

BULLETIN

HIGHLIGHT OF THE FOREIGN POLICY OF REPUBLIC OF AZERBAIJAN

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I. Azerbaijan's vision for economic development and regional connectivity

At a time when geopolitical tensions, economic uncertainty and disruptions to international supply chains are reshaping global investment decisions, Azerbaijan is positioning itself as a reliable partner for international business and a strategic link between major economic regions. The country's development priorities increasingly extend beyond the traditional energy sector, encompassing transportation, renewable energy, digital infrastructure and new forms of economic connectivity. These ambitions rest on the economic and political stability achieved over the past three decades, which has enabled Azerbaijan to pursue an independent foreign policy while establishing mutually beneficial partnerships across different regions.

President Ilham Aliyev outlined this vision on September 26 during the 2nd Azerbaijan International Investment Forum in Baku, at a discussion titled "Restoring Trust in a Fragmented World: The South Caucasus as a Pillar of Global Connectivity and Investment Stability." President Ilham Aliyev's remarks presented Azerbaijan's economic transformation as the foundation for a new stage of development, in which the country intends to strengthen its role in international energy markets, become an indispensable transportation hub between Europe and Asia, and attract greater investment into emerging sectors of the global economy.

Azerbaijan's economic achievements over the past two decades provide an important basis for these ambitions. Since 2003, the country's gross domestic product has increased approximately tenfold, while GDP per capita has risen more than eightfold. The poverty rate has declined from approximately 45 percent to 5 percent, and the assets of the State Oil Fund of Azerbaijan have grown from \$840 million to approximately \$75 billion. More than \$350 billion has been invested in the Azerbaijani economy over the past two

decades, with foreign direct investment accounting for about half of that amount.

President Ilham Aliyev emphasised that these achievements were essential prerequisites for the country's future economic development. The establishment of a stable economy, an independent financial system and a favourable investment environment has enabled Azerbaijan to approach new economic opportunities from a position of considerable strength. The country has also demonstrated its capacity to maintain macroeconomic stability while implementing major infrastructure projects and financing national development priorities.

One of Azerbaijan's principal advantages is its strong financial position. Public debt amounts to approximately 20 percent of GDP, while external debt stands at just 5.6 percent. The country's foreign currency reserves exceed its external debt by almost twenty times, providing a substantial safeguard against external economic shocks. The Azerbaijani manat has maintained a stable exchange rate against the US dollar since April 2017. These indicators, together with the country's positive trade balance, reflect the sustainability of Azerbaijan's financial and economic policies.

Equally important is the credibility Azerbaijan has established in its relations with international investors. The production-sharing agreements concluded with major international energy companies more than three decades ago have remained unchanged, demonstrating the government's commitment to contractual obligations and long-term partnerships. President Ilham Aliyev stressed that Azerbaijan has maintained these commitments even where certain contractual provisions might not have been entirely advantageous to the country. This approach has strengthened the confidence of international companies and contributed to Azerbaijan's reputation as a predictable investment destination.

The importance of political stability and institutional continuity becomes particularly

apparent when viewed against Azerbaijan's experience during the early years of independence. Following the dissolution of the Soviet Union, the country faced severe economic disruption, political instability, armed conflict and the occupation of its territories by Armenia. Approximately one million Azerbaijanis became refugees and internally displaced persons during the conflict, placing enormous pressure on a country whose population was then approximately eight million.

President Ilham Aliyev pointed out that these circumstances illustrate the scale of Azerbaijan's subsequent transformation. The restoration of the country's territorial integrity, alongside its economic development and consolidation of state institutions, has created the conditions for a new phase in which regional cooperation and economic integration can receive greater attention. Azerbaijan's experience demonstrates the importance of independent statehood, control over national resources and consistent economic policies for long-term development.

Energy remains central to Azerbaijan's economic strategy and its international partnerships. Over the past three decades, the country has established itself as a major oil and natural gas producer and an important contributor to European energy security. Natural gas production expanded from approximately 5 billion cubic metres in 2003 to 50 billion cubic metres in 2025. Azerbaijan has also developed extensive energy infrastructure connecting the Caspian region to Türkiye and European markets, strengthening its position as a dependable supplier of energy resources.

Despite the growing emphasis on diversification, President Ilham Aliyev made clear that oil and natural gas will remain major components of Azerbaijan's economy for the foreseeable future. The government continues to pursue new exploration and production opportunities with leading international companies. Among the developments discussed at the forum were cooperation with ExxonMobil on unconventional oil and gas resources and the second stage of the

Absheron gas field with TotalEnergies, which is expected to increase annual gas production by approximately 5 billion cubic metres within the next three to four years.

These projects reflect Azerbaijan's approach to energy security, which combines the continued development of conventional energy resources with investment in renewable energy and new technologies. Rather than viewing hydrocarbons and renewables as mutually exclusive alternatives, Azerbaijan seeks to use the revenue and infrastructure created by its oil and gas industry to support broader economic modernisation.

Renewable energy occupies a particularly important place in this strategy. President Ilham Aliyev highlighted the considerable wind energy potential of the Azerbaijani sector of the Caspian Sea, estimated at 157 gigawatts, alongside the opportunities provided by onshore wind and solar projects. Azerbaijan plans to expand renewable electricity generation throughout the country over the coming five years, reducing the amount of natural gas consumed in domestic electricity production and making additional gas volumes available for export.

The country also intends to become an exporter of electricity to international markets, particularly Europe. This ambition requires investment not only in generation facilities but also in electricity transmission networks and energy storage. Azerbaijan has already begun developing storage capacity and is expanding its transmission infrastructure to accommodate future electricity production.

