



REVIEW ARTICLE

THE DEVELOPMENT OF INTEGRATION PROCESSES BETWEEN THE REPUBLIC OF AZERBAIJAN AND THE EU

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ABSTRACT

In the system of contemporary international relations, participation in certain integration associations often provides to the states certain advantages and benefits. Therefore, often, many countries, including Azerbaijan, face the task of participating to some extent in such integration associations. In the article, the author considers and systematizes the main factors that determine the necessity of Azerbaijan's integration into the European space. The author concludes that the combination of these factors necessitates the replacement of the existing agreement on partnership and cooperation by a new agreement between the EU and Azerbaijan and determines its main parameters.

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INTRODUCTION

The recent state of world relations is characterized by the development and deepening of international and regional integration. Development level of integration processes resulted with the creation of integrated state associations, also leads to the formation of a single political, economic and legal space. The highest level of this process was achieved in Europe. During its existence, the European Union (EU) has become the strongest economic union in Europe and currently forms the political and economic unions of 28 European countries. According to the International Monetary Fund, the share of the EU as a single entity in the world's gross domestic product of 2012 (the last year before the world's economic crisis) was 23% (\$ 16.6 trillion) for its nominal value and according to this figure, it ranked first in the world, and was about 19% (\$ 16.1 trillion) for the parity of its purchase value (according to this figure, the EU ranks second in the world). The EU plays an important role in the development of integration processes in the European continent. The study of integration processes that mostly observed in Europe and progressed gradually, stage-by-stage, determination of the legitimacies during this process play an important role in the preparation of an optimal model of participation of the Republic of Azerbaijan in various regional and universal integration processes and is one of the most

important and urgent problems facing political science of Azerbaijan. One of the strategic directions of the development of the Republic of Azerbaijan after regaining its independence is to integrate into Europe. That is why our country is very interested in involving in the European integration processes. As Mr. Ilham Aliyev, the President of the Republic of Azerbaijan noted, the EU provides the best practice of organizing a world that supports its members. Each country, including Azerbaijan, should try to reach a high level of solidarity in accordance with the EU standards.

It should be noted as well that the EU has a leading position in the system of trade-economic relations of Azerbaijan. And the Republic of Azerbaijan, in its turn, plays an important role in the trade turnover of the EU with other countries. Thus, the Republic of Azerbaijan is the 39th partner of the EU for the level of trade turnover. In recent years, Azerbaijan and the EU are interested in the renewal of the mechanism of cooperation and integration processes between them in order for the deepening and further development of their mutual relations. Settlement of these problems is of particular urgency and is one of the most important issues facing our country's political science. Investigating the characteristics of integration processes in the EU, studying the problems in this area and identifying perspectives, as well as investigating further enhancement of further deepening and integration of relations between Azerbaijan and the EU and their basics is the main direction of the present article and determine its urgency.

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Theoretical framework: Among those, the agreement on trade and commercial and economic cooperation of the European Economic Community and the European Nuclear Energy Community with the USSR dated on 18 December 1989 may be specially indicated. It should be noted that the enlargement of the EU and its gradual progress towards the former USSR led to some changes in international relations system, and required to make political, economic, trade, scientific-technical, cultural, etc. relations again between those subjects. A number of agreements were concluded between the EU and USSR aimed at forming its basis for the establishment and development of those relations. An agreement on trade, economic and commercial cooperation, dated on December 18, 1989 concluded between the European Economic Community and the European Union on Nuclear Energy, and the USSR should particularly be noted among them. After the collapse of the USSR and establishment of independent post-soviet states on its remains, there was a need to settle a number of problems related to the choice of independent political and economic development. One of the strategic directions of the development of these countries, including Azerbaijan, is the establishment of political and economic cooperation with the EU and its member countries. Ilham Aliyev, the President of the Republic of Azerbaijan noted that the partnership with the EU is one of the main priorities of the foreign policy of Azerbaijan (<http://en.president.az/articles/25962>).

It is also stated in the National Security Concept of the Republic of Azerbaijan approved by the Decree No. 2198, dated on May 23, 2007 of the President of the Republic of Azerbaijan that the strategic objective of the Republic of Azerbaijan is to integrate into the European and Euro-Atlantic political and economic structures. So, it is noted in Clause 4.1.2. of the Concept that the Republic of Azerbaijan pursues its strategic goal of integrating into the European and Euro-Atlantic political, security, economic and other structures. The Republic of Azerbaijan considers its partnership with the Euro-Atlantic structures as a means of supporting the overall security, economic development and democracy in the whole Euro-Atlantic area. The history of mutual relations between the EU and Azerbaijan begins after the Republic of Azerbaijan regaining its independence. Naturally, the strategic position of Azerbaijan situated in the corridor of Europe and Asia, significantly increases the interest of the EU and its member countries in the development of political and economic relations with Azerbaijan. Generally, scientific literature shows us that after the EU enlarged towards the East, South Caucasus countries could play a leading role as a bridge between Asia and Europe. Permanent conflicts in the Caucasus may allow the instability to spread through the borders. And this further increases the interest of the EU in the region to remain stable. Immigration is another issue that can create problems for the EU. The more poor and unstable the region is, the more likely the people will immigrate to the EU (<http://newtimes.az/en/diplomatik/4883>).

