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STRATEGIC HEDGING AS THE NATURE OF AZERBAIJAN`S FOREIGN POLICY TOWARDS RUSSIA FOR THE LAST 19 YEARS

Abstract

This paper proposes to define Azerbaijan`s foreign policy towards Russia since İlham Aliyev became a president, by clarifying whether it is balancing, bandwagoning or strategic hedging. The key element that influences the relations between Russia and Azerbaijan is Nagorno-Karabakh conflict that was caused by Armenian aggression towards Azerbaijan in 1990s. Throughout history we can observe how Russia and Azerbaijan were going through ups and downs. They could consider each other guilty of contribution to separatism and afterwards, both states could believe that there is a need for mutual cooperation between them as they are more likely to become strategic partners. Our key hypothesis claims that *for the last 19 years Azerbaijan has been pursuing a multi-tiered strategic hedging towards Russia as it is the most rational option to manage its relations with Moscow*. According to Evelyn Goh, it is a set of strategies that state is going to apply in order to avoid a situation in which it can not decide upon what alternative to choose. Strategic hedging is a combination of policies that emphasize integration mechanisms or engagement and at the same time stress realist-style balancing. Another hypothesis claims that *the strategic hedging was modified according to the fluctuations of Russian foreign policy*

Key words: *Russia, Azerbaijan, Armenia, Foreign Policy, Strategic hedging, Nagorno-Karabakh conflict*

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SON 19 İLDƏ AZƏRBAYCANIN RUSİYAYA QARŞI XARİCİ SİYASƏTİNİN XARAKTERİ KİMİ STRATEJİ HEDCİNQ

Xülasə

Bu məqalədə İlham Əliyev prezident olduqdan sonra Azərbaycanın Rusiyaya qarşı xarici siyasətinin “balancing”, “bandwagoning” və ya “strategic hedging” olduğunu aydınlaşdırmaqla müəyyən edilməsi təklif olunur. Rusiya ilə Azərbaycan arasında münasibətlərə təsir edən əsas element 1990-cı illərdə Ermənistanın Azərbaycana təcavüzü nəticəsində yaranmış Dağlıq Qarabağ münaqişəsidir. Tarix boyu biz Rusiyanın və Azərbaycanın necə enişli-yoxuşlu yollardan keçdiyini müşahidə edə bilərik. Onlar bir-birini separatizmə töhfə verməkdə günahkar hesab edə bilər və bundan sonra hər iki dövlət strateji tərəfdaş olma ehtimalı daha yüksək olduğundan aralarında qarşılıqlı əməkdaşlığa ehtiyac olduğuna inana bilər. Əsas fərziyyəmiz ondan ibarətdir ki, Azərbaycan son 19 ildə Rusiyaya qarşı “multi-tiered strategic hedging” həyata keçirir, çünki bu, Moskva ilə münasibətlərini idarə etmək üçün ən rəşional variantdır. Evelyn Qohun sözlərinə görə, bu, dövlətin hansı alternativini seçəcəyinə qərar verə bilmədiyi bir vəziyyətdən qaçmaq üçün tətbiq edəcəyi strategiyalar toplusudur. “Strategic hedging” inteqrasiya mexanizmlərini və ya nişanlanmanı vurğulayan və eyni zamanda realist tərdə balanslaşdırmanı vurğulayan siyasətlərin birləşməsidir. Başqa bir fərziyyə, “strategic hedging” Rusiyanın xarici siyasətinin dalğalanmalarına uyğun olaraq dəyişdirildiyini iddia edir.

Açar sözlər: *Rusiya, Azərbaycan, Ermənistan, Xarici siyasət, Strategic hedging, Dağlıq Qarabağ münaqişəsi*

Introduction. The nature of Azerbaijan`s foreign policy towards Russia was varied according to time. For instance, during the rule of Abulfaz Elchibey (1992-1993), we can see the deterioration in relations between Azerbaijan and Russia. Therefore, many scholars argue that balancing nature of foreign policy was pursued at that time. However, after Heydar Aliyev became a president, the nature of

foreign policy towards Russia has changed entirely. We can see that these two states started to cooperate and interact with each other more and more. However, the nature of foreign policy was fluctuating from bandwagoning to balancing because of oil boom and economic growth. After his death, İlham Aliyev came to power in 2003. He decided to continue establishing close relations with Russia. It can be explained by the fact that Russia is a member of the OSCE Minsk Group capable of resolving this conflict.

