

# The EU and the South Caucasus 25 years since Independence: Azerbaijan in the Geopolitical Strategy of the EU

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The South Caucasus is an extraordinarily complex region in many senses. Having re-gained independence in 1991, the South Caucasus remains one of the world's most security-challenged regions, facing a host of internal and external security threats.

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Despite its small size and relatively small population, the South Caucasus occupies an important place in international geopolitics.

The collapse of the Soviet Union in 1991 brought new stakeholders to the region. The South Caucasus had the potential to become a prosperous region due to its natural resources and strategic location between Europe and Central Asia, but before that, the region sank into violence and years of political and economic turmoil. Ethnic and religious diversity, old territorial disputes and the rapid growth of the post-Soviet nationalism seriously impeded development. Long-standing claims by neighboring Armenia over the Nagorno-Karabakh region of Azerbaijan erupted into separatist ethnic violence by 1988, and a full-scale war with by 1991, with Armenians, backed by Russia. Despite the devastating impact of the wars in the South Caucasus in the beginning of 1990s, Azerbaijan became a point of interest for the international organizations, as well as major external powers, such as the United States and the European Union.

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There are several areas in which international organizations worked in Azerbaijan: humanitarian aid, educational and cultural programs, support for non-governmental organizations, joint economic projects, and so on. In the aftermath of the collapse of the Soviet Union, the world witnessed the rise of liberal values across the whole post-Soviet space. In this respect, within the abovementioned parameters, close cooperation with the EU can provide an access to the world economic and cultural space for Azerbaijan.

### *Specifics aspects of the EU's geopolitical interests in the South Caucasus*

Throughout the 1990s, the EU kept a low profile in the South Caucasus. The EU's only office in the region was opened in Tbilisi in 1995, focusing on delivering aid and humanitarian assistance

management. The EU's real institutional involvement in the South Caucasus began with the Partnership and Cooperation Agreements with Armenia, Georgia, and Azerbaijan, which were signed in 1996 and entered into force in 1999. The region gained importance for the EU, above all, due to its energy resources and as a transportation corridor between East and West, North and South.<sup>1</sup>

Nonetheless, for the most part, the South Caucasus remained *terra incognita* for many EU members until the late 1990s; only a few nations (France, the UK, Germany, Italy, the Netherlands, and Greece) opened embassies in all three Caucasus countries. In this respect, the willingness of some EU countries to engage with the region was a rational course of action; the EU does not conceal its intention to build 'a ring of friends', primarily via the involvement of non-member regional countries outside its borders.

The EU joined the mix of actors and organizations engaged in the South Caucasus in the early 1990. Eventually, the activities of international organizations accompany with globalization, liberalization, and democratization slogans, intensifying its engagement over the years with the three states, who eventually became a part of the EU's European Neighborhood Policy (ENP) and the Eastern Partnership (EaP).<sup>2</sup> In particular, the ENP, first outlined by the EU Commission in 2003, is aimed at the democratization of the EU's southern and eastern neighbors via economic integration and cooperation with various EU institutions, including non-governmental organizations. In order to achieve this goal, the EU presented an action plan to Azerbaijan, Georgia, and Armenia, envisaging the implementation of the EU regulations such as respect for human rights, modernization of economic systems, democratic election procedures, and so on. Although the ENP project allowed the regional countries to collaborate with the EU in various sectors, the Eastern Partnership program (EaP), initiated in 2009, has served as the key platform in terms of the

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1 Gafarli O., Anapiosyan A., Chapichadze K. (2016) 'The Role of Global and Regional Actors in the South Caucasus.' Available at: [http://caucasusedition.net/analysis/3581/#\\_Toc452716266](http://caucasusedition.net/analysis/3581/#_Toc452716266) (Accessed: 22 February 2017).

2 Paul A. (2016) 'The EU and the South Caucasus 25 Years since Independence,' *Heinrich Böll Stiftung*, Available at: <https://eu.boell.org/en/2016/11/25/eu-and-south-caucasus-25-years-independence> (Accessed: 22 February 2017).

gradual integration of the South Caucasus countries into Europe.

