VYTAUTAS MAGNUS UNIVERSITY
FACULTY OF POLITICAL SCIENCE AND DIPLOMACY
DEPARTMENT OF POLITICAL SCIENCE

Lukas Gaudėšius

IRAN AND TURKEY IN THE SOUTH CAUCASUS: THE STRUGGLE FOR INFLUENCE

Master Thesis
Diplomacy and International Relations Programme, state code 621L20004
Political Science Study Field

Supervisor ________________
(Dean of Faculty/Study Institute/Director) (signature) (date)

Kaunas. 2017
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ABSTRACT

The topic of this research is “Iran and Turkey in the South Caucasus: the struggle for influence.”

Relevance and niche: Since the relief of sanctions for Iran and Turkey’s move towards authoritarianism, media reports began to flow that Iran’s has started to gain influence in the South Caucasus at the same time some articles started to suggest that Turkey is losing trust from the Western allies therefore her influence started to vane. South Caucasus region is an important transit route connecting West with the East. Furthermore South Caucasus is also establishing itself as an energy corridor. Given the South Caucasus strategic position and the fact that it is surrounded by three bigger states who had experienced recent shifts in their policies there is a lack of attention given to the South Caucasus region by the scholars.

Research problem: derives from the lack of attention given to the South Caucasian influence and the rapidly changing state of nature of both Turkey (move towards authoritarianism in recent years) and Iran (reengagement with International politics and the region), calls for the reassessment of their influence in the South Caucasus.

Hypothesis of the thesis: Iran’s influence in the South Caucasus is rapidly growing, while Turkey’s is diminishing.

Object: Iranian and Turkish influence in the South Caucasus region.

Aim of the analysis: to check and determine Iran’s and Turkey’s positions and sources of their change in the South Caucasus.
The tasks of the analysis are as follows: 1. To present the theoretical framework. 2. To assess the current developments of Iran and Turkey in the South Caucasus region. 3. To evaluate the influence of both countries towards the region according to the constructed theoretical framework which is based on David A. Lakes ideas. 4. To compare the Turkish and Iranian intentions, interests and spread of influence towards the South Caucasus region. 5. To confirm or deny discredit the hypothesis.

Methodology. Researches of other scholars and media sites will be used to justify the arguments provided. Methodological framework is provided by the chosen theoretical framework, as it indicates what factors and variables to search for. In general the work is using qualitative analysis. Discourse analysis will be used to find the developments of states and the statements made by the official politicians, historical analysis will help to understand what impact did certain events have on the present day policies towards other states. To find the official positions of the countries foreign ministry statements will be overviewed. The timespan of the analysis is mainly from 1990’s 2016 April, the statistical data like import and export numbers span from 2011 to 2016.

Theory. For theoretical framework David A. Lake’s research was used to measure the influence spread in the South Caucasus region “Escape from the State of Nature. Authority and Hierarchy in World Politics”. This research combined with ideas from other scholars provided the following indicators: Military dependency; Ideological dependency; Economic and trade dependency; Institutional dependency;

The results of the research. Although media reported growing influence of Iran in the region, Teheran’s influence is only growing in Azerbaijan, as countries started to work together in the economic platform by trying to attract investments, began to trade weapons and signed cooperation agreement in the defence sector. Turkish interest spread in Georgia and Azerbaijan remained strong, because the country has already integrated itself together with Azerbaijan and Georgia into transit, energy and trade infrastructures, ideological and military dependency towards Azerbaijan is also a factor. The impact of Turkey and Iran on Armenia was rather limited due to 2 key factors: 1) Armenia belongs to Euroasian Economic Union which limits sovereign decisions taken by the state. 2) Turkey’s impact was limited because of failed relations normalization attempts.

SANTRAUKA

Tyrimo tema yra „Turkijos ir Irano kova dėl įtakos Pietų Kaukazo regione“.

Tyrimo naujumas ir aktualumas. Po sankcijų panaikinimo Iranui ir Turkijos posūkio link autoritarizmo, žiniasklaida pradėjo pranešinėti apie didėjančią Irano įtaką Pietų Kaukazo regione. Tuo pat metu pasirodė straipsniai apie Turkijos nesutarimus su Vakarais ir kaip tai darys neigiamą įtaką jos pozicijoms Pietų Kaukaze. Pietų Kaukazo strateginė pozicija tarp Rytų ir Vakarų bei energijos tranzito kelio, einantys per tris Kaukazo valstijas, paverčia šį regioną įdomiu ir aktualiu. Turint omenyje naują posūkį Irano ir Turkijos politikose, nėra daug tyrimų, iš naujo įvertinančių Irano ir Turkijos įtaką Pietų Kaukaze.

Tyrimo problema kyla iš akademinių dėmesio trūkumo Pietų Kaukazo bei besikeičiančios Turkijos ir Irano politikos. Šie faktoriai verčia iš naujo peržiūrėti Turkijos ir Irano politiką Pietų Kaukaze bei įvertinti šių šalių įtaką regionui.

Tyrimo Hipotezė. Irano įtaka regione auga, tuo tarpu Turkijos įtaka Pietų Kaukaze traukiasi.

Tyrimo objektas. Irano ir Turkijos įtaka Pietų Kaukazo regione.

Tyrimo tikslas. Patikrinti ir įvertinti Irano ir Turkijos pozicijas regione ir jų pokyčių šaltinius.

Tyrimo uždaviniai. 1. Pristatyti teorinio pagrindo konstruktą. 2. Įvertinti Turkijos ir Irano plėtrą Pietų Kaukaze. 3. Įvertinti Irano ir Turkijos įtaką Pietų Kaukazo regione pagal pasirinktą teorinį pagrindą. 4. Palyginti Turkijos ir Irano intencijas, interesus ir įtaką Pietų Kaukaze. 5. Paneigti arba patvirtinti hipotezę.


Tyrimo rezultatai. Nors žiniasklaidoje pasirodė apie didėjančią Irano įtaką Pietų Kaukaze, atlikus analizę paaškėjo, kad Teherano įtaka ženkliniai padidėjo tik Azerbaidžano atžvilgiu. Šalyse pradėjo dirbti kartu siekdamos pritraukti investicijas, pradėjo prekybą ginklais bei pasirašė bendradarbiavimo sutartis gynybos srityje. Turkijos interesų sklaida Gruzijos ir Azerbaidžano atžvilgiu ir toliau išlieka stipri. Tai daugiausia susiję su faktu, kad Turkija kartu su Azerbaidžanu ir Gruzija jau integravosi į ekonominę, tranzito, energetikos infrastruktūras. Turkija taip pat yra pasiekusi aukštą karinės ir kultūrinės priklausomybės laipsnių Azerbaidžano atžvilgiu. Turkijos ir Irano įtaka Armėnijos atžvilgiu yra labai stipri, tačiau daugelio veiksnių dėka visai nesistiprėjo 1) Armėnija yra Eurazijos Ekonominės Sąjungos narė, o tai riboja jos suverenumą autonomiškai priimti sprendimus. 2) Turkijos ir Irano įtaka yra labai stipri, o dėl nepavykusio santykių normalizavimo proceso, tai uždarytos sienos ir diplomatinių santykių nebuvo stabilios šių šalių bendradarbiavimą.
INTRODUCTION

The South Caucasus region consists of Armenia, Azerbaijan and Georgia is riddled with instability and ethnic conflicts.¹ This region is surrounded by three bigger states – Russia, Iran and Turkey and each of them has its own interests within the region. Recently situation of the region is rapidly changing rapidly as Iran has encountered sanction relief, Turkey underwent a failed coup and a move towards more authoritarian regime, Georgia is moving towards integrating itself into Western European institutional structures, Azerbaijan is suffering from lowering exports and falling prices of natural resources, Armenia, in the meantime, has joined the Eurasian Economic Union and Russia is trying to achieve greater influence abroad.

The strategic role of South Caucasus is that the region lies on the crossroads between the West and East, the region is very near Middle East and is an important transit route towards those countries. One of the most important transit routes for NATO logistics in the Afghan war started at Poti, Georgia, moved through Baku, Azerbaijan and than through the Caspian sea.² The region is located in a very strategic position so different states are trying to influence it to align closer to themselves. The economic value of the region shouldn’t be undermined as it offers a corridor of energy supply towards the Western European countries and further East, through such projects as Trans Anatolian pipeline.

The thesis focuses upon Iranian and Turkish influence over the South Caucasus states. Political situation of both countries has changed a lot during the course of recent history ³, as Iran started to be more active in the international matters following the lifting of sanctions and Turkey moving towards more authoritarian nature.⁴ After the relief of sanctions for Iran, media

began to report increased activity of this states officials conducting bilateral dealings and labeled it as a growing Iranian influence in the region.\textsuperscript{5}

It is true that for Iran a greater regional role has been a priority since 1989 when Akbar Rafsanjani assumed presidential office. Iran then began the change of their foreign policy shifting from expanding the Islamic revolution to a goal of restoring Iran’s role as a major regional power.\textsuperscript{6} After the lift of the sanctions, Iran’s potential to become a major regional player has raised \textsuperscript{7} and Iran is becoming more active in South Caucasus. The thawing of Azerbaijan – Iran relations can be seen already. Two countries agreed to work together to attract mutual investments from the Western countries and strengthen their cooperation.\textsuperscript{8} In February 2016, countries signed the memorandum of understanding, which will deepen cooperation between Azerbaijan and Iran on multiple fronts. Both countries expressed their support towards one another and expressed the belief that cooperation will continue.\textsuperscript{9} The same narrative continues with other Caucasus countries as infrastructural and energy projects\textsuperscript{10} are going underway, such as building of hydroelectric power plants, construction of railroads, etc.\textsuperscript{11}

Meanwhile, Turkish influence and interests in the whole region of South Caucasus is, however, not widely debated in the academic field. Scholars themselves agree that the region of South Caucasus receives limited attention on the Turkish influence debate. \textsuperscript{12} Researches addressing this topic mostly pay attention to the smaller economic projects done between


\textsuperscript{6} Edmund Herzig, “Regionalism, Iran and Central Asia,” \textit{International Affairs} 80, no 3 (2004): 503-517


\textsuperscript{12} Diba Nigar Göksel, “Turkey and Georgia: Zero-Problem?,” \textit{Black Sea Trust for Regional Cooperation}, June 2013.
They mostly focus on Turkish–Azeri relations or on the Turkish policy in the Middle East region. Furthermore after Turkey’s fundamental turn away to authoritarianism, some articles report Ankara’s diminishing influence in the South Caucasus region. The turn to authoritarianism, domestic problems with terrorism, growing tensions with the Western states and a slow turn away from secularism in the state leaves Turkey with less support from the Western NATO allies and in turn with less influence and attractiveness as a partner in the South Caucasus. Lack of researches done addressing the topic, the changing nature of Turkey’s domestic situation and Iran’s increased interest, activity and role in the region calls for reassessment of its stature in the South Caucasus.

The research problem derives from the lack of attention given to the South Caucasian influence and the rapidly changing state of nature of both Turkey (move towards authoritarianism in recent years) and Iran (reengagement with International politics and the region), calls for the reassessment of their influence in the South Caucasus. This research shall analyse the developing economic and political situation in South Caucasus from the perspective of both countries and try to answer the question what is the current position of Iran’s and Turkey’s stature in the South Caucasus. This question is mainly formed on the public perception labeling Iran as the growing power in the Caucasus region, and the lack of analysis and scientific studies on the above mentioned subject. The processes that thesis will try to unravel is the spread of influence by Iran and Turkey towards the South Caucasus region, such researches in the past lacked a clear theoretical framework, furthermore as mentioned because of the changing nature of Iran and Turkey their impact on the region needs to be reassessed.

The thesis is designed with the aim to explain the dynamics and answer the following hypothesis:

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17 Ibid
The hypothesis of the research is that: Iran’s influence in the South Caucasus is rapidly growing, while Turkey’s is diminishing.

The hypothesis itself is designed with the aim to focus upon the media sources (which report growing Iranian influence and shrinking Turkey’s role in the region), in order to check this hypothesis a comparison with Turkey shall be carried out and the method/theory that it is based on explained in the theoretical part of the work. The theory is mainly derived from David A. Lakes work “Escape from the State of Nature. Authority and Hierarchy in World Politics”, combining it with other ideas from English and constructivist schools. The detailed picture of the theory will be presented later in the paper.