However, there have been many negotiations around 30 years between both parties and all attempts failed. During this period, we can observe the violation of ceasefire many times. It made Azerbaijan doubt about Russian intention to change the status quo. Here we can mention arguments of John Mearsheimer written in "The False Promise of International Institutions". Azerbaijan was also searching for allies in the West. Nevertheless, there is a situation, in which it is hard to make a certain choice. If we look at Azerbaijan, we can also see close relations with another great power, Turkey that helps its brother state in solution of the conflict. Recent events like a violation of ceasefire and provocation by Armenia that took place in July 2020 on the border of Azerbaijan led to the war in Nagorno-Karabakh on September 27. However, on November 9, Azerbaijan, Armenia and Russia signed a trilateral agreement, according to which Azerbaijan returns back its own lands and Russian peacekeepers are going to watch and contribute to this process. Moreover, Turkey is also a participant in the ceasefire monitoring center. İlham Aliyev's multidimensional policy based on interests that is neither pro-Russian, nor anti-West, hasn't been classified as strategic hedging. Therefore, this paper argues that the strategic hedging theory gives a full explanation of the Azerbaijan's foreign policy towards Russia that led to the success and victory of Azerbaijan.

The *strategic hedging* towards Russia consists of:

1. **Soft balancing:** Due to the oil and gas wealth, Azerbaijan is becoming an active participant and member in bilateral and multilateral projects (TANAP, TAP). Moreover, it establishes close relations with both regional and major powers that can also help in undermining attempts of Russia to impose a hegemony over the region.

2. **Engagement:** Azerbaijan is becoming a partner Russia can rely on by enhancing diplomatic skills and conducting negotiations over various issues including the Nagorno-Karabakh conflict that led both states to cooperation in both social and economic levels. Moreover, Azerbaijan allows Russia to place peacekeepers in its region.

3. **Hard balancing:** Azerbaijan develops its military capabilities. Moreover, Azerbaijan is making alliance with such a major power like Turkey. As a result, it acts as a counterbalance to Russian influence in the region.

Moreover, we will apply Cheng-Chwee Kuik's framework, according to which, strategic hedging behavior consist of 5 major elements:

1. **limited bandwagoning:** This component involves political partnership the manifestation of which we can find in policy coordination on selective issues as well as voluntary deference with respect to power;

2. **binding engagement:** This component includes intention of state to establish and manage relations with a big power. The purpose is to build communication channels as well as affect the policy choices of power;

3. **economic pragmatism:** According to this component, the state is searching for maximizing gains from investment and trade cooperation with the big power regardless what political problems might exist between these states.

4. **dominance denial:** This component involves preventing single predominant power from emergence, because of ability of that power to intervene in a state's policymaking in an excessive way;

5. **indirect balancing:** According to this component, state advances its own military capabilities and maintains defense cooperation in order to cope with diffuse uncertainties.

Methodology

In this research we are going to apply a qualitative method. The content analysis is one of the most popular qualitative data techniques. Therefore, we will analyze documented information that can have

the form of media, text or image. Moreover, we will use an inductive method here. **The table of contents** is as follows:

1. Section 1: Alignment theories: bandwagoning, balancing and strategic hedging

In this section we are going to define these alignment theories and focus on their origin

2. Section 2: İlham Aliyev`'s foreign policy towards Russia.

In this section we are going to define what kind of foreign policy towards Russia Azerbaijan was conducting during the rule of İlham Aliyev.

3. Section 3: Explanation of strategic hedging as a nature of Azerbaijan`'s foreign policy towards Russia

In this section we are going to propose arguments that Azerbaijan foreign policy towards Russia is a strategic hedging by focusing on both soft and hard tools Azerbaijan relies on.

Alignment theories: bandwagoning, balancing and strategic hedging

First of all, we need to understand what bandwagoning, balancing and hedging strategies are. We can face all of them in realism. Therefore, we study our research question by applying to realist paradigm. These terms are described under the concept of "Balance of Power" by Kenneth Waltz, a founder of defensive realism (neorealism), in his work "Theory of International Politics.

