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A Partnership in Search of a Framework:

the Azerbaijan-EU Relations in a New Era



Baku-2026



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About Topchubashov Center

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Introduction

Since reaching their low point in the aftermath of a 24-hour Azerbaijani operation in Karabakh in September 2023, Azerbaijan-EU relations have gathered real momentum over the past couple years, marked by a level of engagement the two sides have not seen since the Partnership and Cooperation Agreement was signed three decades ago. Between April 2025 and July 2026, the EU's High Representative, its Enlargement Commissioner, its Special Representative for the South Caucasus, the President of the European Council and the President of the European Commission all travelled to Baku. Negotiations on a new bilateral agreement, stalled since 2017, resumed. Brussels announced grants and financing packages for connectivity in the South Caucasus and began speaking about Azerbaijan in the language of strategic partnership rather than conditionality. Official Baku is now talking about an “unprecedented phase of dynamism” in bilateral ties.

Yet the foundations of that relationship remain unfinished. The cooperation between the two sides is still governed by a Partnership and Cooperation Agreement signed in 1996, while Armenia and Georgia have concluded far more comprehensive frameworks with the European Union. Azerbaijan supplies gas to more than ten European countries and anchors the Middle Corridor now viewed in Brussels as the main overland route to Central Asia, but it sits outside almost every institutional mechanism through which the EU pursues security cooperation in its neighbourhood. The European Parliament continues to adopt resolutions that Baku reads as hostile, sometimes within days of negotiating rounds in Brussels. The peace agreement between Armenia and Azerbaijan was brokered in Washington, not in Brussels. Baku, for its part, has shown little interest in the institutional integration that European frameworks are designed to deliver.

In this report, we have sought to explain this seeming paradox and provide a framework for understanding the context of the Azerbaijan-EU relations, the interests involved, as well as potential opportunities and limits to their progress. We examine five dimensions of the relationship, namely its political and conceptual foundations, security cooperation, the EU's role in the Armenia-Azerbaijan normalisation process, energy, and transport connectivity. In each case we set out where interests genuinely converge, where the gaps are institutional rather than substantive, and what Brussels and Baku would each need to do to close them.

The report is based on desk research covering EU and Azerbaijani official documents, statements and legal instruments, alongside secondary literature and reporting in English, Azerbaijani and Russian. It also draws on ongoing exchanges with European and Azerbaijani officials, diplomats and analysts in Baku and Brussels during 2025 and 2026. The analysis reflects developments up to July 2026.

Executive summary

- The EU's principled pragmatism in the South Caucasus has tilted towards its pragmatic end in recent years. It has been nowhere more visible than in relations with Azerbaijan. The fifteen-point joint statement signed in Baku in March 2026 made the hierarchy explicit, designating energy, defence, digital and transport cooperation as shared commitments while referring the normative agenda to existing dialogue mechanisms.
- The institutional framework has not kept pace. Relations are still governed by the 1996 Partnership and Cooperation Agreement, while even Central Asian countries have upgraded their partnership mechanisms with Brussels. The new agreement is reported to be 90 to 95 percent complete, and concluding it is in the interests of both sides under today's geopolitical realities.
- The EU speaks to Baku with more than one voice. The European Parliament adopted its tenth resolution on Karabakh days after a round of negotiations in Brussels, and member states remain divided. This double diplomacy has cost European standing in Azerbaijan more than any single policy dispute.
- Security is the largest gap. The EU has built a largely civilian security architecture in which Armenia is integrated through the monitoring mission and the European Peace Facility while Azerbaijan is not. Baku has responded by building bilateral defence ties with member countries, thereby fragmenting the European approach rather than consolidating it.
- The Brussels track in the Armenia-Azerbaijan process has run its course. The peace agreement was initialled in Washington in August 2025, and the EU has moved from mediation to implementation. The monitoring mission's future is now an open question, since the draft treaty would bar third-country personnel from the border.
- Energy remains at the same time the most developed and the most structurally strained pillar. Azerbaijan delivered 12.8 bcm of gas in 2025 and is among the EU's five largest suppliers, but the 20 bcm target for 2027 is unlikely to be met. Baku needs the long-term contracts Brussels does not offer, and its 33 bcm deal with Türkiye shows it has alternatives.
- Transport connectivity has the most room to grow. Three decades of declarations produced little, but the recent Global Gateway commitments, the rise of the Middle Corridor and the opening of alternative routes in the South Caucasus give Brussels a chance to convert political alignment into infrastructure cooperation.
- The main risk ahead is asymmetry. Brussels should ensure that engagement with Azerbaijan advances at a pace comparable to its partnership with Armenia, that security dialogue is placed on a regular institutional footing, and that commitments are anchored in funded projects rather than declarations. Baku's position is that European engagement in the region should not draw new dividing lines, which would undermine the peace process and the South Caucasus's emerging role as a stable link in regional and intercontinental trade.

Chapter 1: Azerbaijan-EU relations as a reflection of Brussels' search for geopolitical actorship

Murad Muradov

The history and evolution of the EU's engagement with Azerbaijan since the 1990s have reflected the major trends and internal contradictions of the EU's foreign policy in general. In the early years of its independence, Azerbaijan emerged as one of the post-Soviet countries that saw itself as part of wider Europe, while also perceiving Western integration as a means to achieve faster economic growth and political stabilisation. These years coincided with the first significant enlargement of the EU and qualitative deepening of the integration process after the Maastricht Treaty. Facing this new post-Cold War world where the vision of a common Europe suddenly became a realistic scenario, and at the same time a plethora of newly independent and vulnerable states, Brussels reacted by developing an extensive system of demands and criteria to be implemented on states that would opt for integration with the EU. This is how its identity as a "normative actor" interested in the promotion of democracy, human rights, and good governance came to the fore.

This vision experienced a significant setback with the rise of revisionist Russia, which established its own economic bloc, the Eurasian Economic Union, and gradually started to view Western presence in the post-Soviet countries as a challenge and encroachment on its interests. With the annexation of Crimea and support for separatism in Ukraine in 2014, a full-blown confrontation took shape between Russia and the West, including the EU. At the same time, the latter lacked the instruments of geopolitical power projection at a time when exclusive reliance on soft power became a vulnerability. This brought about the age of confusion, when Europe's normative agenda gradually decoupled from its vital security concerns. In the period between the 2013 presidential elections in Azerbaijan and the start of the full-blown war in Ukraine in 2022, relations between Baku and Brussels had been full of twists and turns, when on one hand, Azerbaijan solidified ties with specific European countries and made breakthroughs that allowed it to become a significant provider of energy to Europe, but on the other, was often subject to sharp criticism from some European institutions and countries, primarily the European Parliament. This duplicity reinforced in Baku the sense of a biased and unfair attitude, which had already been instilled by what Azerbaijan viewed as Europe's inconsistent position on its territorial integrity. Throughout this period, the EU's willingness to be geopolitical often led to the competing influence of major member states over foreign policy decisions, creating even more confusion, and relations with Baku were not immune to this problem.

Finally, the current phase of bilateral relations took off in 2022, following Russia's invasion of Ukraine that quickly turned into the biggest continental war in Europe since 1945 and triggered Brussels to profoundly overhaul its global strategy. In this configuration, Baku's significance as one of the alternative suppliers of natural gas expanded, prompting Europe to speak in a decidedly geopolitical and pragmatic language. At the same time, Brussels developed a stronger interest in the ultimate resolution of the Armenian-Azerbaijani conflict and subsequent normalisation, since a peaceful South Caucasus can ensure stable connectivity with Central Asia and reduce

opportunities for external actors, most importantly Russia's encroachment. These considerations entailed the visit of Ursula von der Leyen to Baku in July 2022, where she announced "a strategic energy partnership" with Azerbaijan, and a rise in the EU's activity on the Baku-Yerevan track, culminating in the Prague meeting where Prime Minister Pashinyan formally recognised Azerbaijan's territorial integrity.

However, structural problems inherited from the previous period had not disappeared overnight. The EU's and, personally, the EU Council President Charles Michel's mediation efforts were undermined after September 2023, when France, as well as some other member states, took a pro-Armenian position, while the statement of the European Political Community (EPS) summit in Granada was perceived in Baku as biased and showing Azerbaijan as the initiator of hostilities. At the same time, the European Parliament adopted, with an overwhelming vote of 491 to 9, a resolution calling for targeted sanctions against Azerbaijan and a suspension of imports of its oil and gas, and the idea of sanctions would circulate in Brussels for a few more months, despite a moderate position taken by the EU's executive organs and, personally, Charles Michel. In response, Baku left the EU-mediated format and insisted on conducting negotiations bilaterally from then on.

Since 2025, against the background of an increasingly stormy world with President Trump in the White House lashing out against the U.S. allies and threatening to cut military support, Brussels has been consolidating its geopolitical stance. In the South Caucasus, it meant recognising the new regional realities and trying to cultivate Azerbaijan's energy and logistical opportunities while accepting its lack of interest in the integration process. A series of visits by high-level European officials established contours of the EU's positive and realistic agenda for the normalisation process in the South Caucasus, which may include support for infrastructural reconstruction efforts. It seems that the normative approach is being gradually replaced by a more security-driven geopolitical strategy.

Background of bilateral relations

The Azerbaijan-EU relations, particularly in recent years, have been quite ambiguous, with many ups and downs. The European bloc remains by far Baku's major trading partner, and most infrastructural projects of strategic importance undertaken by Azerbaijan in one or another form target European markets. 10 out of the 27 EU member states are Baku's strategic partners, while Great Britain, though not a member since 2020, had been the biggest single foreign investor in the Azerbaijani economy for many years before. At the same time, the Azerbaijani government, and President Aliyev personally, have often criticised European attitudes, sometimes accusing Brussels of an anti-Azerbaijani bias, instead championing the concept of "indivisibility of security" that would more firmly and unequivocally support Baku's territorial integrity. In general, while the overall climate around the Brussels-Baku ties had remained generally positive until 2013, scepticism and mistrust have become quite endemic since then, resulting in the significant delay in the negotiation process for a new bilateral agreement.

A certain imbalance in the Azerbaijan-EU relations is already visible from the fact that the major document defining them is the almost 30-year-old Partnership and Cooperation Agreement, which was signed in 1996 and entered into force on July 1, 1999. Negotiations on an updated agreement had started in February 2017 in the aftermath of President Aliyev's visit to Brussels¹. Senior EU and Azerbaijani officials on a number of occasions announced that the talks were at an advanced stage, but the issue remains hanging in the air. Although President Aliyev once briefly mentioned that the reasons behind this stalemate are the sides' disagreement on the more or less technical issues of the EU-favoured gas price ceiling and Azerbaijan's WTO membership, later controversies between Baku and Brussels hint that there may have been other factors as well. The statement made by the Azerbaijani foreign ministry during the visit of the EU's High Representative, Kaja Kallas, to Baku that "tangible steps" would be taken to complete the agreement, which is "90-95% ready", is a positive message, but still more certainty is needed to confirm whether it is taking shape.

In contrast to Azerbaijan, two other countries of the South Caucasus have in recent years concluded much more comprehensive agreements with Brussels: the 2021 EU-Armenia Comprehensive and Enhanced Partnership Agreement and the 2014 Association Agreement between the EU and Georgia. The EU-Armenia relationship has been reinforced lately by the Strategic Agenda for the EU-Armenia Partnership, which, in reaction to Yerevan's European aspirations, elevated their relations across security, economics, and diplomacy², and the historic first EU-Armenia Summit that took place in May 2026 in Yerevan. Instead, in 2018, Brussels and Baku concluded the so-called "Partnership Priorities", laying out four major directions of cooperation without setting commitments in stone: "Strengthening institutions and good governance", "economic development and market opportunities", "connectivity, energy efficiency, environment, and climate action", and "mobility and people-to-people contacts."

Ambiguities and gaps in the Azerbaijan-EU relations are rooted in the historic dynamic of this relationship, which has undergone a significant change in the balance of capacity, status, and expectations between the parties. Azerbaijan emerged as an independent state in the early 1990s, just as most other small post-Soviet republics, in a state of political and socioeconomic disarray, in this case exacerbated by the painful military defeat which propelled government failures at home. It is not particularly surprising that Brussels, living through the phase of geopolitical victory and expansion, would view Baku as an object of its influence, most notably when it comes to investment and reforms. In the mid-1990s, Azerbaijan became a country on the receiving end of TACIS, the assistance program that promoted infrastructure development, private sector expansion and human resources growth, while the EU also

¹ Commonsplace.eu, "EU-Azerbaijan Relations: A Partnership of Equals and Mutual Benefit", Commonsplace.eu, June 30, 2026, <https://www.commonspace.eu/news/eu-azerbaijan-relations-partnership-equals-and-mutual-benefit>

² Council of the European Union, "Armenia: EU Establishes a New Civilian Mission to Contribute Strengthening the Country's Resilience.", *Consilium*, April 21, 2026, <https://www.consilium.europa.eu/en/press/press-releases/2026/04/21/armenia-eu-establishes-a-new-civilian-mission-to-contribute-strengthening-the-country-s-resilience/>

emerged as a major provider of humanitarian aid to the country's almost 1 million refugees and IDPs. Assistance provided through various projects under TACIS has been instrumental in fostering the country's reform efforts in a variety of spheres³. The 1996 PCA stipulated support for Azerbaijan's efforts to consolidate its democracy, development of its economy and transition into a market economy, as well as the promotion of trade and investment⁴.

