

# BAKU DIALOGUES

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# Latin America and the 'New Caucasus'

## Linking Points Between Brazil and Azerbaijan

*Roberto Rodolfo Georg Uebel*

For those arriving in Baku, the capital of Azerbaijan, after crossing the Atlantic Ocean and flying over war-torn Europe, in addition to the modern buildings along the Caspian Sea coast and the unique hospitality of its people, what stands out the most is the emerging 'New Caucasus' on the horizon.

It is a region no longer constrained by the geopolitical, geoeconomic, and cultural ties to the old Eastern Europe and no longer overshadowed by historical hegemony like Russia (most recently) and Iran (previously). When I visited in

2022, I discovered a country, and a region, that masterfully coordinates a pragmatic foreign policy without relinquishing its Caucasian and Caspian values and roots, creating a unique political identity that, to some extent, resembles our Latin American political identity, of course bearing in mind the appropriate hemispheric and historical proportions. My observation is that Azerbaijan is emerging as a strategic actor in the Caspian Sea region as well as in the relations between Central Asia, the Caucasus, the European Union, and the Middle East.

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## *Understanding Azerbaijan*

Bordering two geopolitical powers—Iran to the south and Russia to the north—Azerbaijan also shares a border with Georgia, one of its main regional partners. Georgia serves as a pathway for Azerbaijani oil and gas pipelines and export routes towards Türkiye and the rest of Europe through the Black Sea. The other border, marked by two wars and several eventful skirmishes in the past three decades, is with Armenia, which previously militarily occupied the Azerbaijani territories of Karabakh. These territories have now been liberated by Azerbaijan, albeit with a concession having had to be made to allow a Russian peacekeeping force to operate in a small part therein.

To the east, Azerbaijan is bordered by the Caspian Sea, the source of its main wealth: crude oil and natural gas. The Caspian Sea is, in fact, the world's large lake that, in addition, has no direct connection with other seas or oceans. Its basin includes, besides Azerbaijan, Iran, and Russia,

Turkmenistan, and Kazakhstan. Some authors consider Uzbekistan part of the Caspian basin, although it is not bordered by it.

With this geopolitical configuration, the region has attracted the interest of international actors in recent decades due to its logistical, productive, economic, and geostrategic potential.

It is located in what Halford Mackinder referred to as the "pivot area"—the contact point between Europe and Asia. These issues become evident once one examines the reality of this former Soviet republic, which has only recently cele-

brated three decades as an independent and sovereign state.

Baku showcases classic European architecture, with buildings reminiscent of Paris and Brussels, combined with cultural elements from Central Asia, typical of Turkic countries, as well as longstanding influences from the Middle East brought by Islam and the legacy of Persian civilization. Additionally, Baku exhibits characteristics shared with other Caucasian countries such as Georgia and Armenia.

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The country, which hosted the 2015 European Games, similar to the Pan-American Games, thus constructs its identity based on eclectic combination of Western European, Turkic, Muslim, Persian, and Caucasian elements. The result is a distinct Azerbaijani national and state identity and directly impacts upon the way the country conceives and executes its foreign policy—in terms of various bilateral relationships as well as the manner in which it engages within and with regional and international fora. This is a hallmark of President Ilham Aliyev's government.

In this sense, the geopolitics of the Caspian Sea are strongly influenced by its strategic surroundings, akin to Nicholas Spykman's "Rimland" paradigm, as the demarcation of its international waters faces challenges and borders two actors that assertively pursue international and regional agendas that diverge from the mainstream, namely Russia and Iran.

On the other hand, Turkmenistan, a country that is usually understood to be averse to greater international and regional integration poses a challenge discernible in the discourses of Azerbaijani authorities and researchers, despite periodic

meetings between the leaders of the two countries and their respective foreign ministries.

Uzbekistan, perceived as a sleeping giant next to Tajikistan, is a particularly active participant in China's Belt and Road Initiative (BRI)—some like to call this flagship initiative the "New Silk Road"—whose projects include building highways, railways, and waterways that would connect East and Southeast Asia to Europe and the Atlantic. However, the security issues stemming from the Taliban's resurgence in Afghanistan and its networks across the region present challenges and obstacles to greater integration and advancement in inter-regional trade, as observed during my visit to the Port of Baku.