According to structural realism, international system is anarchic and states coexist in a self-help system. The anarchy makes states think about their relative gains rather than absolute ones. They are concerned about their security. As a result, it leads to "security dilemma" and prevents them from cooperation. According to Kenneth Waltz, states are interested in reaching a balance or equilibrium. Moreover, bipolar system is more stable than multipolar one. States can have either internal balancing or external one. The first one is related to the state that relies on its own capabilities. Whereas the second one is related to the state that relies on the capabilities of its allies. Internal balancing is more reliable than external one [Waltz K. 1979, p.168]. As an *empirical evidence*, here is the period of the Cold War. During it, we can observe bipolar system and how two powers (Russia and America) can balance each other by relying on their own capabilities. It is explained by the fact that there is a sharp decline of both military and economic interdependence in bipolar system. Furthermore, balancing policy occurs rather than bandwagoning one when there is asymmetric distribution of power between states. In addition to that, some scholars tend to divide a balancing into two forms: soft balancing and hard balancing. According to them, developing countries pursue soft balancing rather than hard one by focusing on institutional, economic and diplomatic methods in order to undermine the stronger state. Democratic peace theory also recommends to pursue soft balancing among democracies [Pape R. 2005, p.26]. On the other hand, hard balancing is implemented by increasing both offensive and defensive capabilities. For instance, by constructing and developing traditional and non-traditional weapons, increasing a state`s military budgets, as well as making security or military alliances. Nevertheless, we can see offensive realism (neorealism) founded by John Mearsheimer that is different from defensive one. According to him, states are interested in achieving a greater share of power and weakening their rivals or becoming a hegemony [Mearsheimer J. 2001, p.3]. Therefore, if Kenneth Waltz claimed that states are interested in maximizing their security, here we can see that states are interested in maximizing their power. As an *empirical evidence*, here is the USA that could be considered a hegemony. Nevertheless, there are various obstacles for becoming a global hegemony. One of the key factors preventing a state from becoming it is a huge distance. As an example, sustaining power across oceans.

The balance of power theory that is so popular in structural realism was modified by Stephen Walt in his work "Alliance Formation and the Balance of World Power". Previously, state behavior was framed in terms of power. Balancing is making alliance with the weaker state; bandwagoning is choosing the stronger one. However, according to Stephen Walt`s opinion, this view doesn`t pay attention to other factors when states identify threats and make alliances. States can ally with or against the most threatening power [Walt, S. 1985, p.6].

As an *empirical evidence*, coalitions against Germany, because it posed a threat. Author divides factors that influence level of threat into following: proximity, offensive intentions, aggregate power, offensive capabilities.

Strategic hedging as a new concept

The term strategic hedging occurred as a new important concept of “Balance of Power” [Salman M. 2015, p.104]. According to Evelyn Goh, it is a set of strategies that state is going to apply in order to avoid a situation in which it can not decide upon what alternative to choose (bandwagining, balancing or neutrality).

According to other sources, strategic hedging is such a strategy that mixes cooperation and conflict. Moreover, both hard and soft power tools are what this strategy relies on [Gindarsah, 2019, p.2]. Strategic hedging is a combination of policies that emphasize integration mechanisms or engagement and at the same time stress realist-style balancing. The state which pursues this strategy, establishes a cooperation with a threatening one in order to avoid getting involved in unequal clashes or threats posed by the powerful threatening state (soft balance). On the other hand, state takes some elements of hard balancing against the powerful threatening state by making alliance with competing forces of it. Moreover, state increases both military and non-military capabilities. As a result, one of the key elements that distinguishes strategic hedging is that by pursuing this strategy state makes attempts to reduce threats to its stability. As a result, state is trying to remain in anarchic world. Therefore, the main motive of state is to secure its relative status rather than to change it or obtain material gains. Various types of states used strategic hedging as an alternative for bandwagining and hard balancing strategies. The argument of Sherwood is that small states demonstrate the lack of the elements of security as well as influence. It is one of the key factors making these states resort and compensate for the lack of them in relations with major powers. The state is not able to pursue balancing strategies as they can provoke powerful threatening state in a direct way [Sherwood, 2016, p.1]. Most of scholars believed that the best option for state is to pursue either neutrality or bandwagining. Nevertheless, neutrality can deteriorate the relations with one of the parties, which was supposed to support state. On the other hand, bandwagining can make the state more dependent on the allied one. In other words, hedging is the best option. According to some scholars, it is a “smart way” to compensate for the state with a small size. We can come to conclusion, that strategic hedging enables states to support their security by engaging in cooperation with the threatening state, making alliances and increasing military capabilities. As a result, states can avoid the repercussions of the security dilemma [Tessman B. 2012, p.10].

It is needless to say, that after the end of the Cold War, states seldom pursue only balancing or engagement strategies. Most of states pursue both of them in their foreign policy. Nevertheless, it is hard to claim that this combination equates to hedging as a strategy pursued in foreign policy, as this mixed strategy is only part of the state`s largest diplomatic strategy, that can be considered a hedging one. Therefore, this combination an active attempt made by state in order to prevent some scenarios that are undesirable for it. At the same time, hedging can be a reflection of planning in case if undesired scenarios occur [Boon H.T. 2016, p.5].

Ilham Aliyev`s foreign policy towards Russia.