The **object** of the analysis is Iranian and Turkish influence in the South Caucasus region. The paper addresses the political reasons and the growing/diminishing role in the South Caucasus of power’s from the neighboring regions.

The **aim** of the analysis is to check and determine Iran’s and Turkey’s positions and sources of their change in the South Caucasus.

The **tasks** of the analysis could be grouped as follows:

1. To present the theoretical framework.
2. To asses the current developments of Iran and Turkey in the South Caucasus region.
3. To evaluate the influence of both countries towards the region according to the constructed theoretical framework which is based on David A. Lakes ideas.
4. To compare the Turkish and Iranian intentions and interests in spread of influence towards the South Caucasus region.
5. To confirm or deny discredit the hypothesis as formulated in the Introductory part of thesis.

The sources that are used for information in this research are various media outlets that present news about developments in South Caucasus, for example: armenpress.am, azernews.az, cacianalyst.org, eurasianet.org and tehrantimes.com. For statistical data this research uses these sites: comtrade.un.org/data, which provides data about bilateral trade, atlas.media.mit.edu, which
provides analysis about imports and exports by type of product, and the weapons trade site, which overviews arms trade worldwide - armstrade.sipri.org/armstrade/page/trade_register.php.

Methodologically, researches of other scholars and media sites will be used to justify the arguments provided. Methodological framework is provided by the chosen theoretical framework, as it indicates what factors and variables to search for. In general the work is using qualitative analysis. Discourse analysis will be used to find the developments of states and the statements made by the official politicians, historical analysis will help to understand what impact did certain events have on the present day policies towards other states. To find the official positions of the countries foreign ministry statements will be overviewed. The timespan of the analysis is mainly from 1990’s 2016 April, the statistical data like import and export numbers span from 2011 to 2016.

This research is divided into several parts. The first one overviews the theoretical framework and concepts. The theoretical framework also proposes the methods for the analysis itself in order to measure influence. The empirical part of the research consists of analysis of Iran and its current developments with each South Caucasus country, at the end of each section the evaluation according to bilateral trade dependency, military cooperation and cooperation in organizations is presented. The same logic and sequence are applied with the analysis of Turkey. At the end of the research both countries are compared and different statistical factors highlighted. By performing these tasks the validity of the hypothesis shall be checked.
1. REGIONAL SECURITY DYNAMICS. ROLE AND INfluence OF THE GREAT POWERS FROM THE NEIGHBOURING REGIONS. THEORETICAL PERSPECTIVE

This part of the thesis is aimed at construction of the theoretical perspective later used in the empirical analysis. The goal is to construct a theory that enables to understand through which channels does the influence spread and how to measure it. The definitions that are vital to the paper presented below will be overviewed such as region and regional powers. Later the construction of the theoretical framework shall be presented. Theoretical part will explain which indicators and why will be used in the empirical part in order to understand the spread of influence by Iran and Turkey.

1.1. The definition of the region and the role of regional powers.

The thesis is using the following definition of the region: it is a space consisting of two or more entities in geographical proximity and is characterized by regular interactions between them and is perceived by external and internal actors alike as a distinct regional space. Within this exclusive space, the form of interaction is of political type and can bring positive and negative results that could impact stability, economic cooperation or trasnational activities. A region could be seen/identified as a unit based on groups, territories or states, whose members display identifiable patterns of behavior.


Regional powers are usually states that possess strong military forces, high GDP and a relatively high population comparing it to the regional context or to their subordinate states. Both countries that this research is concentrating on (Iran and Turkey) posses all of these criteria.

Furthermore they are relatively powerful in the Middle East context as well. The South Caucasian countries together with Turkey and Iran are often labeled being a part of the Greater Middle East region. The analysis of ever changing power relations within the South Caucasian subregion are important in the context of the Greater Middle East as influence or resources accumulated in the subregion may spread to the greater region. The trends of growing power in the South Caucasus may signal the goal to spread influence outside of its borders. The scholars amongst themselves do not agree on what regional power is based, it is rather a collection of different set of tools and capabilities that can be used in the region. It can heighten their attractiveness to other not only by possessing strong military forces, a relatively high population supplemented with attractive political values and leadership but also on economical side such as trade and GDP.

Caucasian countries have a high level of interdependence amongst themselves related to regional conflicts, migration fluxes, ethnicity and economic sphere which includes energy and transportation routes. The region also has a similar history which is highly related to common occupation experiences. South Caucasus historical memories are also highly connected with the conflicts that were ravaging the region such as Nagorno Karabakh war, Russo–Georgian war and Georgian ethnic clashes in the 90s, all in all the states of South Caucasus and the surrounding states were often involved in trying to find the solutions in order to preserve stability in the region which created common historical memories, identities and attitudes.

22 Nolte 890.
1.2. Regional independence and role of regional powers

The task of finding the changing patterns of influence within is also important because in general there are only a few regions or subregions that demonstrate a clear dominance of one regional power. Usually the power is contested by several surrounding regional powers, so no clear leadership could be excluded. Thus, the relationship between the regional power and the corresponding region can be ambiguous and encumbering. Regions can reduce rather than increase the power projection of regional powers on the global level; the troubles in the backyard can be troubling. If regions are surrounded by greater powers they always directly or indirectly compete for influence over the region. South Caucasus is a region where regional leadership is clearly lacking since it is surrounded by bigger neighbouring states. This assumption is very important since it pinpoints constantly changing nature of South Caucasian leadership.

1.3. D. Lake’s theoretical approach on hierarchical regional relationship

The core theory was chosen according to the aim of the thesis. In order to evaluate the spread of influence towards the region certain theoretical frameworks should be considered. The core of the theoretical framework is David A. Lake’s research called “Escape from the State of Nature. Authority and Hierarchy in World Politics”. David A. Lake himself is a representative of the English school in international politics. The research itself was applied in order to explain the hierarchical relationships and influence of the United States to the smaller states. D. Lake was interested to find out how the United States accumulated so much influence over the other states and what were the preconditions of their success. David Lake analysed what makes smaller states act according to the hegemons will, however he rejected the notion that the state could just be more powerful in terms of share military power to order the smaller state to something. The research tried to find what deeper connections and indicators make and form dependency between the two states.

26 Nolte 885.
D. Lake refers to political authority as: “Productive abilities, knowledge, and fighting skill all appear to be resources that potential leaders can use to produce a local social order and, in turn, authority. Importantly, formal-legal institutions, to the extent they exist at all, follow rather than drive this process. In this example, as in others, authority rests on the ruler's ability to deliver the "goods" demanded by the ruled and the latter's willingness to recognize as legitimate the status of the former. “27 He views regional authority as a contract between states not as law. If the ruler is able to deliver economic and military security to his subordinate, the ruled is more likely to listen to the wishes of the ruler. The South Caucasus actuality in terms of this notion can be that the main problems that the three South Caucasus states have are connected to economic and security issues. The unresolved conflict of Nagorno Karabakh and the occupation of Abkhazia and South Ossetia, drives the need of the countries to secure support from the neighbouring states such as Turkey or Iran.

The authority in all cases is not obsolete, authority increases gradually and by that the hierarchical relationships between the states increase as well: “A dominant state may possess authority over a subordinate and issue commands regulating possible actions 1-5 but not on actions 6-n, which remain beyond its ability to expect compliance. In other words, the subordinate state may recognize the legitimacy of the dominant state’s commands regulating actions 1-5, but not that of commands it may issue on other possible actions. In this case, a partial hierarchy exists; the dominant state possesses some limited authority over the subordinate state. In turn, hierarchy increases with the number of the subordinate’s actions the dominant state can legitimately regulate. If the dominant state expands its authority from issues 1-5 to include 6-8, the relationship is more hierarchical.”28

Following this logic, the more influence the state accumulates over another states the more power over it’s actions it has. To determine the influence that one country possesses over the other D.Lake pinpoints two groups of factors that need to be taken into consideration: a) military dependence b) economical interdependence.

28 Ibid. p 56.
1.3.1. Military factors of regional influence

The first factor distinguished by D.Lake related to military influence is deployment of military forces into the foreign soil, in this case the deployment of troops from the supposedly dominant state into the subordinate one. Military troops stationed in the territories abroad enable dominant state to influence the security policies of it’s subordinate. The dominant state is able to turn the foreign policy of the smaller state in the way that it benefits the dominant state the most. However the stationed military troops still must have a reason to be in foreign soil. So if the smaller state feel threatened by outside or inside factors may they be perceived or real, it could justify the dominant state’s action to station its military troops.

For a long time the South Caucasian states are immersed in protracted with occasional occasional outbreaks of violence. The Nagorno Karabakh conflict and Georgian ethnical clashes with Abkhazians and South Ossetins in the 1990’s may justify foreign troops involvement in the states soil. Georgia used Russian peacekeeping troops in order to control the rebellious regions of South Ossetia and Abkhazia, the dangerous domestic situation was later controlled thank to the intervention from abroad, but in return Georgia allowed Russia to interfere with it’s domestic and foreign policies until a catalysing change in political system of Georgia.

The second military indicator is the number of independent alliances possessed by the subordinate state. If two states share many alliances together it suggests that both of them are embedded in the same security system. But if a state already shares an alliances with a dominant state and enter an alliance of which dominant state is not part, in other words form and independent alliance it implies that the subordinate state has foreign policy autonomy.

However primarily there is a need to determine whether the state has any inter - security links with the dominant state at all. As the South Caucasus is a region surrounded by three bigger states qualified by IR scholars as medium powers, regional powers or in some cases great powers: Russia, Iran and Turkey any military alliance type of deals between bigger and smaller state may

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29 David A. Lake. P. 62
31 David A. Lake. P. 63
be viewed as threat by the other two, therefore this thesis primarily focuses to analyze whether any types of deals in the security sphere were conducted between the two states. Furthermore keeping in mind that two of three South Caucasian countries – Azerbaijan and Armenia were involved in conflict, any change in the status quo may be viewed as support to one side or the other.

As mentioned entering firm alliances in the South Caucasus could be troublesome, to illustrate military factor and influence through it deeper another indicator is needed. Since South Caucasian countries are always facing the danger that one of the frozen conflicts shall start all over again, selling and buying weapons could also signal influence or at the very least trust of one state to another. Therefore as a third indicator strengthening bilateral relations sales of weapon shall be overviewed. Selling and buying of warfare will deepen the understanding of bilateral military dependence since a firm alliance (in this case mutual assistance in times of war) could be difficult to find. However Iran and Turkey try to impact the Caucasian states and in some cases support one side over the other (for example the Nagorno Karabakh conflict), as the influence in the region is very important due to its strategic position connecting East with the West and Middle East to Europe.

1.3.2. Economic factors of regional power influence

The economic group of factors consists of monetary policy autonomy and trade dependency.

David Lake observes three currency regimes, the first one being when country allows it’s currency to float freely against other currencies with it’s exchange rate being determined by financial markets. Second the country could fix it’s currency to another stronger currency by doing so the country adapts the monetary policy of the fiscally dominant country. Thirdly a country could adopt a currency of foreign state as their own. If free floating currency is on one end of the spectrum which guarantees independence adopting other states currency could be seen a sign of sub ordinance. So the more country moves towards the adopting other countries fiscal policy the
more costly ties with that country are to break, because the domestic situation is entirely determined by the other countries fiscal policies.  

However this thesis is leaving this indicator aside due to the fact that it is concentrating on Iran and Turkey it becomes hard to evaluate this kind of bond meaningfully since neither Turkish Lira or Iranian Rial are World’s reserve currencies, neither they are very strong. Most of the South Caucasian countries rely on dollars, especially oil exporting countries such as Azerbaijan. So this indicator will be eliminated from the analysis.

Besides, the analysis will take into account the second indicator related to economic power dynamics – namely trade dependence. Trade is understood as having the ability to create political influence, in other words trade is the tool to achieve political influence. If a country is highly trade dependent on another it is vulnerable to the influence of that state. If a country has one main partner in imports and exports therefore its economy is dependent on that particular state. If a state fails to diversify its trading partners over the longer period of time it indicates that a country has accepted the other states potential influence.

