



ANALYSIS

AZERBAIJAN AND THE EU'S EASTERN PARTNERSHIP: THE ROAD TO FURTHER DEVELOPMENT

On June 18, the President of the European Council convened a videoconference with the leaders of the six Eastern Partnership (EaP) countries. In order to evaluate the event and its outcomes and prospects, and what it means for Azerbaijan, it is useful if not necessary to look back on the history of the program back to the days when EaP was originated as the European Neighborhood Policy (ENP).

A Brief Look at the History

Azerbaijan was a premier EU partner in the South Caucasus even before the ENP and the EaP. It was the first South Caucasus state with which the EU reached a formal agreement of substance, a trade and textile agreement initialed on 20 September 1993. It was also the first South Caucasus state, in 1998, to receive a permanent EU representative (Special Envoy). In 1999 Azerbaijan and the EU signed a Partnership and Cooperation Agreement (PCA).

In early 2001, the EU General Affairs Council decided to play a more active political role in the South Caucasus. At the time, this was mainly limited to peace-and-conflict issues. The EU was slow to recognize the significance of the South Caucasus states. On 11 March 2003, the European Commission flatly stated that the South Caucasus countries “fall outside the geographical scope of this [ENP] initiative for the time being”.

Yet only three months later the EU Council appointed its first EU Special Representative for the South Caucasus, with a mandate to help develop a comprehensive policy towards the region. Five months after that, the Council advocated “tak[ing] a stronger and more active interest in the problems of the Southern Caucasus, which will in due course also be a neighboring region”.

Finally, on 14 June 2004 the Council, following a recommendation from the Commission, offered participation in the ENP to Azerbaijan, Georgia, and Armenia. This swift and radical turn-around was likely motivated and accelerated by preparations for the 13 November 2004 Baku Conference, formally titled as the “First Ministerial Conference on Energy Cooperation between the EU and the Littoral States of the Black Sea, Caspian Sea and Their Neighbors”.

The push for such a conference arose from out of a report by the three-year Working Group on the Caucasus convened by the Centre for European Policy Studies (CEPS) in the late 1990s. That report recognized the “value in a regular Black Sea–Caucasus–Caspian Energy Forum” and lamented the absence of any “adequate forum for multilateral consultations on the complex issues of regional coordination of oil and gas development issues”.

The CEPS proposal in this direction was subsequently adopted intact, as a recommendation of the related report by the European Parliament's foreign affairs committee. It required a bit of time to begin to take off, but it led directly to the energy ministerial conference held in Baku on 13 November 2004, which launched the "Baku Initiative".

The Baku Initiative represented the first-ever policy dialogue aimed at enhancing energy cooperation between the European Union and countries of the Black Sea, the Caspian Basin and their neighbors. The Baku Initiative led to the creation of the EU's TRACECA program and finally gave its INOGATE program some real substance. It was followed in 2006 by the Astana Declaration on the "Energy Road Map".

Azerbaijan, the ENP, and the Eastern Partnership

Azerbaijan's success in developing its offshore oil and gas deposits, eventually implementing the BTC and the South Caucasus Pipeline (SCP) leading to the Southern Gas corridor (SGC), was key to that development. It is possible to periodize the evolution of the EaP as follows, within the ENP context. The first period began with the planning of the ENP in 2001. The two plan periods 2001-2004 and 2004-2007 marked its emergence, involving structuring of programs and first adaptations of the EU's own external behavior.

The ENP plan periods 2007-2010 and 2010-2013 more broadly marked the attempt to develop an organizational steering capacity to move toward the goals and institutional depth of memory. The EaP's creation in 2009 already suggests a slight misalignment between the institutional and policy development of ENP and that of EaP. For the South Caucasus countries, the EU based its Action Plans mainly all on the same template, even if priorities and budget areas differed somewhat about the three of them. This whole second period still did not sufficiently differentiate among the particular circumstances of the different South Caucasus countries.