However, the EU's attitude to Baku should be put into the context of the time when the relationship was established. Initially, Azerbaijan was perceived as one of dozens of the vast "post-Communist states", or "emerging markets", the group that brought together the former socialist countries of Eastern Europe and previously Soviet republics. After the initial euphoria, when most of them gladly embraced the prospects of the brave new world which suddenly opened up, Brussels faced a task of developing a nuanced stance to each state, or at least dividing them into various groups. So, while eight post-socialist countries in Eastern Europe acquired EU membership in 2004 and three more a few years later, many other countries, including Azerbaijan, that still favoured a European development path, ended up in their own niche. To interact with them, Brussels designed a few mechanisms, most notably the European Neighbourhood Policy (ENP) and the Eastern Partnership (EaP), the latter consisting of the post-Soviet ENP partner countries – Ukraine, Belarus, Moldova, Armenia, Azerbaijan and Georgia.

The role of the South Caucasus for the EU has yet to be even trickier, primarily due to its incredibly contested geopolitics. Sandwiched between Russia, Türkiye and Iran and suffering from several protracted conflicts, this mini-region's place in wider Europe has always been hotly debated. Disputes over whether Armenia, Azerbaijan, and Georgia belong to Europe or Asia geographically are only the tip of the iceberg. The geographical argument in these disputes usually served to buttress political stances: European conservatives in general tended to be wary of the expansion, even virtual, of the notion of Europe, to the territories with different historical backgrounds, while in the case of Azerbaijan, this concern is magnified by the religious difference. There is a widespread opinion in the country that a "velvet curtain" separates Muslim countries from the EU, adding to the lack of trust and strategic ambiguity.

On the contrary, the EU's approach to its relations with Central Asia has always been much more straightforward and transactional. Geographically alienated from Europe and lacking any ambitions for institutional or economic integration, it was viewed as "the other," and hence Brussels limited its goals to mutually beneficial trade, investment and development assistance, ensconced in the European strategy for Central Asia. This partly has to do with the fact that Central Asian countries, unlike Azerbaijan, Georgia and Armenia, have never been members of the Council of Europe – an organisation which is considered the EU's "antechamber" and its key partner when it comes to democracy and human rights, but also because Brussels has never considered the prospect of geopolitical domination in Central Asia. It made the scope of engagement much narrower but also detached from the Union's internal agenda, and

³ Elkhan Nuriyev, "EU Policy in the South Caucasus: A View from Azerbaijan", *CEPS Working Document No. 272*, Brussels: Centre for European Policy Studies, July, 2007, https://www.files.ethz.ch/isn/34100/272_EU%20Policy%20in%20the%20South%20Causasus.pdf

⁴ Emin Eyubov, "Azerbaijan-EU: Partnership in Progress.", *Azerbaijan in the World: ADA Biweekly* 2, no. 13, July 1, 2009, https://biweekly.ada.edu.az/vol_2_no_13/Azerbaijan_EU_Partnership_in_progress.htm

thus there has been very little tension between the region's governments and European elites.

The case of Azerbaijan, on the other hand, has probably been the most complex. Lying to the West of the Caspian and sharing very important historical, economic, and political connections with Europe, it became included in the aforementioned programmes designed for post-Soviet Eastern European countries. At the same time, its Muslim and Turkic background puts it closer to the Central Asian states rather than to Georgia or Armenia. Moreover, Baku's relative power vis-à-vis the EU has been subject to radical transformations throughout the last 35 years. First, a significant receiver of European and largely Western assistance, Azerbaijan turned into a big hydrocarbon exporter (including to Europe), which made the country much more independent economically and politically ambitious. These ambitions have been most amply reflected in Azerbaijan's quest to end the occupation of Karabakh and surrounding territories, and in the financing of expensive regional infrastructural projects, such as the Baku-Tbilisi-Kars railway built without any European funding since it was viewed in Brussels as reinforcing the blockade of Armenia.

This transformation shaped Baku's willingness to have a horizontal relationship with the European Union rather than being expected to comply with European standards in a top-down manner. While financial sustainability improved Baku's political weight, the factor of Karabakh turned balanced and careful foreign policy into an obligation; to shift the regional scales in its favour, Azerbaijan needed friendly relations with Russia, which in turn excluded an unambiguously pro-Western orientation. This dilemma hardened after 2008, when Russia invaded Georgia and recognised the "independence" of the breakaway regions of Abkhazia and South Ossetia in retaliation for Tbilisi's pro-Western foreign policy, while the US and European reaction was quite reserved. At the same time, a few European countries, including Poland and the Baltic states, took a much more decisive stance and even travelled to Tbilisi amid a war to express their support to President Saakashvili.

This episode highlighted the limits of the EU's resolve to play geopolitics in the South Caucasus, also convincing Baku that the optimal way of engaging Europe is by pragmatically and selectively approaching its institutions, while prioritising bilateral ties with those European countries interested in a more comprehensive partnership. Talking about Azerbaijan's changing approach to European integration, Svante Cornell mentioned the five-day war as one of the core reasons behind Azerbaijan's changing its mind regarding European integration, another one being the EU's lack of consistency on Karabakh⁵. Indeed, while the 2007 National Security Strategy stipulated Euro-Atlantic integration as one of Azerbaijan's strategic priorities⁶, in 2015 Baku renamed the State Commission on European Integration into the State Commission on

⁵ Georgi Gotev, "Azerbaijan's Rejection of EU Association Was an Eye-Opener for Brussels.", *EURACTIV*, February 11, 2016, <https://www.euractiv.com/news/azerbaijan-s-rejection-of-eu-association-was-an-eye-opener-for-brussels/>

⁶ Republic of Azerbaijan, *National Security Concept of the Republic of Azerbaijan. Approved by Presidential Instruction No. 2198*, May 23, 2007. Unofficial translation. Zurich: Center for Security Studies, ETH Zurich. Accessed July 1, 2026. <https://www.files.ethz.ch/isn/154917/Azerbaijan2007.pdf>

cooperation with the European Union⁷, marking the paradigm change in an utterly symbolic fashion.

After 2013: a phantom crisis and new beginnings

This diplomatic turn had several implications for the Azerbaijani-EU relations. After establishing relations with the countries of the South Caucasus and particularly since the signing of the PCAs, Brussels perceived these ties as being naturally on an upward slope. When reality started to diverge from this picture, certain frustration took over and prompted more negative rhetoric from the EU.

In this sense, 2013 served as a watershed. It was the year when Ukraine and Armenia were on the verge of signing their association agreements with the Union, though both countries' presidents, following a generally pro-Russian foreign policy course, decided to make a last-minute U-turn under Moscow's pressure. At the same time, it was the year of presidential elections in Azerbaijan, which were harshly criticized in Europe. Against this background, in 2014, Baku announced its withdrawal from talks about signing an association agreement that had been ongoing since 2012. This change in Baku's intentions showcased not only the geopolitical transformation but also the EU's belated appreciation of its impacts on the country's positions. As Dirk Schuebel, then-Head of Division for bilateral relations with the Eastern Partnership countries of the European External Action Service, would later admit, "many of the EU officials, and also in the member states, were used (to the idea) that everybody was keen to get an Association Agreement", and were surprised then by Azerbaijan's refusal to pursue it⁸.

Indeed, what is often described as the subsequent crisis in the Azerbaijani-EU relations can be better characterised as a "phantom crisis of irritation" emerging from the mismatch of expectations and a swift paradigm change, rather than from a fundamental divergence. Baku, for example, remained committed and even proactive within the framework it had established for the EU. Thus, in 2015, it put forward the text of a proposal for a new strategic partnership agreement, in a move showcasing that talks of a radical rupture between Azerbaijan and the European Union are ill-founded⁹. It would take about two years for the negotiations to be officially launched in 2017. At the same time, Brussels has always been careful about keeping the differences within tight confines. Just as President Aliyev, speaking at the Baku State University in November 2019, reprimanded European institutions for double standards and excluded European

⁷ Ramiz Mikayiloghlu, "Azerbaijani State Commission on European Integration Renamed." *APA News Agency*, November 19, 2015. Accessed July 1, 2026, <https://en.apa.az/foreign-policy/xeber-azerbaijani-state-commission-on-european-235159#:~:text=Azerbaijani%20State%20Commission%20on%20European%20Integration%20renamed,-19%20November%202015&text=According%20to%20the%20amendment%2C%20the,cooperation%20with%20the%20European%20Union>

⁸ Georgi Gotev, "Azerbaijan's Rejection of EU Association Was an Eye-Opener for Brussels.", *EURACTIV*, February 11, 2016, <https://www.euractiv.com/news/azerbaijan-s-rejection-of-eu-association-was-an-eye-opener-for-brussels/>

⁹ *ibid*

integration as a policy trajectory,¹⁰ final preparations were underway for the opening of the TAP pipeline that brought the first cubic metre of Azerbaijani gas to EU members Italy and Greece in 2020.

Post-2020: after a storm comes calm

The post-2020 developments added a new layer of confusion to Brussels' position on the South Caucasus. While the EU recognised Azerbaijan's territorial integrity and aimed to establish itself as a key peace-maker between Baku and Yerevan, in contrast to Russia's conflict manipulation approach, it also aimed to shape certain aspects of the post-conflict setup, including the provision of some status to the Karabakh Armenians and implementing a range of reconciliation policies, some of which would fall within Azerbaijan's exclusive authority. While Baku had been open to such plans before the 44-day war, afterwards, it took a much harsher stance regarding the future of the liberated territories. The EU's attempts to raise the issue of the status of Karabakh were rejected in Baku, but they were not enough for the separatist "leadership," which continued to insist on self-determination. Moreover, the refusal of the separatist entity to disarm, which eventually led to Azerbaijan's special operation on September 19-20, 2023, illustrated the limits of European influence in the region and convinced Baku that the bilateral track would be the best one. The EU's mediator credentials were also undermined, in the eyes of Azerbaijan, by the case of the European civilian mission in Armenia. Established in late 2022 upon an agreement with both countries initially for a two-month term, it was later transformed into a permanent mission tasked with observing the border with Azerbaijan without the latter's consent.

This period featured a constant tension between the geopolitical and ideological elements of the EU foreign policy that created a sense of ambiguity and double standards in Baku. It is not easy to play geopolitics in South Caucasus, since it involves taking into account relations with many different and ambitious actors: Türkiye, Russia, and Iran, and now China. For an organisation where most decisions have to be approved by the member states' consensus, developing such a strategy may get excruciatingly difficult. This complexity makes decision-making patterns not only quite difficult to comprehend but also often inflexible and thus tends to lag behind reality. This is how "a mismatch between EU toolbox and local expectations", emphasized by many researchers, emerges¹¹. This tension is exacerbated by the complex and multi-dimensional structure of authority within the Union, which consists of institutions very different in terms of their philosophy and underlying legitimacy, stimulating competition between them that often results in different bodies or even individual policymakers espousing contradictory approaches towards the same country or issue. Azerbaijan is among the vivid examples of this tension. Its recurring manifestations have been thoroughly weakening Brussels' prestige in Baku, which now views the European Parliament as a hostile institution.

¹⁰ Ilham Aliyev, "Speech at the Ceremony Marking the 100th Anniversary of Baku State University.", President of the Republic of Azerbaijan, November 26, 2019, Accessed July 1, 2026, <https://president.az/en/articles/view/34958>

¹¹ Laure Delcour and Katharina Hoffmann, "The EU's Policy in the South Caucasus," *L'Europe en Formation* 385, no. 1 (2018): 7–25, <https://doi.org/10.3917/eufor.385.0007>

This dynamic has not fully receded even after the Washington agreement and a visible “recharge” in the Union’s relations with Baku since 2025. While the reactivation of the negotiations over a new Strategic Agreement has been the biggest achievement of this recharge, the European Parliament adopted its latest, 10th resolution on the issue of Karabakh, containing a number of anti-Azerbaijani elements, just days after Azerbaijani Deputy MFA Rafiyev travelled to Brussels for a new round of talks. The resulting bitterness was felt in President Aliyev’s virtual speech to the European Political Community summit in Yerevan in May this year, where he didn’t spare criticism of the European Parliament, in stark contrast with a rather positive tone regarding the bilateral process with Armenia. The existence of this issue of “double diplomacy” by the European Union in the case of Azerbaijan was recognised in the speech of a European Democratic Party MEP, Lukas Sieper, on May 21. He pointed to the contradiction between framing Baku as a strategic partner and, at the same time, trying to symbolically isolate it, bringing it as an example of the Union’s “strategic confusion”¹².