In this case bilateral imports and exports within the South Caucasus, Iran and Turkey respectably will be overviewed. If the trade is expanding it means the country has started to accumulate more influence towards the other one.

The next indicator is participation in common institutions.

1.4. Regional dynamics and role of institutional factors

Derrick Frazier included regional institutions in his research and labeled regional institutions as the ones that help to build up influence towards the region. Regional formation in terms of security and economics is based on redefinition of norms and creating identities through

32 Lake. 66p.
33 Ibid 67 p.
34 Ibid 67p.
collective institutions. As D. Nolte noted “the shape of the institutions of regional governance can be used as an indicator for the power distribution in the region and the type of regional hegemony. For strong states (rule makers) regional institutions are often more cost-effective and reliable instruments for dominance.” Collective institutions ease the bilateral dialogue and makes the interactions between countries more often.

1.5. Ideological factors shaping the region.

The Ideological factors which were briefly mentioned at the beginning of the theoretical part are mainly connected to the shared historical experiences and culture. South Caucasian countries share common history primarily connected to the occupation, and the conflict of Nagorno – Karabakh, Russo – Georgian war and the ethnic clashes in Georgia during 90’s, these events shape the policies of the countries in many aspects, these ideological factors lead to the aim to guarantee support from bigger states that surround the region in order to create a sense of security. Azerbaijan always turned to Turkey when disputes about the nature of Nagorno Karabakh arised. Georgians are trying to integrate into Western institutional structures to secure themselves and prevent events like Russo – Georgian war happening in the future.

The shared culture is mostly connected to the religious factor as it can also be seen as stepping stone in order to create deeper bilateral connections. As South Caucasus is a small region it has an attribute that small or large ethnical groups live inside the territories of the bigger states such as Azeri people in Iran. This factor can be used in order to pressure the state to act according to the hegemons will or to use it in to increase cooperation between the states.

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36 Nolte 894-895
1.6. Theoretical framework

All in all the theoretical framework could be defined as follows and constructed from these indicators:

*Table no 1. Theoretical framework.*

<table>
<thead>
<tr>
<th>Military dependency</th>
<th>Ideological dependency</th>
<th>Economic and trade dependency</th>
<th>Institutional dependency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Troop deployment in foreign soil</td>
<td>Common historical memories</td>
<td>Bilateral imports and exports</td>
<td>Participation in common regional institutions</td>
</tr>
<tr>
<td>Alliances between states</td>
<td>Shared culture/religion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade in armaments, weapons</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: table created by author.

The theoretical framework presented enables to fact check whether the influence of Iran and Turkey is growing in the South Caucasus region. Clear indicators of what to search for enables to draw a clear picture of whether the power projections of each country move to the positive end of the spectrum. Although the method is clear and allows to construct the inner logic of the paper it tells little about the future developments of each country as it does not oversee any catalysing events that might change situation (to an extent only from the economical side). Furthermore looking at the developments of countries from the point of view of statistical data provided tells little about how concepts and ideas travel through the region, however the goal of the research is to check whether the factual data supports the hypothesis of growing influence of Iran or Turkey.
2. SOUTH CAUCASUS – A REGION OF INSTABILITY

This part of the thesis will overview the regional conflicts that influenced the positions of Iran and Turkey supporting one state or the other. As mentioned in the theoretical framework these conflicts are considered as common historical experiences that shape the policies towards the states that surround the South Caucasus. Three major conflicts shaped the South Caucasian political and territorial picture: Nagorno – Karabakh conflict, Georgian ethnic clashes and Russo – Georgian war. Because of these unresolved conflicts South Caucasus is often considered to be a region of instability, socio-political stagnation and conflicts.37

Table 2. Involvement in Regional conflicts.

<table>
<thead>
<tr>
<th>Involvement</th>
<th>Russia</th>
<th>Iran</th>
<th>Turkey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nagorno – Karabakh conflict</td>
<td>Support to Armenia. Limited participation</td>
<td>Limited Participation. Attempts to mediate conflict, later turned to support to Armenia in the first era of conflicts.</td>
<td>Active participation. Support to Azerbaijan. Closed borders with Armenia</td>
</tr>
<tr>
<td>Georgian ethnic clashes</td>
<td>Active Participation. Peacekeeping forces</td>
<td>Limited Participation</td>
<td>Limited Participation</td>
</tr>
</tbody>
</table>

Source: table created by author.

The table shows that Turkey was involved actively in the Russo – Georgian and Nagorno – Karabakh war, while Iran had limited participation in all three conflicts.

To understand Iran’s place as a prospect of assuming regional hegemon position, an overview of participation in conflicts is in need. Firstly, it could be assumed that South Caucasus is surrounded by three greater powers – Turkey, Russia and Iran, each of them having interlinks with the past intra-regional and ethnic conflicts - the most notable of those being Georgia’s inner

ethnic clashes with Abkhazia and South Ossetia, Georgian – Russian war and Nagorno - Karabakh conflict.

Iran has the most limited participation in these clashes from all the surrounding powers, which primarily gives two assumptions: 1. Iran has maintained more or less friendly relations by avoiding active conflict. 2. A lack of involvement in the regional crisis. The interests of Iran in this case remain rather stable, as they are always seeking and agitating for resolution of the conflicts.

Iran had limited participation in all of the conflicts and was interested in settling the conflict of Nagorno-Karabakh in a peaceful way. When war between Armenia and Azerbaijan broke out in the 90’s, Iran sought to assume mediatory position in the conflict. The legitimacy of Iran as mediator at that time was based on the fact that it had close historical ties with both Azerbaijan and Armenia. Furthermore, it was not directly backing either side of the conflict and was holding a neutral stance. Iran itself was motivated to find a solution to the conflict not only to stabilize the situation in its near abroad but also it needed to increase their regional power stance. However, Conference on Security and Cooperation in Europe overtook Iran's mediatory position, partly because Iran had neither credibility nor support in the eyes of the Western powers and was seen as a rogue state.

Iran’s near ideal role in resolving the dispute was neglected because it lacked external support by other countries. However, as it can be seen, the space for resolving the conflict is open to Iran once again as the status quo between Iran and the West has begun to change. Classified as having a limited participation in this particular conflict, Iran could be held as neutral state. When pondering other conflicts in the Caucasus, mainly associated with Georgia, Iran had less involvement than others too. Theoretically, this opens the window of opportunity for further action in increasing their image as a regional player. The lack of involvement in Georgian conflicts was rather understandable, since these conflicts involved Russian Federation - a clash between two greater powers in a region could lead to even more instability.

Turkey, on the other hand, has always supported Azerbaijan in the conflict of Nagorno-Karabakh. Turkey assisted Azerbaijan during the times of war not only by sending strategic support like food, arms, and officers to train the Azerbaijani forces\(^{40}\), but also supported Azerbaijan in the international arena as they always delegitimized the occupation of Azerbaijani territories.\(^{41}\) When recently the conflict has re-emerged, Turkey continuously showed support to Azerbaijan again, Turkish president Recep Tayyip Erdogan has been quoted saying, that “Turkey will support Azerbaijan till the end.” \(^{42}\) Turkey also supported Georgia in the International arena during Georgia’s conflict with Russia.

As it is stated by the Turkish Ministry of Foreign Affairs: “Turkey strongly supports territorial integrity of Georgia and does not recognize the so-called independence of Abkhazia and South Ossetia. Turkey hopes that these conflicts will be resolved within Georgia's territorial integrity and sovereignty through peaceful means. Turkey also supports Georgia's efforts for integration with Euro-Atlantic organizations.” \(^{43}\)

As it can be seen both countries have the opportunities to interact with the South Caucasian states, however Turkey has a difficult relationship with Armenia since the borders between the two countries are closed, so the positive impact of Turkey towards Armenia is limited. The next part of the analysis will be moving towards the developments of both Turkey and Iran in the South Caucasus. The indicators that were presented in the theoretical framework will be analysed.

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\(^{40}\) D. Hayk. Турция и Карабахский конфликт в конце XX – начале XXI веков. Историко-сравнительный анализ. (Yerevan, Prospectus) 2006, 94 p.


3. IRAN’S ROLE AND THE NATION – STATES OF SOUTH CAUCASUS

Figure 1. Map of South Caucasus.

As mentioned before, South Caucasus has been one of the priority regions for Iranian regional influence expansion. For Iran a greater regional role has been a priority since the 1989. When Akbar Rafsanjani assumed presidential office, Iran began the change of their foreign policy shifting from expanding the Islamic revolution to a goal of restoring Iran role as a major regional power. One of Iran’s main goals in engaging in regional cooperation prior the sanctions was to lessen the involvement of external actors in the regions – may it be Central Asia, Middle East or Caucasus. In this section Iranian relations with all three Caucasian states will be overviewed, this part will emphasize economical, political and military deals made by Iran with the Caucasian states to understand the degree of its involvement in the region. As noted in the theoretical framework institutional dependency is also an important factor when determining influence, because participation in common institutions can create the common identity, furthermore they are a powerful tool for bigger states to exert influence. The regional organizations selected in the Iranian part are the ones that Iran either was one of founding members of the institution itself or the ones that have non materialised yet however may signal close cooperation. For analysing institutional

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44 Edmund Herzig. Regionalism, Iran and Central Asia. International Affairs (Royal Institute of International Affairs 1944-) Vol. 80, No. 3, Regionalism and the Changing International Order in Central Eurasia (May, 2004), pp. 503-517
factor Economic Cooperation Organization, Non-Aligned Movement, Organization of Islamic Countries, and Caspian Sea Cooperation Organization were selected.

3.1. Iran’s role and cooperation with Armenia

Iran and Armenia has a long history of relations and encounters that range for thousands of years.

For Armenia economic cooperation with Iran is vital, since Armenia has closed borders with Turkey and Azerbaijan. Borders that remain open for Armenia are Iran and Georgia, both countries could be seen as a window to the east and west for Armenian goods. Politically maintaining close ties with Iran is also vital since the country faces isolation because of the closed borders. Iranian Foreign Minister Mohammad-Javad Zarif has been quoted saying that the ties between Iran and Armenia can serve as a relationship model in a world where extremist approaches spread in the name of religion. 45 As of today despite being religiously different the two countries maintain close bilateral relations. Iranian President Hassan Rouhani together with Armenian President Serzh Sargsyan expressed delight in current developing bilateral relations. 46

Armenia has developed multiple projects with Iran. Tourism is one of the areas were cooperation between the two countries have risen in the past years. 47 Recent signing of visa free regime by Armenia and Iran favourably impacts tourism of both countries. 48 This produces a positive outcome on sharing of culture and values between two countries. Armenia, being a part of Eurasian Economic Union, increases its attractiveness for Iran as a trade partner. 49 Since the countries have a shared border, Armenia could be used as a transit country to a large market of

47 Iran, Armenia to build up tourist flows thanks to visa free regime. 20.07.2016 <http://theiranproject.com/blog/2016/07/20/iran-armenia-to-build-up-tourist-flows-thanks-to-visa-free-regime/> [last accessed: 04.04.2017]
EEU. Now that Iran has become “sanction free” country, Iran could be used by Armenia as a platform for Western engagement. 50

Iran and Armenia’s economic ties mainly concentrate on energy transition. These countries have already established Iran – Armenia gas pipeline in 2008. 51 In 2014, Iranian energy minister Hamid Chitchian announced about finalized agreement of Iran building a hydroelectric power plant in Armenia. During the finalization of power plant agreements, all officials voiced willingness to cooperate on energy sector even further.52 Iran is also trying to increase the volume of gas sent to Armenia. 53 This gas deal already involves quadripartite between Russia, Georgia, Iran and Armenia in order to connect Persian Gulf to Black Sea.

