The EU and Azerbaijan: Game on for a more normative policy?
Gela Merabishvili
No. 329, March 2015

Key points
The contradictory interests of the EU and Azerbaijan have brought negotiations on their contractual relations to a halt. The EU’s dependence on Azerbaijan’s rich energy resources has weakened the normative dimension of its policy towards Azerbaijan, rendering it incapable of countering rejection of democratic reform by Azerbaijan’s authorities. While the EU’s current approach seems to favour a more pragmatic focus on energy cooperation, this policy brief argues that a combination of normative obligations and pragmatic interests is required – implemented through leverage over Azerbaijan and a better coordination of this policy across the EU member states and institutions.

Recommendations

- The Council and the Commission should tie progress in energy cooperation to the improvement of human rights in Azerbaijan.
- HR/VP Mogherini should coordinate communication towards Azerbaijan more closely across the Commission and ensure that human rights issues are better represented in energy and neighbourhood relations.
- The Council should set specific benchmarks, focusing on the release of political prisoners in the months before the European Games scheduled for June in Baku, and discourage high-level EU officials from attending the Games if Azerbaijan fails to comply with these conditions.
- Once the release of political prisoners is achieved, the Council should work with the government of Azerbaijan on the gradual improvement of a legal basis for the activities of NGOs and the media. This effort should not be overburdened by ambitious and comprehensive democratisation programmes but be based on realistic and achievable targets with low political cost for Azerbaijan.
- The EU Latvian presidency and HR/VP Mogherini should communicate the pragmatic nature of this policy and avoid the EU being perceived as a hostile actor by the government of Azerbaijan.
- The EU Special Representative for the South Caucasus should assume the role of facilitator between civil society and the government in Azerbaijan and create opportunities for both parties to discuss policy issues.
- The European Commission should increase its direct support to local media and civil society and thereby encourage their participation in Azerbaijan’s policy-making.
1. Current state of cooperation

Azerbaijan stands out among the six Eastern European countries that joined the EU’s Eastern Partnership (EaP) in 2009. Moldova, Ukraine, and Georgia have signed Association Agreements and have their minds set on membership in the EU. Armenia and Belarus have opted for joining the Eurasian Economic Union, but Yerevan still pursues the political part of the EU Association Agreement. Azerbaijan, however, shows no interest in moving towards either of these blocs.

In line with the country’s lack of interest in membership, the EU’s policy towards Azerbaijan since 2009 has merely aimed at broad bilateral political and economic integration through the Association process. Azerbaijan was thus supposed to adopt and implement EU norms on human rights and democracy, as well as trade-related standards to gain free access to the EU single market and the Schengen area. Both the negotiation processes in which the EU has been engaged with Azerbaijan; on the Association Agreement (AA) since 2010 and on the Strategic Modernisation Partnership (SMP) since 2013, have entered gridlock after years of slack, limited compliance with EU norms by the Azerbaijan government, and even less, if any, engagement with local civil society groups.

The only meaningful and positive outcomes of this process are the agreement between the European Commission and the Azerbaijan government on the supply of 10 billion cubic metres of Azeri gas to Europe starting in 2019, and the Visa Facilitation Agreement, which simplifies the procedure for obtaining the Schengen visa for the citizens of Azerbaijan. Yet, as the European Commission’s recently published progress report states,

“achievements were overshadowed by regression in most areas of deep and sustainable democracy, human rights and fundamental freedoms. The frequency of political dialogue between the EU and Azerbaijan also decreased, and this had a knock-on effect on the formal human rights dialogue”.

Today Azerbaijan is as distant politically and economically from the EU as it was at the beginning of Association negotiations, while the governance system has become more authoritarian, repressive and un-European over the past few years.

Why has EU policy fared so poorly in Azerbaijan, and what can the EU do to break the impasse and reverse the crackdown on media and civil society in the country?

2. The view from Baku

Azerbaijan’s scope of interests with regards to cooperation with the EU is quite narrow. The country is currently not eligible to conclude the DCFTA due to its non-membership of the WTO. More importantly, Azerbaijan has no interest in the agreement because the DCFTA-implied market liberalisation, which promotes private business, threatens the monopolistic nature of Azerbaijan’s economy that benefits the elite ministers and senior officials in the presidential administration who own large businesses and

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enjoy monopoly over various sectors of economy. Similarly, the government of Azerbaijan sees more risk than gain in carrying out political reforms that would promote democracy and the greater engagement of civil society in policy-making. The fear of an active civil society intensified after the EuroMaidan movement, which resulted in a defeat of the regime of Viktor Yanukovich in Ukraine. And frequent Baku-imposed travel bans on members of its civil society further demonstrates that a visa-free regime with the EU does not necessarily conform to the interests of the government.