Still, there is an overall robustly positive trend in the Baku-Brussels relations gaining momentum since 2025. It started with the visit of the newly appointed High Representative for Foreign Affairs and Security Policy, Kaja Kallas, in April that year, the first one in 9 years, where she expressed interest in boosting cooperation and emphasized the strategic significance of Azerbaijan as an energy supplier. This dynamic was upheld at the subsequent European Political Community summit in Tirana, where France’s President Macron made an effort to ease tensions with Azerbaijan. Later visits by the European Commissioner for Enlargement, Marta Kos, and the EU’s Special Representative for the South Caucasus, Magdalena Grono, helped to fill this impulse with more specific bilateral content, most notably European interest in supporting infrastructure development in the region by investing in the railway upgrade in Nakhchivan, Azerbaijan’s exclave region. Brussels is also assembling a separate broader support package to channel investment into connectivity, energy, and structural economic assistance to support the peace process between Armenia and Azerbaijan¹³. In response, Baku gave the green light to resuming negotiations over a new bilateral agreement, which, as it is often noted, is already 90-95% agreed upon, with some disagreements remaining over trade rules.

The extent of the progress made has been revealed during the visit of Ursula von der Leien to Baku on July 1-2, 2026 where she announced the EU’s financial support plans, including up to 200 million euros in grants for South Caucasus connectivity projects, potentially unlocking 2 billion euros in combined public and private financing, earmarked in part for a rail link to Nakhchivan and expansion of the port of Baku, while a separate 20 million euro program was announced to support demining, healthcare, rural development, and small and medium-sized enterprises tied to the peace process. Most importantly, she emphasized that Brussels has appreciated Azerbaijan’s value as an energy partner at the moment of rising global risks. In a statement of estimation of this positive momentum, President Aliyev characterised the current stage of

¹² “Lukas Sieper: Europe Must Stop Speaking to Azerbaijan with Two Voices – VIDEO,” *Caspian Post*, May 22, 2026, accessed July 1, 2026, <https://caspiantpost.com/politics/lukas-sieper-europe-must-stop-speaking-to-azerbaijan-with-two-voices-video>

¹³ Shujaat Ahmadzada, “Brussels and Baku Are Talking Again: What Next?,” *Carnegie Endowment for International Peace*, May 19, 2026, accessed July 1, 2026, <https://carnegieendowment.org/russia- Eurasia/politika/2026/05/brussels-and-baku-are-talking-again-what-next>

relationship as “an unprecedented phase of dynamism and activity”- a significant contrast with the rhetoric dominant in the last few years.

It may be well assumed that the geopolitical issues had seriously contributed to the pause in negotiations. The fact that the current rapprochement happened about the time when Brussels resorted to using Baku’s terms for describing the post-conflict realities, for example, simple “Karabakh” instead of “Nagorno-Karabakh”, or “exodus” instead of terms like “ethnic cleansing” referring to the Armenian population, is not a coincidence. Yet another trend that must have contributed to the shift in the EU’s approach to Azerbaijan and the South Caucasus in general is the latter’s rapprochement with Central Asia that has turned throughout recent years into a major foreign policy dimension. The ongoing geopolitical shifts have put the East-West connectivity running through the two regions into the spotlight, while growing ambitions of Baku, Astana, and Tashkent as aspiring middle powers have been naturally pushing them towards a more intense and multi-dimensional cooperation. This process culminated with Azerbaijan’s admission as the sixth member to Central Asia’s C5 format that brings together the five states’ executives for regular consultations and holding joint summits with external powers. Since Brussels has been traditionally very pragmatic vis-a-vis Central Asia, it is little surprise that the above-mentioned trend prompted it to apply a similar approach to Azerbaijan, too.

Fixing the previous year’s progress, in March 2026 European Council President António Costa traveled to Baku and signed a fifteen-point joint statement with President Ilham Aliyev spanning energy, defense, digital cooperation, and transport as partnership priorities¹⁴. Costa’s statement in a way summarised the essence of the EU’s new Azerbaijan policy: while cooperation in the areas of security, energy, digital and transport was designated as “shared commitment”, the issues of democracy and human rights were said to be worked on among others “with full use of the existing dialogue mechanisms”¹⁵, emphasizing the hierarchy of priorities: politics has been elevated over normative agenda. The EU’s willingness to invest in a large-scale project on the ground is important for Baku, since it would be very helpful economically and would also serve to anchor Brussels’ interests in the peace process, helping to shield them from abstract constructs that do not reflect the realities on the ground.

¹⁴ *ibid*

¹⁵ “Antonio Costa in Baku: Azerbaijan’s Regional Role Is More Important Than Ever,” *EU Neighbours East*, March 12, 2026, accessed August 23, 2026, <https://euneighbourseast.eu/news/latest-news/antonio-costa-in-baku-azerbajians-regional-role-is-more-important-than-ever/>

Chapter 2: From Mediation to Infrastructure: Rethinking the EU's Security Role in the South Caucasus

Simona Scotti

The European Union's approach to security in the South Caucasus has undergone a gradual but significant transformation in recent years. For much of the post-Cold War period, Brussels approached the region primarily through the lens of governance, economic integration and conflict stabilisation. Security was largely treated as a secondary objective, expected to naturally emerge through political reforms and economic development, which would lead to increased regional cooperation. This approach reflected the broader philosophy underpinning the European Neighbourhood Policy and later the Eastern Partnership, both of which prioritised regulatory convergence and institutional transformation over traditional security engagement.

The strategic environment surrounding the South Caucasus has changed considerably since then. Russia's invasion of Ukraine accelerated a broader reassessment of European foreign and security policy, forcing Brussels to reconsider the balance between economic interests and geopolitical competition versus security vulnerabilities. Energy security, supply chain resilience, critical infrastructure protection and transport connectivity have become increasingly interconnected, and, as a result, the South Caucasus has acquired renewed strategic relevance as a corridor connecting Europe with the Caspian Basin, Central Asia and the wider Middle East.

The EU's response has been characterised by a gradual expansion of its understanding of security. Rather than developing a traditional military role, Brussels has increasingly relied on instruments linked to resilience, connectivity, conflict management and protection of infrastructure. The deployment of the European Union Monitoring Mission in Armenia, the use of the European Peace Facility and the growing emphasis placed on transport corridors and critical infrastructure all illustrate this evolution. Security seems to be no longer viewed exclusively through military or defence lenses but increasingly through the protection of strategic networks and supply chains.

Prevailing narratives among European officials and regional experts stipulate that this evolution is widely recognised within EU institutions. Indeed, the EU is often described as being in the process of adapting to a more geopolitical environment while attempting to remain consistent with its traditional civilian approach to external action. At the same time, although the EU has become more active in the South Caucasus, its security engagement remains unevenly distributed across the region. Armenia has become increasingly integrated into the EU's emerging security architecture through monitoring missions, security assistance and political support. Azerbaijan, by contrast, continues to be approached primarily as a strategic partner in the fields of energy and connectivity despite its growing relevance to European security interests.

This chapter argues that the EU has not developed a coherent regional security framework for the South Caucasus yet. Instead, it has gradually constructed a differentiated and predominantly civilian security architecture centred around conflict management and connectivity. While this approach has allowed Brussels to expand its regional presence without assuming traditional military responsibilities, it has also produced significant asymmetries. Within this framework, Azerbaijan occupies the

paradoxical position of having become indispensable to European energy diversification efforts, connectivity initiatives and broader geopolitical ambitions towards Central Asia while remaining largely outside of the institutional structures through which the EU increasingly pursues security cooperation in the region.

The chapter first examines the structural foundations of the EU's security approach in the South Caucasus and the factors that have shaped its evolution. It then analyses the emergence of a differentiated security framework centred on the peace process, before assessing Azerbaijan's role as a strategic but under-integrated partner. Finally, it explores how developments related to connectivity, critical infrastructure and the Black Sea region may create opportunities for a more coherent and balanced approach to security cooperation between the EU and Azerbaijan.

Structural constraints in the EU's security approach

The roots of the current imbalance can be traced to the EU's longstanding approach towards its eastern neighbourhood. Since the launch of the European Neighbourhood Policy and subsequently the Eastern Partnership, Brussels has largely prioritised governance reforms, economic integration and regulatory convergence over security concerns, which were often addressed indirectly: the prevailing approaches were indeed mainly focusing on measures related to institution-building and to the encouragement of economic interdependence rather than through traditional security instruments. This logic reflected the broader self-perception of the EU as a normative power, where stability was expected to emerge through reforms that would allow for closer integration with European institutions and markets¹⁶. While this model achieved important breakthroughs in several areas, it proved less effective in the regions characterised by unresolved conflicts, where geopolitical competition and growing militarisation are still impacting the very social structure of the communities. Particularly in the South Caucasus, security challenges have consistently been shaped by factors extending beyond governance and economic development, including wars and territorial disputes but also great-power rivalries, which would trigger competing regional integration projects¹⁷.

The limitations of this approach are reflected in the relatively cautious use of Common Security and Defence Policy instruments throughout the Eastern Partnership region. Although the EU has developed a range of civilian and military mechanisms over the past two decades, their application in the South Caucasus has remained limited. The EU seems not to perceive itself as a traditional security guarantor in the region, and, rather than military engagement, Brussels has traditionally focused on areas such as resilience, critical infrastructure protection, cybersecurity, hybrid threats, and confidence-building measures. The EU does possess a security framework for the

¹⁶ Clingendael Institute, *The EU in the South Caucasus, Chapter 2: The EU's Role in the South Caucasus* (The Hague, 2023), <https://www.clingendael.org/pub/2023/the-eu-in-the-south-caucasus/2-the-eus-role-in-the-south-caucasus/>

¹⁷ Topchubashov Center, *South Caucasus: Global, Geopolitical and Security Significance* (Baku: Topchubashov Center, n.d.), <https://top-center.org/js/ckfinder/userfiles/files/South%20Caucasus%20Global%2C%20geopolitical%20and%20security%20significance.pdf>

region, but it remains overwhelmingly civilian in nature¹⁸. As a result, there is often a mismatch between local expectations and European capabilities. Regional actors frequently evaluate security through the lens of military guarantees and hard power, while the EU tends to approach it through governance, connectivity and resilience. This divergence has become increasingly visible as geopolitical competition in the South Caucasus has intensified.

Russia's invasion of Ukraine accelerated a reassessment of these assumptions. The war demonstrated that security challenges could no longer be separated from economic connectivity, energy infrastructure and supply chain resilience. It also strengthened calls within Europe for a more geopolitical Union capable of protecting its interests beyond its borders¹⁹. This, together with the end of the Second Karabakh War, triggered some responses from the EU in the South Caucasus. In Armenia, Brussels expanded its presence through the deployment of the European Union Monitoring Mission²⁰ and through assistance provided under the European Peace Facility. These initiatives represented an unprecedented level of engagement in the Armenia-Azerbaijan conflict environment, since, for the first time in the region, the EU assumed a visible role in regional security dynamics rather than limiting itself to political dialogue and economic cooperation. Yet this transformation seems to remain incomplete. Indeed, while EUMA and the European Peace Facility can be seen as evidence of a more geopolitical EU, on the other hand, Brussels still lacks clearly defined strategic objectives in the South Caucasus. The EU has become more active, but it has not yet fully articulated what role it ultimately seeks to play in the region, and it is precisely this ambiguity that contributes to the perception that EU engagement remains reactive rather than strategic.

The limitations of the current approach are becoming increasingly evident as security and connectivity become more closely intertwined. The South Caucasus, previously seen as merely a neighbouring region, has now become a critical transit space connecting Europe with Central Asia and the Caspian Basin²¹. As transport corridors, energy infrastructure and digital networks gain strategic importance, their protection becomes inseparable from broader security considerations, which raises questions about whether a security model centred primarily on civilian instruments remains sufficient to address emerging challenges.

¹⁸ European External Action Service, “Civilian CSDP,” accessed July 9, 2026, https://www.eeas.europa.eu/eeas/civilian-csdp_en

¹⁹ Teona Giuashvili, *Fading Power: The EU's Strategic Dilemmas in the South Caucasus* (Stockholm: Stockholm Centre for Eastern European Studies, n.d.), <https://sceeus.se/en/publications/fading-power-the-eus-strategic-dilemmas-in-the-south-caucasus/>

²⁰ European Union Mission in Armenia, “EU Mission in Armenia (EUMA),” accessed July 9, 2026, https://www.eeas.europa.eu/euma/eu-mission-armenia-euma_en

²¹ Eric Rudenshiold, “The Corridor Changing Eurasia: Connectivity, Sovereignty and the Strategic Awakening of the Trans-Caspian Region,” *Baku Dialogues*, March 4, 2026, <https://bakudialogues.idd.az/articles/the-corridor-changing-eurasia-connectivity-sovereignty-and-the-strategic-awakening-of-the-trans-caspian-region-04-03-2026>

Security engagement through conflict management

The evolution of the EU's role in the South Caucasus has not occurred through the development of traditional security instruments, but rather through conflict-management mechanisms²². This distinction is important because it explains both the opportunities and limitations of European engagement in the region. Historically, the EU's involvement in regional conflicts remained relatively limited²³. Although Brussels participated in international mediation formats and supported confidence-building measures, it generally avoided assuming direct responsibility for security arrangements²⁴. The 2008 deployment of the EU Monitoring Mission in Georgia represented an important exception, but even there the emphasis remained on observation and stabilisation rather than deterrence or defence. The Armenia-Azerbaijan conflict followed a similar pattern for many years, with the EU playing a supporting role while other actors dominated the security dimension.