The years 2014-2017 and 2017-2020 mark the phase of where where the EU has sought to make its goals better cohere across the ENP's different neighborhoods and to develop the power to drive through to achieve those goals. For the EaP in particular, however, these periods represented the only the phase of creating organizational steering capacity to move toward the goals and institutional depth of memory.

So, there is a continuing phase-disconnect between the ENP and the EaP. So far as Azerbaijan is concerned, relative to EU relations more broadly, the year 2017 saw the launch of talks on new comprehensive agreement to replace the 1999 PCA. On this perspective, what can we say about the 2020 meeting and perspectives for the future? The EU will have to make an effort to overcome its established habits in dealing with the South Caucasus.

To say this is not a criticism of the EU per se; rather, every adopted policy always encounters the obstacle presented by new circumstances and is tempted to overcome them through perhaps outmoded habits. The EaP, particularly in the case of the South Caucasus countries, and especially Azerbaijan and Georgia, offers the EU the opportunity stage to overcome past inefficient policies and to take better account of the need for reciprocity where the EU is not just an agenda-maker but also an agenda-taker. This is necessary for successful adaptation and survival.

Conclusion

Since the EU's first policy successes in the South Caucasus concerned mutually advantageous development of the region's energy resources, and especially Azerbaijan's, it is reasonable to ask whether this could

provide a guide for future cooperation. In fact the pandemic enhances the timely advantages of sending Central Asian gas to Europe, exactly because the EU has decided to apply a significant part of the recovery funds precisely towards the energy transition. The EU should regard the South Caucasus as a transit region for Central Asian gas.

The EU will use pandemic recovery funds to increase production of both green and blue hydrogen, but the cost of the former will remain appreciably higher than that of the latter, and for the foreseeable future. Although the EU's objective is a full transition to green hydrogen, natural gas and blue hydrogen will still be required for many years to make the eventual green transition less expensive.

Gas exports to the EU from the Caspian Sea will make its energy transition less expensive. At a time when many other infrastructure projects requiring greater upstream investment are being canceled or delayed, the Trans-Caspian Gas Pipeline (TCGP) is therefore again appearing on the international political and economic agenda. The current extremely low prices for natural gas make the TCGP's construction very affordable, and no upstream investment is required.

Turkmenistan would welcome the chance to export to Europe but only through a shore-to-shore pipeline connecting its integrated onshore pipeline system, including the shut-in wells in the east of the country, to Azerbaijan's onshore system. Only 300 kilometers separate Turkmenistan's coast from the South Caucasus Pipeline giving access to TANAP and the Trans-Adriatic Pipeline.

The TCGP would also be the signal for other trans-Caspian energy projects to go forward, just as in the 1990s the Baku-Tbilisi-Ceyhan (BTC) oil export pipeline was such a signal for the South Caucasus and Anatolia. Beyond Turkmenistan, benefits would extend to other Central Asian countries. Plans are on the drawing-boards for Kazakhstan and Uzbekistan to join Turkmenistan in subsequent trans-Caspian energy projects.

Of course, energy projects do not fall strictly within the mission statement either of the ENP or of the EaP. And yet, as the experience of the BTC and SGC show, they promote economic growth and well-being that is usually a necessary condition for the humanitarian goals that the EU continually puts forward.

At the EaP's June videoconference, it was agreed to prepare a physical summit in Brussels for March 2021. The TCGP has the potential to serve both the EaP and the EU's new Central Asian Strategy LINK. Learning from the 1990s and 2000s, the EaP should put energy development high on its agenda, especially including the extension of the SGC to Central Asia. To compartmentalize these regions away from one another without taking account of their geopolitical interlinkages, also to compartmentalize humanitarian development from economic development, would only be to perpetuate past errors.

Robert M. Cutler, Canadian analyst of Eurasian and European energy and security.

The views expressed in the writings belong to the authors and do not necessarily reflect the editorial policy of the AIR Center