

GREEK – AZERBAIJANI RELATIONS REVISITED

Aggeliki Vassiliou
(Economic Analyst)

**Copyright: Research Institute for European and American Studies (www.rieas.gr)
(Publication Date: 15 June 2014).**

Azerbaijan is a very interesting state. If someone looks deeper into the country's background, one would be surprised to see many elements in common with Greece; ranging from "soft" issues such as culture, food and music, to 'hard core' issue such as economic policies and national political identity as both nations find each other surrounded by bigger countries in the midst of the buffer zones of the Balkans and the Caucasus respectively.

Azerbaijan as a name derives from the ancient Greek translation of an Iranian satrap ruling the region of Iranian Azerbaijan, "Atropates." Atropates itself is the Greek transliteration of an Old Iranian compounded name with the meaning "Protected by the (Holy) Fire" or "The Land of the (Holy) Fire. Fire, is after all the sacred element of Zoroastrianism, the ancient religion that flourished thousands of years ago in the areas of today's Iran and Azerbaijan.

Azerbaijan and Greece share more in common than linguistic origins. Greek visitors may be surprised by the similarities in food, music, attitudes and even physical appearance. Having witnessed seven years of rapid economic development, with a dynamic youth that studies abroad, travels to Europe, listens to international music, follows fanatically soccer, and speaks more and more Azeri as a first and English as a second language as opposed to Russian, Azerbaijan has been shifting closer to closer to the western standards. A Shia Muslim nation culturally, Azerbaijan is largely secular, following a communist legacy and a Turkish model of secularism.

In terms of economic development, both countries seem to struggle through the reconstruction of their economies and breaking the “bubbles” they had been living in for many years; the “oil bubble” for Azerbaijan and the “borrowing bubble” for Greece.

Accounting for almost 93% of the value of its total exports, Azerbaijan is heavily oil dependent. The global economic boom of 2000-2008 and the steep rises in petroleum prices resulted in very rapid growth for Azerbaijan. According to OECD¹ data, prior to the 2008-2009 downturn, GDP grew at over 20% per year, reflected in sharp increases of fiscal revenues. According to estimates, oil reserves could be exhausted in a relatively short time span. Consequently, the diversification of its economy and development of other sectors, such as agriculture, services, particularly tourism and transport - and non-oil industries, is imperative. In addition, structural reforms that will shift production to support the non-oil sector, develop comprehensive investment promotion strategies, ensure transparency in business regulation and licensing procedures, are mentioned by the OECD as necessary for Azerbaijani economy to overcome the negative impact of the global economic crisis and achieve sustainable economic growth

Greece, on the other hand, is going through an economic adjustment program, whose structural reforms have the same goal as the economic restructuring in Azerbaijan: restore competitiveness in key sectors for Greece, such as tourism, transport, agriculture, and food. The geographic location of both countries certainly gives them a comparative advantage for transport, logistics and trade routes.

Nevertheless, the geostrategic location of both countries does not only affect their economic development, but it goes deeper in the formation of the collective identity of both peoples. Many analysts see the common grounds between the peoples of the Caucasus and the Balkans as competition fields of the Great Powers over access to water and controlling of the Black Sea. As stated in the special volume “The Balkans and Caucasus²: Parallel Processes on the Opposite Sides of the Black Sea, “the empires strove to assert their control over the Black Sea and the neighboring zones (the

¹ “Development in Eastern Europe and the South Caucasus: Armenia, Azerbaijan, Georgia, Republic of Moldova and Ukraine”, OECD Development Centre, 2011

² “The Balkans and Caucasus: Parallel Processes on the Opposite Sides of the Black Sea” Edited by Ivan Biliarsky, Ovidiu Cristea and Anca Oroveanu, Cambridge Scholars Publishing, 2012

Balkans, Caucasus). These two zones, though widely different in many ways, share the character of “peripheries” with respect to the centers of the various empires which controlled overtime the Pontic area. As such, they were destined to be a buffer against the clash of the empires. Both areas are at the crossroads not only geographically, but also politically, culturally and commercially, and this made them over the centuries prey to the struggles of the great political powers for supremacy in these regions.”

Despite ancient cultural ties with the “Silk Road” and minorities living in the region, Greece doesn’t seem to have capitalized the full potential of its bilateral relations with Azerbaijan. Besides the global energy issues, bilateral trade relations is a good example. Azerbaijan, a predominantly “importing” nation of goods such as machinery, food, etc, has suppliers from countries such as Russia, Turkey, Germany and China³. Greece is a minor supplier for Azerbaijan, although its products could easily penetrate the local market, according to the estimations of the Greek Economic and Commercial Office in Baku⁴.

To sum up, in a period of reflection for Greece of what it really takes to be part of the European Union and towards which socio-economic model it is heading, it is an opportunity for the revision of many stereotypes, along with the redefinition of what is a “country in transition”. It is time that Greece looked into paradigms of other fellow “small nations” and studied their experiences with transitions. After all, Azerbaijan has outplayed quite successfully over the years, numerous empires and prospective patrons, to the benefit of its own interests. Pop culture might be a good opportunity for reflection after all.

³ Azerbaijan Economic and Political Outlook, Country Report Azerbaijan May 2012, <http://country.eiu.com>

⁴ Annual Report, Economic Office, Embassy of Greece in Baku., 2010, www.agora.mfa.gr