Evolution of cooperation between the EU and Azerbaijan:

Mutual relations between the Republic of Azerbaijan and the EU was established after our country stated its interest, and initiated the planning of relations in various fields, including political, economic, trade, financial, technical assistance, infrastructure, etc with that integration body. Generally, the EU has been one of the key donors assisting to the Azerbaijani

economy since 1991. So, the EU has allocated the amount of more than 1 billion Euro for three South Caucasus countries. in excess of the euro. For example, Azerbaijan received an assistance from the EU in the amount of 333 million Euro, as humanitarian, technical, food and emergency aid. (<http://www.mfa.gov.az/en/content/555>) This figure can be compared with the assistance the EU has allocated for its member countries (Blockmans and Lazowski, 2006, p. 601). The EU and its member countries established such relations with Azerbaijan in the framework of various programs. We can mention TACIS (Technical Assistance for the Commonwealth of Independent States), TRACECA (Transport Corridor Europe-Caucasus-Asia), INOGATE (Interstate Oil and Gas Transport to Europe), ECHO (Humanitarian Aid), ERASMUS MUNDUS, TEMPUS, etc. programs among them. Financial aid in the amount of \$ 500 million was provided to Azerbaijan by May 2016 as a grant by the EU in order to support the country's development (https://eeas.europa.eu/headquarters/headquarters-homepage_en/917/EU%20Projects%20with%20Azerbaijan).

The Head of the EU Delegation to Azerbaijan, Ambassador Malena Mard notes that the EU is the organization providing the biggest grant to Azerbaijan and since 1992, the EU has provided assistance to Azerbaijan in the amount of 600 million Euro (<http://newtimes.az/en/diplomatik/4883>). First of all, it is necessary to note the cooperation between the EU and Azerbaijan in the field of aid. So, humanitarian and food aid was provided to Azerbaijan within the framework of the EU Emergency Response Programme (EXAP), ECHO Humanitarian Aid Programme, FEOGA Food Aid Programme, Food Security Programme (FSP), Rehabilitation Programme (REHAB), Emergency Humanitarian Action (EHA), etc programmes. M. Dekonishvili states that as a result of the implementation of ECHO (Humanitarian Aid) programme, the total food aid provided by the EU to the South Caucasus countries was 1 414 thousand tons in 1994 and 397 thousand tons in 1996. (Dekanozishvili, 2004. p. 5) As the South Caucasus countries food supply has relatively stabilized, other programmes started being preferred.

Azerbaijan and TACIS: TACIS (Technical Assistance for Commonwealth of Independent States) is of particular importance among various EU programmes. Generally, this programme was made in 1991 by the EU for the CIS countries and Mongolia. The main objective of the programme was to provide assistance to the development of political and economic relations between the EU and those countries. It was necessary to take measures aimed at providing technical support to the efforts of partner countries in order to achieve this goal. As a result of such measures, people were hoping societies based on economic prosperity and political freedoms to be established in those countries. We can mention providing subsidies for know-how, and comprehensive support for the establishment of the market economy and democratic society among them. TACIS programme was implemented in collaboration with partner countries, as well as with other donors and various international organizations. Know-how provided advice on specific issues, sending highly-qualified experts, conducting certain researches and measures on professional training. Moreover, assistance was also given by creating a legal and regulatory base within the framework of this program, through various experimental projects. We can mention the restructuring of enterprises, development of the

private sector of the economy, reform of the public administration system, the fields of agriculture, energy and transport among the most important areas. Over 3390 million Euro were allocated to the implementation of over 2500 different projects in these countries in 1991-1997 within the framework of TACIS. Further 790 million Euro were allocated to this program in 1997-1999 for more than 500 different projects. The total budget of TACIS for the period of 2000-2006 was 3,1 billion Euro, and it covered 13 countries, including Azerbaijan. Specifically, EU has supported the economic reforms carried out in Azerbaijan by providing technical and expert assistance within the framework of TACIS. Furthermore, the main attention was on the development of three areas of cooperation: infrastructure, private sector and human resources. TACIS continues to provide financial and technical assistance to many projects in these areas. In addition, financial assistance is also used to implement the National Poverty Reduction Program adopted in our country. A number of legal reforms have been implemented in Azerbaijan in the areas of governance, economic development, investment climate, as well as environmental protection regarding this field. Medium-term economic development, fiscal policy and poverty reduction measures are the main goals that have been implemented within the framework of TACIS and essentially are commitments. The amount of financial assistance allocated to Azerbaijan by the EU by 2004 was 430 million Euro. Such assistance covered food aid to refugees and internally displaced persons; various projects in the fields of energy, transport, nuclear and food security; implementation of infrastructure reforms; restoration of some part of the lands damaged as a result of the aggression of Armenia (for example, the railway station in Fizuli region, re-installation of power transmission devices, restoration of drinking water pipes and irrigation system, repair of secondary schools). In total, financial assistance in the amount of 30 million Euro were made to Azerbaijan in 2004-2006 within the framework of TACIS. In addition, additional funds in the amount of 30 million Euro were allocated in the period of 2004-2006 only in order to ensure food security of the EU.

