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EU-AZERBAIJAN RELATIONS, ENERGY AND ARMENIA-AZERBAIJAN CONFLICT

Abstract

Azerbaijan's relations with the European Union (EU) have developed progressively since the beginning of bilateral cooperation in the early 1990s. Since then, both sides have engaged in political discourse, commerce, investment, economy, and culture, etc. has done great work in the fields. Discussions on updating the framework of relations between Azerbaijan and the EU are almost over. The increased involvement of the EU in the South Caucasus after Russia's invasion of Ukraine in February 2022 has strengthened relations between the two sides. Throughout this period, the EU has taken the lead as a mediator in the peace talks between Armenia and Azerbaijan, organizing frequent high-level meetings between the two nations and achieving some important progress. The EU's support for Azerbaijan's territorial integrity had a significant impact on the development of relations between Baku and Brussels.

Keywords: *Europe, peace, aggressor, economy, investment*

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Xülasə

1990-cı illərin əvvəllərində ikitərəfli qarşılıqlı fəaliyyətə başlayandan Azərbaycanın Avropa İttifaqı (Aİ) ilə əlaqələri mütərəqqi şəkildə inkişaf etmişdir. O vaxtdan bəri hər iki tərəf siyasi diskurs, kommersiya, investisiya, iqtisadiyyat, mədəniyyət və s. sahələrdə çox böyük işlər görüb. Azərbaycan və Aİ arasında əlaqələrin çərçivəsini yeniləmək üzrə müzakirələr demək olar ki, başa çatıb. Rusiyanın 2022-ci ilin fevralında Ukraynaya təcavüzündən sonra Aİ-nin Cənubi Qafqazda artan iştirakı iki tərəf arasında əlaqələri gücləndirib. Aİ bütün bu müddət ərzində Ermənistan və Azərbaycan arasında sülh danışıqlarında vasitəçi qismində liderlik edib, iki xalq arasında tez-tez yüksək səviyyəli görüşlər təşkil edib və bəzi mühüm irəliləyişlərə nail olub. Bakı ilə Brüssel arasında əlaqələrin inkişafına Aİ-nin Azərbaycanın ərazi bütövlüyünü dəstəkləməsi əhəmiyyətli dərəcədə təsir edib.

Açar sözlər: *Avropa, sülh, təcavüzkar, iqtisadiyyat, investisiya*

Introduction

EU-Azerbaijan Relations Energy: Azerbaijan contributes significantly to the energy security of the European Union strategy due to its vast oil and gas reserves. The EU sees Azerbaijan as a crucial partner in decreasing reliance on Russia and broadening its energy sources, and ensuring stable energy supplies. Initiatives like the Southern Gas Corridor, which seeks to deliver gas to Europe from the Caspian Sea, highlight the strategic energy partnership between the EU and Azerbaijan. However, concerns about human rights issues in Azerbaijan have sometimes strained EU-Azerbaijan relations, leading to calls for greater transparency and democratic reforms from the EU.

Conflict between Armenia and Azerbaijan: In the South Caucasus, there has long been a disagreement between Armenia and Azerbaijan about the disputed territory of Nagorno-Karabakh. Despite a ceasefire agreement brokered by Russia in 2020, tensions remain high, and sporadic clashes continue to occur. The conflict has deep historical roots and is fueled by ethnic and territorial disputes. Finding a long-term resolution to the war has been difficult since both parties are adamant about Nagorno-Karabakh's status. There hasn't been a thorough settlement to the issue as of yet despite international mediation attempts, particularly those headed by the OSCE Minsk Group. The dispute remains a destabilizing factor in the region, with implications for regional security and stability.

EU-Azerbaijan relations.

EU-Azerbaijan relations have evolved significantly since Azerbaijan gained independence in 1991. Initially, the relationship focused on energy cooperation, particularly in the oil and gas sectors.

Beyond energy, the EU and Azerbaijan have engaged in various areas of cooperation, including trade, transportation, education, and culture. Azerbaijan has received financial and technical help from the EU for institutional and economic changes, as well as for programs that advance democracy, human rights, and the rule of law.

However, the relationship has also faced challenges, particularly concerning human rights issues and democratic governance in Azerbaijan. The EU has expressed concerns about restrictions on freedom of expression, the independence of the judiciary, and the treatment of civil society activists and political opposition members in Azerbaijan. These concerns have at times strained bilateral relations and led to the EU imposing targeted sanctions on individuals and entities in Azerbaijan (Rzayeva, 2013: 86).

Overall, EU-Azerbaijan relations are multifaceted, with cooperation in energy and other areas alongside ongoing dialogues and efforts to address areas of disagreement and promote democratic values and human rights.

