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## FACT SHEET

### EU-Azerbaijan relations

EU relations with Azerbaijan date back to 1991 and are based on the [EU-Azerbaijan Partnership and Cooperation Agreement](#) (1999), which provides for wide-ranging cooperation in the areas of political dialogue trade, investment, in economic matters, legislation and culture. Since then, the European Union has gradually expanded the scope of its assistance to and cooperation with Azerbaijan. In 1998, the EU appointed a Special Envoy to Azerbaijan, whilst in 2000, Azerbaijan established its Permanent Mission to the European Communities. In July 2003 the EU appointed a Special Representative for the South Caucasus. This role, which now includes the crisis in Georgia, has been held by [Mr Herbert Salber since 8 July 2014](#). Since 2004, Azerbaijan has been included (as a southern Caucasus country) in the [European Neighbourhood Policy](#) (ENP), and also in the [Eastern Partnership](#) initiative since its inauguration in 2009. Recently, both the EU and Azerbaijan have been discussing the possibility of updating the current legal basis for bilateral relations. In 2014, a Protocol on Azerbaijan's participation in EU Programmes and Agencies was signed, though the assent of the European Parliament is still pending.

#### Trade, investment and economic relations

[EU-Azerbaijan trade relations](#) are regulated by the Partnership and Cooperation Agreement. The European Union is Azerbaijan's first trading partner representing 47% of Azerbaijan's total trade. **The EU is Azerbaijan's biggest export and import market** with a 53% and 34%

FOR FURTHER DETAILS:

Maja Kocijancic +32 498 984 425 - +32 2 298 65 70 - [@MajaEUspox](mailto:Maja.Kocijancic@ec.europa.eu)

Adam Kaznowski +32 2 29 89359- +32 460 768 088 - [Adam.Kaznowski@ec.europa.eu](mailto:Adam.Kaznowski@ec.europa.eu)

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share in Azerbaijan's total exports and imports respectively. The EU's exports to Azerbaijan consist primarily of machinery and transport equipment whereas EU imports from Azerbaijan cover mainly oil and gas (98% of total imports). The largest EU exporters to Azerbaijan are Germany (€775 million; 22.3% of EU exports), United Kingdom (€701 million; 20.1%), Italy (€595 million; 17.1%), the Netherlands (€292 million; 8.4%), France (€208 million; 6%) and Austria (€120 million; 3.4%).

The EU is not only the main trade partner of Azerbaijan, but also a **key foreign investor**. The Foreign Direct Investment (FDI) from the European Union to Azerbaijan was worth in €4.7 billion in 2013, representing 57% of total FDI flows to Azerbaijan that year. Between 2009 and 2013 FDI to Azerbaijan from the EU more than doubled.

Given that the Partnership and Cooperation Agreement is a **non-preferential agreement**, neither the European Union nor Azerbaijan is granted tariff preferences. Quantitative restrictions are also prohibited in bilateral trade. The PCA does, however, envisage **progressive regulatory approximation** of Azerbaijan's legislation and procedures with the most important EU and international trade-related laws and standards.

### **Conflict resolution**

The unresolved **Nagorno-Karabakh conflict** remains an obstacle to increasing stability and prosperity in the region. Since 2003, the EU Special Representative for the South Caucasus and the Crisis in Georgia has been working to facilitate dialogue between the EU and the countries of the region and to assist the EU in developing a comprehensive policy towards the countries of the region. The EU, including through its Special Representative Ambassador Herbert Salber, supports and complements the efforts of the Co-Chairs of the [OSCE Minsk Group](#) (France, the Russian Federation and the United States) to facilitate the conflict's resolution. The EU also promotes peace-building activities across the conflict divide.

### **Energy cooperation**

Azerbaijan is an **important energy partner** for the EU, currently supplying around 5% of the EU's oil demand and playing a pivotal role in bringing Caspian gas resources to the EU market through the the Southern Gas Corridor. Former President of the European Commission José Manuel Barroso and President Aliyev signed a **Joint Declaration on the Southern Gas Corridor** back in January 2011 in Baku. The Southern Gas Corridor is a strategic

initiative to bring Caspian, Central Asian and Middle Eastern gas resources to the European markets and is the main **diversification tool for the security of energy supply**. The infrastructure that is to bring gas from the Caspian basin, notably from Shah Deniz II field, consists of the expansion of the existing **South-Caucasus pipeline** from Azerbaijan via Georgia to Turkey; the **Trans-Anatolian pipeline**, crossing Turkey and connecting Georgia with Europe; and the **Trans-Adriatic pipeline**, transporting gas from the Turkish border via Greece and Albania to Italy. A giant offshore gas field in the Azerbaijani sector of the Caspian Sea – Shah Deniz II will provide initial 10 billion cubic metres of gas per year to the European markets plus additional 6 billion cubic metres per year to Turkey.