Azerbaijan and TRACECA: Azerbaijan cooperated with the EU within the framework of other programs, apart from TACIS. TRACECA (Transport Corridor Europe-Caucasus-Asia) has a particularly special place among such programs. TRACECA (Transport Corridor Europe-Caucasus-Asia) called "New Silk Road" is a program that develops transport relations between Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan), the Caucasus (Azerbaijan, Georgia, Armenia) and Europe. TRACECA was founded in Brussels on May 3, 1993, at the Conference of Ministers of Trade and Transport of eight founding member countries. The purpose of the program is to extend the access of the abovementioned countries to Europe and the world markets through the highway, railway and seaway and create the fastest and cheapest transport corridor from Europe to Central Asia and vice versa via the Black Sea and Caucasus by supporting the political and economic independence of those countries. (Dekanozishvili, 2004, p. 5) Generally, from 1993 to the end of 2016, the European Commission financed 85 projects worth 187 million Euro under TRACECA programme. H.Aliyev, the President of the Republic of Azerbaijan and E.Shevardnadze, the President of the Republic of Georgia made a joint proposal

to hold a conference at presidential level for the signing of the Multilateral Transport Agreement drawn up in September of 1997 within the TRACECA programme. As a result of this initiative, "TRACECA-Restoration of Historical Silk Road" conference was held on September 8, 1998 in Baku. According to the results of the conference, a multilateral agreement on international transport for the development of the "Europe-Caucasus-Asia" corridor was signed on September 8, 1998 in Baku, and the agreement also contains Technical Appendixes on the international railway and road transport, international commercial shipping, customs procedures and document processing. This agreement is the main document of the TRACECA programme laid the foundation for the development of trade, economic and transport relations in the European, Black Sea, Caucasus regions, Caspian Sea basin and Asia. The Ministry of Foreign Affairs of the Republic of Azerbaijan is a depositary of both the main agreement and its Technical Appendixes. In addition, the second international agreement on the development of TRACECA multimodal transport was signed at the 7th meeting of the TRACECA Intergovernmental Commission on June 16, 2009. Moreover, the agreement is also available to other member states of the multilateral agreement on international transport over the development of the "Europe-Caucasus-Asia" corridor. This agreement is also available to any third country wanted to join. However, in this case, the consent of all participants of the Agreement received by the Depositary through the diplomatic channels is required. (http://www.traceca-org.org/fileadmin/fm-dam/pdfs/til_ps/Table_of_TRACECA_DOCS_STATUS_27_june_2012_eng.pdf) TRACECA project supports 25 technical and 11 investment projects in Azerbaijan. The share of Azerbaijan in 26 of them is more than 100 million Euro. (<http://www.mfa.gov.az/en/content/555>)

Azerbaijan and Inogate: Another programme implemented by the EU is INOGATE (Interstate Oil and Gas Transportation to Europe). INOGATE (*Interstate Oil and Gas Transportation to Europe*) programme is one of the main regional initiatives for the creation of a mechanism for interstate transport of oil and gas to Europe within the framework of political and economic (financial) support to the new EU countries. The INOGATE programme was adopted in 1995 and had been implemented since 1996. The Framework Agreement on Interstate Oil and Gas Export, signed on July 15, 1999 with the participation of 15 states, including the Republic of Azerbaijan constitutes the basis of the INOGATE. 10 different projects of which the budget is 50 million Euro were implemented within the first phase of this programme. Five of them were directly related to Azerbaijan. (<http://www.mfa.gov.az/en/content/555>) The Framework Agreement on cooperation in the field of pipeline renewal and development was signed in 2001 in Kiev, the capital of Ukraine with the participation of 21 countries within the framework of this programme. Then, a document called the "Baku Initiative" was adopted at the Ministerial Conference held in Baku on November 13, 2004. The "Baku Initiative" is the result of a political dialogue on energy cooperation between the EU and INOGATE member states. One of the goals of the "Baku Initiative" is to strengthen the integration of EU member countries' energy markets with the EU. It helps to create transparent energy markets for attracting investments and reinforces the safety and reliability of energy carriers. Other aspects of the "Baku Initiative" are related to transportation. Thus, member countries came to an agreement

on adapting their legislative and technical standards which assist the functioning of the integrated energy market, developing new infrastructures, applying modern monitoring systems, etc. The INOGATE programme also promotes the involvement of various international financial and credit institutions and private investment funds based on the priorities arising from international agreements on energy resources transit. The INOGATE programme was funded within TACIS by the end of 2006. But since 2007, the INOGATE programme had been funded by the European Neighborhood and Partnership Instrument (ENPI). This programme is supported by the EU (EuropeAid). The Republic of Azerbaijan has participated and continues to participate in 33 out of 69 projects implemented within the INOGATE programme (http://inogate-tag.org/i_noga_te/country.php?lang=en&id=2). We can mention the INOGATE Technical Secretariat and Baku Initiative and Eastern Partnership Energy Goals Support Complex Program (total cost of 16,6 million Euro), Sustainable Energy Program for Central Asia: Renewable Energy Sources and Energy Efficiency (total cost 4 million Euro), etc. among the projects implemented in 2010-2015.