Both countries are working on establishing a free trade agreement. Eurasian economic union has accepted Armenia’s proposal to explore the possibility of establishing a free trade agreement with Iran. Since Armenia can no longer negotiate such bilateral agreements on its own due to the membership in the union, this agreement would enter into force together with other Eurasian union members. 54 Theoretically speaking Iranian influence to Armenia is limited due to this fact. Iran – Armenia free trade zone agreement may be transferred to a private company as it would increase neutrality. Both Iranian and Armenian officials hope to increase trading and developments not only on energy resources but also trade in services and goods in general. 55

One of the vital projects that could enhance cooperation of both countries is the railway connecting Armenia and Iran. Through this railway Armenia would broaden its export possibilities, since it faces blockade from two out of four of its neighbours. 56 However, as some reports suggest,

50Ibid
this railway project, although being vital to Armenia, to Iran is of little importance. If Iran joins the Azerbaijan project of Kars-Akhalkalaki railway, it may be connected with the Black Sea, in that case Armenian railway would lose its significance. The construction of railway in Armenia is a difficult and expensive project due to the country's mountainous terrain and would cost at least 3 billion dollars. Iran has proposed to Armenia to construct the railway going through their territories by themselves while Iran would only finish the small part that runs through Iran.

Although the benefits of this railway to Iran are doubtful, investing in this project would add value on the political level. As this project is mainly beneficial for Armenia and probably Armenia alone, helping with construction fees and also with infrastructural “know how” Iran could potentially bring Armenia closer on political level which could ease future permeability of norms and values. This would be a very important step to prompt Armenia to find political will to move a little bit closer to Iran and away from Russia’s influence. Iran could coordinate its investments with other third party countries since reports suggest that Chinese and French companies are interested. Economically Armenia also opens up a lot of opportunities for Iran, especially on the energy sector since Armenia could be used by Iran to export its energy resources not only in northern direction (Russia and Eurasian union countries) but also to the EU.

However, although there are clear signs of closer economic cooperation not only now but also in the future and possible opportunities to bring Armenia closer to Iran on the political level, the key obstacle here remains Russia’s interests. This research will not go deeply into Russian interests but will rather point out clear obstacles that they pose to Iran’s – Armenia’s ever closer union. First of all, Armenia remains the last country that is clearly under Russian sphere of influence in South Caucasus, which means proliferation and protection of Russian interests in the region. Secondly, Armenia is a part of Eurasian Economic Union and its bilateral dealings with


Iran could be quite limited without the further approval of Russia. Thirdly, Armenia is seen as a window through which Iran could export its energy resources not only northward but also westward (to European Union), however this is highly doubtful given the fact that this market is dominated by Russian natural energy resources and that Iranian energy could provide an alternative for Russian dependable European countries. Moreover, export of energy resources is seen as a political pressure tool of Russia, and with recent economic sanctions imposed by the Western allies, this is one of the last Russia’s foreign policy weapons, which they will not cede so easily.

The cultural factor in the relations mainly connects with Armenians living in Iran. Armenians living in Iran are around 150 000, and they are the largest Christian community in Iran. Armenians are represented in the parliament as well with two seats being allocated to them.  

Iranian Persian had a large impact on modern days Armenian language, since the two countries have been sharing a border during the course of history. Ancient Armenian churches inside Iran have also been protected as world heritage site.

3.2. Evaluation Iranian influence in Armenia

Numerous articles report growing Iran’s interest in Armenia as the gateway through which its goods could reach Eastern and Western markets. The officials of the two countries are talking about deepening ties between them and talks about infrastructural projects are supposedly underway. How do these talks fare in statistical data? The statistical data gathered is according to the indicators that were presented in the theoretical framework, overview of trade, military, institutional and ideological factors will be presented here.


As it can be observed from the statistical data provided above, the rate of trade between the two countries is actually dropping. For example, during the year of 2014, the total trade between Armenia and Iran accumulated 290 million US dollars, during 2015 – 280.7 million and in 2016 238.5 million. Moreover, the vast majority of the total trade comes from Armenian imports from Iran and not the other way around, which signals that Armenia is not that dependent on Iranian markets. The decreasing trade rate between two countries could be explained by Armenia’s accession to the Eurasian economic union, which limits Armenia’s decision to take independent economic actions and focuses on the trade within the Union itself. Iran is rather a small part of Armenia’s exports keeping in mind that the trade and exports are shrinking. In 2015 Iran took 4.7 percent of all Armenia’s export when, for example, Russia or Canada accumulate 14 and 13 percent respectively.  

In 2016 this percentage has fallen to 4.2 percent of all exports. Armenia also takes only a small part in Iranian exports – only 0.58 percent of all exports go to Armenia, which
equals to 186 million dollars in 2015. 66 This factor is partly determined by the fact that Armenia’s economy is rather small, so only a handful of recourses reach Armenia. Considering the size of Armenia’s economy, 4.7 percent of all exports is not a small number and if Armenia would lose an export destination country like Iran, it would negatively affect the economy. Furthermore, when looking at the dialogue which is ongoing between Iran and Armenia, it shows a lot of promise, especially, if certain energy and infrastructural projects began to take real shape.

Military cooperation between the two states is quite limited as well. The first indicator which describes country’s influence to its subordinate country is stationed military troops in foreign soil - in this case, Iran’s troops involvement in Armenian territory. However, historically this has never happened, Iranian troops have never entered into the territory of Armenia. Iran has neither engaged militarily in Nagorno-Karabakh war between Armenia and Azerbaijan. Teheran has supported Armenia and provided country with electricity, fuel and humanitarian support during the conflict, this help was often cited as one of the reasons why Armenia was able to achieve victory during this particular conflict. 67 Iran has also stepped up to assume mediator role during this particular conflict, due to the fact that Iran was a neutral state and had close ties with both countries. 68 However, Iran was removed from this position because it had no support from the Western countries and was labeled as a rogue state. 69

Deepening relationship and spreading of influence could also be defined through military cooperation. In the course of the past two years, there were a lot of media reports about possible militarily cooperation between Iran and Armenia. Both countries stressed the need to expand political – military cooperation. 70 Armenian officials visited Iran’s ETKA company, which is the only company that has military ties with Armenia, but this company does not produce arms - only textile and food for the military. This way Iran shields itself from Azerbaijan complaints about

70 Armenia, Iran to have more frequent politico-military contacts. <https://news.am/eng/news/352321.html>  [last accessed: 08.04.2017]
funding Armenian military, but, at the same time, it does not deepen the bilateral cooperation between Armenia and Iran.\textsuperscript{71} According to SIPRI data, which overviews military deals all over the world, no major trade in arms has happened between Yerevan and Teheran since Armenian declaration of independence in 1991. \textsuperscript{72} The media does not report any arms deals between the two countries either. As mentioned above, Iran’s and Armenia’s military cooperation is limited to the trade of textile and food, these countries do not hold joint military exercises or officially exchange military experience or knowledge. In this sense, it is safe to assume that military cooperation between the two countries is quite non-existent.

Successful transition of ideas and norms to secondary states can also be produced through common institutions. Active participation and leading these institutions positively affects an image of a state, which forces a change in perception towards the country. \textsuperscript{73}

During the embargo years, Iran created multiple initiatives to potentially assume a better regional image amongst the regional partners. During the era where Iran was imposed by sanctions, it had to develop, create and participate in alternative organizations to outweigh possible US involvement. The most notable of these would be Economic Cooperation Organization (Founded by Iran, Turkey and Pakistan); Non-aligned movement; Organization of Islamic cooperation and Caspian Economic Cooperation Organization (which has not materialized yet).

\textit{Table 4. Armenia’s participation in common organizations with Iran.}

<table>
<thead>
<tr>
<th>Participation</th>
<th>Economic cooperation organization</th>
<th>Non aligned movement</th>
<th>Organization of Islamic cooperation</th>
<th>Caspian Economic Cooperation Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>-</td>
<td>+/- Observer</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: table created by author


\textsuperscript{72} SIPRI. <http://armstrade.sipri.org/armstrade/page/trade_register.php> [last accessed: 08.04.2017]

\textsuperscript{73} Frazier
As it can be seen, Armenia has relatively little involvement in the organizations that Iran participates in, therefore, they lack a common agenda and only participate in smaller bilateral dealings, such as forums and official meetings between representatives of states.

Ideologically Armenians do not have clear connections with Iran, although there are around 150,000 Armenians living in Iran this numbers shrinks keeping in mind that Iran posses the population 82 million. 74

Although bilateral meeting level has increased in the past years, Iran is trying not to touch the Nagorno – Karabakh subject referring to Armenia. Iranian President Hassan Rouhani just agitates for peace and stability in the region. 75 However Iranian ambassador to Azerbaijan has been quoted saying that elections in the occupied region of Nagorno – Karabakh are illegal, and that the republic itself is illegitimate. 76

Iran could be seeking to improve its relations with Azerbaijan due to the fact that Armenia’s diaspora living abroad is huge. Iran is trying to maintain a positive impact on Armenia and win support from influential Armenians that have huge communities inside US, France and Russia. 77

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77 Mohammad-Reza, Djalili, Iran and the Caucasus: Maintaining some Pragmatism, in: The Quarterly Journal, No.3, September 2002, p. 54
3.3. Iran’s role and cooperation with Azerbaijan

Iran and Azerbaijan share common history, however, during different periods Azerbaijan was a part of the Persian Empire. Although Azerbaijan was labeled as an enemy and a threat to Iran in the past, this implication has begun to change recently.

The cornerstone of bilateral relations between Azerbaijan and Iran was the issue of Nagorno-Karabakh region. Although previously Iran showed support to Armenian developments, recently Iranian officials have highlighted the shift of opinion in multiple public interviews. Iranian ambassador to Azerbaijan Mohsen Pak Ayeen was quoted saying that “Tehran doesn’t recognize the “parliamentary elections”. There is no country called Nagorno-Karabakh Republic, and the Islamic Republic of Iran does not recognize such a “country”. Of course, we don’t recognize the elections held there.”78 Iran’s president Hassan Rouhani also added to this, which was directed not only to the aim of settling the conflict but also to Iran’s greater role in the region: “We wish there would be justice, peace, stability and friendship in this region,” Rouhani said. “We are ready to make every effort, to take necessary steps for establishing friendship, security, stability and justice between all the countries.”79

The increase of official visits by both Azerbaijan and Iran officials has also been significant, which signals deepening cooperation. From December, 2014 to February, 2016, number of official meetings has increased to 5 times a year. 80 Azerbaijan’s President also spoke about thawing relations between the two countries and said that relations have risen to new levels in recent months. Moreover, he spoke positively of newfound support to each other in international organizations, and was also quoted saying that the relationship between Azerbaijan and Iran is now unbreakable and no force can split it. The general level of agreements between the two countries has also risen in very recent past.81 Iran and Azerbaijan has reached an agreement on signing Memorandum of Understanding. The goal of this agreement, which was signed in February, 2016,

78Ibid.
79Iranian-Azerbaijani friendship unbreakable, Aliyev says.
81Ibid.
is to boost both countries' ties in diverse areas of interest. Both countries are going to cooperate in the management of emergency situations, customs affairs, veterinary, health of the livestock. Frameworks to cooperate on sales and exchange, connecting the railroads of Iran and Azerbaijan, construction of a railroad bridge were signed that day.  

Iran and Azerbaijan started to work on negotiating Trans-Adriatic pipeline and Trans-Anatolian pipeline projects, which would boost their profits worldwide. These projects would be the last pieces in connecting Iran and Azerbaijan supply routes to European markets. As mentioned before, Iran and Azerbaijan have advanced in their talks of connecting their railroad systems after Baku-Tbilisi-Kars railroad project is finished. Both countries have expressed their interests in working together attracting Western investments, which is vital because of falling oil prices.

Since Azerbaijan started to develop and heighten the standards of their non-natural resources, they also started to look for potential countries to invest in. Iran is seen as a market where these resources could be realized. By working together, Azerbaijan and Iran seek to conduct businesses in each other’s territory and also to raise the volume of investments towards each other. Both countries agreed on sharing the experience in business and industry modernization with joint attraction of Western investments, already mentioned above. Iran has agreed to provide easier conditions for Azerbaijani businesses to access their country, as Iran already declared the aim of “bringing the cultures together once again”. Iran seeks to infiltrate the European natural resources sector and as one of the possible providers it sees Azerbaijan, since it is another link through which Iranians can gain entrance to the Western markets.

As Azerbaijan and Iran relations began to thaw in recent years and especially after Hassan Rouhani was elected as the president of Iran, new opportunities for cooperation are opening up.

