

# BAKU DIALOGUES

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# Central Asia and South Caucasus in An Era of New Great Power Rivalry

*Murad Nasibov*

The adage “When elephants fight, the grass gets trampled”—commonly invoked to highlight the perils faced by smaller or non-hegemonic states amidst great power rivalry—may not be as accurate as it appears. As with all analogies, the oversimplification of the consequences of great power rivalry for the others, the homogenization of the impact such a rivalry may have on small states, and the ignorance of the agency of small states are a few of the problems that such an analogy may effectuate. At the end of the day, the wisdom in such sayings is recalled only when they hold true.

A more nuanced analytical approach might suggest the contrary. As rivalries among major powers escalate, the decisions made by

smaller or non-hegemonic states may assume importance equivalent to those of the great powers for two major reasons: increased demand for their alignment and widening room of maneuver for small or non-hegemonic states to play competing major powers against one another.

As the tension among major powers intensifies, they seek the alignment of middle and small powers all around the world or in regions of strategic importance. Partly flowing from this logic, we observe that small or non-hegemonic states find ample possibilities to exploit the rivalry among major powers by positioning themselves as valuable but non-committed partners, thus playing one great power against another to extract maximum benefits.

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The enhanced prospects for such states to influence the formation of the emerging international system appear to be well recognized in Central Asia and the South Caucasus—a conglomerate of non-hegemonic states mostly encircled by aspirants to regional or great power status in Eurasia (or what the editors of *Baku Dialogues* call “the Silk Road region”): Russia to the north, China to the east, India and Iran to the south, and Türkiye to the west.

## *Multi-Vectoralism and Independence*

Central Asian states are known to have declared their foreign policies to be “multi-vectoral”—something that sounds similar to India’s “multi-alignment.” What one may simply understand from this term—or at least the way it is used by the foreign policy elites of the five Central Asian states—is that they are ready to engage with multiple partners that pursue contrasting, if not clashing, foreign policy strategies.

In certain periods over the last three decades, Central Asian states came indeed very close to substantiating what they declared; at other times, they seemed to be far from it. With the ongoing war in Ukraine, we witness a renewed strong assertion of “multi-vectoralism” in Central Asia.

The term “multi-vectoral” can perhaps be better understood through the concept of *hedging* in the academic literature of international relations and related fields of political science. *Hedging* is a kind of foreign policy strategy that aims to exploit all the opportunities that may arise from cooperation with different power centers—be they global or regional—as well as the costs for those that would seek to force a hedging state into alignment or exclusive loyalty. A hedging strategy should not be mistaken for a *balancing* strategy—another term overstretched in the general language and even in the academic literature, which is in a strict sense reserved for describing a state that aligns with one side against another.

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For a state to pursue a successful hedging strategy—and thus engage in a multi-vectoral foreign policy—diplomatic skillfulness is required to ensure that engagement with one side does not incur any direct losses due to engagement with the other side(s). Moreover, it must increase the total gain, not incur costs on the part of the exerciser, and broaden the room of maneuver—not shrink it.

Azerbaijan, which does not belong to Central Asia but, in the words of its president pronounced on 23 November 2023, conceives of itself and Central Asia as constituting a “single political, economic and geopolitical space.” The divide across the Caspian may explain why Azerbaijan typically does not use the same terminology (i.e., “multi-vectoralism”). Instead, since the early 2010s Baku has tended to characterize its foreign policy as “independent.” This is intended to indicate a qualitative upgrade from a “balanced” foreign policy—the terminology that was generally in use in the 1990s and 2000s. Even though Azerbaijan does not use the “multi-vectoralism” terminology, its “balanced” foreign policy can easily be judged

to be one that most successfully deploys a hedging strategy.

Along with Kazakhstan and Uzbekistan, Azerbaijan exemplifies the efficacy of strategic hedging over pure balancing, which contrasts with the experience of Georgia and Ukraine, in particular. This nuanced approach enables these three states to skillfully navigate global power dynamics, and thereby avoid becoming battlegrounds for larger regional or international powers.

