

State of Play of Azerbaijan-EU Relations (Part I)

Implications of the Forthcoming EU Parliament Elections on Baku-Brussels Relations

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As the formulation of the EU's foreign and security policy strategy is by nature intergovernmental (it also has a diplomatic service that is formally its executor, but, in practice, it can also participate—and in numerous cases, lead—in its formulation), the capacity and authority of the EU institutions, including the European External Action Service, or EEAS) is limited in this regard. Although under official treaties and documents, the EU Parliament has limited power in foreign and security policy, as the EU's sole elected body, it tries to apply fully its limited capacity and power in foreign and security policy. Simultaneously, the EU Parliament utilizes different areas of its capacity to influence foreign and security policy as well as its execution. In short, the EU Parliament is making significant efforts to influence the Union's foreign and security policy.

The upcoming EU Parliament elections (they are scheduled to be held on 6-9 June 2024) hold great significance in terms of bringing political shifts at national and international levels. The elections will be held in a period of major political difficulties and change in EU member states and its various neighborhoods to the east, southeast, and south. Since the last elections were held in 2019, the EU has had to face more than the usual set of challenges. It has managed its response to the COVID-19 pandemic (including not always smooth attempts to mitigate its many social and economic effects), entered into an internal debate about institutional

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reform and enlargement, undertaken a series of policy initiatives to combat the effects of climate change, and faced the economic consequences of its choice to impose a sanctions and export restrictions regime on Russia in response to Russia's invasion of additional territory in Ukraine—amongst many others.

It is anticipated that the EU Parliament will have a different political composition (although perhaps not decisively so) and thus perhaps a new president; a new EU Commission president may also end up being appointed; and there will be a new President of the Council of the European Union.

It seems likely that newly (re-)elected MEPs will continue to play active roles in defining the course of intra-EU and external policies, which will have implications for the EU's engagement with its neighborhoods and beyond. The new composition of the EU Parliament and changes in key posts in the top levels of the bureaucracy (the EU Commission) could bring changes in policy priorities and the EU's overall political agenda. In particular, Russia's war in Ukraine, the EU's green deal, and conflicts in the Middle East (and elsewhere) will continue to pose challenges to the EU's foreign and security policy.

This IDD Analytical Policy Brief, which will be presented in two consecutive parts, will analyze some of the main trends and directions of the EU foreign and security (and energy) policy as they relate to Azerbaijan, the possible consequences of the forthcoming parliamentary elections, and its implications on the EU-Azerbaijan relations in the time ahead.

Directions of Azerbaijan-EU Relations

Azerbaijan and the EU cooperation was formalized in 1996 through [the Partnership and Cooperation Agreement](#) that entered into force in 1999. This document is outdated in many parts and yet, a new one has not been concluded for various reasons (getting into this issue is beyond the scope of the brief). Since 2009, Azerbaijan has been cooperating with the EU as part of the Eastern Partnership (EaP) program in both bilateral and multilateral formats. Also, negotiations on a new comprehensive agreement were launched in 2017. Azerbaijan and the EU cooperation mainly focuses on energy and transportation, and the parties are longstanding strategic energy partners (the latest document reaffirming and deepening this is the MoU on a Strategic Partnership in the Field of Energy signed in Baku between the presidents of Azerbaijan and the EU Commission in July 2022). The EU imports 4.3 percent of its oil and more than 6 percent of gas from Azerbaijan and its member states together represent the biggest set of foreign investors in the country. Beyond this energy partnership, trade with the member states of the EU taken as a whole constitutes 36.7 percent of Azerbaijan's total trade.

Meanwhile, Azerbaijan and the EU have [signed](#) a document titled Partnership Priorities for 2018-2020, which is a policy framework identifying partnerships in

areas like strengthening institutions and good governance, connectivity, energy efficiency, environment and climate action, and mobility and people-to-people contacts. There is ongoing work to extend the document until 2027.

After the end of the Second Karabakh War, the EU intensified its interaction with Azerbaijan through several official meetings, and some progress is observed in this regard. Although the EU could not play any role in the resolution and the mediation process of the conflict over Karabakh prior to the war, its most senior officeholder (Charles Michel, President of the Council of the European Union) subsequently attempted to counter what many Western officials and analysts interpreted as a Russian monopoly in the Armenia-Azerbaijan peace process. Thus, Michel led an EU effort to serve as a facilitator in the talks between the leaders of the two countries, convening all but one negotiating session in this format that included the presence of someone from the EU (the most recent one, which took place during the 2024 Munich Security Conference, was convened by German Chancellor Olaf Scholz). This effort was supported by the United States and was envisioned to serve, at the very least, as a counterweight to Russia's role as mediator (no one serious in either Brussels or Washington believed that Moscow could be shut out of the peace process entirely).

