

FACULTY OF BUSINESS, MANAGEMENT AND ECONOMICS

EUROPEAN STUDIES MASTER STUDY PROGRAM

EU EXTERNAL RELATIONS WITH A FOCUS ON EASTERN EUROPE AND RUSSIA

THE EUROPEAN UNION AND AZERBAIJAN RELATIONS IN THE CONTEXT OF
EUROPEAN NEIGHBORHOOD POLICY

MASTER THESIS

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LIST OF ABBREVIATIONS

AP- Action Plan

CIS- Commonwealth of Independent States

CSP- Country Strategy Paper

DHR- Democracy and Human Rights

EaP- Eastern Partnership Program

EDIHR- European Instrument for Democracy and Human Rights

ENP- European Neighborhood Policy

ENPI- European Neighborhood Policy Instrument

ERSP- Energy Reform Support Program

EU- European Union

GDP- Gross Domestic Product

INOGATE- Inter-State Oil and Gas to Europe

JHA- Justice and Home Affairs

MoU- Memorandum of Understanding

OSCE- Organization for Security and Cooperation in Europe

SGC-Southern Gas Corridor

TACIS- Technical Assistance to CIS countries

TANAP- Trans-Anatolian gas pipeline

TAP- Trans Adriatic Pipeline

TRACECA- Transport Corridor Europe-Caucasus-Asia

WTO- World Trade Organization

Annotation

This research is evaluation of bilateral Relations between Azerbaijan and the European Union. The author has analysed multidimensional aspects of mutual relations between Azerbaijan and the European Union such as economic, energy, trade and political. This research also emphasizes range of policies adopted by European Union toward Azerbaijan, namely European Neighborhood Policy and Eastern Partnership Program. Author also uses empirical analysis for evaluating degree of economic and trade relation between Azerbaijan and the European Union. Theoretical and analytical research is made on implementation of the European Neighborhood Policy Action Plan for Azerbaijan. In addition to this, author uses statistical comparison of several economic indicators of European Union with its Eastern Partnership countries. Author discusses future perspectives of bilateral relations between Azerbaijan and the European Union by use of expert survey of professionals in the field. This research is distinctive in its discussion of several aspects of mutual cooperation between Azerbaijan and the European Union. The purpose of this study is to show future perspectives of bilateral relations between Azerbaijan and the European Union.

Anotācija

Šajā pētījumā tiek izvērtētas Azerbaidžānas un Eiropas Savienības (ES) divpusējās attiecības. Pētījuma autore analizējusi šo attiecību daudzpusību, kas izpaužas tādās sfērās kā ekonomika, enerģētika, tirdzniecība un politika. Šis pētījums arī uzsver virkni ES pieņemtu politiku, kas saistītas ar Azerbaidžānu, tostarp Eiropas kaimiņattiecību politiku un Austrumu Partnerības programmu. Autore izmantojusi arī empīrisku analīzi, lai izvērtētu cik ciešas ir Azerbaidžānas un ES ekonomiskās un tirdzniecības saites. Ar teorētisku un analītisku pētījumu vērtēta Eiropas Kaimiņattiecību politikas rīcības plāna īstenošana Azerbaidžānā. Autore salīdzinājusi galvenos ekonomiskos statistikas datus starp Eiropas Savienību un tās Austrumu partnerības valstīm. Pētījumā analizētas ES un Azerbaidžānas abpusējo attiecību nākotnes iespējas, iekļaujot nozares profesionāļu viedokļu apskopojumu, kas iegūti ekspertu aptaujā. Šis pētījums izceļas ar to, ka tajā ir izvērtēti vairāki ES un Azerbaidžānas abpusējās sadarbības aspekti. Pētījuma mērķis ir parādīt Azerbaidžānas un ES perspektīvas uzturot divpusējas attiecības.

Keywords

European Union, European Neighborhood Policy, energy, bilateral relations, Action Plan, Ukraine, Eastern Partnership Program, diversification.

INTRODUCTION

Regional integration is one of the main tendencies in current international relations. Being part of integration process is basically uttered by the states' willingness to establish close economic ties which will take further integration in political relations that ultimately creates political union and enables to be economically and politically stable against exterior threads and hazards. In this regard, now the European Union is the sample of strongest integration outcome in the world, and it keeps enlarging via accession of new member states.

This master's thesis is aimed at analyzing the integration processes between the European Union and Azerbaijan. The objectives of this paper are particularly significant since Azerbaijan is a major oil and gas supplier and the European Union has been planning to diversify its energy resource supplies and seeks to achieve higher energy security. Therefore, the European Union and Azerbaijan makes an active cooperation in the economic area, and their integration could possibly bring considerable advantages to both parties.

The **goal** of author's research is to investigate bilateral relations of Azerbaijan and the European Union in various cooperation areas such as economic, trade, politics and diplomacy, in order to answer several main questions and to provide recommendations for future of relations between Azerbaijan and the European Union. Author analyzes the nature of relations between two Azerbaijan and the European Union, and the key preconditions supporting such relations. To make a comprehensive analysis, author compares the relations of Azerbaijan with the European Union with the bilateral relations of the European Union particularly with Ukraine and all other eastern neighbors, namely Moldova, Belarus, Georgia and Armenia.

Topic characteristics - This master thesis concentrates on international relations and economic relations between Azerbaijan and the EU within the context of European Neighborhood Policy. Political and economic relations between countries have always been key factors of relations for geopolitical figures. From the theoretical approach, theories of international relations have been sought to analyze and study the key factors of cooperation through classical and contemporary theory perceptions between geopolitical units by drawing our attentions to the various aspects of cross-border relations. This thesis is a study of theoretical and practical characteristics of cooperation between Azerbaijan and the European as well as theoretical reasoning of this relations. In this research author analyses the main factors of European Neighborhood policy toward Azerbaijan and to compare similarities and differences between other regional countries: Ukraine, Moldova, Georgia, Belarus and Armenia. This might be argued that international relations between Azerbaijan and the EU is not necessarily important compared to other regional countries such as Ukraine and Moldova as they have direct border with members of EU, however, these relations have their significance in all outlines of cross-border cooperation: political, diplomatic, economic and trade.

Research Question 1: What are the characteristics of relations between Azerbaijan and the EU? What are the main purposes of evolving international relations with member countries of the EU?

Research Question 2: What are the mutual and different elements of Azerbaijan in comparison with other states, such as Ukraine and Georgia in the context of EU policy? What are the main difficulties in mutual negotiation and cooperation between Azerbaijan and EU?

Hypothesis:

1. Contrary to other eastern neighbors of the European Union, Azerbaijan is not in the urge to accelerate integration process to EU as because its resources suffice to survive even without firm cooperation and for this reason Azerbaijan is following more self-regulating transitional economy compared to Ukraine and Georgia. Therefore, European Neighborhood Policy is not successful as much as it is expected in Azerbaijan. To examine this hypothesis, economic circumstances and indicators must be analyzed in Azerbaijan and aforementioned states.
2. In comparison with EU economic averages, particularly, Eastern member states, Azerbaijan's economic steadiness indicate that Azerbaijan can tackle down integration

process with its current economic indicators. To test this hypothesis, EU average macroeconomic statistics must be compared with Azerbaijan's.

Implementation of European Neighborhood Policy in Azerbaijan shows that EU yet is satisfied with an economic cooperation rather than deepening Azerbaijan's political affiliation with EU values. To be able to evaluate this, objectives of Neighborhood Policy in Azerbaijan need to be analyzed in comparison with other countries involved to ENP.

Tasks:

The following tasks are carried out to achieve the main goal of the thesis:

1. Scientific publications studies, policy documents studies;
2. Studies of bilateral relations of Azerbaijan and the European Union in different areas of cooperation;
3. Investigation of the implementation of the European Neighborhood Policy Action Plan for Azerbaijan;
4. Comparisons of economic indicators: GDPs, Unemployment rates, Inflation rates and other factors of economy in Azerbaijan and in the European Union between 2012-2017.
5. Analysis of trade relations of Azerbaijan, Ukraine, Moldova, Belarus, Georgia and Armenia under Eastern Partnership Program with the EU: imports and exports of goods from partner countries to the European Union between 2006 and 2016;
6. Examination of degree of approximation of eastern neighbors to the European Union;
7. Analysis of political development of Azerbaijan, Ukraine, Moldova, Belarus, Georgia and Armenia under the European Neighborhood Policy between 2013-2017;
8. Construction of recommendations for development of future economic, political and trade relations between Azerbaijan and the European Union on the basis of the study.

Research methods: Analysis of scientific publications, analysis of findings of conducted before research about theories of International Relations. Analysis of the statistical data and previous conducted researches on this topic are applied. For primary empirical analysis is used expert survey. For expert survey data analysis there are used descriptive statistics: indicators of central tendency or location (arithmetic mean and median), indicators of variability or dispersion (range, standard deviation and standard error of mean).

For relevant literature analysis has been allocated and reviewed - books, scientific journal articles, online resources as well as research reports. The statistical data is both primary and secondary which have been taken from different sources and the responses of the expert survey.

The author has taken into account the early establishment of bilateral relations between Azerbaijan and the European Union while evaluating economic, trade, political and diplomatic dimensions of the mutual relations. Research paper includes analysis and outcomes of the European Neighborhood Policy Action Plan and its implementation on Azerbaijan while comparing it with situation of Ukraine. Quantitative analyses are made on six partner countries of Eastern Partnership Program. Current situation of relations between Azerbaijan and the European Union has been investigated and main obstacles for deeper cooperation between subjects have been analyzed.

The master thesis is divided into three chapters. In chapter 1 is included analysis of theoretical background for the thesis – analysis of scientific publications, as well as analysis of international relations between Azerbaijan and the European Union by giving information about main area of cooperation between subjects. In chapter 2 is included analysis of main policies of the European Union towards Azerbaijan by putting more stress on the European Neighborhood Policy and its analytical comparison with Ukraine. Historical evaluation of EU and Azerbaijan relations in the second part of master thesis are discussed by referring economic, trade and political relations to analyze the practical part of the research. In the third - practical part, author is going to compare macroeconomic indicators of Azerbaijan compared to EU averages where quantitative methodology is used. In the following chapters, brief analysis of European Neighborhood Policy is argued by giving more place to Azerbaijan and author compares the similarities and differences of EU Neighborhood Policy Action Plan's implementation in Ukraine as well as empirical comparison of applicability of Eastern Partnership Program in Azerbaijan in comparison with other partner countries. Current relations of Azerbaijan and the EU are emphasized, and potential of future relations are discussed.

Hence, author compares results with these hypotheses. Also, it takes into analysis of eastern neighbors-objected part of European Neighborhood Policy, namely Eastern Partnership by comparing statistical data of partner countries. In Chapter 3 author investigates main policy objectives of Azerbaijan with the European Union and provides information about recent development of relations between subjects. Author has developed conclusions and

recommendations based on the findings of author's analysis. At the end of research paper, list of bibliographic sources used to write this thesis is contained. In Annex it is included questionnaire of expert survey. Based on these findings, author tries to approve or disapprove several key hypotheses that provide substantial value added to this thesis. In order to answer the research questions and to confirm or to disapprove the hypotheses, author makes a research of the EU-Azerbaijan bilateral relations in comparison with countries having similar relations such as, Ukraine, Moldova, Belarus, Georgia and Armenia, and author gives primary recommendations based on the experience of the aforementioned countries.

Prior to start discussing the background of relations between Azerbaijan and the EU, author has provided development of different paradigms in international relations.

CHAPTER 1. DEVELOPMENT OF INTERNATIONAL RELATION BETWEEN AZERBAIJAN AND EUROPEAN UNION

1.1 Development of Theories of International Relations

Before starting practical part of my research, I would like briefly to discuss main paradigms of international relations in order to conceive theoretical milestone about external relations of countries and unions. Therefore, in the following pages theories of international relations have been emphasized.

Discipline of international relations discourses the interaction of the actors in the international arena in regards with political characteristics of those interactions for both long and short run and their insinuations for the safety and security of the people, in generally.

International relations have been studied before 1919, however there was not such a discipline called International Relations.

Alongside politics, scope of International Relations rests upon other disciplines: economic, history, law and sociology which are also can be conceptualized certain body of theories. Therefore, International Relations is considered as interdisciplinary field which involves feature of subjects above by always focusing more on politics. Hence, IR theories often conceived as theories of politics.¹

Referring to politics it frequently involves inner and international relation within and between states. However, studies and theories of IR most often deals with issues between sovereign states rather than domestic political means. It can be traced back to aftermath of the First World War where main concern was to understand reasons for war between states and to find solution how to maintain peace and security in an international sphere.

This view or understanding of IR pushed politicians such as Wilson to determine quest of establishing institutions that might be helpful to prevent further incurrence of the war between states which has been considered liberal institutionalism later.

¹ Burchill, S., Linklater, A., Devetak, R., Donnelly. J. (2005). Theories of International Relations, 3rd edition, 67-83 <http://lib.jnu.ac.in/sites/default/files/ReferenceFile/Theories-of-IR.pdf>

Devastating First World War made thinkers to assume that power politics were absolutely disgraced. Theorists such as Sir Alfred Zimmern and Philip Noel-Baker became important figures for post-WWI order thinkers who asserted that peace would only be achievable only if classical order of balance of power gives its way to system of collective security.²

However, advocates of first school kept arguing that war was the result of anarchical nature of international system which brought misunderstandings and miscalculations. While idealist school emphasized the essence of making political elites to be accountable to the public opinion in order to refrain from these miscalculations.³

Emergence of critical opinions within each group, especially argumentations of E. Carr on lacking points of idealism launched the start of first debate in international theories between realists and idealists.

Ten years after WWI establishment of peace between states namely creation of League of Nations (disregarding all faced difficulties) paved way domination of liberalism/idealism theories in an international arena. However, vibes of Great Depression, emergency of shattering economies pushed back era of utopianism which unleashed domination of realism that is often referred as classical realism. In which politics discussed over what really is rather than what should be.⁴

During Cold War due to practical mismatches of classical theories with modern ongoing, new debates emerged namely Neo-realism or structural realism. In the methodological discussions neo-realism is unified with positivism with structuralism and behavioralist.

Neo-realism is assumed on some fundamental predictions. One of them was, international world order is anarchic which means every actor-state in this system are equal and none of them has exceeding governing power over others. Other one was, states are the functionally undistinguished figures of international system. This means in order to survive states must exercise the same important responsibilities.

² Burchill, S., Linklater, A., Devetak, R., Donnelly, J. (2005). Theories of International relations, 3rd edition, 12-14 <http://lib.jnu.ac.in/sites/default/files/ReferenceFile/Theories-of-IR.pdf>

³ Lechner, S. (2017). Why anarchy still matters for International Relations: On theories and things, *Journal of International Political Theory*, 13(3), 345-347.

⁴ Guzzini, S. (2004). The Enduring Dilemmas of Realism in International Relations, *European Journal of International Relations*, 10(4), 537-540.

Critics for Neo-realism comes from Ashley who claims that Kenneth Waltz, Robert Keohane and others intentionally accepted structuralism to rescue realism from falling into discredit.⁵

Alongside idealist and realist approaches to international politics a certain group of other scholars characterized world politics as endless process of modifications. These functional publications came under the name of one theorist David Mitrany a founder this school and wherever functional analysis has been used his name remained as a key reference.

One of the key thinker of European Politics in post-war Europe Ernst B.Haas has been sought the reason of why polities combine at the global level. His studies and publications mainly counted on European behavior where he analyzed European organizations step by step. He focused on European Coal and Steel Community. His political analysis is considered both empirical and normative. E. Haas approach to international politics is named as Neo- Functionalism in international relations.⁶

At the beginning of 1990s waves of constructivist approach started to emerge in International relations theory. Although Constructivism was differing on major and epistemological ideas from neo-realism and neoliberalism, it has some common core ontological predictions with both. The end of Cold War pave way to constructivist turn in IR being post-positivist where it focused on who can provide more durable empirical analysis in IR vis-à-vis with dominant theories: liberalism and realism.⁷

English School- asserts that IR is neither austere as realist claims nor amenable to modify in all of sudden as liberalist suggests. (add more info here about ES) English School argues that history of global society is based on the problem of relations with foreigners. Wight asserts that it is not possible to imagine international society without geographical, cultural and ideological differences. Which is why, post-colonial world I the key focus element of English School. H. Bull discussed development of anti-colonial thought and analyzed distribution of world resources.⁸

⁵ Chatterjee, S. (2003). Neo-realism, Neo-liberalism and Security, *International Studies*, 40 (2), 126-129.

⁶ Tooze. R. (1977). The progress of international functionalism, *British Journal of International Studies*, 3(2), 212-214.

⁷ Barkin, J.S. (2003). Realist Constructivism, *International Studies Review*, 5(3), 325-326.

⁸ Devlen, B., James, P., Ozdamar, O. (2005). The English School, International Relations, and Progress, *International Studies Review*, 7(2), 172-174.

After this quick outline of theories, author will proceed with historical background of bilateral relations between Azerbaijan and the European Union.

1.2 Analysis of political and economic circumstance in Azerbaijan after its independence

Azerbaijan declared its independence right after the dissolution of USSR. However, economic and political situation of the country was not set appropriately, and this forced Azerbaijan to formulate and establish required state apparatus to be able to cope with the rest of the world. Since restoration, state-strengthening measures have been taken to ensure economic and social security, the building of a democratic, legal and secular state and the country's integration into the global community.

During the very start of country's reestablishment, Azerbaijan lead the large volume of its trade relations with Russia which was the indicator of dependence on Russia on the main economic sectors. However, from the beginning of twenty first century, Azerbaijan unleashed to make cooperation with European countries. That assisted the country to follow more independent foreign relations. Besides integration to Western countries, Azerbaijan started to put its presence into several International Organizations and enlarged tight relation on Euro-Atlantic Area.⁹

As author noted at the beginning of the thesis, author is going to analyze the EU-Azerbaijan relations in more detail.

The origins of the relations date back to the beginning of independence of Azerbaijan and are grounded on Partnership and Cooperation Agreement which is concluded in 1996. This agreement stands for wide-ranging cooperation such as political dialogue trade, economic issues, foreign investments, culture and legislative norms. After this, EU began to widen sphere of its relations with Azerbaijan by sending its Special Envoy there and the latter also established its Diplomatic Mission to the EU.

⁹ Ismayilov. M. (13 Apr 2015). Power, knowledge, and pipelines: understanding the politics of Azerbaijan's foreign policy, *Caucasus Survey*, 2(1), 79-89.

Being strategic energy partner of the EU, currently Azerbaijan supplies 5% of EU's demand for oil. Moreover, as because of aforementioned reasons, Azerbaijan takes a priority role in the realization of Southern Gas Corridor project.

After concluding Memorandum of Understanding on Strategic Partnership in 2006, bilateral cooperation has been created. MoU defined 4 area of cooperation: implementation of legislation, strengthening infrastructure and transition systems, energy efficiency, technical cooperation and exchange of experiences.

Successful cooperation in the energy sector partnership has led Azerbaijan and the EU to make interactions not only in economic fields but also in different cooperative areas. By signing Partnership and Cooperation Agreement, Azerbaijan started to take part in European Neighborhood Policy and subsequently Azerbaijan adopted Action Plan in the context of ENP. In 2008, with the inventiveness of Poland and Sweden Eastern Partnership initiative was adopted in Brussels summit. Different from other EU polices EPI was aimed to make integration in political areas with CIS countries, namely Azerbaijan.¹⁰

Moreover, EU and Azerbaijan took their relation to another phase in 2010 which signifies the start of negotiations on the Association Agreement between them. In 2011 January 13, the Memorandum of Understanding on National Indicative Program (NIP) was concluded between European Commission and Azerbaijan. Next agreement between EU and Azerbaijan has been concluded upon Memorandum of Understanding on Framework Document of Comprehensive Institution Building (CIB) Program on 13th of January,2011. Last two agreements play quite essential role on development of future relations between EU and Azerbaijan.

Agreement on facilitating the issuing of visas was signed on November 29, 2013 between EU and Azerbaijan. In the following year 2014, the significant step was taken the phase of relation to another step when parties signed the Agreement on Readmission, where the issue of illegal migrants was vastly discussed. Agreement on Readmission is important document which shows that both parties are ready to take mutual steps where both will take advantage of this actions.

¹⁰ Nuriyev. E. (2008). Azerbaijan and the European Union: new landmarks of strategic partnership in the South Caucasus–Caspian basin, *Southeast European and Black Sea Studies*, 8(2), 161-163.

Meanwhile, discussions on signing Shah Deniz 2 Final Investment Decision was made between head of the European Union's Delegation to Azerbaijan and Ministry of Energy of the Republic of Azerbaijan where both parties emphasized the importance of this decision in the field of energy partnership.¹¹

Alongside deeper economic cooperation, Azerbaijan and EU developed mutual relation in terms of education. In the framework of Erasmus+ the EU aims to support students and academics in Azerbaijan. This program assists teachers and students to make exchange studies and internships in 3-12 months period to all over the EU. Till 2015 approximately 250 students and teachers from Azerbaijan participated in Erasmus+ and nearly 85 EU citizens came to Azerbaijan in the context of Erasmus+. Moreover, some institutions in Azerbaijan, have access to make research in the framework of "Jean Monnet" program.¹²

After this analysis of mutual relation, author is going to investigate bilateral relations in different area of cooperation. For this reason, author will evaluate about each partnership area separately in order to have deeper understanding of bilateral relation. In the upcoming pages, key area of cooperation- energy partnership will be discussed in detail.

1.4 Energy Sector Partnership

Azerbaijan has been oil producing country during the past two centuries. However, production of oil has of less importance over the Soviet rule as its management fall into monopolistic rule. However, after the independence of the country, natural resources, particularly, oil gained vitality to boost Azerbaijan's leaning economy and it opened door to country's economic relations especially with Western countries.

Concluding Deal of Century¹³ inaugurated economic revival and launched the flow of the foreign investment to the country. The role of Deal of Century is quite essential for the further development of trade relations between EU-Azerbaijan. From Azerbaijan side, country was in the need of technological improvement and bringing western infrastructure to facilitate the production of oil

¹¹ Bocse, M.A. (2018). EU Energy Diplomacy: Searching for New Suppliers in Azerbaijan and Iran, *Geopolitics*, 3(1), 11-15.

¹² Embassy of the Republic of Azerbaijan to the Kingdom of Belgium and the Grand Duchy of Luxembourg Mission to the European Union, Azerbaijan's relations with the European Union, 2016, <http://brussels.mfa.gov.az/en/content/38>. Accessed 16.11.2018.

¹³ O'Lear, S, (2004). Resources and conflict in the Caspian Sea, *Geopolitics*, 9(1), 167-168.

and gas. Therefore, it started to increase level of trade with European countries. For the EU, Azerbaijan was seen to be alternative energy door as the oil and gas was becoming major agenda of the Union as it was enlarging toward East. This has been mutual interests of EU-Azerbaijan shortly after signing the multilevel oil agreements. However, the character of relations between two figures has maintained its initial purpose and focus area, where energy issue is remaining on the top of mutual relations. Azerbaijan's transitional importance has been increasing for EU as latter would like to diversify its energy resources to prevent energy dependence on particular source, and Azerbaijan still is counted as potential supplier for the Member States.¹⁴

In 1998¹⁵, the European Council decided to make a common statement on the EU's integration in the Caspian Sea region. The main focus of this document was partnership on the energy sector, however, apart from this the section related to pipeline routes was especially notable, because EU disregarded geographical distances but commercial estimations were counted as a significant element. The European Energy Charter is one of the major tools of EU in relation with Caspian region and its core idea was to create auspicious circumstances for ailing economies of Eastern European countries.

