

# ANALYSIS OF EUROPEAN UNION AND AZERBAIJAN RELATIONS

Vusal Aghazada

Master student, Baku State University,  
Department of International Private law and European law

## KEY WORDS:

Formation, legal basis, future perspectives, political relations, economic prospects, trade cooperation

## ABSTRACT:

The current article deal relations between European Union and Azerbaijan which include legal, political, economic relations. The article takes a look The European Union and Azerbaijan legal policy and differences, similarities between them.

## 1. INTRODUCTION

The relations between the European Union (the EU) and Azerbaijan should be viewed within the general framework of cooperation with the South Caucasian region [1]. Within this context, EU-Azerbaijan cooperation has some distinct features influencing the process of legislative approximation in the country. Of particular significance is Azerbaijan's rich natural oil and gas resources, which makes it an important player from a geopolitical and economic perspective. Through the past decade, Azerbaijan became the most important EU trade partner in the Southern Caucasus due to the export of hydrocarbon resources. The launch of the Baku-Tbilisi-Ceyhan oil and the Baku-Tbilisi-Erzurum natural gas pipelines in 2005 and 2006 respectively significantly increased the political weight of the country in the region. The dialogue on the so-called 'Southern Corridor', i.e. the EU's initiative for gas supply between the Caspian Sea and the EU Member States, further contributed to the political profile of Azerbaijan as an important strategic partner within the EU's external energy policy [1]. European Union's relations with Azerbaijan date back to 1991 and are based on the EU Azerbaijan Partnership and Cooperation Agreement (PCA) (in force since 1999), which provides for wide-ranging cooperation in the ar-

reas of political dialogue trade, investment, economic matters, legislation and culture. Since then, the European Union has gradually expanded the scope of its cooperation with Azerbaijan. In July 2003 the EU appointed a Special Representative for the South Caucasus. Since 2004, Azerbaijan has been included (as a southern Caucasus country) in the European Neighbourhood Policy (ENP), and also in the Eastern Partnership initiative since its inception in 2009 [2]. A Protocol on Azerbaijan's participation in EU Programmes and Agencies was adopted in July 2016.

That cooperation with Azerbaijan is important for the EU became obvious during the negotiation of the ENP Action Plan in 2006 [6]. The latter coincided with the signing of a Memorandum of Understanding on a Strategic Partnership between the EU and Azerbaijan in the field of energy. Remarkably, the cooperation between the parties in this important area was made conditional upon the 'values' or on the EU acquis. This observation suggests that the EU is willing to exercise its leverage over Azerbaijan owing to its own strategic interests in the country. Azerbaijan's geographical location at the crossroads of Eurasia stimulates interest by the EU, which offers Azerbaijan a broad spectrum of opportunities for progressive integration into the European market. Azerbaijan places partnership and cooperation with the EU among its principle foreign policy priorities.

## 2. POLITICAL RELATIONS, ECONOMIC PROSPECTS AND TRADE COOPERATION

The entry into force of the PCA in June 1999 set the legal framework for EU-Azerbaijan political relations. In effect, the PCA offers Azerbaijan comprehensive cooperation in all nonmilitary spheres, encompassing political dialogue, trade, investment and economic relations, and legislative and cultural interaction. Regular political dialogue between the two sides occurs at

senior official levels. As early as 1998, the European Commission nominated a special envoy to Azerbaijan. In turn, Baku established a permanent mission to the EU in 2000 [3]. A year earlier, in 1999, to help implement the PCA, the late President Heydar Aliyev established a State Commission on Partnership and Cooperation with the EU. In the summer of 2005, the incumbent President Ilham Aliyev issued a new decree re-establishing a State Commission on European Integration.

Progress on economic and political reforms was assessed by the EU in a special report in March 2005 [3]. Another report, by the European Bank for Reconstruction and Development (EBRD), highlighted Azerbaijan's growth rate of 26%, making it one of the world's fastest growing economies thanks to its oil sector and the BTC pipeline. Major European companies have invested in Azerbaijan's energy sector; several oil giants, such as British Petroleum, Total Fina Elf and Statoil have signed partnership agreements with the country, coinciding with the expanding presence of some EU member states [3]. The pipeline developments have helped reinforce the perception of Azerbaijan as a reliable energy partner and bolstered its economic cooperation with Western democracies.

Energy security is gaining prominence on the EU agenda as previously noted and it is likely to guide the EU's relations with Azerbaijan in the coming years. More recently, EC and Azerbaijani officials have begun talks on Azerbaijan's involvement in energy security projects supported by the EU, scheduled to start at the end of 2007. President Aliyev's meetings in November 2006 with EC President Jose Manuel Barroso, EU High Representative for CFSP Javier Solana, President of the European Parliament Josep Borrell Fontelles, EU Commissioner for Energy Andris Piebalgs and other officials in Brussels opened a new chapter in bilateral relations. The two sides signed a Memorandum of Understanding (MoU) in Brussels on 7 November 2006 on the strategic energy partnership between the EU and Azerbaijan [3]. In a recent interview, Mr Solana underscored the importance of the energy accord, which will enhance Azerbaijan's cooperation with the EU at the strategic level.

Although their trade cooperation primarily deals with oil and gas, since regaining independence Azerbaijan has become the EU's largest trade partner in the South Caucasus. By overall comparison with the CIS coun-

tries, Azerbaijan's total trade with the EU has grown steadily over the past several years. The development of the Transport Corridor for Europe, Caucasus and Asia (TRACECA) will underpin economic diversification and future economic growth [3]. Early on, Azerbaijan asked the EU to support its application to join the World Trade Organisation (WTO). The EU responded with assistance for WTO membership preparation under the TACIS programme. Negotiations on market access are underway based on revised offers in goods and services [3]. More recently, the two sides have held talks under the ENP on deepening trade, with further projects having the potential to enhance Azerbaijan's integration into the EU market.