The EaP offers a wide-ranging platform for cooperation between the EU and the South Caucasus and has set ambitious goals. The Eastern Partnership supports stability by contributing to conflict resolution, the creation of free trade zones, and provision of financial support. It also provides assistance in fostering cross-societal contacts through, inter alia, visa liberalization, and educational programs. The EaP also seeks to facilitate institutional reforms, including through the adoption of EU regulations.<sup>3</sup> In this way, Europe is eager to create a “civilized European space” in the region, as the stability of the South Caucasus is an important element of the EU stability. Thus, by helping the South Caucasus to become more democratic and stable, the EU will gain a strategic partner on its borders.

Although the EU does not hide its intentions regarding the South Caucasus, it avoids providing a clear definition of its main priorities in the region. In this respect, as stated by the EU Commissioner of the European Neighborhood Policy, Benita Ferrero-Valdner, “The EU is deeply interested in the South Caucasus with a stable strategic economic situation.”<sup>4</sup> Nevertheless, after 25 years since the collapse of the Soviet Union, the South Caucasus remains plagued by conflicts, mostly referred to as *frozen conflicts*. But the EU has remained an outside actor when it comes to the region’s frozen conflicts, on the basis that other actors are facilitating or mediating the negotiation processes. The EU has been involved, at most, as an observer and future guarantor of a possible final settlement agreement; by contrast, other, particularly Turkey and Russia have acted as both supporters and financiers of peace talks.<sup>5</sup>

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The EU’s low-level involvement in security issues can be explained by both external and internal factors. Another key regional actor

3 Bolshakov A. and Mansurov T. (2013) ‘Conflicts of identities in the South Caucasus and Problems of Integration of the states of the region into European Structures.’ Available at: [https://idosi.org/wasj/wasj27\(elelc\)13/10.pdf](https://idosi.org/wasj/wasj27(elelc)13/10.pdf) (Accessed: 22 February 2017).

4 Regnum.ru (2009) ‘Грузия, Армения и Азербайджан являются важными для Евросоюза странами: Комиссар ЕС.’ Available at: <https://regnum.ru/news/1128591.html> (Accessed: 22 February 2017)

5 Raquel M. and Simão L. (2008) ‘The EU’s Neighborhood Policy and the South Caucasus: Unfolding New Patterns of Cooperation,’ *Caucasus Review of International Relations*, 1(2), pp. 225-239, Available at: [http://cria-online.org/5\\_6.html](http://cria-online.org/5_6.html) (Accessed: 22 February 2017).

– Russia – has played a major role in external mediation of conflicts (Nagorno-Karabakh, Abkhazia, and South Ossetia). The EU's involvement has been made possible through the channels of other Western organizations, such as OSCE and the United Nations. In this regard, it is worth noting that the EU's conflict resolution efforts within, inter alia, the proposed EaP framework have failed to gain any real traction. This is mainly because they have not set forth an implementation scheme for peace building among conflict parties.

Since independence, over the past 25 years, the South Caucasus republics have made progress towards building national identity, improving welfare, increasing stability, etc. But the role of the EU in this process has been limited, both in terms of technical and financial assistance, as it has never had a strategic vision or clear policy for the region. Thus, despite the variety of tools at its disposal, and promises of strategic cooperation, the latter is still far from being the strongest external player of the region.

*EU – Azerbaijan cooperation in the context of common European geopolitical interests in the South Caucasus*

From the point of view of the EU, Azerbaijan is a critical partner in the South Caucasus due to its natural resource wealth, and the fact that it has the largest population potential in the region. After gaining independence in 1991, Azerbaijan focused on strengthening its sovereignty, both on a political and economic level.

After being a part of Soviet Union for more than 70 years, one of Azerbaijan's most important foreign policy priorities was to develop relationships with Western actors, in particular the European Union. Following the EU's successful enlargement policy and the "color" revolutions in Ukraine and Georgia, Azerbaijan was included in the EU's European Neighborhood Policy (ENP) when it was launched to replace the TACIS program.<sup>6</sup>

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<sup>6</sup> Hug A. (2012), 'Spotlight on Azerbaijan,' *The Foreign Policy Centre (London)*. Available at <http://fpc.org.uk/publications/spotlight-on-azerbaijan> (Accessed: 23 February 2017).