### *Why Hedging Has Taken Root*

The aforementioned three countries are beginning to be identified as “keystone states,” a term defined by Nikolas Gvosdev of the U.S. Naval War College in 2015 as “giv[ing] coherence to regional order.” They are important, he says, “because they are located at the seams of the global system and serve as critical mediators between different major powers, acting as gateways between different blocs of states, regional associations, and civilizational groupings. A keystone state, even if it is ‘small,’ [...] may nevertheless

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*Along with Kazakhstan and Uzbekistan, Azerbaijan exemplifies the efficacy of strategic hedging over pure balancing.*

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be important to regional or global security beyond what its own domestic capabilities may merit.” Each of the three states enhances its “keystone” status by pursuing a “multi-vectoral” foreign policy (i.e., a hedging strategy). Even those core Silk Road region states that do not (and cannot) enjoy this status are also, each in their own way, pursuing some version of this strategy.

Several reasons can be given as to why it has taken root in the core Silk Road region, unlike, for instance, in Ukraine or Georgia. *First*, in particular, Central Asia faces no sharp choice. Located in the middle of Asia, its states are located far from the West. There is neither a NATO nor an EU perspective for them. Located at the heart of Eurasia, they are not in the collision spot.

*Second*, within their surroundings, there is no other regional power willing to win the exclusive alignment of Central Asian states at the cost of the other regional powers. There is no willingness among neighboring powers to generate such an open rivalry in Central Asia—at least for now, that is.

*Third*, their geography also dictates that they exploit their land routes to the maximum extent possible, and in all directions, to compensate for being far from sea

routes (i.e., for being landlocked states). Alternatives are always better. The heavy-weighting economic dependence on Russia in the 1990s and 2000s has been gradually counterbalanced by Chinese investment and cooperation. Yet, a channel of breath from both (and others) that may come with the Middle Corridor is also important.

*Fourth*, no particular ideological alternatives are clashing in the region. They rather share the preference for common norms, such as multilateralism, sovereignty, and non-interference—which are often emphasized in the individual statements of leaders, like Kazakhstan’s Kassym-Jomart Tokayev, or joint declarations adopted, for instance, within the Shanghai Cooperation Organization.

*Fifth*, they all have stakes in opposing Western-promoted regime change. There are definitely elite interests being threatened, but also reflect a popular distaste for democracy promotion. It is not about strong anti-West sentiments, strictly speaking, but the West having geopolitical motives behind its democracy promotion agenda and a fear of the consequences it may bring to their countries as it has to Iraq, Afghanistan, and even Georgia and Ukraine. For younger states like those in Central Asia,

sovereignty and geopolitical security are much more precious. Hence their reticence in signing up to the terms of the U.S.-led “rules-based” liberal international order.

*Sixth*, they have common security concerns regarding Islamic extremism, radicalism, and terrorism, plus cross-border smuggling—an agenda that led to the establishment of the Shanghai Cooperation Organization. For Central Asian states, all secularized (harshly) under the Soviets, radical Islamist groups and non-traditional Islamic denominations or sects originating from or having a foothold in Afghanistan are seen as threats. For Russia, Central Asian borders are the “second borders,” while China fears radicalism’s spread among its already tightly-controlled Uygur population. India, with a sizeable Muslim minority, needs also to confront them beyond its borders as its arch-enemy Pakistan has a history of supporting radical militant groups.

*Seventh*, there are plenty of promising cooperation opportunities in the region, both material and non-material, which remained untapped due to the Soviet period that are, only now, due to growing global competition, gaining new prominence. For most of the 1990s and 2000s, it was primarily about

oil and gas. Now it is also about connectivity (from East to West, from North to South), green energy, rare earth materials, and other untapped sources of the region.