### 3. THE ENP ACTION PLAN FOR AZERBAIJAN

In March 2005, the EC recommended intensifying its relations with Azerbaijan through the development of an individual Action Plan under the ENP, adopted in November 2006 [4]. In turn, Azerbaijan's leadership has responded positively to the strategic vision the Action Plan articulates, attaching importance to it as a tool for EU integration. Although the Action Plan does not hold a membership prospect, it offers practical benefits to both sides on many issues of shared interest and has given impetus to wide-ranging cooperation. As a political document, it sets out mutual, concrete commitments, some of which will help contribute to the further transformation of Azerbaijani society. The Action Plan creates a favourable foundation for the further implementation of democratic reforms, most notably connected with human rights and the rule of law. The commitments also extend to the economy and energy sector [4]. Despite containing some generalisations, this new document could serve as a road map for accomplishing broader and effective changes in the country. Clearly, the very demanding task of implementing the Action Plan will require Azerbaijan to undertake major efforts to attain European political and economic standards.

Political stability and democratisation are the two priority areas for Azerbaijan, and are essential for the country to derive the full benefits from the Action Plan. Among the difficulties, Azerbaijan's perceptibly weak democratic record still hampers closer relations with the EU. During a recent visit to Brussels, Presi-

dent Aliyev promised to step up political and economic reforms, with specific reference to the country's political system [3]. But what matters to the EU are real and far-reaching results. As such, the process of reform needs to be consolidated and further developed in Azerbaijan, with the onus on the country's authorities to push through concrete measures. Likewise, the conflict over Nagorno Karabakh continues to impede the European integration of both countries and the Azerbaijani leadership's search for solutions to the conflict is viewed as a crucial test.

Consequently, implementation of the Action Plan will require Azerbaijani authorities to demonstrate that their country shares values with the EU in practice. There is great potential for the deepening of the strategic partnership, which Azerbaijan should exploit. In turn, the EU seems ready to mobilise resources to support reforms, brought together under the new European Neighbourhood and Partnership Instrument (ENPI). It is already clear that EU assistance will be conditional, however, as the delivery of financial aid is linked to tangible results in the implementation of democratic reforms.

#### 4. EU FINANCIAL ASSISTANCE

Since regaining independence in 1991, the total assistance provided by the EU to Azerbaijan has amounted to some €400 million. From the outset, the EU used the three principal instruments of TACIS, the Food Security Programme and humanitarian aid to assist refugees and IDPs, along with the rehabilitation of territories damaged during the armed conflict in Nagorno Karabakh [1]. In fact, EU assistance to Azerbaijan through various projects under the TACIS programme has been instrumental in fostering the country's reform efforts in a variety of spheres. Since 1998, the TACIS National Indicative Programme has focused on support of public sector reform and assistance for economic development. Following Azerbaijan's adoption of a poverty reduction strategy in late 2002, the EU has also given greater emphasis to this area since early 2003 [3]. The cooperation programme includes financial support for private sector development, in which assistance mainly seeks to improve the business investment climate, higher education and vocational training. Azerbaijan also benefits from grants under the TACIS Regional Programme, especially in the fields of transport, ener-

gy, the environment, and justice and home affairs.

Since the achievement of rapid economic growth in Azerbaijan, the focus of EU assistance has shifted from humanitarian aid to rehabilitation programmes, to help raise living conditions for the IDPs and refugees. The EU sees the OSCE Minsk Group as the optimal mechanism for resolving the Armenian–Azerbaijani conflict and fully supports recent efforts by the leaders of the two countries to reach a breakthrough. If progress is made over Nagorno Karabakh, EU financial assistance to help alleviate tensions in the interaction between the two nations will grow substantially, in support of post-conflict rehabilitation, economic modernisation and regional cooperation [3]. Replacing TACIS assistance in 2007, the ENPI will encompass all of the financial assistance provided under the ENP and enable the strategic partnership between the two sides to take a greater variety of forms. The main goal of the ENPI is to help Azerbaijan attain European standards in jointly agreed areas. The EU delegation travelled to Baku in the summer of 2006 for a series of meetings with Azerbaijani officials, aimed at drafting a new National Indicative Programme [2], dealing with certain policy fields in which financial aid will be provided over 2007–10. This timescale coincides with Azerbaijan's implementation of the first phase of the ENP Action Plan, during which the country's officials will have to prove that their commitment to widespread reform is genuine and goes beyond political wordplay.

#### REFERENCES:

1. Eastern Partnership and Azerbaijan - Strateji Araşdırmalar Mərkəzi <https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/eastern-partnership-results-2014.pdf>
2. Implementation of the European Neighbourhood Policy in 2010 Country report: Azerbaijan. Brussels, 25.5.2011. SEC(2011) 640 final. <https://eur-lex.europa.eu/legal-content/EN/TX-/?qid=1555318628152&uri=CELEX:62019TN0085>
3. Nuriyev E. EU Policy in the South Caucasus: A View from Azerbaijan, CEPS Working Document 272 July, 2007, 30p.
4. EU/AZERBAIJAN ACTION PLAN. [http://mfa.gov.az/files/file/azerbaijan\\_enp\\_ap\\_final\\_en.pdf](http://mfa.gov.az/files/file/azerbaijan_enp_ap_final_en.pdf) 26.07.2010