

Why Does the EU Need Azerbaijan?

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“Why does the European Union need Azerbaijan?” This is the question that Bulgaria’s ambassador to Azerbaijan posed at an event marking Europe Day held at ADA University in May 2022.

To a large extent the answer to this question was provided during the 18 July 2022 press conference between Azerbaijani President Ilham Aliyev and EU Commission President Ursula von der Leyen. A Memorandum of Understanding on a Strategic Partnership in the Field of Energy signed between Azerbaijan and the European Union highlighted Azerbaijan’s role in addressing the matter of Europe’s energy diversification, which has further risen in importance for the EU since the onset of the current stage in the conflict over Ukraine.

Both the spirit and letter of this document indicate that the EU-Azerbaijan relationship has reached a new level of strategic partnership. The MoU clearly states the EU’s support for the expanded “shipment of Caspian natural gas to the European Union [...] with a view to supporting the conditions for the expansion of the Southern Gas Corridor” and, in the words of Ursula von der Leyen on the day of the MoU’s signing, recognizes Azerbaijan as being “a crucial energy partner for us and you have always been reliable.”

However, the document goes far beyond energy and looks decades into the future. The EU is willing to further expand the strong economic partnership with Azerbaijan, enlarge the scope of investments, and work together on new transport connections with Central Asia and beyond. The July 2022 Memorandum of Understanding states the EU’s commitment to discuss ideas about trans-Caspian connections.

Over the years, Azerbaijan has signed strategic partnership agreements with nine EU member states and developed mutually beneficial relations with these and other countries belonging to the EU. Brussels and Baku are currently finalizing the wording on a new comprehensive agreement within the context of the Eastern

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Partnership (EaP), which is expected to be signed by the end of 2022 (it would replace the outdated Partnership and Cooperation Agreement in force since 1999). This year's high-level visits by EU decisionmakers to Azerbaijan have included EU Commissioner for Neighbourhood and Enlargement Oliver Varhelyi, Deputy Secretary-General for Political Affairs of the European External Action Service Enrique Mora, and the Director for the EU's Eastern Neighbourhood and Institution Building at the European Commission Lawrence Meredith. Toivo Klaar, the EU's Special Representative for the South Caucasus, has also made multiple appearances in Baku of late. But this surge in relations predates the Russia-Ukraine war. Last year, a number of important visits to Azerbaijan by senior representatives of EU member states, as well as of the EU itself, also took place. For example, both the President of the EU Council Charles Michel and Varhelyi visited Baku in 2021. In December 2022, President Aliyev attended the EaP summit in Brussels. And he has gone back to the EU capital several times in 2022.

All this as background to elaborate an answer to the question posed by the Bulgarian diplomat: why does the EU need Azerbaijan? This IDD analytic policy brief provides four key interrelated answers to this important question.

Everyone Loves A Winner

Launched in May 2009, the EaP initiative remains the main platform for the development of ties between the European Union and six countries of the former Soviet Union: Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine. Apart from Belarus, which subsequently suspended its participation in the program, the remaining five states have all experienced encroachments against their territorial integrity, violent conflict, and war—either prior to or since the EaP was launched (or both).

From the very beginning, security has thus been one of the EaP's most important components, as exemplified by the Joint Communication put out by the EU Commission on 3 December 2008 (in the security domain, the document emphasized border management, combating illegal migration, and organized crime). In its June 2017 document entitled “Eastern Partnership: Focusing on Key Priorities and Tangible Results,” the EU supplemented the aforementioned priorities with cyber security, countering hybrid threats, weapons proliferation, radiation, chemical and biological threats, and emergencies.

Nevertheless, throughout the history of its existence, observers have been able to point to the EaP framework as having been involved in only one political success story: the ongoing peace process between Azerbaijan and Armenia. Of late, this has been supplemented by the granting of official EU candidate status to Moldova and Ukraine, but this grant needs to be understood as the very first (and mostly symbolic) step in a process that could last decades.

This brings us to the case of Azerbaijan. Stated colloquially, a general rule of geopolitics is that everyone loves a winner, and everyone wants to be on the side of the winner—especially if the winner in question won a clean, fair, and just victory. Guided by Article 51 of the UN Charter, which gives each state the right to self-defense, not to mention four UN Security Council resolutions, Azerbaijan restored its territorial integrity during the Second Karabakh War—cleanly, fairly, and justly. The war ended with the signing of a tripartite statement by Armenia, Azerbaijan, and Russia on 10 November 2020. This set the stage for the EU to play a role in achieving what the now-moribund OSCE Minsk Group (co-chaired by France, Russia, and the U.S.) failed to achieve in 30 years: peace between Armenia and Azerbaijan.