*Lastly*, bargaining and handling—despite controversies and conflicting interests—is the main mode of engagement in the region. These postures are preferred to those that would increase the likelihood, for the states concerned, of getting dragged into long, deep-seated rivalries. It’s all about business—transactionalism, more broadly—taking place securely across sovereign borders, the maintenance of which all of these countries take quite seriously. Such an approach is a deeply established cultural code within the elite, partly a legacy of the Soviet period.

Hence, there is no strong ground to join one side against the other side—that is, to engage in block politics. There are no clear-cut opposing sides. Not even between India and China. At least, for now. Even the Taliban regime is gradually being embraced. No one wants to distort or sacrifice projects. Yet, they move cautiously towards Kabul. A strong, yet somewhat moderated, government with whom one can cooperate is what is now much wanted to have in Afghanistan. No more drama.

## *Beyond Regional Implications*

It is within this context—i.e., the growing opportunity for Central Asians hedging towards great powers—that the recent developments in and around Armenia and Georgia, whose geopolitical alignment has been clear-cut until recently, can also be explained. Armenia’s recent rapprochement with the West, while being heavily tied to Russia, is not only the result of its disappointment with Russia since the Second Karabakh War, but also the widening room for maneuver between Russia and the West, in which Prime Minister Nikol Pashinyan tries to build its distinct agency. Similarly, the ruling party Georgian Dream’s recent attempt to restrict the space for Western-funded NGOs, part of which has a close relationship with the major opposition parties, reflects the intention of the Georgian government to weaken Western leverage in Georgia and therewith, be able to establish the necessary flexibility for maneuvering between the collective West on the one hand and Russia and China on the other. To what extent, both Yerevan and Tbilisi will be able to break with their recent past still remains to be seen.

A similar argument can be made with regards to Azerbaijan. One of the most illustrative formulations can be found in President Ilham Aliyev’s most recent inaugural address, pronounced earlier this year in Baku:

We have no other family. Our family is the Turkic world. If anyone thinks that we should look for a family elsewhere, I can say that we are not welcome anywhere else, and they are not even concealing this anymore. Whereas in previous years, especially during the occupation, they tried to lure us with certain promises to confuse us—i.e., pull wool over our eyes, now those masks have been dropped and there are dividing lines there. We did not draw those dividing lines; we are against any dividing lines. Even in the South Caucasus, where there are only three countries, we can clearly see these dividing lines today. Under such circumstances, should we bow to those who do not want to accept us somewhere?

The prevailing *hedging* strategy—what is often referred to as “multi-vectoralism” or “multi-alignment”—in Central Asia and the South Caucasus carries implications that extend well beyond the regional boundaries. *Firstly*, by asserting their actorness in the emerging maneuvering space between the collective West on the

one hand and the Eurasia powers on the other, the countries of the region avoid turning themselves, and their region, into a “battlefield” among competing powers and hence, avoid the opening of new fronts. *Secondly*, by simultaneously engaging in cooperation with multiple regional and great powers, they partly absorb power competition among them and avoid the rise of new Cold War-like blocks in the international system.

This role, which characterizes the core Silk Road region, is particularly visible when the events unfolding around the wider region—greater Eurasia—are considered. The conflict over Ukraine has deepened the divide between Russia and the collective West, effectively disrupting key trade routes linking Europe to both Russia and Asia.

Similarly, the conflicts in Gaza and Yemen, particularly the activities of the Houthis, have not only impacted trade routes between Europe and Asia via the Suez Canal, but have also hindered prospects for connectivity between India, the Arab world, and the Mediterranean region.

The ambitious Turkish-backed railway project in Iraq, aimed at connecting the Gulf to southern Türkiye and thus facilitating trade

between India and Europe, faces significant hurdles due to insecurity in northern Iraq. While recent moves by the Iraqi National Security Council to crack down on the PKK and enhance security cooperation with Türkiye may help address these challenges, the situation remains complex, especially in the absence of full support from the United States.

Likewise, prospects for improvement in Syria seem bleak in the near term.

