Azerbaijan Expands Defense Industry with Turkish and Other Partners

Datum	16.10.2026
Subjekt	Jamestown
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Region	USA
Kategorie	Military industry, Politics, International organizations

Executive Summary: Azerbaijan and Türkiye signed defense contracts worth more than $500 million in Baku on September 30. The contracts cover trainer aircraft, loitering munitions, a coastal defense system, and radars, along with an agreement to build a Turkish–Azerbaijani production facility in Nakhchivan.

- The Czechoslovak Group announced a joint venture valued at 1.8 billion euros ($2.02 billion) over seven years to localize the production of self-propelled howitzers in Azerbaijan, signaling that European suppliers are also accepting Baku's demand for technology transfer. Israel's ARI Arms has reportedly opened a plant in the country to produce M4-type rifles.
- The deals add an industrial dimension to the wider Turkish–Azerbaijani military alliance and were signed during the "Power of Unity 2026" exercise, in which Azerbaijani, Turkish, and Uzbek troops trained in Karabakh, Nakhchivan, and the Caspian Sea.

On September 30, Azerbaijani Defense Minister Colonel General Zakir Hasanov and Turkish Defense Industry Agency President Haluk Görgün oversaw the signing of a package of contracts between Baku and Turkish defense companies worth more than $500 million (Daily Sabah, September 30). The documents were signed on the sidelines of the sixth Azerbaijan International Defence Exhibition, known as ADEX 2026, held in Baku from September 30 to October 2. Under the agreements, Azerbaijan will buy a range of Turkish systems. Turkish Aerospace Industries will supply 14 Hürkuş-II pilot training aircraft, with deliveries expected to begin this year. Baykar, the maker of the Bayraktar TB2 drones Azerbaijan used in the 2020 Karabakh War, will provide Mızrak loitering munitions. These drones hover over a target area before striking, and they will be paired with Antidot systems. Missile manufacturer Roketsan will deliver the Barbaros coastal defense system, and defense electronics firm Aselsan signed a preliminary agreement to supply ALP-100 radars (TRT World, September 30).

The procurement list is the less significant part of the package. Several documents concern production in Azerbaijan. Aselsan and the Azerbaijani company NOVASIS signed a term sheet to establish a manufacturing facility in the Nakhchivan Autonomous Republic. The plant is expected to produce laser guidance kits, which turn ordinary bombs into precision weapons, as well as TOLUN precision-guided munitions and KORKUT air defense systems (Defense Talks, September 30). Turkish producers MKE, Otokar, Kayı Defense, and Boğaziçi Defense concluded cooperation agreements with the Azerbaijani firms Miras and NOVASIS (Daily Sabah, September 30). The choice of Nakhchivan is notable. The exclave shares a short border with Türkiye. It is separated from mainland Azerbaijan by Armenian territory, so a plant there would place part of Azerbaijan's munitions supply directly next to its treaty ally.

The two governments complemented the industrial agreements with an educational one. Azerbaijan's Ministry of Defense Industry and Ministry of Science and Education signed a memorandum with the SSB and Türkiye's Council of Higher Education on higher education,

scientific research, and human resources in the defense sector (APA, September 30). “We will train our engineers together with brotherly Azerbaijan,” Görgün said after the ceremony, adding that local production and joint projects would strengthen relations between the two countries (TRT World, September 30).

Türkiye is not the only partner agreeing to localization in exchange for access to the Azerbaijani market. On the same day, the Czechoslovak Group (CSG) announced it had signed agreements for a second joint venture in Azerbaijan. The venture will be established in December and will gradually localize self-propelled howitzer production, with manufacturing beginning in 2027. The company valued the business at 1.8 billion euros ($2.02 billion) over seven years and, citing confidentiality obligations, did not name its Azerbaijani partner, the howitzer types, or production volumes. “The signing of agreements leading to the establishment of our second joint venture in Azerbaijan confirms that we are building a long-term industrial presence here,” said CSG’s Board Chairman and CEO of the Defense Division Jan Marinov (The CSG Group, September 30). The group’s first Azerbaijani venture, VEXA DS, announced in April, will repair, service, and modernize armored vehicles in a program CSG values at hundreds of millions of dollars over more than ten years (The CSG Group, September 30). The same logic appeared when Azerbaijani President Ilham Aliyev received U.K. Minister of State for Defense Lord Vernon Coaker and raised the possibility of joint ventures in Azerbaijan (President of Azerbaijan, September 30).

