

Response to Regional Challenges: Why Strategic Partnership of Azerbaijan and Pakistan is Important?

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This article examines the degree of awareness at the grassroots level in Azerbaijan and Pakistan regarding the growing bilateral strategic cooperation. During the last several years, relations between Baku and Islamabad have expanded rapidly to the level of a strategic partnership encompassing various fields such as military, humanitarian issues, diplomatic, and cultural issues. Building strategic partnerships with countries in the region and beyond has always been a guiding principle of Azerbaijan's foreign policy strategy. The common religious background of both countries also plays a significant role in strengthening bilateral ties. Pakistan's explicit support of Azerbaijan in the international diplomatic arena, in particular in regard to the resolution process of the most complex and dangerous conflict in the South Caucasus – the Nagorno-Karabakh conflict is among those significant factors. The article traces the key moments in Azerbaijani – Pakistan relations, and outlines the achievements, prospects, and potential for strengthening economic and security ties.

Keywords: Azerbaijan – Pakistan, Nagorno-Karabakh conflict, Kashmir conflict, Military Partnership, South Caucasus



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Introduction

Pakistan and Azerbaijan share common historic, cultural, and religious values. The relationship between the two countries has encompassed economic, defence, political and diplomatic cooperation since Azerbaijan regained independence from the USSR. However, despite a historically cordial political and strategic relationship between the two countries, economic relations remain underdeveloped. Economic cooperation began in 1995 with the signing of an Agreement under the Economic Cooperation Organization (ECO) on Trade and Economic Cooperation¹. Although more than twenty years have passed since this Agreement, the volume of trade between the two countries was only \$18.735 million in 2014-2015². The two countries can substantially increase the volume of bilateral trade by offering expertise to each other in various sectors, per their respective economic strengths. On the strategic front, certain strategic complementarities have been identified. Common diplomatic targets, exchange of industrial and natural resources, as well as strong religious ties can play an essential role in bringing both societies and countries together, and in strengthening bilateral cooperation.

Successful bilateral cooperation depends on successful leadership and clear-headed domestic policies.

Successful bilateral cooperation depends on successful leadership and clear-headed domestic policies. In the case of modern Pakistan, “Islamic elements” seem to dominate the public sphere, while Azerbaijan – a predominantly Muslim country with a clearly secular institutional system – has avoided adopting an Islamist political agenda. Although the functionaries of the Pakistani state remained largely secular until the 1980s, the state helped to create a Pakistani identity as the citadel of Islam, which, in turn, enabled Islamists greater freedom of organization and movement than in other countries³. Islamabad’s reliance on Islamist ideology as a political tool has led to the proliferation of Islamic political groups of all kinds inside the country.

1 World Integrated Trade Solutions (1995), ECO Trade Agreement (ECOTA). Available at: <http://wits.worldbank.org/GPTAD/PDF/archive/ECO.pdf> (Accessed: 25.10.2017)

2 Dr. Kamal-Makili Aliyev, Khurram Abbas (2016) ‘Pakistan – Azerbaijan Economic and Defence Cooperation,’ IPRI Journal XVI, No. 1. Available at: <http://www.ipripak.org/wp-content/uploads/2016/05/art3w16.pdf> (Accessed: 25.10.2017)

3 Hussain Haqqani (2013), Available at: <https://www.hudson.org/research/9952-islamism-and-the-pakistani-state> (Accessed: 25.10.2017)

Despite obvious differences in ruling methods and ideologies, the leaders of both countries have always been committed to increasing bilateral cooperation, in particular in the economic and defence fields. In this respect, the long-running Nagorno-Karabakh and Kashmir conflicts have been key factors in bringing Baku and Islamabad closer together, in order to increase capacity to take adequate measures against regional threats.

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The strong defence cooperation, as well as historical ties, common religious, and cultural values therefore allow Pakistan and Azerbaijan to mutually benefit from this strategic alliance. In international relations, cultural and religious values may shape bilateral state preferences in a cooperative direction, as both dimensions have special role in deepening the understanding between communities.

The article traces the key moments in Azerbaijani – Pakistani relations, and outlines achievements, prospects, and potential for strengthening economic and security ties between the two countries. The article is divided into two chapters. The first chapter focuses on the military cooperation between Pakistan and Azerbaijan, seeking to illuminate the significance of military cooperation with Pakistan in Azerbaijan’s foreign policy agenda. The second section examines economic cooperation between Baku and Islamabad and evaluates the prospects for deepening cooperation in this field in the future.