These plans have an important regional dimension. Azerbaijan is working with Kazakhstan and Uzbekistan on a project to transmit electricity from Central Asia across the Caspian Sea and onwards towards European markets. Another major initiative involves the proposed Black Sea submarine electricity cable linking Azerbaijan, through Georgia, to Romania. With a planned capacity of four gigawatts, this project could establish a new connection between the energy

systems of the South Caucasus and the European Union.

President Ilham Aliyev presented these initiatives as opportunities for major international infrastructure investment. Their significance extends beyond Azerbaijan's domestic electricity needs, since they are intended to strengthen energy cooperation between countries and regions. By expanding its role from an exporter of oil and natural gas to a participant in international electricity transmission networks, Azerbaijan seeks to contribute to European energy security while facilitating the integration of Central Asian energy resources into wider markets.

Transportation and logistics represent another major pillar of Azerbaijan's development strategy. The country's geographical position at the intersection of Europe and Asia provides significant opportunities, although geography alone cannot establish an effective international transit hub. As President Ilham Aliyev explained, Azerbaijan had first to develop the necessary physical infrastructure and establish predictable relationships with neighbouring countries.

Substantial investments in railways, highways, ports, airports and cargo transportation have enabled Azerbaijan to become an increasingly important participant in international trade routes. Approximately 60 percent of the country's railway network is electrified, while the expansion of seaport infrastructure and the development of multimodal transportation facilities have strengthened its ability to handle growing cargo volumes.

Azerbaijan occupies a distinctive position as an active participant in both the East-West and North-South international transportation corridors. These routes connect major economic regions and offer alternative opportunities for the movement of goods between Europe, Asia and neighbouring markets. With traditional supply chains facing increasing uncertainty, demand for diversified and reliable transportation routes has grown considerably.

President Ilham Aliyev stated that transit cargo through Azerbaijan is expected to reach 16 million tonnes in 2026, while the country aims to increase this volume to at least 25 million tonnes by 2030. Achieving this objective will require further investment in transportation infrastructure, coordination with neighbouring countries, digitalisation of customs procedures and improvements in the administrative systems governing international cargo transportation.

The President also emphasised that Azerbaijan's transportation policy was developed before the recent disruptions to global trade. The country had already recognised the economic advantages of becoming a major transit hub and had invested accordingly. Its objective now is to ensure that Azerbaijan remains commercially competitive regardless of changes in the international geopolitical environment.

This approach reflects a broader principle of Azerbaijani foreign policy: geographical opportunities can be transformed into economic advantages only through practical cooperation and predictable relations with international partners. As a landlocked country, Azerbaijan recognises that successful transportation corridors depend on cooperation with neighbouring states and the development of infrastructure beyond its own borders.

The growing relationship with Central Asia is particularly significant in this context. Azerbaijan's participation in the Central Asian Consultative Council since November 2025 reflects the increasing importance of political, economic and transportation links across the Caspian Sea. Although Azerbaijan is geographically situated in the South Caucasus, President Ilham Aliyev emphasised that its economic and transportation relationships have made it part of a broader Central Asian regional framework.

This development opens new possibilities for cooperation in trade, energy, transportation and infrastructure. Azerbaijan's connections with Central Asian countries also strengthen its

potential to serve as a gateway through which regional resources and goods can access European and other international markets. By promoting connectivity between the South Caucasus and Central Asia, Baku is contributing to the emergence of a broader economic space in which infrastructure development and mutual economic interests can reinforce political cooperation.

The restoration of Azerbaijan's territorial integrity and the progress achieved in the peace process with Armenia provide additional opportunities for regional development. The agreements reached in Washington in August 2025 marked an important stage towards establishing lasting peace and opening new possibilities for economic interaction in the South Caucasus. For Azerbaijan, the post-conflict environment creates opportunities to replace decades of confrontation with practical cooperation, infrastructure development and regional connectivity based on respect for sovereignty and territorial integrity.

The development of international transportation routes and the expansion of economic links also demonstrate Azerbaijan's capacity to pursue an independent and diversified foreign policy. Its partnerships extend to countries and institutions across Europe, Asia and the Middle East, while cooperation with international investors is guided by economic interests, mutual benefit and long-term predictability. This approach enables Azerbaijan to work with different partners without limiting its development strategy to a single geopolitical or economic framework.

Digital development is emerging as another important dimension of this strategy. President Ilham Aliyev identified artificial intelligence, data centres and advanced digital infrastructure among the sectors with considerable potential for future investment. Azerbaijan's surplus electricity generation capacity, geographical position between Europe and Asia, and expanding international communications infrastructure provide favourable conditions for attracting technology companies and developing energy-intensive digital facilities.

The country is already working to expand its international fibre-optic connectivity, including through a submarine cable linking Azerbaijan and Kazakhstan across the Caspian Sea. Combined with existing connections towards Europe, this infrastructure could strengthen Azerbaijan's position as a regional centre for data transmission and digital services.

President Ilham Aliyev stressed that the development of these sectors requires more than access to financial resources and technology. Human capital, professional expertise and technical training are equally essential. Azerbaijan's experience in the oil and gas industry offers an example of how cooperation with international companies can contribute to the development of domestic expertise. When major international energy projects began in the 1990s, foreign specialists constituted the overwhelming majority of their workforce. Today, Azerbaijani professionals occupy most positions in these companies, while many have developed careers in international energy markets.

The government intends to build on this experience in emerging economic sectors. Educational programmes, international training opportunities and specialised institutions are expected to support the development of a skilled workforce capable of meeting the demands of digital transformation. As President Ilham Aliyev observed, technology can be purchased, but the development of human capital requires sustained investment and long-term cooperation.