Instead, Azerbaijan seeks partnership with the EU in the security and energy sectors. In the former, Baku expects Brussels to unequivocally and consistently support Azerbaijan’s territorial integrity, as in the case of Moldova, Georgia, and Ukraine. Azerbaijan also wants to see a more prominent EU role in the settlement of the Nagorno Karabakh conflict. In the energy sector, Baku presents itself as a viable solution to the EU’s energy diversification challenge and seeks completion of the Southern Gas Corridor, through which it can supply Caspian gas to Europe.

These two issues – Nagorno Karabakh and gas – represent the backbone of what the government in Baku likes to call a ‘strategic partnership’ with the EU. The word ‘strategic’ is intentional. Not only does it underline that cooperation in fields such as energy and security is strategic in nature, more importantly it reveals Baku’s wish to present EU-Azerbaijan cooperation as a partnership of equals.

Baku’s preferred concept of a business/security partnership of equals distances Azerbaijan from the Association partnership that exists between the EU and other EaP countries, and resembles the EU’s existing strategic partnerships. The Association model is undesirable for Azerbaijan because of its asymmetric nature, which allows the EU to criticise the Eastern partners for their non-compliance with democratic norms. The strategic partnership model is preferred because it largely ignores levels of democracy and human rights in the EU’s partner countries. Among the EU’s strategic partners are not only democratic Canada, USA, and Japan, but also authoritarian Russia and China.

President Ilham Aliyev therefore seeks to gain both international and domestic legitimacy for its government through such a strategic partnership with the EU. The Azerbaijan government is in fact already using the EU for domestic legitimacy, albeit in the opposite sense. The government has labelled the local NGOs and media that are critical of Aliev’s authoritarian regime as “fifth column”. In the narrative created by the regime, these human rights activists serve the goals of a Western plot against the government of Azerbaijan. The image of the West as enemy is cultivated because the most vocal international critics of the Aliev government are the US and the EU themselves, or are based there. The creation of this enemy image, of which the EU is part, legitimises the regime’s increasing repression. Should the Brussels institutions and officials stop public criticism of human rights violations and form the kind of strategic partnership that is pursued by Baku, the image of the EU would diametrically change. The legitimising function of such an EU, however, would not.

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The rise of the regime’s anti-Western rhetoric coincides with Baku’s recent warming of relations with Moscow. Armenia’s infamous U-turn towards membership of the Eurasian Economic Union in September 2013 could be viewed as a cautionary tale for EU-Azerbaijani relations. For this reason, supporters of the EU’s pragmatic approach would see merit in keeping Azerbaijan engaged with the EU and away from Russian dominance. However, the fear of Azerbaijan joining the EEU is exaggerated and can be disregarded, for several reasons. First, Russia has considerably less economic, political, energy or security leverage over Azerbaijan than over Armenia, and cannot therefore dictate the terms of Baku’s engagement with the EU. Second, the Azerbaijani-Russian rapprochement can be interpreted as Azerbaijan’s defensive response to Russian pressure to join the Eurasian Union. Third, Baku’s deepening cooperation with the Kremlin has its limits and contains risks. Aliev has to ensure that strengthening ties with Putin’s Russia will not get out of his own control and will not transform into dependency on his northern neighbour. For this reason, Azerbaijan’s need for partnership with the EU has become stronger, not weaker. The country needs the EU to balance Russia, and vice versa: Baku uses the argument about the geopolitical threat of Russia to gain undeserved concessions from the EU.