Building up Strong Azerbaijan – Pakistan Military Cooperation

Following the dissolution of the Soviets Union, Pakistan was among the first countries to recognize the independence of Azerbaijan, expressing its full diplomatic support for the country despite having no direct borders with it. Azerbaijan – Pakistan bilateral relations are unique, despite the obvious geographical distance. It should not come as a surprise that Pakistan is the only country that does not recognize the state of Armenia, due to its ongoing occupation of the Azerbaijani territory of Nagorno-Karabakh.

This approach goes back to the beginning of the 1990s, when the local Turkish diaspora in Pakistan managed to influence the country’s foreign policy discourse in favor of Baku amid the rising tensions in the South Caucasus region, right after the

collapse of the USSR. Moreover, pressure from the secular and military elite of Pakistan (*including General Parviz Musharraf, who was closely engaged with Turkey*) in the mid-1990s, has also manifested itself in the form of overt acts of intimidation and hostility towards Yerevan. This raised concerns in Armenia, which was angered by Baku's increased assertiveness and insisted that substantive talks could not start unless Baku decreases its so-called "offensive" on the front-line.

Pakistan National Armed Forces has always been the driving force of national policy, or even the most powerful institution in the country, with the capacity to reshape the country's domestic and foreign policies. Furthermore, Pakistan's armed forces oversee the world's fastest-growing nuclear arsenal, amid great concerns about its security given an active domestic insurgency and strategic competition with its nuclear neighbor. In addition, Pakistan has

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built up an effective military industry, and now is eager to be one of the main weapons exporters in South Asia. The unresolved conflict with India has effectively accelerated the growth of the country's military.

Azerbaijan is less experienced in the defence industry sector. It has launched domestic arms production in the mid-2000s, in order to increase the capability of its Armed Forces. Starting out as a former Soviet country with an outdated industry, Azerbaijan has significantly developed and diversified its military industry since the end of the first Nagorno-Karabakh war in 1994. During these turbulent years, Azerbaijan has done a lot to acquire international experience in industrial modernization. At the beginning of the 2000s, official Baku adopted a new military policy to strengthen its military/defence industry.

Oil and gas contracts brought billions of dollars and further foreign investments to Azerbaijan, and the country's military budget correspondingly increased between 2004 and 2012⁴. As part of this policy, in 2005, the Azerbaijani government established the Ministry of Defence Industry, tasked with modernizing the Soviet-era weaponry (mostly BMP, BRDM), and overseeing arms manufacturing⁵.

4 Military Budget (2012) 'Azerbaijani Military Budget,' Available at: <http://militarybudget.org/azerbaijan/> (Accessed: 26.10.2017)

5 Shahbazov F. (2017) 'Azerbaijan: From a Country with Soviet-Era Industry to a Weapons Exporter' Available at: <http://www.israeldefense.co.il/en/node/29394> (Accessed: 26.10.2017)

Although, Azerbaijan's defence industry maintains strategic relations with a range of countries including Russia, Turkey, Israel, Belarus, and China, Baku has been seeking ways to expand military cooperation with Pakistan in particular over the last several years. Given Pakistan's status as a nuclear power, combined with its dynamic military muscle, military cooperation represents another fundamental building block of the bilateral relationship. The two countries signed a defence agreement in May 2003, which allows Azerbaijani military staff, in particular special forces units, to take part in annual military drills along with Pakistani armed forces⁶. As part of the agreement, Azerbaijani naval personnel participated in the Pakistani-led multinational exercise called AMAN-2013, the biggest ever Pakistani-led navy exercise.

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The exercise involved around 24 warships, 25 aircraft and special operation forces from 13 countries, which participated in the exercise to boost their naval forces' operational capabilities⁷. Obviously, the military cooperation between Pakistan and Azerbaijan goes beyond participation in joint military exercises and takes the form of an ongoing dialogue at the highest level. As part of this policy, Baku and Islamabad signed a military cooperation agreement in 2014 during the fifth meeting of the Azerbaijan-Pakistan Working Group on Military Cooperation in Islamabad⁸. Pakistan has also trained around 100 military units in Azerbaijan over the past decade⁹. The launching of the Pakistan-Azerbaijan Business Forum, with a special focus on defence equipment, is another example of defence cooperation¹⁰.