After the death of Heydar Aliyev, Ilham Aliyev became the fourth president of Azerbaijan in 2003. According to the biographical data, Ilham Aliyev got admitted to the Moscow State Institute of International Relations in 1977. Afterwards, he continued his education as a postgraduate in 1982. Moreover, Ilham Aliyev received a PhD in history. Since he came to power, we can observe the increase in strength of Russia`s position in Azerbaijan. According to the claim of Vladimir Putin (2006), the cooperation between Russia and Azerbaijan is one of the key factors for security and geopolitical stability in the region [Babayev A. 2007, p.9]. However, Ilham Aliyev had to overcome obstacles both during the presidential elections and after them. One of them was a biased attitude of West towards him. As a result, it was hard to cooperate with the West in order to pursue a *balancing element* of strategic hedging towards Russia. Another main obstacle was Armenian lobby that also affected the foreign policy of West.

During the years of his presidency, we can observe how Ilham Aliyev`s image undergone a dramatic transformation. In the first several years, domestic opposition doubted about his ability to govern the state, by claiming that he lacks experience, public speaking skills. Then we can see that Ilham Aliyev was perceived as a strong and crafty leader as his father was. Therefore, Ilham Aliyev could prove that he is a more sophisticated politician than his rivals were. Moreover, he had a deep understanding that

the great threat to his rule was not coming from opposition that was weak, but from within the ruling elite. The hands of old guard consisting of many powerful members were untied by the death of previous president. They had intentions to control İlham Aliyev who was young and inexperienced at that time. President's uncle, Jalal Aliyev as well as Ali İnsanov were governing it. The latter was also a founder of the ruling New Azerbaijan Party. In the beginning of his rule, İlham Aliyev made a decision to continue his father's policy. Therefore, we can observe no major changes in the government. On the other hand, İlham Aliyev demonstrated himself as a pro-reform leader, whereas his competitors were too conservative [Patten L. 2010, p.7].

However, İlham Aliyev could find a reliable ally in Ramiz Mehdiyev. He was one of the most powerful members of that old guard. Moreover, he was a head of Heydar Aliyev's presidential administration. He was also interested in opposing ambitions of mentioned above rivals. Another rivalry that threatened the stability of regime was between Kemaleddin Heydarov and Farhad Aliyev. The former was a key presidential confidant, whereas the latter was not somehow related to the president. This situation made İlham Aliyev undertake severe measures. İnsanov and Farhad Aliyev were accused of corruption and embezzlement. As a result, both of them were violently repressed by government in 2005, when parliamentary elections were held. After these measures the image of İlham Aliyev as a weak president started to fade. However, the reformist image was also damaged by them. It became a ground for the West to criticize Azerbaijan by accusing it of violating human rights.

On the other hand, this situation laid the foundations for further relations with Russia that is well known for its sovereign democracy. We can see that İlham Aliyev started pursuing a **bandwagoning** element of strategic hedging towards Russia. The key factor that influenced İlham Aliyev's choice was a status-quo of Nagorno-Karabakh conflict. As Russia is a co-chair of the OSCE Minsk Group, Azerbaijan hoped for its help in resolution of this conflict. First of all, Azerbaijan leased the Gabala radar station to Russia. Russia was interested in maintenance of its position on the post-Soviet space. As part of the early warning system, the station made it possible not only to detect missile launches, but also to track their trajectory, which made it possible to target anti-missiles [Collina T. 2011, p.14]. Taking into account the technical parameters and favorable location, the radar had no equal in the world. Here we can observe a voluntary deference of Azerbaijan towards Russia with respect to power. According to Kuik's framework, it is the main feature of **limited bandwagoning** that is a key element of strategic hedging. Moreover, Azerbaijan demonstrated that its relations with NATO are not as close as supposed to be. Another step of Azerbaijan was its claim about the possibility of joining the Eurasian Economic Union, despite its early solid opinion about membership of non-alignment movement. Therefore, if early we could see that Azerbaijan was pursuing a **balancing** policy as an element of strategic hedging in this aspect, afterwards, we observe how this policy started to shift to **bandwagoning** one. The following actions of Azerbaijan that demonstrated its **bandwagoning element of strategic hedging** towards Russia was its refrain from Nabucco project. Nabucco is an unrealized project of a main gas pipeline with a length of 3,300 km from Iran, and then Turkmenistan and Azerbaijan to the EU countries, primarily Austria and Germany. It was planned under pressure from the United States and was intended not only to create an alternative route for gas supplies to Europe, providing up to 10% of its needs, but also to remove the countries of Central Asia from the influence of Russia. The project began to develop in February 2002. It was also planned to transport gas to Europe from Iraqi Kurdistan, which could provide 50% of the gas required to fill the pipeline. Until the end of 2010 the financing issue was not resolved: the project participants were not ready to invest in it while there was uncertainty with gas suppliers. Azerbaijan and Turkmenistan were initially considered as the main suppliers, Egypt could also supply gas to Europe via the new gas pipeline by extending the Arab Gas Pipeline (connecting Egypt, Jordan and Syria), but its reserves were insufficient. This project was closed in 2013. Another **bandwagoning element of strategic hedging** of Azerbaijan towards Russia was a support of increase in gas prices, as well as contracts signed between Azerbaijan and Russian defense ministry. According to them, Azerbaijan purchased strategic weapons worth 4 billions. İlham Aliyev established close relations with both presidents of Russia (Putin and Medvedev). Moreover, not only possible membership of Azerbaijan in Eurasian Economic Union was discussed, but also its potential membership in CSTO. By pursuing **bandwagoning element of strategic hedging** towards Russia, Azerbaijan demonstrated how important its intention to resolve the Nagorno-Karabakh conflict is. As