Major goals of the Charter¹⁶ were:

1. To promise equal treatment among internal and external investors from the signatory countries.
2. To exercise WTO rules in the areas of customs and tariffs even for the countries that are not part of WTO.
3. To install an International Court in order to get easy resolution in case of discrepancies.

Moreover, EU launched so-called TACIS program (Technical Assistance to CIS countries) to strengthen cooperation with regional countries. The INOGATE project (Inter-State Oil and Gas to Europe), which was the project of TACIS involved remarkable significance for energy policy in Caspian region. The total cost of program was nearly 50 mln ECU. The objective of the

¹⁴ Ipek, P. (2009). Azerbaijan's Foreign Policy and Challenges for Energy Security, *Middle East Journal*, 63(2), 227-239.

¹⁵ Alekperov. G. (2004). Energy Resources of the Caspian Region and the Significance of Turkey for Europe's Energy Security, *Connections*, 3(3), 117.

¹⁶ Alekperov. G. (2004). Energy Resources of the Caspian Region and the Significance of Turkey for Europe's Energy Security, *Connections*, 3(3), 117.

INOGATE project is to improve an amount of apprehensive, negotiable suggestions to be able to make investments for new pipeline routes that are supposed to be supplemented already existing pipelines.

Those pipelines, Baku-Novorossiysk and Baku-Supsa have been containing joint transportation capacities of 2 bln tons a year match to today's conveyance-mass in the Azerbaijan part of Caspian Sea. However, it was predicted to increase the production capability up to 50 bln tons per year until 2005, and that required more sustainable transportation capacity. Therefore, it was planned to launch new export pipeline from Baku to Georgia and then till Turkish harbor Ceyhan. In 1999, at Istanbul summit of OSCE contract among Azerbaijan, Georgia and Turkey had been concluded with the supervision of U.S President Clinton.¹⁷

There was an essential discussion within the EU concerning the security of gas imports, meaning to reduce energy dependence of the EU from one source which is for the time being Russia. Currently there are only few alternative suppliers. However, by using energy technologies and through attaining sufficient degree of energy import diversification, EU's gas dependence on Russia can be reduced. Hence, Southern Energy Corridor became one of the priorities for EU energy diversification.

Initially Nabucco project was offered which was supposed to be alternative pipeline to dominance of Russia. It was aimed to bring Caspian gas to Europe and it was deemed to be connect Caspian resource passing through Turkey and starching to Vienna.¹⁸

The idea of the Southern Gas Corridor appeared in 2007-2008 with Second Strategic Review¹⁹- An EU Energy Security and Solidarity Action Plan after Russian and Ukrainian gas dispute. At the beginning the SGC was referred to Nabucco project, the TAP and the Interconnector Turkey-Greece-Italy and after it involved Trans-Caspian-Pipeline as well. Later on Nabucco was seen as a priority project in Brussels. The consortium included companies of Azerbaijan, Romania, Hungary Turkey and Germany. European Commission was already funded to the consortium in

¹⁷ Alekperov, G. (2004). Energy Resources of the Caspian Region and the Significance of Turkey for Europe's Energy Security, *Connections*, 3(3), 117-119.

¹⁸ Grewlich, A.K.W. (2015). International Regulatory Governance of the Caspian Pipeline Policy Game, *Journal of Energy & Natural Resources Law*, 29(1), 90-95.

¹⁹ Prontera, A. (2017). Forms of state and European energy security: diplomacy and pipelines in Southeastern Europe, *European Security*, 26(2), 286.

2002. Although EC politically and financially supported Nabucco the project was failed and was abandoned by the end of 2011, because Turkey and Azerbaijan declared that construction of Trans Anatolian Natural Gas Pipeline system (TANAP) which is likely to merge with the South Caucasus Pipeline would overlap with Nabucco in the eastern part of Turkey. Moreover, this project has been involving few countries and its realization is more likely because it will be less expensive than Nabucco. Furthermore, TANAP was offering to bring Caspian gas to Europe passing through Azerbaijan which is also increasing number of gas suppliers other than Azerbaijan.²⁰

TANAP ²¹is a project that equally serves to the interest of partner countries that involved in the supply chain. Which means, that the pipeline matches both political and economic demands of parting states.

The objectives of Southern Gas Corridor (Caspian Basin)²² are following:

Shah Deniz gas will take a 3,500 km travel from Caspian Sea to Europe. Already existing South Caucasus Pipeline (SCP) will be extended with a new parallel pipeline over Azerbaijan and Georgia. TANAP will transport Shah Deniz gas to Turkey and TAP will bring gas via Greece and Albania to Italy.

TAP is launched in 2003 and major construction plans has under development. However, pipeline remains major steps for the future. The project is responsible for the improvement and operation of gas transportation from Turkey and Greece to Southern Italy which is continuation of TANAP pipeline. Ideally, TAP is deemed to bring Southern Gas to Europe. It is forecasted to cross through Azerbaijan, Turkey and then in Europe Northern Greece, Albania and to Southern Italy and then it will connect to the Italian gas transportation grid.

Due to notable level of import dependence for oil and gas, and the gas crisis happened between Russia and Ukraine pushed authorities of European Union to think about diversification of its fuel demand. Therefore, list of resource countries and routes has been planned by EU decision makers. In this regard, project of Southern Gas Corridor recognized as one of the energy security priority

²⁰ Prontera, A. (2017). Forms of state and European energy security: diplomacy and pipelines in Southeastern Europe, *European Security*, 26(2), 288-293

²¹ About TANAP <https://www.tanap.com/tanap-project/why-tanap/> Accessed 15.11.2018

²² BP Azerbaijan, Southern Gas Corridor, https://www.bp.com/en_az/caspian/operationsprojects/Shahdeniz/SouthernCorridor.html. Accessed 02.11.2018

of EU and assumed production level foreseen as 163 bcm. And the role of Azerbaijan as an oil and gas supplier to EU has been increased thereon, tight economic and trade relations with latter have been inaugurated.²³

Having precise discussion on energy partnership between parties gives way to empirical discussion on general economic relation of Azerbaijan and the EU. Therefore, next pages will take into consideration of economic cooperation.

1.5 Economic relations between Azerbaijan and the European Union

To review the current relations of the EU and Azerbaijan, it is worth to compare some macroeconomic indicators of EU and Azerbaijan. Main indicators of export – import data in years 2013 – 2017 are included in table 1.

Table 1. EU Merchandise trade with Azerbaijan 2013-2017

Indicator	Unit	2013	2014	2015	2016	2017
Imports	Billions of euros	14.4	13.2	10.7	7.6	9.4
Exports	Billions of euros	3.7	3.5	3.5	1.9	1.7
Balance	Billions of euros	-10.6	-9.7	-7.2	-5.7	-7.7

Source: European Commission, Directorate-General for Trade, European Union, Trade in goods with Azerbaijan, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113347.pdf. Accessed 22.11.2018

Data of table 1 indicate that trade balance of Azerbaijan and EU in years 2013 – 2017 is negative for all analyzed years indicating that during two last years the exports from Azerbaijan to EU is decreasing. Import and export of Azerbaijan to EU data for years 2013 – 2017 is included in figure 1.

²³ BP Azerbaijan, Southern Gas Corridor, https://www.bp.com/en_az/caspian/operationsprojects/Shahdeniz/SouthernCorridor.html, Accessed 29.11.2018

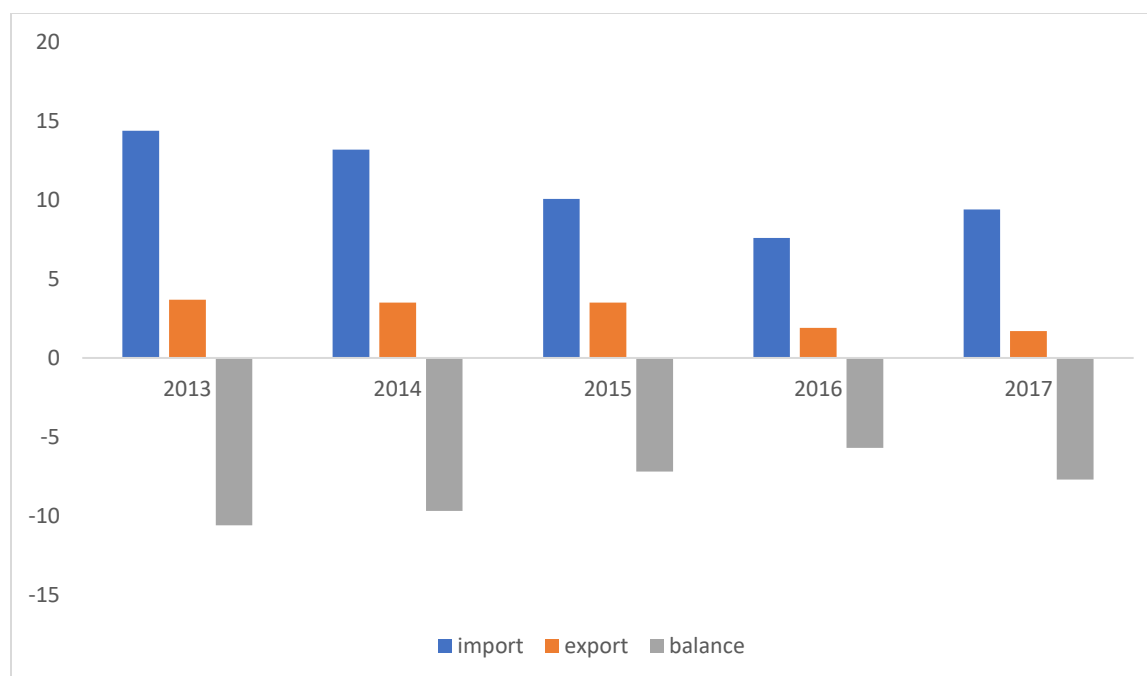


Figure 1. European Union Trade with Azerbaijan 2013-2017

Source: European Commission, Directorate-General for Trade, European Union, Trade in goods with Azerbaijan, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113347.pdf. Accessed 12.11.2018

As Table 1 and Figure 1 above shows, till 2015 Azerbaijan and the EU had been performing active trade relations. 2016 signifies the decline in both imports from Azerbaijan to the Union and exports of the Union to latter. Balance of trade between two parties is fluctuating over these years. Data of trade flows by Standard International Trade Classification section in 2017 are included in table 2.

Table 2. Trade flows by Standard International Trade Classification section 2017

Trade items	Imports % of total	Exports % of total
Total	100.0	100.0
Food and live animals	0.6	5.8
Beverage and tobacco	0.0	2.4
Crude materials, inedible, except fuels	0.0	1.3
Mineral fuels, lubricants and related materials	98.1	2.1
Animal and vegetable oils, fats and waxes	0.0	0.4
Chemicals and related prod, n.e.s	0.4	13.7

Manufactured goods classified chiefly by material	0.2	14.2
Machinery and transport equipment	0.2	41.7
Miscellaneous manufactured articles	0.1	16.7
Commodities and transactions n.c.e	0.2	1.1
Other	0.2	0.5

Source: European Commission, Directorate-General for Trade, European Union, Trade in goods with Azerbaijan, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113347.pdf. Accessed 12.11.2018

According to Table 2 mineral fuels lubricant, and related materials are most import commodities for EU imports from Azerbaijan which mainly can be considered as crude oil exports from Azerbaijan. Whereas, machinery and transport equipment are the main import areas of Azerbaijan from the Union. Second largest share on the imports of Azerbaijan from the EU in SITC belongs to miscellaneous manufactured articles. For the Union this share includes food and live animals import from Azerbaijan.

The European Union’s FDI Stocks indicators with Azerbaijan in years 2013-2016 are included in figure 2.

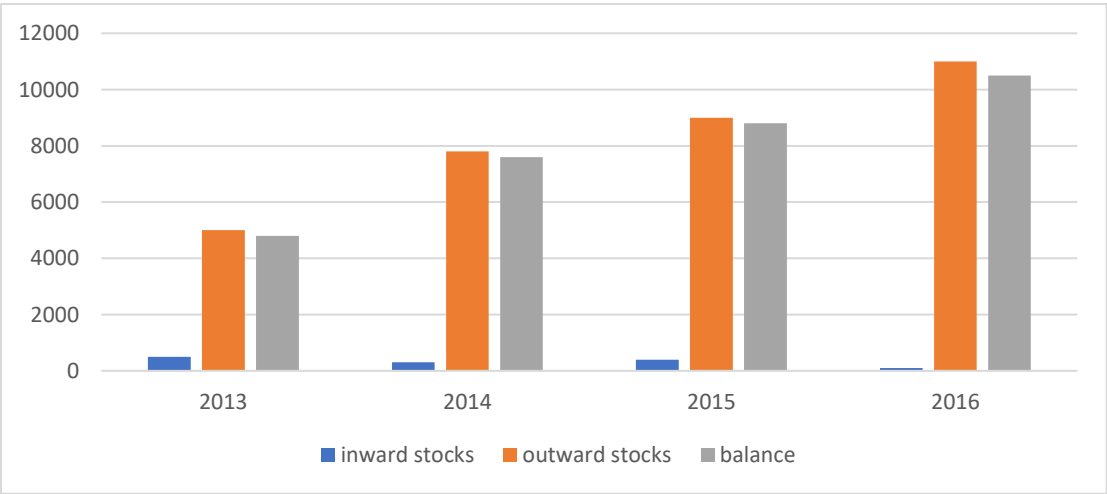


Figure 2. The EU's FDI Stocks indicators with Azerbaijan 2013-2016

Source: European Parliament, Directorate- General Policies, Policy Department, Foreign Direct Investment in the EU and the Eastern Partnership Countries, (2018), [http://www.europarl.europa.eu/RegData/etudes/IDAN/2018/570489/EXPO_IDA\(2018\)570489_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2018/570489/EXPO_IDA(2018)570489_EN.pdf). Accessed 01.12.2018.

Data in figure 2 illustrates that however while Azerbaijani Stocks in the Union have been remaining steady and even declining over the years, the EU's Stocks in Azerbaijan have almost doubled from 2013 to 2015. The main reason for the increase in the amount of EU stocks in Azerbaijan is mainly related with the energy supplier role of the latter and the diversification policy of the EU in the gas routes.

To be able to see whether Azerbaijan is ready for deeper integration with the EU in an economic field, author shows separate major economic indicators for Azerbaijan and EU. Main economic indicators of Azerbaijan are included in table 3.

Table 3. Main Economic Indicators of Azerbaijan

Main indicators	2015	2016	2017	2018(e)	2019(e)
GDP (billions USD)	50.82	37.56	39.21	42.81	46.20
GDP per Capita (USD)	5396	3956	4098e	4439	4752
GDP (Constant Price, Annual % Change)	0.6	-3.1	-1.0e	1.3	3.0
General Government Gross Debt (in % of GDP)	53.0	51.1e	46.4	41.1	37.2
Inflation Rate (%)	4.0	12.4	12.0	8.0	6.0
Current Account (billions USD)	-0.22	-1.36	0.73	1.06	2.07
Current Account (in % of GDP)	-0.4	-3.6	1.9e	2.5	4.5
Unemployment Rate (% of the Labor Force)	6.0	6.0	6.0	6.0	6.0

Source: European Parliament, Directorate- General Policies, Policy Department, Foreign Direct Investment in the EU and the Eastern Partnership Countries, (2018), [http://www.europarl.europa.eu/RegData/etudes/IDAN/2018/570489/EXPO_IDA\(2018\)570489_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2018/570489/EXPO_IDA(2018)570489_EN.pdf). Accessed 17.11.2018

Note: (e)- estimated data.

Above in the table 3 we observe that Azerbaijan experienced decline in the value of its GDP and subsequently GDP per capita after 2015. However, it is assumed that in 2019 the amount of GDP and GDP per capita will approach the numbers of 4 years ago. Positive indexes are noticeable in governmental gross debt, which is reducing each year. As it is indicated above, country has met severe inflation rate in 2016 and 2017. However, for 2019 it is predicted to return to its average level. Unemployment rate has been remaining constant over estimated 4 years. Moreover, positive

changes over concerned years in current account of the state are remarkable. Main economic indicators of European Union are included in table 4

Table 4. Main economic indicators of the EU 2012-2017

Source: EU Main Economic Indicators, (combined).

Main indicators	2012	2013	2014	2015	2016	2017
Government Gross debt (%GDP)	83.8	85.7	86.4	84.4	83.3	81.6
Government Deficit/Surplus (%GDP)	-4.3	-3.3	-2.4	-2.3	-1.7	-1.0
Unemployment rate (in %)	10.5	10.8	10.2	9.4	8.6	7.7
GDP (in trillion Euros)	13.46	13.58	14.04	14.08	14.91	15.33
GPD per capita (in euros)	26 600	26 800	27 600	29 600	29 200	29 900
Inflation rate (in%)	n.a	n.a	1.10	0.70	0.70	1.50

<https://ec.europa.eu/eurostat/cache/infographs/economy/desktop/index.html>. Accessed 08.11.2018

In table 4 author has included most important economic figures for the EU. Numbers for governmental gross debt and deficit in the percentage of GDP have been changing positively from 2012 to 2017. Although unemployment rate remaining slightly higher, EU has managed to bring it to the lower level over the 5 years. Furthermore, in 2017 inflation rate has been doubled. However, this increase is quite negligible. Data of cross-border trade of Azerbaijan in Goods (USD billions) 2013-2017 are reflected in figure 3.

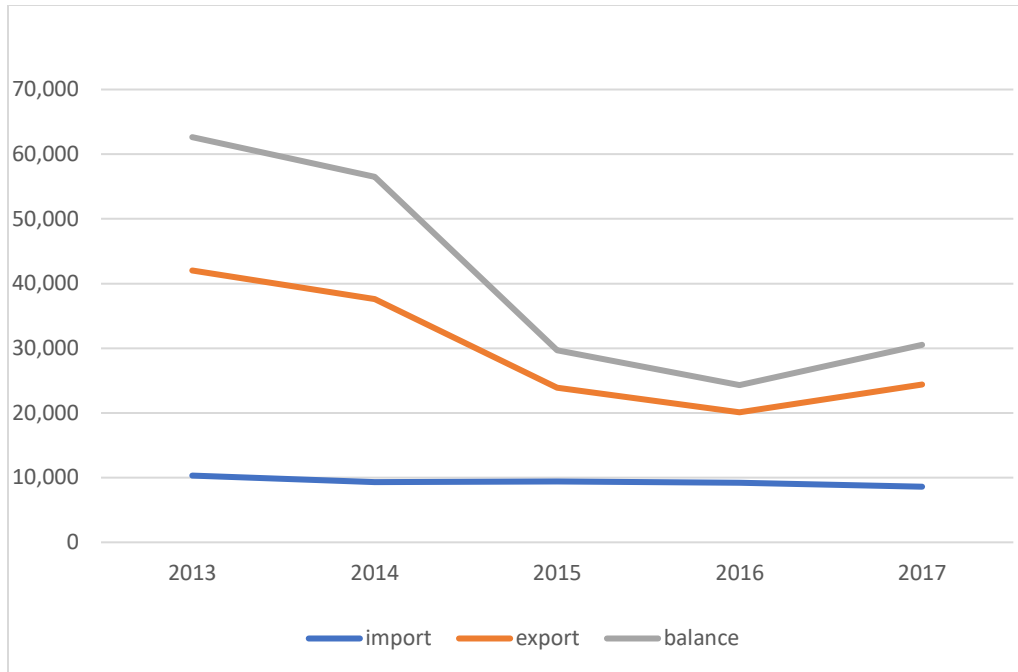


Figure 3. Cross-border trade of Azerbaijan in Goods (USD billions) 2013-2017

Source: Country Profile Azerbaijan, Foreign Trade Figures of Azerbaijan, <https://www.nordeatrade.com/en/explore-new-market/azerbaijan/trade-profile>. Accessed 3.11.2018

In figure 3 author describes international trade of Azerbaijan in terms of goods over 5 years. It is quite visible that there has been only slight move in the amount of country's import over these years. Whereas, numbers for export are fluctuating Azerbaijan has reached the lowest level of export in 2016. Despite the increase in the inflows of commodities in 2017, country experienced a sharp decline after 2013.

Data EU's international trade in goods (billion euros) 2013-2017 is included in figure 4.

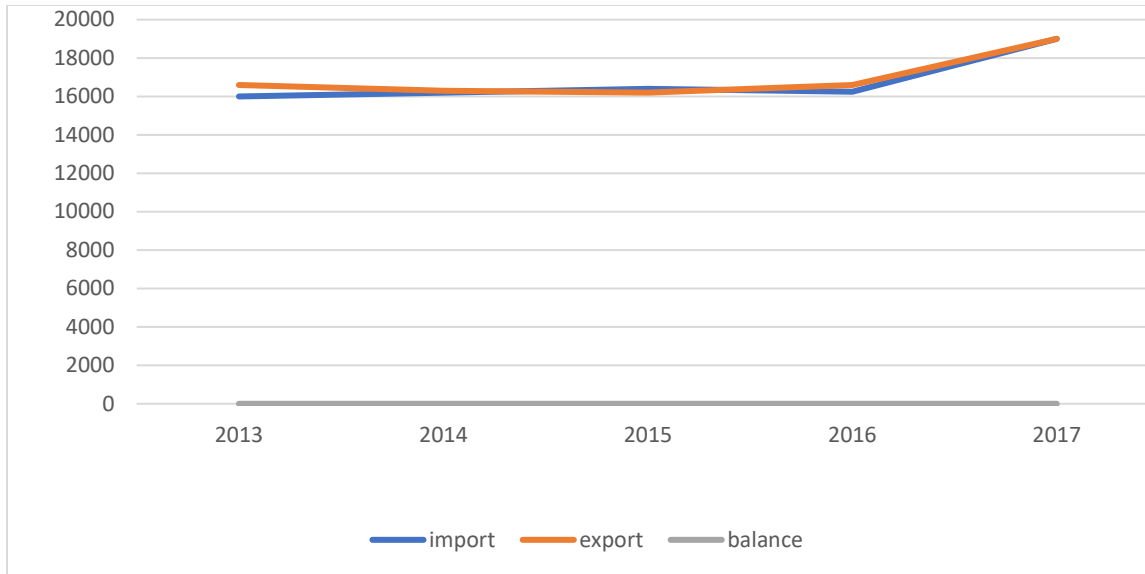


Figure 4. EU's international trade in goods (billion euros) 2013-2017

Source: Eurostat Statistics Explained. International Trade in Goods, https://ec.europa.eu/eurostat/statistics-explained/index.php/International_trade_in_goods. (2018), Accessed 27.11.2018

As author portrayed in Figure 4 balance of imports and exports in the EU are quite steady with only negligible changes. It is visible that starting from 2016 imports and exports of the EU almost 400 billion euros increased.