Both countries share Muslim Shia faith and, although in the past it was rather a point of conflicts between the countries than friendship, the developments of the recent past suggest that this could be a reason to bring countries more closely together. Azerbaijan, being non-aligned to such unions as the Eurasian one, has an ability to develop bilateral agreements with Iran freely. The factors that pose as obstacles in future developments, especially on the political level, are Armenia and Turkey.

If Iran and Azerbaijan relations develop further and countries grow closer together, Azerbaijan might start criticizing Iran's bilateral development with Armenia, as it was done when Turkey was pondering to open up borders with Armenia. This also means opening of possibilities, while other powers surrounding Caucasus have already chosen a stance towards Nagorno-Karabakh conflict, Iran still plays both sides. Iran's mediatory attempts during the war in 90’s were quite successful, so, theoretically, this country could be the driving factor in normalization of relations between Azerbaijan and Armenia. In this case, the stature of Iran would increase, if they were to successfully mediate this conflict. However, in order to start negotiation processes, support from other countries should be guaranteed. It was not possible in the past, due to the sanctions imposed on Iran, but now possibilities remain open.

Apart from sharing the same religion which was the stepping stone that Iran thought it could build future relations on in 1990’s, countries also culturally affiliated as a large portion of ethnic Azeri people live in Iran. Because both countries are Shiite Iran during the early stages of Azerbaijan independence wanted Baku to develop the Islamic form of state, however Azerbaijan turned to secular model. There around 19 million ethnic Azerbaijani in Iran which is the second largest group ethnic group in Iran.

Deepening Azerbaijani – Iranian relations could pose as a threat for Turkey. Azerbaijan and Turkey are often described as one nation within two states. Azerbaijan has always looked for support from the Turkish side. These difficult intrastate relationships between Turkey – Iran and Azerbaijan shall be overlooked in the latter stage of the analysis.

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87 Abbas Djavadi. The Turkish-Armenian Thaw and Azerbaijan. <http://www.rferl.org/a/The_TurkishArmenian_Thaw_and_Azerbaijan/1608216.html> [last accessed: 08.04.2017]
3.4. Evaluation of Iranian influence in Azerbaijan.

In this section the dependency indicators that were presented in the theoretical part will be presented. As stated in the theoretical part, close ideological connections also matter when one country wants to exert influence over the other. Cultural experiences, religion and major part of ethnic Azeri living in Iran play the factor here, as they can be used as a stepping stone to positively impact future relations.

Table 5. Imports and Exports of Azerbaijan to Iran.

<table>
<thead>
<tr>
<th>Year</th>
<th>Import</th>
<th>Export</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td>250</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td>300</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td>200</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td>350</td>
</tr>
</tbody>
</table>

Source: table created by author.

It is worth noting that the chosen data tool does not provide statistics about Azerbaijan’s trade with Iran. The general volume of trade between two countries has shrunken since 2011, but

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Azerbaijani exports to Iran has risen since 2012. And although Iran still represents only a small part of Azerbaijan’s general exports, approximately 0.82 percent, the general export numbers have grown in the past year. The relatively small percentage of trade volume existing between the two countries could be explained by the fact that both of them mainly export crude petroleum products. In 2015 census, crude petroleum products were 86 percent \(^{91}\) of all Azerbaijani exports while Iran’s exports contained 58 percent of petroleum products.\(^ {92}\) In 2015 Baku officials have been forced to devaluate its currency because of falling oil prices, this factor influenced the economy of Azerbaijan negatively. Although the trade dependency between the two countries is relatively low, the importance of oil trade for both of them could be the factor, which could produce mutual cooperation - as officials from Teheran and Baku already agreed to attract Western investments together because of falling oil prices. \(^ {93}\) However, interpreting the statistics as it is and not concentrating on the future developments, at this point it can be seen that influence through trade dependency is quite low.

Iran has never used Azerbaijani soil to station its own military troops, however, on multiple occasions the military tension between the two countries was heightened. In 2001 Iranian military ships threatened Azerbaijani vessel, which was doing seismic work in an oil field. Iranians started to constantly violate Azerbaijan’s airspace. Azerbaijan turned to Turkey for help once again. After Turkey issued statements towards Azerbaijan to stop the violations and demonstrated excessive Air force military exercises over the Caspian Sea, Iran’s violations stopped but the relations remained tense. \(^ {94}\)

2011 marked the year in which relations deteriorated again. Azerbaijan made a bold statement towards Iran that they were prepared for military conflict after they purchased weapons from Israel worth 1.6 billion dollars. Although the official statement was that Azerbaijan was directing these purchases towards Armenia and not Iran, some weapons, such as anti-ship missiles could only be used in the Caspian Sea, certain anti-missile systems could not be used against Armenia either. \(^ {95}\) The complexity of this goes even deeper. The military equipment was bought


\(^{94}\) Ibid.

\(^{95}\) Ibid.
from Israel, which is viewed as an enemy by Teheran. Iran does not recognize Israel as a country and has all relations to it severed. 96 Iran feared that Israel, together with the United States, might intervene into their country, so military deals with Israel, especially in their neighborhood, were viewed with distrust. 97 Despite these matters and other multiple tensions between two entities, countries never went to war against each other or cancelled diplomatic relations. 98

When considering Iran’s and Azerbaijan’s interactions with one another, the Nakhchivan Autonomous Republic is a sensitive question. This autonomous republic, which belongs to Azerbaijan, mainly borders Iran and has no real borders with its ruling state. Iran supplies this region with most of the energy resources and this way Teheran can influence decisions made by Azerbaijani government. One notable event was when Turkey and Azerbaijan were negotiating Visa free regime between the countries, Iran threatened to cut off the critical supply line to the Nakhchivan region, if the same policy would not be extended to Iran. In the aftermath of this, Azerbaijan was pressurized to cancel its plans on visa free regime with Turkey. 99

Military alliance probability between Iran and Azerbaijan remains highly questionable. The cooperation in defense field has started only recently. Countries agreed to create a joint defense commission in 2015, to counter terrorism threats that are growing in the region. At the press conference Iranian Ambassador Mohsen Pak Ayeen has said that two neighbors will set up a joint mechanism to tackle defense challenges.100 Ayeen has been quoted saying that “there are developments in the world and in the region that have an impact on our region. Threats coming from ISIS and al Qaeda have been discussed. It was decided to make joint efforts to tackle religious fundamentalism”. Azerbaijan’s president Ilham Aliyev has agreed with this by stating that there is room for expanding military cooperation between the two countries. 101

97 Anar M. Valiyev. Azerbaijan-Iran Relations: Quo Vadis, Baku?
98 Ibid.
101 Ibid.
president has confirmed that Baku has in fact bought military equipment from Iran: "It is no secret that we buy weapons from Turkey, Israel, Belarus, Iran and many other countries, which helps to modernize our army", "It's no secret that 122 mm howitzer D-30A, 107 mm multiple launch rocket systems (YARS), 60 mm mortars, as well as a large number of weapons and other means of military purpose, purchased in Iran, were successfully used in early April during the fight against the Armenian invaders. My talks with comrades-in-arms, who participated in the battles, once again confirmed the high efficiency of these weapons in terms of destructive force." However, SIPRI database does not report any of these purchases yet. All in all, a construction of military alliance between Iran and Azerbaijan could be seen, so in terms of military matters, the influence of Iran is growing in Azerbaijan. Because of unstable relations with Armenia, Iran also lends a hand in protecting the Nakhchivan Autonomous Republic, which borders Armenia and Iran.

Iran and Azerbaijan are participating in a few organizations together as well.

*Table 6. Azerbaijan’s participation in common organizations with Iran.*

<table>
<thead>
<tr>
<th>Participation</th>
<th>ECO</th>
<th>NAM</th>
<th>OIC</th>
<th>CASCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+/-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Iran is in favor of Azerbaijan participation</td>
</tr>
</tbody>
</table>

Source: table created by author.

Theoretically, the norms, values and influence could be spread through these organizations, especially through Caspian Sea Cooperation Organization, which was proposed to create but has not materialized yet.

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The Iranian – Azerbaijani relations changed a lot during the last 5 years. Only in the end of 2014 Alex Vatanka the analyst of The National Interest journal has labelled the Azeri – Iranian relations from complicated to downright hostile.\(^\text{104}\) As it can be seen over the course of two years the two countries deepened their cooperation, the shift could be mainly attributed to the President of Iran Hassan Rouhani which was elected in 2013. After the change in governments H. Rouhani and his foreign minister Dr. Mohammad Javad Zarif has called to reset relations with Azerbaijan, and change the patterns of complicated relations that were developing for two decades.\(^\text{105}\)

3.5. Iran’s role and cooperation with Georgia

Georgia, like its other South Caucasian counterparts, also shares a long history with Iran. Georgian kingdoms were controlled by the Iran’s Safavid empire until the 19th century, later on Georgia was incorporated into Russian empire and Soviet Union.\(^\text{106}\) The main obstacle for successful relations between Georgia and Iran was the sanctions imposed over the latter. Georgia, as most countries at the time, was forced to choose whether to cooperate with Iran and receive US criticism or to have no closer ties with the country than needed. As most of the countries at the time, Georgia chose to stay closer to the US. This decision was influenced by the Georgia's aim to cooperate and integrate with Western institutions such as the EU and NATO.\(^\text{107}\)

The benefits of cooperation between the two countries lay in both ends of the spectrum. For Georgia it is foreign investment and project funding and for Iran - business opportunities and a chance to build up their image.\(^\text{108}\) Georgia is a growing economy so investment in the country is always welcomed, for Iran cooperation with Georgia which is considered as an example of


\(^{105}\) James Barry. Brothers or Comrades at Arms: Iran’s Relationship with Armenia and Azerbaijan in Iran in the World: in book President Rouhani’s Foreign Policy, Editors: Shahram Akbarzadeh, Dara Conduit. Publisher: Palgrave Macmillan. pp.59-74

\(^{106}\) T.C. Dowling. Russia at war. From Mongol conquest to Afghanistan, Chechnya and Beyond. ABC – CLIO. 2015. Santa Barbara. California. P. 728


\(^{108}\) Anna Kalandadze

42
democratization by the EU it’s a chance to show the Western structures namely the European Union that it can maintain excellent relations with it.

Iran and Georgia, although not sharing a border, geographically are very close to each other. Iranian minister of foreign affairs has noted that geographical positions of the two countries is the reason to deepen mutual ties between Iran and Georgia. The minister also said that plans to cooperate in energy, transition of goods and transport sectors are underway. The visa-free regime was officially restored in February, 2016, previously being cancelled in 2013, as part of sanctions plan for Iran. Iran has promised Georgia to invest in hydropower engineering and agriculture and also to discuss the potential of supplying natural gas to Georgia. The desire to integrate into Georgia’s energy sector was affirmed in 2015, as news agencies reported that Iran plans to launch two power plants in Georgia. In 2016, it was affirmed by both countries’ energy ministers Kakha Kaladze and Hamid Chitchian, as the framework for building the Hydro power plants is already on the way. Iran and Georgia also struck a deal on the economic cooperation in 2015. Both countries signed memorandum of understanding that expands bilateral cooperation in different fields of economy, especially in the energy sector.

Although cooperation between Iran and Georgia increases, one topic that is very sensitive for Georgia was not touched – the occupation of Abkhazia and South Ossetia. After the war between Georgia and Russia that led to eventual occupation of the territories in Georgia, Iran has decided not to recognize the two breakaway regions. However, the statement made by Seyed

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Mahmoud-Reza Sajjadi, who is the ambassador of Iran to Russia, had a rather ambiguous ending. He said that Iran will not recognize the regions anytime soon, leaving an option open of recognizing the regions later.\textsuperscript{116} A clear backing of Georgia on the international level by Iran concerning the recognition of these states would surely improve the relations between the two countries. A similar scenario has already materialized regarding the Nagorno-Karabakh region, since Iranian officials called the Nagorno Karabakh occupation illegal. However, it should be kept in mind that the weight of the players involved in these regional conflicts is different. On the one hand, there is Armenia and on the other - Russia. During the era of blockade, Iran has often played a silent role when it was concerning their interests crossing Russian ones, however, now that Iran is trying to achieve a bigger role in the global matters, things might change. Although Iran’s official statement by Iranian ambassador to Russia was that Teheran will not recognize the South Ossetian and Abkhazian republics, he added that they will not recognize the Republics in the near future, which does not rule out the possibility that they might be recognize later in the course of history, furthermore he added that Iran will help Moscow to develop the economies of two areas.\textsuperscript{117}

Georgia could also be used as a transit route for Iranian goods to Europe, even the ones related to energy. However, the question of Russian influence emerges again, since it is not in their interest to allow another player in the European energy market.