we see, Azerbaijan was even ready to join such unions with Russia that involve its main enemy, Armenia. However, throughout history we can observe how Russia was establishing close relations with Armenia. Their cooperation originates from the foundation of the Russian Empire. Christianity as a common religion played a key role in perception of each other as allies. Therefore, Armenia and Russia signed the CSTO. According to it, Russia had to defend Armenia in case if Azerbaijan and Armenia get involved in the conflict. Nevertheless, as we see, Azerbaijan was pursuing *limited bandwagoning element of strategic hedging* towards Russia.

Bandwagoning or more precisely, *binding engagement* element of strategic hedging we can observe in various negotiations between Russia and Azerbaijan. During them, Azerbaijan made many attempts to influence the foreign policy of Russia in order to shift the status-quo of Nagorno-Karabakh conflict. Some of them are well known as Madrid principles (2007) and Kazan Summit (2011) [Kavkazsky Uzel, 2016]. The former were updated in 2009. Three leaders of the OSCE Minsk Group, Sarkozy, Obama and Medvedev, stated that presidents of Azerbaijan and Armenia, İlham Aliyev and Serzh Sargsyan have to resolve differences remaining between them, afterwards, they need to arrange these Basic Principles. In the beginning, we can see that these principles originate from the peace settlement proposal that members of the OSCE Minsk Group (Russia, the US and France) unveiled in 2006.

There was Kazan Summit in 2011. This summit was organized by Russian President Dmitry Medvedev [Astakhov, 2011]. The negotiations between Dmitry Medvedev and leaders of Azerbaijan and Armenia lasted for about three hours. Actually, it was the ninth round of trilateral negotiation since 2008. However, this meeting could not lead to a breakthrough over territorial disputes between two parties. We can observe how *issue indivisibility* on both parties was a barrier for Russia's capacity to resolve it. The status of Lachin corridor as well as the one of Nagorno-Karabakh were the key obstacles on the way to achieving compromise. Both leaders expressed their gratitude towards members of the OSCE Minsk Group, the US, Russia and France. The main goal of the Kazan summit was to make sides come to an agreement on the basic principles. However, the resolution of this conflict based on *modus vivendi* failed.

The number of deaths on both sides as a result of the violations of ceasefire that was signed in 1994, made Azerbaijan start to doubt the effectiveness of the OSCE's negotiations. However, Azerbaijan continued pursuing *bandwagoning* element of strategic hedging towards Russia. There is also a cooperation between them in the culture and education. These matters are covered by *low politics* as they are not so important to the survival of the state. Around 15000 citizens of Azerbaijan receive education in Russia. Moreover, there is Moscow State University (2010) in Baku that is a branch of the Russian prestigious university [Kavkazsky Uzel, 2008]. Another one is I.M. Sechenov First Moscow State Medical University (2015). Azerbaijan is also hosting regular Azerbaijan-Russia Youth Forums. We can find around 340 Russian-language schools in Azerbaijan. The Russian language is also a key aspect that is useful in relations with Russia.

Other aspects that demonstrate the *bandwagoning* element of strategic hedging pursued by Azerbaijan towards Russia is a trade partnership between them. Russia also remains the largest non-oil sector importer in Azerbaijan. We can observe the highest level of integration between them in the non-oil sector. According to the data provided in 2017, Russia took the third place in Azerbaijan's trade partner portfolio. There is also the INSTC project that promises to enhance cooperation between two states. The element of *economic pragmatism* in Azerbaijan's hedging strategy towards Russia can be seen in the gas deal between them. The Gazprom purchased around 2 billion cubic meters of gas from Azerbaijan (2011). The purchase of gas from Azerbaijan enables Russia to save money spent on gas transportation. The price that Russia offers for the Azerbaijani gas is the same one of Russian gas sold to Europe. Therefore, we see that according to Kuik's framework, Azerbaijan as a state, is searching for maximizing gains from investment and trade cooperation with the big power Russia regardless what political problems might exist between these states. The element of *economic pragmatism* is reflected in the reciprocal trade ties between Azerbaijan and Russia. At the same time, even if Azerbaijan was pursuing a *bandwagoning element* of strategic hedging towards Russia, oil and gas reserves enabled Azerbaijan to shape an independent foreign policy that also includes a *balancing element* of strategic hedging towards Russia. This is explained by Russia's incapacity to resolve the Nagorno-Karabakh conflict. As a result, Azerbaijan started establishing close relations with other major powers. Such a