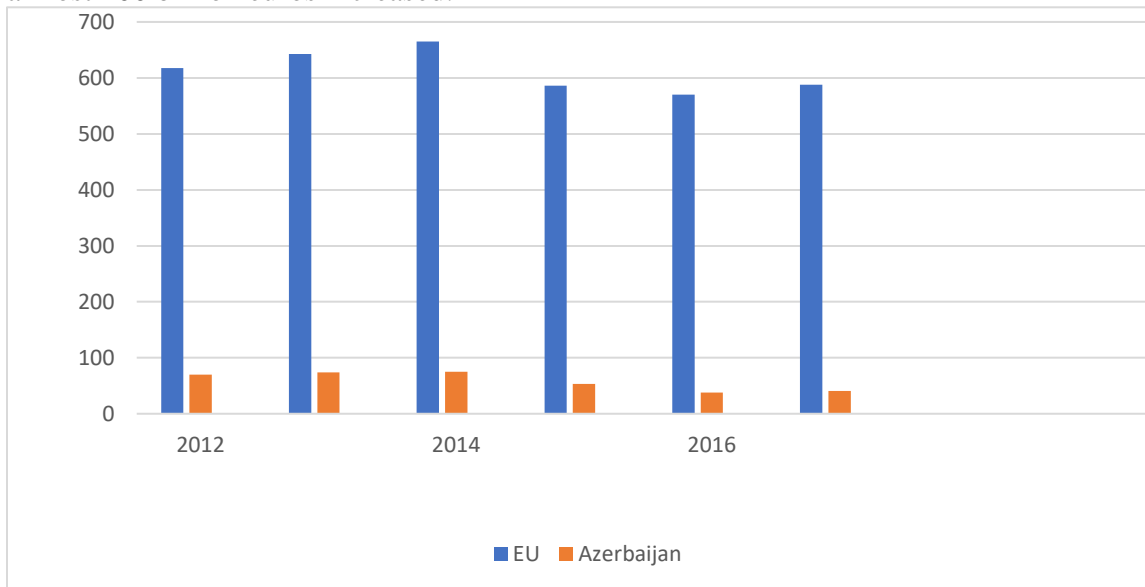


Figure 5. Comparative dynamics of the EU and Azerbaijan between 2012-2017 in GDP (in USD billion)

Source 1: Trading Economics, European Union GDP, <https://tradingeconomics.com/european-union/gdp>, Accessed 26.11.2018

Source2: <https://tradingeconomics.com/azerbaijan/gdp>, Trading Economics, Azerbaijan GPP, Accessed 29.11.2018

In figure 5 author has depicted comparative dynamics of the EU and Azerbaijan in term of GDP in units of billions USD. As the EU is one of the largest economies in the global level it is more appropriate to compare flows of changes rather than numbers here. In 2014 EU and in Azerbaijan was increase in their GPD. Nevertheless, 2016 is counted as fall of the amount for both EU and Azerbaijan. Unemployment rates of EU and Azerbaijan are included in figure 6.

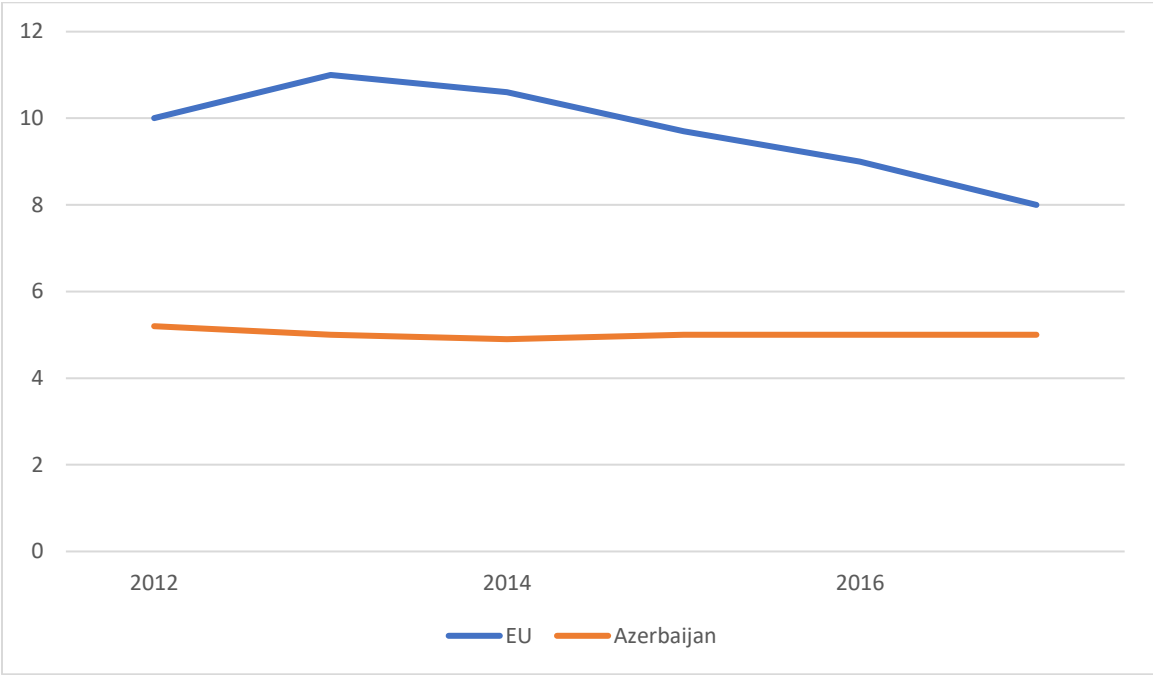


Figure 6. Comparative Unemployment Rate of the EU and Azerbaijan (2012-2017)

Source1: TradingEconomics, Azerbaijan Unemployment Rate, <https://tradingeconomics.com/azerbaijan/unemployment-rate>. Accessed 25.11.2018
 Source2: Trading Economics, European Union Unemployment Rate, <https://tradingeconomics.com/european-union/unemployment-rate> Accessed 29.11. 2018

In figure 6 author compares unemployment rate indicators between 2012 and 2017 in the European Union and in Azerbaijan. For the EU highest point of unemployment was seen in 2013 which's rate is 11. However, starting from 2015 slowdown in the level of unemployed people has been observed. In 2017 with the unemployment rate of 8, the European Union has reached its lowest level of unemployment over 5 years period. Regarding the rates for Azerbaijan, as it is also illustrated in Table 2, the figures are quite steady with small and unnoticeable changes.

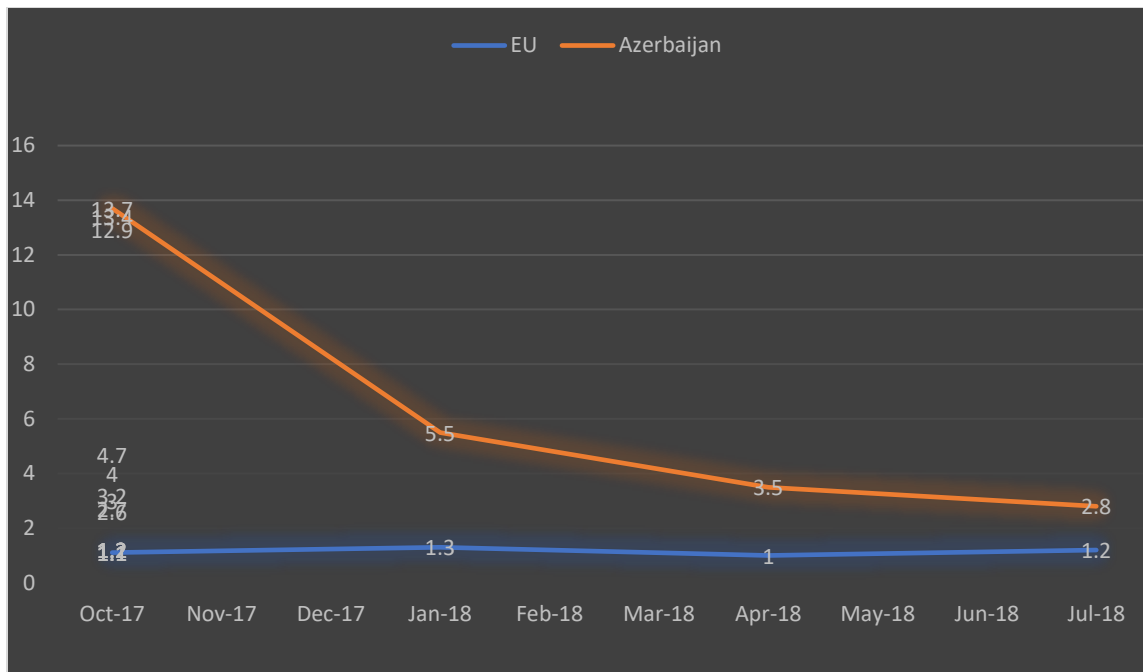


Figure 7. Comparative figures of Inflation rate of Azerbaijan and the EU

Sources: Trading Economics, Azerbaijan Inflation Rate, <https://tradingeconomics.com/azerbaijan/inflation-cpi>. Accessed 25.11.2018

Trading Economics, European Union Inflation Rate <https://tradingeconomics.com/european-union/core-inflation>., Accessed 25.11.2018

In figure 7 author represents the comparative numbers for inflation rate in the EU and Azerbaijan. Inversely, rates of inflation for the Union are almost remaining unchanged or less fluctuated for 2017-2018 semesters. However, for Azerbaijan inflation ratios saw its picks and downs over 2 years. On October 2017, the rate has been 12.7 whereas it began to lower by the end of year. The summer of 2018 is important for more positive number of 2.8.

As a subparagraph for the inflation rate of the Azerbaijan, author has analyzed the recent devaluation of Azerbaijani manat (AZN) and its impact on the overall economic indicators.

In 2017 on 21st of December, the Central Bank of Azerbaijan (CBA) abounded its fixed currency exchange rate and allowed AZN to flow vis-à-vis to other currencies which effected to devalue manat by almost a half. Before the first devaluation USD exchange rate of manat was

0.7850AZN=1 USD, however, following the first devaluation this rate changed 1.05AZN=1 USD.²⁴

This was the first depreciation of manat after 2006.

In the second stage of devaluation²⁵ flexible manat devalued 1.55 AZN=1 USD. The main reason of this was the overall decrease in the value of petrol and since Azerbaijan is resource-dependent country it immediately influenced recession. For this reason, after 2015 some regressive numbers are being noticed in the main economic factors of Azerbaijan which hinder the economic integration of the country to the European Union.²⁶

Nevertheless, Central Bank of Azerbaijan has launched new cooling targets for preventing continuing depreciation of the currency:

1. The indexation of the salaries, pensions, health insurances and scholarships, according to predicted inflation rates
2. The complete elimination of monopolies in foreign trade
3. Elimination of all barriers that prevent businessmen to enter the market area.
4. Determining the dollar and manat expense segments of imported goods and the regulation of prices such that inflation is the direct result of price increase in only the goods imported with foreign currency.
5. The optimization and minimization of indirect subsidy templates.
6. Improving segments of non-oil sector.²⁷

Although current rate of manat remains as 1AZN=0.52 Euros, at the result of prevention mechanism, its depreciation has been managed to pause and vis-à-vis USD it has been increasing in value. Therefore, it might be forecasted that in the upcoming years Azerbaijan will show its

²⁴ Devaluation of Azerbaijani National Currency; Causes and Consequences, (2015). *Center for Economic and Social Development (CESD)*, http://cesd.az/new/wp-content/uploads/2011/05/Azerbaijan_National_Currency__Devaluation4.pdf Accessed 25.11.2018

²⁵ Aliyeva. S., (2016). Currency Devaluation: Case of Azerbaijan. https://www.academia.edu/34718567/Currency_Devaluation_The_Case_of_Azerbaijan Accessed: 27.11.2018

²⁶ Devaluation of Azerbaijani National Currency; Causes and Consequences, (2015). *Center for Economic and Social Development (CESD)*, http://cesd.az/new/wp-content/uploads/2011/05/Azerbaijan_National_Currency__Devaluation4.pdf Accessed 26.11.2018

²⁷ Aliyeva. S., (2016). Currency Devaluation: Case of Azerbaijan. https://www.academia.edu/34718567/Currency_Devaluation_The_Case_of_Azerbaijan Accessed: 28.11.2018

readiness in terms of economic integration with the European Union. After the realization of TAP, these all trade indexes above are assumed to change positively.

After observing bilateral relations in an economic sphere between subjects, it would be significant to describe political partnership of Azerbaijan and the EU. Therefore, in the upcoming pages author will describe political situation between parties.

1.6 Political partnership

Following its independence Azerbaijan encountered several challenges on its internal and external politics. Due to lack of appropriate state apparatus and devastated economic situation of the country, several territorial conflicts happen with the bordering countries, especially with Armenia and its grand supporter Russia. There were two main challenges that stood in front of political authorities: 1) the Armenian-Azerbaijani conflict (so-called Nagorno Karabakh issue) and 2) legal status of Caspian Sea with littoral states.

In this regard, author analyses deeper the policy directions of leaders on conflict solution with neighbors.

The first president of reestablished Republic of Azerbaijan was Ayaz Mutalibov²⁸ who was following pro- Russian diplomacy during his presidency and forced to resign after failing to solve country's security dilemma. Due to his unadvanced political abilities, Azerbaijan experienced severe Khojaly genocide which had been exercised by Armenian forces supported by Russia. The next presidency was in the hands of Abulfaz Elchibey²⁹ who was following romantic pro-Western policy, which subsequently caused anger of Russian authorities and pursuant loss of Azerbaijan's territories in the hands of Armenians. Finally, after experiencing several unhappy cases, Haydar Aliyev³⁰ who was the former head of state of Azerbaijan SSR won elections and became the third president of independent Azerbaijan whose arrival brought resurgence to the newly restored country. As it was mentioned above, the next year after his presidency H. Aliyev signed multiple oil agreements with a very concrete strategic plan where he managed to balance Russia and

²⁸ Cornell, S.E. (2011). Azerbaijan Since Independence, *Studies of Central Asia and the Caucasus*, 61, http://lib.yzu.am/open_books/304695.pdf

²⁹ Cornell, S.E. (2011). Azerbaijan Since Independence, *Studies of Central Asia and the Caucasus*, 64-65, http://lib.yzu.am/open_books/304695.pdf

³⁰ Cornell, S.E. (2011). Azerbaijan Since Independence, *Studies of Central Asia and the Caucasus*, 66, http://lib.yzu.am/open_books/304695.pdf

Western countries and to recover Azerbaijan's ailing economy. Moreover, he was succeeded to deploy the US's and the EU's involvement to conflict resolution in the region. This was enabled at the result of successful energy agreement with Western companies that increased Azerbaijani lobby on the eyes of West.

Furthermore, Deal of Century agreement with Western companies brought some disagreements from Iran and Russia side, who claimed that Caspian resources must be utilized such as sea resources without division by littoral countries, however, Caspian Sea is in fact a lake which needs to be divided with its median lines. Thanks to Aliyev's pragmatic politics, Russia didn't make great hindrance in this issue as Azerbaijan included Lukoil to the oil agreements.³¹

From EU side, by initiating European Neighborhood Program (ENP)- I will discuss in detail in the following chapter, in 2004, EU pronounced its willingness to cooperate with direct and distant neighbors to avoid foreign threats to the EU. These threats were considered as terrorism, human trafficking, uncontrolled migration as well as energy security threads. It was assumed that through democratization and economic integration internal stability and revival of neighboring states are achievable.

Former EC President Romano Prodi noted in 2002 that EU has "to be prepared to offer more than partnership and less than membership, without precluding the latter..." and to share "everything...but institutions" with the partners.

Eastern Partnership (EaP) was counted as an attempt to switch from a solely regional approach to and strengthening of bilateral relations.

The subsequent step was launching Association Agreement in order to bring post-Soviet neighbors closer to the Union, however, membership has not been in the agenda.

Initially, the EU was very interested with deeper cooperation with Azerbaijan disregarding its systematic and growing human rights violations. This was also connected with the regional importance of Azerbaijan as it employs a great transit role for current and future energy project of the Union, and its rich resources which assist country to survive without choosing any major

³¹ Ipek, P. (2009). Azerbaijan's Foreign Policy and Challenges for Energy Security. *Middle East Journal*, 14(2), 228-235.

between Russia and EU. Therefore, both parties try to follow utmost pragmatic relations with Azerbaijan even if the latter ignores the international human rights demands of the Europe³².

The role of the EU in the region in terms of conflict resolution can be divided into two steps, which is at the outset of the relations the EU took a distanced approach toward conflicts in the South Caucasus namely Nagorno Karabakh conflict, just launched several aid programs to facilitate economic growth of the countries by economic means without employing deeper political involvement until 2003. It is also remarkable that pursuant the independence of the countries, the EU relation with Azerbaijan, Georgia and Armenia was mainly based on unilateral relations which were characterized as multiple financial assistances.

The agenda of the Special Representative was mainly focused on the tasks such as “contribute to the prevention of conflicts”, “to assist in conflict resolution”, intensify EU dialogue with main interested actors concerning the region,” “assist the Council in further developing a comprehensive policy towards the South Caucasus” and other similar mandates.³³

After adoption of ENP Action Plan (AP) the EU intensified its involvement to the conflict resolution in the region, however, some critics argue that AP for the conflict resolution seems ambiguous, because in the Action Plan with Azerbaijan it was emphasized territorial integrity, sovereignty whereas Action Plan with Armenia has been grounded on right to self-determination, which sounds non-determined and absence of concrete conflict resolution policy of the EU.³⁴

In the following paragraph I would like to talk more about democracy and human rights in Azerbaijan and the EU’s reaction.

Promotion of democracy and human rights (DHR) is the one of focus spheres of the EU in relation with Azerbaijan. DHR enhancement has been promoted since the inception of mutual relations between parties under the several programs and plans of ENP and EaP. Unlike successive economic corporation, articulation of democratization and emphasizing importance of human rights hinder the further political integration of the parties. Especially, following the strongly

³² Novikovam, G. (2015). The South Caucasus Between Russia and the West: How Pragmatic are the Stakeholders' Approaches?, *Connections*, 14(2), 39-43.

³³ Jafarova, E. (2011). EU Conflict Resolution Policy Towards the South Caucasus, *The Quarterly Journal*, 10(3), 60-63.

³⁴ Jafarova, E. (2011). EU Conflict Resolution Policy Towards the South Caucasus, *The Quarterly Journal*, 10(3), 65-66.

politicized Association Agreement (AA), confrontation between the EU and Azerbaijan became more visible, while Brussel putting more stress on the inviolability of international human rights and facilitation of the democratic liberal state apparatus for the latter, Baku showed stronger diplomatic strategies to exercise a more distinguished policy, particularly after the year 2010.

Meanwhile, it is remarkable to note that the existence of stable political situation in Azerbaijan keeps EU slightly appeased in terms of democratization, which means that to EU current political situation of country is the only way without any credible alternatives, but this doesn't mean that the EU is ignoring the promotion of democracy here.

However, regarding human rights, Brussel became more interested about Azerbaijani government's tough policy and prevention mechanism against opposing groups and young activists in the recent years. At the result of pressure from Member States and EU institutions, government was obliged to release several political prisoners in 2016.³⁵

From Azerbaijani government side, Baku requires to make more equal relations with the EU which serve the interest of both and which should be more reciprocally. Azerbaijan yet is displeased with undifferentiated policy of the EU toward six EaP countries. It wishes to make a tailor-made policy, which means more peculiar bilateral relations between two. Moreover, Baku demonstrates its firm interest on economic and technical corporation with EU, but concerning political association, it discourses that this is rather internal affairs of state.

Absence of the EU's tough policy in DHR toward Azerbaijan is related with economic undeniable factors, which are Azerbaijan's economic independence and the EU's strategic interest on the latter regarding energy diversification policy and other trade relations. These tools make Azerbaijan to have relatively strong leverage in bilateral negotiations and in bargaining processes. Nevertheless, in recent years EU started to show transformative pressure on DHR in Azerbaijan, but once the EU initiates to express its displeasure about violation of fundamental rights in Azerbaijan, the latter shows stronger counter-actions. For instance, Baku blamed the EU of having double standards by only pointing out human rights problems within the EU. Azerbaijan proclaims that due to "naming and shaming" attitude of the EU it feels designated and unfairly treated. Even this approach of the EU toward Azerbaijan has been criticized by numerous interviewers that the EU's public reaction

³⁵ Van Gils, E., Korosteleva, E., Mehreim-Eyre, I. (2017). Differentiation through bargaining power in EU–Azerbaijan relations: Baku as a tough negotiator, *East European Politics*, 33(3), 390-395.

to official Baku creates counterproductive consequences as Azerbaijani government is quite sensitive about its reputation in international arena. Hence, the EU also seek to find an appropriate way of negotiations where it can keep its strategic partner calmer in economic relations, while opposing some misdoings of the Azerbaijani government.³⁶

Besides disagreements on DHR demands and fulfilments of the parties, second inconsistency is happening in the issue of Nagorno-Karabakh. Having distinguished views on the conflict impact further progress of relations between Azerbaijan and the EU, too.

It is worth to note that Nagorno-Karabakh conflict broke out in 1988, and in 1992 the Organization for Security and Co-operation in Europe (OSCE) Minsk Group was appointed as a mediator in conflict resolution. Although ceasefire was accompanied in 1994, the conflict is remaining as unsolved and protracted.

The EU always counts active engagement of the OSCE Minsk Group to the conflict, but due to the fact of “non-use of force”, the EU distances itself from a direct involvement in the conflict resolution. However, critiques argue that non-involvement of the EU to the conflict contradicts with its regional security actor role. But this is also justified as, for the EU there is no way to directly involve to the Nagorno-Karabakh belated conflict without spoiling relations with Turkey and Russia. Therefore, the EU has not yet adopted a unique coherent policy regarding this matter.

For Azerbaijan, Nagorno-Karabakh conflict is the only policy area that it requires the EU’s involvement more than it is. Several times authorities of Azerbaijan have showed their willingness to see a broader mediation of the EU in the conflict. This is due to the fact of “unsuccessful” conflict resolution mechanisms of the OSCE Minsk Group, therefore Azerbaijan sees the EU an odd conflict settler in the region. To Azerbaijan, the EU should involve more member states to the conflict resolution besides chair of France, because it considers Russia, France and the US as supporters of Armenia rather than Azerbaijan.

Azerbaijan accuses the EU not having unique approach to the conflict but holding double-standards. To Baku, the EU actively involved and showed its position on Kosovo, South Ossetia

³⁶ Van Gils, E. (2018). Azerbaijan’s Foreign Policy Strategies and the European Union: Successful Resistance and Pursued Influence, *Europa-Asia Studies*, 70(5), 745-746.

and Abkhazia, as well as annexation of the Crimea by Russia, however, for Nagorno-Karabakh the EU keeps itself away and shows its reluctance to engage in conflict settlement.³⁷

For the ongoing processes between parties as it is mentioned above, integration in terms of politics are still not in a desired level.

In the next pages author will deeply talk about European Neighborhood Policy and its implementation in Azerbaijan.

³⁷ Van Gils, E. (2018). Azerbaijan's Foreign Policy Strategies and the European Union: Successful Resistance and Pursued Influence, *Europa-Asia Studies*, 70(5), 747-750.

CHAPTER 2. EUROPEAN NEIGHBORHOOD POLICY

2.1 Launch of the European Neighborhood Policy and its Action Plan for Azerbaijan

Following 2004 enlargement of the EU toward East through membership of 10 new countries, the EU started to have a direct land border with the new Eastern neighbors, which meant that the EU now would have various security challenges. This enlargement brought multilevel institutional discussions to the EU's decision-makers that whether to transfer security and stability to its Eastern borders or to hazard importing stability from them. This objective of the EU has been approved by old member states and as well as new ones. Initiative to establish closer corporative ties with Eastern neighbors that are not the member of the Union which would bring a new Eastern Dimension to prevent new gaps between newly acceding countries and non-member states was launched by Polish Government in 2001.