3.6. Evaluation of Iranian influence in Georgia

This part evaluates the Iranian influence that has spread through Georgia, indicators are connected to the theoretical framework presented at the 2\textsuperscript{nd} chapter of the thesis. The following table provides information of trade dependency between Georgia and Iran:


The total trade value of countries remained more or less the same from 2012 until 2016, with an exception of 2013, when trade between countries was a little higher than normal. Also, a tendency of slowly rising exports from Georgia to Iran can be seen. However, Iran represents only a small part of Georgia’s trade as it occupies only 1.3 percent (2015), while countries like Turkey, Bulgaria or Azerbaijan vary from 8.3 to 9 percent. Possibly the biggest window of opportunity for Iran to increase its imports to Georgia is through natural resources but that niche is mainly occupied by Azerbaijan. There is practically no trade dependency between Georgia and Iran right now.

In a military domain Georgians and Iranians had no clashes or agreements since the establishment of Georgia’s independence. The media or SIPRI data does not report any activity in trading weapons. Georgian are determined to join NATO, so the probability of Georgia entering

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118 Source: table created by author.

military alliances or agreements outside of NATO and especially with Iran, which the US still considers potentially harmful, is low.

The two countries, although organizing forums such as Economic cooperation forum, do not participate in the same regional institutions, where Iran has a lot of influence.

_Table 8. Georgia’s participation in common organizations with Iran._

<table>
<thead>
<tr>
<th>Participation</th>
<th>Economic cooperation organization</th>
<th>Non Aligned movement</th>
<th>Islamic Cooperation organization</th>
<th>Caspian Sea Cooperation Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: table created by author

Some of the organizations are limited by the geographical or religious factors, however, Georgia is not present in Economical Cooperation Organization either. The Economic Cooperation Organization at its purpose and goals seems much like the European Union. It has aspirations in achieving free trade, common utilization of resources and further advancement to a single market platform.\(^{120}\)

On the ideological aspect of the analysis countries did interact with each other during the course of history especially until the 19\(^{th}\) century, afterwards when Georgia was incorporated into the Russian empire the bilateral dialogue became impossible. All in all the ideological similarity factor can be eliminated as it does not have a clear impact on the relations.

\(^{120}\)Economic cooperation organization. < [http://www.ecosecretariat.org/in2.htm](http://www.ecosecretariat.org/in2.htm) >[last accessed: 11.04.2017]
3.7. Overview of Iran’s position in South Caucasus.

Although numerous media sources report that Iran’s role in South Caucasus is growing, the factual data does not confirm that. Media reports numerous infrastructural projects being discussed and that the political activity with each country bilaterally is on the rise, however, it is doubtful that it is a sign of growing influence in region. The following table overviews the general impact of Iran in the South Caucasus, according to the data sets that were taken into consideration.

*Table 9. Iran’s influence in South Caucasus.*

<table>
<thead>
<tr>
<th></th>
<th>Trade dependency. 2015 census.</th>
<th>Military dependency</th>
<th>Institutional dependency</th>
<th>Ideological dependency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Import</td>
<td>Export</td>
<td>Stationed troops</td>
<td>Formed alliances</td>
</tr>
<tr>
<td>Armenia</td>
<td>5.7% 198.3 mil. $</td>
<td>4.7% 77.9 mil. $</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>0.77% 90.3 mil. $</td>
<td>0.82% 138.9 mil. $</td>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Georgia</td>
<td>1.3% 92.3 mil. $</td>
<td>1.2% 35.7 mil. $</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: created by author

Iranian influence in terms of trade dependency is relatively low in two out of three countries (trade balance with Armenia is a little bit higher). There are no stationed Iranian troops in the Caucasus countries (and never were), and formal pacts on collaboration in defense sector has only been signed with Armenia. Although SIPRI reports no trade in weapons between Iran and South Caucasian countries, Azerbaijani president informed the media that Azerbaijan has been buying weapons from Iran. Common participation in regional organizations is non-existent with the exception of Azerbaijan.
Cultural similarities like shared religion and common historical memories exist with Azerbaijan (factually due to the ethnical Azeri living in Iran) and historically connections with Armenia exist due to the sharing of border between the states.

When talking about Iranian influence in South Caucasus, it can be noted that it is growing in Azerbaijan, the relations between the two countries are getting warmer. In the past Iran already exercised its political authority, which was gained through Nakhchivan Autonomous Republic by denying Turks visa free regime with Azerbaijan, however, now the relations between the two countries gain a different strategic form.

Low trade dependency could be explained by the factor that both Iran’s and Azerbaijan’s main export good is the same resource. Rising threats in the Middle East has sparked cooperation in the defence sector, as joint defence commission was set up, which could be treated as a form of military alliance in the region.

The change and pattern of approach towards South Caucasus in recent years can be mainly attributed to the Iranian President Hassan Rouhani who was elected in 2013. Although facing many constraints from within such as pressure from Iranian traditionalists in the country, H. Rouhani emphasised that Iran should engage in dialogue with the West and surrounding countries, re-invent Iran as an attractive country, reduce regional conflict. H. Rouhani prefers to raise the image and well being of Iran ahead and tries to move away from populist Islam agenda which was used by his predecessor Mahmoud Ahmadinejad. The benefits of shifting foreign policy strategy can be already seen as Iran is re engaging in dialogue with other South Caucasian countries. However the re engagement is only at it’s early stages and successful strategy in the South Caucasus region is hindered by other factors and developments as each of the South Caucasian country has developed it’s own agenda.

4. TURKEY’S ROLE AND THE NATION – STATES OF SOUTH CAUCASUS

Figure 2. Map of South Caucasus.

Turkey has developed numerous meaningful relationships in the South Caucasus region in terms of military bonds and economy. However their impact on Armenia is questionable to say the least as the two countries do not have diplomatic ties with each other and the border between them is closed. The relationship with Azerbaijan has always been strong however the countries do not share the border with mainland Azerbaijan only with the Nakhichivan exclave, this has driven the inclusion of Georgia in all meaningful regional projects since it’s used a transit country that connects Azerbaijan and Turkey together. This section will overview the indicators that were presented in the theoretical framework namely the Military dependency between countries, Trade dependency, Ideological and Institutional connections between the countries. For Institutional dependency the organizations that were selected are: Economic cooperation organization, Black Sea Naval force organization, Organization of the Black Sea Economic Cooperation and Organization of Islamic cooperation. Most of these organizations except for OIC are relatively small so Turkey can have a powerful impact towards the smaller counterparts of the institution.
4.1. Turkey’s role and cooperation with Armenia

Turkey’s - Armenia’s relations are probably one of the most complicated comparing to other South Caucasian countries. The two countries have closed borders with each other, this is the aftermath of the Nagorno – Karabakh conflict. After Armenia regained it’s independence from the Soviet Union Turkey has recognized the Republic of Armenia, but the two countries failed to establish diplomatic ties, and after the Armenia’s conflict with Azerbaijan the border between Turkey and Armenia was closed ever since. 122

One of the events that shape Turkish – Armenian relations related to historical memories namely, the Armenian genocide that began 1915. When Armenia was incorporated into Ottoman Empire they were the only Christian minority in the whole empire. Although Ottomans allowed minorities and let the Armenians to maintain some level of autonomy, Christians needed to pay higher taxes than Muslims, they had fewer political rights and, above all, were still viewed as infidels by their Islamic rulers. 123 Although Armenians were subjected to such injustice, they were wealthier and more educated than the Muslims, this brought suspicion and dislike towards Armenians. Suspicions arose from the Ottoman’s believe that Armenians would be more loyal to Christian governments than to the Ottoman Empire. 124

First signs of actual violence directed towards Armenians came from Turkish Sultan Abdul Hamid II. He declared that he will solve the Armenian question once and for all and sanctioned so called “box to the ear” pogrom. It was a response to Armenian movement for more civil rights. Turkish military officials, soldiers and citizens sacked and massacred their citizens. Hundreds of thousands of Armenians were murdered. 125

In 1908 new government called the Young Turks overthrew the previous rulers and established more modern constitutional government. Armenians were hoping for more civic rights

124 Ibid.
125 Ibid.
from the Young Turks but actually this new government had the aim to reform the Ottoman Empire as explicitly Turkish.¹²⁶

In 1914 Turks entered the war on the side of Germany and Austrian Empire. Discussions in the Ottoman Empire began about the Christians in their lands. The logic of the Turk leaders was that Christian Armenians would side with the enemy and would ask for independence if the Allies won the war. As this narrative went on, Armenians started organizing volunteer battalions to help the Russians fight against the Turks in the Caucasus. That encouraged Turkish government to remove Armenians from their lands in the war zones.¹²⁷

On 1915 April 24th the genocide of Armenian people started, when Young Turk government gathered Armenian intellectuals and political leaders. Then they started gathering the whole Armenian community and began to ready themselves for Armenian expulsion to Syrian territories.¹²⁸ On that day Turkish authorities executed several hundreds of Armenian intellectuals and the ordinary people were sent on death marches through the Mesopotamian desert without any food or water, some of the people were stripped down naked during the march, people who stopped to rest were shot on spot.¹²⁹

As it has been recorded that The Young Turk government also created organized mobile killing squads to destroy the Armenians. People were drowned in rivers, thrown of the cliffs, crucified and burned alive. Children were kidnapped and converted to Islam, women were raped and forced to join the harems.¹³⁰ At the end of the genocide fewer than 400 000 Armenians survived the genocide, around 1,5 million were killed. Turks have successfully exterminated more than 75 percent of the Armenian population.¹³¹

After regaining independence from the Soviet Union Armenia has been actively seeking the acknowledgement of the Armenian genocide however the success in this field has been limited. Turkey and Armenia had agreed to establish joint commission composed of historians

¹²⁶ Ibid.
¹²⁷ Armenian Genocide.
¹²⁹ Armenian Genocide.
¹³⁰ Ibid.
from Armenia and Turkey to investigate the question of Armenian Genocide, however Armenia refused to participate in such event, as Armenia’s president has said that such commission only has a purpose to delay the acknowledgement of the genocide: “It becomes obvious that the Turkish proposal of establishing the so-called commission of historians has only one goal, which is to delay the process of the Armenian Genocide recognition, and divert the attention of international community from that crime. That is not only our view but also the view of the international community that goes on recognizing and condemning the Armenian Genocide.”

Armenia has agitated for the normalization of relations between the two country on multiple occasions one of the latest being in 2015: “Opening the border will also make contacts between our civil societies more active, making them more informed about each other’s approaches and perceptions, which, I believe, will also have a positive impact on the two nations’ rapprochement,”

There was an attempt to negotiate the reopening of the Turkish – Armenian border in so called football diplomacy but when the genocide question was brought up, the negotiations ended. The two countries even signed officials documents called the Zurich Protocols which were supposedly establish diplomatic relations between the two countries. This was part of the Turkish effort to overstep the issue of Armenia in order to increase its influence and enhance security and stability in the region. Turkish prime minister Erdogan was quoted saying at the time that “it is impossible for us to accept a thing which did not exist”. The diplomatic thaw between Armenia and Turkey was received with hostility in Azerbaijan. Azerbaijan has criticized heavily the decision of Turkey to hold talks with Armenia over reopening the border, and pressured Turkey that until Nagorno – Karabakh conflict is resolved no relations should exist between Armenia and the Turks.

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133 Ibid


All in all unresolved issues of Armenian genocide and Nagorno Karabakh conflict puts on hold bilateral engagement between Armenia and Turkey. Although maintaining closed borders the trade between the two countries is existent.