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to peaceful settlement of the Armenia-Azerbaijan Nagorno-Karabakh conflict, empowerment of democratic institutions, support of balanced economic development with a focus on diversification of the domestic market, development of agriculture, and other principles.<sup>7</sup>

Although the EU aims to diversify its cooperation with Azerbaijan, there is no doubt that the energy cooperation remains the main priority of the partnership. Given the importance of Azerbaijani natural gas in improving European energy security and reducing dependency on Russian gas, the EU is seeking to integrate Azerbaijan (and other South Caucasus republics) into a pan-European energy market in order to liberalize and modernize its energy sector.

EU officials assured Baku that intensive energy cooperation would provide for speedier integration into the European energy market than has been borne out by the reality. As a part of this policy, the European Commission proposed the Southern Gas Corridor in 2008, intended to transfer natural gas from Azerbaijan’s Shah Deniz gas field to Europe via the South Caucasus Pipeline (SCP). The total investment of this initiative is estimated at \$45 billion. In 2006, Azerbaijan started to export around 8.6 billion cubic meters (bcm) of natural gas annually to Georgia and Turkey via the SCP.<sup>8</sup> “All eyes are on Azerbaijan on this day”, said Minister of Energy and Industry of Azerbaijan Natiq Aliyev during the recent Baku meeting of the advisory board of the Southern Gas Corridor.<sup>9</sup> Official Baku is seeking to leverage its importance as an energy producer in order to attract additional foreign investment in its energy sector, and develop east-west energy transit infrastructure amid economic turbulence.

The EU’s policy towards Azerbaijan shows that its geopolitical aims and priorities are aligned with Azerbaijan’s balanced integration policy. Unlike other regional countries, Azerbaijan

7 ENP EU – Azerbaijan Action Plan (2004) Available at: [https://eeas.europa.eu/sites/eeas/files/azerbaijan\\_enp\\_ap\\_final\\_en.pdf](https://eeas.europa.eu/sites/eeas/files/azerbaijan_enp_ap_final_en.pdf) (Accessed: 23 February 2017).

8 Trans-Adriatic Pipeline (2017) ‘Southern Gas Corridor.’ Available at: <https://www.tap-ag.com/the-pipeline/the-big-picture/southern-gas-corridor> (Accessed: 24 February 2017).

9 APA Information Agency (2017) “Natiq Əliyev: ‘Avropa ölkələrinin gözü Azərbaycandır’”. Available at: <http://apa.az/iqtisadiyyat-xeberleri/senaye-ve-energetika/natiq-eliyev-avropa-olkelerinin-gozu-azerbaycandadir.html> (Accessed: 24 February 2017).

has avoided adopting either the strict ideology of “Euro-Atlantic integration at all costs”, or the ideology of Russian supremacy. Instead, Baku attempts to combine and implement the best practices of both approaches in a way that reflects its national interests.<sup>10</sup> In addition to the EU, the other important regional player in the energy sector in the South Caucasus is Russia. Any developments in this sector must be considered against the backdrop of the confrontations between major powers. The deep engagement of the EU with the South Caucasus republics, in particular Azerbaijan, is undoubtedly a source of concern for Russia. Therefore, unlike its neighbors – Armenia, which is trapped between its traditional ties to Russia and Georgia, for whom integration into the Euro-Atlantic zone is its main priority, Azerbaijan has chosen its own geostrategic trajectory.

Thus although the EU is attempting to strengthen bilateral cooperation in the economic, cultural, and energy sectors, official Baku prefers to maintain a degree of distance in its relations with Brussels. On the other hand, Azerbaijani authorities do not hide their disappointment over the EU’s apathy towards the unresolved Nagorno-Karabakh conflict. Azerbaijan has been campaigning for the recognition of the illegal occupation of Nagorno-Karabakh region by Armenia for years. However, Baku faces what it considers to be double standards, and has accused Western countries of tacitly approving Armenian occupation of Nagorno-Karabakh. This issue was repeatedly highlighted by Baku following the illegal annexation of Crimea by Russia, which led to economic sanctions against Russia.