3. The view from Brussels

Member state level

Azerbaijan’s rich energy resources and poor human rights record has created a split among the EU member states that are the ultimate deciders on what kind of relations the EU is going to have with Azerbaijan. Member states perceive Azerbaijan through the prism of their own national interests, which guide their bilateral relations with Baku. Those countries that prioritise the promotion of human rights in their foreign policy, notably the Nordic countries, have often been seen as critical of the Aliev government’s violations of civil liberties. Sweden’s former Foreign Minister Carl Bildt was particularly vocal in this regard. Margot Wallström, Bildt’s successor, has so far maintained this line, publicly condemning the restrictions on freedom of speech in Azerbaijan. At the other end of the spectrum, Hungarian Prime Minister Viktor Orban characterised Azerbaijan as a “model country” after signing a Joint Declaration on Strategic Partnership with President Aliev in November 2014. Hungary expects to receive a share of Azerbaijani gas through the Southern Gas Corridor. Among the large member states Italy is the major beneficiary of the planned gas pipeline and views Azerbaijan primarily in terms of trade and energy cooperation. The two countries strengthened their relations in July 2014, when Matteo Renzi and Ilham Aliev signed a Joint Declaration on Strategic Partnership. Italy also happens to be Azerbaijan’s largest trade partner, accounting for one-quarter of the latter’s exports in 2013. Another big member state, the UK, represents the largest source of foreign investment in Azerbaijan, amounting to 52% of the country’s FDI in 2012. The presence of Italy’s ENI and the UK’s BP as the two major foreign players in Azerbaijan’s oil and gas sector indicates that the priorities of the UK and Italy towards Azerbaijan lie in the energy sector. Critical statements by the UK Foreign and Commonwealth Office over the repression of human rights in Azerbaijan are rare and usually limited to the expression of concern, which underpins this conclusion.

14 Foreign and Commonwealth Office, 2014 (www.gov.uk/government/news/foreign-office-
The ‘energy vs. human rights’ dichotomy explains why Azerbaijan has been such a hard case for EU countries to crack unanimously. It also explains why the EU managed to impose sanctions on Belarus, which has “only” six prisoners of conscience at the moment, but not on Azerbaijan, where the number of prisoners of conscience varies between 22 and 129, according to various estimates; or why the Union managed to formulate more or less coherent common policies towards five other EaP countries, but not towards Azerbaijan.

**Institutional level**

Enhancing democratic governance abroad is not only one of the pillars of the ENP, it also represents a constitutional obligation under the EU Treaty. As a guardian of the Treaties, the European Commission has to ensure that the Union maintains both its normative credibility and lucrative partnership. This is why the EU as a whole, unlike Hungary, should not ignore the repression of human rights in Azerbaijan. Yet neither can it disregard strategic energy interests, unlike Sweden, which has practically nothing to gain from the EU-Azerbaijan gas cooperation.

The European Commission’s track record of engagement with Azerbaijan in recent years shows that the institution tried to strike a balance between the two options. Yet the balancing act was poorly managed and incoherent. Former Commissioner for Enlargement and Neighbourhood Policy Štefan Füle was seen to be more unequivocal on the human rights issue, while Jose Manuel Barroso and Herman Van Rompuy tended to take a softer line. Former HR/VP Catherine Ashton, meanwhile, was somewhat inert over Azerbaijan. Moreover, while former Commissioner for Digital Affairs Neelie Kroes strongly criticised the repression of media freedom in Azerbaijan, former Commissioner for Energy Gunther Oettinger emphasised strategic partnership with Baku, yet turned a blind eye to human rights violations.

Since the change of guard at the EU, the lack of coordination seems to be less of an issue but the lack of a balanced approach has become more visible. New presidents of the European Council Donald Tusk and the Commission Jean-Claude Juncker, as well as new Commissioner for Neighbourhood Policy Johannes Hahn, have been mute over the worsening human rights situation in Azerbaijan since assuming their posts. The fact that the highest EU official to visit Azerbaijan since the formation of the new Commission and Council is Commissioner for Energy Maroš Šefčovič, who has twice travelled to Baku since assuming the post in November 2014, shows that the Commission and the Council have so far disregarded the human rights issue, focusing instead on an easier target; energy cooperation, where the interests of Brussels and Baku meet.

According to the newly unveiled Energy Union Package, the diversification of gas supply is one of the core goals of the European Commission and Azerbaijan plays an important part in this strategy. The EU is set to “use all its foreign policy instruments to establish strategic energy partnerships with increasingly important producing and transit countries”, Azerbaijan.

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among them. Second, commenting on the current review of the European Neighbourhood Policy, High Representative Federica Mogherini stated that the EU

“need[s] to move from an approach that has been very much based on the judgement on the evaluation of the progress in our relationship [...] to a more cooperation oriented approach between equal partners.”

Commissioner for Neighbourhood Policy Johannes Hahn provided more clarification:

“We need not cover every sector with every partner. For those who do not currently want to engage deeply, let’s narrow the focus to make our partnerships more effective.”

This must be music to the ears of Azerbaijan’s leadership. Even if such comments by EU officials do not intend to play down the importance of human rights situation in Azerbaijan, the government in Baku will interpret them as such, especially in conjunction with the goals of Energy Union Package.