Economic diversification remains a central objective of Azerbaijan's development policy. The non-oil and gas sector already accounts for more than 70 percent of GDP, reflecting considerable progress in reducing the economy's dependence on hydrocarbon production. Nevertheless, oil and natural gas continue to account for more than 90 percent of the country's exports. Mining, agriculture, renewable electricity, logistics and digital services are among the areas identified for further development. The recently adopted State Programme on Mining is expected to stimulate

investment and activity over the coming four years. Food security has also become an increasingly important priority amid growing international concerns about supply chain disruptions, water scarcity and agricultural production. The government's programme adopted in May aims to reduce dependence on food imports and strengthen domestic production capacity.

International investors are expected to play an important role in this next stage of development. President Ilham Aliyev identified infrastructure serving multinational economic interests, including transportation corridors, electricity transmission networks and digital connectivity, as particularly promising areas for public-private partnerships. Azerbaijan has already developed much of the basic infrastructure required for domestic needs, with extensive electricity, broadband internet and natural gas coverage. Future investment opportunities will increasingly concern projects that connect Azerbaijan with neighbouring countries and wider international markets.

The presence of leading global investors at the Baku forum reflected the growing international interest in Azerbaijan's economic potential. President Ilham Aliyev encouraged international companies to establish a direct presence in the country, develop long-term partnerships and contribute not only financial resources but also technology, expertise and professional training.

Azerbaijan's broader development experience gives particular significance to this invitation. The country entered independence in 1991 amid severe political and economic difficulties, with deteriorating industrial infrastructure and limited experience of a market economy. It subsequently established a modern energy industry, accumulated substantial financial reserves, developed national infrastructure and restored its territorial integrity. These achievements have strengthened the country's confidence in its capacity to pursue ambitious economic objectives and establish new partnerships.

President Ilham Aliyev connected this transformation with Azerbaijan's longer historical experience. The country possesses a rich industrial and energy heritage, including the early development of oil production in Baku, yet its ability to benefit independently from these resources was restricted during long periods of foreign rule. Modern statehood has enabled Azerbaijan to exercise control over its resources and determine its own economic and political priorities.

The next stage of development is therefore closely connected with the country's understanding of independence and national sovereignty. Economic diversification, strong financial institutions, reliable international partnerships and integration into global transportation and energy networks are intended to consolidate Azerbaijan's ability to make independent strategic decisions.

The vision presented by President Ilham Aliyev at the Azerbaijan International Investment Forum reflects the country's intention to convert its economic achievements into a broader international role. Azerbaijan seeks to remain a reliable supplier of traditional energy resources while becoming an important exporter of renewable electricity, a major transportation hub, a centre for digital infrastructure and a partner in regional economic integration.

For international investors and governments, Azerbaijan offers an increasingly diversified range of opportunities supported by financial stability, established infrastructure and long-standing experience of cooperation with global companies. For the wider region, its development strategy offers the prospect of stronger economic connections between Europe, the South Caucasus and Central Asia. President Ilham Aliyev's central message was that Azerbaijan intends to build its future through continued economic modernisation, independent policymaking and mutually beneficial international cooperation, contributing to greater connectivity and economic stability in an increasingly fragmented world.

II. Armenia's peace commitments and the persistence of territorial claims against Azerbaijan

On September 11–12, approximately 150 diplomats representing 58 countries and nine international organisations visited Azerbaijan's Karabakh and East Zangezur regions. The delegation, which included the European Union's Special Representative for the South Caucasus, toured Shusha, Khankendi and several historical monuments, including the Ganjasar and Khudavang monasteries. Such visits have become a regular feature of Azerbaijan's diplomatic engagement since the restoration of the territorial integrity in 2020 and 2023. Foreign diplomats accredited in Baku have travelled to the region to observe reconstruction, demining operations and the return of displaced Azerbaijanis. There was little about the September visit that should have provoked a diplomatic controversy.

Yet the reaction in Armenia was unusually intense. Parliamentarians, media commentators, diaspora organisations and representatives of the Armenian Apostolic Church condemned the visit. The Mother See of Holy Etchmiadzin went further, accusing Azerbaijan of falsifying the history of the Ganjasar and Khudavang monasteries by presenting them as monuments of Caucasian Albanian Christianity. It also criticised the foreign diplomats for participating in the visit and demanded that the Armenian government take concrete action.

Armenia has formally recognised Azerbaijan's territorial integrity, including Karabakh, and reaffirmed that commitment in the peace treaty initialled in Washington in August 2025. Recognition of sovereignty, however, entails accepting the ordinary exercise of that sovereignty. Diplomatic visits to internationally recognised Azerbaijani territory cannot reasonably be treated as political provocations. The reaction suggests that the principles accepted at the negotiating table have yet to become firmly established in Armenia's political discourse.

The role of the Armenian Apostolic Church is particularly revealing. Historically, the Church was far more than a religious institution. During centuries without an independent Armenian state, it helped preserve Armenian identity, education and communal organisation. Its authority consequently extended into political life, where religious institutions frequently assumed responsibilities that elsewhere belonged to secular authorities. This historical legacy continues to shape the Church's understanding of its national mission and its involvement in territorial questions.

Karabakh has occupied a central place in that mission. The Church supported the Armenian nationalist movement that emerged in 1988 and subsequently provided religious legitimacy to the struggle over the territory. During the war of the early 1990s, religious language became closely associated with claims to an ancestral Christian homeland. The participation of senior clerics in nationalist mobilisation helped transform a territorial dispute into a question of sacred national obligation. This framing also obscured the consequences of Armenian occupation of internationally recognised Azerbaijani territory, including the occupation of seven surrounding districts and the displacement of their Azerbaijani population.

