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Directions for Improving Azerbaijan–Kazakhstan Economic Relations

Abstract

This article examines the current state and future prospects of economic cooperation between Azerbaijan and Kazakhstan. The analysis highlights the strategic importance of the Middle Corridor and the Zangezur Corridor in strengthening regional connectivity and enhancing both countries' roles as key transit hubs in Eurasia. The study emphasizes growing collaboration in the fields of energy, transport, agriculture, logistics, and digital transformation. The establishment of the Azerbaijan–Kazakhstan Joint Investment Fund, expansion of container transportation across the Caspian Sea, and implementation of green energy and digital infrastructure projects indicate a shift toward deeper economic integration. Humanitarian and cultural initiatives further reinforce bilateral ties, strengthening shared identity and partnership within the Organization of Turkic States. The findings suggest that the Azerbaijan–Kazakhstan economic relationship is evolving into a sustainable, diversified, and future-oriented strategic partnership that contributes to regional stability and the development of an interconnected Eurasian economic space.

Keywords: Azerbaijan–Kazakhstan relations, Middle Corridor, Zangezur Corridor, green energy corridor, Caspian transit, economic integration, Eurasian connectivity, investment cooperation, Organization of Turkic States

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Azərbaycan–Qazaxıstan iqtisadi əlaqələrinin yaxşılaşdırılması istiqamətləri

Xülasə

Bu məqalədə Azərbaycan və Qazaxıstan arasında iqtisadi əməkdaşlığın mövcud vəziyyəti və gələcək inkişaf perspektivləri araşdırılır. Təhlildə Orta Dəhliz və Zəngəzur dəhlizinin regional əlaqələrin gücləndirilməsində və hər iki ölkənin Avrasiyada əsas tranzit qovşaqlarına çevrilməsində strateji əhəmiyyəti vurğulanır. Enerji, nəqliyyat, kənd təsərrüfatı, logistika və rəqəmsal transformasiya sahələrində genişlənən əməkdaşlıq diqqət mərkəzindədir. Azərbaycan–Qazaxıstan Birgə İnvestisiya Fondu yaradılması, Xəzər dənizi üzərində konteyner daşımalarının artırılması, yaşıl enerji və rəqəmsal infrastruktur layihələrinin həyata keçirilməsi daha dərin iqtisadi integrasiyaya keçidin göstəricisidir. Humanitar və mədəni təşəbbüsler isə ikitirəfli əlaqələri möhkəmləndirərək Türk Dövlətləri Təşkilatı çərçivəsində ortaş kimlik və tərəfdaşlığın inkişafına töhfə verir. Araşdırma göstərir ki, Azərbaycan–Qazaxıstan iqtisadi münasibətləri dayanıqlı, diversifikasiya edilmiş və gələcəyə yönəlmış strateji əməkdaşlıq modelinə çevrilir və bu, regional sabitlik və Avrasiyada integrasiya olunmuş iqtisadi məkanın formalaşmasına xidmət edir.

Açar sözlər: Azərbaycan–Qazaxıstan münasibətləri, Orta Dəhliz, Zəngəzur dəhlizi, yaşıl enerji dəhlizi, Xəzər tranziti, iqtisadi integrasiya, Avrasiya əlaqəliliyi, investisiya əməkdaşlığı, Türk Dövlətləri Təşkilatı

Introduction

Economic cooperation between Azerbaijan and Kazakhstan in recent years has been characterized by stable development dynamics (AIFC, 2025). Both countries, being key strategic partners in the Caspian Sea region, have established mutually beneficial relations in the fields of energy, transport, agriculture, trade, tourism, and the digital economy. However, in order to ensure more efficient and sustainable development of existing relations, several improvement directions need to be identified (AzerNews, 2025).