Moreover, a purely pragmatic approach would certainly contradict the pledge made by Mogherini during her parliamentary hearing in October 2014, when she referred to human rights as a compass in all her relations with third countries. With specific reference to Azerbaijan at that time she said that

“precisely because we are investing a lot on energy with Azerbaijan, we need to stress even more the need to respect human rights, especially in the fields of media and political activists.”

Since then, her spokesperson has made two statements on the issue. In the first, mild condemnation of the Azerbaijani authorities for the arrest of investigative journalist Khadija Ismailova fell short of demanding her release.

The second statement was even more diplomatic, mentioning the government’s decision to close the Baku bureau of Radio Free Europe/Radio Liberty, while commending President Aliyev for pardoning several political prisoners. The statement did not mention that many more are still behind bars. We should not be surprised if the government of Azerbaijan perceives such soft censure as tacit approval of its neglect of human rights and sees no obligation to respect its international commitments to fundamental freedoms.

The European Parliament, on the other hand, has expressed a more solid position. In its resolution of 18th September 2014, the EP made its support for signing the Strategic Modernisation Partnership conditional on the release of human rights defenders and the overall improvement of media freedom and protection of human rights. It also urged the Commission, the EEAS, and the Council to focus on the issue of politically motivated detentions, to cease all assistance to Azerbaijan that is not oriented to human rights and civil society empowerment, and to consider targeted sanctions if the repression persists.

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According to Green Party MEP Paolo Bergamaschi, the Azerbaijani lobby in the EP has been increasingly marginalised: “[t]hey don’t dare say anything because the opposition to the crackdown has grown very strong”. This makes the Parliament the strongest defender of the EU’s normative agenda, but its policymaking power in foreign policy is secondary to the EEAS, to the Commission, and the Council.

4. A pragmatic approach to normative goals

Two conclusions can be drawn from the overview of the two sides’ positions. First, “[t]he EU-Azerbaijan relationship is a tale of mismatched objectives and ambitions”. In other words, the goals of EU policy are either not interesting for the government of Azerbaijan, or directly oppose the latter’s objectives. Second, the lack of coordination and consensus among member states and across and within the institutions over human rights issue in Azerbaijan prevents the EU from exercising a sufficiently strong policy tool to overcome Azerbaijan’s unwillingness to reform.

A strong and adequate human rights policy towards Azerbaijan should include two new elements. The first is energy. The coupling of energy and human rights both strengthens the EU’s bargaining position and stems from the Union’s guiding principles. The planned 10 bcm of gas delivery from the Caspian Sea to Europe meets only 2% of the total EU gas demand, while it exceeds the current volume of total gas exports of Azerbaijan, which was a little more than 7 bcm in 2013. Moreover, Azeri gas will primarily benefit Italy, which is one of the least dependent member states on Russian gas supply and in no urgent need of supply diversification. Second, the EU Strategic Framework on Human Rights lists energy among the areas of external action in which the EU “will integrate the promotion of human rights”. The document states that “[t]he EU will place human rights at the centre of its relations with all third countries, including its strategic partners” which further indicates that strategic nature of bilateral cooperation aspired by Aliev’s government does not relieve the EU of the obligation to promote human rights in Azerbaijan (cf. also Articles 8 and 21 TEU). In official visits to Baku the EU should be represented not only by Energy Commissioner Šefčovič, but also by Neighbourhood Policy Commissioner Hahn and/or High Representative Mogherini. This is both a symbolic gesture and a practical way to ensure that cooperation on energy would be accompanied by negotiations on human rights. Whether or not the two sides manage to revive negotiations on the Association Agreement or Strategic Modernisation Partnership, or decide to pursue a new format of contractual relationship, the formula of ‘gas + human rights’ should guide EU policy.

The second element is public criticism. The EU’s normative power and its influence on public opinion make the Union a strong soft power actor, especially in the neighbourhood. Azerbaijan is particularly sensitive about its international reputation and has been investing huge sums of money on acclaimed lobby firms to promote its image abroad, which makes Azerbaijan strongly dependent on the Union’s public rhetoric. The upcoming European Games, a continent-wide Olympic tournament to be held in Baku in June, is a matter of pride for Ilham Aliev and provides the EU with

25 Azadliq, “Either We Have Concrete Signs or Voices in the European Parliament Calling for a Boycott Will Grow Stronger”, 2015 (www.azadliq.org/content/article/26790132.html).


appropriate leverage. Refusal by the EU and its high officials (excluding the heads of member states) to attend the Games due to the worsening democratic climate would be a serious blow to a carefully nurtured international image, and thus represents a good bargaining chip for the EU. Linking human rights with energy and public criticism creates a condition in which Azerbaijan’s compliance to the EU norms brings benefit for both sides, while non-compliance leaves the country worse off. Seeking to export its gas to Europe and maintain international legitimacy, the government of Azerbaijan would be more encouraged to protect human rights by this strategy than before.