Azerbaijan and European Neighbourhood Policy: The cooperation between Azerbaijan and the EU implemented within the framework of the European Neighborhood Policy regarding the Eastern Europe and post-soviet area, initiated in 2003 is also of great importance. The European Neighborhood Policy (ENP) essentially means a new approach of the EU to its neighboring countries. The ultimate goal of the ENP policy is to create a security zone, “a ring of friendly countries” within the EU borders in order to strengthen relations between the EU and its neighboring countries. The ENP also aims to create an opportunity for the EU to cooperate closely with neighboring countries in the fields of politics, security, economy and culture. The European Commission, institutional body of the EU submitted a document called the “European Neighborhood Policy. Country Strategies and Reports” in May, 2004. That document outlined the precise steps taken for the implementation of the ENP and priorities of neighboring countries as a result of the enlargement of the EU. Azerbaijan has been included in the ENP programme since 2004. Generally, the EU develops an “Action Plan” for each ENP country. Such document reflects the program of political and economic reforms, as well as determines short-term and medium-term cooperation priorities. (Dabbah, 2010. p. 379) Azerbaijan-European Union Action Plan was signed on June 14, 2006 within the framework of this programme.

This programme is the main mechanism of cooperation between the parties. The EU has allocated 92 million Euro for the implementation of the Action Plan. The Report dated on May 12, 2004 of the European Commission indicates that, the provisions contained in “Action Plan”s will be replaced by new agreements (*European Neighborhood Agreements*) in the future depending on their implementation. The document, called “Country Strategy Paper 2007 – 2013. Azerbaijan. European Neighborhood and Partnership Instrument” directly states that the main objective of the EU-Azerbaijan mutual cooperation is to improve the close relationship excelling the previous levels of cooperation, and gradually leading to economic integration, as well as to deeper political cooperation. The European Neighborhood and Partnership Instrument (ENPI) is the main financial instrument for the

implementation of the ENP “Action Plan”. The ENPI replaced TACIS programme for the Eastern neighbors of the EU (post-soviet countries) from January 1, 2007 within the framework of auxiliary instruments of the EU. Thus, the EU allocated 12 million Euro to Azerbaijan, Russia, Georgia, Ukraine, Belarus, Moldova and Armenia for supporting reforms in those countries within the framework of the ENPI in 2007-2013. At the same time, Azerbaijan received more than 140 million Euro within the framework of the ENPI during that period. The ENPI programme was in force during 2007-2013. It was replaced by the European Neighborhood Instrument (ENI), the main financial instrument of the EU during 2014-2020. The assistance provided to Azerbaijan by the EU is mainly in the form of Action Plan and the ENI is accordingly funded every year. The document called Single Support Framework contains the strategical frameworks, ultimate results and indicative allocations on bilateral cooperation of the EU with Azerbaijan for 2014-2017. The development of “the Eastern Partnership” (EaP) project of the EU within the framework of the European Neighborhood Policy should particularly be noted.

This project was initiated by Radoslaw Sikorski, the Minister of Foreign Affairs of Poland at the EU Council on General Affairs and Foreign Relations on May 26, 2008 with the participation of Sweden. And the heads of the EU member countries approved “the Eastern Partnership” programme in Brussels in June of 2008. The joint declaration regarding “the Eastern Partnership” programme was adopted by 27 EU member countries and 6 states joined the program at the EU Summit held in Prague, the capital of Czech Republic. (<http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=INI/2009/2216>) That document contained general features of the future cooperation between these parties. One of the main objectives of this project is the development of the processes of integration with 6 post-soviet countries of the EU, Azerbaijan, Georgia, Ukraine, Belarus, Moldova and Armenia. The main priorities of the reforms in these partner countries, as well as their cooperation with the EU constitutes democracy, improvement of governance system and provision of stability; energy safety; development of relations between people (as well as liberalization of visa procedure and strengthening of the fight against illegal migration), etc.

All of this were considered as a key step in integration of the partner countries into European political, economic and social area. At the same time, the Prague Declaration stated that the EU would be guided by the principle of “conditionality” in implementing “the Eastern Partnership”, i.e. progress could only be made in the case of certain EU requirements be fulfilled by partner countries. The II Summit of “the Eastern Partnership” programme was held in Warsaw on September 29-30, 2011. The parties agreed to continue the implementation of “the Eastern Partnership” programme adopted in 2009 in Prague on the Declaration over the results of the Summit (<https://www.consilium.europa>). It was also noted that a number of political and economic reforms were carried out in partner countries, the relations of the EU with its Eastern Partnership countries were substantially deepened, and currently, the relations with the EU and its Eastern Partnership countries are characterized as the closer interaction than previous. Moreover, the document reflects the conclusion of negotiations on visa procedure facilitation between the EU and

Georgia, and also emphasizes that such negotiations are underway with Ukraine and Moldova, and it is intended to conduct such negotiations with Azerbaijan, Belarus and Armenia. The III Summit of “the Eastern Partnership” programme was held in Vilnius, the capital of Lithuania on November 28-29, 2013. An agreement on visa procedure facilitation was signed between the EU and Azerbaijan at the summit. The parties also signed a document called “Mobility Partnership”. The parties then signed an agreement on readmission between the EU and Azerbaijan on February 28, 2014. Both agreements entered into force on September 1, 2014. The IV Summit of “the Eastern Partnership” programme was held in Riga, the capital of Latvia on May 21-22, 2015. This summit confirmed the strategic importance of the Eastern Partnership policy within the framework of the European Neighborhood Policy for the implementation of the EU foreign policy as a whole. The V Summit of “the Eastern Partnership” programme was held in Brussels on November 24, 2017.