Moreover, several official visits of Pakistani military delegations to Azerbaijan have been arranged to boost and diversify military

6 Shahbazov F. (2017) 'Azerbaijan's Growing Military Cooperation with Pakistan,' *The Diplomat*. Available at: <https://thediplomat.com/2017/01/azerbijans-growing-military-cooperation-with-pakistan/> (Accessed: 24.10.2017)

7 Naval-Technology (2013) 'Pakistan Navy concludes AMAN-2013 multinational exercise,' Available at: <http://www.naval-technology.com/news/newspakistan-navy-concludes-aman-2013-multinational-exercise> (Accessed: 25.10.2017)

8 The Nation (2014) 'Azerbaijan, Pakistan sign military cooperation agreement' Available at: <http://nation.com.pk/13-Feb-2014/azerbaijan-pakistan-sign-military-cooperation-agreement> (Accessed: 25.10.2017)

9 Azerbaijan Diplomatic Academy (2010) 'Interview with H.E Ambassador Mr. Abdul Hamid' Available at: http://biweekly.ada.edu.az/vol_3_no_4/Azerbaijan_and_Pakistan_An_interview_with_Ambassador_Abdul_Hamid.htm Accessed (27.10.2017)

10 Muhammad Asif Noor (2015) 'Pakistan-Azerbaijan relations – reaching a new momentum, new spring' Available at: <https://www.azernews.az/analysis/80123.html> (Accessed: 27.10.2017)

cooperation. The most recent visit by the Chief of Air Staff of the Pakistan Air Force Marshal Sohail Aman is among these, aimed at contributing to further cooperation between Baku and Islamabad¹¹. During the same visit, the Pakistani Ambassador to Azerbaijan Saeed Khan Mohmand stated during a press conference that “Azerbaijan has purchased 10 Super Mushshak trainer aircrafts from Pakistan. Pakistan will continue deepening our cooperation in defence and organization of military training.”¹²

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expressed its interest in purchasing JF-17 Thunder (also known as the FC-1 Xiaolong), a multi-functional aircraft that was jointly developed by Pakistan and China. The JF-17 aircraft was produced as an affordable and modern replacement to French-made Mirage III and F-7 interceptors. Pakistan had long been trying to find countries to buy the JF-17 in order to reduce the per-unit cost paid by the Pakistan Air Force. Thirteen countries have so far expressed interest in purchasing the JF-17 aircraft, including Azerbaijan, Zimbabwe, Bangladesh, Myanmar, Egypt, Iran, Lebanon, Malaysia, Morocco, Nigeria, Sri Lanka, Algeria, and Sudan¹³. Although numerous high-level meetings and negotiations have been held regarding the purchase of the newly-produced aircraft, no formal agreement has been signed yet.

Throughout these years, Azerbaijani authorities have frequently expressed their willingness to prevent the growing violence in the South Caucasus region, and have urged international actors as well as Armenia to support the peaceful settlement of the Nagorno-Karabakh conflict. Notwithstanding the fact that the arms race in the South Caucasus has gained pace – notably following the April War in 2016, which dragged both societies into a frenzy of pro-war sentiment. The “conflict factor” should be flagged in this case, as both countries suffer from territorial

11 Today.az (2017) ‘Pakistan, Azerbaijan to eye military-technical cooperation,’ Available at: <http://www.today.az/news/politics/164978.html> (Accessed: 27.10.2017)

12 Xinhuanet (2017) ‘Azerbaijan – Pakistan to deepen military cooperation’ Available at: http://news.xinhuanet.com/english/2017-08/09/c_136510002.htm (Accessed: 27.10.2017)

13 Global Security (2015) ‘JF-17 Thunder - Foreign Sales,’ Available at: <https://www.globalsecurity.org/military/world/pakistan/jf-17-sales.htm> (Accessed: 27.10.2017)

conflicts, in Nagorno-Karabakh and Kashmir respectively. These conflicts have been the key determinants in the development of the domestic military industries in Pakistan and Azerbaijan.