While the European Parliament’s September resolution provides a basis for this policy, it is up to Mogherini and the EEAS to develop it into a policy initiative that will represent the Union with a single voice. However, to ensure the actual existence of this single voice, it is necessary to bring those member states and parts of the Commission on board who generally oppose a strict normative approach towards Azerbaijan. Since Latvia enjoys closer ties with Azerbaijan and has defined both the Eastern Partnership and Central Asia as foreign policy priorities of its Presidency of the European Council, the Latvian presidency and upcoming Eastern Partnership summit in May in Riga represents an opportunity to push for the formulation of a common position in the Council. Limiting the policy tools to EU public criticism and the possibility to cancel official visit to the European Games, while excluding the sanctions option, could be a compromise solution that garners support from all member states. Similarly, HR/VP Mogherini should more closely coordinate communication towards Azerbaijan across the Commission and ensure that human rights issues are better represented in energy and neighbourhood relations.

The success of this policy tool very much depends on how this conditionality is communicated to Azerbaijan. To mitigate the risk that the government of Azerbaijan perceives public criticism as an attempt at international marginalisation or regime change, shared values such as Azerbaijan’s secular character, religious freedom in the country, its stable economic growth and independent foreign policy, should also be emphasised. Here the role of Latvian presidency and HR/VP Mogherini is crucial to present EU policy not as an ultimatum, but as a serious recommendation, which lays the foundation for pragmatic partnership between the EU and Azerbaijan. To underline the pragmatic nature of this strategy, the policy has to include specific benchmarks, starting from the release of political prisoners, preferably to be negotiated before the European Games start in June, continued by gradual legal reform to repeal the restrictions on media and civil society organisations. The strategy should avoid demands for ambitious and comprehensive democratic reforms that would be politically very costly for Aliyev’s government. Instead the EU should focus on small achievements in the field of human rights and civil liberties that will be easier for the government of Azerbaijan to swallow.

The European Union Special Representative for the South Caucasus, a position currently held by Herbert Salber acting under the authority of the High Representative, should play a greater role in facilitating dialogue between the government and civil society in Azerbaijan, thereby contributing to more participatory policy-making in the country. His mandate requires him “to contribute to the implementation of the Union’s human rights policy” and “develop contacts with governments, parliaments, other key political actors, the judiciary and civil society in the region”. For example, Peter


Semneby, the EU Special Representative for the South Caucasus between 2006 and 2011, often acted as a facilitator between the government and opposition parties during the numerous political crises in Georgia.

Such diplomacy can be accompanied by increased financial support for local NGOs and media, which has already been underway since the final months of the previous Commission. In 2014, the EU committed €21 million for education and civil society through the European Neighbourhood Instrument (ENI) and an additional €3 million to support 14 projects on democracy and human rights carried out by local NGOs in partnership with foreign counterparts. Such an EU effort is often limited by the government-set legal restrictions on civil society organisations. The best way to counter the restrictions and increase EU presence in Azerbaijan is to bring more of Azerbaijan to the EU: more Erasmus-type scholarships for Azerbaijani students in European universities will create a more positive image of the EU in the country. The Commission and the Council can also start to think about revoking a visa regime for certain citizens of Azerbaijan, such as those affiliated with NGOs and the media, etc., despite the fact that the government does not meet the EU-set criteria and has not yet started a Visa Liberalisation Action Plan; the final step towards a visa-free regime. Such a move would first and foremost benefit the civil society of Azerbaijan.

These measures will help to increase public support for the EU integration in Azerbaijan, which is lower (34%) than in neighbouring Armenia (40%) and Georgia (65%). With greater public interest in the EU it will be harder for the government of Azerbaijan to ignore burgeoning pro-EU public opinion, which means more accountability and a higher chance of Baku’s compliance with EU norms. In a wider geopolitical context, the improvement of human rights in Azerbaijan and the country’s political and economic rapprochement with Europe could have a positive effect on Iran and Central Asia. It could also strengthen the EU’s position in the region.