The post-2020 environment created new opportunities for a more active European presence. The decline of Russian influence, combined with the growing willingness of both Armenia and Azerbaijan to engage with Brussels, allowed the EU to assume a more visible role. The mediation efforts led by European Council President Charles Michel through what is known as the “Brussels Process” became the clearest manifestation of this trend. Indeed, since December 2021, Michel hosted a total of six trilateral meetings together with Ilham Aliyev and Nikol Pashinyan, in order to facilitate dialogue and establish a negotiating agenda between Armenia and Azerbaijan. Although the Brussels process ultimately gave way to direct bilateral negotiations between Armenia and Azerbaijan, the mediation effort is generally viewed as a positive contribution to the peace process, contributing to laying the foundation for a future peace treaty. Indeed, direct negotiations usually continued after the end of formal EU mediation and produced tangible outcomes, including progress on border delimitation and discussions related to missing persons. In this regard, rather than seeking to remain the central diplomatic actor, Brussels appeared willing to support formats that enjoy the confidence of the parties themselves. To do so, the EU's objective is not necessarily to lead negotiations, but rather to contribute to conditions that facilitate long-term stability, keeping in mind the limits of the EU's influence in the region²⁵.

The deployment of the EU Mission to Armenia, commonly known as EUMA, should be understood within this broader context. The EUMA is a civilian and unarmed mission established to monitor the Armenian side of the international border with Azerbaijan²⁶, consisting of more than 200 international and local personnel seconded

²² Nathalie Tocci, *The EU and Conflict Resolution: Promoting Peace in the Backyard* (London: Routledge, 2007)

²³ Svante E. Cornell, *The International Politics of the Armenian-Azerbaijani Conflict* (Cham: Palgrave Macmillan, 2017)

²⁴ Maria Raquel Freire and Licinia Simão, *The EU's Neighbourhood Policy towards the South Caucasus* (London: Routledge, 2013)

²⁵ Josep Errea, “EU Mediation during Armenia-Azerbaijan Conflict: Process and Mistakes,” *Topchubashov Center*, accessed July 9, 2026, <https://top-center.org/en/analytics/3589/eu-mediation-during-armenia-azerbaijan-conflict-process-and-mistakes>

²⁶ Council of the European Union, “Council Decision (CFSP) 2023/162 of 23 January 2023 on a European Union Mission in Armenia (EUMA),” *Official Journal of the European Union*, January 23, 2023

by EU member states and partner countries, including Canada²⁷. While frequently discussed as a security initiative, the mission is more of a confidence-building mechanism, with European officials consistently emphasizing its civilian nature and temporary mandate²⁸. According to this view, the mission is not intended to alter the military balance between Armenia and Azerbaijan, but rather to contribute to transparency and reduce the risk of escalation. Its future is linked to progress in the peace process itself, because, in principle, the conclusion of a peace agreement and the completion of border delimitation efforts would eliminate the need for EUMA's continued presence. At the same time, debates surrounding EUMA reveal some of the broader challenges facing the EU's regional policy. The mission illustrates Brussels' growing willingness to become involved in security-related issues, yet it also demonstrates the absence of a comprehensive framework encompassing the entire region. The EU has become increasingly active in Armenia while lacking equivalent mechanisms for engagement with Azerbaijan. As a result, a policy originally designed as a confidence-building measure has also become a symbol of the differentiated nature of EU security engagement in the South Caucasus.

Therefore, it could be argued that the EU monitoring mission in Armenia acts as a major test for Europe's ability to handle international conflicts directly. With the decision to launch this initiative, the EU moved beyond traditional normative engagements and took a more active role in a conflict close to its borders. However, this move also exposes a massive hurdle that Brussels is facing, namely the difficulties of developing a regional security posture that is perceived as balanced by all actors involved.

Azerbaijan as a strategic actor

Azerbaijan's strategic importance to the European Union has increased considerably in recent years. The country plays a central role in European energy diversification efforts through the Southern Gas Corridor³⁰ and has become a key component of emerging connectivity initiatives linking Europe with Central Asia³¹. Its geographic position at the intersection of the South Caucasus, the Caspian region and the wider Middle East further enhances its significance within broader European strategic calculations.

At the same time, this strategic importance has not translated into meaningful integration within the EU's evolving security architecture. Relations continue to be concentrated around energy cooperation, transport connectivity and trade, whereas security cooperation remains limited and largely absent from institutional frameworks. This gap has contributed to the emergence of what can be described as a bilateralization of security relations. In the absence of structured EU-level engagement, Azerbaijan has increasingly expanded defence cooperation with individual member states. Italy has emerged as the most prominent example. Indeed, beyond its role as Azerbaijan's largest

²⁷ European Union Mission in Armenia, "About EUMA," accessed July 9, 2026, <https://www.euma-armenia.eu>

²⁸ European External Action Service, "Questions and Answers on the European Union Mission in Armenia (EUMA)," January 2023

²⁹ Nathalie Tocci, *A Green and Global Europe* (Cambridge: Polity Press, 2022)

³⁰ European Commission, *Memorandum of Understanding on a Strategic Partnership in the Field of Energy between the European Union and the Republic of Azerbaijan* (Brussels, July 18, 2022)

³¹ European Bank for Reconstruction and Development, *Sustainable Transport Connections between Europe and Central Asia* (London: EBRD, 2023)

European energy partner, Rome has become an important defence partner through military procurement agreements, high-level defence consultations and an overall broader industrial cooperation, which finds its highlight in the landmark agreement signed in 2023 on the purchase by Azerbaijan of C-27J military transport aircraft from the Italian defence company Leonardo³². Similar trends can be observed in relations with Slovakia,³³ from which Azerbaijan ordered 96 SAM120 120 mm automatic self-propelled mortars worth €210 million, and the Czech Republic, which signed a Bilateral Military Cooperation Plan for 2026 with Azerbaijan³⁴. These developments illustrate both the opportunities and limitations created by the absence of a coherent European framework. On the one hand, bilateral cooperation allows individual member states to pursue mutually beneficial partnerships. On the other hand, it contributes to fragmentation and prevents the emergence of a coordinated European approach towards security cooperation with Azerbaijan.

The persistence of this gap cannot be explained solely through the level of strategic importance that the EU attributes to Azerbaijan. Prevailing narratives within European policy discussions increasingly recognise Azerbaijan's significance for energy security, connectivity and broader engagement with Central Asia. At the same time, however, the institutional mechanisms through which the EU traditionally develops security cooperation have been designed primarily around enlargement, neighbourhood governance and reform-oriented partnerships. Azerbaijan occupies a different position, as it is neither a candidate country nor a partner seeking deeper institutional integration with Brussels. Instead, the relationship has evolved around specific strategic interests, and, as a result, existing EU frameworks have not always provided an obvious avenue for the development of broader security cooperation. This has contributed to a situation in which Azerbaijan's strategic relevance continues to grow, while institutional engagement on security issues remains comparatively limited.

Nevertheless, there is little evidence of a fundamental divergence of interests between Brussels and Baku. On the contrary, both sides increasingly recognise the importance of stable transport corridors, secure energy infrastructure, resilience against hybrid threats and broader regional stability. The challenge therefore lies specifically in developing mechanisms capable of translating those shared interests into a more structured and sustainable framework for cooperation.

The emergence of a differentiated security policy

The EU's growing engagement with Armenia reflects a broader transformation in its regional posture. Following the 2018 Velvet Revolution and particularly after the 2020 war, Armenia increasingly emerged as a partner through which Brussels could expand its presence in the South Caucasus. The deterioration of Armenia's security relationship

³² Joshua Kucera, "Azerbaijan to Buy Italian Military Aircraft," *Eurasianet*, February 2025, <https://eurasianet.org/azerbaijan-to-buy-italian-military-aircraft>

³³ Martin Chomsky, "Azerbaijan Orders 96 Slovak SAM120 Mortars in €210 Million Deal Signed in Riyadh," *Defence Industry Europe*, accessed July 9, 2026, <https://defence-industry.eu/azerbaijan-orders-96-slovak-sam120-mortars-in-e210-mln-deal-signed-in-riyadh/>

³⁴ Ministry of Defence of the Republic of Azerbaijan, "Defense Ministries of Azerbaijan and Czech Republic Sign Bilateral Military Cooperation Plan," accessed July 9, 2026, <https://mod.gov.az/en/news/defense-ministries-of-azerbaijan-and-czech-republic-sign-bilateral-military-cooperation-plan-56939.html>

with Russia created additional opportunities³⁵. Disappointment with the performance of traditional security arrangements encouraged Yerevan to diversify its foreign policy and seek closer relations with Western actors. For the EU, this development opened a space for greater involvement without requiring direct military commitments. The most visible manifestation of this shift was the deployment of the European Union Monitoring Mission in Armenia in 2023. As discussed, EUMA represented the first substantial long-term EU security presence connected to the Armenia-Azerbaijan conflict. In parallel, assistance provided through the European Peace Facility, which granted €30 million to Armenia's Armed Forces, demonstrated a willingness to employ instruments previously associated with other regions³⁶.

At the same time, European officials acknowledged Azerbaijani concerns regarding the mission. Discussions within EU institutions regularly address Baku's objections and seek to explain the civilian nature of EUMA's mandate. The broader issue is not necessarily the EU's engagement with Armenia itself but the differentiated nature of its security policy. Armenia has become integrated into Brussels' emerging geopolitical agenda through monitoring missions, security assistance and growing political support. Azerbaijan, on the other hand, remains largely outside this framework. This asymmetry has contributed to perceptions of imbalance and has complicated the development of a coherent regional approach, over which the Azerbaijani leadership has often expressed dissatisfaction.

The continuation of bilateral Armenia-Azerbaijan negotiations is another factor. The EU institutions generally have strong support for the transition from externally mediated negotiations to direct bilateral dialogue. Officials commonly point to the progress on border delimitation, discussions on missing persons and other confidence-building measures as evidence that bilateral engagement can produce tangible results. In this regard, while the reduced role of external mediation may facilitate greater ownership by the parties themselves, it also requires the EU to redefine its place within the regional security landscape. The question here is how the EU can contribute to long-term stability now that mediation is no longer its primary function.

The Black Sea Strategy and emerging opportunities

The EU's Black Sea Strategy, adopted in 2025 and serving as the primary blueprint for the EU's approach vis-a-vis the Black Sea region, marks an important development in this regard³⁷. Unlike earlier frameworks that focused primarily on economic governance and connectivity, the current strategy explicitly links the security of the Black Sea to the security of Europe itself. The document places particular emphasis on

³⁵ Topchubashov Center, *South Caucasus: Global, Geopolitical and Security Significance* (Baku: Topchubashov Center, 2023), https://top-center.org/js/ckfinder/userfiles/files/South%20Caucasus_%20Global%2C%20geopolitical%20and%20security%20significance.pdf

³⁶ Council of the European Union, "European Peace Facility: Council Adopts the Second Bilateral Assistance Measure in Support of Armenia," press release, January 29, 2026, <https://www.consilium.europa.eu/en/press/press-releases/2026/01/29/european-peace-facility-council-adopts-the-second-bilateral-assistance-measure-in-support-of-armenia/>

³⁷ European Commission, "New EU Strategy for a Secure, Prosperous and Resilient Black Sea Region," news, May 28, 2025, https://enlargement.ec.europa.eu/news/new-eu-strategy-secure-prosperous-and-resilient-black-sea-region-2025-05-28_en

maritime security, critical infrastructure protection, cybersecurity, military mobility and resilience against hybrid threats, trying to balance Russian influence in the region. More importantly, it recognises the interconnected nature of the Black Sea, the South Caucasus and Central Asia as part of a broader strategic space through a dedicated Connectivity Agenda. In this regard, Azerbaijan's relevance to European projects spanning from connectivity to energy diversification and transport corridors makes it an essential component of the very networks the EU increasingly seeks to protect³⁸.

Developments beyond the South Caucasus further reinforce this logic. Growing instability across the Middle East, including recent tensions involving Iran, highlights the vulnerability of energy infrastructure and transport networks extending through the region, showing that the security of pipelines, railways, ports and digital infrastructure can no longer be treated as purely an economic issue. Disruptions in one part of the network increasingly generate consequences across the entire corridor. As such, the EU could engage more actively in areas where its expertise and instruments are already well-developed. Such an approach would align with existing European priorities while simultaneously addressing some of the limitations of the current relationship with Azerbaijan.

Toward a more coherent EU approach

The current trajectory of the Azerbaijan-EU relations highlights both the progress achieved and the remaining scope for further consolidation. Cooperation has expanded significantly in areas such as energy, transport connectivity and economic engagement, while the security dimension has developed through a series of structured exchanges. In particular, the EU and Azerbaijan have held regular security dialogues, with at least seven rounds conducted to date, the last one being held in Baku in May 2026. These meetings, typically held at senior official level, have provided an important platform for discussing regional security dynamics, crisis developments and thematic areas of mutual interest such as counterterrorism and border management. At the same time, this existing dialogue architecture remains relatively limited in its institutional depth and in its continuity. Indeed, while it has helped maintain communication and mutual awareness, it has not yet evolved into a fully integrated framework capable of systematically coordinating cooperation across the broader range of emerging security challenges. The issue, therefore, is about how to build on established formats in a way that makes future cooperation more coherent and predictable.