In Southeast Asia, there has been a notable rise of tension in the seas, particularly concerning Taiwan, which could potentially serve as a flashpoint. However, the issue extends beyond Taiwan itself. The primary strategic goal for the United States is to counter China’s growing influence in Asia and prevent its unrestricted access to and, as they say, “dominance” over global maritime routes. Taiwan plays a crucial role in this strategic calculus. From the establishment of AUKUS to increased U.S. support for its regional allies, such as the recent reaffirmation of an “ironclad commitment” to the Philippines, the United States is actively working to contain and confront what it calls China’s “expansionist ambitions” in Southeast Asia.

Amid all this tumultuous disorder surrounding greater Eurasia, the innerland Eurasia (or core Silk Road region), with Central Asia and South Caucasus at its heart, is largely stable and peaceful. Since the 1990s, particularly Central Asia has been one of the relatively peaceful regions of the world.

Until recently, this stability held no particular significance for the international system. Yet, from now on, it will. Such a role of Central Asia is underpinned by the multi-vectoral foreign policy of Central Asian states, above all, Kazakhstan and Uzbekistan (coupled with Azerbaijan).

Simply, the fact that Central Asian states are not willing to engage in block politics neither among Eurasian powers nor between them and the West allows them to accommodate and absorb power competition among major powers, and not to become an object of it. Their closer coordination among themselves through, but not only, the process of Central Asian leaders’ summits—tellingly, these have recently been joined by

Azerbaijan—has also been effective in preventing the onset of serious dividing lines within the region.

Moreover, European interests in accessing the resources of the region, including natural gas, green energy, and rare earth materials, have gained particular significance following the onset of the present stage in the conflict over Ukraine. Seeking also an opportunity in the weakening hands of Russia in the region to bring Central Asia closer to Europe, diplomatic efforts have reached an unprecedented level. Above all, the Middle Corridor—the international multi-model transit route linking China to Europe by bypassing Iran and Russia—is where the interests of Central Asia, the South Caucasus, China, and Europe converge.

As the two strongest regional champions of the Middle Corridor, Azerbaijan and Kazakhstan do not pursue any policy of economic exclusion towards Russia. In the case of Kazakhstan, a member of the Russia-led Eurasian Economic Union (EAEU), this is not even possible. Any benefit Kazakhstan gains from being part of

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this connectivity mega-project will also indirectly feed into the economic capacity of the EAEU.

While Azerbaijan is not a member of the EAEU, it does not follow any economic exclusion policy towards Russia, either. Ironically, a land route to link Russia to India also passes through Azerbaijan, bypassing European waters—this used to be understood as being the only feasible option for Russian shipments.

Namely, the incorporation of Azerbaijan into the International North-South Transport Corridor (INSTC) linking St. Petersburg and Moscow to Mumbai through Baku and Tehran, which was inked by Russia, Iran, and India in 2002 partly in response to the EU's TRACECA, ensures there is no tough geopolitics to follow geoeconomic due to the Middle Corridor. Moreover, the cross-cutting of the Middle Corridor and the INSTC in Azerbaijan offers India an alternative route to Europe, too. Particularly, given the difficulty of realizing the India-Arab-Mediterranean connectivity project in the current context of insecurity in the Middle East, the cross-cutting of these two corridors

in Azerbaijan is now beneficial to all sides involved. Everyone needs Azerbaijan, and Baku knows it.

Thus, through the prudent avoidance of bloc politics and the facilitation of trans-regional cooperation between Europe and Asia, the core Silk Road region (again, composed of the states of Central Asia and the South Caucasus) is poised to assume a pivotal stabilizing role in the international system, particularly in the event of escalating tensions between the U.S. and China.

This strategic positioning will safeguard the region from being caught in the crossfire, granting Europe the latitude to delineate its stance while enabling China to utilize land routes—especially (but not only) during periods of constrained maritime access. Such a stabilizing function will further mitigate the risk of exacerbating the already significant global economic repercussions that could emanate from heightened U.S.-China confrontation on a global scale. The conductivity and fluidity that Central Asia and the South Caucasus bring to the international system cannot be, henceforth, overestimated. **BD**

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