In 2021, two more meetings of the leaders of Azerbaijan, Armenia, and Russia took place—in Moscow and Sochi, respectively. As a result of the meetings, two additional statements were signed on the start of the implementation of new infrastructure projects in the region, under the control of a trilateral working group at the level of vice-premiers of the three countries, and the creation of an ongoing mechanism for demarcating and delimiting the border between the two countries.

Starting from December 2021, the EU was allowed to join the peace process, serving as an additional and more or less complementary platform for negotiations—or, as Brussels likes to put it, a “facilitator.” Within a period of only 5 months, Charles Michel hosted three trilateral meetings in Brussels with President Aliyev and Nikol Pashinyan, the prime minister of Armenia. In both formats, the participants discussed the development of the situation in the region, with an emphasis on solving practical problems to ensure security and stability in the region. In the third event involving the EU, which was held on 23 May 2022, an agreement was reached to hold the first joint meeting between the Border Commissions of Armenia and Azerbaijan to address all questions related to the delimitation of the common border between them. Two days later, the first such meeting took place. Moreover, at the same meeting in Brussels, Aliyev and Pashinyan agreed on the need to proceed with unblocking the transport links based on the principles governing transit between “mainland” Azerbaijan and its Nakhchivan exclave, in accordance with the terms of the Moscow-brokered tripartite document that ended the Second Karabakh War. The key takeaway moment appears to have been a renewed expression of willingness by both leaders to advance discussions on a future peace treaty.

It is obvious that Moscow and Brussels will continue to play important roles in the overall diplomatic process: each in their own way, Russia and the EU have contributed much to making direct dialogue between Azerbaijan and Armenia possible. It is important to not that the EU inserted itself in this process—and did so prior to the onset of the present stage of the conflict over Ukraine—with the evident consent of both parties and without undue active or public resistance by Russia.

It is also obvious that in our post-February 2022 geopolitical reality, the Eastern Partnership needs serious reforms and a new impetus for further development. During

his recent visit to Brussels on 19 July 2022, Azerbaijani Foreign Minister Jeyhun Bayramov stated during a joint news conference with the EU foreign policy chief Josep Borrell that Azerbaijan is ready to engage in consultations with the European Union and regional partners in redesigning the Eastern Partnership. As noted above, a new bilateral agreement between the EU and Azerbaijan will play a big role in this, which will further strengthen the partnership. In return, Borrell stated that “Azerbaijan is an important partner for the European Union and our cooperation is intensifying,” which echoed the rhetoric employed by von der Leyen the previous day in Baku. Borrell indicated appreciation of the recent talks between Azerbaijan and Armenia in order to normalize relations and stressed that the EU is “supporting all efforts to make the South Caucasus a secure, stable, and prosperous space.”

By continuing to take an objective position—i.e., advocating the establishment of a long-term peace in the South Caucasus based on the principles of international law—the EU can earn the right to be called a successful facilitator in resolving the longstanding dispute between two EaP states. This would clearly enhance the image and status of the European Union in the South Caucasus and beyond.

In furtherance of the EU’s stated policy of wanting to establish a zone of stability and security in the EaP region, Brussels ought, presumably, to plan to be more actively involved in future negotiation processes between Azerbaijan and Armenia. This could be at once a test for the EU’s common security and defense policy, a demonstration of its effectiveness, and a contribution to the development of the EU as a global leader in the ways this is spelled out in its various strategic documents.

A Reliable and Predictable Partner: The Impact of the Ukraine Crisis

Azerbaijan (and its neighbors) belongs to an overlapping set of regions, interstate arrangements, and civilizations. In each such ‘belonging,’ Azerbaijan holds a geopolitically attractive position: it is a sought-after, stable, reliable, and non-exclusionary partner. The European Union, on the other hand—at least when it comes to this part of the world—is traditionally perceived as being introverted. Given present geopolitical conditions, the EU ought to avoid making (or not making) any move that seeks to procure fair-weather friends; rather, it should look for genuine and capable partners that are ready to develop mutually beneficial cooperation in accordance with the norms and standards of international law.

This is the spirit in which von der Leyen’s above quoted phrase should be understood, and how U.S. President Joe Biden’s words, written in a letter to his Azerbaijani counterpart on the occasion of the latter country’s Independence Day celebration on 28 May 2022, should also be interpreted: “Azerbaijan is playing a key role in helping secure and stabilize European and global markets.”