Azerbaijan believes that the same approach should be applied to Armenia in relation to its ongoing occupation of Nagorno-Karabakh. Ultimately, Baku would like the EU to explicitly recognize Azerbaijan’s territorial integrity in the same way it has done in regard to other territorial disputes in the EaP region, namely Moldova, Georgia, and most recently Ukraine. The attempt by the EU to maintain distinctions between - and thus different approaches to - these conflicts in terms of territorial integrity is not credible.<sup>11</sup> This raises a new question:

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10 Kamal A. (2013) ‘Azerbaijan’s Foreign Policy: Between East and West,’ *Istituto Affari Internazionali*, Available at: <http://www.iai.it/sites/default/files/iaiw1305.pdf> (Accessed: 24 February 2017).

11 Gotve G. (2016) Euractive “Azerbaijan’s rejection of EU association was an eye-opener for Brus-

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should the EU be more involved in the settlement of ongoing conflicts in the South Caucasus, in particular, Nagorno-Karabakh, considering that the aim of this organization is to contribute to the development of political and economic stability in the region? Perceptions of the EU's passivity and dissatisfaction with its overall position on the unresolved conflict contributed to negative tome in bilateral relations between 2014 and 2015.

However, in mid-2016, official Baku signaled its readiness to start talks for a new agreement. This long-awaited rapprochement coincided with a period of economic turbulence in Azerbaijan following the collapse in global oil prices. Thus, on 14 November 2016, the European Council adopted a mandate for the European Commission and the High Representative for Foreign Affairs and Security Policy to negotiate a comprehensive agreement with the Republic of Azerbaijan. The agreement will also

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extend cooperation to such new areas such as defense and security, as well as intercultural dialogue. Ultimately, Azerbaijan wants a strategic relationship based on mutual interests and objectives where interests are more narrowly and clearly defined.<sup>12</sup>

Thus it seems that despite its neutrality on key diplomatic issues, Azerbaijan needs the EU, which remains the country's leading trade partner. For Azerbaijan, Brussels is an increasingly important element in its balanced foreign policy strategy. The pro-Armenian foreign policies of neighboring Iran and Russia mean that Azerbaijan needs to cooperate with the EU. In order to resolve the Nagorno-Karabakh dispute, Baku requires more international support and engagement with Euro-Atlantic structures.

### *Conclusion*

Since the end of the Cold war and the fall of the Soviet Union, the EU has progressively increased its involvement in the South Caucasus, by establishing multilateral cooperation mechanisms

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sels' Available at: <https://www.euractiv.com/section/europe-s-east/news/azerbaijan-s-rejection-of-eu-association-was-an-eye-opener-for-brussels/> (Accessed: 24 February 2017).

12 European Commission (2016) 'Mandate for a new framework agreement with Azerbaijan, European Commission.' Available at: [http://ec.europa.eu/smart-regulation/roadmaps/docs/2016\\_eas\\_021\\_framework\\_agreement\\_azerbaijan\\_en.pdf](http://ec.europa.eu/smart-regulation/roadmaps/docs/2016_eas_021_framework_agreement_azerbaijan_en.pdf) (Accessed: 24 February 2017).



as well as specific models of engagement with individual countries. However, the EU still lacks a clear position or coherent policies for the region. As mentioned above, the EU policy towards the South Caucasus has produced limited results.

In the case of Azerbaijan, Baku has made clear its unwillingness to advance political agenda of Brussels, opting instead for cooperation in the fields of energy, economy and culture, which do not entail certain political obligations. Likewise, Azerbaijan decided to postpone the signing of its EU Association Agreement during the Vilnius and Riga summits. Obviously, Baku seeks to pursue a clear and balanced foreign policy that responds to the complexities of the current geopolitical environment, wherein Russia still maintains a decisive role. Baku has chosen to develop good relations both with Moscow and with Brussels based on common interests, while avoiding falling within the orbit of either of these powers. Thus, Azerbaijan is willing to cooperate with the EU on its own terms. Baku expects political support from the EU in realizing the mutually beneficial SGC project and resolving the Nagorno-Karabakh conflict, but to date the EU has failed to fulfill expectations in regard to the latter.

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