EU-Azerbaijan energy cooperation does, however, go beyond the Southern Gas Corridor. The basis for bilateral cooperation in the energy field was laid down in the [Memorandum of Understanding on a Strategic Partnership](#) between the Republic of Azerbaijan and the European Union in the Field of Energy signed in 2006. The MoU identified 4 priority areas of cooperation: harmonisation of legislation, enhancing security of supply and transit systems, development of RES and increased EE and technical cooperation. Regular MoU meetings take stock of the developments in energy relations between Azerbaijan and the EU.

### **Mobility and facilitated travel**

The EU and Azerbaijan signed a [Mobility Partnership](#) in December 2013. The Mobility Partnership establishes a set of political objectives and identifies a number of areas in which further dialogue and cooperation between the EU and Azerbaijan will continue in order to ensure that the movement of persons is managed as effectively as possible. The two other cooperation instruments in the field of migration are the [Visa Facilitation Agreement](#) and the [Readmission Agreement](#), which both entered into force on 1 September 2014. The Visa Facilitation Agreement makes it easier and cheaper for citizens of Azerbaijan, in particular those who travel most, to acquire short-stay visas allowing them to travel throughout most EU countries.

### **Development cooperation**

From 1991 to 2006, Azerbaijan received technical assistance from the EU, including through the TACIS programme, which focussed on support for institutional, legal and administrative reform; addressing the social consequences of transition; and providing assistance with

implementing Azerbaijan's poverty reduction strategy. The [Country Strategy Paper](#) for Azerbaijan for 2007-2013 outlined the European Union's financial assistance under the **European Neighbourhood and Partnership Instrument (ENPI)**. It was accompanied by the ENPI National Indicative Programmes for 2007-2010 and 2011-2013, focusing on democratisation, the rule of law and fundamental freedoms; socio-economic reforms and approximation of Azerbaijan's legislation with the EU's; energy and transport; regional and rural development. During 2007-2015, the EU committed **€179 million in bilateral assistance** to Azerbaijan.

The **European Neighbourhood Instrument (ENI)** is currently the key EU financial instrument for the period 2014-2020, replacing the European Neighbourhood and Partnership Instrument of 2007-2013. EU assistance to Azerbaijan takes mainly the form of country Action Programmes funded every year under the ENI. The three priority sectors for 2014-2017 are: **1) regional and rural development; 2) justice sector reform and 3) education and skills development**. Complementary support to the modernisation of public institutions and to civil society is provided within and outside the priority sectors. **Engagement with civil society** is a prominent feature of EU cooperation in Azerbaijan, reflected by the fact that the EU is the largest foreign donor to civil society in Azerbaijan.

The strategic framework, key results and indicative financial allocations for the EU's bilateral cooperation with Azerbaijan in 2014-2017 are set out in the [Single Support Framework](#). Azerbaijan is also eligible to participate in **regional programmes** funded under the ENPI/ENI (mainly in energy, transport, and border management), in the Eastern Partnership Flagship Initiatives, in [cross-border cooperation](#) and in initiatives open to all Neighbour countries: [Erasmus+](#), [TAIEX](#), [SIGMA](#), and the [Neighbourhood Investment Facility \(NIF\)](#). In addition to the ENI, there is funding available under the EU **thematic programmes**: the European Instrument for Democracy and Human Rights, Instrument contributing to Stability and Peace, Civil Society Organisations and Local Authorities, Human Development and Migration & Asylum.

#### **Education cooperation: Erasmus+ in Azerbaijan**

The EU's Erasmus+ programme supports higher education institutions, staff, and students in third countries such as Azerbaijan. Erasmus+ funds the **student mobility** of Azerbaijani students for between 3 and 12 months in a host institution or short-term mobility of

academic staff. In 2015, nearly 250 students and staff members from Azerbaijan travelled to Europe and more than 85 European students and staff went to Azerbaijan. In addition, Erasmus+ funds **capacity building** for the modernisation and development of higher education, including three projects involving Azerbaijan. Azerbaijani institutions also have access to funding from the **Jean Monnet programme**, which aims at promoting excellence in teaching and research in the field of EU studies. Finally, the Commission provides high-level scholarships to excellent students and staff worldwide, as well as **joint master and doctoral degrees, which may include Azerbaijan**. One example is the Joint Doctoral Degrees offered under the Marie Skłodowska-Curie actions.