In general, various urgent issues of cooperation, including politics and economics are discussed at Eastern Partnership Summits. It should be noted that the Eastern Partnership programme envisages the enlargement of cooperation of the EU with these countries on a bilateral basis. And this requires the creation or specification of the new EU mechanism for relations with these countries. The mutual relations between the EU and Azerbaijan are intensively developing in both politics, as well as economy. The Complex Organizational Structure Program focuses on further deepening of the relations between the EU and the Republic of Azerbaijan. This program was signed on January 13, 2011. This document also outlines the necessity of the economic integration among the parties, along with the issues such as judgement of justice, the rule of law and security, and preparation for civil service. As E. Mammadyarov, the Minister of Foreign Affairs of the Republic of Azerbaijan noted: “Caspian is a part of Europe, and the European Union is the heart of our transformation and development”. (13, p. 43)

The EU and the Republic of Azerbaijan Partnership in the Field of Energy: Relations on the energy sector have particular, perhaps the most important place in the EU’s mutual relations with the Republic of Azerbaijan. So, the “Memorandum of mutual agreement on strategic partnership in the energy sector between the European Union and the Republic of Azerbaijan” was signed on November 7, 2006. The main purpose of this document was to form the energy partnership between the EU and Azerbaijan. Because energy is an important and significant area of interest for both Azerbaijan and the EU. On the one hand, Azerbaijan is interested in ensuring its stable export to the EU, while on the other hand, the EU is interested in diversifying its import. Gas supply from Azerbaijan to the EU means a long-term economic cooperation with a reliable partner, which is the world’s greatest consumer, for our country. Besides, implementation of this memorandum will allow Azerbaijan to significantly integrate into the EU’s energy market. And this, in its turn, will further boost EU energy security. It should be noted that the EU security issues are multifaceted and covers, for example, the EU energy security. As an important step from Azerbaijan towards deepening integration with the EU, it is necessary to evaluate the Joint Declaration on the strategic partnership in the energy sector over the South Caucasus gas corridor signed

by I.Aliyev, the President of the Republic of Azerbaijan in January, 2011 together with M.Barroso, the President of the European Commission. It is a long-term large-scale programme and its implementation requires substantial investments. The implementation of this project is already an integral part of the EU area and a number of member countries integrated into the energy system for its strategic importance. Azerbaijan signed an Agreement on the Trans-Anatolian Pipeline (*Trans-Anatolian Natural Gas Pipeline Project, TANAP*) with Turkey in 2012 in order to implement this declaration. And in 2013, an Agreement on the Trans Adriatic Pipeline (*Trans Adriatic Pipeline, TAP*) was signed. Additionally, members of the “Shah Deniz II” consortium signed the Final Investment Decision in December 2013. According to this decision, it is expected the gas to be supplied to the EU member countries through the South Caucasus gas pipeline, as well as TANAP and TAP gas pipelines within the framework of the II stage of this gas field exploitation.

The European Commission highly appreciated the Final Investment Decision adopted under the 2nd stage project on the exploitation of “Shah Deniz II” gas field on December 17, 2013. J. M. Barroso, the President of the European Commission regarded the decision on “Shah Deniz II” as an important strategic step aimed at ensuring stability in the energy security issue of European countries. G. Oettinger, European Commissioner for Energy said that “the Southern Gas Corridor” project would have such a potential that it would provide 20% of the total gas needs of the European Union in the long-term prospect. Thus, the first stage on the implementation of the Southern Gas Corridor project was completed. “Shahdeniz II”, TANAP and TAP projects are the largest European infrastructure projects, and they are worth at least \$ 45 billion. E.Mammadyarov, the Minister of Foreign Affairs of the Republic of Azerbaijan noted that our country took the most important step towards the development of the Southern Gas Corridor after Azerbaijan and the EU adopted a joint declaration on the strategic partnership over this corridor in 2011. Thus, “Shah Deniz II” field that will be put into exploitation in a few years, TAP and TANAP pipelines projects, to some extent, will provide some of the strategic energy needs of our European partners and determine the new volumes intended for export to Europe.