great power like Turkey, occupied the place of “best friend” [Mikhelidze N., 2010, p.5]. The relations between Azerbaijan and Turkey go back to the early years of Azerbaijan’s independence. During the rule of Abulfaz Elchibey, Azerbaijan was declared a secular nation. Abulfaz Elchibey promoted ideology and values that were adopted from Turkey. Here we can observe a **balancing policy** towards Russia during his rule. As a result, it led to the construction of both economic and political ties with Turkey. However, after the collapse of the Soviet Union, Turkey was among those states which recognized Armenia. The US was supporting the establishment of cooperation between Ankara and Yerevan. Nevertheless, the Nagorno-Karabakh conflict was the main obstacle to their cooperation. As Armenia occupied Azerbaijani’s lands, Turkey closed the borders with Armenia. The position of the US during the rule of Obama. America affected negatively its relations with Azerbaijan. The fact that it tried to reconcile Turkey and Armenia without engaging more on Nagorno-Karabakh, demonstrates the biased attitude of the West towards Azerbaijan again. Therefore, Azerbaijan’s foreign policy was fluctuating according to time. We can observe these fluctuations in relations between Azerbaijan and Turkey as well. The reliability of this friendship was doubted by visit of the Turkish president, Abdullah Gul to Yerevan for watching football match between two states in 2008. This situation caused a wave of criticism. However, afterwards, Abdullah Gul also visited Baku. As a result, he could reassure Azerbaijan that Turkey is always on its side and it defused tensions. Moreover, there was anti-Gulen sentiment Azerbaijan supported in Turkey in 2013. Here we can observe how Azerbaijan started to strengthen alliance with Turkey. On the other hand, in 2015 Azerbaijan preferred to stay neutral when Turkey brought down Russian jet that led to the deterioration of relations between two states [Geybulla A., 2018, p.15]. İlham Aliyev was careful in his use of language during the talks to the Turkish prime minister and tried to avoid mentioning Russia. At the same time, he promised to invest billions in the economy of Turkey that was suffering because of this tension. However, during the rule of İlham Aliyev, we can see that Azerbaijan started to pursue a **balancing** element of strategic hedging towards Russia by making alliance with Turkey as well. It is a transit point for transporting the hydrocarbon supply to Europe. Such pipelines like Baku-Tbilisi-Ceyhan and Baku-Tbilisi-Erzurum serve as a window to the West. The Baku-Tbilisi-Ceyhan project makes up around \$3 billion investment in order to transmit a vast store of energy from the Caspian Sea. A crude oil pipeline begins with Azerbaijan, goes through Georgia to Turkey. Afterwards, we observe delivery to world markets [Balat M., 2005, p.10]. According to the GECF, by 2040, we can observe the growth of natural gas that will reach around 9%, whereas the annual export volume will be 47 billion cubic meters. The Southern Gas Corridor (TAP, SCPX, TANAP) is a key factor here. Azerbaijan is involved in many ambitious energy infrastructure projects. According to many experts, the supply of Azerbaijan gas to Europe can squeeze out Russian fuel. This Baku project is a long-standing competitor to Russian pipeline projects: Blue Stream, South Stream, and then Turkish Stream [Samofalova, 2020]. Here we can see that Azerbaijani project, unlike the Russian ones, had no problems in Europe - neither with the European Commission, nor with the Third Energy Package. Because the United States is supporting the Southern Gas Corridor. What can we say about the real war unleashed against Nord Stream 2. This pipe was subjected not only to direct US sanctions, but, in fact, sanctions from the European Commission. Although in Brussels itself it is called amendments to the gas directive. Therefore, Azerbaijani project is more competitive than Russian one. It leads to the **dominance denial** element of strategic hedging according to Kuik’s framework. In other words, participation of Azerbaijan in such projects helps in undermining attempts of Russia to impose a hegemony over the region. Here we see a **balancing** policy towards Russia. However, there are obstacles Azerbaijan has to overcome too. For a new gas supplier, the time to enter the European market is now, to put it mildly, not the best time. Gas prices in the EU have plummeted to historic lows due to pandemic occurred in 2019.