The port, which recently celebrated its 120<sup>th</sup> anniversary and is being modernized under the management of executives from Azerbaijan and Singapore, is currently underutilized, with few ships docked and a low number of containers. This indicates the consequence of two scenarios. Firstly, China's COVID-19 policy concentrated a record number of containers in its ports and closed its main logistics hubs, such as Shanghai, for months. Secondly, the war in Ukraine amplifies the uncertainties and unpredictability

from the Black Sea to the Caspian Sea. The latter is the main route for the region's production to flow through Türkiye to the rest of Europe. The port authorities, together with the country's leadership, have put strategic development plans for the port to become a "five-star hub" of the Middle Corridor, a transport and economic route designed to bypass sanctioned Russia and Iran that could serve as a driver of prosperity for the entire Silk Road region.

Regarding Türkiye, the close relationship between Baku and Ankara is noteworthy, as the two countries have signed mutual defense treaties. In practice, this would constitute indirect protection of Azerbaijan by a member of NATO. If a country were to attack Azerbaijani territory, it would be considered an aggression against Türkiye under their signed treaties, and vice versa. One could surmise that Azerbaijan is under Western protection from NATO without being an official member of the organization to avoid direct confrontation with Russia and Iran—put differently and perhaps more realistically, one can say that Azerbaijan is immune from direct intervention by both NATO and its adversaries because of the Turkish pledge to defend Azerbaijan.

It was also evident the role that these powers play in Azerbaijan's foreign policy, foreign trade, and energy policies. The country increasingly seeks new partnerships, particularly those beyond the region, in order to diversify its imports and exports and gradually reduce its dependence on Turkish and Russian products in the domestic market. Besides Azerbaijani, the most commonly observed languages in supermarkets, bookstores, and public buildings were Russian and Turkish, which compete for the second place as the most spoken language in the young country.

Regarding cultural and geopolitical aspects, Azerbaijan's main domestic and foreign agenda revolves around the issue of Karabakh and its liberation from external occupation and separatist groups. The secessionist entity that calls itself 'Artsakh' is not (and has never been) recognized by any UN member state, including Armenia, and recent events indicate that it is in the process of dissolution (this should conclude in January 2024)—one of the consequences following the lengthy debates for the liberation of the region and the return of its sovereignty to Azerbaijan, consolidated with the military operation of September 2023 that was widely covered by Western and even Brazilian media.

After two major wars and tens of thousands of deaths and injuries, Baku's priority to liberate, reconstruct, and reintegrate Karabakh back into Azerbaijan's constitutional order is now coming to pass: since its victory in the Second Karabakh War, the country has allocated around \$10 billion into its redevelopment (including a costly and time-consuming demining campaign)—and this is just the start.

The symbolism of Karabakh is not only present in the reconstruction of a war-torn zone but also in small elements of Azerbaijani daily life, ranging from mineral water bottles to frequent exhortative speeches by Aliyev broadcasted on the country's television channels.

### *Brazil and Azerbaijan*

Azerbaijan's engagement in promoting the country's trade and tourism, including its special economic regions such as the recently liberated territory of Karabakh, is also evident in its maritime economy, which seeks to diversify transregional partnerships, including with Brazil.

During a conversation with the Brazilian Ambassador in Baku, Manuel A. Carlos Montenegro L. da Cruz, the potential for enhancing

commercial relations between Brazil and Azerbaijan became evident, particularly in the agro-export, technology, and leather-footwear sectors. Due to operational costs and product characteristics, logistics are expected to occur through waterway and air transportation, once again positioning the Caspian Sea as a pivotal area for distributing these Brazilian products to Central Asia. This includes countries where Brazil already has diplomatic representations, such as Kazakhstan and Pakistan, as well as countries that, according to the ambassador, are significant actors in the region, such as Uzbekistan and Tajikistan, where Brazil does not currently have diplomatic missions.

It is worth noting that Azerbaijan could serve as a linking point for Brazil and Latin America with the entire Silk Road region. Currently, the Brazilian embassies in Moscow and Islamabad are responsible for relations with Uzbekistan and Tajikistan, respectively, which creates a cultural, geographical, and commercial gap between Russia and Pakistan. This challenge should be reconsidered by authorities in Brasilia.