Azerbaijan's capacity to conduct a balanced, independent foreign policy stands at the foundation of its reliability as a stable partner. Consider the following: it presides over the Non-Aligned Movement whilst also managing to successfully deepen its relations with NATO through various programs; enjoys formal strategic partnerships with both Türkiye and Russia; is in the process of finalizing a comprehensive agreement with the EU through the EaP framework; and has heightened strategic energy cooperation with the EU (more on this below). Moreover, its strategically important membership in the Organization of Turkic States, which includes several important Central Asian countries (with EU member state Hungary present as an observer) ensures that Azerbaijan can effectually serve as a window to the West for the Turkic states.

For some EaP countries, cooperation with the European Union is primarily of interest because of their belief that they might, one day, become EU member states. For others, such cooperation is primarily of interest because of financial support, grants, and investments. In the case of Azerbaijan, however, bilateral relations are “based on the desire to work together, on innovation, technological exchanges, and economic cooperation,” as Charles Michel said in Baku in July 2021.

Azerbaijan has never built relations with other states to the detriment of, or in opposition to, other blocs, alliances, or states. A very good example of reliability is that Azerbaijan has never allowed its territory to be used to conduct a deconstructive policy towards anyone else. From the very beginning of the war in Ukraine, for example, Azerbaijan's position has been clear, predictable, and sustainable. As President Aliyev said during his address at ADA University in late April 2022: “We support the territorial integrity of Ukraine, like other countries, and openly declare this—we do not hide behind the big tree. We say what we mean. Yes, we have good relations with Russia, but with Ukraine we also have good relations. And the principles of international law should not be interpreted based on political preferences.”

Azerbaijan has been building relations with Russia since regaining its independence and will continue to do so, in furtherance of its national interests. Nevertheless, at the same time, Azerbaijan has provided bilateral humanitarian assistance in the form of food, medicine, and medical equipment, as well as other needs to Ukraine's civilian population, with SOCAR Energy Ukraine providing ambulances and fire service vehicles in Ukraine with free fuel. In Biden's above-mentioned letter, he underlined that “Azerbaijan's support for Ukraine's sovereignty as well as your humanitarian and energy assistance to Ukraine is sending an important message.”

The bottom line is that Azerbaijan has experienced the occupation of its territory and born witness to the EU's double standards for nearly three decades, including the adoption of multiple one-sided, biased resolutions in the EU parliament that in one way or another favored the aggressor state and its occupation of sovereign Azerbaijani

territory. But circumstances have now changed: the EU seems to have turned a corner in its foreign policy posture towards the South Caucasus, as demonstrated by its more evenhanded approach to the region more recently. This is at least partially due to the fact that Brussels needs Baku in its corner, so to speak, in order to strengthen its own position in the region and beyond, in furtherance of its interest to have a strong and reliable partner in the South Caucasus.

The Relevance of Transport Connectivity

The conflict over Ukraine has reinforced the significance of Azerbaijan's geographic position, especially when compounded with its impressive list of logistics, infrastructure, and connectivity projects. Located at the crossroads of the North-South and East-West transport corridors, Azerbaijan has become known as an important transport and logistics hub. Von der Leyen underlined this during her July 2022 press statement in Baku: "The European Union wants to work with Azerbaijan to build connections with Central Asia and beyond. So we follow with great interest the discussions and the ideas about trans-Caspian connections."

One basis of the EU's more constructive position is the Global Gateway, launched in December 2021, which Brussels defined as the "new [EU] strategy to boost smart, clean, and secure links in digital, energy and transport and strengthen health, education, and research systems across the world." As Borrell later explained, "connections across key sectors help to build shared communities of interest and reinforce the resilience of our supply chains. A stronger [European Union] in the world means a resolute engagement with our partners, firmly grounded in our core principles."

Some of the Global Gateway strategy's proponents have portrayed it as a counterweight to the China-led Belt and Road Initiative. But it seems unlikely that Global Gateway will be able completely to replace the infrastructure that is already in place and working. The European Union is trying to insure itself by laying and developing alternative transport routes due in part to its rather unstable relationship with China (notwithstanding the fact that China is the EU's most important trading partner, ahead of the United States). Accordingly, a complete rejection of existing transport and logistics routes and networks is, at this stage, not possible. But it is possible to lay alternative ones, and Azerbaijan, with its geographic location, can play a very important role in the plans of Brussels (as well as those of Beijing).

A number of existing or planned transport projects are to be mentioned in this context, many of which were discussed during the recent trilateral ministerial meeting involving Azerbaijan, Türkiye, and Uzbekistan that resulted in the signing of the Tashkent Declaration—a document that aims to reshape regional cooperation in multiple spheres from economy to trade, transportation, and energy. This includes

the development of a largescale railway project to connect Europe with Central Asia via Azerbaijan by capitalizing on the potential of the Middle Corridor, including the foreseen multi-modal Zangezur corridor project.