The first step in the implementation of this project was taken in Baku on September 20, 2014. Gas will be transported to Turkey and then to Europe from Georgia as transit through this pipeline. In total, more than 95% of the work on the “Shah Deniz II” field project, including engineering, procurement and construction, was completed in July, 2017 and the first gas from this project is expected to be produced in 2018. The agreement on the construction of the TAP pipeline was signed on February 3, 2013 between Greece, Albania and Italy. The TAP pipeline is an extension of the TANAP pipeline. The European Commission agreed to the construction of the TAP pipeline on March 3, 2016 and its construction began in May, 2016. Annually 10 billion cubic meters of gas is expected to be transported to Europe by this pipeline. Relations between the EU and Azerbaijan are intensively developing. If we consider only the economic field, it can be noted that exports from the EU to Azerbaijan increased by more than 20%, and about 50% of exports from Azerbaijan belongs to the European Union. And this proves that opportunities for further deepening of

integration processes between Azerbaijan and the EU are underway. It should generally be noted that the joining of Azerbaijan to the “New Neighborhood Policy” in 2004 and adoption of the Action Plan between the parties in 2006 created a basis for the transfer to a new level of cooperation in terms of quality between the parties. The “Memorandum on Mutual Agreement on Strategic Partnership between the Republic of Azerbaijan and the European Union in the Energy Sector” signed in Brussels on November 7, 2006 is an important contribution to the provision of the EU with energy resources, development and modernization of all energy infrastructures of Azerbaijan, rational and purposeful use of the resources in the energy sector, etc. It should be noted for comparison that neither the Memorandum on Mutual Agreement on Energy Cooperation between the EU and the Republic of Kazakhstan signed on May 13, 2003, nor the Memorandum on Mutual Agreement on Energy Cooperation between the Republic of Turkmenistan and the EU signed on May 26, 2008, and nor the Memorandum on Mutual Agreement on Energy Cooperation between the Republic of Uzbekistan and the EU signed on January 24, 2011 reflects the strategic partnership between the parties. Unlike this, the Memorandum on Mutual Agreement on Strategic Partnership between the Republic of Azerbaijan and the EU reflects the strategic nature of the mutual relations of the parties in the energy sector.

Prospects for further cooperation between the EU and Azerbaijan: There are prospects for further development of relations between the Republic of Azerbaijan and the EU. It is possible through a variety of ways. The first direction is the signing of an association agreement between the Republic of Azerbaijan and the EU and establishment of a free and comprehensive trade area between the parties in the future. The second direction is to renew the basis of mutual relations between the Republic of Azerbaijan and the EU. This may be achieved by concluding a new partnership or cooperation agreement with both the name and essence are different, or the signing of the additional protocol of the PCA existing between the parties, or by signing a new agreement on modernized strategic partnership.

In this case, the main purpose of this document is to update provisions of the existing PCA between the Republic of Azerbaijan and the EU by taking into account the recent requirements and changes. Besides, the goals and objectives of the mutual activities between the Republic of Azerbaijan and the EU, and its main parameters are not significantly, radically changed. It is stated in scientific literature that such agreements of the EU with third countries constitutes a separate set of agreements, along with the agreements of “association”, “cooperation”, “stabilization” and “development”, and may be referred to as the “start-up” agreements. They do not directly provide the future membership of this or that countries in the EU, but also specify further development of the mutual cooperation between the parties (Petrov, 2002. p. 177). It should be noted that the European Court of Justice emphasized the fact of relativity in differentiating association agreements from other international agreements and, first of all, partnership and cooperation agreements in “Simutenkov” case dated on April 12, 2005. The Court compared the content of the PCA between the EU and Russian Federation and the association agreement between the EU and Slovakia in this case. Stating in its judgment (C. 35) that the PCA between the EU and Russian

Federation does not aim to establish an association in order to gradually integrate into the European Union, unlike the association agreement between the EU and Slovakia, and aim to integrate between the EU and Russia and establish a wider cooperation area in Europe, the Court came to the conclusion that partnership and cooperation agreements may also aim the achievement of the goals set forth under association agreements, and have direct impact, i.e. they can create rights for individuals. However, despite having many similar features, partnership and cooperation agreements and association agreements of the EU with third countries are different types of international agreements and are aimed at achieving different goals and objectives. And therefore it is necessary to focus in a more detailed way on the perspectives of the various future joint activities between the EU and the Republic of Azerbaijan.

Perspective of the conclusion of an association agreement between the EU and the Republic of Azerbaijan: As stated above, one of the strategic development directions of integration processes in the relations of the EU with neighboring post-soviet countries is the implementation of cooperation with these countries within the framework of “the Eastern Partnership” programme. The main objective of this programme is to bring the EU closer to 6 post-soviet countries. “The Eastern Partnership” programme provides the expansion of cooperation of the EU with these countries on a bilateral basis. The main directions of the cooperation within the framework of this project are the establishment of free trade area and gradual liberalization of visa procedure for the citizens of these countries, as well as implementation of mutual activities in the field of energy. It should be taken into account as well that the EU signed association agreements that substitute partnership and cooperation agreements with a number of post-soviet countries such as Georgia, Ukraine and Moldova. If a partner country is a member of the WTO, the EU set up a free trade area with them. Considering the fact that Georgia, Ukraine and Moldova are members of the WTO, the establishment of a deep and comprehensive free trade area with the EU is one of the main goals both for these countries and the EU. “The Eastern Partnership” programme drawn up and adopted by the EU envisaged the gradual integration between the EU and the Republic of Azerbaijan as an ultimate goal based on the initial establishment of associative relations and conclusion of the association agreement.