Research

The new geopolitical and economic realities formed by Azerbaijan have brought the Zangezur Corridor to the forefront. As one of the key segments of the Middle Corridor, this route will increase the efficiency of international cargo transportation and open the way for greater economic outcomes. With the launch of the Zangezur Corridor, the length of the Middle Corridor will be reduced by approximately 600–700 km, which in turn will allow transportation costs to decrease by 10–15%. Consequently, the interest of countries located between China and Europe in international trade via the Middle Corridor is expected to grow even further (TrendAz, 2025).

The Middle Corridor is not limited solely to cargo transportation. The digital backbone being laid along the bottom of the Caspian Sea, planned for completion by the end of 2026, as well as the “green energy” corridor that will connect the energy systems of Azerbaijan, Kazakhstan, and Uzbekistan, will shape a qualitatively new stage of cooperation between the countries. Through these digital and energy corridors, both Azerbaijan and Kazakhstan are making significant contributions to the deepening of regional and global collaboration (Gasimli, 2025).

At present, Kazakhstan exports approximately 1.5 million tons of oil annually through the Baku–Tbilisi–Ceyhan (BTC) pipeline via Azerbaijani territory (Astana Times, 2025). However, Azerbaijan aims to increase this transit volume to 7 million tons by 2027. The trade turnover between the two countries also demonstrates a positive growth trend: while the figure amounted to 470 million USD in 2024, it has already increased to 547 million USD in the first eight months of the current year. In 2024, Azerbaijan imported more than 450 thousand tons of grain from Kazakhstan, and the parties plan to establish joint agricultural processing and distribution centres for the Caucasus and Turkish markets (APK Inform, 2025).

The growth of mutual investments is creating favourable conditions for accelerating economic integration between Azerbaijan and Kazakhstan. Currently, more than 250 enterprises with Kazakh capital operate in Azerbaijan. The Joint Investment Fund established between the two countries, with a charter capital of 300 million USD, is expanding opportunities for reciprocal investment. In total, Azerbaijan has invested 225 million USD in the economy of Kazakhstan, while Kazakhstan has invested 136 million USD in the economy of Azerbaijan (The Caspian Post, 2025).

The activities of the intergovernmental commission and the regular business forums play an important role in identifying new cooperation opportunities and further deepening economic relations between the two countries.

Kazakhstan has also demonstrated fraternal support in the restoration and reconstruction processes being carried out in the territories of Azerbaijan liberated from occupation. The Kurmangazy Children’s Art Centre, built and inaugurated in Fuzuli, has become a symbol of Azerbaijan–Kazakhstan friendship. More than 100 students studying there are introduced to Kazakhstan’s history and culture, learn about our common roots, and contribute to strengthening the spiritual ties between our peoples (AzertagAz, 2025).

The energy sector is one of the strategic foundations of Azerbaijan–Kazakhstan cooperation. During official visits and bilateral meetings, key topics of discussion have included the supply of oil and gas across the Caspian Sea, the modernization of energy infrastructure, and the implementation of green energy technologies. The Middle Corridor and Zangezur Corridor projects further deepen this cooperation and pave the way for shaping a new transportation and trade map across the Eurasian region. The transportation of Kazakhstan’s energy resources to Europe via Azerbaijan holds significant strategic importance, both economically and in terms of energy security.

At the same time, relations between the two countries are not limited to the energy sector. The expansion of cooperation in areas such as industry, agriculture, the digital economy, and logistics, along with the increase in trade turnover and the implementation of joint investment projects, is elevating economic partnership to a qualitatively new stage. The alignment of Azerbaijan's transit and logistics capabilities with Kazakhstan's raw material and energy potential contributes to the formation of a sustainable and integrated economic system in the heart of Eurasia.

Projects implemented in the humanitarian sphere further strengthen the relations of friendship and brotherhood between our peoples. The Kurmangazy Children's Creativity Centre, built in the city of Fuzuli at the initiative of President Kassym-Jomart Tokayev of Kazakhstan, is a bright example of cultural diplomacy in this regard. This project reflects Kazakhstan's moral support for the restoration and reconstruction processes in the liberated territories of Azerbaijan and serves as a symbol of cultural solidarity between the two nations (GundemwsAz, 2025).