“The UN and OIC resolutions, which clearly recognize Armenia as an aggressor, must be an obvious evidence to all Muslim countries. It is worthy to note that Pakistan and Saudi Arabia do not still recognize the independence of Armenia because of the illegal occupation of the Nagorno-Karabakh, while Turkey has not established any relations with this country. We consider all this as an example of brotherly relationship and solidarity of Muslim countries”, wrote President Ilham Aliyev in an article¹⁴.

As mentioned previously, while Pakistan and Azerbaijan enjoy cordial relations in the military/defence sphere, this partnership has not been extended beyond the military equipment/arms exports and joint military exercise. Both countries are dealing with unresolved territorial conflicts and thus fully support one another’s territorial integrity. In addition, both countries face complicated security challenges, given their locations in fragile regions. Nonetheless, more needs to be done to overcome certain obstacles and to bring the bilateral military cooperation into a new phase, such as exchange of strategic information, jointly developed weaponry or military vehicles, and so on.

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Towards a Diverse Economic Cooperation

The South Asian region is one of the most essential regions for international economic cooperation, as well as international politics, given that it is home to 25% of the world’s population. In this regard, Pakistan’s diversified economy has the potential to become one of the world’s biggest economies. Accordingly, Islamabad, seeks to boost sustainable regional development via integration into new markets. Hence, Pakistan set itself a target of becoming Azerbaijan’s main partner in various fields, in particular agriculture. Pakistan has a semi-industrialized economy, but the agricultural sector remains dominant with export of cotton, rice, sugarcane, wheat and etc.

¹⁴ Aliyev, I (2017) ‘The strengthening of Islamic solidarity is a challenge of time,’ OIC Journal; Available at: <http://en.president.az/articles/23584> Accessed: 27.10.2017

Moreover, Pakistan's strategic location in the middle of South Asia, low labor costs, and the government's open investment policy has made this country quite attractive for foreign investors, namely China. Pakistan's recent policy of regional integration through the China-Pakistan Economic Corridor (CPEC) aims at increasing the importance of Pakistan as a transit hub, regional transit corridor projects, and its overall economic prospects. The CPEC is the flagship project under the Belt and Road Initiative, and is seen as a "game changer" in regional geopolitical discourse since it was formally unveiled in April 2015. It has become the leading bilateral initiative between China and Pakistan and has a budget of over US\$ 46 billion¹⁵. Most Pakistani policymakers laud the potential of the CPEC to substantially boost Pakistan's economy.

As demonstrated, Pakistan's economic strategy is based on the view that building strong economic partnerships with regional countries and beyond by encouraging them to participate in the CPEC project will help to ensure prosperity in South Asia.

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Therefore, Pakistan has invited Azerbaijan to join the China-Pakistan Economic Corridor (CPEC) due to its strategic location as a transit hub between Asia and Europe¹⁶. Simultaneously, Azerbaijan also supports an economic partnership with Pakistan, in particular via transit corridor projects. Geographically, Azerbaijan is

the most suitable transit zone and shortest route to Europe for Pakistani goods. As yet, no substantial agreement or negotiations has been reached between the two countries regarding Pakistan's involvement in the transit route. However, on 24 October of this year, the Ambassador of Pakistan to Azerbaijan stated that "Islamabad holds negotiations with Azerbaijan over the participation in the upcoming North – South transit corridor". According to him, Azerbaijan is eager to link the transit corridor with Pakistan's Qwadar seaport.¹⁷

In fact, the first Trade and Economic Cooperation Agreement

15 Shahbazov F (2017), 'China – Pakistan Economic Corridor: An Opportunity for Central Asia?,' Central Asia – Caucasus Institute. Available at: <http://cacianalyst.org/publications/analytical-articles/item/13450-china-%E2%80%93-pakistan-economic-corridor-an-opportunity-for-central-asia?.html> (Accessed: 31.10.2017)

16 The News (2017), 'Pakistan invites Azerbaijan to join CPEC' Available at: <https://www.thenews.com.pk/print/220314-Pakistan-invites-Azerbaijan-to-join-CPEC> (Accessed 31.10.2017)

