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BULLETIN

HIGHLIGHT OF THE FOREIGN POLICY OF REPUBLIC OF AZERBAIJAN

Table of contents

- I. Azerbaijan seeks to contain regional spillover from the Iran war
2
- II. Azerbaijan is looking for practical and measurable progress in its ties with the EU
3
- III. Azerbaijan and South Korea set to deepen ties amid expanding energy cooperation
4
- IV. The Middle Corridor gains momentum amid escalating cross-regional turbulence
5

I. **Azerbaijan seeks to contain regional spillover from the Iran war**

The South Caucasus is again operating under a tightening security environment, shaped by overlapping conflicts along its northern and southern periphery. To the north, the Russia–Ukraine war continues without resolution. To the south, confrontation between Iran and the United States and Israel has intensified through missile exchanges, drone strikes, and retaliatory operations. Positioned between these theatres, the region is increasingly exposed to spillover risks that could disrupt its stability.

Recent developments between Azerbaijan and Iran demonstrate how quickly these external pressures can translate into direct security concerns. On March 5, Iranian-made drones struck targets in Azerbaijan’s Nakhchivan Autonomous Republic. The strikes damaged infrastructure at Nakhchivan International Airport and detonated near a secondary school during class hours, raising immediate concern over civilian safety.

Azerbaijan classified the incident as a terrorist attack and stated that the drones originated from Iranian territory. The episode triggered a sharp reaction in Baku and revived concerns that the Iran–Israel confrontation could extend northward, drawing the South Caucasus into a broader conflict dynamic. This occurred despite Azerbaijan’s consistent position during the recent US-Israel-Iran escalation. Azerbaijan has repeatedly stated that the country will not allow its territory or airspace to be used against neighbouring states. This position has been communicated publicly and maintained in practice. Following the March 5 drone attack on Nakhchivan, Baku officially stated that the drones were launched from Iranian territory, described the incident as a violation of international law, and condemned it as an act targeting civilian infrastructure. It demanded a clear explanation, an investigation, and guarantees that such attacks would not recur, while also signalling that it reserved the right to respond.

The March 5 incident unfolded against an already strained bilateral backdrop. Tensions have accumulated over several years. Azerbaijan’s restoration of territorial control in 2020, followed by consolidation measures in 2023, altered the regional balance. This shift was accompanied by more pronounced rhetoric and visible military signalling along the Azerbaijani–Iranian border. Iran’s large-scale military exercises near Azerbaijan’s border in October 2021, followed by similar drills in 2022, were notable in this regard.

Azerbaijan, while demanding clarification and accountability, avoided immediate retaliatory measures after the drone attack. Shortly after the incident, President Ilham Aliyev held a phone conversation with Iranian President Masoud Pezeshkian to address the situation. Azerbaijan then dispatched humanitarian assistance to Iran. The first delivery came immediately after the March 5 drone incident and subsequent communication between the two presidents. Around March 9–10, Azerbaijan sent an initial shipment of approximately 30 tons of humanitarian aid. This included basic food items and medical supplies as urgent support for the civilian population affected by the conflict. A second shipment followed on March 18. This consignment amounted to roughly 82 tons and expanded the scope of assistance. It included food products, medicines, medical supplies, and additional items linked to the Nowruz period. On April 4, Azerbaijan dispatched a convoy totaling 200 tons of humanitarian aid. According to official reporting, the cargo consisted of 190 tons of food products, 7 tons of pharmaceuticals, and 3 tons of medical equipment.

This approach is consistent with Azerbaijan’s broader foreign policy pattern. Since independence, the country has pursued a strategy of maintaining functional relations with competing geopolitical actors while avoiding rigid alignment. This framework was established in the 1990s under the National Leader Heydar Aliyev, who prioritised flexibility in a complex regional environment. That approach has continued under President Ilham

Aliyev, with Azerbaijan maintaining parallel relationships across different geopolitical axes.

Following the security incident, Türkiye responded quickly, condemning the attack and reaffirming its support for Azerbaijan's security. Other partners, including European actors, expressed similar positions. The Organisation of Turkic States convened an emergency meeting of foreign ministers in Istanbul on March 7, where participants condemned the attack and reiterated support for Azerbaijan's sovereignty and territorial integrity. By maintaining communication channels with Tehran while reinforcing ties with key partners and allies, Azerbaijan is seeking to contain the situation and limit escalation risks under conditions of increasing regional pressures.