Catholicos Karekin II has maintained that understanding of Karabakh throughout his leadership. His opposition to political concessions and his involvement in movements challenging Prime Minister Nikol Pashinyan reflect an institutional position in which national and religious questions remain closely intertwined. The problem for the peace process is that the Church's conception of historical rights does not necessarily correspond to the territorial settlement Armenia's government has accepted.

The dispute surrounding Ganjasar and Khudavang illustrates this difficulty. Caucasian Albania was an ancient polity whose Christian traditions formed an important part of the religious history of the eastern South Caucasus. Following the Arab conquests and subsequent transformations of the

region, its Christian communities underwent complex processes of ecclesiastical and cultural integration. The Albanian Christian heritage therefore cannot simply be excluded from discussions of the region's medieval religious history.

Azerbaijan's interest in this heritage is not a recent political invention. The Albanian-Udi Christian community preserves a living religious and cultural connection with Caucasian Albania, while Azerbaijani scholarship has long examined the gradual disappearance of separate Albanian ecclesiastical institutions. The abolition of the Albanian Catholicosate under Russian imperial rule in 1836 and its incorporation into the Armenian ecclesiastical structure constituted an important stage in that historical development.

These processes also reveal the role of external powers in shaping religious authority in the South Caucasus. Russian imperial policy elevated the Armenian Catholicosate while reorganising the ecclesiastical institutions inherited from earlier political formations. The relationship between church authority and imperial interests continued, in different forms, under Soviet rule.

The Soviet experience is particularly instructive. After decades of repression, Moscow restored a measure of institutional space to the Armenian Church during the Second World War. The Church subsequently supported Soviet territorial claims against Turkey, participated in campaigns encouraging diaspora Armenians to settle in Soviet Armenia and became an instrument in Moscow's dealings with Armenian communities abroad. In 1956, the Armenian Catholicos appealed to Soviet Prime Minister Nikolai Bulganin concerning territorial claims involving Azerbaijan and Georgia, presenting them as demands associated with the Armenian diaspora.

These historical relationships remain relevant amid the growing confrontation between Armenia's current government and the Church leadership. Religious figures have assumed prominent roles in opposition movements, while influential Russian-

Armenian networks have provided political and financial support to forces resisting Pashinyan's policies.

The most visible manifestation of this opposition emerged in 2024, when Archbishop Bagrat Galstanyan led demonstrations against the Armenian government over border delimitation and concessions to Azerbaijan. His movement demanded Pashinyan's resignation and sought to mobilise public dissatisfaction around the claim that the government was surrendering Armenian national interests. Subsequent criminal proceedings involving senior clerics and the government's confrontation with the Catholicos further deepened the divide.

The conflict between Pashinyan and the Church has also raised legitimate questions within Armenian society about religious autonomy, political freedoms and the appropriate boundaries of state authority. These questions deserve to be addressed on their own merits. They do not, however, alter the political significance of the Church's continued attachment to territorial claims that Armenia has formally renounced. Religious freedom does not require that ecclesiastical institutions be exempt from scrutiny when they become active participants in political campaigns aimed at reversing a negotiated settlement.

The September diplomatic visit exposed the persistence of this contradiction. The objection was not merely to the presence of foreign diplomats at Christian monuments. It was also to Azerbaijan's exercise of sovereignty over territory that Armenian nationalist discourse continues to regard as historically Armenian. The language used in the reaction revived arguments that have sustained the conflict for decades.

The Armenian government cannot entirely distance itself from these developments by pointing to its formal commitments to peace. Statements by sitting parliamentarians, the participation of politically connected commentators and the mobilisation of diaspora

networks contribute to the wider political environment in which the peace process operates.

The historical record also makes the selective character of the outrage difficult to overlook. During nearly three decades of Armenian occupation, hundreds of thousands of Azerbaijanis were unable to return to their homes in Karabakh and the seven surrounding districts. Cities such as Aghdam and Fuzuli suffered extensive destruction. Religious monuments, cemeteries and cultural sites associated with the Azerbaijani population were damaged, neglected or destroyed. Azerbaijan has also repeatedly raised the issue of its historical religious and cultural heritage in the territory of present-day Armenia, including monuments that disappeared or were transformed over successive periods of demographic and political change.

The February 1992 Khojaly massacre, in which more than 600 Azerbaijani civilians were killed, remains among the most painful chapters of the conflict. Its memory, together with the wider experience of displacement and occupation, continues to shape Azerbaijani public opinion. Azerbaijan's decision to prioritise reconstruction, the return of displaced families and the normalisation of relations with Armenia should not be mistaken for the disappearance of these grievances.

Indeed, the central difficulty with attempts to revive the old territorial narrative is that they invite a renewed contest over historical victimhood at precisely the moment when both countries have an opportunity to move beyond it. Armenia cannot expect its own historical grievances to remain politically decisive while demanding that Azerbaijan set aside the consequences of decades of occupation. Nor can claims rooted in medieval religious history provide a workable alternative to internationally recognised borders.

For Azerbaijan, the immediate priorities in Karabakh are increasingly practical. Reconstruction, infrastructure development, the restoration of settlements and the return of displaced families are reshaping the region after

decades of conflict. Demining remains an especially urgent challenge. Landmines continue to endanger returning residents and workers, while the inadequacy of available minefield information has complicated clearance operations. These are the issues that determine how quickly normal life can be restored to the territories.

The achievements of the peace process since August 2025 provide another reason to avoid reopening the territorial dispute. The initialling of the peace treaty and the agreement on the Trump Route for International Peace and Prosperity, intended to establish connectivity between mainland Azerbaijan and Nakhchivan through Armenian territory, have created opportunities for regional economic integration. Progress on border delimitation and the prospect of normalisation between Armenia and Türkiye further strengthen the possibility of a South Caucasus no longer organised around the political geography of the 1990s.