The larger picture of relations between the EU and Azerbaijan. The relationship between the European Union (EU) and Azerbaijan encompasses various dimensions, ranging from energy cooperation to political dialogue, economic partnership, and efforts to promote democratic values and human rights. Here's a broader overview:

Energy Cooperation: Azerbaijan is a significant energy partner for the EU due to its vast oil and gas reserves. Initiatives such as the Southern Gas Corridor, designed to provide Caspian gas to Europe, emphasise Azerbaijan's strategic significance in the EU's energy diversification endeavours.

Trade and Economic Relations: The EU is one of Azerbaijan's main commercial partners, and the two have been negotiating the EU-Azerbaijan Partnership and Cooperation Agreement (PCA) to strengthen their economic relations. Economic cooperation, trade, and investment are only a few of the topics covered by the PCA (Ilyichev, 2023).

Political Dialogue and Cooperation: The EU and Azerbaijan engage in regular political dialogue on various regional and global issues, including security, conflict resolution, and cooperation in international organizations. However, differences in political systems and values, as well as concerns about human rights and democratic governance, have sometimes strained bilateral relations.

Human Rights and Democracy: Human rights and democracy remain significant aspects of EU-Azerbaijan relations. The EU has repeatedly called on Azerbaijan to improve its human rights record, including by addressing issues related to freedom of expression, the rule of law, and the independence of the judiciary. Dialogue on human rights forms a crucial part of the relationship, with the EU advocating for reforms and supporting civil society organizations in Azerbaijan (Memmedli, 2017: 58).

Civil Society and Interpersonal Relations: The EU supports civil society development and people-to-people contacts in Azerbaijan through various programs and initiatives. This includes

funding for civil society organizations, cultural exchanges, and educational programs aimed at promoting mutual understanding and cooperation between the EU and Azerbaijan.

Conflict Resolution and Regional Stability: The Nagorno-Karabakh dispute between Armenia and Azerbaijan is one of the regional issues that the EU supports attempts to settle. The EU backs the OSCE Minsk Group's work and promotes a peaceful settlement based on the values of international law, territorial integrity, and the right to self-determination, even if it is not directly involved in mediating the dispute (Chitak, Pala, 2016: 83).

In general, the relationship between the EU and Azerbaijan is marked by a combination of difficulties and collaboration, with both parties seeking to strengthen their alliance while resolving points of contention and advancing common values and objectives.

Trade and investment between EU-Azerbaijan. Trade and investment between the European Union (EU) and Azerbaijan have grown steadily over the years, although they have been affected by various factors, including geopolitical tensions and economic fluctuations. Here's an overview:

Trade Relations: The EU is one of Azerbaijan's largest trading partners. The trade relationship is primarily driven by energy exports from Azerbaijan to the EU, including oil and gas. In return, the EU exports machinery, transport equipment, and manufactured goods to Azerbaijan. The EU is also a significant market for Azerbaijani agricultural products, including fruits, nuts, and wine.

Trade Agreements: The EU and Azerbaijan are parties to the EU-Azerbaijan Partnership and Cooperation Agreement (PCA), which governs their trade relations. The PCA aims to promote economic cooperation, trade liberalization, and investment between the two parties. Azerbaijan also gains from the EU's Generalised Scheme of Preferences (GSP), which gives developing nations preferential access to the EU market.

Energy Cooperation: Energy cooperation is a cornerstone of EU-Azerbaijan trade relations. Azerbaijan is a key supplier of oil and gas to the EU, with projects like the Southern Gas Corridor enhancing energy security and diversification in Europe. The EU is also involved in supporting the development of Azerbaijan's energy infrastructure and promoting investment in its energy sector (Rzali, 2019: 89).

Investment: The EU is a significant investor in Azerbaijan, particularly in sectors such as energy, infrastructure, and telecommunications. Azerbaijani investment in the EU is also growing, albeit from a smaller base. However, investment flows between the EU and Azerbaijan have been influenced by factors such as regulatory environment, market access, and political stability (Springer, Berlin, Heidelberg, 2014: 417).

Challenges: Despite the potential for deeper trade and investment cooperation, there are challenges that both sides face. These include bureaucratic hurdles, legal and regulatory barriers, corruption, and concerns about the business climate and rule of law in Azerbaijan. Addressing these challenges is crucial for fostering greater economic integration and realizing the full potential of EU-Azerbaijan trade and investment relations.

In general, bilateral ties between the EU and Azerbaijan are greatly influenced by trade and investment, which fosters economic expansion, the creation of jobs, and mutual prosperity. In order to further deepen their economic collaboration in the future, efforts to resolve obstacles and improve cooperation in crucial sectors will be necessary (Aydın, 2014: 339-360).