A possible approach would be to further develop these existing dialogue mechanisms by expanding their regularity, as well as linking them more explicitly to practical cooperation in areas where interests already overlap. In this regard, the EU's Black Sea Strategy provides a useful conceptual framework, as it reflects an increasing recognition of the interconnected nature of the Black Sea, the South Caucasus and Central Asia. Strengthening the alignment between this broader regional vision and existing bilateral instruments would be a natural next step in enhancing policy coherence. At present, the EU increasingly views connectivity corridors and energy infrastructure as strategic assets, while engagement with the countries that underpin

³⁸ Simona Scotti, "Azerbaijan's C6 Entry Sharpens the Eurasian Dimension of the Black Sea Strategy," *Topchubashov Center*, accessed July 9, 2026, <https://top-center.org/en/analytics/3839/azerbaijans-c6-entry-sharpens-the-eurasian-dimension-of-the-black-sea-strategy>

these routes continues to evolve through a combination of bilateral and regional formats. Ensuring that these strands are more systematically connected could help reinforce the consistency of the EU's external action. A more balanced approach would also contribute to reducing perceptions of asymmetry in regional engagement. The question is how the EU can ensure that its engagement across the South Caucasus reflects the differentiated but significant strategic roles of all regional partners, including Azerbaijan, in relevant security domains.

Chapter 3: Brussels track: the EU's Role in the Armenia-Azerbaijan Normalisation Process*

Gulkhanim Mammadova

For many years, the European Union remained a peripheral player in the Armenian-Azerbaijani conflict. Its engagement was largely confined to its role within the OSCE Minsk Group, established in 1992 to mediate the conflict over Karabakh.³⁹ Despite this formal involvement, the EU's presence in the region was mostly symbolic. It was often perceived as lacking sufficient political will and strategic influence needed to position itself as a meaningful mediator in the conflict. Until 2014, Brussels' engagement in the South Caucasus remained minimal, as the region was viewed as falling under Russia's sphere of influence. Moscow was seen as the key power broker in the region due to its military presence in Armenia and close ties to both sides. In turn, the South Caucasus for the EU was mostly seen through the lens of its wider neighbourhood policy and focused on economic and political cooperation rather than direct involvement in security matters.

Nevertheless, things changed dramatically after the Second Karabakh War in 2020, which ended with a clear military victory for Azerbaijan and a Russian-brokered ceasefire. It was a wake-up call for Armenia that forced some serious soul-searching regarding its foreign policy direction. For Azerbaijan, it validated years of diplomatic and military preparation. Meanwhile, the EU found itself in a very different position. With Russia becoming increasingly isolated over its invasion of Ukraine, Brussels saw an opening. Armenia, especially, began losing faith in Moscow and started looking for alternative partners. This allowed the EU to move from the sidelines to a more active role. By the end of 2021, the EU had moved to playing a real part in the Armenia-Azerbaijan normalisation process.

This chapter looks closely at how that shift happened, how the EU went from watching quietly to actually getting involved, and what it means going forward. It explores the motivations behind Brussels' new approach and the challenges it still faces.

Pre-2020 EU Role in Armenia–Azerbaijan Relations

Before 2020, the European Union's role in the Armenia-Azerbaijan conflict had been largely overshadowed by other international actors. While the EU consistently voiced support for peaceful resolution and regional stability, its involvement remained limited both in scope and ambition. One of the primary ways the EU maintained its presence in the conflict was through the Special Representative for the South Caucasus and the crisis in Georgia. This position was established in 2003⁴⁰ to bolster the Union's political visibility and influence in the region. After 2010, the EU began to ramp up its support for peacebuilding efforts, particularly through civil society engagement. Until then, its

³⁹Organization for Security and Co-operation in Europe, "Who We Are," accessed August 5, 2026, <https://www.osce.org/minsk-group/108306>

⁴⁰ ReliefWeb, "European Council Appoints EU Special Representative for the South Caucasus," 2003, <https://reliefweb.int/report/armenia/european-council-appoints-eu-special-representative-south-caucasus>

*This chapter had been completed by the author until March 2026

activities had mostly been confined to short-term, small-scale projects with limited long-term impact.

A key turning point came in 2010 with the creation of the European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh.⁴¹ This was a major civil society initiative made up of five European organisations: Conciliation Resources (UK), Crisis Management Initiative (Finland), International Alert (UK, lead agency), the Kvinna till Kvinna Foundation (Sweden), and LINKS (the Netherlands). They had a goal to contribute to a lasting and just peace in the region through civil society engagement. This initiative helped build a foundation for long-term cooperation. However, in 2019, it was replaced by a new EU-backed framework called EU4Peace.⁴² Under EU4Peace, the EU began to support larger, long-term projects in Azerbaijan, with a focus on conflict transformation. Such support was focused on on-the-ground activities such as facilitating dialogue between Armenians and Azerbaijanis, empowering youth and women, and strengthening the role of local civil society in peacebuilding. The EU's support was mainly channelled through civil society actors, giving them tools, resources, and international backing to carry out their work.

In sum, the EU's role in the Armenia-Azerbaijan conflict before 2020 was marked by limited influence and a focus on soft tools like civil society engagement. Although largely sidelined in formal diplomacy, the EU, through its efforts, laid important groundwork for dialogue, and its evolving support for grassroots initiatives set the stage for a more active and visible role in the post-2020 period.

The European Union steps in

Following the Second Karabakh War, the European Union's approach to the Armenia-Azerbaijan conflict underwent a significant shift. The European Union's role in the Armenian-Azerbaijani context became largely humanitarian. Alongside the United States, the EU contributed to a few tangible initiatives during this time, including facilitating the exchange of landmine maps and prisoners of war between Baku and Yerevan. By the summer of 2021, concerns began to mount over renewed tensions along the Armenia-Azerbaijan border, especially following a notable escalation in May. The Baltic states and Poland took the lead in trying to bring these developments onto the EU agenda. In July, they attempted to reframe the EU's involvement by shifting the focus toward economic stabilisation, which resulted in the Union's announcement of a EUR 2.6 billion assistance package for Armenia.⁴³ This package, largely composed of grants, was framed as support for resilience and development. However, Baku saw the package as a sign of bias, while Brussels framed it as a measure of support for post-conflict recovery.

⁴¹ International Alert, "European Partnership for the Peaceful Settlement of the Conflict over Nagorno Karabakh," accessed August 5, 2026, <https://www.international-alert.org/stories/european-partnership-for-the-peaceful-settlement-of-the-conflict-over-nagorno-karabakh/>

⁴² International Alert, "International Alert Launches a New Resource to Showcase Local Peace Efforts in the South Caucasus," June 19, 2025, <https://www.international-alert.org/statements/international-alert-launches-a-new-resource-to-showcase-local-peace-efforts-in-the-south-caucasus/>

⁴³ Ani Mejlumyan, "Armenia Gets Aid Boost from EU," *Eurasianet*, July 15, 2021, <https://eurasianet.org/armenia-gets-aid-boost-from-eu>

France then attempted to push the border issue onto the EU's diplomatic track once again, but failed to gather sufficient traction within EU institutions. In the autumn of 2021, Paris tried a different approach by raising the issue of protecting Armenian cultural heritage through UNESCO mechanisms, particularly in the territories over which Azerbaijani regained control after the war. This effort, too, failed to materialise into concrete action, largely due to a lack of consensus within the EU and resistance from Azerbaijan.

Amidst these fragmented and often unsuccessful attempts to establish a meaningful EU role in the post-war peace process, the European Council President Charles Michel and French President Emmanuel Macron emerged as key figures driving the European engagement. Both intervened in December 2021 to position Brussels as a diplomatic actor in the Armenia-Azerbaijan normalisation process. However, it was Michel who gradually took the lead. He institutionalised a new EU-mediated dialogue format between Armenia and Azerbaijan - separate from the OSCE Minsk Group framework - and, in doing so, effectively sidelined Macron. Michel's format would go on to define the EU's more structured engagement in the region in the following years.

This new direction became evident by the end of 2021, when the European Union hosted its first high-level trilateral meeting on December 14.⁴⁴ European Council President Charles Michel brought together Azerbaijani President Ilham Aliyev and Armenian Prime Minister Nikol Pashinyan in Brussels. This meeting showed Brussels' readiness to play a real role in the peace process and offer a platform for Armenia-Azerbaijan negotiations. At the same time, while no formal agreements were signed, some important steps were taken that laid the groundwork for further dialogue. One of the key outcomes was the agreement to continue direct communications between Armenia and Azerbaijan under EU mediation. Charles Michel emphasized the importance of reopening transport and economic links between the two countries and focusing on humanitarian issues, such as the return of detainees and cooperation on clearing landmines.

Beyond the December meeting, throughout 2021, the EU gradually positioned itself as a more credible actor in the Armenia-Azerbaijan peace process by supporting confidence-building measures and maintaining regular contact with Baku and Yerevan. While it did not replace Russia on the ground, it took a space for itself as a facilitator. Later in 2022, as Moscow got increasingly caught up in its war in Ukraine, space opened up for the EU to play an even bigger role in Armenia-Azerbaijan relations. Between 2022 and 2023, the European Union significantly increased its diplomatic involvement in the Armenia-Azerbaijan peace process by hosting a series of high-level meetings. These were primarily facilitated by European Council President Charles Michel, who emerged as a central figure in the EU's mediation efforts. Key trilateral meetings took place in April, May, and August 2022, all in Brussels, with another important gathering in October 2022 in Prague, during the European Political Community Summit.

⁴⁴ Council of the European Union, "Statement of President Charles Michel Following the Trilateral Meeting with President Ilham Aliyev and Prime Minister Nikol Pashinyan," December 14, 2021, <https://www.consilium.europa.eu/en/press/press-releases/2021/12/14/statement-of-president-charles-michel-following-the-trilateral-meeting-with-president-ilham-aliyev-and-prime-minister-nikol-pashinyan/>

While no final peace deal was reached, these meetings produced several important results. The two sides agreed to establish a Joint Border Commission, began substantive discussions on a future peace treaty, and made progress on humanitarian issues like detainee exchanges and landmine cooperation. Perhaps most notably, the October 2022 Prague meeting saw both Armenia and Azerbaijan reaffirm their commitment to mutual territorial integrity under the 1991 Alma-Ata Declaration.⁴⁵ The Prague Summit results were unprecedented, not only because Armenia and Azerbaijan agreed on mutual territorial integrity recognition, but also because the EU gained a completely novel “boots on the ground” on the Armenian side of the international border. Seen as a tool to prevent possible border clashes, the EU Monitoring Capacity to Armenia (EUMCA) had also received Baku’s approval.⁴⁶ This laid the ground for the currently existing EUMA to emerge from, albeit in a more uneasy standing, as Baku’s approval became a rather disapproval.

Why did the EU mediation fail?

Even though EU mediation did yield some tangible results in the Armenia-Azerbaijan normalisation process - such as high-level meetings, mutual statements, and a brief reduction in tensions - it has been criticised by some analysts as ultimately unsuccessful. The characterisation of the EU's mediation as a failure comes from multiple perspectives. From the Armenian side, many view Brussels as having failed to provide meaningful security guarantees or political leverage. From the Azerbaijani perspective, the EU’s perceived alignment raised suspicions of bias. Baku also remained sceptical of European engagement due to what it saw as overly normative approaches rather than pragmatic regional security interests. More broadly, regional experts consider the EU’s mediation efforts as having limited impact because they failed to achieve a durable agreement or enforceable outcomes. Ceasefire violations continued, the core issues of the conflict - displaced persons and demarcation of borders - remained unresolved, and confidence-building between the two societies was minimal.

To understand why EU mediation failed, one needs to look at both the timing and the deeper geopolitical realities of the region. The EU got involved more actively after the second Karabakh war, at a time when Armenia was going through major changes. After its defeat in the war, Armenia started rethinking its foreign policy. It began to shift away from its traditional alliance with Russia and look more toward the West, precisely the EU. Armenia was trying to reduce its dependence on Russia, especially as trust in Moscow had declined. However, full decoupling from Russia has never been a real option for Yerevan. Russia still had a military presence in Armenia, strong economic ties, and influence over key political developments.

Azerbaijan, on the other hand, had a more balanced approach. It wasn’t openly hostile to the EU’s involvement, but it also knew that Russia remained a powerful player in the region. Baku maintained strong energy ties with Europe but didn’t want to burn bridges

⁴⁵ Council of the European Union, “Armenia-Azerbaijan: EU Sets Up Monitoring Capacity along the International Borders,” October 17, 2022, <https://www.consilium.europa.eu/en/press/press-releases/2022/10/17/armenia-azerbaijan-eu-sets-up-monitoring-capacity-along-the-international-borders/>

⁴⁶ *ibid*

with Moscow. Both countries understood that ignoring Russia could come with consequences. This is one of the main reasons EU mediation failed. Russia viewed the EU's involvement with suspicion. It didn't want to see Europe expand its influence in the South Caucasus, especially at a time when it was already under pressure due to the war in Ukraine. With the EU actively supporting Ukraine and imposing heavy sanctions on Moscow, the idea of the EU successfully brokering peace in a region traditionally seen as part of Russia's sphere of influence was reportedly viewed negatively by the Kremlin.