In recent years, mutual visits by the heads of state of Azerbaijan and Kazakhstan, as well as meetings held on international platforms, have played an important role in deepening bilateral relations. In particular, President Ilham Aliyev's official visit to Kazakhstan in 2022 further strengthened the bonds of friendship and strategic partnership between the two countries, which are based on shared history, language, and cultural values. Azerbaijan–Kazakhstan relations are developing not only on a bilateral basis but also within the framework of multilateral cooperation. Both countries actively cooperate in regional and international organizations such as the United Nations (UN), the Commonwealth of Independent States (CIS), and especially the Organization of Turkic States (OTS).

On October 8, 2024, at the 12th Summit of the Organization of Turkic States held in Gabala, President Ilham Aliyev noted that common history, language, and national-spiritual values unite Turkic states as a single family, and that the Organization is gradually transforming into a geopolitical centre. This vision influences not only political relations but also economic cooperation, particularly shaping the future prospects of Azerbaijan–Kazakhstan economic and agricultural partnership.

The ideas emphasized at the summit open up broad opportunities for the development of common standards, the harmonization of certification systems, technology transfer, and the implementation of joint projects (TURKPA, 2025). In addition, the most recent meeting between the leaders of Azerbaijan and Kazakhstan, held on October 21 in Astana, holds special significance for further strengthening the strategic partnership between the two countries. During the meeting, the heads of state highlighted the expansion of cooperation in the fields of trade and economy, investment, agriculture, and transport-transit as key priorities (Special Eurasia, 2025).

President Ilham Aliyev stated in his speech that Azerbaijan closely follows and fully supports the socio-economic reforms and modernization policies being carried out in Kazakhstan. In turn, President Kassym-Jomart Tokayev emphasized Azerbaijan's important role in ensuring regional stability and advancing economic integration processes and highlighted the necessity of implementing new joint projects in various sectors of the economy (Caspian-Alpine Society, 2025).

These meetings and the agreements signed demonstrate that Azerbaijan–Kazakhstan relations are now entering a new phase of practical cooperation beyond strategic partnership. In particular, the projects to be implemented in the fields of agriculture, logistics, and transportation in the coming years will ensure more effective and deeper economic integration between the two countries.

Strengthening the ties between the Baku International Sea Trade Port and the Aktau Logistics Centre increases the efficiency of trade turnover. The expansion of container transportation within the framework of the Trans-Caspian route, as well as the implementation of the Zangezur and Middle Corridor projects, enhances the transit potential of the region and turns Azerbaijan and Kazakhstan into key hubs of the Eurasian transport network.

Conclusion

The analysis demonstrates that Azerbaijan–Kazakhstan economic cooperation is transitioning from traditional partnership to a deeper, more diversified, and structurally integrated phase. Transport and energy corridors such as the Middle Corridor and Zangezur Corridor are not only expanding regional connectivity but are also strengthening both countries' roles as strategic transit hubs between Europe and Asia. The development of the Trans-Caspian digital and green energy infrastructures marks the beginning of a qualitatively new stage, where cooperation extends beyond hydrocarbons to high-value technologies and sustainable energy systems. Growing mutual investments, the establishment of a joint investment fund, and the increasing number of joint ventures reveal a strategic intention to build long-term economic interdependence. At the same time, humanitarian and cultural initiatives, particularly in the liberated territories of Azerbaijan, reinforce a shared civilizational identity that supports economic ties with social and cultural cohesion. Multilateral cooperation formats, especially within the Organization of Turkic States, further enhance policy coordination and open pathways for harmonizing standards, trade systems, and value-chain integration. Overall, Azerbaijan and Kazakhstan are steadily constructing a resilient, diversified, and future-oriented economic partnership that contributes to regional stability, energy security, sustainable development, and the emergence of a more interconnected Eurasian economic space.

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