Energy security EU-Azerbaijan. Energy security is a key aspect of the relationship between the European Union (EU) and Azerbaijan. Here's how energy security is addressed between the two:

Diversification of Energy Sources: In order to lessen its reliance on any one energy source, especially Russia, the EU is working to diversify its supplies. By offering other routes for the delivery of gas and oil to Europe, Azerbaijan plays a critical part in this plan, therefore improving energy security.

Southern Gas Corridor: Diversifying Europe's gas supply is the goal of the massive infrastructure project known as the Southern Gas Corridor (SGC). It entails building pipelines to deliver natural gas to Europe from the Caspian Sea region, which includes Azerbaijan. By opening

up a new channel for gas imports, the completion of projects like the Trans Adriatic Pipeline (TAP) within the SGC improves the energy security of the EU.

Bilateral Energy Cooperation: Azerbaijan is a significant energy partner for the EU, supplying natural gas to countries like Italy and Greece. Bilateral agreements and partnerships between the EU and Azerbaijan in the energy sector contribute to ensuring stable and reliable energy supplies for Europe.

Promotion of Renewable Energy: While Azerbaijan is known for its oil and gas reserves, there is also potential for cooperation between the EU and Azerbaijan in renewable energy. The EU supports initiatives to promote renewable energy sources in Azerbaijan, which can contribute to energy diversification and sustainability.

Regulatory Framework: The EU works with Azerbaijan to promote transparency, regulatory reforms, and market liberalization in the energy sector. These efforts aim to create a conducive environment for investment and ensure fair competition, which are essential for enhancing energy security.

Political Stability and Regional Cooperation: Azerbaijan's and the region's political stability is essential to maintaining the supply of energy resources to Europe. The EU supports efforts to promote stability, security, and cooperation in the South Caucasus region, which contributes to overall energy security objectives.

The EU and Azerbaijan's collaboration on energy security is comprehensive and includes infrastructure development, regulatory changes, and regional cooperation initiatives. By working together, both parties aim to enhance energy security and contribute to the stability and prosperity of the region (Şıxəlizadə, 2020: 56).

Karabakh conflict after Azerbaijan-Armenia post-war period.

The 2023 Nagorno-Karabakh conflicts, originally known as the Anti-Terror Operation, was a military operation that took place on September 19, 2023, as a result of a military operation launched by Azerbaijan against the de facto Nagorno-Karabakh Republic, which is internationally recognized as a part of Azerbaijan but controls the region where the Armenian population lives. Azerbaijan defined the operation as "an antiterrorist operation organized to establish constitutional order in the Nagorno-Karabakh region (Chang, Yao, 2012: 35).

The background of the Azerbaijan-Armenia War. The conflict between Azerbaijan and Armenia has deep historical roots and is primarily centered around the disputed region of Nagorno-Karabakh. Here's a brief overview of the background of the Azerbaijan-Armenia war:

Historical Context: The majority population of Nagorno-Karabakh, a hilly area inside Azerbaijan's internationally recognized boundaries, is Armenian. Nagorno-Karabakh was an independent region of the Azerbaijan Soviet Socialist Republic under the Soviet Union. Tensions remained, meanwhile, between the local communities of Armenians and Azerbaijanis.

Disintegration of the Soviet Union: Following the fall of the Soviet Union in 1991, Azerbaijan and Armenia both proclaimed their independence. The status of Nagorno-Karabakh became a central issue, as the region's Armenian population sought to break away from Azerbaijan and join Armenia, leading to escalating tensions and violence (Merdan, 2019: 339).

Outbreak of Conflict: In 1988, violent clashes erupted between Armenians and Azerbaijanis in Nagorno-Karabakh, followed by a full-scale war in 1992. The conflict resulted in significant loss of life and displacement of populations on both sides. With Armenia's help, the Armenian army took control of Nagorno-Karabakh and some other neighbouring Azerbaijani regions.

Ceasefire and Stalemate: In 1994, a ceasefire agreement brokered by Russia was signed, ending the active phase of the war. But the fighting never ended, with Armenian troops still holding de facto authority over Nagorno-Karabakh and the neighbouring areas. The OSCE Minsk Group, which is co-chaired by France, Russia, and the United States, has been mediating efforts to negotiate a comprehensive peace accord, although these efforts have not been effective thus far. (Valiyev, Mamishova, 2019: 280)

Periodic Escalations: Despite the ceasefire, sporadic clashes and skirmishes have continued to occur along the Line of Contact separating Armenian and Azerbaijani forces, leading to casualties and further tensions. Efforts to negotiate a peaceful resolution have been complicated by deep-seated distrust, nationalist sentiments, and conflicting territorial claims.