During the covid-19 era, the whole world is going through quarantine measures that led to economic crisis. This crisis also made Armenia envious of Azerbaijan’s success. Since the transport blockade by Azerbaijan and Turkey impedes the economic development of Armenia, the latter decided to try to weaken the economic opportunities of Baku through military provocation in the Tovuz direction in July, 2020. Here we can also see the *security dilemma* and *relative gains* states pay attention to. According to realism, Armenia and Azerbaijan can not reach any sort of cooperation. If Armenia couldn’t compete with Azerbaijan because of economic blockade and inefficient allocation of resources, then it decided to

undermine the economic development of Azerbaijan by other means. As mentioned before, several strategically important pipelines pass not far from the site of hostilities: the Baku-Tbilisi-Ceyhan oil pipeline, the Baku-Supsa oil pipeline, and the Southern Gas Corridor, which play an important role in ensuring Europe's energy security. This escalation provoked a military war between Azerbaijan and Armenia [STMEGI, 2020].

The war in Nagorno-Karabakh, which began in the early morning of September 27, ended 44 days later with the actual defeat of Armenia. On November 8, Azerbaijan liberated Shusha that was a cultural center in Karabakh. In the late night of November 10, Prime Minister Nikol Pashinyan signed the agreement, according to which the Armenian side transfers to Azerbaijan the territories of seven regions occupied by it almost thirty years ago, adjacent to the Nagorno-Karabakh Autonomous Region, as well as the cities of Shusha, Hadrut and a number of other villages.

During this war, we can observe how both states were increasing their military capabilities. The *issue indivisibility* prevented Azerbaijan and Armenia from reaching any compromise in negotiations over Nagorno-Karabakh issue. Therefore, the war between them as well as *securitization* on both sides were inevitable. Armenia threatened the security of Azerbaijan by military provocations. Therefore, in the *security dilemma*, states are involved in an *arm race*. According to the Military Balance reference book of the International Institute for Strategic Studies (IISS) for 2019, the size of the separatist "army" numbered 18-20 thousand people. It had about 200-300 T-72 tanks and about the same amount of artillery. The Armenian army has always provided active support to the separatists, so it is not clear how much of this equipment was Armenian. The Armenian army in 2019 numbered 44 800 people, including conscripts, and had a mobilization reserve of about 220 thousand people. The country had at least 109 tanks. Most of them are T-72, the rest are more ancient. There was also one T-90. The number of the Azerbaijani army is 66 950 people (ground forces, air force, navy), the mobilization reserve is about 300 thousand people. In addition, at least 16 missile systems were in service with Armenia: eight Elbrus, four Tochki and four Iskander. Armenia is the only country, apart from Russia, which has Iskanders. Therefore, we can see that Armenia was provided with weapons coming from Russia. Azerbaijan is armed with Tochka missile systems and Israeli operational-tactical LORA missiles. In 2019, after Nikol Pashinyan came to power, Armenia bought four 4+ generation Su-30M fighters from Russia. Prior to that, the country already had at least 15 Su-25 attack aircraft in various modifications, from helicopters - at least seven attack Mi-24 and ten multifunctional Mi-8 and others. Armenia also had its own Krunk reconnaissance drones. Azerbaijan had at least 37 fighters and attack aircraft: 16 MiG-29s of various modifications, as well as 19 Su-25s and several Su-24 tactical bombers. 26 Mi-24 attack helicopters and more than 20 multifunctional Mi-8. In addition, the country had at least 16 Israeli-made reconnaissance drones in 2019 - Herona, Aerostars and Hermes. In the summer of 2020, information appeared about Azerbaijan's plans to buy "dozens" of Turkish Bayraktar TB2 drone UAVs [Atasuntsev A., 2020, p.56].

Here we see that Turkey was actively helping Azerbaijan during this hard period. Azerbaijan was increasing its military capabilities by making alliance with Turkey. It was like a counterbalance against Russia. Therefore, here we see a *balancing element* of strategic hedging. According to the Kuik's framework, it is *indirect balancing*, when states increase their military capabilities and maintain defense cooperation in order to cope with diffuse uncertainties. However, according to some scholars, the role of attack drones like the Bayraktar TB2 in this war is greatly exaggerated. Azerbaijan did a tremendous job with social networks (they were blocked for the entire time of the conflict) and on the observance of discipline. But the Armenians clearly had a very poor idea of the location of Azerbaijani military facilities. Baku pursued a much more meaningful procurement policy in the field of weapons. The Armenian Defense Army of Karabakh in late October - early November suffered a heavy defeat in the south of the unrecognized republic. According to trilateral agreement between Azerbaijan, Russia and Armenia, Russia is placing peacekeepers in order to watch the compliance of both parties with agreement. Here we can see that Azerbaijan applies a *bandwagoning element* of strategic hedging towards Russia, by allowing it to maintain its influence in the region or post-soviet space. On the other hand, Turkey plays an important role in this process too, because it is a participant in the ceasefire monitoring center. Therefore, Azerbaijan pursues a *balancing element* of strategic hedging towards Russia as well by involving Turkey in this process. According to the Kuik's framework, it is a

dominance denial. Finally, we can see that the nature of Azerbaijan's foreign policy towards Russia pursued by İlham Aliyev was a strategic hedging.

