

# The EU and the South Caucasus: *the place of Azerbaijan*

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## Abstract

*Azerbaijan is part of a neighboring region of great strategic importance for the EU in political, economic and security aspects. Therefore the main focus of the EU policy should be to encourage its development as a stable and democratic country, ready to establish good neighborly relations and integrate into the EU policies. Alongside the strengthening of the democratization process in the country and the enhanced energy and economic cooperation, the EU should engage more actively as far as the security issues and regional cooperation are concerned. After the Russian - Georgian war in 2008 it became clear that sooner or later EU will play an active role with regards to the unresolved conflicts in the region. In this sense it is very important for the EU to step up its efforts for the peaceful solution of the conflicts in the South Caucasus, including the Nagorno-Karabakh conflict in order to guarantee the sustainable peace and stability at its Eastern border as well as to develop successfully its policies there. EU is a desired partner in this region and its strength lies in its soft power. EU has the experience and the capabilities to contribute to the creation of a more tolerant atmosphere in the South Caucasus, to show the people in the region that they can live again together in peace and prosperity and that they can restore the good relations and the mutual trust that existed in the past.*

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The South Caucasus is not only a region in the immediate neighbourhood of the EU (Romania and Bulgaria have a sea border with the region), but also a region of great strategic importance for the EU in political, economic and security aspects. The EU's main objective here-of is to encourage the development of Armenia, Azerbaijan and Georgia towards stable and democratic countries, ready to establish good neighbourly relations and integrate into the EU policies.

The EU considers it very important, alongside its bilateral partnerships with these three countries to develop a credible regional approach. The size, the geopolitical location and the existing complex problems of the three countries suggest that they can realize their best potential as a region. That is also how they make part of the most recent initiative by the EU towards its Eastern neighbours - the Eastern Partnership which not only creates a valuable framework for enhanced cooperation with the EU but aims at developing the regional cooperation and multilateral dialogue so much needed in the South Caucasus.

The EU relies on each of the three countries in this endeavour and believes that the future of the region is above all in their hands and in the

hands of their leaders. Therefore it views its relations with Armenia, Azerbaijan and Georgia as relations between equal partners with whom it needs to have a dialogue on all issues of mutual interest and concern.

Azerbaijan occupies a particular place for the EU in this mosaic of partnerships in the region and in many spheres in which it is an indispensable EU partner. It is a stable country in a turbulent region, bridging Russia and Iran, the Black Sea and the Caspian Sea but more importantly it demonstrates a genuine desire to open up even more to the European values and cooperate with the EU more closely on all possible levels.

These are important facts that the EU should not disregard. The Union is making small but steady steps in meeting Azerbaijan's openness towards itself. However, the starting of the negotiations for an Association Agreement between Azerbaijan and the EU in 2010 is a big step forward. Its main goal is to lay a new legal foundation for the bilateral relations and achieve a closer political association and gradual economic integration. It will cover a number of areas, including political dialogue, justice, freedom and security, as well as trade and cooperation in various policies.

It will also have a direct positive impact on people's lives, in terms of economic opportunities and easier contacts with people from the EU. Visa facilitation and eventually visa liberalization agreements will also be part of this process.

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Stepping on the priorities of this future association agreement, the EU should focus on three main areas of cooperation with Azerbaijan: the strengthening of the democratization process in the country, the energy and economic cooperation, and the security issues and regional cooperation.

As far as democratization is concerned it is in the interest of Azerbaijan to continue its efforts in approaching even further the European standards in the field of human rights protection, freedom of speech and freedom of assembly. The level of good governance, political pluralism and rule of law determine to a great extent the relations of the country with the EU and the latter will con-

tinue to provide financial and technical assistance to help the democratization process.

Also, Azerbaijan is a special priority for the EU because of its strategic geopolitical location and the shared common energy security agenda with the Union. The country's increasing importance as an energy, transport and communication corridor connecting the Caspian region and Central Asia with Europe, as well as the EU's increasing needs in the field of energy security require a more active cooperation of the two entities in the regional energy projects and particularly as far as the implementation of the Nabucco pipeline project is concerned. Also the development of new infrastructure and transport corridors, diversifying suppliers and routes such as the Trans-Caspian gas pipeline, the White Stream, the INOGATE (Interstate Oil and Gas Transport to Europe) and TRACECA (Transport Corridor Europe-Caucasus-Asia) and all possible projects connecting the Caspian Sea and the Black Sea are important for the EU. The role of the existing oil and gas pipelines like Baku-Supsa, Baku-Tbilisi-Ceyhan and Baku-Tbilisi-Erzurum should also be underlined as valuable sources for the EU diversified energy supply from Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan.

The energy issues, however, should not be the only economic issues in the EU-Azerbaijan dialogue. The EU encourages Azerbaijan to diversify its economy and underlines the importance of building a favourable business climate and development of the private sector. It also supports the reform process, which makes the economy more attractive to foreign investors and is ready to assist the Azerbaijani authorities to accelerate the negotiations on accession of the country to the World Trade Organization (WTO).

Trade is one of the main elements of the European policy for supporting the political stability, human rights and sustainable development in the South Caucasus countries, including in Azerbaijan. Therefore concluding a free trade agreement with Azerbaijan is seen as a way not only to attract more foreign investments, stimulate job creation and eradicate poverty but also as a first step towards creating a free trade area between the three South Caucasian countries themselves - a process that would lead to a deeper and pragmatic regional cooperation and integration.