These developments require political consistency. Armenia's constitutional references associated with the independence declaration and its historical claims concerning Karabakh remain a central concern for Azerbaijan. Baku has made clear that a durable peace requires removing the possibility that future Armenian governments might invoke domestic legal provisions to challenge the territorial settlement. The resistance of nationalist and Church-aligned political forces to constitutional revision therefore has direct implications for the prospects of a final agreement.

Western governments that have invested diplomatic capital in Armenian-Azerbaijani normalisation should recognise this dimension of the problem. Their support for a peace agreement cannot be separated from the political forces seeking to preserve the claims that made the conflict so difficult to resolve. The involvement of religious institutions requires particular sensitivity, but it should not lead external partners to ignore the political objectives advanced under the language of historical and spiritual rights.

The September visit should have demonstrated how far the region has moved from the conflict that dominated its politics for more than three decades. Instead, the reaction in Armenia exposed the endurance of the political ideas that sustained that conflict. Azerbaijan's sovereignty over Karabakh is no longer an unresolved issue awaiting international adjudication. The question now is whether Armenia's political institutions, religious leadership and influential diaspora organisations are prepared to accept this reality since the success of the peace process depends on more than signed documents and diplomatic declarations. It also requires a departure from the political culture in which historical memory serves as a permanent justification for territorial claims.

III. The OTS's expanding strategic agenda

The Fifth Meeting of the Secretaries of the Security Councils of the Organization of Turkic States (OTS), held in Baku on September 17, offered another indication that security is becoming a more prominent part of the organization's agenda. The meeting brought together senior security officials from Azerbaijan, Türkiye, Kazakhstan, Uzbekistan and Kyrgyzstan at a time when the OTS is also developing more elaborate mechanisms for cooperation in transport, trade, energy and digital connectivity.

The significance of this development lies in the gradual institutionalization of security coordination. Expanding transport corridors require secure borders and customs systems. Greater digital integration creates cybersecurity vulnerabilities. Growing trade and movement across borders increase the importance of cooperation against organized crime, trafficking and illegal migration. Energy and transport infrastructure connecting Central Asia across the Caspian Sea to Azerbaijan and Türkiye has itself become strategically important. President Ilham Aliyev placed the September meeting within this wider development. In his address to its participants, President Ilham Aliyev noted that

integration among the Turkic states was acquiring a long-term strategic character and described regular consultations among national security councils as contributing to a common security architecture. The issues identified in the address included terrorism, transnational organized crime, illicit drug trafficking, hybrid threats and the protection of critical infrastructure. In this sense, the OTS is developing a network of specialized mechanisms around information exchange, law enforcement, cybersecurity, border management and the security of regional infrastructure. The security council meeting formed part of a concentrated series of OTS-related activities in September. Three days earlier, for example, Baku hosted the Seventh Meeting of the Council of Heads of Muslim Religious Boards of the OTS, bringing together religious authorities from member and observer states.

The OTS increasingly operates through specialized councils, ministerial meetings and professional networks rather than relying exclusively on annual summits of heads of state. This creates more frequent interaction among the institutions of its members and gives cooperation a more permanent administrative structure. Azerbaijan has actively encouraged this development. President Ilham Aliyev recalled in September that Baku had proposed introducing informal summits. The first was held in Shusha in July 2024 under the theme "Building a Sustainable Future through Transport, Connectivity and Climate Action." That summit also demonstrated how political coordination is increasingly being translated into practical regional mechanisms. OTS transport ministers signed the memorandum establishing the legal framework for the e-Permit system, replacing paper road-transport permits with electronic ones. The system was designed to reduce administrative barriers, make border procedures more efficient and improve transparency in cross-border transportation.

By May 2026, Uzbekistan reported that e-Permit had been fully launched between Uzbekistan and all OTS member states. This progression from

summit declarations to functioning cross-border systems is important because it shows where much of the organization's practical integration is currently occurring through the gradual linking of national administrative, transport and digital systems.

The expansion of the Middle Corridor has made this relationship between integration and security particularly visible. Azerbaijan occupies the central trans-Caspian position connecting Kazakhstan and the other Central Asian states with Türkiye and, from there, European markets. Railways, Caspian ports, pipelines, customs infrastructure and increasingly interconnected digital systems now form parts of the same east-west network. During the September 17 meeting, President İlham Aliyev noted that major transport and energy routes cross the territories of OTS members and pointed out that the organization has an expanding role in connectivity, transport security, energy security and security more broadly. Azerbaijan now functions simultaneously as an energy supplier and as a transit state for Central Asian energy resources moving across the Caspian toward international markets.

At the January 2025 meeting of OTS customs chiefs in Baku, the member states adopted an action plan for implementation of the electronic TIR system. They also agreed on technical conditions for information exchange under the Simplified Customs Corridor arrangement and discussed electronic seals, tracking systems and "Single Window" customs mechanisms. The process continued in April 2026, when OTS transport ministers signed a memorandum in Bishkek on implementation of the electronic CMR consignment note. The organization describes e-CMR as a way to create a common legal and technical foundation for paperless road freight and greater interoperability among national transport systems. These initiatives are primarily intended to make transportation faster and cheaper. Yet they also create an increasingly integrated information infrastructure around the Middle Corridor. Customs authorities exchange more data, cargo

becomes easier to trace, national systems need to communicate with one another and disruption in one part of the network can affect several states. The protection of connectivity therefore becomes a shared interest precisely because connectivity itself is becoming deeper.