Regarding the trade balance between the two countries, after the boom in 2013 exports to Azerbaijan reached around \$150

million, followed by export figures of around \$71 million in 2017 and 2018. Exports have shown modest recovery since 2020, trending upwards. There is clearly room for continued improvement, however.

Brazilian imports have increased significantly since 2017, reaching \$219 million in 2021. The majority of the import basket consists of chemical products, with fertilizers at the top of the list. During the same period, Brazilian exports ranged from \$210 million in 2017 to \$280 million in 2021, primarily composed of tobacco, iron ore, meat, and other food commodities.

In 2022, exports surpassed the values of 2014 and 2015, indicating an interesting scenario of commercial opportunities for Brazil with Azerbaijan and other countries bordering the Caspian Sea. This highlights the importance of encouraging and deepening studies on that region and its geopolitical and geoeconomic actors, as well as the role of the maritime economy in understanding the existing intercontinental dynamics.

Historical secularism, domestic political stability, and the pursuit of new extra-regional partnerships establish Azerbaijan as a state that stands out in the geopolitical complexity of the Caucasus

and the Caspian, positioning it as a pivotal hub in relations between the West and the East. This is evident, for example, in its relations with not only the EU and the U.S.—not to mention Türkiye again—but also with Russia. It is noteworthy that China also sees Azerbaijan and the Caspian Sea as crucial to the further successes of BRI in a world in which Russia (and Iran) will very likely continue to be sanctioned by the West for quite some time.

As a market, Azerbaijan offers numerous possibilities and opportunities, given its population's growth in purchasing power coupled with internal political and economic stability. The country, along with the emerging Silk Road region as a whole, is eager for new partnerships, business ventures, and expanded foreign trade. In this regard, key sectors of the Brazilian economy, such as food production, fruits, grains, clothing, footwear, machinery, as well as services in finance, technology, and education, may find fertile ground in that region, as demonstrated by the aforementioned indicators of foreign trade.

With the reconstruction of Karabakh moving rapidly forward, on the horizon for Azerbaijan is the transition of its energy matrix, the expansion of

foreign trade, and its establishment as a regionally relevant actor with economic and political stability conducive to international investments. In this context, there are potentially interesting opportunities for Brazil and other Latin American countries, as well as the development of strategic partnerships between MERCOSUR (the Southern American Common Market) and the Silk Road region (the Caucasus countries, in particular), which are currently distant and incipient but hold vast possibilities.

The world is witnessing a shifting global order, where emerging economies are forging new alliances and exploring opportunities for cooperation beyond traditional partnerships. In this context, the potential for collaboration between Latin America and the 'New Caucasus,' facilitated by Brazil and Azerbaijan, opens up a realm of possibilities. The rest of this essay thus explores prospects for deepened cooperation, focusing on the following themes: the China-led BRI; alternatives to geopolitical and geoeconomic pressures from the West, Iran, and

Russia; integration in thematic fora; sectors such as oil, energy, commodities, and food; and inter-regional cooperation.

The Belt and Road Initiative is the flagship strategic development strategy launched by China in 2013. This ambitious project aims to enhance connectivity and promote trade and economic cooperation across Asia, Europe, and Africa. Latin America's engagement with BRI has been growing steadily and exploring avenues for cooperation with the 'New Caucasus' region can offer immense benefits.

I have no doubt that, integrating Latin America and the 'New Caucasus' within the BRI framework can strengthen trade links. BRI provides a platform to develop infrastructure projects, such as ports, railways, and highways, facilitating the movement of goods between the regions.

Increased trade can bolster economic growth, create employment opportunities, and enhance overall prosperity.

Enhanced cooperation between Latin America and the

*The world is witnessing a shifting global order, where emerging economies are forging new alliances and exploring opportunities for cooperation beyond traditional partnerships.*

'New Caucasus' can offer a viable alternative to the geopolitical and geoeconomic pressures faced by both regions from the West, Iran, and Russia. By diversifying their partnerships, they can reduce their dependence on one part of the world and explore new avenues for economic growth and stability in all others.