This initiative was also supported by the UK, Sweden and Germany in the Copenhagen European Council of December 2002. After this, EC issued a Communication on 11 March 2003, on *Wider Europe-Neighborhood: a new framework for relations with our eastern and southern neighbors* (COM 92003) 11 March 2003), which suggested that the EU ought to aim for a close partnership with its neighbors, which was a privileged corporation that would be possible association without membership. The further goal of this partnership was recovering the prosperous economy of those countries and to fulfil progressive integration through orienting their economy to the EU's internal market and regulatory rules. Moreover, the Union proposed neighboring countries to take part in several EU programs which involve cultural, educational programmes, governance and human rights trainings and range of economic comprehension initiatives.³⁸

The main political papers for accomplishing the objectives of the ENP are named as Action Plans (Aps). In APs, the EU sorted out values and norms that its neighbors should implement, with precise goals and priorities for action, which's execution will make them more integrated to the EU. Fulfilment of the APs is supported by EU aid, which is called the European Neighborhood and Partnership Instrument (ENPI).

³⁸ Eriş, Ö.Ü. (2012). European Neighborhood Policy as a tool for stabilizing Europe's Neighborhood, *Southeast European and Black Sea Studies*, 12(2), 246-248.

In 2004, May 12 the Strategy Paper was adopted in Brussels which meant an official inauguration of the ENP. It acknowledged the EU's determination to exercise huge influence over the new neighbors through elimination of any potential instability. However, it was highlighted that membership is not in concern.

In 2004, negotiations were launched with Israel, Jordan, Moldova, Morocco, the Palestinian Authority, Tunisia, Ukraine, Azerbaijan, Georgia and Armenia through creating APs for each.³⁹

Before discussing results of the APs, I would like to write down about AP for Azerbaijan in details.

Action Plan of the ENP with Azerbaijan which is concluded in 2006 November 14, outlines a remarkable number of priority areas for trade and market-related regulatory reforms, especially trade facilitation involving customs legislation and procedures, technical regulation, standards and conformity assessments, sanitary and phytosanitary (SPS) issues, consumer protections, right of establishment and company law, financial services and market, taxation, competition policy, enterprise and SME policy, intellectual and industrial property rights, public procurement and statistics.

The Country Strategy Paper for 2007-2013 (CSP) entails support for Azerbaijan's reform agenda on the grounds of the policy aims described in the PCA and the EU-Azerbaijan ENP AP where the EU will supply and assistance for regulatory reforms in the framework of approximation of legislation and alignment procedures in a wide range of areas as well as statistics. It was assumed that this aid will promote administrative capacity building and guarantee national ownership and influential enforcement of approximated rules and regulations.

The ENPI also contains cooperation tools, such as Twinning, TAIEX and SIGMA, which have quite significant impact on accomplishment of the Action Plan priorities. Among them, Twinning is very essential in terms of connecting the EU and Azerbaijani public groups support to institution building activities.⁴⁰

³⁹ Bosse G. -(2007). Values in the EU's Neighborhood Policy: Political Rhetoric or Reflection of a Coherent Policy? *European Political Economy Review*, 7, 50-52.

⁴⁰ The Twinning Fiche, The State Statistical Committee of the Republic of Azerbaijan, Contribution to National Development Plan/Cooperation agreement/Association agreement/Action plan (2011). http://www.esteri.it/mae/gemellaggi/tacis/azerbaijan/az_14_enp_st_32.pdf Accessed 03.11.2018

In the following pages author will write about in which degree the ENP has been involved to the conflict resolutions in Azerbaijan and other South Caucasus countries.

2.2 Conflict Management Role of ENP in South Caucasus

As it was mentioned above, the EU's involvement as an actor to the South Caucasus was only partially started after 2004, following the launch of the ENP. Between 1992-2006 the EU's financial support to all three countries amounted as € 502 million to Georgia, €407 million for Azerbaijan and €386 million for Armenia. The Union has also supported reconstruction programs in Abkhazia and South Ossetia financially. Even the European Instrument for Democracy and Human Rights (EIDHR) has started to lead range of projects in the area of democracy-building and human rights in Abkhazia, the EU played inactive political role in terms of conflict management in Georgia. Concerning Nagorno Karabakh conflict, alongside with UNDP, World Bank rehabilitation projects, the EU funding has also contributed to those projects. However, there has never been an active support in the area of democracy-building and human rights or support for reconstruction for Nagorno Karabakh conflict from the EU side till 2005.⁴¹

After the initiations of the Action Plans, although Georgia has been in the key focus of the EU compared to Azerbaijan and Armenia, the EU started to synchronize its relations with all three countries. However, in the Action Plans negotiated during 2005-2006, the EU conflict resolution intentions were never explicitly stated regarding Nagorno Karabakh, Abkhazia and South Ossetia conflicts.

For instance, priority 6 of the ENP AP for Georgia is the enhancement of a peaceful resolution of domestic conflicts and it draws attention to a very general ideas, which are enhanced efforts at confidence building, economic cooperation and assistance, contribution to the deals signed with other international institutions. However, Georgia expected wider defense and military assistance from EU side and NATO to be able to counterbalance Russia in the settlement of conflicts.

Action Plan with Azerbaijan focused on promotion of democracy and rule of law rather than having certain conflict settlements on the issue of Nagorno Karabakh. This intention of the EU far more distanced from the objective of political cooperation of Azerbaijani officials who seek

⁴¹ Sasse. G, (2009). The European Neighborhood Policy and Conflict Management: A Comparison of Moldova and the Caucasus, *Ethnopolitics*, 8(3-4), 378-380

involvement of the EU intensely and who sees the EU as a weak actor in this issue compared with Russia, USA, Iran and Turkey. The reason for distinguished approaches from Azerbaijani side is mainly related with the country's economic independence and lack of rich oil resources which enables the demands of Azerbaijan from the EU on a completely different ways than the EU's political partnership offers. Whereas, from the EU side it was only provide in ENPI Indicative Program that in case of peaceful settlement of the Nagorno Karabakh conflict, there will be assistance by the Union in all aspects of conflict resolution, however, no further details have been explicitly stated.⁴²

Regarding Armenia and EU relations in the scope of ENP, Armenia doesn't see the program as a strategically important for its foreign policy direction, as Russia is having a vital role for the coordination of the Armenian external relations. Therefore, due to lack of Armenia's interest in the ENP, only few actions have been achieved.⁴³

To understand effectiveness of the implications of the Action Plan for Azerbaijan, author will compare the results achieved through AP for Azerbaijan in relation with the result achieved through AP for Ukraine in the following paragraph.

2.3 Analytical comparison Ukraine and Azerbaijan in ENP

The EU applies its policy and strategy of Neighborhood Europeanization through three approaches to cooperation with ENP countries: bilateral, regional and multilateral. The bilateral approach is founded on conditionality, implementation of support and rewards if countries are complying with EU demands. Regional approach includes certain ENP policies such as the Black Sea Synergy and the EaP. However, financial support for these programs is still limited and uncertain. The programs are also lacking in terms of exact strategy. The multilateral approach of the ENP brings the EU with other international and regional corporations and implements joint activities together with them such as OSCE, the Council of Europe.⁴⁴

⁴² Sasse. G, (2009). The European Neighborhood Policy and Conflict Management: A Comparison of Moldova and the Caucasus, *Ethnopolitics*, 8(3-4), 381-383.

⁴³ Sasse. G, (2009). The European Neighborhood Policy and Conflict Management: A Comparison of Moldova and the Caucasus, *Ethnopolitics*, 8(3-4), 383.

⁴⁴ Franke. A., Gawrich. A., Melnykovska. I., Sweickert. R. (2013). The European Union's Relations with Ukraine and Azerbaijan, *Post-Soviet Affairs*, 26(2), 150-153.

In the Table 5 below, three level approaches of the ENP are included.

Table 5. Approaches and Tools of EU’s Neighborhood Europeanization Strategy

	Bilateral				Regional		Multilateral	
	reward		support					
Demands	Tangible	Non-tangible	Tangible	Non-tangible	Tangible	Non-tangible	Tangible	Non-tangible
1.Democracy promotion 2.Economic cooperation 3.Justice and Home Affairs 4.Candict management	e.g, FTA, stake in internal market, visa liberalization	e.g, participation in EU agencies and community programs, right to join GASP positions	ENPI-financing, TACIS, EIDHR, TEMPUS	e.g, twinning	Addition al funds for EaP	Self-enforcem ent through regional cooperati on	Joint programs with CoE	“Cross checking demands with Council of Europe, OSCE

Source: Franke. A., Gawrich. A., Melnykovska. I., Schweickert. R. (2013). The European Union's Relations with Ukraine and Azerbaijan, *Post-Soviet Affairs*, 26(2), p.152.

Apart from ENP approaches and tools there are some certain factors that influence effectiveness of the EU strategies. These are: the willingness of an ENP partner-country to cooperate, the asymmetric interdependence between the EU and an ENP partner-country and adaptation costs of the EU demands that are connected to ongoing path-dependent and unchanging Soviet-era mentalities and regimes in an ENP partner-country.

Willingness to make a tight cooperation depends on benefit that will be attained at the result of this cooperation. In terms of asymmetry it can be emphasized that the more the partner country depends on cooperation with the EU, more rewards will be. Here, resource factor plays a significant role, because if the country is resource-abundance partner, it will have more willingness for corporation, if the country is having reach resources, reluctance to accept the EU demands will be the case. Path-dependence of ruling regimes in partner countries effects the implementation of EU strategies on party countries, where authorities are determining their cost-benefit evaluations in cooperation with the EU and it causes either acceleration or weakening of the process.⁴⁵

⁴⁵ Franke. A., Gawrich. A., Melnykovska. I., Schweickert. R. (2013). The European Union's Relations with Ukraine and Azerbaijan, *Post-Soviet Affairs*, 26(2), 155-156.

After this brief descriptive analysis of ENP, I would like to compare the implementation of the ENP in Azerbaijan and Ukraine.

Below in the Table 7 these three factors have been illustrated for ENP eastern partner countries as well as Azerbaijan.

Table 6. Cases of Neighborhood Europeanization

Variable	Willingness	Asymmetrical dependence	Adaptation costs
ENP countries			
Azerbaijan	x	x	x
Armenia	Xx	Xx	Xx
Belarus	x	Xx	Xx
Georgia	x	Xx	Xx
Moldova	x	x	Xx
Ukraine	X	X	X

Most Likely(X), Least Likely(x), and Intermediate (Xx) -

Source: Franke. A., Gawrich. A., Melnykovska. I., Schweickert. R. (2013). The European Union's Relations with Ukraine and Azerbaijan, *Post-Soviet Affairs*, 26(2), p.156.

It is clearly visible that success of EU strategies is most likely implementable in Ukraine, whereas it is assumed to be less likely to be successful in Azerbaijan. To be able to understand this dilemma one need to compare situation of both countries.

Ukraine is counted most-likely, because it desires to establish firm bilateral relations and it is quite interested to become EU member. Moreover, Ukraine is consolidating democracy which makes Ukraine to have relatively low adaptation costs in terms of implementation of EU demands. Also, economic conditions in the country together with security problems push Ukraine to have more willingness to apply EU strategies and to be successful.

Adversely, Azerbaijan is considered least-likely case, because it shows “resource-based” unwillingness to cooperate. Furthermore, Azerbaijani government stance hinders to implement EU demands appropriately, because the government is quite reluctant to apply EU’s democracy promotions in the near future as it seems direct threat to the stability of current authorities of Azerbaijan. Holding reach natural resources makes Azerbaijani economy less dependent from EU

and more independent to apply EU demands. Nevertheless, both countries are having mutual cooperation with the European Union in a different area of cooperation.⁴⁶

Following the Orange revolution, EU strategy toward Ukraine based increasingly on democracy promotion. ENP AP on Ukraine was grounded on a top-down approach which meant enforcement of democracy in several areas. The requirements involved democratic elections for presidency and parliament under a joint surveillance of the EU and the OSCE. Furthermore, demands of AP were enhancement of rule of law and to bring country's legislative norms to the EU standards which required more independent judiciary system and more improved administrative capacity.

The EU participated in the 2006-2007 parliamentary elections of Ukraine together with OSCE/ODIHR observation mission under the strategy of multilateralism. After implementation of multilateralism strategy on elections, the EU offered Ukraine with a tangible reward which was initiation and additional enhancement of negotiations on a Free Trade Area (FTA).⁴⁷

The second important requirement of the EU from Ukraine was implementation and development of rule of law where the major courses were based on the Council of Europe's Venice Commission, which often demands efficient checks and balance between three divisions of the state powers. Regarding bottom-up democracy promotion and formulation of civil society have been enhanced by the Ukrainian elites and civils. Here from EU side several tangible assistances were provided through TACIS (Technical Aid to Commonwealth of Independence States), EDIHR (European Instrument for Democracy and Human Rights) as well as Tempus facilities.⁴⁸

Similar to Ukraine, the ENP AP with Azerbaijan made clear demands which were to comply with democratic standards such as to hold transparent elections and to implement legislative and administrative reforms. The EU involved assessments of the CoE, the OSCE, and the UN by using tools of multilateralism. However, regardless of several joint assessments, the OSCE/ODIHR

⁴⁶ Gahramanova. A. (2009). Internal and external factors in the democratization of Azerbaijan, *Democratization*, 16(4), 786-789.

⁴⁷ Lupu. M. R. (2010). External democracy promotion in Ukraine and Moldova: impact of the European Union, DIIS Working Paper, 21, 19-21.
<https://www.diis.dk/files/media/publications/import/wp2010-21-external-democracy-promotion-ukraine-moldova.pdf>

⁴⁸ Franke. A., Gawrich. A., Melnykovska. I., Schweickert. R. (2013). The European Union's Relations with Ukraine and Azerbaijan, *Post-Soviet Affairs*, 26(2), 157-158.

classified election of 2003 and 2005 as non-transparent and unfair. Apparently, Azerbaijani elites were quite open to show their reluctance to implement EU's democracy demands and this has been limiting the power of the EU in Azerbaijan.

The situation changed slightly in 2008, where Azerbaijani officials made minor compliances with the EU demands. At that time, Azerbaijani elections were the part of the Joint Program's election project "SC-MDL-Elections". Therefore, amendments to the Azerbaijani election legislation were passed. Azerbaijani government decided to pursue some of the Venice Commission's recommendations where the EU was also involved.⁴⁹

Bottom-up democratization demands of the EU have been ignored due to costs of the implementation. Azerbaijani NGOs have only been supported by external financing without getting any promotion from national government which effected the fostering of bottom-up democratization process. However, meanwhile the EU also put less effort on the financing of the NGOs in Azerbaijan even though opposition groups demanded this several times.

Apart from democratization promotions, the AP involved on Nagorno-Karabakh region where it focused on establishing linkage-mechanisms and supplying immediate support for youth organizations and anti-radicalization initiative in the conflicting area. However, these initiatives have mainly been remained on "papers" rather than activation. Only few projects such as Youth Cooperation Organization, the Union "Century 21" and the Young European Federalists of Azerbaijan got marginal support by EU. Hence, the EU strategy for democratic standards implementation in Azerbaijan has been classified as having no change of success as the Azerbaijani elites are showing quite low level of interest.⁵⁰

Economic demands of the ENP on Ukraine were to accord its legislation to the requirements of the EU's Internal Market and the World Trade Organization (WTO) regulations. The EU played quite essential role on market facilitation of Ukraine toward WTO by insisting on the promotion of GATT principles. For implementation of those requirements, the EU provided several tangible

⁴⁹ Lupu. M. R. (2010). External democracy promotion in Ukraine and Moldova: impact of the European Union, DIIS Working Paper, 21, 159-160.
<https://www.diis.dk/files/media/publications/import/wp2010-21-external-democracy-promotion-ukraine-moldova.pdf>

⁵⁰ Franke. A., Gawrich. A., Melnykovska. I., Scweickert. R., (2013). The European Union's Relations with Ukraine and Azerbaijan, *Post-Soviet Affairs*, 26(2), 160-161.

rewards which were enhanced preferential economic and trade relations with an FTA and for the future a stake in the EU's Single Market. These rewards took action alongside with application of numerous political liberalizations and democracy promotions which resulted to grant full-fledged market-economy status to Ukraine, where repeated runoff elections in 2004 were required in exchange.

Moreover, a clear asymmetry in economic relation between Ukraine and the EU were captured, when Ukraine wanted to eliminate its dependence on Russia in terms of energy supply. Ukraine desires to get use of EU's energy diversification strategy and to modernize its old pipelines. However, here the objectives of the EU and Ukraine are mismatching as the EU wishes to find alternative routes to the pipelines which have been coming through Ukraine. This asymmetrical goal of parties makes Ukraine to implement all requirements of the ENP AP or any other project of the EU. For this reason, Ukraine had pronounced its willingness to participate in the Black Sea Synergy and other projects and components of the EU. However, government of 2009 was interested in closer cooperation with Russia in terms of energy⁵¹

As its strategy with Ukraine, the ENP AP for Azerbaijan offered economic rewards in exchange of economic reforms. There rewards were intensified financial and technical support via ENPI and in the long-run to access to the EU's Internal Market. However, different from conditions and objectives of the EU with Ukraine, the EU focus is not a common market with Azerbaijan, but rather conjunction of latter's energy policy with the regulations of the EU's internal electricity and gas market. In this regard, the EU has more willingness to cooperate with Azerbaijan, as latter is counted as alternative energy supplier to the EU as well as it can become as EU's transit corridor. Thus, the EU is more interested on energy cooperation with Azerbaijan. In this concern, "Baku Energy Initiative", the Memorandum of Understanding on Energy (MoUE) between Azerbaijan and the EU, the Energy Reform Support Program (ERSP), and Black Sea Basic Joint Operation Program 2007-2015 (Black Sea JOP) have been initiated to deepen the energy cooperation between parties in a more influential way.

As it was mentioned in the energy cooperation sector between the EU and Azerbaijan, partnership on energy cooperation takes very vital place on the EU's Eastern Neighborhood strategy with

⁵¹ Dragneva. R, Wolczuk. K. (2016). Between Dependency and Integration: Ukraine's Relations with Russia, *Europe-Asia Studies*, 68(4), 688-690.

Azerbaijan. Because South Caucasus region keeps its importance as a transit corridor, therefore at the outset of relations between parties INOGATE energy program and the Program for Modernization of TRACECA (Transport Corridor Europe-Caucasus-Asia) have been launched. Thus, compared with partnership goals of Ukraine with the EU in an economic sphere, Azerbaijan has quite symmetrical exchange needs with EU which makes Azerbaijan to desire parity in negotiations.⁵²

The third variable of partnership with Ukraine and Azerbaijan is EU's Justice and Home Affairs (JHA). Even before the launch of the ENP, one of the key goals of the European Union has been to secure its borders after its enlargement toward East. For this reason, EU demands on Ukraine were also driven by cross-border cooperation which aimed to reduce and minimize the hazards related to range of external crime, such as human trafficking and money laundry. Through the inauguration of the ENP AP the scope of security enlarged where the parties put more stress on migration and border management in order to encompass a much larger range of governance-related issues. The major strategy of the EU for promotion of good governance in JHA is non-tangible support through Twinning and TAIEX.

However, asymmetry was clearly visible when it comes to the discussions on visa-regime issues. The EU required readmission in exchange of visa facilitation for only a small group of Ukrainian citizens, whereas Ukraine applied free-visa travel rights to EU citizens at the outset of the ENP. Only after several years in 2017, July 11 EU provided visa-free travel to Ukrainian citizens.⁵³

From Azerbaijan side the projects of JHA have not been ratified or they encounter several impediments due to complicated tax and customs system of Azerbaijan and bureaucratic delays which are affecting development of private enterprises, especially in non-oil sector. Nonetheless, JHA partnership had gained some success in fighting against illegal immigration, supply and trafficking of drugs and narcotics. The EU strategy toward Azerbaijan is based on Twinning projects, anti-corruption programs and the multilateral Southern Caucasus Anti-Drug Program (SCAD). Azerbaijani government has also contributed cooperation on JHA through several

⁵²Chen.Y. (2018). Caspian Policy Center, TRACECA to Be Integrated into China's belt and Road Initiative. <http://www.caspianpolicy.org/energy/traceca-to-be-integrated-into-chinas-belt-and-road-initiative/>

⁵³ European Union External Action, Visa-free travel for Ukrainians comes into force.

https://eeas.europa.eu/headquarters/headquarters-homepage_en/27990/Visa-free%20travel%20for%20Ukrainians%20comes%20into%20force. Accessed 27.12.2018

programs and initiatives. For instance, in July 2006, a presidential decree established the Republic of Azerbaijan's State Migration Program for 2006-2008 which coursed amendments in laws on immigration, labor migration, and fight against human trafficking. Furthermore, National Action Plan to Combat Trafficking in Human Beings adopted by the Republic of Azerbaijan in 2004. The ENP AP contributed positively to Azerbaijan's ranking in the international trafficking in Persons Ratings since 2001.⁵⁴

Although results of improvement in JHA cooperation between Ukraine and the EU are not comparable with the consequences in Azerbaijan, it can be stated that Azerbaijani government have had quite successful partnership in JHA as well.

Finally, author will discuss contrasts and similarities of the ENP in conflict management in Ukraine and Azerbaijan.

In 2006, the AP demanded the EU and Ukraine to enforce a joint conflict management over Transnistrian conflict which was rather external dispute resolution for Ukraine. Former president of Ukraine, Yuschenko introduced new customs rules on Transnistrian that is bordering with Ukraine which enabled a ban on Tiraspol's exports on Russia. In so doing, although Ukraine were not grated with any reward from the EU side, it employed a good prestige in international arena. Moreover, following successful resolution of aforementioned conflict, in 2008 war between Georgia and Russia, the EU initiated a Joint Cooperation Initiative in Crimea as EU rediscovered as "frozen conflict" of Crimea. The EU used a tool of multilateralism with cooperating the UNDP in Crimea on a Community Based Approach project which aimed to implement a tight cooperation with local parliament of Crimea.⁵⁵

⁵⁴ Commission Staff Working Document. (2010). Communication from the Commission to The European Parliament and The Council, Taking stock of the European Neighborhood Policy (ENP), 10-12.