Israel, long one of Azerbaijan’s principal arms suppliers, has likewise moved from selling weapons to Baku to manufacturing them in the country. In early October, the Israeli small-arms manufacturer ARI Arms inaugurated rifle production in Azerbaijan at a ceremony attended by Aliyev and Azerbaijani Vice President Mehriban Aliyeva (Globes, October 8). The state-owned plant, which until now produced only Kalashnikov rifles, will be the country’s first to produce M4-type rifles, the American-designed standard used by many Western militaries. It operates as a joint venture of ARI Arms, Azerbaijan’s Ministry of Defense Industry, and the Iqlim Scientific-Production Enterprise, a state enterprise under the ministry that makes pistols and sniper rifles (Azerbaijani Ministry of Defense Industry, March 5, 2010). The initial contract reportedly covers tens of thousands of rifles worth tens of millions of dollars, and the deal required full local production (Globes, October 8). ARI Arms, an official supplier of the OR-4 rifle to the Israel Defense Forces, has cooperated with Azerbaijan’s defense establishment before (Ynet News, November 30, 2024; ARI Arms, accessed October 8).

These deals reflect a policy that Baku has pursued since the Second Karabakh War. The Ministry of Defense Industry created the Azersilah holding in 2023 to consolidate state enterprises and manage production, sales, exports, and international partnerships (President of Azerbaijan, September 30). Opening the exhibition, Azerbaijani Defense Industry Minister Vugar Mustafayev said that more than 20 private Azerbaijani companies were presenting products, most of which already supply the armed forces. He argued that the 2020 war taught that a national defense industry cannot rely solely on state-owned plants (Azernews, September 30). Baykar’s local subsidiary, which began manufacturing in the Sumgayit Industrial Park in 2025, presented the KASIRGA vertical take-off strike drone as an Azerbaijani-made product (Azernews, October 4, 2025; Report, September 30). Azerbaijan now makes more than 1,000 types of military products and exports to over 30 countries (APA, September 30). In his message to the exhibition, Aliyev said that the industry “has now entered a qualitatively new stage” (President of Azerbaijan, September 30).

The industrial agreements build on a military partnership that is already the core of Azerbaijan’s security policy. The Shusha Declaration on Allied Relations, signed in June 2021, covers both defense industry cooperation and mutual military assistance (President of Azerbaijan, June 15, 2021). Turkish unmanned systems were central to Azerbaijan’s 2020 operations, and the two armies have since made a joint training routine. Meeting in Baku on September 30, Hasanov and Görgün

reviewed current joint projects and described the alliance as a contribution to regional security and stability (Azernews, September 30). The new contracts extend this relationship from purchasing and jointly operating Turkish systems to manufacturing them in Azerbaijan.

The latest drills illustrate the partnership's operational side. Since September 22, Azerbaijani, Turkish, and Uzbek forces have been conducting the "Power of Unity 2026" exercise at training grounds in Karabakh, Nakhchivan, and the Caspian Sea (APA, September 22; Kun.uz, September 23). According to the Azerbaijani Ministry of Defense, the main phase on October 1 involved 3,579 personnel, 135 unmanned aerial vehicles, 27 aircraft, and 25 naval assets, and representatives of nine countries, including Pakistan, Georgia, Iran, and the United Arab Emirates, observed it. The ministry called it "the first large-scale military exercise of its kind to be held in the liberated territories of Azerbaijan" (APA, October 1). On September 30, Hasanov and Uzbek Defense Minister Lieutenant General Shukhrat Khalmukhamedov signed a bilateral military cooperation plan for 2027 (Azernews, September 30). Defense ties among the Turkic states, long discussed mainly in political terms, are thus acquiring an operational and industrial basis (see EDM, March 6, 2024, September 30).

Baku's closer integration with Ankara has not narrowed its range of partners. At ADEX 2026, U.S. defense companies, including Lockheed Martin and Northrop Grumman, exhibited in Baku for the first time (APA, September 30). The People's Republic of China's state aviation exporter displayed a J-10CE fighter jet model in Azerbaijani markings, though it has not announced a deal (Global Times, October 2). On September 30, Hasanov also met with defense officials from the United Arab Emirates and Slovakia, as well as a delegation led by Russian Deputy Defense Minister Vasily Osmakov (Azernews; Report; APA, September 30).

Most of the industrial agreements signed on September 30 are term sheets and memoranda, and their value will depend on implementation. The rifle plant opened with ARI Arms shows that such localization arrangements can reach the production stage. If the Nakhchivan facility and the howitzer venture begin production on schedule in 2027, Azerbaijan will manufacture precision munitions, air defense systems, and heavy artillery on its own territory with Turkish and European partners, in addition to the Western-pattern rifles it now makes with an Israeli partner. That would mark a substantive change for a country that has relied on imports for most of its major weapons, and it would give Ankara and Baku a shared industrial base to accompany their military alliance.

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