The idea had been to counterbalance Russian hard power (aside from serving as Armenia's primary security provider since the country regained its independence—this includes stationing thousands of troops in several military bases and controlling a majority of its land borders and the Yerevan airport—Russian peacekeepers had been deployed in parts of the former Nagorno-Karabakh Autonomous Oblast as part of the terms that had ended the Second Karabakh War) by increasing the projection of the EU's soft power (and, in turn, increase its influence) in Azerbaijan. Thus, the EU's rhetoric revolved around putting forward efforts to stabilize the region, playing a role in Azerbaijan's reconstruction plans in Karabakh, and taking the lead in brokering agreements on various confidence-building measures between conflicting parties.

At present, it appears that Brussels has fallen short of its ambition to become the primary foreign broker in the Armenia-Azerbaijan peace process, in no small measure due to its lack of strategic empathy towards Baku's interests and the delicate balancing act this requires. This is especially puzzling considering [Azerbaijan's indispensable role](#) in the advancement of the EU's strategic connectivity ambitions in the Silk Road region, as exemplified by the Union's drive to engage with Central Asia through its Global Gateway initiative.

In some sense, the EU seems to recognize this but has not been able to follow through properly. For example, the EU has [contributed a total of €8 million \(as of 2023\)](#) to Baku's demining efforts in Karabakh, which seems like a large number but pales in comparison to the amount Azerbaijan has itself contributed to this effort (close to \$60 million per year)—this, of course, has had a deleterious effect on the EU's ability to project both its soft power and political influence in the country.

At least four other factors have contributed to the EU's relative lack of success with respect to engaging Azerbaijan in a serious way.

- *First*, the perceived bias towards Armenia of French President Emmanuel Macron, who had managed to insert himself into Michel's facilitation efforts on several occasions. Azerbaijan's response was to state, categorically, that it would not participate in any EU-facilitated talks that involved France in any way.
- *Second*, the EU's insistence on first establishing and then twice expanding (in terms of numbers, duration, and scope) what is now called the European Union Mission in Armenia (EUMA) against Azerbaijan's objections.
- *Third*, the conditionality that was attached by Brussels to the EU's offer of a €2 billion economic investment and loan package, which had been largely designed and offered without input from Azerbaijan and thus mostly reflected EU objectives and priorities (or objectives and priorities the EU believes are in Azerbaijan's interest to adopt).
- *Fourth*, the 5 October 2023 EU Parliament non-binding [resolution](#) against Azerbaijan. This text inter alia called for a "comprehensive review of the EU's relations with Azerbaijan"; demanded that "the EU and its Member States to adopt targeted sanctions against the individuals in the Azerbaijani Government" responsible for conducting what Baku called an antiterrorist measure in late September 2023 that put the final nail in the coffin of the ethnic-Armenian separatist regime in Karabakh; and called "for the EU's dependency on gas exports from Azerbaijan to be reduced."

The foregoing is to be contrasted with the burgeoning strategic energy partnership between Azerbaijan and the EU, which has largely been pursued in isolation from the foregoing set of issues and resulting setbacks. This partnership goes back to the signing of the Contract of the Century in 2004 but gained further significance with the launch of the third and final phase of the Southern Gas Corridor (SGC) mega-project in the last days of 2020, which resulted in the direct supply of Azerbaijani gas to several EU member states, including Greece and Italy.

Of strategic importance was the role played by Azerbaijan in supplying more-than-contractually-obligated gas to the EU and several candidate countries in the immediate wake of the onset of the present stage in the conflict over Ukraine in February 2022. Surely, this was a factor in the decision to sign the aforementioned July 2022 MoU, whose provisions include doubling the capacity of the SGC by 2027. Should this come to fruition, the percentage of Azerbaijani gas that will be consumed in the EU will almost certainly hit double digits.

Aside from remaining the most "[reliable non-Western pipelined oil and gas supplier to the EU](#)," Azerbaijan is well on its way to cementing its status as a strategic contributor to the EU's energy security. The anticipated implementation of the terms of the December 2022 Agreement on Strategic Partnership in the Field of Green

Energy Development and Transmission, which was signed by Azerbaijan, Georgia, Hungary, and Romania, should ensure that Baku will continue to play this role for many decades into the future.

In short, when the return of geopolitical and geoeconomic competition caught the EU suboptimally prepared to deal with the negative impact on its energy security, Azerbaijan chose to stand firmly with the EU in the most tangible way possible. This was evidently not an entirely altruistic decision by Baku, but it would be incorrect not to attribute some weight to the solidarity factor.

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