The Ministers of Foreign Affairs of the EU member countries gave authority to the European Commission for conducting relevant negotiations in order for the bilateral association agreement to be signed with Azerbaijan at their meeting dated on September 14, 2010. Official negotiations on the conclusion of association agreement between the EU and the Republic of Azerbaijan started on July 16, 2010. Negotiations on the association agreement covered different directions of political and economic cooperation for a while. It should be noted that Azerbaijan considers one of its directions of development as the necessity of diversification of its economic base and therefore tries to take certain steps in this direction. On the other hand, the EU offered Azerbaijan to set up a free trade area between the parties. In this case, the adoption of the norms and standards complying with or similar to the EU norms and standards in Azerbaijan can allow prevent the existing obstructions in the field of trade. And this, in its turn, will lead to the expansion of relations between Azerbaijan economy and

giant, practically unlimited domestic market of the EU. However, it is not required for the country to join the WTO in order to set up such free trade area with the EU. Thus, it is important to note that association relations with the EU have their own characteristics. Such association relations consist of 4 parts based on the content. These are: 1) political dialogue and foreign policy, as well as security policy; 2) judgement of justice, freedom and security; 3) cooperation in the fields of economy and trade; 4) establishment of a deep and comprehensive free trade area. It should also be taken into account that a deep and comprehensive free trade area (DCFTA) is different from a simple free trade area. DCFTA does not only mean the liberalization of trade through the removal of customs barriers and trade quotas. DCFTA also provides the adaptation of the legislation of partner countries with the EU standards and norms. Association agreement with the EU is an agreement concluded between a non-EU country and the EU and its member countries, which creates frameworks for cooperation between the parties. Cooperation and mutual activities covers the development of trade and economic relations between the parties as well. The EU can establish free trade areas with the WTO member countries within the framework of the association agreement.

It should also be noted that negotiations on membership in this organization being conducted by Azerbaijan are underway. The EU actively supports Azerbaijan's joining the WTO. J. M. Barroso, the President of the European Commission underlined back then that the membership in the WTO can help boost the Azerbaijani economy. He also particularly emphasized that Azerbaijan had achieved progress regarding joining the WTO. Reduction of tariffs and liberalization of trade are good basis for the initiation of the second stage of negotiations between the parties. Azerbaijan had been conducting negotiations on conclusion of an association agreement with the EU for a while. So, the European Commission was accordingly authorized to conduct official negotiations for the conclusion of a bilateral association agreement with Azerbaijan at the meeting of the EU Ministers of Foreign Affairs on September 14, 2010. And according to this, the European Union started the official negotiations on conclusion of bilateral association agreement with Azerbaijan on July 16, 2010. Only a few rounds of such negotiations were conducted.

However, it is natural that the tension in relations between Russia and the West and Ukraine's refusal from signing an association agreement with the EU as a result of it, and subsequent events happened in Ukraine could not have had an impact on other regions. For example, Armenia, preparing to sign an association agreement with the EU, then became a member of the Eurasian Economic Union (EEU) led by Russia by changing its development vector as a result of the strong political influence of Russia. Naturally, our country trying to fairly solve the Nagorno-Karabakh conflict and liberate the occupied lands of Azerbaijan could not avoid those political factors. E.Mammadyarov, the Minister of Foreign Affairs of the Republic of Azerbaijan noted that the association frameworks proposed by the EU do not meet the requirements of Azerbaijan and the EU, and Azerbaijan is ready for a closer cooperation with the EU in order to expand bilateral strategic frameworks. Speaking in Davos in January 2014, I.Aliyev, the President of the Republic of Azerbaijan noted that Azerbaijan

does not consider the possibility of signing an association agreement with the EU.

Perspective of the conclusion of an agreement on strategic modernization partnership between the EU and the Republic of Azerbaijan: Azerbaijan supports the idea of signing a new partnership and cooperation agreement instead of the association agreement with the EU, and it takes certain steps in this direction. Azerbaijan offered the European Union to conclude a new agreement called "Strategic Modernization Partnership". They also pointed out in the EU that Azerbaijan and the EU currently hold negotiations on conclusion of such agreement. The Council of the European Union confirmed the mandate of the High Representative of the European Union for Foreign Affairs and Security Policy to conduct negotiations on conclusion of comprehensive agreement with the Republic of Azerbaijan on behalf of the EU and its member countries on 14 November 2016. These negotiations on the new agreement started on 7 February 2017 after the travel of the Republic of Azerbaijan Ilham Aliyev to Brussels. The new stage of the negotiations on the conclusion of the agreement started on 25 April 2017.

