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Iran-Caucasus ties from economical perspective

The lifting of international nuclear-related sanctions on Iran in January 2016 was enthusiastically welcomed by the Islamic Republic's neighbours in the South Caucasus. Armenia, Azerbaijan, and Georgia have hoped that Iran's rapprochement with the West and the unfreezing of some hundred billion dollars' worth of assets abroad would lead Iran to step up its trade and investment activities in the Caucasus, especially in the energy and transport sectors. However, the anticipated benefits have been slow in coming, as Iran has shown reluctance to fund infrastructural projects in the Caucasus. Re-imposition of the sanctions by D. Trump in 2018 was a decisive blow to such hopes. On the other hand, there have been positive developments in trade and tourism flows and the power transmission sector. On the whole, although Iran is interested in closer economic cooperation with the South Caucasus, it relies on the region's countries to provide the momentum and secure the resources necessary to achieve this goal. However, Iran's position in Caucasus, a region it sees as a part of its historical interests, is coming under tremendous pressure. The 2020 Nagorno-Karabakh War underlined the need for Tehran to rapidly adjust its approach in light of Turkey's and Russia's growing power. Since late September 2021, when Iran-Azerbaijan relations hit a low point, Tehran and Baku have engaged in a process of de-escalation. Much of the focus is on expanding economic cooperation and advancing plans to establish pan-regional transportation links, such as the North-

South railroad corridor connecting India to Russia via Iran and Azerbaijan.

The article mainly seeks to examine Iran's economic relation with Armenia, Georgia and Azerbaijan. The first part analyses trade flows from the collapse of Soviet Union up to current post-pandemic period. Second part focuses on movement of people and its dynamics, especially tourism and work migration during aforementioned period. Third part pictures Iranian investment and cultural presence connected to it. Last part sums up Iran's economic position in the region and gives an outlook on the cultural exchange between Iran and Georgia, Armenia and Azerbaijan.