*Brazil and Azerbaijan can act as bridges between Latin America and the 'New Caucasus,' providing a neutral ground for cooperation.*

Brazil and Azerbaijan can act as bridges between Latin America and the 'New Caucasus,' providing a neutral ground for cooperation. By fostering diplomatic relations and promoting dialogue, they can facilitate understanding and mutually beneficial agreements. This approach would allow both regions to navigate the complexities of the international system more effectively.

Participation in thematic fora is essential for fostering cooperation and exchanging knowledge between regions. Latin America and the 'New Caucasus' can engage in regional and international fora, such as the World Economic Forum, the United Nations, and the Organization of American States, to promote dialogue and collaboration.

These fora offer platforms for discussing common challenges, sharing best practices, and identifying areas of synergy. By actively participating in these platforms, both regions can enhance their understanding of each other's needs, priorities, and potentials. This knowledge exchange can pave the way for targeted cooperation in various sectors.

The oil, energy, commodities, and food sectors play a crucial role in both Latin America and the 'New Caucasus' region as well as the rest of the core Silk Road region (i.e., Central Asia). Cooperation in these sectors can create opportunities for mutual growth and development. Latin America is rich in natural resources, particularly oil, gas, and agricultural commodities. The region can provide a stable and diverse supply of commodities to the 'New Caucasus' region, ensuring their energy security and food requirements. In return, the 'New Caucasus' region can offer expertise in oil and energy-related technologies, enabling Latin America to develop sustainable and efficient energy solutions.

Cooperation in these sectors can be facilitated through bilateral agreements, joint ventures, and knowledge sharing. Exchange programs between universities and research institutions can promote technological advancements and innovation, driving economic growth and competitiveness.

### *Inter-Regional Cooperation*

Inter-regional cooperation is crucial for establishing a collaboration framework between Latin America and the 'New Caucasus' region. Both regions can foster greater understanding and trust by strengthening diplomatic ties, facilitating cultural exchanges, and promoting tourism. Furthermore, establishing direct air connectivity and improving transportation infrastructure can enhance people-to-people contacts and facilitate the movement of goods and services. This connectivity will contribute to the growth of trade, tourism, and investment between the regions.

There are at least six international fora through which Azerbaijan and Brazil could collaborate on an inter-regional basis.

*One, MERCOSUR:* Mercosur is a regional integration bloc comprising Argentina, Brazil, Paraguay, and Uruguay. Brazil's leadership within MERCOSUR can pave the way for enhanced cooperation between Latin America and the 'New Caucasus' region. This collaboration can focus on trade liberalization, investment promotion, and the exchange of best practices in areas such as agriculture, manufacturing, and services.

*Two, UNASUR:* The Union of South American Nations promotes political, economic, and social integration among South American countries. Brazil and Azerbaijan can explore opportunities for cooperation within UNASUR, contributing to regional stability, infrastructure development, and joint initiatives in sectors like energy, technology, and education.

*Three, CELAC:* The Community of Latin American and Caribbean States provides a platform for political dialogue and cooperation among Latin American and Caribbean nations. Brazil and Azerbaijan can participate in CELAC to strengthen ties, share experiences in areas such as governance and social development, and foster cultural exchanges.

*Four, ALADI:* the Latin American Integration Association (ALADI)

seeks to promote economic integration among Latin American countries. Brazil and Azerbaijan can engage with ALADI to expand trade ties, reduce trade barriers, and promote investments and technical cooperation in sectors such as agriculture, industry, and services.

*Five, OIC:* the Organization of Islamic Cooperation, of which Azerbaijan is a member and Brazil is a potential observer member. Brasilia can leverage its position to facilitate dialogue and cooperation between the OIC and Latin American countries while Baku can champion the potential for collaboration, particularly in trade, investment, tourism, and cultural exchanges.

And *six, OTS:* the Organization of Turkic States wherein Azerbaijan is a member presents an opportunity to deepen cooperation between Turkic-speaking nations and Latin American countries. Brazil's engagement with this organization can also open doors for partnerships in trade, investment, tourism, and educational exchanges.

