

The EU must actively engage with Azerbaijan and hold it to its commitments. Otherwise it risks being a tacit supporter of an autocracy.

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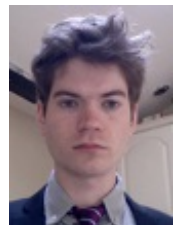
The EU is now trying to put democracy back into the heart of its foreign policy. Yet, the EU and its member states seem to have greater concern for their own energy interests than engaging with Azerbaijan's near-autocratic regime. [Jana Kobzova](#), [Leila Alieva](#) and [Dan Kennedy](#) call for the EU to pursue a "hug and hold" strategy with Azerbaijan – close engagement, complemented by holding the regime to its commitments to reform.



The European Union has been partly successful and wholly incoherent in promoting democracy in its neighbourhood. In the EU's eastern neighbourhood, democracy is in retreat: none of the six Eastern Partnership countries are fully democratic and, apart from in Moldova, democracy scores in the region have been worsening. Clearly, EU efforts to promote democracy are failing to work as intended.



Nowhere in the eastern neighbourhood is this challenge more evident than in Azerbaijan. The upcoming Eurovision Song Contest, which takes place in Baku this week, has drawn attention to the many problems and paradoxes this country presents for the EU's efforts to promote democracy. The regime of President Ilham Aliyev has almost eliminated political opposition through a combination of state repression, election manipulation and harassment of independent media.



The EU is now trying to put democracy back at the heart of its foreign policy. But while it has taken a tough approach to Belarus – another systematic abuser of human rights in the Eastern Partnership region – it seems more concerned about its own energy interests and security in Azerbaijan than for the state of democracy there. Although they have been vocal about democracy in Azerbaijan, individual member states and the EU institutions have in reality co-operated with the regime in Baku without imposing conditionality, which has brought Europe few benefits and continues to discredit the EU in the eyes of Azerbaijani society.

Since the mid-1990s, the government of Azerbaijan has restarted economic growth and expanded society's welfare. Thanks to the country's rich oil and gas reserves, Azerbaijan's fortunes, especially in the last 10 years, have changed impressively. However, as the country has progressed in economic terms, it has regressed in terms of corruption and democratic governance. The influx of oil money has helped the regime of Ilham Aliyev to solidify his own position and steer Azerbaijan towards full-fledged autocracy. Nevertheless the volume of oil extracted in Azerbaijan peaked in 2010 and is set to decline. The government has failed to translate the growth figures into corresponding social indicators and while it hopes to generate more revenue from increased gas exports, experts suggest the income will not suffice to compensate for the decline of oil revenues. Unless it reforms and diversifies, Azerbaijan's economic model is unsustainable.

The regime's increasingly authoritarian tendencies have had little effect on the EU's approach. Europe's main interest in the region is stability of energy supplies and security. Some member states such as France, Italy, Germany and the UK have big economic interests in Azerbaijan and avoid publicly criticising the country or its regime. There is little co-ordination between member states and various branches of the European Commission and EU institutions have often been as incoherent in their approach to Azerbaijan as have member states. The lack of a more coherent EU approach makes it possible for Baku to ignore criticism and pursue good relations with "friendly" member states.

While co-operation in the energy sector works well at the

level of individual EU energy giants and the government of Azerbaijan, the EU itself has achieved far more modest results. The Nabucco gas pipeline, the cornerstone of the EU's gas policy, is probably going to be shelved because Baku seems to favour other competing initiatives. Similarly, talks on the new Association Agreement (to deepen Azerbaijan's political association and economic integration with the EU) are currently marred in seemingly endless discussions about the status of the Armenia-occupied Nagorno-Karabakh region.

The EU has a whole range of tools and a blueprint it can use to assist countries that want to become members but has been struggling to find a way to deal with countries that are not willing to join it. Nevertheless, the EU does have some leverage. If Azerbaijan is to diversify its oil-based economy, it will need the EU for technology and know-how. Much of this can be provided by European companies, but unless it improves its governance and judicial system, Azerbaijan will struggle to attract investment. As the country's first trading partner, the EU is potentially the most powerful external economic actor in Azerbaijan. These factors create potential leverage which Europe should use more forcefully to make Baku restrain its autocratic tendencies. It can do so by pursuing a "hug and hold" strategy – hugging Azerbaijan but also holding it to its commitments to reform.



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At the moment, the EU's best chance for more reform in Azerbaijan is continued engagement – rather than isolation – of the Baku government. The EU should prioritise initiatives aimed at the transfer of know-how, capacity-building in the public sector and exchange programmes for junior and mid-level bureaucrats – but it should carefully monitor results and insist on participation of NGOs and non-state actors, such as independent experts, in all stages of the process.

"Hugging" Azerbaijan does not mean embracing only its government. The EU should give more support to NGOs, small enterprises, independent media and professional organisations, which can put more pressure on the regime domestically and create evolutionary change in the future. Given the closeness between Baku and Ankara, the EU should also solicit more co-operation from Turkey on pushing Azerbaijan to reform. The EU also needs to do a better job in explaining its actions and demands to Azerbaijani society.

While "hugging" Azerbaijan, Europe should also hold it to the commitments it made by joining the European Neighbourhood Policy and agreeing action plans. A concerted effort at the EU level to restrict the movement of those in Azerbaijan who violate human rights on a systematic basis is unlikely, but member states can take action individually and follow the example set by the UK, which earlier this year adopted a new rule banning entry for non-EU nationals accused of human rights abuses.

As Azerbaijan grows more authoritarian, Europe faces a choice. It can fully embrace this country and its society, which is proud of becoming the first-ever Muslim liberal democratic republic in 1918, or it can continue condition-free dialogue with the regime. If it chooses the second option it risks finding itself a tacit supporter of autocracy.

This blogpost is based on a new European Council on Foreign Relations' policy memo ["The EU and Azerbaijan: Beyond Oil"](#) by Jana Kobzova and Leila Alieva

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Note: This article gives the views of the author, and not the position of EUROPP – European Politics and Policy, nor of the London School of Economics.

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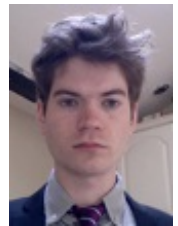
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Leila Alieva is a Baku-based political analyst and the founder of the Center for National and International Studies. She has held research fellowships at Harvard University, Berkeley, the Woodrow Wilson Center, Johns Hopkins University, NATO Defence College and the National Endowment for Democracy. Her publications include *Integrative Processes in the South Caucasus and their Security Implications* (2006) and *The EU and the South Caucasus* (2006) and she has also written about security, conflicts and politics in the South Caucasus for various publications including the *Journal of Democracy* and *Jane's Intelligence Review*.



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