[https://www.google.com/search?q=The+EU+strategy+toward+Azerbaijan+is+based+on+Twinning+projects%2C+anti-corruption+programs+and+the+multilateral+Southern+Caucasus+Anti-Drug+Program+\(SCAD\)&rlz=1C1CHBF_enLV817LV818&oq=The+EU+strategy+toward+Azerbaijan+is+based+on+Twinning+projects%2C+anti-corruption+programs+and+the+multilateral+Southern+Caucasus+Anti-Drug+Program+\(SCAD\)&aqs=chrome..69i57.901j0j7&sourceid=chrome&ie=UTF-8#](https://www.google.com/search?q=The+EU+strategy+toward+Azerbaijan+is+based+on+Twinning+projects%2C+anti-corruption+programs+and+the+multilateral+Southern+Caucasus+Anti-Drug+Program+(SCAD)&rlz=1C1CHBF_enLV817LV818&oq=The+EU+strategy+toward+Azerbaijan+is+based+on+Twinning+projects%2C+anti-corruption+programs+and+the+multilateral+Southern+Caucasus+Anti-Drug+Program+(SCAD)&aqs=chrome..69i57.901j0j7&sourceid=chrome&ie=UTF-8#)

⁵⁵ European Union, European Neighborhood and Partnership Instrument, Ukraine, National Indicative Program 2011-2013, 21-23.

http://eeas.europa.eu/archives/docs/enp/pdf/pdf/country/2011_enpi_nip_ukraine_en.pdf

The EU's attention on the Nagorno-Karabakh conflict began in 1992. After concluding Partnership and Cooperation Agreements for the South Caucasus region and membership of Azerbaijan to CoE, the focus of the EU increased since 1999. The TACIS National Indicative Program which was initiated in 2001-2003 required "the over-riding political priority for Azerbaijan in the settlement of the Nagorno-Karabakh conflict". However, the results have never been achieved since the EU shows reluctance to pursue initiatives. As it has already mentioned in previous chapters, this partnership is the only one where Azerbaijan would like an active participation from the EU and wants to see the latter as a mediator in the resolution of protracted conflict.

From the analysis above it might be concluded that where demands of the EU combine with desire of the national governments of Azerbaijan and Ukraine, the ENP AP fulfils successful outcomes. However, especially in case of Azerbaijan, due to lack of tangible support which can be called resource abundance in certain projects, EU's requirements were not met. Moreover, having symmetric goals and needs in terms of economic cooperation makes Azerbaijani officials to be able to easily deny the demands of the EU.

I would also like to briefly describe the impact of the ENP in Moldova, Georgia, Belarus and Armenia, to have more insight about the Eastern partners of the program.

As Table 7 indicated, Georgia and Moldova are quite closer to Ukraine in terms of willingness to cooperate, however while adaptation costs are relatively higher in both countries. Meantime, figures for Belarus are very similar to Azerbaijan, but due to not having reach resources like Azerbaijan, Belarus' cooperation willingness remain in intermediate degree. Armenia has intermediate indicators for all variables. These results have generated from lack of norms in Georgia and Moldova that could not determine cooperation alone, both countries have dependence on the EU's cooperation where Georgia is getting tangible rewards in terms of support to national strategies while Moldova gets benefit of doing 50% of its trade with the Union. Meanwhile, political regimes in Moldova and Georgia still lag behind Ukraine to desire cooperation or to make necessary reforms, however, the reform probabilities are better than Azerbaijan. Moreover, Twitter and the Rose revolutions put a background of willingness on populations of Moldova and Georgia which have been increasing support from the EU in tangible and non-tangible way. The case of

Armenia is different than all since the country is obliged to balance its external relations between Russia and the EU due to strong political and economic dependence on Russia as well as Iran.⁵⁶

After deeper analysis of ENP APs for Azerbaijan and Ukraine, author will go through six partner countries of ENP eastern neighbors by comparing range of statistical indicators that have been done in relatively new project, Eastern Partnership Program.

2.4 Eastern Partnership

Following ENP new EU initiative was launched with Eastern Neighboring countries in Prague Summit (2009) which is called the Eastern Partnership. It collaborated the EU's Member States and six partner countries in Eastern Europe: Azerbaijan, Georgia, Ukraine, Belarus, Moldova and Armenia. The work of the program is conducted by the EC via its Directorate-General for Neighborhood Policy and Enlargement Negotiations (DR NEAR). The declaration on the foundation of the Eastern Partnership adopted at the first EaP summit in May 2009 and the main objective proclaimed as to create the necessary circumstances to facilitate political and economic integration between the EU and partner countries. EaP includes several partnership areas with six countries as well as visa facilitation process is one of the main current issues through which Moldovans obtained the right to travel to the EU without visas starting from 2014, subsequently the same case applied for Georgians and Ukrainians starting from 2017, March and June. Meantime, several agreements on visa facilitation are concluding with Azerbaijan, Belarus and Armenia.⁵⁷

The key goal of the EaP was summarized in the statement of Štefan Füle⁵⁸, ex-Commissioner for Enlargement and European Neighborhood Policy, which was “*The Eastern partnership, a key policy initiative in the Neighborhood, aims to bring our eastern neighbors closer to the European union. Drawing on the EU's unique range of instruments, we are seeking to achieve a new, innovative style of partnership. We want to engage further in cooperation with our neighbors to support their democratic transformation...*”.

⁵⁶ Franke, A., Gawrich, A., Melnykovska, I., Schweickert, R. (2013). The European Union's Relations with Ukraine and Azerbaijan, *Post-Soviet Affairs*, 26(2), 17-173.

⁵⁷ Eastern Partnership (EaP): (2017). <https://eceph.eu/eastern-partnership-eap/>
Accessed 23.11.2018

⁵⁸ Vosta, M., Musiyenko, S., Abrham, J., (2016). Ukraine-EU Deep and Comprehensive Free Trade Area as Part of Eastern Partnership initiative, *Journal of International Studies*, 9(3), 22.

To accomplish these goals range of political and socio-economic reforms in the party countries with approximation of legislation with EU legal norms were implemented by giving particular importance to four strategic fields of development. These were:

- Democracy, good governance and stability system which included administrative reforms, anti-corruption measures, training of managerial staff, civil society development, free media;
- Economic integration and convergence with EU’s sectoral economic policies, involving free trade agreements;
- Energy security (measures to ensure a reliable energy supply to EaP partner countries and the EU, energy efficiency and development of renewable energy);
- People-to-people contact support (visa regime facilitation) (Joint Declaration of the Prague Eastern Partnership Summit, 2009).⁵⁹

In the following pages author compares statistical indicators of partner countries of Eastern Partnership giving more place to Azerbaijan.

Indicators of scoreboard of EU for democracy indexes of Eastern Partnership countries and EU best and EU worst indicators are included in table 7.

Table 7. Scoreboard of EU for democracy indexes of Eastern Partnership countries and EU best and EU worst indicators

	Democracy index (10=most democratic)	Economic freedom index (100=most free)	Ease of doing business index (1=best)	Trade freedom corruption (100= no corruption)	Freedom from corruption (100 = no corruption)	Human development (1 = highest level of development)	Gross national income per capita (in USD)
Azerbaijan	3.15	61.3	67	77.2	22.7	0.73	8,153

⁵⁹ Musiyenko S. (2015). New Challenges for the European Union Neighborhood Policy: Key Aspects of cooperation Between the EU and Eastern Partnership Countries, 13th International Scientific Conference “Economic Policy in the European Union Member Countries”, 406-407.

Armenia	4.09	68.9	32	85.5	26.7	0.73	5,540
Belarus	3.04	50.1	58	81.4	24.6	0.79	13,385
Georgia	5.53	72.6	9	88.6	42.8	0.75	5,5005
Moldova	6.32	57.3	83	80.1	29.5	0.66	3.319
Ukraine	5.91	49.3	137	86.2	21.9	0.74	6,428
EU28 (top performer)	9.73(SWE)	76.2(IRL)	5 (DNK)	87.8 (24MS)	90.0 (DNK)	0.92 (NL;DE)	37,282 (NL)
EU2(worst performer)	6.549 (ROM)	55.7 (GRC)	102(MA LTA)	82.8(GRC)	33.2 (GRC)	0.78(BGR)	11,474(B GR)

Source: Bosse G. (2014). The Eastern Partnership and the disintegration of Eastern Europe: The of the region-building project?, *European View*, 13(1), 104.

Table 8 illustrates several political and economic variables of the 6 Eastern countries in comparison with the best and worst figures from the EU Member States for the years 2012 and 2013. Democracy indexes of Azerbaijan have been quite low if we compare with the figures for Romania which was counted as least democratic in the EU. One can observe that different from what we have discussed in the section of the ENP AP for years 2006-2009, Moldova has made a leap on its democracy level which has been the highest among partner countries, while Belarus remained its undemocratic regime for the concerned years. In terms of economic freedom, indexes for Azerbaijan have been positively closer to most free level, even better than Romania. In this variable Georgia showed quite higher number 72.6 which is the quite similar to EU-top indicator Ireland- 76.2. For the level on easy of doing business, number of Azerbaijan (67) pronounced negative level, whereas Georgia has been ranked as the best among partner countries. Azerbaijan have had worse indexes for freedom from corruption in general and freedom of trade from corruption compared to other Eap countries. Indicators for human development in Azerbaijan have been closer to the desired level and better than Moldova. Gross national income of Azerbaijan has been ranked as a second among partner countries. The figures for Belarus was quite positive in comparison with other countries and Belarus showed higher numbers than the EU member Bulgaria – data are included in table 8.

Table 8. Trade dependencies of Eastern Partnership countries on the EU and Russia in 2012 (and 2000): percentage share of total imports/exports

	Imports from the EU (%)	Imports from the CIS (2000) (%)	Imports from the CIS (2012) (%)	Imports from Russia (in the CIS) (%)	Exports to the EU (%)	Exports to the CIS (2000) (%)	Exports to the CIS (2012) (%)	Exports to Russia (in the CIS) (%)
Ukraine	40	58	41	20	21	31	37	24
Belarus	20	70	65	58	38	60	51	38
Moldova	45	33	31	8	47	59	43	21
Azerbaijan	29	32	25	14	54	13	5	3
Armenia	25	20	31	25	35	24	27	20
Georgia	27	-	25	8	24	-	34	4

Source: Bosse. G, (2014). The Eastern Partnership and the disintegration of Eastern Europe: The end of the region building, *European View*, 13 (1), 105.

Data included in Table 8 show dependency of partner countries from the EU and Russia on trade for the years 2000-2012. This table is also essential to understand how the trade dependency of Ukraine has been diminished on Russia and cooperation with the EU has been risen by 40% of imports from the EU and 21% exports to the EU. Moreover, Azerbaijani exports to the EU being 54% for the concerned year gives an insight about why Azerbaijani government has less willingness to implement EU demands. Apparently, the cooperation objectives for Azerbaijan and the EU have been in an equal level in contrast with other 5 partner countries. For the years 2000 and 2012 imports and exports balance of Moldova with the Union have been quite balanced. Belarus's dependency on imports from Russia keeps the country to ignore the requirements of the EU from national government.

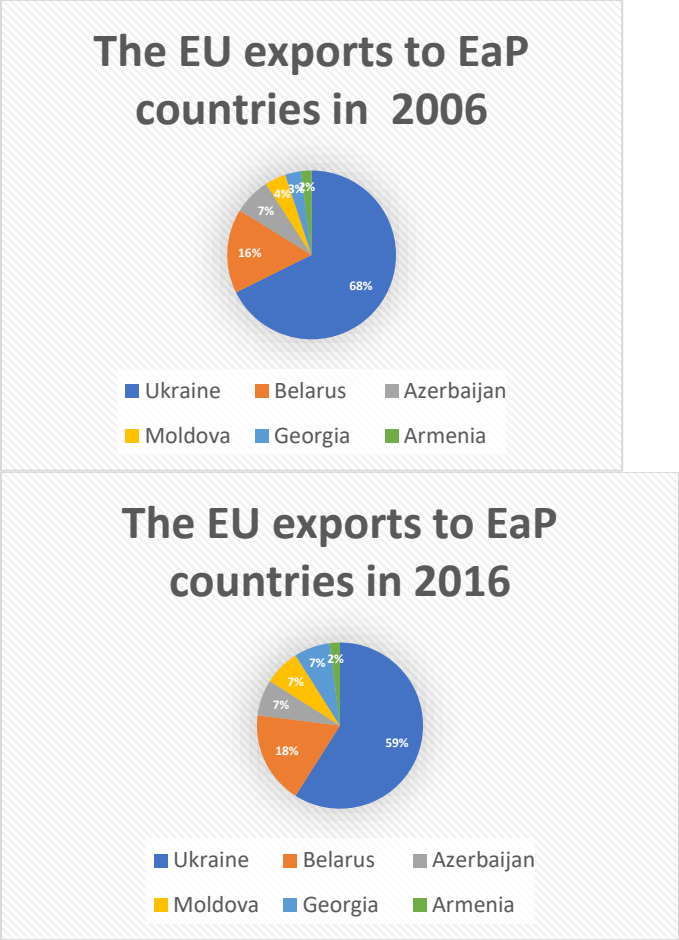


Figure 8. Destination of the Goods exported from the EU to Eastern Partnership countries (2006-2016)

Source: Eurostat Statistics explained, European Neighborhood Policy - East - statistics on trade flows with the EU. (2017). https://ec.europa.eu/eurostat/statistics-explained/index.php/European_Neighbourhood_Policy_-_East_-_statistics_on_trade_flows_with_the_EU . Accessed 03.12.2018

Figure 8 above portrays exports from the EU to EaP countries in the years 2006 and 2016. It is obvious from the pie chart that in both years more than half share of goods destination from the European Union has been Ukraine 68% and 59% respectively in 2006 and 2016. The second largest amount of trade has been done with Belarus, while Azerbaijan has taken the third place with 7% of share for 2006 and 2016.

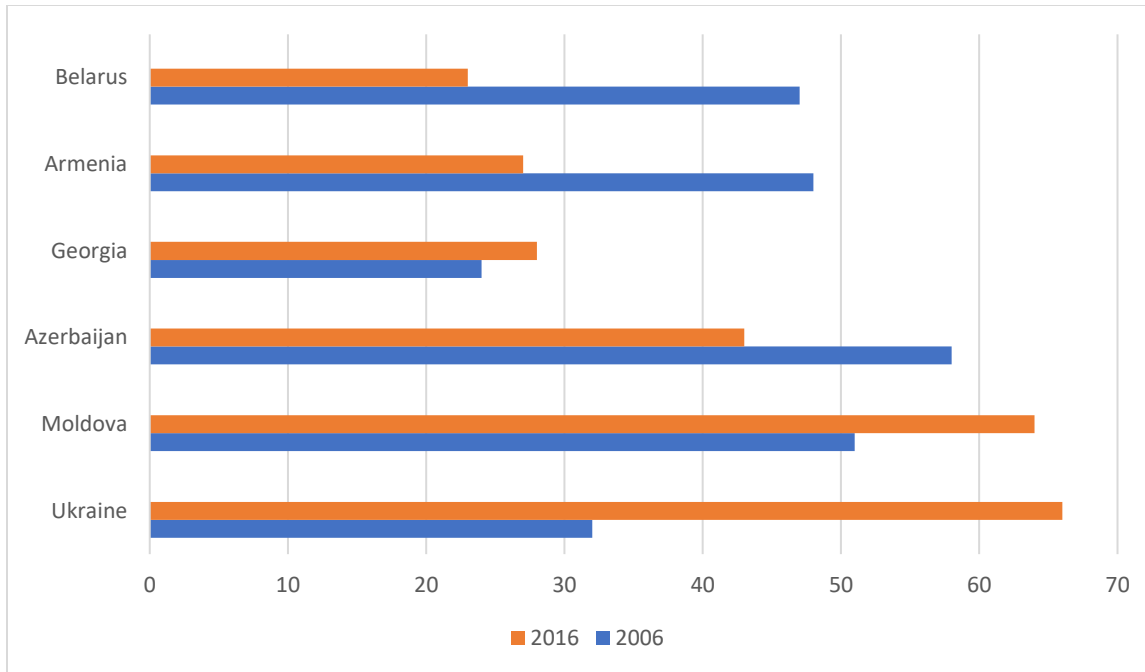


Figure 9. Share in exports of the goods from Eastern Partnership countries to the EU in 2006 and 2016

Source: Eurostat Statistics explained, European Neighborhood Policy - East - statistics on trade flows with the EU. (2017), https://ec.europa.eu/eurostat/statistics-explained/index.php/European_Neighbourhood_Policy_-_East_-_statistics_on_trade_flows_with_the_EU. Accessed 05.12.2018

Line graph above describes percentage share of the total exports from the Eastern Partners to the European Union. As in the Figure 9 it is remarkable to write that percentage of the Ukraine has been increased drastically over the 10 years. While the index of 2006 shows approximately 32% of exports from Ukraine to the EU, the numbers for 2016 is 66%. However, for Azerbaijan the situation is vice-verse, where figures of 2006 exports from the country to the European Union was 58% in 2006, this has been diminished by 43% in 2016. Increasing changes has been observed in the indicators of Moldova as well. Moldova's exports to the EU was 51% in 2006, while 13% increase has been achieved between 2006-2016. An obvious gap seems the indicators of Belarus and Armenia which was 47% and 48% in 2006 respectively, but it has dropped to 23% and 27% in the year 2016 respectively. Although it is negligible, but Georgia increased it's export share (in percentage) to the EU by 4%.

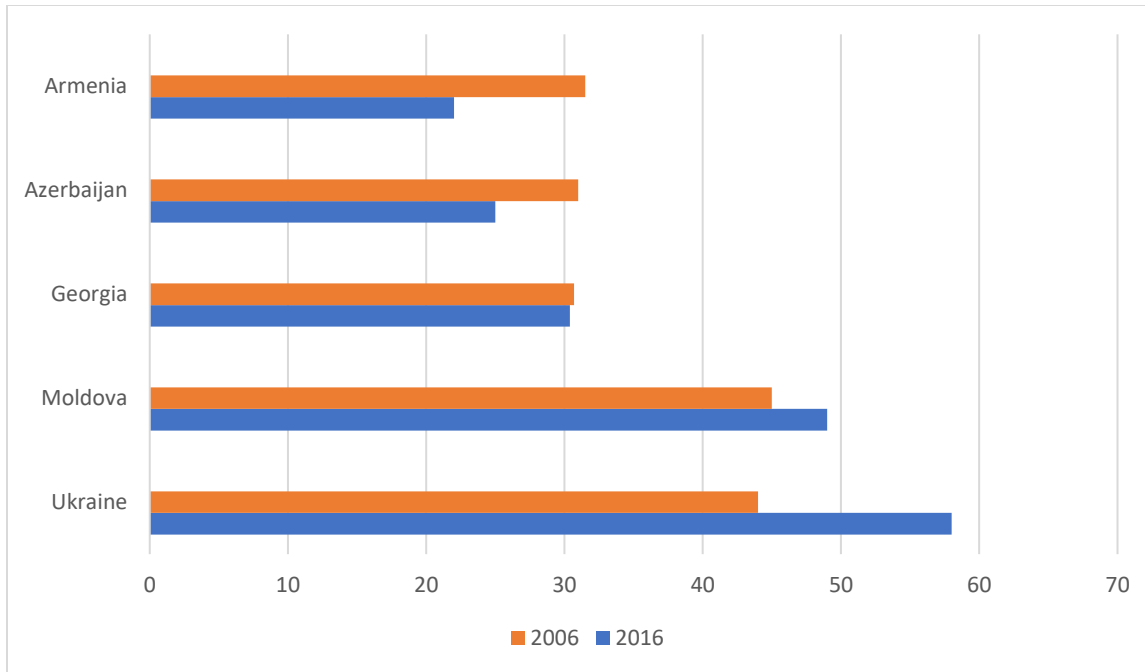


Figure 10. Share of export of goods from the EU to Eastern Partnership countries in 2006 and 2016

Source: Eurostat Statistics explained, European Neighborhood Policy - East - statistics on trade flows with the EU. (2017), https://ec.europa.eu/eurostat/statistics-explained/index.php/European_Neighbourhood_Policy_-_East_-_statistics_on_trade_flows_with_the_EU. Accessed 02.12.2018

Above in the Figure 10 goods that have been exported from the EU to the Eastern Partners is illustrated. One can see that as adverse trade between EU and Azerbaijan, exports that has been made from EU also decreased in amount which was 31% in 2006 and it reduced 6% in 2016. Numbers for Ukraine covers largest amount and exports from the Union to Ukraine rose 14% between 2006 and 2016. Positive changes happened in the export rates with Moldova and percentage increased by 4% over 10 years. Like Azerbaijan, slop in the indexes of Armenia is noticeable. Georgia experienced quite slight downward in the rates.

Evaluations of changes in political rights and civil liberties in Eastern Partnership countries in years 2004-2014 are included in table 9.

Table 9. Changes in political rights and civil liberties in Eastern Partnership countries (2004-2014)

	2004 PR----CL	2006 PR----CL	2008 PR----CL	2010 PR----CL	2012 PR----CL	2014 PR----CL	Status
Armenia	4-----4	5-----4	5-----4	6-----4	6-----4	5-----4	Partly Free
Azerbaijan	6-----5	6-----5	6-----5	6-----5	6-----5	6-----6	Not Free
Belarus	6-----6	7-----6	7-----6	7-----6	7-----6	7-----6	Not Free
Georgia	4-----4	3-----3	4-----4	4-----4	4-----3	3-----3	Partly Free
Moldova	3-----4	3-----4	3-----4	3-----4	3-----3	3-----3	Partly Free
Ukraine	4-----4	3-----2	3-----2	3-----2	4-----3	4-----3	Partly Free

Note. PR= political rights, CL = civil liberties (1=Totally free, 10= Not free)

Source: Cottey. A, (2012). Regionalism and the EU's neighborhood policy: the limits of the possible, *Southeast European and Black Sea Studies*, 12 (3), 380.

Above in the table 9 more political data has been depicted in terms of development in political rights and civil liberties over between 2004 and 2014. It is clearly visible that Azerbaijan and Belarus have shown no development over 10 years period, while Georgia, Moldova and Ukraine kept working on democratization. Slight upward is case for Armenia.

Data on financial assistance of EU to the Eastern Partnership countries 2010-2013 in million EUR are included in table 10.

Table 10. Financial assistance of EU to the Eastern Partnership countries 2010-2013, million EUR

	2010	2011	2012	2013	In total
Administrative cost EaP	0,75	1,59	3,39	4,77	10,5
Armenia, in general	27,7	43,09	54,52	59,71	185,02
Basic distribution	27,7	36,39	39	42	145,09
Revenues within the EaP, including:	0	6,7	15,52	17,71	39,93
Complex institutional programs		6,7	13,52	12,59	32,81
Regional policy		0	2	5,12	7,12
Azerbaijan, in general	7	31	42,15	49,34	129,49
Basic distribution	7	28	32	34	101
Revenues within the EaP, including:	0	3	10,15	15,34	28,49
Complex institutional programs		3	8,15	8,05	19,2
Regional policy		0	2	7,29	9,29
Belarus, in general	10	16,07	26,46	37,73	90,26
Basic distribution	10	15	22	27	74
Revenues within the EaP, including	0	1,07	4,46	10,73	16,26
Complex institutional programs		1,07	2,46	2,35	5,88
Regional policy		0	2	8,38	10,38
Georgia, in general	37,2	50,73	61,87	67,69	217,49

Basic distribution	37,2	45	47	50	179,2
Revenues within the EaP, including	0	5,73	14,87	17,69	38,29
Complex institutional programs		5,73	12,87	12,26	30,86
Regional policy		0	2	5,43	7,43
Moldova, in general	66	78,6	94,19	100,35	339,14
Basic distribution	66	71	75	79	291
Revenues within the EaP, including	0	7,6	19,19	21,35	48,14
Complex institutional programs		7,6	17,19	16,37	41,16
Regional policy		0	2	4,98	6,98
Ukraine, in general	126	137,32	152,57	180,17	596,06
Basic distribution	126	130	132,15	133,75	521,9
Revenues within the EaP, including	0	7,32	20,42	46,42	74,16
Complex institutional programs		7,32	18,42	17,63	43,37
Regional policy		0	2	28,79	30,79
In total	267,6	327,4	393,0	450,4	1438,4

Source: Musiyenko S. (2015). New Challenges for the European Union Neighborhood Policy: Key Aspects of cooperation Between the EU and Eastern Partnership Countries, 13th International Scientific Conference “Economic Policy in the European Union Member Countries”, 408.