In this context, the EU appeared to face limitations in terms of leverage. It lacked both the hard power and the strategic influence to push the peace process forward. Unlike Russia, which could use direct pressure, or Türkiye, with its close ties with Azerbaijan, the EU mostly relied on soft power and diplomatic talks, which weren't enough to change the reality on the ground.

Another problem was that the EU was not seen as a neutral actor. Its increasing alignment with Armenia's new pro-Western path raised questions in Baku. From the EU's perspective, supporting the peace process made strategic sense. A stable and peaceful South Caucasus, especially with Armenia less dependent on Russia, would serve Europe's broader interests. Peace would allow Armenia to open its borders with Türkiye, reconnect with regional infrastructure, and eventually deepen ties with the EU. This was the EU's main argument: that lasting peace would create new economic and political opportunities, especially for Armenia, and pull it further away from Moscow's orbit. But while this narrative appealed to Yerevan, Baku reiterated its position on many occasions that Brussels' regional engagement should not lead to the emergence of new dividing lines. From Baku's point of view, the EU seemed far more focused on helping Armenia integrate into the West than on addressing Azerbaijan's core interests, like ensuring long-term security on equal terms. As a result, Armenia and Azerbaijan slowly moved away from international mediation and started pursuing a bilateral approach.

Currently, the main challenges for the EU when it comes to staying involved in the Armenia-Azerbaijan normalisation process come down to a few key issues - some related to how the EU works as a whole, and others tied to how it's being perceived by both sides. One of the biggest issues is EUMA. The mission was first deployed in early 2023 with Azerbaijan's consent, during a time when border delimitation had not yet started and tensions were still high along the Armenia-Azerbaijan border. Back then, Baku saw some value in the presence of neutral monitors. However, the situation on the ground has since changed, and EUMA's mandate was extended without Azerbaijan's approval. That shift did not go unnoticed. In Baku, the mission is now seen as a political tool, giving foreign actors a window into Azerbaijan's border activities while offering Armenia international backing.

Another flashpoint is the European Peace Facility (EPF). While the EU framed its €10 million assistance package to Armenia as non-lethal and defensive,⁴⁷ it was still a red flag for Azerbaijan. Not only did this come at a sensitive time, but a similar request from Hungary to allocate EPF funds to Azerbaijan was rejected. Baku sees this kind of support as emboldening Armenia, reducing its incentive to negotiate in good faith, and potentially escalating tensions. Some analysts in Azerbaijan argue that European

⁴⁷ JAMnews, "‘This Is Just the Beginning’: Armenia Will Receive 10 Million Euros from the European Peace Facility," July 5, 2024, <https://jam-news.net/european-peace-fund-to-support-armenia/>

involvement may contribute to a security dilemma; instead of encouraging peace, it might fuel an arms race and push both sides to ramp up military capabilities.

The Brussels process itself has also come under pressure. While it was initially seen as a useful diplomatic platform, recent developments have shaken that image, especially after a controversial meeting in 2023 between Armenian Prime Minister Pashinyan, European Commission President von der Leyen, and U.S. Secretary of State Blinken.⁴⁸ Joint statements made during that meeting were viewed in Baku as biased. The Granada summit later that year added to the frustration.⁴⁹ The final declaration from that meeting, issued without Azerbaijan's participation, was also seen as one-sided. Moreover, internal EU divisions do not help. Countries like France, Greece, and Cyprus have long supported Armenia, and their involvement adds to the sense in Baku that the EU isn't as neutral as it claims. So, when the EU tries to act as one actor, it often sends mixed signals, and both sides can see that.

The EU's potential role in the future of Armenia-Azerbaijan relations?

Now, if we look at what role the EU could still play going forward, it's clear that Brussels has to rethink its approach. That means not just stepping back from overly political gestures, but also leaning into areas where the EU has strong, practical value to offer. One clear direction could be through technical expertise and capacity building. The EU has deep experience in areas that are becoming increasingly important in the region, like transboundary water management, environmental monitoring, demining, and infrastructure rehabilitation. Supporting regional cooperation on shared rivers, for example, or helping Baku deal with mine-contaminated areas, would be concrete, non-political ways to build confidence.

Another potential opportunity lies in economic and financial support. The EU has already shown its readiness to invest in Armenia's democratic and economic resilience, but if it wants to avoid the perception of bias, similar financial and development packages should be made available to Azerbaijan as well. Energy cooperation, infrastructure, and green transition - these are all areas where the EU could build deeper ties with both countries. In short, the EU still has room to play a meaningful role in this region. But doing so will require stepping away from the big political stage for a moment and focusing on the kinds of long-term investments that can quietly support peace, stability, and trust from the ground up.

⁴⁸ Arshaluys Barseghyan, "Weekend of Clashes Follows Pashinyan-Blinken-von der Leyen Meeting," *OC Media*, April 8, 2024, <https://oc-media.org/weekend-of-clashes-follows-pashinyan-blinken-von-der-leyen-meeting/>

⁴⁹ European Commission, Directorate-General for Enlargement and Eastern Neighbourhood, "Joint Statement by European Commission President Ursula von der Leyen and Armenian Prime Minister Nikol Pashinyan," October 6, 2023, https://enlargement.ec.europa.eu/news/joint-statement-european-commission-president-ursula-von-der-leyen-and-armenian-prime-minister-nikol-2023-10-06_en

2025–2026: A Peace Deal Without the EU

In the year since this chapter was originally written, the Armenia–Azerbaijan peace process has moved faster than most observers anticipated – and largely without Brussels at the centre of it. The most significant development came in March 2025, when both countries publicly announced they had concluded negotiations on a draft peace agreement, formally titled the “Agreement on the Establishment of Peace and Interstate Relations.”⁵⁰ Then, on 8 August 2025, Armenian Prime Minister Pashinyan and Azerbaijani President Aliyev met at the White House and initialled the text in the presence of US President Donald Trump,⁵¹ also signing a joint declaration committing both sides to the treaty’s eventual ratification. It was a moment that had been unimaginable just a few years earlier. And it happened not through the Brussels track, but through a bilateral process brokered in Washington.

The EU’s response to the Washington summit was telling. High Representative Kaja Kallas welcomed it as a “decisive step,”⁵² and the EU issued a statement commending both sides and the US for the breakthrough. But these were the words of an observer, not a mediator. The contrast with the earlier Brussels track could not be starker. Where Charles Michel once sat at the table alongside Aliyev and Pashinyan, the EU in August 2025 was watching from the sidelines, issuing supportive statements and reaffirming its readiness to help implement what others had negotiated. This is not necessarily a failure in itself; peace is what mattered, regardless of who brokered it. But it does confirm the trajectory this chapter described: the EU’s role as a primary mediator ran its course, and both Armenia and Azerbaijan eventually moved on to a format that worked better for them.

One of the more contentious elements of the agreement is the Trump Route for International Peace and Prosperity (TRIPP). The route is to remain under Armenian sovereignty and be governed by Armenian law, with the United States holding exclusive development rights for 99 years.⁵³ For Baku and Ankara, this represents progress towards the long-sought Zangezur corridor. For Russia and Iran, it is a red line. Moscow has been openly critical, viewing US-anchored infrastructure in the South Caucasus as direct encroachment on its sphere of influence.

On EUMA, developments have also been significant. In January 2025, the EU extended the mission’s mandate for another two years, running until February 2027, with a budget of over €44 million.⁵⁴ The mission now comprises over 200 personnel from 25

⁵⁰ European External Action Service, “Armenia/Azerbaijan: Statement by the High Representative/Vice-President Regarding the Finalisation of Negotiations on Armenia/Azerbaijan Peace Treaty,” March 14, 2025, https://www.eeas.europa.eu/node/450702_fr

⁵¹ Caucasian Knot, “The Peace Agreement between Armenia and Azerbaijan, as Well as Other Documents Signed at the Meeting with Trump on August 8, 2025,” September 11, 2025, <https://www.eng.kavkaz-uzel.eu/articles/68502>

⁵² Thomas de Waal, “Armenia and Azerbaijan’s Major Step Forward,” *Carnegie Endowment for International Peace*, March 17, 2025, <https://carnegieendowment.org/emissary/2025/03/armenia-azerbaijan-peace-deal-next-steps>

⁵³ The Soufan Center, “Armenia–Azerbaijan Agreement Delivers Strategic Win for Washington,” August 11, 2025, <https://thesoufancenter.org/intelbrief-2025-august-11/>

⁵⁴ EU Neighbours East, “Armenia: EU Extends Mandate of EU Civilian Mission for Two Years,” January 31, 2025, <https://euneighbourseast.eu/news/latest-news/armenia-eu-extends-mandate-of-eu-civilian-mission-for-two-years/>

EU member states, plus Canada.⁵⁵ From the outgoing Head of Mission Markus Ritter's perspective, EUMA delivered results where it mattered most: border incidents declined sharply since the mission's deployment, and 2025 became the first full calendar year since Armenia's independence without a single casualty from cross-border fire.⁵⁶ That is not a small thing. At the same time, EUMA's position remains uncomfortable. Azerbaijan still has not approved it, still calls for its withdrawal, and continues to accuse it of intelligence gathering – accusations the mission consistently denies. The peace agreement draft itself includes language that would bar third-country military personnel from the border, which raises real questions about EUMA's long-term future. The EU has acknowledged this, with discussions on the mission's next steps planned for later in 2026.

Where the EU has found more solid ground is in its deepening relationship with Armenia, specifically. In March 2025, Armenia's parliament passed a law formally launching the process of applying for EU membership. This is a major symbolic step, even if actual accession remains distant and complicated by geography – not least because Georgia, Armenia's main land route to Europe, currently has a frozen political relationship with Brussels. Pashinyan has been explicit about this, telling the European Parliament in March 2026 that Georgia is Armenia's path to the EU, and that progress in EU-Georgia relations matters as much to Yerevan as it does to Tbilisi. Still, the direction of travel is clear. A new EU–Armenia Strategic Partnership Agenda was signed in December 2025,⁵⁷ a Visa Liberalisation Action Plan was handed over in November 2025,⁵⁸ and an EU-Armenia Summit was organized in May 2026 in Yerevan.⁵⁹ All of these point to an Armenia that is integrating steadily westward, which is precisely the geopolitical outcome the EU had always hoped its involvement in the peace process would eventually produce.

For Azerbaijan, the picture is different. Baku got its peace deal, and on terms that validated years of strategic patience. Border delimitation is slowly progressing – around 12 kilometres have been delimited so far⁶⁰ – and Azerbaijan began exporting fuel to Armenia by rail through Georgia in late 2025,⁶¹ marking the first such export in decades. These are concrete signs of normalisation on the ground. But the EU–Azerbaijan relationship remains transactional at best. Baku has energy ties with Europe

⁵⁵ Asbarez, "EU Armenia Mission Begins New Mandate, Extended to 2027," February 20, 2025, <https://asbarez.com/eu-armenia-mission-begins-new-mandate-extended-to-2027/>

⁵⁶ Armenpress, "2025 Marked First Year since Independence without Armenia–Azerbaijan Gunfire Casualties – PM," accessed August 5, 2026, <https://armenpress.am/en/article/1243189/amp>

⁵⁷ Armenpress, "Strategic Agenda for the EU-Armenia Partnership Published: Key Takeaways," December 3, 2025, <https://armenpress.am/en/article/1236691>

⁵⁸ European Commission, Directorate-General for Migration and Home Affairs, "Commission Presents Action Plan on Visa Liberalisation with Armenia," November 5, 2025, https://home-affairs.ec.europa.eu/news/commission-presents-action-plan-visa-liberalisation-armenia-2025-11-05_en

⁵⁹ EU Neighbours East, "First Ever EU-Armenia Summit to Take Place on 4–5 May 2026," accessed August 5, 2026, <https://euneighbourseast.eu/news/latest-news/first-ever-eu-armenia-summit-to-take-place-on-4-5-may-2026/>

⁶⁰ "Security Council Secretary: Armenia-Azerbaijan Border Delimitation Process Not Idle," *News.am*, May 29, 2025, <https://news.am/eng/news/885208.html>

⁶¹ Euronews, "Azerbaijan Begins Fuel Exports to Armenia by Rail for First Time in Decades," December 18, 2025, <https://www.euronews.com/2025/12/18/azerbaijan-begins-fuel-exports-to-armenia-by-rail-for-first-time-in-decades>

it wants to preserve, but it has no particular interest in deepening political integration with Brussels.