4.2. Evaluation of Turkish influence in Armenia

This section shall evaluate the Turkish influence in Armenia according to the indicators presented in the theoretical framework. Historical experiences will be evaluated only from the positive perspective.

*Table 10. Imports and Exports of Armenia to Turkey.*

![Graph of Trade Balance of Armenia to Turkey](http://atlas.media.mit.edu/en/visualize/tree_map/hs92/export/tur/arm/)

As it can be seen the trade between the two countries is low. Armenia exports to Turkey are low in particular accumulating on 5.56 million dollars over the span from 2011 to 2015. While the borders are closed and the relations are nearly non existent the countries struggle to produce

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137 Source: table created by author

As it can be seen the trade between the two countries is low. Armenia exports to Turkey are low in particular accumulating on 5.56 million dollars over the span from 2011 to 2015. While the borders are closed and the relations are nearly non existent the countries struggle to produce

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meaningful numbers in the trade department. The vehicles bearing Armenian plate numbers are not permitted to enter Turkey and customs declarations for goods of Armenian origin are not issued. The same principle still applies for Turkish goods to Armenia. However Turkey still manages to take 4.1 percent of all Armenia’s importing partners, this kind of trade between Turkey and Armenia is done via Georgian customs. Turkish trucks and goods are declaring Georgia as a destination when exiting Turkey and later Georgian customs window change the destination to Armenia. The Turkish products are labelled as exports to Georgia and are later sold in Armenian markets by Georgian companies that have partnerships with the Turks. This situation produces and interesting implication that Georgia may not be interested in better relations between the Armenia and Turkey, because Georgian companies are accumulating money because of this situation.

Military dependence is not a factor in Armenian – Turkish relations. The two countries do no trade arms and because Turkey is supporting Azerbaijan in the Nagorno Karabakh conflict the entering of military alliances between the two countries is not possible.

The two countries do not share common institutions with only exception being Organization of the Black Sea Economic Cooperation. Participation in this institution could serve as a platform where the two countries interact.

Table 11. Armenia’s participation in common organizations with Turkey.

<table>
<thead>
<tr>
<th>Participation</th>
<th>Economic cooperation organization</th>
<th>Black Sea Naval force organization</th>
<th>Organization of the Black Sea Economic Cooperation</th>
<th>Organization of Islamic countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>-</td>
<td>-</td>
<td>+</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: table created by author

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139 Ibid.
Culturally and historically the countries share a bond but the common experiences are rather negative and connected to Armenian genocide and Turkish support to Azerbaijan during the Nagorno – Karabakh war.

4.3. Turkey role and cooperation with Azerbaijan

The two countries share their common ancestry as both being Turkic. The relationship between the two countries is described by former Azeri president Heydar Aliyev statement that Azerbaijan and Turkey are "one nation with two states". The two countries usually are supporting each other on the international level also. Turkey was the first country to recognize the republic of Azerbaijan after it declared it’s independence on 30th of August 1991. Turkey supported Azerbaijan during the Nagorno Karabakh conflict with Armenia. After the conflict broke out Turkey started to impose full economic embargo towards Armenia and closed the shared border. Azerbaijan was protesting against the thawing of Armenian – Turkish relationship, as it was seen as a traitorous move by the Turks. However after the pressure from Azerbaijan Turkey has dropped the ongoing process of normalization between Turkey and Armenia.

The two countries developed together multiple regional projects. Such as Baku – Tbilisi – Ceyhan pipeline, South Caucasus pipeline, Kars – Tbilisi – Baku railroad and the construction of Trans Anatolian pipeline has already started. The development of such regional projects increases the cooperation levels between the two countries as they require a lot of coordination between the states. Turkey empowers Azerbaijan as the energy supplier in the South Caucasus in addition that they are buying vast amounts of energy from Azerbaijan themselves. These infrastructural projects increase the volume of bilateral dealings with the countries and because Turkey is the counterparts in these regional projects they are used to strengthen Ankara’s presence in the region.

Over the years the two countries have developed meaningful cooperation in the military field as well. Turkish military personnel was sent to Azerbaijan during the Nagorno Karabakh war to

train the Azerbaijani army. Both countries signed an agreement in 1992 on military education, this agreement is deeply connected to the Nagorno Karabakh conflict and the unstable situation that forced Turkey to help Azerbaijan. Countries also signed a treaty that guarantees assistance by both parties to each other in case on of them is attacked by a third state. Under the agreement Turkey will guarantee the security of Azerbaijan from attacks of Iran, Russia, Georgia, Armenia, Turkmenistan and Kazakhstan. And the range of potential "enemies" extends to infinity, including not only Armenia, Georgia, Russia, Syria, and Iraq, but also North African states and many European countries with the fleet for aggression against Turkey. The countries also signed strategic partnership agreements in addition to this. Turkish defense industry is opened in Azerbaijan to ease the access to military equipment that it produces. More than 20 Turkish defense industry companies are working in Azerbaijan. There were rumours that Turkey is planning to build a military base and station it’s own troops in the Azerbaijani exclave of Nakhchivan. In 2010 Azerbaijan changed the military doctrine which allows to station foreign military troops in its territory. Nakhchivan region is under the protection of Turkey and is of high importance to the later. As it stated in the Turkish ministry of foreign affairs website “Constituting the only land connection between Turkey and Azerbaijan, the Nakhchivan Autonomous Republic is of great importance for Turkey’s relations with Azerbaijan. Located between Armenia, Iran and Turkey and physically apart from Azerbaijan, Nakhchivan is described as “Turkish Gate” in history, and

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constitutes our contact point with Azerbaijani people.” 148 Turkey also plans to help to restore the land connection from Nakhchivan to Azerbaijan by connecting Baku Tbilisi Kars railroad to it. 149

4.4. Evaluation of Turkish influence in Azerbaijan.

The economic trade between the two countries is ongoing. Both signed cooperation agreement and are working on regional projects which intensifies the bilateral dealings with both counterparts. The other factors that indicate influence as presented in the theory will be overviewed here as well.

*Table 12. Imports and Exports of Azerbaijan to Turkey.*

![Trade Balance of Azerbaijan to Turkey. US dollars.](image)

Source: table created by author.

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The trade between the two countries are at the high level, especially considering the Azerbaijani imports from Turkey, which is the biggest trading partner in terms of imports for Azerbaijan. Turkey represents 15 percent of all Imports. Most of the goods that Azerbaijan send to Turkey are Crude petroleum products.

The two countries also share strong military bonds. There are speculations about Turkish soldiers stationed in the Autonomous republic of Nakhchivan which is Azerbaijani soil. The two countries also share their military knowledge with Turkish officers training Azeri forces. Both states also signed defense agreement which states that if one country is attacked the other one will help to defend. The trade of weapons is also happening with Turkish defense companies are actively working in Azerbaijan.

On the institutional level countries participate in various organizations together.

Table 13. Azerbaijan’s participation in common organizations with Turkey.

<table>
<thead>
<tr>
<th>Participation</th>
<th>Economic cooperation organization</th>
<th>Black Sea Naval force organization</th>
<th>Organization of the Black Sea Economic Cooperation</th>
<th>Organization of Islamic countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>+</td>
<td>-</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

Source: table created by author

In addition to this both countries created multilateral forums to deepen their relationship. Furthermore they participate in such minor organizations as TÜRKSOY (Joint Administration of Turkic Culture and Art) which is responsible for Turkish culture and art and The cooperation council of Turkic speaking states which intends to deepen the cooperation between the countries.

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152 Ibid
of Turkic ancestry. In general the two country share a strong cultural bond not only based on religion but on common ethnicity. Keeping in mind that the countries share only a 8 km border near Nakhchivan, the bond and the feeling of one nation travels well over the area.

4.5. Turkey’s role and cooperation with Georgia

One of the main priorities for Georgia is the membership in NATO which according to Georgia’s aspiration would guarantee it’s territorial sovereignty and shield the country from future aggressors. Georgia has a very strong public support for its membership in the NATO as it guarantees their security whereas Turkey being a long time NATO member always supported Georgian membership in the NATO accession discussions. Bilateral cooperation with Turkey guarantees Ankara’s support, which is very important for Georgia as NATO membership is one of the priorities of the state.

The cooperation in military sector goes beyond that, Georgia being keen in finding new partners and support is developing a strong military partnership with Turkey. Georgia together with Azerbaijan and Turkey are strengthening the trilateral alliance in the region. Numerous agreements have been signed that enhances military cooperation between countries with joint training exercises, protection of strategic infrastructural objects such as pipelines and railways. The three countries established a Military coordination group that regulates cooperation among armed forces of the sates. According to the military expert Uzeir Jafarov such alliances between the three countries Turkey’s support to Georgia and Azerbaijan creates confidence and safety in the region, furthermore the joint measures will take a new step in maintaining the stability in the region. The trilateral cooperation between the countries also transfers to the political sphere, as

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156 Ibid
Georgian ambassador noted that the countries now have and outstanding cooperation between them, by constantly renewing cooperation agreements.  

Most of the economic cooperation between Georgia and Turkey also includes Azerbaijan. The trilateral alliance of countries made notable infrastructural and energetic projects which were already mentioned Baku – Tbilisi – Ceyhan pipeline, South Caucasus pipeline, Kars – Tbilisi – Baku railroad, Trans Anatolian pipeline. Georgia is seen as a vital link between Azerbaijan and Turkey for energy and transport transfers, so Ankara is trying to ensure that Georgia remains an ally and it’s interests are protected. As mentioned before Georgia is vital for ensuring Turkish exports to Armenian territory since the countries have not developed bilateral relations with each other. Turkey has promised to increase investments in Georgia especially in the energy sector to further developed bilateral dependency.  

Both countries have introduced Visa Free policy, citizens of both countries can travel without their passport only presenting a valid ID card. This was done in order to demonstrate that both countries have exemplary bilateral relations with each other.  

Turkey also offers support to Georgia by refusing to recognize the occupation of South Ossetia and Abkhazia. However as Abkhazians are considered as Turkic cousins, Ankara still has economic ties with region which always sparks controversies with Georgia. Tbilisi has adopted a law that prohibits any commercial and non commercial activities in the occupied territories (Law on occupied territories), however Turkey still continued the trade. In response to that Georgia has captured several Turkish ships that were illegally transporting goods to Abkhazians. However Turkey has never engaged more proactively in Abkhazia as Georgia and

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163 Ibid
Turkey are important partners in multiple sectors. Turkey has maintained a firm stance about Georgian territorial integrity. 164

Culturally the countries do not share similarities, however Adjara region of Georgia can relate to Turkey. Adjara historically has been a Muslim region, nowadays around 40 percent of Adjarians are Muslim.165 During the Soviet times, and just after Georgia regained it’s independence, Moscow was intimidating Georgia that Adjarian region could seek to cede from Georgia and join Turkey or at very least to fall under Turkish sphere of influence.166

4.6. Evaluation of Turkish influence in Georgia.

Table 14. Imports and Exports of Georgia to Turkey.

<table>
<thead>
<tr>
<th>Year</th>
<th>Import</th>
<th>Export</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2000</td>
<td>200</td>
<td>2200</td>
</tr>
<tr>
<td>2013</td>
<td>1500</td>
<td>150</td>
<td>1650</td>
</tr>
<tr>
<td>2014</td>
<td>2500</td>
<td>250</td>
<td>2750</td>
</tr>
<tr>
<td>2015</td>
<td>1000</td>
<td>100</td>
<td>1100</td>
</tr>
<tr>
<td>2016</td>
<td>1200</td>
<td>120</td>
<td>1320</td>
</tr>
</tbody>
</table>

Source: table created by author

Ankara is very important trading partner for Georgia as it is the biggest import origin country taking up 17 percent of all imports (2015 census).\textsuperscript{168} Turkey is also the third most important exporting partner for Georgia taking up 8.3 percent of all exports (2015 census).\textsuperscript{169}

Turkey is not stationing any military troops inside Georgian territories. However the countries are moving closer to military alliance and the rudiments of future alliance can already be seen. The two states are trading weapons actively.\textsuperscript{170} Turkey also supplied Georgia with weapons during and before the Russo-Georgian war.\textsuperscript{171}

The regional organization participation picture is relatively positive, as the two countries participate in regional institutions.