According to Malena Mard, head of Delegation of the EU to Azerbaijan, this is a document which covers cooperation in several fields between the parties. She also noted that the EU is ready to expand the cooperation with Azerbaijan in both oil and non-oil sectors of economy. As she said, the contract on the association and the agreement on the modernized strategic partnership, between the parties, complete each other. In my opinion, it is not possible from both political and legal points of view. The contract on association and the agreement on modernized strategic partnership are completely different types of agreements having different purposes and roles. For instance, Moldova, Georgia and Ukraine by entering into agreements on association with the EU used to directly state that their utmost aim was to be a member of the EU. Along with this, many of the member countries of the EU have signed agreements on association with that organization at initial stage and have taken the relevant steps in order to be a member of that integration organization gradually. It should be firstly mentioned that the relationship between the EU and Azerbaijan drastically differs from the EU's relations with a number of post-Soviet countries (Russia, Kazakhstan, Belarus, etc.).

These states are the members of the EEU (Eurasian Economic Union) and their integration processes happen within this organization. In addition, all these countries are the members of the Collective Security Treaty Organization (CSTO), a military-political alliance. In special, almost all members of the EU, which is different from that, are the members of the NATO military-political alliance. This is why the interaction between the member countries of the EU and the EEU will probably be limited with simple forms of cooperation and will not have any integration nature. Unlike that, the mutual relations, particularly in the economic sphere, between Azerbaijan and the EU have a large number of integration processes elements. Additionally, Azerbaijan is not a member of the CSTO and its the extent of economic interactions, particularly in the field of integration processes, with the member countries of the EEU is not so high. However, agreements on strategic partnership have been concluded between Azerbaijan and the 7 member

states of the EU. This kind of agreements have not been concluded with any member state of the EEU. As for me, arasinda the new agreement on modernized strategic partnership between Azerbaijan and the EU must have range of significant parameters. First of all, the name of the document should reflect the content and the essence of the relations between Azerbaijan and the EU in modern age. Therefore, the concept of “agreement on modernized strategic partnership” may be deemed successful. It's no secret that the relations between Azerbaijan and the EU have reached the strategical partnership level; for example, in the fields of energy and energy security of the EU. The term of “modernized” in the name of the agreement considers and reflects the modern realities at the level of interactions between the parties in the new agreement, and does not only mean the updated version of the prior agreement. In addition, I think that the inheritance principles of the provisions of PCA (Partnership&Cooperation Agreement) applicable between the Republic of Azerbaijan and EU must be complied with under the new agreement on modernized strategic partnership. On the other hand, the provisions of the new agreement must be oriented to the development of the provisions of PCA.

Such approach allows to maintain the integration methods, which are obtained between the parties and are highly important. At the same time, we think that the new agreement must also have a nature of framework reflecting the general provisions and allowing the regulation of the relations in diferent fields. Thus, the agreement must consider the possibility of concluding specific sector agreements and contracts between the parties. For instance, currently the negotiations are conducted for the issues of concluding agreement on aviation (“Open air space”) between the Republic of Azerbaijan and the EU. The EU has entered into such agreements with belə növ sazişləri Turkey, Israil, Morocco, Moldova, Georgia, Jordan, and a number of neighbor countries, including Western Balkans states. It may also be added that the course of negotiations on the aviation is also positively characterized on the Clause 11 of the joint statement adopted in accordance with the conclusion of the Western Partnership Summit held in Vilnius on 28-29 November 2013. It may also be mentioned that the EU and the Republic of Azerbaijan entered into a horizontal agreement on aviation services on 7 July 2009. Expansion of the air corridorbetween the member countries of the EU and Azerbaijan is considered in accordance with this agreement. Until now, more than 40 such kind of “horizontal” agreements have been concluded between the EU and 50 countries. It should also be noted that the EU offers to move on and sign a multilateral agreement on “Single Air Space”. In addition, an opportunity of cooperation with respect to the development of nuclear energy as well as alternative energy emerges in Azerbaijan.

Conclusion

In the result of the conducted reasearch, it maye be concluded as follows

- The relations between the Republic of Azerbaijan and the EU have passed through several stages and formed within the framework of various programmes and projects (TACIS, TRASECA, INOGATE, AQS, Easter Partnership, etc.).

- The relations between the Republic of Azerbaijan and the EU in the form of simple partnership. Such kinds of relations are characterized with a lot of integration methods and processes.
- The integration processes between the Republic of Azerbaijan and the EU cover diferent sectors, including politics, economics, infrastructure, safety, scientific and technical, culture and other.
- The relations between the Republic of Azerbaijan and the EU have strategical characteristics, which is an important and critical condition for the Republic of Azerbaijan to integrate to the European space.
- One of the most important parameters of the new agreement on modernized strategic partnership between the Republic of Azerbaijan and the EU is that the agreement should not be contrast to Azerbaijan to be a member to the ITO (International Trade Organization), which is possible and expected in the near future.
- Repeation of the provisions set out in the documents of the ITO is not required in the text of the new agreement. It is possible to use the method of reffering to such acts of the ITO as necessary.
- Concluding the agreement on modernized strategic partnership between the Republic of Azerbaijan and the EU does not mean that there will emerge no necessity to conclude a new basis agreement regulating the relations between the Republic of Azerbaijan and the EU. In this case, it may be either an agreement on association or a free trade zone contract between the Republic of Azerbaijan and the EU, for its form. But, one of the main conditions for this is Azerbaijan's being member of the ITO.

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