So, where does all of this leave the EU? In some ways, the outcome of the past year vindicates parts of the argument made in this chapter. Peace came through bilateral negotiations and direct US involvement, not through EU mediation – a clear sign that the Brussels track had reached its limits. But the EU's longer-term bet, that drawing Armenia closer to Europe would serve both sides, looks increasingly like it is paying off. The challenge now is managing the asymmetry: Brussels has a deepening partnership with one party to the conflict but not the other, and must find ways to remain a useful player in the broader regional picture without making that gap even wider. It is a moment of real possibility for Armenia's European future. Whether it also moves the needle with Baku is a much harder question.

Chapter 4: Azerbaijan – EU Energy Relations: Building Stability in an Uncertain Geopolitical Environment

Beyrak Hajiye

Azerbaijan – EU energy relations reflect a structural and geopolitical necessity forged through mutual dependence, positioning Azerbaijan as a stable and reliable energy partner for the bloc. The EU remains structurally vulnerable to external energy supply disruptions, historically relying on resources that transit through highly volatile regions or originate from unpredictable, politically leveraged suppliers. In this context, establishing secure, diverse, and direct energy supply routes has become a core strategic priority for Brussels. Concurrently, Europe has served as Azerbaijan's primary energy export market. By developing its infrastructure along a distinct westward orientation, Baku has successfully secured direct access to global markets, underpinning its own economic sovereignty and political independence while strategically reducing its reliance on Russian-controlled transit networks.

While energy has long been the bedrock of this bilateral relationship, the partnership is currently undergoing a systemic transformation. Driven by rapid geopolitical realignments, shifting market pressures, and the accelerating global transition toward a low-carbon economy, what began as a transactional, commodity-based exchange of hydrocarbons is evolving into a broader, multi-dimensional strategic alliance.

Today, this contemporary relationship is anchored in massive, high-impact energy infrastructure networks important for European energy security. The legacy Baku–Tbilisi–Ceyhan (BTC) pipeline remains a vital artery for liquid fuels, consistently transporting approximately 17–20 million tons of crude oil annually directly to European markets.⁶² Simultaneously, the Southern Gas Corridor (SGC) has solidified its role as a cornerstone of the EU's supply diversification strategy. In 2025, this network delivered roughly 12.8 billion cubic meters (bcm) of natural gas to European consumers, providing a critical buffer against continental supply deficits.⁶³ Looking beyond traditional hydrocarbons, Azerbaijan is progressively bolstering its profile, positioning itself as a pivotal regional transit hub and a potential exporter of clean energy through ambitious, emerging green electricity corridors designed to link the high-yield renewable potential of the Caspian region directly with Central and Eastern Europe.

Despite this momentum, the partnership faces several structural challenges. First, a strategic mismatch exists: the EU's climate goals make it reluctant to invest in hydrocarbon infrastructure or sign long-term deals, whereas Azerbaijan requires these exact commitments and capital injections to fund its costly gas expansion. Second, the relationship must navigate a dual volume squeeze as Azerbaijan's declining legacy oil production coincides with falling European fossil fuel demand. Finally, Azerbaijan's green export ambitions are constrained by the prohibitive costs of modernizing its legacy, fossil-fuel-centric electricity grid to handle intermittent renewable power.

⁶² Interfax, "EU Countries Cut Oil Imports from Azerbaijan 15% in 2024 to 17.3 Mln Tonnes," March 7, 2025, <https://interfax.com/newsroom/top-stories/110237/>

⁶³ Reuters, "Azerbaijan Starts Natural Gas Supplies to Germany and Austria," January 16, 2026, <https://www.reuters.com/business/energy/azerbaijan-starts-natural-gas-supplies-germany-austria-2026-01-16/>

This chapter examines the evolving dynamics of Azerbaijan –EU energy cooperation, with a focus on the stabilizing role of gas, the gradual repositioning of oil, and the growing importance of renewable energy and transit connectivity in shaping the future trajectory of the partnership.

Background and strategic context

The partnership between the European Union and Azerbaijan took shape and began anchoring in the late 1990s, driven by European efforts to diversify its energy mix amid intensifying global supply volatilities/instabilities. This relationship was formally institutionalized through the 1996 Partnership and Cooperation Agreement (PCA), which designated the energy sector as a core pillar of bilateral relations, signaling Europe's recognition of the Caspian region's long-term potential.⁶⁴

During this formative era, the development of Azerbaijan's Caspian infrastructure gained vital momentum from U.S. political and security backing, which sharpened significantly following the launch of military operations in Afghanistan and Iraq.⁶⁵ As Washington increasingly relied on Baku as a critical overflight and logistical transit corridor to sustain these frontline military campaigns, safeguarding Caspian energy export routes evolved into a shared Euro-Atlantic strategic priority. Ultimately, this geopolitical alignment paved the way for the Western investment, technology, and financing required to construct the major pipeline networks connecting Caspian resources directly to European markets.

Bilateral engagement deepened further following the January 2006 Russia–Ukraine gas dispute, an event that starkly exposed European energy vulnerability.⁶⁶ In response to this crisis, the EU signed a Memorandum of Understanding (MoU) on energy cooperation with Azerbaijan in November 2006. This agreement established clear priority areas for systemic integration, specifically targeting the harmonization of energy legislation, the enhancement of supply and transit security, the development of renewable energy sources, and institutional capacity-building via technical cooperation and energy efficiency initiatives.

Energy cooperation was further consolidated in 2009 with the launch of the Eastern Partnership. This institutional mechanism firmly embedded Azerbaijan within the EU's broader multilateral framework for regional energy security and regulatory alignment. By bridging bilateral initiatives with regional connectivity programs, the framework helped transition Azerbaijani energy from a localized alternative into a structural component of European energy planning, setting the stage for major infrastructure development over the subsequent decade.

⁶⁴ Council of the European Union, "Partnership and Cooperation Agreement between the European Communities and Their Member States, of the One Part, and the Republic of Azerbaijan, of the Other Part," signed April 22, 1996, entered into force July 1, 1999, <https://www.consilium.europa.eu/en/documents/treaties-agreements/agreement/?id=1996014&DocLanguage=en>

⁶⁵ Luke Coffey, "A Secure and Stable Caspian Sea Is in America's Interest," *Heritage Foundation Backgrounder*, no. 3070 (December 4, 2015), <https://www.heritage.org/node/10790/print-display>

⁶⁶ Jonathan Stern, "The Russian-Ukrainian Gas Crisis of January 2006," *Oxford Institute for Energy Studies*, January 16, 2006, <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/01/Jan2006-RussiaUkraineGasCrisis-JonathanStern.pdf>

These strategic efforts were materially embodied in the 2011 Joint Declaration on the Southern Gas Corridor (SGC). Underscoring its vital importance, the European Commission included the SGC in its list of Projects of Common Interest (PCI) in November 2017, officially designating it a priority infrastructure priority.⁶⁷ The project ultimately culminated in its full operationalization in 2020. This milestone marked a fundamental structural shift in Eurasian energy dynamics by establishing a direct, physical link between the Caspian Sea and European markets, finally realizing the decades-long strategic ambition of a secure, independent southern supply route. However, this established relationship entered an entirely new paradigm following Russia's full-scale invasion of Ukraine in February 2022.

This geopolitical shock drastically compressed Europe's diversification timeline, prompting European Commission President Ursula von der Leyen's visit to Baku in July 2022 to sign a new MoU on a Strategic Partnership in the Field of Energy. During the ceremony, Von der Leyen explicitly lauded Azerbaijan as a "reliable, trustworthy partner" essential for European supply security.⁶⁸ Consequently, this agreement not only committed to doubling gas exports to 20 billion cubic meters annually by 2027 but also fundamentally expanded cooperation to encompass green hydrogen and cross-border electricity interconnections.

The EU's energy system is undergoing structural change driven by rising costs, geopolitical disruptions, and accelerating decarbonization. The Draghi Report highlights a persistent "energy gap" undermining EU competitiveness, with industrial electricity prices 2–3 times and gas prices 4–5 times higher than in the US and China.⁶⁹ This gap reflects import dependence, infrastructure bottlenecks, and market inefficiencies, with the EU's reliance on external energy remaining at around 60%.

These structural weaknesses have been exacerbated by the rapid reconfiguration of supply following Russia's invasion of Ukraine. In 2021, Russian pipeline gas accounted for approximately 40% of the EU imports, but by 2024 its share had fallen to around 6%. A similar decline is observed in crude oil, where Russian imports dropped from 27% to just 4% over the same period.

At the same time, global energy markets have become increasingly volatile. Around 20% of global oil and LNG trade passes through the Strait of Hormuz, making it a critical vulnerability.⁷⁰ Recent disruptions in this corridor triggered a record 400-million-barrel emergency release coordinated by the International Energy Agency, underscoring the fragility of maritime supply chains and reinforcing the strategic value of overland pipeline routes. In parallel, the EU has accelerated its energy transition under the European Green Deal and REPowerEU. By 2025, renewables generated about 47% of EU electricity, with wind and solar surpassing fossil fuels for the first

⁶⁷ European Investment Bank, "The Southern Gas Corridor and the Trans Adriatic Pipeline (TAP)," February 6, 2018, <https://www.eib.org/en/press/topical-briefs/all/southern-gas-corridor-trans-adriatic-pipeline-tap>

⁶⁸ Ursula von der Leyen, "Statement by President von der Leyen with Azerbaijani President Aliyev," *European Commission, Directorate-General for Neighbourhood and Enlargement Negotiations*, July 18, 2022, https://enlargement.ec.europa.eu/news/statement-president-von-der-leyen-azerbaijani-president-aliyev-2022-07-18_en

⁶⁹ Mario Draghi, *The Future of European Competitiveness, Part A: A Competitiveness Strategy for Europe* (Luxembourg: Publications Office of the European Union, 2025), https://commission.europa.eu/document/download/97e481fd-2dc3-412d-be4c-f152a8232961_en

⁷⁰ International Energy Agency, "Strait of Hormuz," accessed June 29, 2026, <https://www.iea.org/about/oil-security-and-emergency-response/strait-of-hormuz>

time. The EU targets a 42.5% share for renewables in gross final energy consumption by 2030. However, the transition remains incomplete and uneven. Oil continues to account for around 38% of the EU's energy mix, while natural gas contributes approximately 21%, maintaining its role as a critical “bridge fuel” for industrial processes and system balancing.⁷¹ In 2024, oil represented 67% of total EU energy imports, followed by natural gas at 24%, highlighting the continued centrality of hydrocarbons despite policy commitments to decarbonization.

Within this context, Azerbaijan has emerged as a strategically important partner in the EU's diversification strategy, supplying 17–20 million tons of oil annually (around 4% of EU imports) and 12.8 bcm of gas in 2025, up from 8.15 bcm in 2021. Gas exports are targeted to reach 20 bcm annually by 2027 under the 2022 EU–Azerbaijan MoU. Beyond supply volumes, Azerbaijan's importance lies in its infrastructure and geography. The Southern Gas Corridor (SGC) – a 3,500 km pipeline system – connects the Caspian basin directly to European markets, while the Baku–Tbilisi–Ceyhan (BTC) pipeline has a capacity of 1 million barrels per day. These routes bypass both Russian territory and high-risk maritime chokepoints, providing a secure, land-based energy corridor.

Azerbaijan is also increasingly functioning as a transit hub for third-country resources. In early 2026, around 16.9% of BTC throughput came from Kazakh and Turkmen oil, with volumes expected to reach 7 million tonnes annually by 2027.⁷² At the same time, projects such as the 1,195 km Black Sea Submarine Cable, designed to transmit up to 4 GW of renewable electricity, signal a broader shift toward electricity trade and green energy integration.

Altogether, these dynamics elevate Azerbaijan beyond a conventional supplier. While its share of EU imports remains modest, its strategic importance is disproportionately high, as it drives diversification, enhances supply reliability, and anchors emerging energy corridors stretching from Central Asia into Europe's evolving energy security architecture.

Current Landscape

Oil

Historically, oil has served as the foundation of the EU–Azerbaijan relations, establishing Azerbaijan as a consistent and reliable crude exporter since the early 2000s. Supported by Caspian offshore production and infrastructure reaching the Mediterranean, this relationship has shaped the broader patterns of trade and investment between the two partners. Even as the EU's policy focus shifts toward decarbonization and gas diversification, Azerbaijani oil remains a vital contributor to Europe's supply security and route diversification.

The EU is the primary destination for Azerbaijan's crude oil exports. The EU–Azerbaijan oil trade is highly concentrated geographically in the south. Italy is the key

⁷¹ Eurostat, *Energy in Europe—2026 Edition*, interactive publication (Luxembourg: Eurostat, 2026), accessed June 29, 2026, <https://ec.europa.eu/eurostat/web/interactive-publications/energy-2026>

⁷² Interfax, “Kazakh Oil Transit via BTC Pipeline Could Rise to 7 Mln Tpy by 2027—Azerbaijani Energy Minister,” October 14, 2025, <https://interfax.com/newsroom/top-stories/114272/>

buyer, frequently absorbing over 50% of total exports.⁷³ Other notable importers include Germany, the Czech Republic, Croatia, Portugal, Spain, Romania, Austria, Denmark, Ireland, and Greece. This strategic alignment is reinforced by SOCAR's substantial downstream presence along the Mediterranean. The state company controls approximately 22 million tons of annual refining capacity, primarily through the STAR Refinery (12–13 million tons) and Italiana Petroli (10 million tons).⁷⁴ The latter also manages a nationwide logistics network for bitumen, aviation fuel, and lubricants. SOCAR's ownership of refineries makes Azerbaijan a "security partner" rather than just a "commodity seller".