II. Azerbaijan is looking for practical and measurable progress in its ties with the EU

The visit of European Council President António Costa to Baku on March 11, 2026 reflects a continued adjustment in how the European Union approaches Azerbaijan. What was previously a largely technical relationship has gradually taken on a more strategic dimension, shaped by changes in Europe's external environment and the growing importance of the South Caucasus in energy and transport planning.

Energy cooperation remains central to this relationship. Since 2022, Azerbaijan has expanded natural gas exports to Europe through the Southern Gas Corridor. In 2025, total gas exports reached approximately 25 billion cubic meters, with around 13 bcm supplied to European Union markets. Deliveries have also expanded geographically, with Germany and Austria added as new destinations. Azerbaijan now supplies gas to 12 European countries and 16 countries overall.

These developments have taken place alongside the European Union's efforts to reduce dependence on Russian energy. In practical terms, Azerbaijan has become one of the few suppliers

capable of increasing volumes through existing infrastructure. This has strengthened its role in Europe's energy security calculations and reinforced its position as a reliable external partner.

At the same time, the current export model is approaching its technical limits. The Southern Gas Corridor is operating close to full capacity, and further expansion requires new investment in upstream production and transport infrastructure. President İlham Aliyev has repeatedly emphasized that without long-term demand guarantees and financing, additional volumes cannot be brought to market at scale. Several production projects are expected to increase Azerbaijan's capacity in the coming years. These include further development phases of the Shah Deniz field and expanded output from the Absheron field. Azerbaijani projections suggest that these developments could add between 10 and 15 bcm of annual production at peak levels later in the decade. Realizing this potential, however, depends on parallel investment in transport infrastructure and long-term purchase agreements.

A similar dynamic is visible in renewable energy. Azerbaijan has outlined plans to generate between six and eight gigawatts of electricity from wind, solar, and hydropower by the early 2030s. Part of this capacity is intended for export, including through initiatives such as the Black Sea submarine cable project linking the South Caucasus to Southeastern Europe. These developments position Azerbaijan as a potential contributor not only to Europe's short-term energy security but also to its long-term decarbonization efforts.

Connectivity has become an increasingly important component of EU–Azerbaijan relations. Azerbaijan's role in the Middle Corridor, which links Europe with Central Asia and China through the South Caucasus, has expanded as traditional transit routes have become less reliable. Disruptions related to the war in Ukraine and instability affecting southern routes have increased the importance of trans-Caspian connections.

Azerbaijan's existing infrastructure, including the Baku-Tbilisi-Kars railway and the Port of Alat, provides the foundation for this corridor. The European Union has acknowledged the strategic relevance of these routes through its Global Gateway initiative and related policy frameworks. At the same time, implementation remains uneven. While large-scale funding commitments have been announced at the regional level, direct investment in infrastructure projects within Azerbaijan and the South Caucasus has been limited, with many projects still at the feasibility or planning stage.

President Ilham Aliyev has consistently noted that further development of both energy and transport infrastructure requires more substantial financial participation from European partners. Previous experience has reinforced this position. Projects such as the Baku-Tbilisi-Kars railway were implemented primarily through regional financing after Western support did not materialize at the initial stage. Azerbaijan continues to invest in connectivity projects with its partners, but expects a clearer role for the European Union in their expansion.

Trade relations reflect the depth of economic interaction between the two sides. The European Union remains Azerbaijan's largest trading partner, accounting for approximately 50 percent of the country's total trade turnover. This level of integration extends beyond energy and includes sectors such as transport, logistics, and emerging areas of digital cooperation. The legal framework of the relationship continues to evolve. Azerbaijan-EU relations are still formally based on the 1999 Partnership and Cooperation Agreement, while negotiations on a new comprehensive agreement are ongoing. The 2018 "Partnership Priorities" document has provided an interim structure for cooperation across multiple sectors, including energy, trade, and institutional development.

