

## **Expert: Azerbaijani, Saudi ties show upward trend**

By **Rasana Gasimova**

Saudi Arabia was one of the first countries to help Azerbaijan with its IDP crisis in the early 1990s when around one million Azerbaijanis were expelled from their homes in Nagorno-Karabakh and surrounding seven Azerbaijanis regions by Armenian forces. Today, Riyadh and Baku enjoy close cooperation in the spheres of politics, economy, tourism, military and support each other within international organizations.

The relations between Azerbaijan and Saudi Arabia have been rapidly growing in the past few years, researcher Mohammed Alrmizan has said in his report published at the official website of the King Faisal Center for Research and Islamic Studies (KFCRIS).

In the report titled “Azerbaijan and Saudi Arabia: Bilateral Opportunities in a Changing Middle East”, Alrmizan has touched upon the development of economic, political and cultural spheres between Azerbaijan and Saudi Arabia as well as between Azerbaijan and the Gulf countries in general.

### **Diplomatic ties**

He mentioned that the two countries established ties after Azerbaijan gained independence in 1991. However, the diplomatic partnership between the two countries strengthened after Azerbaijan’s joining the Organization of the Islamic Cooperation (OIC) in December 1991.

Since then, Azerbaijan and Saudi Arabia have displayed strong mutual support exchanged on various occasions.

“Subsequently, formal political and diplomatic relations began to draw the two countries closer in order to improve cooperation and reciprocal representation on many levels. After the move of the Azerbaijanis toward a closer relationship with the Saudis, Arabia opened its embassy in Baku in June 1999,” the report states.

Saudi Arabia was among the first countries to provide humanitarian assistance and economic support to the Azerbaijanis who were displaced as a result of Armenia’s occupation of the Nagorno-Karabakh region and the surrounding seven regions of Azerbaijan in the early 1990s.

“Furthermore, Saudi Arabia does not have yet any level of official or even unofficial ties with Armenia. This is because the Saudis have tended to side with Azerbaijan, especially on this particular issue. However, Saudi support is not limited to this concern, but can also be seen in the Saudi investments in Azerbaijan made by the Saudi Fund for Development (SFD) in the early 2000s to assist the Azerbaijani state with various infrastructural projects,” the report reads.

As to economic relations, Saudi Arabia has been investing in Azerbaijan since the mid - 1990s. Economic cooperation has significantly developed since 2009. The Saudi Arabia’s total public and private investment Azerbaijan is about \$370 million, with the trade exchange between the two economies amounting to about \$17 million in 2018, the report cited Azerbaijan’s State Customs Committee.

Furthermore, the two countries maintain the Azerbaijan-Saudi Joint Commission on Cooperation, which contributes to the expansion of cooperation in the economy, investments, technology, trade, culture, sports, and youth.

The first meeting of the commission was held in 2001 in Baku. Its recent meeting was convened in Baku in March 2019 and resulted in several agreements aimed at developing economic partnerships and increasing trade and the growth of business in various sectors, which was signed by the Azerbaijani Ministry of Finance and the Saudi Arabian General Investment Authority (SAGIA).

### **Energy cooperation**

Saudi Arabia has been establishing stronger ties with Azerbaijan through its participation in Azerbaijan’s Contract of the Century (1994) for the development of its oil business, and its joint-American Delta-Hess Company held 2.72 percent in that contract.

In 2012, The State Oil Company of the Azerbaijan Republic (SOCAR) and Saudi Arabia’s Soroof International company signed an agreement on oil and gas projects in Azerbaijan in 2012.

Moreover, in 2018 Saudi Aramco established a stronger presence in Azerbaijan by registering a regional representative company, Aramco Overseas Company Azerbaijan LLC, in Baku in order to focus on oil and gas industries in Azerbaijan and Central Asia.

### **Investments**

The first Gulf Cooperation Council (GCC) – Azeri Business Forum held in Baku in October 2017 with the participation of all six members - Saudi Arabia, United Arab Emirates, Bahrain, Kuwait, Qatar, and Oman – further supported and encouraged the GCC-Azeri economic partnership and cooperation.

The forum concluded that the GCC's total investment so far in Azerbaijan was about \$1.3 billion, while Azerbaijan maintained an investment of \$300 million in the GCCs. Recent numbers in 2017 pointed to an increase of the trade turnover between the GCCs and Azerbaijan, which reached \$86 million. Moreover, there are approximately 260 GCC companies operating inside Azerbaijan.

The first Azerbaijan-Arab Investment and Business Forum in May 2018. The forum was organized by the Association for Azerbaijan-Arab Cooperation (AACC).

### **Military cooperation**

Since the beginning of the diplomatic relationship between Azerbaijan and Saudi Arabia, both countries have been on excellent terms on various political and international issues and on economic cooperation. In the past few years, the two countries began to engage actively to improve their bilateral diplomatic and economic connections, to include potential military cooperation.

Recently Azerbaijan appointed a military attaché and established an office in Riyadh. Military officials began to exchange visits and meetings between the two countries, and as a result, in April 2019, the Azerbaijanis and Saudis signed an agreement to boost their military cooperation for the coming years.

The report also noted that relations between Azerbaijan and Saudi Arabia go beyond political and economic terms to include culture and tourism. The two countries share some cultural, religious, and historical similarities.

### **Toursim**

In 2016, 7,500 tourists from Saudi Arabia visited Azerbaijan. This number more than quadrupled in 2017 to reach 33,000. Moreover, in 2018, there were 73,000 Saudi tourists visited Azerbaijan, which comprised 2.6 percent of the total number of tourists to the country (2.8 million).

As to the GCCs tourists, in 2018, the number of tourists from Bahrain increased by over 200 percent; Kuwaitis, by nearly 200 percent; Emiratis, by over 300 percent; and Omanis, by more than 8 percent.

The report says that the flux of tourists to Azerbaijan is understandable as the country offers many choices to tourists, including halal foods, as well as its proximity to the Gulf region.

“In addition to its temperate weather, Azerbaijan has a costal environment, being bordered by the Caspian Sea. A recent survey by an Azerbaijani company found that Saudis and Emiratis were the most frequent tourists from the GCCs, and that Emirati tourists numbered around 93,000, even exceeding the Saudis in 2018.<sup>29</sup> According to the same survey, Saudi and Emirati tourists preferred Baku, where they stayed, on average, for six days, and the most visited region was Gabala, a historical region with a mountainous landscape, which is located in the north of Azerbaijan.”

Looking to the future, the report expects the Azerbaijani-Saudi relationship to improve even further both in oil-producing and non-oil sectors.

It is suggested that the two states should support and facilitate private-sector initiatives from both countries in a number of fields, including business, technological industries, as well as trade, import and export, tourism, and health.