Escalation in 2020: The conflict saw a significant escalation in September 2020 when heavy fighting broke out between Armenian and Azerbaijani forces over Nagorno-Karabakh and surrounding areas. The clashes resulted in hundreds of casualties on both sides and led to the deployment of Russian peacekeepers to monitor the ceasefire and stabilize the situation.

In general, the Azerbaijan-Armenia war is defined by intricate historical, ethnic, and geographical elements; persistent tensions and recurring violent outbursts are fueled by long-standing grievances and unresolved concerns. For all parties involved as well as the international community, achieving a durable peace and ending the conflict remain very difficult tasks.

The impact of the Karabakh conflict on Azerbaijan-European Union relations and the energy sector. The Nagorno-Karabakh conflict has had several impacts on Azerbaijan-European Union (EU) relations and the energy sector:

Political Relations: The political ties between Azerbaijan and the EU have been impacted by the conflict. Although the EU has urged for the Nagorno-Karabakh conflict to be resolved within the bounds of international law and supports Azerbaijan's territorial integrity, its position on the war may have an impact on the EU's overall relationship with Azerbaijan. The dynamics of ties between the EU and Azerbaijan might be influenced by attempts to mediate and end the war, such as those made by the OSCE Minsk Group, which is co-chaired by France, Russia, and the US (Aydin, 2014: 38).

Energy Cooperation: The Nagorno-Karabakh conflict has implications for energy cooperation between with specifically, Azerbaijan and the EU with relation to the Southern Gas Corridor (SGC). In order to provide Caspian natural gas to Europe, the SGC travels through regions that are near the war zone. The stability and security of energy infrastructure, including pipelines and transit routes, become critical concerns in the wake of regional conflicts. Any disruption or instability resulting from the conflict can affect energy flows and investment in the energy sector, impacting Azerbaijan's role as an energy supplier to Europe.

Investment and Economic Impacts: The conflict and its aftermath can affect investment and economic cooperation between Azerbaijan and the EU. Political instability and security concerns in the region may deter investment in energy projects and other sectors. Additionally, economic sanctions or restrictions imposed by the EU in response to the conflict can have repercussions on trade and investment flows between Azerbaijan and EU member states (Makoto, 2018).

Regional Stability: The Nagorno-Karabakh conflict and its resolution have broader implications for regional stability and security in the South Caucasus. Instability in the region can affect neighboring countries and have wider geopolitical ramifications. The EU is strategically interested in fostering security and peace in its neighbourhood, and the settlement of the Nagorno-Karabakh conflict can help achieve these goals.

In general, there are several intersections between the Nagorno-Karabakh conflict and the aspects of Azerbaijan-EU relations related to politics, economy, and security. The resolution of the war and the advancement of regional stability are essential if Azerbaijan and the EU are to deepen their collaboration, particularly in the energy sector.

Conclusion

To sum up, the conflict between Armenia and Azerbaijan continues to be a major issue in the South Caucasus. In essence, the war concerns the status of the area known as Nagorno-Karabakh. There are historical and ethnic foundations to the land conflict between the two parties.

Nagorno-Karabakh was an autonomous region of Azerbaijan during the Soviet Union, but the Armenian population was in the majority. Following the Soviet Union's collapse, conflicts began in the region in 1988, and after Azerbaijan and Armenia declared their independence in 1991, the

conflict became even more intense. Following the conflict that lasted from 1992 to 1994, Armenia gained authority of Nagorno-Karabakh and a sizable portion of the neighbouring Azerbaijani territories.

Despite the signing of a ceasefire deal in 1994, the conflict's primary cause the status of Nagorno-Karabakh remained unresolved. During the periods when the conflict continued, border clashes and violent incidents occurred from time to time. In 2020, the major conflict that took place in September ushered in a new era against the long-standing status quo.

In addition to this conflict, another important issue affecting the relations between Azerbaijan and Armenia is energy policy. Rich in energy resources, Azerbaijan is viewed as a crucial component of the EU's energy security policy. Projects like the Southern Gas Corridor, in particular, are significant infrastructure investments that transport natural gas from Azerbaijan to Europe. Because of this, Azerbaijan is an important ally in Europe's drive to diversify its energy supplies.

However, the Armenia-Azerbaijan conflict creates regional instability and poses risks on energy transmission lines. Therefore, conflict resolution and regional peace are important for both the stability of the South Caucasus and the energy security of Europe. The international community strives for a peaceful resolution of the conflict and encourages the parties to sit at the negotiating table.

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