Security and regional stability were also part of the March 11 discussions in Baku. The European Union reiterated its support for the normalization process

between Azerbaijan and Armenia and emphasized the importance of sustainable peace in the South Caucasus. Stability in the region is directly linked to the effectiveness of both energy and connectivity projects, making it a shared priority.

Recent geopolitical developments have further increased Azerbaijan's relevance for the European Union. The continued effects of the Russia-Ukraine war and tensions in the Middle East have highlighted vulnerabilities in global energy supply chains and trade routes. Azerbaijan's geographic position, combined with its existing infrastructure and stable policy approach, has reinforced its role as both an energy supplier and a transit hub. At the same time, further progress depends on the extent to which political alignment is supported by long-term investment, infrastructure development, and deeper economic integration.

III. Azerbaijan and South Korea set to deepen ties amid expanding energy cooperation

On March 17, 2026, the Minister of Foreign Affairs of the Republic of Azerbaijan Jeyhun Bayramov met a South Korean delegation led by Baik Jooheon, Special Representative of the Foreign Minister of the Republic of Korea, to discuss expanding bilateral cooperation across energy, transport, and economic sectors. Azerbaijan's evolving energy strategy is increasingly defined by industrial upgrading, technological partnerships, and geographic positioning. The recent Memorandum of Understanding between the State Oil Company of the Azerbaijan Republic (SOCAR) and South Korea's Samsung E&A reflects this shift. Signed on February 25, the agreement focuses on improving energy asset efficiency, localizing production, developing a regional industrial hub, strengthening human capital, and advancing decarbonization efforts.

At a structural level, the agreement reflects a broader policy direction articulated in Azerbaijan's long-term development planning, particularly the "Azerbaijan 2030" framework. The emphasis is on

moving beyond extraction toward an integrated energy-industrial model. This involves not only exporting energy resources but also embedding technological capabilities, engineering standards, and supply chain functions domestically. Cooperation with firms such as Samsung E&A serves this purpose by facilitating technology transfer and exposing local actors to advanced industrial practices.

A key dimension of this strategy is that Azerbaijan has identified the development of domestic engineering and manufacturing capabilities as a priority. Partnerships with global contractors allow local firms to integrate into higher-value segments of the energy sector, including equipment production, maintenance, and project management. Decarbonization forms another central pillar of the agreement. Azerbaijan has set targets to generate 30 percent of its electricity from renewable sources by 2030 and to reduce greenhouse gas emissions by 40 percent by 2050. Achieving these goals requires not only new renewable capacity but also improvements in industrial efficiency and the adoption of emissions-reduction technologies. The SOCAR–Samsung E&A partnership aligns with this requirement by focusing on modernization of existing assets alongside the deployment of cleaner technologies.

The agreement also builds on an established trajectory of Azerbaijan–South Korea energy cooperation. Previous engagements, including high-level meetings in 2021 and 2025, have already explored joint opportunities in renewable energy, offshore wind in the Caspian Sea, and green hydrogen production. These interactions indicate that the current partnership is part of a longer-term effort to integrate Azerbaijan into global clean energy value chains while attracting technologically advanced partners.

In parallel with Korean cooperation, Baku has developed extensive ties with major Chinese energy and engineering firms, including PowerChina, CEEC, LONGi Solar, and Dongfang Electric. These companies have contributed to renewable energy deployment, infrastructure

development, and technology transfer across multiple regions of Azerbaijan. For Azerbaijan, energy partnerships are embedded within a broader connectivity strategy, where industrial capacity, logistics, and energy flows reinforce one another. Recent regional initiatives further illustrate this integration. Projects such as the Zangezur Energy Corridor aim to link Azerbaijan more directly with Nakhchivan and onward to Türkiye and Europe. At the same time, trans-regional initiatives like the Black Sea Green Energy Corridor and the Central Asia–Azerbaijan electricity projects seek to connect Caspian renewable resources with European markets through submarine cables and synchronized grids. These initiatives expand Azerbaijan’s role from a hydrocarbon supplier to a multi-vector energy and infrastructure node.