### *Immense Potential*

The possibilities of cooperation between Latin America and the 'New Caucasus' region, with Brazil and Azerbaijan

as facilitators, offer immense potential for both regions. The regions can enhance economic growth, stability, and prosperity through collaboration in diverse mechanisms, initiatives, and thematic fora.

The governments of Brazil and Azerbaijan have a unique opportunity to cooperate and forge closer ties between Latin America, the 'New Caucasus,' and the entire Silk Road region. By pursuing a shared vision of autonomy in foreign policy agendas, international cooperation, inter-regional integration, and independent decisionmaking on geopolitical and geoeconomic matters, both countries can reduce and minimize the interference of major powers, including Russia, China, Iran, Türkiye, and the two poles of the West (i.e., the EU and the United States).

This essay has tried to explore the possibilities of cooperation between Brazil and Azerbaijan, focusing on the following areas: autonomy in foreign policy, international cooperation, and inter-regional integration. Summarizing the potential for cooperation through expanded interstate fora as discussed above, we present five key areas that Brasilia and Baku can address in a joint pathway.

*First*, Brazil and Azerbaijan can work together to promote higher degrees of autonomy in their respective foreign policy agendas, enabling them to make more independent decisions on global issues. By aligning their interests and principles, both countries can advocate for multilateralism, respect for international law, and the promotion of peaceful resolution of conflicts. Through diplomatic coordination, they can strengthen their positions and foster a more balanced international system, free from the dominance of agendas set by the West, Russia, China, Iran, and Türkiye

*Second*, cooperation between Brazil and Azerbaijan can extend beyond bilateral relations and contribute to broader international cooperation. By leveraging their geographical positions and influence, both countries can engage in dialogue with regional organizations and international fora to promote shared values and interests. They can advocate for issues such as sustainable development, climate change, and disarmament, forging

alliances with like-minded states and amplifying their voices on the global stage.

*Third*, inter-regional integration is crucial for strengthening ties between Latin America, the ‘New Caucasus,’ and the entire Silk Road region. Brazil and Azerbaijan can collaborate to enhance connectivity through transportation networks, trade facilitation, and exchange of knowledge and expertise. By promoting inter-regional initiatives,

such as joint infrastructure projects and cultural exchanges, they can foster economic growth, cultural understanding, and cooperation in diverse sectors.

*Fourth*, cooperation between Brazil and Azerbaijan, anchored in expanded fora, offers several advantages. For instance, it strengthens the autonomy of both regions by fostering independent decision-making in geopolitical and geoeconomic matters. It also diversifies partnerships, reducing dependence on the West, Russia, China, Iran, and Türkiye. Furthermore, inter-regional cooperation promotes

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economic growth, stability, and cultural understanding, fostering mutual development and prosperity.

*Fifth*, while pursuing inter-regional cooperation, Brazil and Azerbaijan may face challenges such as language barriers, differences in regulatory frameworks, and geographical distances. However, these challenges can be overcome through sustained diplomatic efforts, political will, structured dialogue, and the establishment of mechanisms to facilitate trade and cultural exchanges. The opportunities for cooperation lie in harnessing shared interests, leveraging their respective strengths, and capitalizing on complementarity in sectors such as energy, agriculture, technology, and tourism.

To fully realize these possibilities, sustained efforts in diplomatic engagement, policy coordination, and the establishment of strategic relations are necessary. By leveraging their strengths and exploring new avenues for cooperation, Latin America and the ‘New

Caucasus’ can create a partnership that benefits not only their respective economies but also contributes to a more balanced and interconnected global order.

Cooperation between Brazil and Azerbaijan has the potential to strengthen autonomy in foreign policy agendas, international cooperation, and inter-regional integration between Latin America, the ‘New Caucasus,’ and the entirety of the Silk Road region. By capitalizing on expanded fora such as MERCOSUR, UNASUR, CELAC, ALADI, the Organization of Islamic Cooperation, and the Organization of Turkic States, both countries can amplify their voices, shape their destinies, and foster cooperation based on mutual respect and shared interests.

Through sustained efforts, Brazil and Azerbaijan can contribute to a more balanced and multipolar world order, free from external pressures, and promote the development and well-being of their regions. **BD**

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