17 Kommersant (2017), 'Пакистан ведет переговоры с Азербайджаном о подключении к коридору «Север-Юг»' Available at: <https://www.kommersant.ru/doc/3447125> (Accessed: 31.10.2017)

between Pakistan and Azerbaijan was signed in October 1995. However, this agreement expired soon after, and no substantial trade agreement has been signed between Baku and Islamabad since then. Therefore, the volume of bilateral trade has not reached a significant level. Notwithstanding these impediments, the volume of trade between Pakistan and Azerbaijan increased from \$10.323 million in 2011-12 to an unprecedented \$37.45 million in 2013-14. Pakistan's exports to Azerbaijan increased from \$29.97 million in 2012-13 to \$37.43 million in 2013-14, while imports marginally decreased from \$0.06 million to \$0.018 million during the same period. This period, however, experienced an increase in Pakistan's exports to Azerbaijan, mainly due to the export of rice (\$23.405 million) and synthetic fabric (\$3.126 million)¹⁸.

The most recent talks regarding the economic partnership between Azerbaijan and Pakistan were held in July 2017. A Pakistani delegation led by the country's Commerce Secretary Mohammad Younus Dagha met with the Deputy Minister of Economic Development of Azerbaijan and representatives of the Azerbaijan Export and Investment Promotion Foundation (AZPROMO) in Baku to discuss the possibilities for diversifying economic cooperation. The parties signed a Memorandum of Understanding (MoU), which envisages the expansion of cooperation between businesses in the two countries, exchange of information on market research and investment projects, establishment of joint ventures, and participation in fairs and business events. The next meeting of the working group on Azerbaijan-Pakistan trade cooperation will be held in Pakistan¹⁹.

It is necessary to underline that Azerbaijan – Pakistan partnership is not limited to defence and economic cooperation, given that it is strictly based on common ideas of Muslim solidarity on a wide range of issues, rooted in mutual trust and commitment to regional development through encouraging local institutions, state agencies, and NGOs. Accordingly, Azerbaijani

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18 Dr Kamal Makili-Aliyev and Khurram Abbas (2016), 'Pakistan-Azerbaijan Economic and Defence Cooperation' IPRI Journal XVI, No.1 (Winter 2016): 42-58 Available at: <http://www.ipripak.org/wp-content/uploads/2016/05/art3w16.pdf> (Accessed: 02.11.2017)

19 Azernews (2017), 'Azerbaijan, Pakistan strive to expand economic cooperation' Available at: <https://www.azernews.az/business/116813.html> (Accessed: 02.11.2017)

foundations, namely Heydar Aliyev Foundation, have initiated a series of healthcare, education, development and humanitarian projects in Pakistan since 2005. In 2008, Heydar Aliyev Foundation sponsored the opening of a secondary school for local girls in Muzaffarabad city (Rara territory)²⁰.

It is evident that Pakistan is thinking seriously about deepening bilateral relations with Azerbaijan in other fields, as it is economically and strategically important for official Islamabad to enhance regional development. In this regard, Azerbaijan seems a willing and reliable partner.

Conclusion

Azerbaijan considers the alliance with Pakistan as a chief deterrent against Armenian aggression. In this regard, there is enormous scope for economic, cultural, and defence cooperation, notwithstanding certain challenges and difficulties due to the lack of direct communication between relevant state institutions. Moreover, the lack of common agreements on tax and custom issues are also impediments to increasing trade turnover. However, Pakistan has made significant inroads into Azerbaijan's defence market, through offering various domestically produced weapons. In fact, the strong military ties have become a valuable guide for improving cooperation between various state institutions in Baku and Islamabad. Moreover, the growing regional challenges in the South Asia and South Caucasus can boost bilateral cooperation in other fields.

Taking into account the unique political solidarity, military cooperation, and economic partnership, Baku and Islamabad need to enhance bilateral relations even further. The countries can establish a unique format, which would allow yearly annual military drills, or establishing direct communication between intelligence services in order to exchange necessary information. The successful economic strategy and investment policy can have a positive influence on other fields of bilateral cooperation.

20 Heydar Aliyev Foundation (2008), 'A Secondary school built by the Heydar Aliyev Foundation for girls in Pakistan's Muzaffarabad City was opened' Available at: <http://heydar-aliyev-foundation.org/en/gallery/view/1/692/A-Secondary-school-built-by-the-Heydar-Aliyev-Foundation-for-girls-in-Rara-Territory-of-Pakistan%E2%80%99s-Muzaffarabad-City-was-opened> (Accessed: 03.11.2017)