In table 10 included data of financial support done by the EU under the EaP to the partner countries indicate that in general Ukraine, Moldova and Georgia had been provided more financial assistance through EaP with the amount of 596,06 mln EUR, 339, 14 mln EUR and 217,49 mln EUR respectively. Azerbaijan took 5th place for being financed by the program with the amount of 129,49 mln EUR in general. Data of financial assistance show that amount of assistance had increased every year. Azerbaijan got quite lower amount of support for the institutional reforms and regional policy strategies. Substantial part of the funding for Azerbaijan has been used to on basic distribution, which was 101 mln EUR in total.

Key indicators of reforms (level of approximation to the EU) performed by the Eastern Partnership countries in 2011-2016 are included in figure 11.

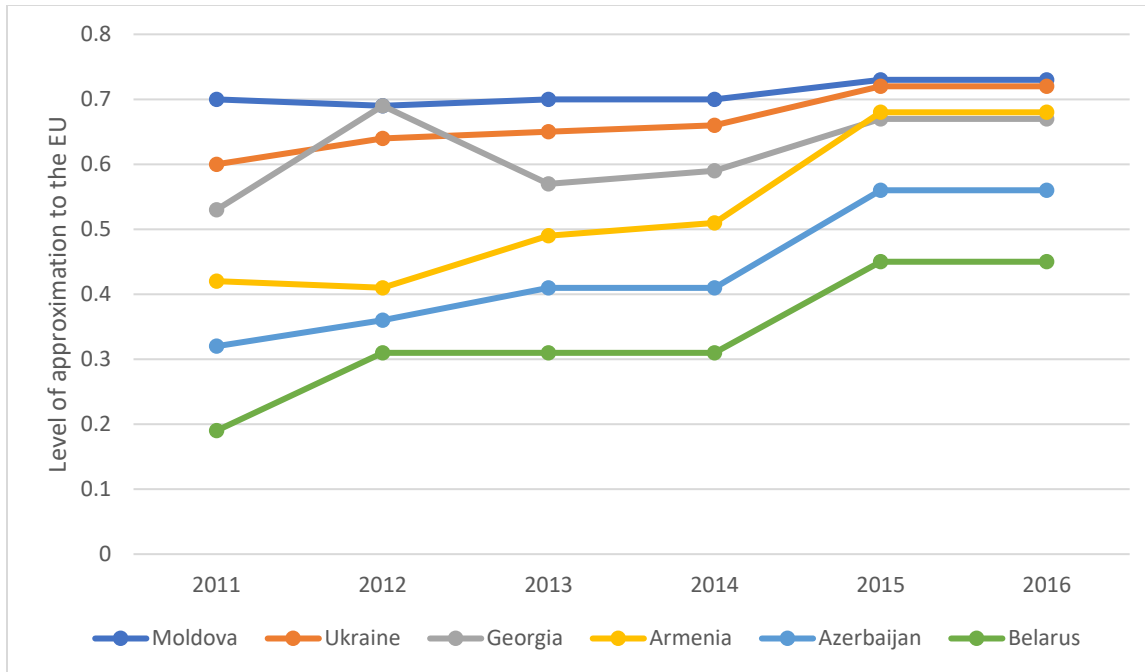


Figure 11. Key indicators of reforms (level of approximation to the EU) performed by the Eastern Partnership countries in 2011-2016

Source: Eastern Partnership Index, Country Rating. <http://www.eap-index.eu/>. Accessed 09.12.2018

Line graph above performs EaP countries level of approximation to the 2011 and 2016. Moldova has been performing quite steady but increasing level of approximation with the average of 0.7. Also, Ukraine has been increasing in the amount every year and its approximation degree was 0.72 in 2016. Although Azerbaijan started from the lowest level of approximation, it showed quite increasing upward by the year 2016 with the approximation degree 0.56. Azerbaijan's level difference between 2014 and 2015 is 0.15, which could be counted as a leap in approximation. The same fluctuation has been case for Belarus, while the indexes of Armenia developed with upwards and slops.

Key determinants of transition to market economy 2015-2016 of Eastern Partnership states are included in figure 12.

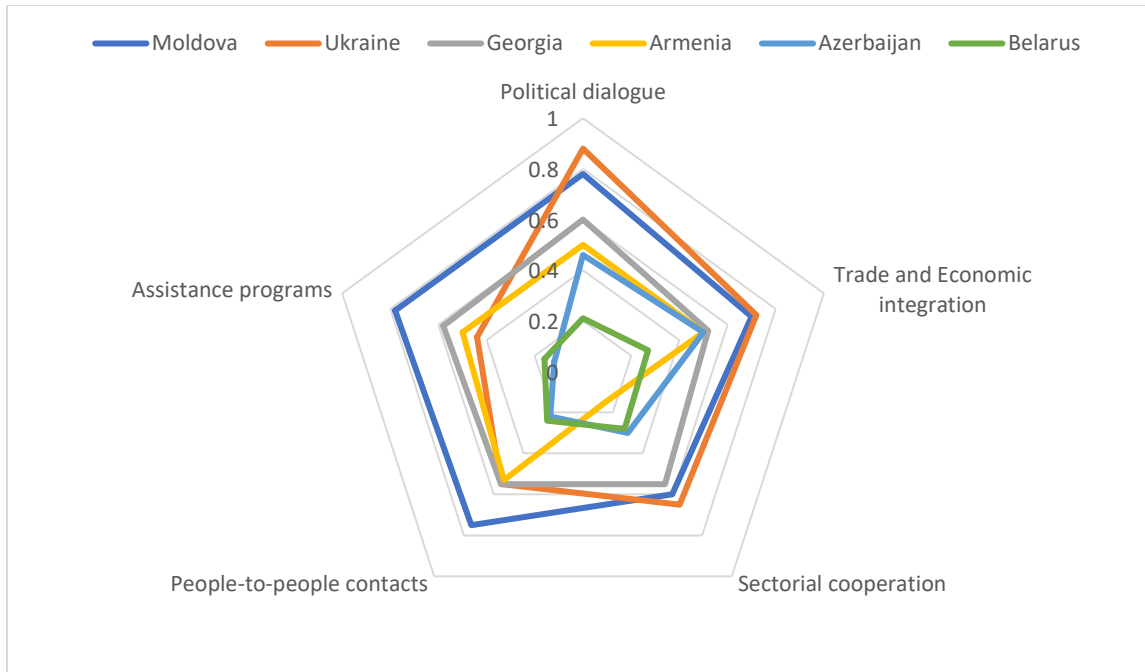


Figure 12. Key determinants of transition to market economy 2015-2016. Eastern Partnership states

Source: Eastern Partnership Indexes 2015-2016, Charting Progress in European Integration, Democratic Reforms and Sustainable Development, pp.24-29. http://www.eap-index.eu/sites/default/files/EaP_Index_2015-16_0.pdf. Accessed 07.12.2018

Figure above describes the results for 5 years period of four main strategic goals of EaP that have been discussed in previous pages in partner countries. Apparently, Ukraine and Moldova achieved more ratio in terms of Political dialogue target with EaP, moreover two countries' performances on trade and economic integration have been slightly more than Azerbaijan, Belarus, Georgia and Armenia. Moldova made good indicators on people-to-people contacts strategy with the figures of 0.75. Regarding Azerbaijan, country showed relatively better results for the objectives of political dialogue and trade and economic integration between 2011-2016, while the indicators for people-to-people contact and assistance programs lagged behind other countries. To concise the comparison, among South Caucasus countries Georgia's performance is obviously noticeable. Armenia also made good achievements on people-to-people contact strategy.

EU support for Eastern Partnership countries from the ENI in 2014-2017 data are included in table 11.

Table 11. EU support for Eastern Partnership countries from the ENI (2014-2017)

Country	Funding 2014-2017, million EUR	Key sectors of cooperation
Armenia	140-170	Private sector development; public reform; justice
Azerbaijan	77-94	Regional and rural development; justice; education and skills development
Belarus	71-89	Social inclusion; environment; local and regional economic development
Georgia	335-410	Public administration reform; agriculture and rural development; justice
Moldova	335-410	Public administration reform; agriculture and rural development; justice
Ukraine	365-465	Building deep and sustainable democracy; signing of AA and DFCTA; political stability

Source: Musiyenko S. (2015). New Challenges for the European Union Neighborhood Policy: Key Aspects of cooperation Between the EU and Eastern Partnership Countries, 13th International Scientific Conference “Economic Policy in the European Union Member Countries”, p. 414.

In table 112 are included EU funding for main sectors of the EU support to the EaP countries under the European Neighborhood Instrument. According to table key assistance areas for Azerbaijan has been regional and rural development, education and skills development and improvement in the justice. EU’s assistance to Azerbaijan differs between EUR 77 million and EUR 94 million over 3 years period. Cooperation in the aforementioned sectors was aimed to assist Azerbaijan with priorities of mutual interest via bilateral negotiations on policy reforms and new legislation, as well as to provide support for public sectors and closer cooperation with civil society. The EU support on Ukraine was targeted to preserve stability in the country especially, since the EU still having dependence on Russian energy supply through Ukraine. Moreover, 2014 March crises of Ukraine brought EU’s essential financial support to the country, where European Commission promised 11 billion support to Ukraine, approximately 1.5 billion financial assistance expected from ENI. However, due to arisen instability in the country in resent years, EU’s assistance program has been measured as monthly help. Both Moldova and Georgia gained substantial support through ENI on public administration reform, agricultural and rural development sectors as well as justice with the amount of 335 and 410 billion euros between 2014 and 2017. Belarus and Armenia got less support through ENI over 3 years in comparison with other partner countries. In the next paragraph author has analysed the Association Agreement with Azerbaijan and its outcomes.

2.5 Issue of Association Agreement

One of the major objectives of the EaP is to achieve further deeper integration with abovementioned countries, namely Azerbaijan through negotiations over Association Agreement.

In 2010, Azerbaijan started negotiations with the EU regarding the Association Agreement. Which was in parallel done between the EU and Georgia and the EU and Armenia. Several positive outcomes have been produced through the agreement, however, the desired final agreement has not yet been achieved by parties.

Requirements of the Association Agreement involve openness of the Member States' and Azerbaijan's domestic markets, acceleration of cross-border movement of goods, capital and labor, and furthermore, it creates an opportunity for becoming a full-fledged member state. Meanwhile, the EU considers bargaining with Azerbaijan through Association Agreement as an essential step for enlargement toward East and gaining an entry to Central Asia.

Nevertheless, improvements on the AA are quite sluggish. Although the European Union continually attempts to conclude the Association Agreement, Azerbaijan seeks to keep more economic integration and further energy cooperation, which are wealth bringing sectors of incorporation with the EU. Azerbaijan prefers to keep distance in regards with political association with the EU. This is mainly due to respect to human rights requirements of the EU from Azerbaijan which arises a strong disagreement between parties. Human rights are one of the focal chapters of the Association Agreement, but statistics shows that the level of the human rights in Azerbaijan is inconsistent with EU demand. Moreover, in 2013 authorities of Azerbaijan adopted several tough laws regarding suppression of freedom of expression and freedom of speech which created an unwilling obstacle in signature of the Association Agreement.⁶⁰

Therefore, the major topic of discussion between the EU and Azerbaijan over the Association Agreement related to the empathy of respect to human rights and increasing the indicators of the human rights with positive figures in the latter. However, this mismatching demands from the

⁶⁰ Csabay, J. (2017). EU Policy towards Azerbaijan: Coherence, Policy Shifts and the Upcoming Agreement, Strategic Policy Institute, 7-11.
http://stratpol.sk/wp-content/uploads/2017/11/EU-Policy-Azerbaijan_STRATPOL_FIN.pdf. Accessed 26.11.2018

European Union side hinder progress of the agreement as Azerbaijan is reluctant to implement the requirements of the EU in country's politics.

Azerbaijani government argues that, up to now the EU has not yet formulated any condition for the acceptability of the Association Agreement for Azerbaijan. However, this does not mean that Azerbaijan is totally against the negotiations for the AA, instead it keeps discussing future progress of the agreement but seeks equal power on the field of topics. Because, Azerbaijani authorities several times articulated that Azerbaijan leads its certain internal and external policy without giving way to the involvement of any third party unlike any other states and it is not forecasted any dramatic policy alterations for the near future.⁶¹

Similarly, the negotiations of the 2014 were not also brought any fruitful atmosphere to both parties, even though Azerbaijani officials stated various times that association with the EU is one of the key objectives of the Azerbaijani foreign policy. As an example, in February 2014, when the new session of the National Council of Azerbaijan was taken place, Azerbaijani authorities portrayed their interest on further discussion for association with the EU in the light of events in Ukraine.⁶²

Gultekin Hajibeyli,⁶³ one of Parliament Member, noted that due to 2014 revolution in Ukraine which was happened at the result of non-EU orientation of Ukrainian authorities, Azerbaijani officials would not reject Association Agreement as because of opposition sentiments from citizens of Azerbaijan were also an issue. Even Azerbaijani authorities counts an agreement as one of the key elements that will make future development of Azerbaijan within an international arena. However, due to financial obstacles and due to indicators of current economic development Azerbaijan side is not able to conclude the agreement at present.

There are several factors which would happen if Azerbaijan signs the Association Agreement, one of them is Azerbaijani markets are not solely ready to compete with external market within the rules of openness, because strong European manufacturers have an ability to damage domestic

⁶¹ Open Society Institute- Brussels, EU relations with Azerbaijan: More for Less? (2012).
<https://www.opensocietyfoundations.org/sites/default/files/eu-relations-azerbaijan-20120606.pdf>. Accessed 18.11.2018

⁶² Shirinov, R. (2011). A Pragmatic Area for Cooperation: Azerbaijan and the EU.
https://library.fes.de/pdf-files/ipg/2011-3/07_shirinov.pdf. Accessed 29.11.2018

⁶³ Rally in protest at authorities' 'predatory policies' in Azerbaijan (2015).
<https://www.tert.am/en/news/2015/04/06/talan-adr/1638263>. Accessed 04.11.2018

economy as Azerbaijan is yet having resource-dependent economy. For this reason, Azerbaijani authorities perceive that now Azerbaijani economy is not in the stage of concluding the agreement and to cover all requirements of the EU, however, it will try to come to the determined level and it will work on speedy integration process to the latter. Once Azerbaijan accomplish this economic stability, it will sign an Association Agreement right after.⁶⁴

On July 7, 2018 bilateral discussions on partnership priorities made between High Representative of the EU and Minister of Foreign Affairs of Azerbaijan, Elmar Mammadyarov. Agenda setting has been done through deeper economic partnership and market integration, as well as energy efficiency and environmental sustainability of the energy projects which showed that although parties have not attained expected integration that is described in an Association Agreement, both the EU and Azerbaijan are standing on a positive and progressive approach for the future development of this bargaining.⁶⁵

Meantime, apart from negotiations with Azerbaijan over the Association Agreement, the EU has been proceeding discussions with other South Caucasus countries, namely Georgia and Armenia in 2014. However, as Armenia in under the strong surveillance of Russia both economically and politically, Armenian authorities switched to deeper integration with CIS countries rather than the EU and preferred Customs Union.

Achievements on Association Agreement with Georgia have been reached its greater success. In 2013, several agreements were concluded between the EU and Georgia in terms of integration and cooperation.

In June 2014, the EU and Georgia Signed an Association Agreement⁶⁶ and on 1st of July 2016, it entered into force. Through this Deep and Comprehensive Free Trade Area (DCFTA) was launched between parties. The High Representative, Federica Mogherini said: “With the full entry into force

⁶⁴ European Parliament, Negotiations of the EU-Azerbaijan Association Agreement, 2012. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2012-0127+0+DOC+XML+V0//EN&language=EN> Accessed 01.12.2018

⁶⁵ Republic of Azerbaijan Ministry of Foreign Affairs, No:262/18, Speech by Mr. Elmar Mammadyarov, Minister of Foreign Affairs of the Republic of Azerbaijan at the Eastern Partnership Foreign Ministers’ Meeting, 2018. <http://www.mfa.gov.az/en/news/909/5877> Accessed 02.12.2018

⁶⁶ Commission and its priorities, Countries and Regions, Georgia., <http://ec.europa.eu/trade/policy/countries-and-regions/countries/georgia/> Accessed 03.12.2018

of our Association Agreement with Georgia, the EU-Georgia relationship becomes both broader and deeper, to the benefit of us all...”.

In the following chapter author will write down about core objectives of Azerbaijan which are aimed in relation with the European Union.

CHAPTER 3. FOREIGN POLICY OF AZERBAIJAN TOWARD THE EUROPEAN UNION

3.1. Main external policy directions of Azerbaijan with the European Union

Pronouncing its intention to sign the Association Agreement with the European Union, Azerbaijan obviously presented its willingness to develop its European integration route. However, starting from 2015, there seemed some alienation in the external policy of Azerbaijan from the objective of fast integration toward the EU as there emerged some alternative corporation opportunities with Russia and Central Asia⁶⁷.

Therefore, it worth to discuss the major goals of Azerbaijani foreign policy in detail as well as the consequences of the ENP and the Association Agreement in comparison with other partner states that are parties of abovementioned programs.

The officials of Azerbaijan have numerous times declared and keep proclaiming that the country's main aim is to strengthen further integration with the European Union. Simultaneously, Azerbaijani authorities do not make a clear statement about their intention to become a full-fledged member of the EU. Until now, Azerbaijan favors only a chance of concluding Association Agreement, which will assist affirm the cooperation with the EU. However, having different approaches of parties where Azerbaijani government seeks parity and equality in conditions of the Association Agreement whereas the EU attempts to put more stress on democracy and human rights, weaken the facilitation of the adoption process of the Association Agreement.⁶⁸

The main foreign policy direction of Azerbaijan is currently economic and trade partnership with the European Union rather than political integration without weakening the state's sovereignty and without giving way to its economic dependence from any secondary organization or union.

⁶⁷ Latvijas Arpolitikas Instituts, *The Eurasian Customs Union: An Alternative Model of Integration in the Post-Soviet Space?*, 2014. <http://www.lai.lv/viedokli/the-urasian-customs-union-an-alternative-model-of-integration-in-the-post-soviet-space-392> Accessed 04.12.2018.

⁶⁸ Mammadov, F., Chiragov, F. (2015) Azerbaijani Foreign Policy- a new paradigm of careful pragmatism, *Strategical Research Center (SAM)*, 33-34. http://www.epc.eu/documents/uploads/pub_5598_article_-_farhad_mammadov.pdf?doc_id=1635 Accessed 02.12.2018

Azerbaijan seeks to have a free access to the wide-range market of the EU member states, while latter is interested in higher diversification of energy resource supply capacity of Azerbaijan which can reduce the dominance of Russia.

However, if one cross-out economic relations between parties and just to discuss political interests there will be few areas that Azerbaijani side is keen on. These are: visa facilitation, strategic modernization, and collaboration in the area of human rights and democracy.

Regarding visa facilitation, the Visa Facilitation⁶⁹ Agreement and Mobility Partnership Agreement⁷⁰ have already been signed (2013) which has been making the procedure of getting short-term visa easily for the EU citizens who is travelling to Azerbaijan, as well as for the citizens of Azerbaijan who is travelling to the Member States, and the final document, the Readmission Agreement concluded in 2014, 28 February. The main objective of Readmission Agreement is to taking back to illegally residing people back to their legal places.

Strategic modernization partnership predicts to develop industrial and technological sectors in Azerbaijan through the partnership with the EU. However, in this partnership area parties have not yet been reached bilateral resolutions as the requirement of the EU from Azerbaijan is to sign an Association Agreement which seems for Azerbaijan unacceptable due to conditions of the agreement. Therefore, Azerbaijani side has also been refusing to sign the Strategic Modernization Agreement with the EU.⁷¹

In the following pages author is going to discuss about recent progresses on bilateral relations between Azerbaijan and the EU.

⁶⁹ Council of the European Union, (2013). EU-Azerbaijan agreement on facilitating the issuing of visas. https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/jha/139759.pdf

⁷⁰ European Commission, Mobility Partnership signed between the EU and Azerbaijan (2013), http://europa.eu/rapid/press-release_IP-13-1215_en.htm, Accessed 07.11.2018

⁷¹ European Commission, Mobility Partnership signed between the EU and Azerbaijan (2013), http://europa.eu/rapid/press-release_IP-13-1215_en.htm, Accessed 05.12.2018

3.3. Recent development of bilateral relations

In 2015 the EU adopted a revised European Neighborhood Policy. According to interview of Johannes Hahn (European Commissioner for European Neighborhood Policy and Enlargement Negotiations) on October 17, 2017 new strategy of ENP takes the stability of the partner countries into account. He pointed out that the EU Global Security Strategy and the renewed ENP have obviously underlined the resilience of the EU's Eastern Neighbors. This notion shows the evolving requirements in the European Neighborhood. J. Hahn noted in his report that negotiations on the security focus for eastern partner countries has been discussed in the framework of the Eastern Partnership 20 key deliverables for 2020.⁷²

It was also stressed out that Ukraine, Georgia and Moldova have decided to take a path to political association with the EU by signing a new generation Association Agreement/ Deep and Comprehensive Free Trade Areas (AA/DCFTA). The EU in its own side will work on utilization of the concluded agreement in favor of those countries and to maximize the benefits of the AA for all.

However, Azerbaijan objected to sign the Association Agreement already in 2013 due to not paying more importance to the wording of document on Nagorno Karabakh conflict. Nonetheless, it was emphasized that in the upcoming Strategic Partnership Agreement the conflict will be covered, and the EU is ready to fully support the mediation of the OSCE Minsk Group.

In the Position Paper of revised ENP policy for Azerbaijan several new strategies have been described such as, the EU should follow a more influential and effective policy concerning its desire to expand to the east, which will help to develop modern European standards in partner countries. It was noted that Azerbaijan is quite aware that intensification of relations with the EU requires serious legal and democratic reforms which might be acceptable for the Azerbaijani authorities. Although EU's directions on cooperation and integration seem excellent, the Union has not been satisfied with the performance of country on democratization and liberalization.

Position Paper put set of goals on the EU as well in order to attain more effective outcomes from the revised ENP. One of them is to keep Russian influence away from the region which seems an

⁷² New Eastern Europe, Eastern Partnership: 20 deliverables for 2020
<http://neweasterneurope.eu/2017/10/17/eastern-partnership-20-deliverables-2020/> Accessed 04.12.2018

essential factor for hinderance of region's integration with EU. Furthermore, the EU should involve on the resolution of the regional conflicts in order to foster the realization of plans on the eastern neighbors, particularly to resolve the Nagorno Karabakh conflict which is counted as a main obstacle in the implementation of several common projects.⁷³

On 14 November 2016, the Council adopted a mandate to negotiate a comprehensive agreement with Azerbaijan. The new agreement expected to replace the 1996 partnership and cooperation agreement. It hoped to take into consideration of the common goals and challenges the EU an Azerbaijan faced at that time. Discussions over the comprehensive agreement were initiated on 7 February 2017 after the President Ilham Aliyev's visit to Brussels.⁷⁴

On 4th of July 2018, the European Parliament passed a resolution, restating its pledge to intensifying ties with Azerbaijan, but not at the cost of human rights. Indeed, parliament members told that they wouldn't ratify any agreement with Azerbaijan which doesn't respect fundamental EU values and rights. Since EP is the EU's legislative body which has essential role on ratification of international agreements, this resolution entails great importance for bilateral relations of Azerbaijan and the EU.