The SOCAR–Samsung E&A agreement can be understood as part of a systemic transition. Azerbaijan is adapting to changes in the global energy system by combining three elements: technological upgrading, industrial localization, and cross-border integration. Over the longer term, the focus is increasingly on embedding industrial capabilities, participating in global value chains, and aligning with sustainability requirements.

IV. The Middle Corridor gains momentum amid escalating cross-regional turbulence

On March 11, 2026, European Council President António Costa visited Baku and, in meetings with President İlham Aliyev, stated that the development of the Middle Corridor represents a strategic opportunity for new transport connections, emphasizing that pointing out that finishing the construction of “the Baku–Nakhichevan rail link would be essential in that regard.” The visit took place as Eurasian states continue to prioritize alternative transit routes linking Asia and Europe under shifting geopolitical conditions. On February 10, 2026, railway officials

from Azerbaijan, Georgia, Turkmenistan, and Uzbekistan convened in Ashgabat to strengthen cooperation in developing the Trans-Caspian International Transport Route. Azerbaijan Railways Chairman Rovshan Rustamov, Turkmenistan Minister of Railway Transport Mammed Akmammedov, Uzbekistan Railways Board Chairman Zufar Narzullayev, and Georgian Railways Director General Lasha Abashidze participated in the meeting.

The parties signed a joint protocol focused on increasing freight volumes, improving coordination among national railway systems, and enhancing the corridor's competitiveness as a multimodal route linking Central Asia, the South Caucasus, and European markets. The protocol prioritizes the digital transformation of railway operations, expanded data exchange among participating administrations, and a comprehensive assessment of bottlenecks along the route. These measures are intended to reduce delays and improve the predictability of cargo shipments across the corridor.

The Ashgabat meeting builds on earlier coordination efforts. In August 2025, Azerbaijan, Turkmenistan, and Uzbekistan signed a memorandum of understanding in Turkmenbashi to improve operational alignment across the Caspian segment of the corridor. The February 2026 protocol extends this framework by introducing more detailed mechanisms for coordination and logistics efficiency.

Uzbekistan's integration into the corridor has expanded its geographic scope. As the most populous country in Central Asia, Uzbekistan has increased its focus on international connectivity and transit infrastructure. Integration into the Trans-Caspian network provides more direct access to the South Caucasus, Türkiye, and European markets while strengthening the southern branch of the corridor.

In October 2025, a multimodal freight corridor linking the People's Republic of China with Kyrgyzstan, Uzbekistan, and Turkmenistan was

launched. The first pilot shipment departed from Kashgar in Xinjiang, transited Kyrgyzstan and Uzbekistan, reached the Caspian Sea, and continued westward via Azerbaijan along the Baku-Tbilisi-Kars railway toward Europe. The route demonstrated the operational viability of an uninterrupted east-west logistics chain across Central Asia and the South Caucasus.

The China-Kyrgyzstan-Uzbekistan railway, a 523-kilometer line currently under construction and expected to be completed by 2028, is projected to reduce transit distances between China and Europe by more than 1,000 kilometers. The project is expected to shorten delivery times and strengthen the competitiveness of the southern branch relative to existing overland routes.

The corridor operates through a division of roles across participating states. Turkmenistan serves as the eastern gateway on the Caspian Sea, linking Central Asian rail networks with maritime transport. Azerbaijan functions as the central transit hub, providing a maritime and logistical bridge through the Port of Baku and its railway infrastructure connecting to the South Caucasus. Georgia facilitates access to the Black Sea and onward routes to Türkiye and European markets through its ports and the Baku-Tbilisi-Kars railway.

Recent political engagement has reinforced these developments. In their March 11, 2026 discussions in Baku, European Council President António Costa and President Ilham Aliyev emphasized Azerbaijan's role in strengthening transport, trade, energy, and digital links between the Black Sea, the South Caucasus, and Central Asia. The European Union reaffirmed its support for connectivity initiatives under the Global Gateway framework, including railway development toward the Nakhchivan Autonomous Republic.

As coordination mechanisms expand and infrastructure projects advance, the Middle Corridor is becoming an increasingly structured component of Eurasian transport networks. Continued integration across its Central Asian, Caspian, and South Caucasus segments is expected

to further strengthen its role in linking Asian production centers with European markets.