\textit{Table 15. Georgia’s participation in common organizations with Turkey.}

<table>
<thead>
<tr>
<th>Participation</th>
<th>Economic cooperation organization</th>
<th>Black Sea Naval force organization</th>
<th>Organization of the Black Sea Economic Cooperation</th>
<th>Organization of Islamic countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Georgia</td>
<td>-</td>
<td>+</td>
<td>+</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: table created by author.

The two countries are working together to strengthen the cooperation in the South Caucasian part of the Black sea as they together participate in BSec and BlackSeaFor.

Apart from this, the countries have created a trilateral forum between Azerbaijan Turkey and Georgia which eases the dialogue between them. Furthermore Turkey is a member of NATO, the organization of whose membership Georgia is seeking very actively.

\textsuperscript{168} Georgia. \url{http://atlas.media.mit.edu/en/profile/country/geo/} [last accessed: 13.04.2017]

\textsuperscript{169} Ibid

\textsuperscript{170} Turkey exports to Georgia. \url{http://www.tradingeconomics.com/turkey/exports-to-georgia} [last accessed: 13.04.2017]

Culturally the countries are diverse as they do not share the same religion, historically the countries have been close especially during the Ottoman era, however modern day relation wise they are distinct.

4.7. Overview of Turkey’s position in South Caucasus.

After analyzing Ankara’s relations with all three South Caucasus states the generalized data about the impact towards can be provided.

Table 16. Turkey’s influence in South Caucasus.

<table>
<thead>
<tr>
<th></th>
<th>Trade dependency. 2015 census.</th>
<th>Military dependency</th>
<th>Institutional dependency</th>
<th>Ideological dependency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Import</td>
<td>Export</td>
<td>Stationed troops</td>
<td>Formed alliances</td>
</tr>
<tr>
<td>Armenia</td>
<td>4.1% 134 mil. $</td>
<td>0.14% 2.37 mil. $</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>15% 1172 mil. $</td>
<td>2.1% 457 mil. $</td>
<td>+/-</td>
<td>+</td>
</tr>
<tr>
<td>Georgia</td>
<td>17% 1327 mil. $</td>
<td>8.3% 173 mil. $</td>
<td>-</td>
<td>+/-</td>
</tr>
</tbody>
</table>

Source: created by author

As it can be seen Turkey performs really well towards Azerbaijan and Georgia in all indicators, the three countries cooperate really well through the trilateral alliance that was formed. Armenia however is excluded out of the trio and Turkey’s positive impact in Armenia is non existent. The common historical experiences although existed are marked with a minus, because
they are more of a negative nature (Armenian genocide, support to Azerbaijan during Nagorno – Karabakh war)

According to the theoretical framework country is considered impactful if it performs well in the indicators presented above, as it can be seen Turkey’s influence towards Azerbaijan and Georgia could not be underestimated even though the political nature of Turkey is changing (moves towards authoritarianism). Turkey has laid the foundation and created a bond of the three countries alliance (Georgia, Azerbaijan and Turkey) which could be easily broken as countries are integrated towards each other because of close cooperation on multiple regional projects and occasional trilateral meetings.

According to the Turkey’s former Minister of Foreign Affairs and current Prime Minister of Turkey Ahmet Davutoğlu, Ankara upholds these following goals in the foreign policy: To reach a new balance between the security of the state and the freedom of individual; Solve all problems with neighbours; To implement proactive diplomacy aimed in particular to prevent crises; Establish a consistent relationship with all states; To increase activity in international organizations; To create a new image of Turkey as an emerging, self-confident world power.\footnote{Novikova, Gayane. QUID PRO QUO IN TURKEY’S SOUTH CAUCASUS POLICIES. \textit{Turkish Policy Quarterly};Spring2011, Vol. 10 Issue 1, p133} This speech of the Prime minister was delivered in 2010, when Turkey was still trying to reengage with Armenia. However when applying this logic to the South Caucasus region in some points Turkey has failed to deliver. Nagorno – Karabakh conflict has re-erupted in 2016, the crisis has not been solved neither relations with Armenia fixed. On the other hand as mentioned before Turkey continued to be active towards Georgia and Azerbaijan.
5. TURKISH AND IRANIAN POSITION COMPARISON IN TERMS OF INFLUENCE TOWARDS SOUTH CAUCASUS NATION - STATES

This part of the thesis will evaluate the spread of influence of both countries according to the indicators presented in the theoretical part of the work.

Table 17. Trade dependency comparison. Iran and Turkey.

<table>
<thead>
<tr>
<th></th>
<th>Trade dependency. Caucasus states to Turkey</th>
<th>Trade dependency. Caucasus states to Iran</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Import</td>
<td>Export</td>
</tr>
<tr>
<td>Armenia</td>
<td>4.1%</td>
<td>0.14%</td>
</tr>
<tr>
<td></td>
<td>134 mil. $</td>
<td>2.37 mil. $</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>15%</td>
<td>2.1%</td>
</tr>
<tr>
<td></td>
<td>1172 mil. $</td>
<td>457 mil. $</td>
</tr>
<tr>
<td>Georgia</td>
<td>17%</td>
<td>8.3%</td>
</tr>
<tr>
<td></td>
<td>1327 mil. $</td>
<td>173 mil. $</td>
</tr>
</tbody>
</table>

Source: table created by author

Evaluating the trade factor in the bilateral relations of Iran and Turkey with each South Caucasus country it could be said that Turkey’s position is far better. Azerbaijan and Georgia import 15 and 17 percent of all goods from Turkey compared to 0.77 and 1.3 percent. Georgian exports towards Turkey are also better than to Iran (8.3 percent of all exports compared to 1.2 percent). Iran holds a better trade dependency towards Armenia, however it must be kept in mind that Turkey does not have any kind of diplomatic ties with Armenia and borders are closed, furthermore comparing imports from Iran and Turkey, Teheran only holds a slightly better position (Imports from Turkey are 4.1 percent while from Iran 5.1 percent). In addition to this Turkey has also developed multiple regional energy and infrastructural projects with Azerbaijan and Georgia, while Iran has only started to become active in this direction.
Table 18. Military dependency comparison. Iran and Turkey.

<table>
<thead>
<tr>
<th></th>
<th>Military dependency. Turkey with South Caucasus</th>
<th>Military dependency. Iran with South Caucasus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stationed troops</td>
<td>Formed alliances</td>
</tr>
<tr>
<td>Armenia</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>+/-</td>
<td>+</td>
</tr>
<tr>
<td>Georgia</td>
<td>-</td>
<td>+/-</td>
</tr>
</tbody>
</table>

Source: Created by Author.

Looking at the indicators of the military dependency Turkey also performs better than Iran. Neither of the countries have military bonds with Armenia, as Yerevan authorities chose integrates their country towards Russia and EuroAsian Economic Union. Azerbaijan has strong military bonds with Turkey as there were news that Turkey even stationed their troop in the military base of Nakhchivan, the two countries also enjoy an alliance as they signed an agreement that one will aid the other in case of attack, Azeri military is trained by Turkish officers and the two states also trade in weapons. Iran has a joint commission on defence that is mainly directed at dealing with terrorist threats in the region, so some sort of cooperation in defence sector exists but it cannot be called a real military alliance like in the case of Azerbaijan – Turkey. Georgia has stronger commitments to Ankara as countries have occasional trilateral meetings on defence, and also joint training exercises between Azerbaijan – Turkey – Georgia, but also these defence agreements are only at their primal stage, in addition the two countries also trade armaments. Iran on the other hand has no military or defence bonds with Georgia, and does not trade weapons with it.
Table 19. Institutional dependency comparison. Iran and Turkey

<table>
<thead>
<tr>
<th></th>
<th>Institutional dependency. Turkey with South Caucasus</th>
<th>Institutional dependency. Iran with South Caucasus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Participation in institutions</td>
<td>Participation in institutions</td>
</tr>
<tr>
<td>Armenia</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Georgia</td>
<td>+</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Created by author

As noted in the theoretical framework participation in institutions are important for transition of ideas and culture towards other country. Turkey has more common participation with the South Caucasus countries than Iran which only has common regional organizations with Azerbaijan (it is worth to note that one of them has not materialised yet such as Caspian Sea Cooperation Organization).

Table 20. Ideological dependency comparison. Iran and Turkey.

<table>
<thead>
<tr>
<th></th>
<th>Ideological dependency. Caucasus states to Turkey</th>
<th>Ideological dependency. Caucasus states to Iran</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cultural / Religion similarities</td>
<td>Common historical memories</td>
</tr>
<tr>
<td>Armenia</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Georgia</td>
<td>-</td>
<td>+/-</td>
</tr>
</tbody>
</table>

Source: table created by author

Both countries share the same religion, historical and cultural similarities to Azerbaijan as both countries are of Muslim faith. For Turkey the driving factor is Azeri ethnicity as because
of the they are often labelled as one nation in two states, for Iran the connecting reason is the Azerbaijani diaspora living inside Iran. The historical experiences of Iran with Armenia and Turkey’s with Georgia mostly relate to the two conflicts that developed in South Caucasus namely the Nagorno – Karabakh were Iran supported Armenia with goods (during 90’s era of the conflict) and tried to mediate it in order to achieve peace and the Russo – Georgian war were Turkey has supplied Georgia with weapons and gave them support in the International matters, although this was rather recent it still can hold some sentiment towards Turkey.

Concluding this chapter it could be said that Turkey has better positions inside the South Caucasus. Ankara has developed close relationships with Azerbaijan and Georgia, while Iran can only hope to challenge Turkish influence in Azerbaijan in future as the foundations towards this have only begun to take shape.
CONCLUSIONS

Conclusions were formulated accordingly to tasks that were presented in the introduction.

1. The theoretical framework was constructed accordingly to the problem and hypothesis of thesis. David A. Lake’s theory was combined with other ideas about the importance of regional organizations and historical memories in order to raise the bigger state’s attractiveness to the smaller countries.

2. The current developments of Turkey and Iran were analysed in the empirical part as it showed that Iranian activity in region has indeed risen but has only begun, furthermore the positive results were accumulated only in Azerbaijan.

3. The influence according to the selected indicators such as Military dependence, Trade dependence, Ideological dependence and Institutional dependence (see table 1 for detailed information) were assessed.

4. Iran has became more active in the region, however results were limited and Turkey’s position remained more or less at the same state. Looking at the indicators and comparing them Turkey has remained in pole position in South Caucasus and has performed better than Iran in all countries except Armenia (the reason for this being closed borders).

5. The hypothesis of the research was that: Iran’s influence in the South Caucasus is rapidly growing, while Turkey’s is diminishing. After the analysis of both Turkey’s and Iran’s spread of influence it could be said that the hypothesis was falsified. Iranian influence towards the region is only growing towards Azerbaijan, furthermore the bilateral relations between the two countries intensified only recently. Teheran’s influence towards Armenia is limited due to couple of factors. First of all because Armenia is under the Russian sphere of influence and EuroAsian Economic Union limits the impact of bilateral dealings with the country. Second of all Iran tries to develop deeper cooperation with Azerbaijan and issue of support to Nagorno – Karabakh conflict will arise sooner or later, Azerbaijan officially has admitted that it was buying armaments for the conflict from Iran, which is already marking a shift away from Armenia. Turkey has limited influence in Armenia due to closed borders with the country, lack of trade and negative historical memories about Nagorno – Karabakh war and Armenian Genocide. Georgia is interested in continuing partnership with Turkey as it is a NATO member state and can provide backing in the
International affairs for Georgia’s accession talks furthermore it allows Georgia to train officers according to the NATO standards by joint military exercises with Turkey. Turkey and Georgia also are interested in working together as both countries gain as they use Georgia as transit country connecting Turkey to Azerbaijan, Ankara’s trade with Armenia also uses Georgian land as a transit country. All in all it could not be said that Turkey’s role and influence in the region is diminishing as the country has strong foundations towards working with Azerbaijan and Georgia.

6. Implications for further research are connected with the fact that Iran’s re-engagement strategy in the region is very recent. Although now significant results have been achieved that may change in the future, so another re-assessment of Iran and Turkey would produce more data and patterns of change.
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