The same pattern is emerging more clearly in the digital sphere. The May 2026 informal OTS summit in Turkistan was devoted to "Artificial Intelligence and Digital Development." President of Uzbekistan Shavkat Mirziyoyev proposed establishing a strategic cooperation network on artificial intelligence and creating a "Digital Turkic Corridor" connecting regional data centers through high-speed communications networks. He also called for further digitalization of customs and transit data and emphasized the strategic importance of the Middle Corridor. The economic and security dimensions of this agenda were closely connected. Mirziyoyev proposed a "Turkic Alliance for Cybersecurity and Digital Infrastructure Protection," arguing for stronger cooperation among law-enforcement institutions, greater exchange of information and specialist training.

Kazakhstan has advanced a similar approach. At the same summit, President Kassym-Jomart Tokayev described technological development as a factor in national stability and security. Kazakhstan has proposed an OTS Cybersecurity Council intended to identify vulnerabilities across the digital systems of participating countries, facilitate operational information exchange and prevent threats to infrastructure. Astana has already submitted documentation on the proposal to the other OTS states. These initiatives reflect a broader change in what regional connectivity means. The Middle Corridor is no longer simply a railway, highway and port network. Its functioning increasingly depends on customs databases, cargo-tracking systems, electronic documentation, telecommunications infrastructure, payment mechanisms and cross-border data exchange. Digital integration can lower costs and shorten transit times, but it also creates common vulnerabilities. A cyberattack on logistics

infrastructure, customs systems, transport operators or other critical infrastructure can have consequences beyond the state in which it originates. Cybersecurity therefore becomes part of the practical requirements of regional integration rather than a separate technological issue.

Developments in September show that the OTS security agenda is also moving beyond high-level political discussion. On September 10, the organization's interior ministers met in Astana. Their agenda included cybercrime, transnational organized crime, extremism and terrorism, human trafficking and irregular migration. The ministers agreed to strengthen direct cooperation among the relevant services, exchange operational information and conduct joint activities. The following day, Turkistan hosted the fifth meeting of the OTS Council of Prosecutors General. The discussion focused heavily on the changing character of cross-border drug crime, including the use of cryptocurrencies, online platforms and digital technologies. Participants addressed joint investigations, digital forensics, financial investigation and the use of artificial intelligence in identifying criminal networks. Kazakhstan also proposed creating a network of national targeting centers that could eventually form a regional analytical system.

The emerging OTS model is therefore a widening security network accompanying deeper regional integration. This gives Azerbaijan a particularly important position. Baku is both a political advocate of stronger OTS coordination and the geographical link through which much of the organization's trans-Caspian connectivity must pass. Its ports, railways, energy routes and digital connections sit between the Central Asian members and Türkiye. The more extensively Central Asia, Azerbaijan and Türkiye become connected through transport corridors, energy infrastructure, customs arrangements and digital systems, the more the governments acquire common interests in keeping those networks functioning securely. Economic integration

consequently produces its own security requirements. The OTS is gradually developing the mechanisms needed to protect the networks that are binding its members together. As those networks expand, security is likely to occupy an increasingly important place alongside the political, economic and cultural cooperation on which the organization was originally built.

IV. Azerbaijan builds a new energy export strategy

On September 20, Azerbaijan marked the thirty-second anniversary of the 1994 "Contract of the Century," the \$7.4 billion production-sharing agreement that brought eleven international oil companies from seven countries to develop the Azeri-Chirag-Gunashli fields. Signed under President Heydar Aliyev less than three years after Azerbaijan regained independence, the agreement became the foundation of the country's modern energy strategy and helped transform Azerbaijan into a major oil and, later, natural gas supplier to European markets. Four days before this year's anniversary, President Ilham Aliyev inaugurated the Gobustan solar power plant outside Baku. Hydrocarbons remain central to the economy and to the country's relations with Europe, but Baku is increasingly investing in renewable generation at home while developing the infrastructure needed to export electricity abroad.

The 100-megawatt (MW) Gobustan solar plant, built on 300 hectares in the Garadagh district, was connected to Azerbaijan's electricity grid on September 16. The Ministry of Energy expects it to generate approximately 260 million kilowatt-hours of electricity annually, save 57 million cubic meters of natural gas each year, and reduce carbon emissions by around 124,000 tons. The project is also important for the way it was developed. China's Universal International Holdings Limited won the renewable energy bid in 2024 and subsequently built the plant. Following its commissioning, Azerbaijan's total installed renewable generation capacity reached 2,170 MW

across 85 facilities, equivalent to approximately 21.5 percent of the country's total electricity-generation capacity, according to the Ministry of Energy.

Gobustan forms part of a considerably larger strategy. Azerbaijan wants renewable energy to meet a growing share of domestic electricity demand, create a new electricity export sector, and reduce the amount of natural gas consumed in domestic power generation. These objectives are closely connected.

Azerbaijan's electricity system has historically depended heavily on natural gas. Electricity produced by new solar, wind, or hydropower capacity therefore reduces the amount of gas that needs to be burned in domestic power stations. That gas can instead be exported. The connection has become increasingly important as Azerbaijan expands gas supplies to Europe. Azerbaijani gas exports to European markets reached 12.8 billion cubic meters in 2025, while Baku continues to work toward the target of supplying 20 billion cubic meters annually to Europe by 2027. President Ilham Aliyev has repeatedly described this target as Azerbaijan's commitment to the European Union.

Renewable energy consequently carries an economic and strategic value that extends beyond emissions reduction. New generation capacity allows Azerbaijan simultaneously to meet rising domestic electricity consumption and preserve more natural gas for export. When President Ilham Aliyev broke ground on the Garadagh solar plant in 2022, he emphasized Azerbaijan's great potential in terms of electricity exports. The renewable projects commissioned and launched since then have increasingly given substance to that strategy.

