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Beyond Barrels

Is a Low-Carbon Future the Next Phase of the UK-Azerbaijan Partnership?

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In September 2025, the UK's Minister for Europe, Stephen Doughty, announced in Baku that the bilateral relationship with Azerbaijan would be upgraded to a "strategic partnership." The declaration emphasized cooperation on "growth, security, education, and climate objectives" and recognized Azerbaijan's role in regional stability and energy security. Historically, the UK has been Azerbaijan's largest foreign investor, led by bp's involvement in oil and gas development since the early 1990s. This cooperation served as a cornerstone for Azerbaijan's post-independence recovery. However, as Doughty highlighted during his visit, both countries now share a responsibility to turn this legacy into a green and diversified economic partnership. The inaugural UK-Azerbaijan Policy Dialogue, held shortly after the announcement at ADA University, reaffirmed this shift as both countries pursue a twin-track policy of maintaining energy security while expanding renewables.

While bp remains the cornerstone of bilateral collaboration, the UK and Azerbaijan have significant potential to benefit from a strategic partnership in clean energy and environmental sustainability. Their convergence is already evident on the global stage: the UK through its COP26 Presidency, and Azerbaijan as the host of COP29. This shared diplomatic experience has cultivated a common vocabulary of sustainability and resilience. Recent cooperation on environmental issues shows how both governments are aligning around practical climate solutions. At a flagship climate dialogue in early October 2025 in London, COP29 President Mukhtar Babayev announced that Azerbaijan, in partnership with the UN Environment Programme, is developing a 2025-2035 Action Plan to address the Caspian Sea's declining water

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levels. In response, Tim Hemmings, the UK Foreign Office's Special Envoy for Small Island States, commended Azerbaijan and the Commonwealth for highlighting sea-level issues and noted the UK's own initiatives tackling similar, related challenges.

This exchange highlights a shared international agenda on climate-related concerns. Building on decades of successful energy cooperation, the relationship now stands at a pivotal juncture. The foundation established through hydrocarbons has created deep trust between both countries, a solid platform for the next phase of partnership. Yet continuing to anchor the relationship primarily in traditional energy sectors risks losing momentum in an era defined by its proponents as focused on climate action and energy "transition." Moving toward a low-carbon and environmentally focused partnership is therefore of strategic advantage.

Beyond Rhetoric: Closing the Gap Between Vision and Action

The central challenge is how to transform a legacy energy relationship built on hydrocarbons into a diversified, low-carbon partnership that benefits both sides. Two constraints currently limit progress, yet each offers a pathway for strategic development and deeper cooperation.

The first is structural dependence on hydrocarbons. Between 1995 and 2013, around $33 billion of $35 billion in UK investment in Azerbaijan was tied to the oil and gas sector. This pattern is beginning to change, however. For instance, bp, SOCAR, and the Azerbaijan Investment Company have launched decarbonization projects such as the 240 MW Shafag solar plant in Jabrayil, which will supply renewable electricity to the national grid operator AzerEnerji. The grid will, in turn, provide equivalent power to the Sangachal oil and gas terminal, one of the world's largest, helping to reduce operational emissions and freeing up natural gas currently used for power generation at the terminal for export. Scaling such initiatives as part of a coordinated policy architecture will help both countries diversify investment beyond hydrocarbons.

The second area involves human capital, innovation, and capacity building. Azerbaijan's energy "transition" offers significant opportunities to develop technical expertise and green skills. While promising foundations exist, e.g. a newly established MSc Renewable Energy Dual Degree Program between the University of Warwick and Azerbaijan State Oil and Industry University, there is substantial scope to broaden collaboration in green innovation and skills development. Likewise, the Azerbaijan University Network on Climate Change, launched during the 2025 Baku Climate Action Week, mirrors the UK Universities Climate Network's model for integrating climate studies into higher education. Extending such initiatives to the private sector, particularly SMEs, through targeted training programs, applied research, and accessible clean-technology financing would accelerate the "transition" and generate broader economic benefits.

Blueprints for a Low-Carbon Future

The evolution of UK-Azerbaijan relations provides fertile ground for a low-carbon partnership that reflects both nations' strategic strengths. Each country has made tangible progress toward clean energy and sustainability, but these efforts remain largely parallel. The opportunity now lies in linking them.

Azerbaijan has launched an ambitious renewable agenda, pledging to generate over 30 percent of electricity from renewables by 2030. Projects such as the Kalbajar Wind Farm with the planned capacity of 600 MW and the development of Green Energy Zones in the liberated territories in addition to the joint Shafag solar plant showcase the country's commitment to diversification. Meanwhile, the UK has become one of the West's leaders in the energy "transition," from its globally recognized offshore wind network to its expertise in carbon markets, climate finance, and regulatory reform. The two countries have already laid the institutional foundations for cooperation in this sector. Signed in 2021, the Memorandum of Understanding on Clean Energy Transition between their energy ministries provides a policy anchor, while UK Export Finance's £5 billion credit guarantee to Azerbaijan offers financial leverage to support low-carbon projects. Around 50 British firms are already active in Azerbaijan's renewable and infrastructure sectors, positioning the UK as a natural partner in this "transition."

Therefore, the partnership should now focus on practical integration rather than new institutions to build on this momentum. Two areas stand out for joint advancement. The first area is about the regulatory and policy learning, aligning Azerbaijan's evolving renewable-energy framework with the UK regulatory standards, including carbon pricing and grid integration. This regulatory alignment is essential groundwork for the second priority, which is green investment facilitation. With compatible frameworks in place, expanding the UK Export Finance-backed renewable projects and encouraging British International Investment (BII) to co-finance Azerbaijani green ventures become both more feasible and lower-risk.

Making the Green "Transition" Real

Turning shared ambition into real impact requires focusing on results rather than symbolism. The new UK-Azerbaijan strategic partnership has already established a platform for dialogue. As Great Britain's former ambassador to Azerbaijan James Sharp observes, the UK's comparative advantage in clean energy finance and green technology provides it with strategic leverages across the Silk Road region. The shift toward the incorporation of renewables in Azerbaijan also aligns with the UK's broader strategic aim of supporting green "transition" initiatives along the emerging Middle Corridor. Therefore, embedding this cooperation within a regional framework would help translate symbolic commitments into structural change, linking energy, digital connectivity, and climate resilience.

A practical starting point would be to make green co-investment a core element of bilateral trade missions and business forums. By showcasing joint projects like the Shafag solar plant as flagship examples, both governments can signal that the UK-Azerbaijan partnership is shifting from an extractive legacy toward a model of renewable energy development cooperation. Additionally, bilateral efforts should prioritize policy alignment through ongoing knowledge-sharing between regulators, research bodies, and government institutions. Structured dialogues between the UK's Ofgem and Azerbaijan's newly established Energy Regulatory Agency, for instance, could speed up Azerbaijan's integration of renewable energy into its grid. Finally, investing in people and ideas will be the key to building a credible low-carbon partnership. Expanding scholarship programs, university exchanges, and joint climate innovation grants will help nurture a new generation of professionals skilled in both policy and technology. This is how shared ambition becomes shared capacity.

The shift from a hydrocarbon-based relationship to one that places greater emphasis on a lower-carbon endeavors will not happen overnight. However, the UK-Azerbaijan strategic partnership provides the political will, economic leverage, and person-to-person networks to make it possible. By integrating clean energy, finance, and education into the core of their future cooperation, London and Baku can elevate their partnership from transactional to transformative, setting a precedent for how traditional energy partners taking into account the ambition to move toward a decarbonizing world.