Conclusion. As we mentioned early, Azerbaijan was pursuing various types of foreign policy towards Russia. It varied according to time. During the rule of Abulfaz Elçibey, Azerbaijan was pursuing *balancing policy* towards Russia. The Russian language was also restricted. We can see that in that period, Azerbaijan started making alliance with Turkey, especially in the *low politics*. However, after Heydar Aliyev came to power, the foreign policy of Azerbaijan towards Russia was modified. The main reason is the fact that Azerbaijan tried to persuade Russia that is a co-chair of the Minsk Group, to resolve the Nagorno-Karabakh conflict. And these attempts were made after Heydar Aliyev's death as well. At the beginning of his rule, İlham Aliyev continued establishing close relations with Russia. On the other hand, Russia didn't have enough capacity to resolve this conflict, because both parties (Azerbaijan and Armenia) had an *issue indivisibility*. The territory of Nagorno-Karabakh was indivisible for them.

Moreover, the development of Azerbaijan with the help of natural resources like oil and gas untied Azerbaijan's hands to conduct an independent policy in the international arena. However, Azerbaijan was not able to pursue a *balancing policy* towards Russia by establishing relations with the West that also has a biased attitude towards it or other great powers. Azerbaijan is a small state in comparison with Russia that poses a threat to it. Early, we covered that neorealist scholar Stephen Walt was a founder of the balancing-bandwagoning debate. According to structural realism, on the one hand, states tend to make alliances by joining a certain coalition in order to achieve security from other states that are capable of threatening it. This nature of foreign policy is called a *balancing policy*. On the other hand, if a state aligns with the state that is the very source of threat, this nature of foreign policy is called *bandwagoning policy*. However, in case of Azerbaijan, the alignment choices seem to be simplified by the neorealist school. Azerbaijan needs to assess whether the alliance with other states would be weak to defend it. If yes, then Azerbaijan should bandwagon with Russia. If we look at the post-Soviet space, we will realize that such states like Ukraine, Moldova and Georgia experienced separatist movements in them. They are examples of these miscalculations. Therefore, we should look at another hypothesis that was proposed by neoclassical realism. If we look at neoclassical realism, it is distinguished by a more comprehensive approach. According to it, the foreign policy choices are driven not only by human nature, but also by internal or domestic factors. The oil and gas resources seem a significant factor that has an impact on the decision makers' perceptions of the relative power capabilities of a state. It gives a state an opportunity to pursue alignment option that is beyond bandwagoning or balancing dialectics. Here we can apply this to the case of Azerbaijan's foreign policy towards Russia, that is a *strategic hedging*. The *strategic hedging* of Azerbaijan consists of following elements:

1. **Soft balancing:** Due to the oil and gas wealth, Azerbaijan is becoming an active participant and member in bilateral and multilateral projects (TANAP, TAP). Moreover, it establishes close relations with both regional and major powers that can also help in undermining attempts of Russia to impose a hegemony over the region.

2. **Engagement:** Azerbaijan is becoming a partner Russia can rely on by enhancing diplomatic skills and conducting negotiations over various issues including the Nagorno-Karabakh conflict that led both states to cooperation in both social and economic levels. Moreover, Azerbaijan allows Russia to place peacekeepers in its region.

3. **Hard balancing:** Azerbaijan develops its military capabilities. Moreover, Azerbaijan is making alliance with such a major power like Turkey. As a result, it acts as a counterbalance to Russian influence in the region.

In the case of Azerbaijan's foreign policy towards Russia we can see that Azerbaijan chooses economic diversity, security and diplomatic cooperation with other powers engaged in the region rather than a certain side. As a result, strategic position of Azerbaijan in the regional system has been strengthened. Moreover, it allows Azerbaijan to ease tensions in the environment of region too. Therefore, the best option suitable for Azerbaijan as a small state was a strategic hedging. As in the case of choosing one-sided alignment theory (either balancing or bandwagoning) towards Russia, the autonomy of Azerbaijan could be endangered. Moreover, the strategic hedging pursued by İlham Aliyev, is one of the key factor that led Azerbaijan to the victory.

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