



Armenian National Committee of America

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ANCA Policy Brief: Azerbaijan's Energy Ties with Russia and Iran

Azerbaijan continues to deepen its energy ties with Russia and Iran, as documented below. The ANCA urges Members of the U.S. Congress to request a review into Azerbaijan's energy cooperation with Moscow and Tehran – particularly with sanctioned entities including Lukoil, Gazprom and the National Iranian Oil Company (NIOC) – to determine whether Azerbaijan's actions violate U.S. and international sanctions.

- In February 2022, just weeks before Russia's invasion of Ukraine, Azerbaijan and Russia [signed](#) an allied partnership agreement to enhance energy and security cooperation.
- Russia's "Lukoil" [purchased](#) a \$1.5 billion stake in Azerbaijan's Shah Deniz gas field and pipeline projects, increasing its total stake to 19.99% – the largest after BP, the primary operator. This deal was finalized on February 18th 2022, about a week before Russia's invasion of Ukraine. Lukoil is currently under U.S. sanctions.
- Russia's "Gazprom" signed a [deal](#) in November 2022 with Azerbaijan's "SOCAR" to supply Azerbaijan with 1 billion cubic meters of natural gas by March 2023 – to meet Azerbaijan's domestic demand. This calls into question Azerbaijan's capacity and willingness to cut Russia out of Europe's energy supply chain.
- Azerbaijan agreed to allow Russia's Gazprom to supply Iran's NIOC with 15 billion cubic meters of gas through Azerbaijani pipelines, as [reported](#) by Azerbaijani media.
- Iran's National Oil Company (NIOC) – also under U.S. sanctions – owns a 10% stake in Azerbaijan's primary gas field exporting energy to Europe.
- Azerbaijan has laundered millions of dollars into Russian and Iranian companies (including military contractors and oil) under U.S. sanctions, as [reported](#) by the Organized Crime and Corruption Reporting Project (OCCRP).
- As detailed by the Office of Foreign Assets Control ([OFAC](#)), Azerbaijan has been exempt from sanctions under the Iran Freedom and Counter-Proliferation Act (Sec. 1244 [IFCA](#)) that would have otherwise applied to transactions related to Azerbaijan's energy industry – including the partial ownership of Azerbaijan's Shah Deniz Gas Field by the National Iranian Oil Company (NIOC).
- As of October 2023, State Oil Company of Azerbaijan (SOCAR), will [receive](#) a \$1.5 billion loan from Russia's Lukoil as part of a deal to supply Russian crude oil to SOCAR's oil refinery in Turkey.
- In August 2024, Azerbaijani President Ilham Aliyev hosted Russian President Vladimir Putin in Baku, where the two agreed to a \$120 million trade partnership. Following the meeting, Azerbaijan announced that it had formally applied to join BRICS – the intergovernmental economic bloc led by Russia and China.