On the same date, Parliament's recommendation to decision-makers working on the EU-Azerbaijan Comprehensive Agreement, passed by 564 votes to 69, with 47 abstentions, calls on the Council, EU Commission and the EU external policy head. MEPs expects that if negotiations develop in a speedy way and all major conditions are implemented the new agreement could be concluded before the next EU- Eastern Partnership summit in 2019. Parliament's rapporteur Norico Nicolai⁷⁵ stated that "The EU is Azerbaijan's top trading partner and Azerbaijan is a strategic energy partner for the EU- it is high time to update the framework for our relations with a comprehensive agreement...".

In 2018 July 11, new Partnership Priorities set the common policy priorities which will guide and promote the EU-Azerbaijan partnership in the upcoming years. In the negotiations, unique nature

⁷³Hett, F., Kikic, S., Meuser, S. (2015). Reassessing the European Neighborhood Policy: The Eastern Dimensions, Position Paper 2: Azerbaijan, 10-11, <https://library.fes.de/pdf-files/id-moe/11483.pdf>. Accessed 02.12.2018

⁷⁴ European Council and Council of the European Union, EU relations with Azerbaijan. (2018). <https://www.consilium.europa.eu/en/policies/eastern-partnership/azerbaijan/#>. Accessed 04.11.2018

⁷⁵News European Parliament, MEPs list conditions for new EU-Azerbaijan Deal. (2018). <http://www.europarl.europa.eu/news/en/press-room/20180628IPR06823/meps-list-conditions-for-new-eu-azerbaijan-deal>. Accessed 03.12.2018

of Azerbaijan as a partner was emphasized by officials of the EU. It was said that Azerbaijan is different than Ukraine, Moldova or Georgia, which is holding rich natural resources and doesn't seek to sign association agreement. However, it is not like Belarus and Armenia at the meantime, Azerbaijan maintains its distance from Russia. Therefore, now the EU accepts a principle of differentiation in its relations with the partner countries of the eastern neighborhood. The recent mutual relations between parties are signaling a joint intention to sign a new bilateral agreement⁷⁶. EU foreign affairs chief Federico Mogherini and Azerbaijan's Foreign Minister Elmar Mammadyarov signed the text noting the end of negotiations of the Partnership Priorities.

According to signed document four key area of cooperation has been framed, which are:

- Strengthening institutions and good governance;
- Economic development and market opportunities;
- Connectivity, energy efficiency, environment and climate action;
- Mobility and people-to-people contacts.

Moreover, the Partnership Priorities expect to provide the policy framework for EU-Azerbaijan financial cooperation for 2018-2020.

An EU spokesperson stated on September 10, 2018 that negotiations over a comprehensive new agreement between the EU and Azerbaijan are yet going on and have been proceeded on a regular basis both in Baku and Brussels. Negotiations have been taken part in a constructive nature and parties have strong willingness to a new ambitious agreement which is going to replace PCA (1996). New agreement is deemed to widen and deepen the scope of bilateral relations, based on common fundamental values and norms and handles the new international, political and economic interests and challenges between both parties. The agreement will cover political, sectoral, economic and trade relations between the EU and Azerbaijan.⁷⁷

⁷⁶Euractiv, EU and Azerbaijan agree 'Partnership Priorities'. (2018)
<https://www.euractiv.com/section/azerbaijan/news/eu-and-azerbaijan-agree-partnership-priorities/>. Accessed 01.12.2018

⁷⁷ Azernews, EU: Intention is to conclude talks on new agreement with Azerbaijan without delay. (2018)
<https://www.azernews.az/nation/137345.html>. Accessed 08.11.2018

On October 15, 2018 at the Eastern Partnership Foreign Ministers' Meeting, Elmar Mammadyarov (FM) made a speech on further strengthening of Strategic Partnership with the EU. He touched key areas of cooperation and common expectations of the parties from each other. He noted that on a trade relations connectivity characterizes a strategic dimension of cooperation in bilateral and multilateral tracks of EaP. Moreover, Azerbaijan keeps solidify its strategic partnership on energy via the implementation of the SGC. For this reason, an official event marking launch of the SGC was taken part in on May 29, 2018 at Baku Sangachal Terminal. Apart from this, ground-breaking ceremony for TANAP- a backbone midstream segment of the SGC was held in 2018, 12th of June.

In the area of transport, the EU and Azerbaijan have initiated the extension of the indicative maps of the Trans- European Networks (TEN-T) which may supply a hard platform to boost shared transport and trade dialogue. Azerbaijan and the EU promoting common transport strategies for the upcoming years through EU's Strategy on Central Asia and EU's very recent Joint Communication on Connecting Europe and Asia Platforms.⁷⁸

After evaluation of recent development of relations between Azerbaijan and the EU, author is going to analyze the result of survey conducted with experts in international relations.

Results of expert survey

The expert survey (questionnaire of expert survey is included in Annex) is done with 7 experts from various institutions who are dealing with in the field of International Relations. As experts requested to keep their answers' confidentiality, author only mentions the name of experts' institutions. Experts were asked to evaluate the statements in scale 1 – 10, where 1- lowest level of evaluation and 10 – highest level of evaluation.

This survey is filled by experts who are in charge at Hankuk University as Associated Professor at Hankuk University of Foreign Affairs, Foreign Policy Analyst at Center for Strategic Studies of the Republic of Azerbaijan, Assistant Professor at ADA University School of Public and International Affairs, Assistant Professor at University of St. Andrews and three Associated Professors at Baku Engineering University.

⁷⁸ Republic of Azerbaijan Ministry of Foreign Affairs, Speech by Mr. Elmar Mammadyarov, Minister of Foreign Affairs of the Republic of Azerbaijan at the Eastern Partnership Foreign Ministers' Meeting. <http://www.mfa.gov.az/en/news/909/5877>. Accessed 07.12.2018

Results of experts' answers are analyzed in SPSS software package and author provided interpretation of results on attained results. Main results of descriptive statistics of expert evaluations on question "On what extent factors below can facilitate economic development of Azerbaijan to be able to correspond more on EU's economic averages?" are included in table 12.

Table 12. Main indicators of descriptive statistics of expert evaluations on question "On what extent factors below can facilitate economic development of Azerbaijan to be able to correspond more on EU's economic averages?"

	To attract more Foreign Direct Investment	To liberalize trade by abolishing monopoly in domestic market	To invest more on non-oil sectors' development	To join to WTO
Mean	8.43	9.14	8.29	8.00
Std. Error of Mean	0.429	0.404	0.474	0.488
Median	9	9	9	7
Std. Deviation	1.134	1.069	1.254	1.291
Range	3	3	3	3
Minimum	7	7	7	7
Maximum	10	10	10	10

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- not important; 10 – very important*

According to evaluations by experts most significant element for Azerbaijani economy to comply with EU's economic averages is to free trade by eliminating monopoly in domestic market, where arithmetic mean of the expert evaluations was 9.14 with median 9 (it means that half of experts gave evaluation 9 or less and half of experts gave evaluation 9 or more). For this statement expert views have the lowest variability – standard deviation is the smallest.

Average evaluations by experts for other analyzed three factors are averagely same. With the arithmetic mean of expert evaluations 8.43 experts have indicated that to focus more on attaining FDI will enhance Azerbaijani economy. Statistical evaluations show that all four analyzed factors are significantly important on boosting Azerbaijani economy. Distribution of expert evaluations on statement "To attract more Foreign Direct Investment" is included in table 13.

Table 13. Distribution of expert evaluations on statement "To attract more Foreign Direct Investment"

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
7	2	28.6	28.6	28.6
8	1	14.3	14.3	42.9
9	3	42.9	42.9	85.7
10	1	14.3	14.3	100.0
Total	7	100.0	100.0	

Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- not important; 10 – very important

Data in table 13 indicates that experts have evaluated very high importance of attraction of more foreign direct investment with most often given evaluation (modal evaluation) with 9 (in scale 1-10).

Distribution of expert evaluations on statement “To liberalize trade by abolishing monopoly in domestic market” is included in table 14.

Table 14. Distribution of expert evaluations on statement “To liberalize trade by abolishing monopoly in domestic market”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
7	1	14.3	14.3	14.3
9	3	42.9	42.9	57.1
10	3	42.9	42.9	100.0
Total	7	100.0	100.0	

Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- not important; 10 – very important

Data of distribution of expert evaluations on statement “To liberalize trade by abolishing monopoly in domestic market” indicate that experts gave very high evaluations for this statement ranging from 7 to 10, besides evaluation 9 and 10 are given by 42,9% of experts.

Distribution of expert evaluations on statement “To invest more on non-oil sectors’ development” is included in table 15.

Table 15. Distribution of expert evaluations on statement “To invest more on non-oil sectors’ development”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
7	3	42.9	42.9	42.9
9	3	42.9	42.9	85.7
10	1	14.3	14.3	100.0
Total	7	100.0	100.0	

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- not important; 10 - very important*

Data of distribution of expert evaluations on statement “To invest more on non-oil sectors’ development” indicate that evaluations by experts are in range 7-10 with most given evaluations by 7 and 9 – given by 42,9% of respondents for each.

Distribution of expert evaluations on statement “To join WTO” is included in table 16.

Table 16. Distribution of expert evaluations on statement “To join WTO”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
7	4	57.1	57.1	57.1
9	2	28.6	28.6	85.7
10	1	14.3	14.3	100.0
Total	7	100.0	100.0	

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- not important; 10 - very important*

Data of distribution of expert evaluations on statement “To join WTO” indicate that the evaluations by experts range from 7 to 10 with most often evaluation of 7 (given by 57,1% of experts). This is evaluated as rather important aspect for Azerbaijan in relation to international co-operation.

Main indicators of descriptive statistics of expert evaluations on question “How likely exports of indicated goods can be done in a high volume from Azerbaijan to the EU?” are included in table 17.

Table 17. Main indicators of descriptive statistics of expert evaluations on question “How likely exports of indicated goods can be done in a high volume from Azerbaijan to the EU?”

Indicators	Export of agricultural products	Export of chemical products	Export of food	Export of manufactured goods
Mean	7.00	7.29	8.29	6.43
Std. Error of Mean	1.113	1.063	1.085	0.841
Median	8	8	9	7
Std. Deviation	2.944	2.812	2.870	2.225
Range	7	7	8	6
Minimum	3	3	2	3
Maximum	10	10	10	9

Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- not important; 10 – very important

The statistical analysis of expert evaluations of the question “How likely exports indicated below can be done in a high volume from Azerbaijan to the EU?” illustrate that export of food from Azerbaijan to the European Union is predicted to be done in a high volume with arithmetic mean of expert evaluations 8.29 with median 9. Expert evaluations for export of manufactured goods are slightly lower than for other analyzed export. By evaluations of experts, it is assumed that Azerbaijan has less possibility to make a huge amount of trade for its manufactured goods with the EU in the near future.

Author only pointed out export of goods not export of service as well from Azerbaijan to the European Union because, currently shares for exports of services from Azerbaijan to the EU is being done only in a very small amount and in near future there could not be significant changes influencing export indicators. Distribution of expert evaluations on statement “Export of agricultural products” is included in table 18.

Table 18. Distribution of expert evaluations on statement “Export of agricultural products”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
3	1	14.3	14.3	14.3
4	1	14.3	14.3	28.6
5	1	14.3	14.3	42.9
8	1	14.3	14.3	57.1
9	1	14.3	14.3	71.4
10	2	28.6	28.6	100.0
Total	7	100.0	100.0	

Source: Expert survey results conducted by author, n=7;

Evaluation scale 1-10, where 1- will not increase; 10 – will increase in great extent

Data of distribution of expert evaluations on statement “Export of agricultural products” indicates that experts gave very different evaluations ranging from 3 to 10.

Distribution of expert evaluations on statement “Export of chemical products” is included in table 19.

Table 19. Distribution of expert evaluations on statement “Export of chemical products”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
3	1	14.3	14.3	14.3
4	1	14.3	14.3	28.6
7	1	14.3	14.3	42.9
8	1	14.3	14.3	57.1
9	1	14.3	14.3	71.4
10	2	28.6	28.6	100.0
Total	7	100.0	100.0	

Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- will not increase; 10 – will increase in great extent

Data of distribution of expert evaluations on statement “Export of chemical products” indicates that experts gave very different evaluations ranging from 3 to 10.

Distribution of expert evaluations on statement “Export of food products” is included in table 20.

Table 20. Distribution of expert evaluations on statement “Export of food”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
2	1	14.3	14.3	14.3
8	1	14.3	14.3	28.6
9	2	28.6	28.6	57.1
10	3	42.9	42.9	100.0
Total	7	100.0	100.0	

Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- will not increase; 10 – will increase in great extent

Data of distribution of expert evaluations on statement “Export of food” indicate that the expert evaluations are very different ranging from 2 to 10 but still most often evaluation of 10 (given by 42,9% of respondents) it means that this aspect is important but also problematic by some experts.

Distribution of expert evaluations on statement “Export of manufactured goods” is included in table 21.

Table 21. Distribution of expert evaluations on statement “Export of manufactured goods”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
3	1	14.3	14.3	14.3
4	1	14.3	14.3	28.6
6	1	14.3	14.3	42.9
7	1	14.3	14.3	57.1
8	2	28.6	28.6	85.7
9	1	14.3	14.3	100.0
Total	7	100.0	100.0	

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- will not increase; 10 – will increase in great extent*

Data of distribution of expert evaluations on statement “Export of manufactured goods” indicates that experts gave very different evaluations ranging from 3 to 9 with mode 8.

Main indicators of descriptive statistics of expert evaluations on question “How likely resolution of Nagorno-Karabakh conflict could foster the implementation of indicated statements?” are included in table 22.

Table 22. Main indicators of descriptive statistics of expert evaluations on question “How likely resolution of Nagorno-Karabakh conflict could foster the implementation of indicated statements?”

Indicators	EU will be able to implement its political projects without any obstacle	Democratization projects in Nagorno-Karabagh will be achieved	Armenia can take advantage for being a new transit for Southern Gas Corridor
Mean	8.00	5.29	4.14
Std. Error of Mean	0.309	0.714	0.800
Median	8	5	3
Std. Deviation	0.816	1.890	2.116
Range	2	6	6
Minimum	7	3	2
Maximum	9	9	8

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- not likely; 10 – very likely*

For the question “How likely resolution of Nagorno-Karabakh conflict could foster the implementation of indicated statements?”, experts have predicted that at the result of conflict settlement in Nagorno-Karabakh issue, the EU will be able to implement its political projects without any impediment for the regional countries. Arithmetic mean for the statement “EU will be able to implement its political projects without any obstacle” is 8.00 with median 8. Expert evaluations on democratization projects in Nagorno-Karabakh will be achieved at the result of peace show that experts do not predict significant changes for this factor in case of conflict resolution. Arithmetic mean of expert evaluations 4.14 and median 5 for the statement “Armenia can take advantage for being a new transit for Southern Gas Corridor” indicates that experts don’t forecast Armenia to be able to play a transit role on Southern Gas Corridor at the outcome of peace in the conflict. Distribution of expert evaluations for question “How likely resolution of Nagorno-Karabakh conflict could foster the implementation of indicated statements?” statement “EU will be able to implement its political projects without any obstacle” is included in table 23.

Table 23. Distribution of expert evaluations on statement “EU will be able to implement its political projects without any obstacle”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
7	2	28.6	28.6	28.6
8	3	42.9	42.9	71.4
9	2	28.6	28.6	100.0
Total	7	100.0	100.0	

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- will be not able; 10 – will be able in full extent*

Data included in table 24 indicate that expert evaluations on statement “EU will be able to implement its political projects without any obstacle” are rather similar in the range 7 – 9 with mode 8 (given by 42,9% of experts). Distribution of expert evaluations on statement “Democratization projects in Nagorno- Karabagh will be achieved” is included in table 24.

Table 24. Distribution of expert evaluations on statement “Democratization projects in Nagorno-Karabagh will be achieved”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
3	1	14.3	14.3	14.3
4	1	14.3	14.3	28.6
5	3	42.9	42.9	71.4
6	1	14.3	14.3	85.7
9	1	14.3	14.3	100.0
Total	7	100.0	100.0	

Source: Expert survey results conducted by author, n=7;
 Evaluation scale 1-10, where 1- not achieved; 10 – achieved in full extent

Data included in table 25 indicate that expert evaluations on statement “Democratization projects in Nagorno- Karabagh will be achieved” are very different – in the range 3 – 9 with most expert evaluations for 3 (given by 42,9% of experts). It indicates that this aspect is quite problemation for Azerbaijan. Distribution of expert evaluations on statement “Armenia can take advantage for being a new transit for Southern Gas Corridor” is included in table 25.

Table 25. Distribution of expert evaluations on statement “Armenia can take advantage for being a new transit for Southern Gas Corridor”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
2	1	14.3	14.3	14.3
3	3	42.9	42.9	57.1
4	1	14.3	14.3	71.4
6	1	14.3	14.3	85.7
8	1	14.3	14.3	100.0
Total	7	100.0	100.0	

Source: Expert survey results conducted by author, n=7;
 Evaluation scale 1-10, where 1- will not take advantage; 10 - will take advantage if full extent

Data included in table 25 indicate that expert evaluations on statement “Armenia can take advantage for being a new transit for Southern Gas Corridor” with very different expert views ranging from 2 to 8 with most often given evaluation of 3 (given by 42,9% of experts)..

Main indicators of descriptive statistics of expert evaluations on question “On what extent realization of Trans Adriatic Pipeline (TAP) project will strengthen economic ties between Azerbaijan and the European Union?” are included in table 26.

Table 26. Main indicators of descriptive statistics of expert evaluations on question “On what extent realization of Trans Adriatic Pipeline (TAP) project will strengthen economic ties between Azerbaijan and the European Union?”

Mean	6.43
Std. Error of Mean	0.841
Median	7
Std. Deviation	2.225
Range	6
Minimum	3
Maximum	9

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- will be not realized; 10 – will be realized in full extent*

Analysis of expert evaluations on question “On what extent realization of Trans Adriatic Pipeline (TAP) project will strengthen economic ties between Azerbaijan and the European Union?” arithmetic mean was 6.43 which indicates that realization of TAP project is predicted to increase economic ties between Azerbaijan and the European Union, but not in a significant degree. Median of expert evaluations for this question is 7 and the minimum of evaluations for the question is 3 while maximum of evaluations is 9. Distribution of expert evaluations on question “On what extent realization of Trans Adriatic Pipeline (TAP) project will strengthen economic ties between Azerbaijan and the European Union?” is included in table 27.

Table 27. Distribution of expert evaluations on question “On what extent realization of Trans Adriatic Pipeline (TAP) project will strengthen economic ties between Azerbaijan and the European Union?”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
3	1	14.3	14.3	14.3
4	1	14.3	14.3	28.6
6	1	14.3	14.3	42.9
7	1	14.3	14.3	57.1
8	2	28.6	28.6	85.7
9	1	14.3	14.3	100.0
Total	7	100.0	100.0	

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- not strengthen; 10 – will strengthen in great extent*

Data of table 27 indicate that expert evaluations on question “On what extent realization of Trans Adriatic Pipeline (TAP) project will strengthen economic ties between Azerbaijan and the European Union?” – expert evaluations are very different and not reaching the highest evaluation

point but giving most of evaluations for 8 (moda). Main indicators of descriptive statistics of expert evaluations on question “How likely Azerbaijan can sign Association Agreement within next 5 years?” are included in table 28.

Table 28. Main indicators of descriptive statistics of expert evaluations on question “How likely Azerbaijan can sign Association Agreement within next 5 years?”

Mean	4.00
Std. Error of Mean	0.378
Median	4
Std. Deviation	1.000
Range	2
Minimum	3
Maximum	5

Source: Expert survey results conducted by author, n=7; Evaluation scale 1-10, where 1- not possible; 10 – very possible

The opinions of experts on the question regarding probability of Azerbaijan to sign the Association Agreement within next 5 years shows that the signature of Association Agreement is predicted less likely with the arithmetic mean of expert evaluations 4.00 and median 4. Distribution of expert evaluations on this question is included in table 29.

Table 29. Distribution of expert evaluations on question “How likely Azerbaijan can sign Association Agreement within next 5 years?”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
3	3	42.9	42.9	42.9
4	1	14.3	14.3	57.1
5	3	42.9	42.9	100.0
Total	7	100.0	100.0	

Source: Expert survey results conducted by author, n=7; Evaluation scale 1-10, where 1- not likely; 10 – very likely
Data of table 29 indicates that the expert evaluations are quite low – ranging from 3 to 5 with modal evaluation of 5 given by 42,9% of respondents.

Main indicators of descriptive statistics of expert evaluations on question “To what extent does Azerbaijan ready to sign Comprehensive agreement with the EU which is assumed to be concluded by 2020?” are included in table 30.

Table 30. Main indicators of descriptive statistics of expert evaluations on question “To what extent does Azerbaijan ready to sign Comprehensive agreement with the EU which is assumed to be concluded by 2020?”

Mean	5.86
Std. Error of Mean	0.404
Median	6
Std. Deviation	1.069
Range	3
Minimum	4
Maximum	7

Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- not ready; 10 – ready in full extent

Answers on question “To what extent does Azerbaijan ready to sign Comprehensive agreement with the EU which is assumed to be concluded by 2020?” show that Azerbaijan still has big challenges and have to do a lot for signing of Association Agreement, experts think that Azerbaijan is not ready yet to sign Comprehensive Agreement with the EU. But arithmetic mean of the expert evaluations is slightly higher for this question which is 5.86 with median 6 and mode 6 (most often given evaluation); expert evaluations were between 4 and 7 – distribution of expert evaluations on question “To what extent does Azerbaijan ready to sign Comprehensive agreement with the EU which is assumed to be concluded by 2020?” is included in table 31.

Table 31. Distribution of expert evaluations on question “To what extent does Azerbaijan ready to sign Comprehensive agreement with the EU which is assumed to be concluded by 2020?”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
4	1	14.3	14.3	14.3
5	1	14.3	14.3	28.6
6	3	42.9	42.9	71.4
7	2	28.6	28.6	100.0
Total	7	100.0	100.0	

Source: Expert survey results conducted by author, n=7; Evaluation scale 1-10, where 1- is not ready; 10 – is ready in full extent

Data of table 31 indicate that expert evaluations on question “To what extent does Azerbaijan ready to sign Comprehensive agreement with the EU which is assumed to be concluded by 2020?” range from 4 to 7.

In table 32 are included main indicators of descriptive statistics of expert evaluations on question “On what extend implementation of revised European Neighborhood Policy could be successful for Azerbaijan?”

Table 32. Main indicators of descriptive statistics of expert evaluations on question “On what extend implementation of revised European Neighborhood Policy could be successful for Azerbaijan?”

Mean	6.71
Std. Error of Mean	0.606
Median	7
Std. Deviation	1.604
Range	5
Minimum	4
Maximum	9

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- will be not successful; 10 – will be very successful*

Experts have assumed that implementation of revised European Neighborhood Policy which will take unit-oriented approach toward each partner country could be rather successful which has arithmetic mean of 6.71 and median 7, the range of expert evaluations were between 4 and 9 – views of experts were with rather big variability indicating the differences of expert views on this internationally important aspect of international relations.