This and much more has been made possible by the outcome of the Second Karabakh War. The resumption of both rail and road communication through the Zangezur corridor is supported by the European Union, with Charles Michel underscoring the importance of connectivity “to advance opportunities for unblocking the region.” (Similar statements have been made by senior American and Russian policymakers.)

The existing Baku-Tbilisi-Kars railway is also likely to grow in importance, given its status as the most reliable highway between Asia and Europe. There is also the EU-initiated Transport Corridor Europe Caucasus Asia (TRACECA) program, whose stature has grown in light of EU overland transport concerns towards Asia after the onset of the conflict over Ukraine and lingering doubts over routes that involve Iran.

The bottom line is that when it comes to transport, Azerbaijan remains the only transit country capable of providing a stable and, most importantly, a safe connecting route from Europe to Asia and back. In the current geopolitical situation around the war in Ukraine, the EU and its member states clearly understand this and are willing to invest in the development of viable alternative routes. As von der Leyen said in Baku, the EU is ready to invest “€60 million of EU funds in Azerbaijan until 2024. And the Economic and Investment Plan has the potential to mobilize up to €2 billion in additional investments. It is already at work, supporting round about 25,000 Azer[baijan]i small and medium companies, and making the Port of Baku a sustainable transport hub.”

Reliable Energy Partner

Once the West imposed its sanctions and export restrictions regime against Russia in response to the latter’s war against Ukraine, Moscow responded with various energy restrictions. This caused, inter alia, many EU member states to begin to struggle with what will undoubtedly be a long and difficult energy crisis.

An EU plan to reduce gas consumption by 15 percent in response to rising gas prices and supply curtailments kicked in this month. EU member states agreed to cut their gas usage “with measures of their own choice”—i.e., voluntarily. This is a short-term strategy that, in the longer term, will require securing alternative sources of both hydrocarbon and renewable energy supplies. This is the crux of diversification. On both counts, greater EU engagement with Azerbaijan presents itself as an integral part of the solution.

Azerbaijan has been a rock-solid energy supplier to EU member states for decades and is slated to increase its contribution to EU energy security and diversity of supply in the years and decades to come: Azerbaijan can partially compensate for the decision by the

EU to divest itself of Russian hydrocarbons. Among other factors, this is what prompted Brussels to work with Baku on the text of the July 2022 Memorandum of Understanding with which this policy paper began. Simply put, this document represents, in all its respects, a new page in a burgeoning bilateral relationship that is predicated on the pursuit of shared interests within an existing framework of strategic partnership that goes back decades.

It is important to underscore that the MoU not only foresees the doubling of the amount of gas supply (to the EU) through the expansion of the Southern Gas Corridor (SGC) in the next five years, it also indicates a readiness by the EU to incentivize Azerbaijan to develop and bring to (the EU) market alternative, green, and renewable energy streams (i.e., the production of solar, wind, and hydrogen and other gases)—both from the Caspian and on the land territory of Azerbaijan, including the liberated areas. In the aforementioned July 2022 press conference with von der Leyen, President Aliyev spoke to this point explicitly. And it is a critically important one because it demonstrates a shared commitment to strategic cooperation in the field of energy beyond oil and gas.

There is another benefit to deepening the strategic partnership between the two sides in the field of energy: doing so will not only bind Azerbaijan closer to the EU, but Turkmenistan to both. Given that Azerbaijan's capacity to supply additional natural gas is limited, expanding the SGC in accordance with the MoU will almost certainly require gas not only from Azerbaijan but also from Turkmenistan, which at present exports it gas exclusively via Russia and Central Asia.

Moreover, the expansion of the SGC will be financed by the EU and EU-based companies and banks, together with Azerbaijan. This has again become possible due to another EU policy reversal, as seen clearly in the text of the MoU: Brussels commits to supporting “long-term, predictable, and stable contracts,” which seems to indicate that Brussels will no longer stand in the way of those EU member states willing to sign new contracts of such length.

Kind of A Road Map

President Aliyev was quite right in calling the MoU “a kind of a road map for the future.” More gas from Azerbaijan inflow to the European Union will change the energy map of the European Union and the South Caucasus for the better. Certainly, Brussels and Baku are coming closer together because the EU needs something that Azerbaijan has in abundance. And this can only help Azerbaijan to further enhance its role as the leading state in its neighborhood.