The scale of investment has expanded rapidly since then. The United Arab Emirates' Masdar has operated the 230-MW Garadagh solar power plant since October 2023. It was Azerbaijan's first foreign-invested independent solar project and marked the beginning of a much larger Emirati presence in the country's renewable energy sector. Masdar's subsequent "Mega" projects with SOCAR

Green, the renewable energy subsidiary of the State Oil Company of the Republic of Azerbaijan established in 2024, comprise another 1,000 MW of planned capacity: a 445-MW solar plant in Bilasuvar, a 315-MW solar plant in Neftchala, and a 240-MW wind project covering Absheron and Garadagh.

Financing for these projects was completed during COP29 in Baku in November 2024. Construction has since moved forward, including the installation of the first solar panel at the Bilasuvar plant in 2025. Saudi Arabia's ACWA Power has developed another major component of the renewable program. The company, active in Azerbaijan since 2019, commissioned the 240-MW Khizi-Absheron wind farm on January 8. The project is expected to produce approximately one billion kilowatt-hours of electricity annually. The Gobustan project adds China to the group of major foreign investors participating directly in Azerbaijan's renewable expansion. Smaller projects are developing alongside these large investments. The Ministry of Energy's first phase of renewable development envisages the commissioning of more than 2 GW of green generation capacity through 2027. Projects include the 25-MW Shams 1 and 25-MW Garbi Ufug solar plants agreed for Nakhchivan with CEI Nakhchivan LLC and Enerso LLC. Their participation also broadens the sector beyond the largest Masdar, ACWA Power, and SOCAR Green projects.

The longer-term potential is considerably greater. Azerbaijan's Ministry of Energy estimates the country's economically viable renewable energy potential at approximately 27 GW, including around 23 GW of solar capacity. Baku is working toward increasing renewables to at least 30 percent of the energy mix by 2030 while pursuing a 40 percent reduction in emissions by 2050.

A separate renewable energy program is developing in Karabakh and East Zangezur. Thirty-eight hydropower plants with a combined capacity of 307 MW are already operating in these territories, while another eleven plants totaling 48.5 MW are under construction. More than eight MW of rooftop solar capacity has also been

installed across approximately 2,500 residential and public buildings. Solar development is particularly concentrated in Jabrayil district. Projects there, including the 240-MW Shafag solar power plant, have brought planned and installed solar capacity to approximately 340 MW. BP is involved in the project together with SOCAR Green, linking a company that has played a central role in Azerbaijan's hydrocarbon sector since the 1990s to the country's emerging renewable energy industry.

SOCAR Green has increasingly become the domestic institutional anchor for the largest projects. Its partnerships allow Azerbaijan to combine international financing and technology with the infrastructure, regulatory access, and local experience of the state energy sector. Baku is utilizing foreign investment and technology to develop an energy resource that requires substantial capital expenditure, while seeking to retain a strong domestic role through state institutions and joint ventures. The renewable energy is being developed not only to supply the domestic market but as the foundation of a prospective electricity export system.

Three major electricity corridor projects are currently being pursued in parallel. Each is intended, in different ways, to connect Azerbaijan's renewable generation capacity with Türkiye and European electricity markets. The first centers on Nakhchivan. Azerbaijani and Turkish officials are working on greater electricity interconnection between Nakhchivan and Türkiye. In the longer term, this system could connect Nakhchivan with mainland Azerbaijan through the Trump Route for International Peace and Prosperity (TRIPP) across southern Armenia.

Such a connection would give Azerbaijan another route through which renewable electricity generated in Nakhchivan and potentially elsewhere in the country could reach Türkiye. The second initiative involves Azerbaijan, Georgia, Türkiye, and Bulgaria. The four countries signed a memorandum establishing the framework for a green electricity corridor in April 2025. Officials are now working toward an intergovernmental

agreement, potentially to be signed during COP31 in Antalya. The corridor would create another route linking Caspian-region renewable generation to European electricity markets through the South Caucasus and Türkiye.

The third project is the Black Sea Energy Corridor, which envisages a 1,195-kilometer submarine electricity cable linking Azerbaijan and Georgia across the Black Sea to Romania and onward to Hungary. Its initial transmission capacity is planned at approximately 1,000 MW, with proposals for expansion in stages to as much as 3.9 GW by 2032.

Azerbaijan, Georgia, Romania, and Hungary agreed to pursue the project in Bucharest in December 2022. It has subsequently been included in the European transmission system operators' Ten-Year Network Development Plan for 2026, with a cost-benefit assessment expected by the end of this year. If implemented, the three corridors would change Azerbaijan's relationship with European energy markets. Azerbaijan would continue exporting oil and natural gas, but it would also begin supplying electricity generated increasingly from renewable sources.

V. Azerbaijan's defense industry enters a new phase

The sixth Azerbaijan International Defence Exhibition, ADEX 2026, offered the clearest indication yet of how rapidly Azerbaijan's defense sector is changing. Held at the Baku Expo Center from September 30 to October 2, this year's exhibition was the largest since ADEX was established. Together with Securex Caspian, it brought 277 companies from 30 countries to Baku, while 59 foreign delegations representing 39 countries registered for the event. Fourteen countries established national pavilions, and demand was sufficiently high for organizers to open an additional pavilion. For the first time, an entire exhibition hall was devoted to Azerbaijan's national defense industry. ADEX shows the emergence of a broader defense-industrial strategy combining domestic production, foreign

technology, joint ventures, exports, military modernization, and a widening network of international defense partnerships. President Ilham Aliyev, who toured the exhibition on its opening day, described Azerbaijan's defense industry as having entered a "qualitatively new stage." Azerbaijani companies are no longer confined to relatively simple ammunition, small arms, or assembly projects. The national pavilion displayed guided weapons, armored vehicles, unmanned systems, air-defense technology, and increasingly sophisticated locally produced platforms.