Distribution of expert evaluations on the analyzed problematic question “On what extend implementation of revised European Neighborhood Policy could be successful for Azerbaijan?” is included in table 33.

Table 33. Distribution of expert evaluations on question “On what extend implementation of revised European Neighborhood Policy could be successful for Azerbaijan?”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
4	1	14.3	14.3	14.3
6	2	28.6	28.6	42.9
7	2	28.6	28.6	71.4
8	1	14.3	14.3	85.7
9	1	14.3	14.3	100.0
Total	7	100.0	100.0	

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- not successful; 10 – very successful*

Data of table 33 indicate that expert evaluations on question “On what extend implementation of revised European Neighborhood Policy could be successful for Azerbaijan?” were with different

evaluations with modal (most often given evaluation with 6 and 7 given for those evaluations by 28,6% of experts.

Very important aspect in co-operation of Azerbaijan with EU is evaluated question “How likely Azerbaijan can get visa-free access of its citizens to the European Union within next 5 years?”, main indicators of descriptive statistics on this important question is included in table 34.

Table 34. Main indicators of descriptive statistics of expert evaluations on question “How likely Azerbaijan can get visa-free access of its citizens to the European Union within next 5 years?”

Mean	3.71
Std. Error of Mean	0.808
Median	3
Std. Deviation	2.138
Range	7
Minimum	1
Maximum	8

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- will not get; 10 – most likely that will get*

For the question “How likely Azerbaijan can get visa-free access of its citizens to the European Union within next 5 years?”, experts gave their lowest evaluations with the arithmetic mean 3.71 and minimum value for this answer is the lowest possible evaluation on evaluation scale – 1; half of experts gave evaluation 3 or less, half of experts gave evaluation 3 or more (characterized by median). Experts don’t predict visa-free access of Azerbaijani citizens to the European Union can be obtained in the next five years.

Distribution of expert evaluations on question “How likely Azerbaijan can get visa-free access of its citizens to the European Union within next 5 years?” with very different evaluations by experts is included in table 35.

Table 35. Distribution of expert evaluations on question “How likely Azerbaijan can get visa-free access of its citizens to the European Union within next 5 years?”

Evaluations	Frequency	Percent	Valid Percent	Cumulative Percent
1	1	14.3	14.3	14.3
3	3	42.9	42.9	57.1
4	2	28.6	28.6	85.7
8	1	14.3	14.3	100.0
Total	7	100.0	100.0	

*Source: Expert survey results conducted by author, n=7;
Evaluation scale 1-10, where 1- not likely; 10 – very likely*

Data of table 35 indicate that Azerbaijan has to do a lot to come to situation when Azerbaijan can get visa-free access of Azerbaijan citizens to the European Union

In conclusion, according to statistical evaluations of the expert evaluations on expert survey questions which conducted to analyze future perspectives of bilateral relation between Azerbaijan and the European Union, it is worth to note that economy will be remaining main cooperation factor between subjects and through economic means partners will be able to strengthen their relations. Concerning, political integration between Azerbaijan and the EU, slight but positive changes can be expected in the near future which can give way for later deepening of bilateral cooperation and relations between Azerbaijan and the European Union.

3.4 Discussion of the results

To be able to discuss the outcomes of author's research, it is first of all significant to provide a final answer to the research questions, and to approve or disapprove the research hypothesis.

While analyzing the characteristics of relations between Azerbaijan and the European Union in a different area of cooperation, initially it should be conceived that Azerbaijan is a country highly dependent on its own raw materials, which are its oil and gas resources. Starting from end of 19th and early 20th centuries, Azerbaijan proclaimed itself as the world's leader in the field of energy resource supplies. The energy industry guaranteed country's economic power and gave the state a chance to rapidly integrate into the international economic community. During country's dependence on Soviet Union, the energy sector was largely denied by central authorities of USSR as the main focus were given to implementation of the active exploration of energy resources in the territory of Russia. Only after Azerbaijan proclaimed its independence in 1991, the country began to seek new methods to cover the new requirements to integrate to the global community. Therefore, Azerbaijani authorities took the country's oil and gas sector as a milestone of its further development. This was due to the fact that all other sectors of economy were undeveloped and as other newly-independent states Azerbaijan pursued its path-dependency for economic reconstruction and put more focus on its energy sector. However, the country was having difficulties to supply required infrastructure to energy sector because all the equipment and

technologies were out dated. Moreover, the country's energy sector was not only lacking to correspond global requirements but also was unable to supply domestic demand. Therefore, Azerbaijan was forced to make strategic alternative plans to be able to secure country's economic stability and to rely on its own resources without being dependent on any other external figure. Hence, the oil and gas sector were counted by Azerbaijani officials to be the most potential economic field, and therefore they began generating the greatest investment to that field. To author, Azerbaijani authorities well-understood the market potential and considered that energy resources would be one of the biggest national security elements for the future of the country. Subsequently, amount of proven oil and gas reserves in Azerbaijan gave way to plan the country's economic policies not only for a short-run but also for a long-run.

Deal of Century signed in 1994 indicated Azerbaijan's readiness to establish large-scale economic reforms for the purpose of increasing cooperation with Western countries. Since the country proclaimed its independence only few years prior the signature of Deal of Century it was unable to restore its energy industry by its own financial resources. Therefore, Azerbaijan needed to attract foreign investment to its market conjecture. The Deal of century signed with major Western oil and gas companies indeed launched a new period in the development of Azerbaijan as a sole independent country. While preserving national control over the energy industry, Azerbaijan attracted huge resources from foreign countries and enabled to unleash massive intensification of oil and gas exploration and production actions. Western energy corporations obtained access to a new and quite productive market of oil and gas, while Azerbaijan genuinely utilized external investments for transforming its economic capacity. This is remarkable to trace, as one can conceive from those events, cooperation between Azerbaijan and the Western countries, rather based on the energy sector, and these relations are still intensive, and the this makes Azerbaijan to be considered as strategic partner for the European Union who is wishing and seeking to diversify its energy supplies.

To answer the first research question of master thesis, it should be emphasized that the nature of relations between Azerbaijan and the European Union is largely based on economic interests of subjects. Azerbaijan is keen on cooperation with the European Union, since the EU embodies a huge market for Azerbaijani energy resources, which are the country's major income-generating

properties. Meanwhile, the European Union seeks cooperation with Azerbaijan in the energy field to be able to diversify its energy supplies, and hence increase its energy security.

We can confirm once again that energy cooperation encompasses the core of bilateral relation between parties, which is because of current international market demand. Furthermore, it is very natural that the EU is actively employing efforts to establish tight cooperation with powerful energy supplier countries, as it is largely dependent on Russia in this sector. Otherwise, Russia entails quite independent decision-making on the prices of oil and gas exports to the EU as Russia is having substantial part of supply to the EU. Moreover, as being a non-stable international actor, strong dependence on Russia can make unexpected negative market shocks on the energy supply of the Union, as it happened during Russia-Ukraine conflict. Therefore, Azerbaijan is advantageous opportunity for the EU to guarantee its higher energy stability in a long-run. Azerbaijan holds the required oil reserves, and the level of oil exploration is in high volumes after the bringing Western infrastructure and technology for the energy industry of the country. Subsequently, implementation of gas pipelines TANAP and TAP shows the parties interests on improving further intensification of energy partnership. To author, bilateral relation in energy sector will go on actively and in a progressive way in the future as well if one thing about current tendencies on the energy market in an international scale. However, it would be worthy to note that bilateral relations between Azerbaijan and the European Union are not only limited in economic area, subjects are also developing political cooperation actively.

Although Association Agreement was objected by Azerbaijani officials, more relevant future agreement, namely Comprehensive Agreement is being discussed between parties which signals positive attitudes from both Azerbaijani authorities and the European Union officials as a sign of desire to intensify political cooperation. However, there are several disagreements between parties in terms of requirements of the European Union in the field of democracy and human rights which are not aimed to be met in the near future as current implementations of Azerbaijani government show. Moreover, as author discussed in the Chapter 2, the nature of relations between Azerbaijan and the EU is rather symmetric which forces the latter not to be so demanding in terms of political liberties as Azerbaijan yet relies on its own economic resources. In addition to this, being an active partner of Azerbaijan, Russia is willing to make alternative association plan which was initiated as Custom Union. It is true that Azerbaijan did not accepted to join Custom Union as well, but still

the EU does not want to be so tough on its political requirements toward Azerbaijan not to lose its prospective economic partner.

To answer the second research question of master thesis, it can be summarized that Azerbaijan's integration possibilities with the EU can hardly be compared with Ukraine, Moldova and in some level with Georgia.

All three countries have already signed Association Agreement integration circumstances of Ukraine, Moldova and Georgia with the EU are almost similar.

Compared to Azerbaijan, Ukraine's, Moldova's and Georgia's integration characteristics are similar as all of these countries are post-Soviet ones and their national economic development level are similar. Even though Ukraine signed Association Agreement, Ukrainian officials were not rushing to enter into it immediately, as country's market readiness to compete with the EU's market is not case. Initially, this was interpreted by the EU as willingness of Ukraine to integrate with Russia and to join to Custom Union. After so-called Revolution of Dignity and after succession of new president of Ukraine, Petro Poroshenko, country showed its desire to implement Association Agreement. Compared to Azerbaijan Ukraine implemented requirements of European Neighborhood Policy Action Plan and the requirements of Association Agreement since country needs financial and economic support from the EU which is quite less for Azerbaijan and therefore, Azerbaijan can stay reluctant to implement all demands coming from the EU side. However, similar to Azerbaijan, human right records of Ukraine still under the progress and yet not complying with requirements of the EU. Same circumstances are applicable for Moldova and Georgia. Moldova's external trade almost 50% depends of its trade relations with the EU and due to this reason, Moldova has more asymmetric dependency on the EU. Hence, EU's ENP and EaP strategies works better with Moldova compared to Azerbaijan, as latter is having symmetric potion in negotiations with the European Union. Georgia showed strong willingness to make deeper political and economic integration with the EU by signing Association Agreement and getting visa-free access of its citizens to the EU. It can also be conceptualized that Georgia wants to tighten its relations with Western partner to be able to lessen its dependency on Russia and to be able to get rid of latter's influence over Georgia. For this reason, Georgia needs to gain financial and political support of the block from west, namely European Union.

The main difficulties that hinder integration and negotiations between the EU and Azerbaijan is definitely Azerbaijan's policy in the area of human rights that to EU is aimed at suppressing the freedom of speech. Thereon, the EU's requirements at the phase of association have been largely related with political integration and development rather than economic means. Association Agreement mentions certain economic restrictions and put some more liabilities as well, however, to make a full-fledged integration and to aside one step next to membership, the European Union demands political liberties and democratic progress from Azerbaijan and accuses the latter for not implementing the demands of the EU in certain platforms. Moreover, a significant parts of association agreement is creation of free trade zones for numerous kinds of commodities between the European Union and the respective country. Obviously, Azerbaijan's domestic market and manufacturers are quite weaker than those of the EU's single market, however, even under these conditions economic aspects of the agreement can be implemented as it was articulated several times by Azerbaijani authorities. The major disagreements on signature of the association agreement are related with political demands from Azerbaijan which have been postponing from the very start of negotiations. Several officials acknowledge that the Azerbaijani government is pursuing an authoritarian type of national policy objected to designate range of fundamental freedoms, such as freedom of speech and right to expression. In their turn, Azerbaijani officials deny such claims done by the European Union and believe that the EU just singles out Azerbaijan in its discourses. Hence, they are not willing to alter any policy or to adopt any soft policy in the field of human rights. However, for the European Union those requirements are mandatory and vey essential, unless Azerbaijan improves its level of human rights, no deals for association agreement can be expected.

In this research, author tested several core hypotheses which are specified in the Introduction of this master thesis.

The first hypothesis of author's thesis can be confirmed, because Azerbaijan in fact has very strong economic basis backed by its rich energy resources, and this guarantees the country's solid geographical position. Hence fore, state is not obliged to seek powerful partners to formulate integration instead it can function independently in its political directions. This statement can only be partially approved and only in the current international system. Because, it should be perceived that oil and gas resources are scarce, and despite of their proven reserves which are in a large scale,

in a long-run, Azerbaijan's energy resources are subject to be slowly exhausted and therefore, country is supposed to lose its major income source. Now, country's economy would unquestionably not able to survive without its rich raw materials from which Azerbaijan is solely dependent. Thus, in the long-term standpoint, Azerbaijan should either entirely modernize its domestic economy in order to ensure full-scale development of all economic fields, and through establishing a mighty internal complex enable to independently cover all domestic needs or would be in the urge of deeper cooperation with external partners, presumably within the framework of integration projects. In comparison with the situations in Ukraine and Georgia, it can be stated that economic dependency of Azerbaijan from foreign partners and it gives Azerbaijan an opportunity to continue its independent policy in an international arena. Because both Ukraine and Georgia have not got any strategically essential economic resources and their authorities are not able to boost their economic development without external support. Consequently, Ukraine and Georgia see integration with the EU as an inevitable way of surviving and developing their economy and countries well-being.

The second hypothesis can also be approved, which was tested by outcomes of author's work. It should be asserted that Azerbaijan's economic stability currently largely relies on its energy sector and the other economic sectors yet remains quite weak to serve needs of country, for this reason any corrosion in the energy industry could bring negative economic shocks to the country. In contrast, the economic averages of the Member States of the European Union achieved multipurpose of development at the result of development in all sectors. In terms of energy security, enlarged European Union keeps its enormous dependency on supplier Russia, particularly for its eastern members. Due to this, an average level of EU's stability lack in terms of energy supplies. Although Azerbaijan and the European Union have quite different economic complexes, but it is fact that none of them can feel themselves in safety in all economic fields and hence, both of them try to find alternative solutions for their economic stability, especially in the energy sector, one as a supplier and the other as a market.

The third hypothesis can be partially confirmed, because not the requirements of the European Union's policy, namely European Neighborhood Policy not only targeted cooperation and integration of Azerbaijan with the EU in terms of economy but also it demanded several improvements in terms of political needs especially democracy and human rights. It should be

stated that as author analyzed in the Chapter 2 and Chapter 3, in contrast with its demands from Ukraine, Georgia and Moldova, the EU follows relatively soft policy toward Azerbaijan, as latter has less dependency from the EU compared to other three countries. Therefore, it can be summarized that reason for partial success of political implementation of the ENP AP for Azerbaijan have been reasonably due to reluctance of both the EU and Azerbaijan to go beyond the economic cooperation as it is more important for subjects than any other integration phase in today's international circumstances.

The research questions of this thesis have been answered and its goals have been accomplished.

CONCLUSIONS AND RECOMMENDATIONS

1. Azerbaijan is a former Soviet state which now seeks tight cooperation with the European Union. Traditionally, country's economic strength has been established on extraction and exports of raw materials, namely gas and oil resources. Azerbaijan became one of the world leaders in its crude oil extraction during the early 20th century. Due to negligible attitude of Soviet authorities over the energy resources of Azerbaijan, energy industry remained underdeveloped all over the Soviet ruling period. After the dissolution of the USSR, the newly established independent Azerbaijan found itself in an environment of deep economic stagnation and downward, where outdated infrastructure and technologies were functioning in all areas of economy, and obsolete non-skilled labor force had been deployed which were quite contradictory to cope up with the demands of modern world. Being so, state had had two major tasks to resolve: first one was, to reformulate the structure of political relations with foreign countries to be able to guarantee Azerbaijan's grand openness, and the second was to implement immense large-scale reforms in the economic sector in order to reinstate country's economic position in an international arena. Government of Azerbaijan utilized country's oil and gas resources as the mainstay of the further development and launched heavily investing on this industry.

2. Azerbaijan's cooperation with the European Union is determined by range of factors. The key element for deep economic ties between parties is obviously the energy sector. Azerbaijan is a major producer of energy resources, namely oil and natural gas, and the country wants to enter into foreign markets in order to make large-scale of sales in its major income-yielding field. Simultaneously, the European Union, actively seeks to increase its energy security to a higher level and in this term, the EU counts Azerbaijan as a relevant supplier to implement its energy diversification policy and to lessen its dependency on energy from Russia.

3. Economic and particularly energy sector partnership between Azerbaijan and the European Union started soon after Azerbaijan proclaimed its independence. In 1994, by signature of Deal of Century, the EU and Azerbaijan unleashed their cooperation in oil and gas industry, and European oil and gas corporations attained access to Azerbaijani oil and gas sector in exchange of investing in exploration and production of energy resources in the territory of Azerbaijan. The contract was beneficial and profitable for both parties as the EU sought alternative supplier for its energy

diversification policy and Azerbaijan was looking for the market conjecture to export its revenue bringing commodities.

4. Integration in political area, current political structure of Azerbaijan is a bit similar the one in Soviet Union. Although government doesn't ban existence of opposition parties, their activities and influences have been largely limited by ruling party, and opposition parties has quite less importance in the political life of the country. Substantial amount of opposition parties in Parliament (Milli Majlis) are loyal to government and keep their silence in terms of political liberties in the country. This factor plays an important role in signature of essential political agreements offered by the European Union and due to majority of elites and support for elites' will, several democracy-oriented agreements were end up with failure in Azerbaijan. Another reasonable argument for Azerbaijani officials' denial to sign association agreement and to make deeper political cooperation with the EU is due to influence of Russian Federation in the country. As Azerbaijan yet rely on its own economic backbones, country doesn't want to get punished by Russia, instead it balances its relation by not alienating neither with Europe nor with Russia and seeks to keep its neutrality.

5. The situation with integration of the European Union and Ukraine, especially by comparing implementation of the ENP APs in Ukraine and Azerbaijan - EU and Ukraine have asymmetric demands and supplies from each other, where Ukraine urges deep cooperation with the EU as the country doesn't have strong economic backbones and its security matters a lot. Ukraine actively seeks to become even closer with the EU and conclusion of Association Agreement by Ukrainian officials proved this one more time. As Ukraine needs EU more than EU can get benefit from Ukraine, in the implementation process of the European Neighborhood Policy, country get more rewards than Azerbaijan did. Latter has opportunity not to imply whatsoever requested by the EU, however, Ukraine needs financial and political support from Union. The same situation is applicable for Georgia and Moldova who have more will to become full-fledged member of the EU in the future. Since Azerbaijan as of today is able to meet its domestic demands with its current economic situation, it doesn't urge to join any block, namely EU and therefore, the several policies of the Union for Azerbaijan have always partially been implemented.

6. Integration process started to accelerate between the EU and Azerbaijan pursuant the establishment of deep economic ties. Following the implementation of the ENP Action Plan for

Azerbaijan, both subjects proved their desire for strengthening cooperation in different areas. Although several disagreements occurred during the application of Action Plan by Azerbaijan, subsequent Eastern Partnership Program and a part of it, an Association Agreement discussion showed that the EU seeks further development and integration of Azerbaijan to itself. It is true that association agreement was rejected by Azerbaijani authorities. Launch of revised European Neighborhood Policy put assumptions on revision of conditions for Azerbaijan where both parties are likely to agree upon and this particular type of integration plan on each specific country could enable realization of the EU policy on the region in a more effective and efficient way.

7. Early and current relations between the European Union and Azerbaijan indicates that European Union and Azerbaijan are likely to tighten their economic cooperation for the future in even more strong way as they have mutual benefits on these relations, and it is highly recommended to focus largely on energy sector partnership, because it brings and can be said that it will bring bilateral advantage for Azerbaijan and several member states of the EU.

8. Up to now political requirements of the EU from Azerbaijan has not met in a significant level. As experts emphasized, in the revised European Neighborhood Policy the EU should take into consideration each partner country as a unique figure since each country has different circumstances inside of them. Special approach toward Azerbaijan might facilitate integration beyond the economics and since Azerbaijani elites are more concerned about their reputation in international arena, the EU can use different language while addressing existing problems in terms of democracy and human rights.

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ANNEX

Expert survey questionnaire:

Dear Expert,

We appreciate your knowledge and contribution in international relations development and we are honored to invite you to take part in this important survey which is part of research conducted at University of Latvia on European Union and Azerbaijan relations in the context of European Neighborhood Policy. Results will be used only in summarized form. To fill out this survey will take less than 10-15 minutes. Research results will be used to suggest some future perspectives of bilateral relations between Azerbaijan and the European Union. More information on survey Guleyssha Hasanova, e – mail: gh16005@lu.lv.

1. On what extent factors below can facilitate economic development of Azerbaijan to be able to correspond more on EU's economic averages?

Please, evaluate in scale 1-10, where 1 - less important, 10- most important

1.To attract more Foreign Direct Investment	1	2	3	4	5	6	7	8	9	10
2.To liberalize trade by abolishing monopoly in domestic market	1	2	3	4	5	6	7	8	9	10
3.To invest more on non-oil sectors' development	1	2	3	4	5	6	7	8	9	10
4.To join to WTO	1	2	3	4	5	6	7	8	9	10

2. How likely exports indicated below can be done in a high volume from Azerbaijan to the EU?

Please, evaluate in scale 1-10, where (1 - less important, 10 - most important)

1. Export of agricultural products	1	2	3	4	5	6	7	8	9	10
2. Export of chemical products	1	2	3	4	5	6	7	8	9	10
3. Export of food	1	2	3	4	5	6	7	8	9	10
4. Export of manufactured goods	1	2	3	4	5	6	7	8	9	10

3. On what extent realization of Trans Adriatic Pipeline (TAP) project will strengthen economic ties between Azerbaijan and the European Union?

Please, evaluate in scale 1-10, where (1 - less important, 10 - most important)

1	2	3	4	5	6	7	8	9	10
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4. How likely resolution of Nagorno-Karabakh conflict could foster the implementation of indicated statements below?

Please, evaluate in scale 1-10, where (1 - less, 10 - more)

1. EU will be able to implement its political projects without any obstacle	1	2	3	4	5	6	7	8	9	10
2. Democratization projects in Nagorno- Karabagh will be achieved	1	2	3	4	5	6	7	8	9	10
3. Armenia can take advantage for being a new transit for Southern Gas Corridor	1	2	3	4	5	6	7	8	9	10

5. How likely Azerbaijan can sign Association Agreement within next 5 years?

Please, evaluate in scale 1-10, where (1 - less, 10 - more)

1	2	3	4	5	6	7	8	9	10
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6. To what extent does Azerbaijan ready to sign Comprehensive agreement with the EU which is assumed to be concluded by 2020?

Please, evaluate in scale 1-10, where (1 - less, 10 - more)

1	2	3	4	5	6	7	8	9	10
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7. On what extend implementation of revised European Neighborhood Policy could be successful for Azerbaijan?

Please, evaluate in scale 1-10, where (1 - less, 10 - more)

1	2	3	4	5	6	7	8	9	10
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8. How likely Azerbaijan can get visa-free access of its citizens to the European Union within next 5 years?

Please, evaluate in scale 1-10, where (1 - less, 10 - more)

1	2	3	4	5	6	7	8	9	10
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Thank you for answers!

Herewith I confirm by putting my signature that the research has been conducted individually, as well as the fact that only the listed sources of literature have been used in the paper and that the electronic copy of the paper corresponds to the printout

Author: Ms. Hasanova Guleysha

(personal signature)

I recommend/do not recommend the paper for defence

Advisor: Professor *Dr.oec.* Biruta Sloka

Opponent: Professor *Dr.oec.* Jānis Priede

Paper submitted in the Study Center on 02.01.2019

Person authorized by dean: Methodist Astra Zalkalne

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