What should be noted here, however, is that the investors' confidence depends to a great extent on the transparency of the oil and gas reserves

data, the productivity, the transport infrastructure but most of all on the political stability both in Azerbaijan and the South Caucasus as a whole. The tense security environment, particularly after the war in Georgia, leads to an increase of the difficulties and the prices of the infrastructural projects in the region.

It becomes more and more evident that the EU ambitions and policies cannot be fully realized due to the big shadow over the region - the shadow of the unresolved conflicts in Georgia and in Nagorno-Karabakh. It is the biggest obstacle for enhancing political stability, democratization and sustainable social-economic development.

Unfortunately, it was the war in Georgia that attracted EU's attention to the region and just after it the Union realized that it needs to be more actively engaged there, particularly in regard to conflict prevention and management. The war in Georgia reminded the EU how near the South Caucasus actually is and that is in the immediate neighbourhood of the Union. It also showed how big the risk of "defreezing" the so-called frozen conflicts is and how big the political and human costs are when there exist attempts to solve these conflicts by force. The war showed

the vulnerability of the investments and the projects through which the EU wants to diversify its energy supplies. At the same time it showed that when there is the political will the EU can react swiftly and adequately. The French EU Presidency gave a good example in this regard. It became clear that sooner or later the EU will play a role with regard to the regional conflicts. It is better if this is realized sooner in order to avoid a similar tragedy in the future. It is very important for the EU to undertake its role in the peaceful solution of the conflicts in the South Caucasus, including the Nagorno-Karabakh conflict, in order to guarantee the sustainable peace and stability at the Eastern borders of the Union as well as to successfully develop its policies there. The EU is a desired partner in this region and its strength lies in its soft power.

In the case of the Nagorno-Karabakh conflict the EU is the only international actor whose presence does not raise controversies and which is accepted by both sides. Despite this fact so far the Union has not played a role in the conflict's resolution. Its resolution is a crucial precondition for the start of the dialogue and cooperation between Azerbaijan and Armenia. If this cooperation does not become a reality soon the prospects for the region are not very bright. Azerbaijan

will continue to bear the humanitarian costs of the status quo and Armenia will continue to suffer from its regional isolation. Both countries will continue to spend huge amounts on rearmament instead of development.

A number of positive developments which appeared in 2009 raised the optimism about the resolution of the Nagorno-Karabakh conflict. Unfortunately, this momentum was not sustained and the crisis in the Armenian-Turkish rapprochement cooled down this optimism. The increase in tension and in ceasefire violations across the line of contact show clearly that the status quo is unacceptable and bears constant risk of escalation. Therefore at this stage it is not enough for the EU simply to declare its support for the work of the Minsk Group. It has to find a way to engage adequately before it is too late. As a Co-chair of this Group, France put forth a lot of effort and positive energy but if the EU takes seriously its new foreign policy role entrusted to it by the Lisbon treaty it needs to give France a European mandate within the Group. After a political solution is found, most probably the leading element of an international peacekeeping force sent to Nagorno-Karabakh will be the EU. In fact, the status-quo comes as a result of inefficient years-

long diplomatic and political actions and this is in no one's interest. The big losers, however, are the people living in and around Nagorno-Karabakh and all the internally displaced people who had to leave their homes without a hope, without a past. These people are doomed to isolation, poverty and lack of prospects for a decent peaceful life. It is high time these

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people were put in the centre of the peace talks.

Otherwise, if there is an undesired negative development of the situation, the EU will be the one to bear the burden related to overcoming the conflict consequences as well as the high political cost before the European citizens who will demand an ex-

planation why the EU did not manage to prevent another violent conflict in the vicinity of its borders. After the unfortunate European experience in preventing the conflicts on the Balkans and Georgia, this will be unforgivable.

Last year has also been seen the launch of the first ever EU tailor-made programme for Nagorno-Karabakh - an NGO confidence-building project which aims to prepare the people on both sides for the possible concessions related to the conflict settlement. The EU support for the conflict resolution process is crucial and alongside the confidence-building programmes it should offer support for reconstruction and rehabilitation once a political solution is found. In this sense the creation of spaces for civic engagement not just between leaders, but also between civic organizations is crucial.

The situation of the internally displaced persons as a result of the Nagorno-Karabakh war remains serious as well. The EU needs to participate actively and even to lead the international community's efforts for rehabilitation and development of the conflict zones by initiating projects for income generation, social-economic integration and encouragement of the reconciliation. Despite

the launch of some programmes for integration of the IDPs, Azerbaijan still faces a number of difficulties in this respect. Of course the best and most adequate solution for these people would be to go back to their homes, where they belong. Therefore this objective should continue to be part of the comprehensive solution of the conflict.

The EU has the experience and the capabilities to contribute to the creation of a more tolerant atmosphere in the South Caucasus, to show the people in the region that they can live again together in peace and prosperity and that they can restore the good relations and the mutual trust which existed in the past. After all, the big historical lesson that the EU has learnt is the lesson of integration. Integration is the only weapon by which can be achieved a lasting conciliation with the past and an investment in a better future. Therefore the EU will continue to direct its efforts towards achieving closer regional cooperation and approximation of the three countries of the South Caucasus towards the European values through active political and economic association.