The institutional center of this transformation is Azersilah, the defense industry holding established under the Ministry of Defense Industry in 2023. Its mandate includes coordinating production and sales, increasing manufacturing capacity, developing exports, and establishing partnerships with foreign companies. Consolidating previously dispersed state enterprises under a single structure also makes it easier to establish joint ventures and integrate foreign technology into domestic production. Private industry is also becoming more important. Minister of Defence Industry of Azerbaijan Vugar Mustafayev said that more than 20 Azerbaijani private companies participated in ADEX 2026. Most already supply the Armed Forces, while several have begun exporting military products. Maintaining a modern defense sector requires greater production flexibility and cannot depend exclusively on traditional state-owned enterprises.

The range of systems presented at the exhibition illustrates how far this process has progressed. Azerbaijan now officially reports producing more than 1,000 types of military products and exporting defense goods to more than 20 countries. The national display included the Tufan mine-resistant vehicle, ITX-15 and ITX-20 armored personnel carriers and the Fireforce air-defense laser system. Several systems were publicly presented for the first time. Azersilah displayed the MGK MK-82 "SkyDiver," a 250-kilogram laser-guided bomb produced in Azerbaijan in 2026. Armed unmanned

ground vehicles equipped with remote weapon stations also appeared at the exhibition, alongside the QIRAT and ARROW families of reconnaissance and kamikaze drones. Bayraktar Teknoloji Azerbaijan, Baykar's Azerbaijani subsidiary, presented the KASIRGA vertical-take-off unmanned aircraft, which can operate either as a reconnaissance platform capable of returning to base or as a loitering munition.

The important development is that the sector is gradually moving toward systems integration, precision weapons and unmanned technologies, areas that increasingly determine military effectiveness but also require deeper technological and industrial capabilities. ADEX also demonstrated the breadth of Azerbaijan's defense relationships. Türkiye remained the most heavily represented foreign country, with companies including Baykar, Aselsan, Roketsan and Dearsan. Other major exhibitors included Italy's Leonardo, Germany's Rheinmetall, the UAE's EDGE Group, the Czechoslovak Group and the Pakistan Aeronautical Complex. Several major American companies attended ADEX for the first time, while the United Kingdom established a Ministry of Defence stand accompanied by BAE Systems and a 14-company business delegation. During his meeting with UK Minister of State for Defence Lord Vernon Coaker, President Ilham Aliyev described defense-industry cooperation as a new chapter of the bilateral relationship and raised the possibility of establishing joint ventures inside Azerbaijan.

This is an increasingly important distinction in Baku's defense diplomacy. Azerbaijan is still purchasing foreign systems, but it is simultaneously trying to move cooperation toward local manufacturing, maintenance, technological transfer and joint production. The agreements signed with Türkiye during ADEX illustrate both dimensions. Contracts worth more than \$500 million included 14 Hürkuş-II trainer aircraft from Turkish Aerospace, Baykar's Mızrak smart loitering munitions and Antidot systems, Roketsan's Barbaros coastal-defense system and a framework agreement covering Aselsan's ALP-100 radars. The

Hürkuş acquisition has particular relevance for the Air Force because it strengthens the training infrastructure required as Azerbaijan introduces a new generation of combat aircraft. Aselsan and Azerbaijan's NOVASIS signed a preliminary agreement to build a joint defense production facility in Nakhchivan that would manufacture laser-guidance kits, TOLUN precision-guided munitions and KORKUT air-defense systems. Turkish companies MKE, Otokar, Kayi Defense and Boğaziçi Defense also concluded cooperation agreements with Azerbaijani companies.

Azerbaijani and Turkish institutions also agreed on joint engineering education, research, personnel training and defense technologies. These arrangements suggest that localization is being conceived not simply as assembling foreign products in Azerbaijan but as gradually developing the technical expertise necessary to sustain an indigenous defense-industrial base. Another industrial project announced during ADEX came from Central Europe. The CSG Group plans to establish a second joint venture in Azerbaijan in December 2026 for the gradual localization of self-propelled howitzer production. Manufacturing is expected to begin in 2027, with the company estimating business worth approximately €1.8 billion over seven years. The project follows the creation of VEXA DS earlier in 2026 for the repair and modernization of armored vehicles.

ADEX also coincided with Azerbaijan's expanding military relationships in Central Asia. Uzbekistan and Azerbaijan signed their Bilateral Military Cooperation Plan for 2027 during the exhibition. At the same time, Azerbaijan, Türkiye and Uzbekistan were conducting the "Power of Unity 2026" exercise in Karabakh. Its large-scale phase involved 3,579 military personnel, 135 unmanned aerial vehicles, 27 aircraft and 25 naval assets. Observers from nine countries, including Pakistan, Georgia, Iran and the United Arab Emirates, attended the exercise. The combination of industrial cooperation, procurement and military exercises

points toward an increasingly interconnected defense network linking Azerbaijan with Türkiye, Pakistan and parts of Central Asia with the gradual development of interoperability, training relationships, and overlapping defense-industrial ties.

ADEX 2026 shows that procurement relationships are increasingly being connected to localization, training, research and industrial investment. The government is prepared to sustain that trajectory financially. The draft 2027 state budget allocates 8.8 billion manats, approximately \$5.2 billion, to defense and security, maintaining the sector among the largest categories of government expenditure. Azerbaijan is increasing domestic production, bringing private companies into the defense sector, building joint ventures with established foreign manufacturers and expanding the technological sophistication of locally produced weapons.