geographical location of the Caucasus to connect with Turkey and European countries through its shared border with Turkmenistan.
2. From a religious perspective, the strengthened roles of Islamic countries, particularly Turkey and Azerbaijan, contribute to the broader international development and global influence of Islamic nations. Given Afghanistan's status as an Islamic country with strong ties to Turkey and support for Azerbaijan in the South Caucasus, these shared values have a positive impact on Afghanistan.

CONCLUSION

The increased attention of Western and European countries to the South Caucasus (Azerbaijan, Armenia, and Georgia) became more pronounced with Russia's involvement in the Ukraine war. Anti-Russian countries intensified efforts to bolster their influence in Russia's neighborhood. Despite concerns from Iran and increased Russian support for Armenia, Azerbaijan successfully executed military and diplomatic efforts to capture Karabakh, resulting in a geopolitical transformation advantageous to Azerbaijan. In the region, Iran is wary of a strengthened Azerbaijan, which holds significant political and economic influence, and a reinforced Turkey. Russia's support for Armenia has contributed to increased mistrust toward the countries in the region, particularly the former Soviet Union republics.

SUGGESTIONS

1. Constructive Steps on Recognition of the Islamic Emirate of Afghanistan: While not directly related to the current analysis, exploring constructive steps in recognizing the Islamic Emirate of Afghanistan could open avenues for implementing other proposals. This could involve diplomatic initiatives, dialogue, and collaboration to foster stability in the region.
2. Establishing Relations with Azerbaijan: The Islamic Emirate of Afghanistan should continue and enhance its efforts to establish relations with Azerbaijan. This could create opportunities for accessing Azerbaijan's energy resources and leveraging its strategic transit location. Turkey, with its positive relations with both the Islamic Emirate and Azerbaijan, could play a crucial role in facilitating and strengthening these connections. Joint meetings and conferences between the Islamic Emirate and Turkish officials could be instrumental in advancing this goal.



Diplomacy Based on Geographical Location and Energy Resources: Azerbaijan's success in diplomatic relations based on its geographical location and energy resources can serve as a model for the Islamic Emirate of Afghanistan. Leveraging Afghanistan's strategic location, the Islamic Emirate should articulate its regional politics to garner attention from countries in the region and the international community. This approach can help position Afghanistan as a key player in regional affairs. **The End.**

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