The EU–Azerbaijan oil trade is anchored by the Baku–Tbilisi–Ceyhan (BTC) pipeline, the primary export artery for the offshore Azeri–Chirag–Gunashli (ACG) field. With a capacity of 1 million barrels per day, the BTC provides direct, geopolitically independent access to the European markets.

The geopolitical importance of Azerbaijani oil has intensified following the EU's pivot away from Russian crude. This shift, coupled with recent instability in the Strait of Hormuz and the historic 400-million-barrel IEA release in March 2026, has underscored the fragility of global supply. In this volatile climate, Azerbaijan's value lies in its political stability and secure, pipeline-based delivery routes that bypass high-risk maritime chokepoints, bolstering European energy resilience.

Natural gas

Natural gas has become the central pillar of EU–Azerbaijan energy relations and a key “bridge fuel” for European energy security. Since the start of commercial exports on 31 December 2020, it has supported EU diversification and provided Azerbaijan with stable, long-term revenues and broader market access. This partnership has provided a strategic buffer against the volatility of global markets.

The physical foundation of gas cooperation is the Southern Gas Corridor (SGC), a 3,500-km pipeline. It consists of three distinct, scalable segments: the South Caucasus Pipeline (SCP) with a 24 bcm capacity, the Trans-Anatolian Pipeline (TANAP) with 16 bcm, which is expandable to 31 bcm, and the Trans Adriatic Pipeline (TAP) with 10 bcm, which can reach a capacity of 20 bcm. Construction of the Corridor was enabled by a coalition of international finance, including €1.5 billion from the EIB and over \$1.5 billion from the EBRD, alongside contributions from the World Bank and Asian Development Bank.⁷⁵ The pipeline is primarily fuelled by the offshore Shah Deniz gas-condensate field.

The 12.8 bcm imported via SGC in 2025 accounts for approximately 5% of total EU gas imports, establishing Azerbaijan as one of the bloc's top five suppliers. The 2022 MoU set a target to expand the Southern Gas Corridor's annual capacity to 20 bcm by

⁷³ Nazrin Sadigova, “Italy Leads as Azerbaijan's Oil Exports Shift across Europe in 2025,” *Caliber.Az*, January 21, 2026, <https://caliber.az/en/post/italy-leads-as-azerbaijan-s-oil-exports-shift-across-europe-in-2025>

⁷⁴ Nailia Baghirova and Francesca Landini, “Azerbaijan's SOCAR Signs Deal to Buy Refiner Italiana Petroli,” *Reuters*, September 23, 2025, <https://www.reuters.com/business/energy/azerbaijans-socar-signs-deal-buy-refiner-italiana-petroli-2025-09-23/>

⁷⁵ Morena Skalamera, “The Southern Gas Corridor and the New Geopolitics of Climate Change,” *Baku Dialogues* (2021), <https://bakudialogues.idd.az/articles/the-southern-gas-corridor-and-the-new-geopolitics-of-climate-change-10-04-2021>

2027. While a 5% market share might seem small compared to historical norms, its strategic weight is disproportionately high. It provides the primary mechanism for Southeast European and Balkan states to eliminate structural, single-source dependencies that have historically limited their economic and political manoeuvrability.⁷⁶

Baku's gas potential is further strengthened by several major offshore assets in the Caspian Sea. These include the Absheron gas-condensate field, with estimated reserves of around 350 billion cubic meters (bcm) of gas and 45 million tons of condensate; the Umid-Babek structure, which contains approximately 200 bcm of natural gas and is being developed by SOCAR to support domestic and regional demand; and the Shafag-Asiman deepwater block, a frontier project with preliminary estimates indicating a resource base of about 500 bcm of gas and around 65 million tons of condensate.

This resource base is expected to expand further through newly unlocked reserves, a development highlighted during Baku Energy Week in June 2026. At the event, BP, the operator of the Azeri-Chirag-Gunashli (ACG) oil field, announced the start of the first commercial production of non-associated gas (NAG) from the field.⁷⁷ The initial well, drilled from the West Chirag platform, accesses previously untapped gas reservoirs beneath the oil structure, with estimated recoverable volumes of around 4 trillion cubic feet and potential upside of up to 6 trillion cubic feet. This development effectively transforms ACG into a more integrated oil and gas asset, adding a new production stream that strengthens Azerbaijan's medium-term export capacity to European markets.

The geographical reach of Azerbaijani gas is extensive. Italy serves as the primary gateway, absorbing over 9 bcm annually.⁷⁸ With the 2026 addition of Germany and Austria, the SGC has moved from a "Southern" regional project to a "Pan-European" strategic asset. Beyond the borders of the Union, Azerbaijani infrastructure functions as a critical energy lifeline for EU accession and candidate countries. By integrating countries such as Serbia, Albania, North Macedonia, and Bosnia and Herzegovina into the Southern Gas Corridor, Baku effectively supports the EU's broader goal of regional stability and economic integration.

Since 2015, the Ministerial Meetings of the Southern Gas Corridor (SGC) Advisory Council have served as the bedrock of institutional cooperation between Baku and Brussels. The most recent gathering, the 12th Ministerial Meeting held on March 3, 2026, underscored the Council's role in maintaining an agile partnership. By convening government officials and industry leaders, the forum effectively addresses technical challenges, infrastructure bottlenecks, and the synchronization of regulatory frameworks.

⁷⁶ Toghrul Ali, "Azerbaijan Strengthens Commitment to Double Gas Exports to Europe," *Caspian Policy Center*, March 8, 2024, <https://www.caspianpolicy.org/research/regional-south-caucasus/azerbaijan-strengthens-commitment-to-double-gas-exports-to-europe>

⁷⁷ BP, "ACG Celebrates First Non-Associated Gas," press release, June 1, 2026, <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/acg-celebrates-first-non-associated-gas.html>

⁷⁸ Akbar Novruz, "Italy's Energy Strategy Turns Northbound as Caspian Gas Flows Rise," *AzerNews*, May 1, 2026, <https://www.azernews.az/analysis/257824.html>

Renewables

Renewable energy has rapidly ascended as the next frontier of EU–Azerbaijan cooperation. Following the 2022 MoU on a Strategic Energy Partnership, green energy was formalized as the third pillar, with the Green Energy Advisory Council serving as the main coordination platform. The 4th Ministerial Meeting in Baku in early 2026 reaffirmed green energy’s status as a strategic priority for both sides.

Azerbaijan is aligning its domestic policy with the EU’s climate objectives, supported by the EU–Azerbaijan Multiannual Indicative Programme (2021–2027), which prioritizes green transition and sustainable connectivity. In 2024, Azerbaijan joined the Global Methane Pledge, committing to emissions reduction, and reinforced this direction at COP29 in Baku by presenting its National Adaptation Plan.⁷⁹

On a national level, the "Socio-Economic Development Strategy 2022–2026" identifies "clean environment and green growth" as a top priority. The government aims for a 40% renewable share in the total electricity mix by 2030.⁸⁰ The 2021 Law on Renewable Energy provided legal certainty required for Power Purchase Agreements (PPAs), successfully opening Azerbaijan’s market to foreign direct investments.

The current phase of development is defined by utility-scale generation led by international majors. The 230 MW Garadagh Solar Power Plant, developed by Masdar, was fully commissioned in early 2026.⁸¹ By generating 500 million kWh annually, this plant saves 110 mcm of gas. This 'gas-substitution' model enables Azerbaijan to increase exports to Europe while meeting domestic demand with renewables.

Wind energy has seen similar rapid scaling. The 240 MW Khizi–Absheron Wind Farm, commissioned in 2024 by ACWA Power, represents the first time a foreign entity operated as an Independent Power Producer (IPP) in Azerbaijan’s wind sector. The technical potential is substantial, with 27 GW of onshore wind and solar capacity and an estimated 157 GW of offshore wind potential in the Caspian Sea.

The Garadagh Solar and Khizi–Absheron Wind projects are not merely climate goals; they are export enablers. Every megawatt of renewable power generated domestically frees up equivalent volumes of natural gas for export to the EU, allowing Azerbaijan to upscale exports without increasing its overall carbon footprint.

The most ambitious project within this partnership is the Black Sea Submarine Cable. This 1,195-kilometer undersea link will connect Azerbaijan and Georgia directly to Romania and Hungary. The project is designed to transmit 4 GW of renewable power, with feasibility studies reaching their final implementation stages in 2026. During the 11th Ministerial Conference in 2025, President Ilham Aliyev expressed his certainty

⁷⁹ Global Methane Pledge, "Factsheet: 2024 Global Methane Pledge Ministerial," press release, November 2024, <https://www.globalmethanepledge.org/news/factsheet-2024-global-methane-pledge-ministerial>

⁸⁰ National Coordination Council on Sustainable Development of the Republic of Azerbaijan, "Accelerated Pathways to SDG Progress: Azerbaijan’s National Commitments for Sustainable Development and SDG Advancement," *United Nations Department of Economic and Social Affairs, SDG Acceleration Actions*, accessed June 29, 2026, <https://sdgs.un.org/partnerships/accelerated-pathways-sdg-progress-azerbaijans-national-commitments-sustainable>

⁸¹ Ministry of Energy of the Republic of Azerbaijan, "The Use of Renewable Energy Sources in Azerbaijan," last modified March 31, 2026, <https://minenergy.gov.az/en/alternativ-ve-berpa-olunan-enerji/azerbaycanda-berpa-olunan-enerji-menbelerinden-istifade>

that the initiative would be granted Project of Common Interest (PCI) status.⁸² This strategic vision has since been realized, and the project now officially holds this status.

The PCI status transforms the Black Sea Submarine Cable into a vital component of the trans-European energy network. This designation accelerates the project through fast-tracked permitting and streamlined regulatory approvals across national borders. Critically, it provides access to Connecting Europe Facility (CEF) co-financing and de-risks the initiative for international investors. Beyond funding, the PCI framework ensures regulatory harmonization and the use of Green Certificates, verifying the 4 GW of transmitted power as carbon neutral.

The 12th Southern Gas Corridor and 4th Green Energy Advisory Council meetings in 2026 confirmed that current plans are backed by binding contracts.⁸³ Azerbaijan expects to generate between 6 and 8 GW of renewable power by 2032, a capacity that is essential for decarbonizing Europe.

The partnership also looks toward the future of green hydrogen. The 2026 Ministerial discussions highlighted plans to utilize existing Southern Gas Corridor infrastructure for hydrogen blending, ensuring that pipelines remain relevant even as Europe transitions away from methane. This dual-layered strategy allows Azerbaijan to remain a reliable source of traditional gas while simultaneously becoming part of a new green energy ecosystem.

Transit

As a strategic transit hub, Azerbaijan links Central Asian resources to European markets, serving as a cornerstone of the EU's €12 billion Global Gateway initiative. By offering a secure, non-Russian corridor, Azerbaijan facilitates the growing flow of third-party oil and gas while simultaneously developing infrastructure for future renewable electricity transit.

The transit of third-party oil has seen immediate and substantial growth. In the first two months of 2026 alone, oil transit from Kazakhstan and Turkmenistan through Baku accounted for nearly 17% of the Baku-Tbilisi-Ceyhan (BTC) pipeline's total throughput.⁸⁴ Building on the 1.2 million tons of Kazakh crude transited in 2025, Azerbaijan is prepared to increase this volume to 2.2 million tons in the short term, with projections suggesting capacity could reach 7 million tons annually by 2027.

Along with liquid fuels, Azerbaijan's infrastructure is central to the EU's strategy for natural gas diversification. The existing export network provides the logical foundation for the proposed Trans-Caspian Gas Pipeline, which aims to connect Turkmenistan's massive gas reserves directly to Europe.⁸⁵

The most forward-looking dimension of this hub is the 3,000-km long "Green Bridge." The Green Corridor Alliance joint venture was officially registered in Baku on

⁸² Renewables.az, "Black Sea Energy Project Receives Status of PMI by European Commission," December 2, 2025, <https://renewables.az/en/news/black-sea-energy-receives-status-of-pmi-by-ec>

⁸³ Ilham Aliyev, "Speech by Ilham Aliyev at the 12th Southern Gas Corridor Advisory Council Ministerial Meeting and 4th Green Energy Advisory Council Ministerial Meeting" (speech, Baku, March 3, 2026), President of the Republic of Azerbaijan, <https://president.az/en/articles/view/71779>

⁸⁴ Caspian Post, "Turkmen and Kazakh Oil Transit Hits 680K Tons through Baku," March 24, 2026, <https://caspianpost.com/turkmenistan/turkmen-and-kazakh-oil-transit-hits-680k-tons-through-baku>

⁸⁵ Stefan Hedlund, "Trans-Caspian Pipeline Plan Gaining Critical Momentum," *GIS Reports*, March 16, 2026, <https://www.gisreportsonline.com/r/trans-caspian-pipeline-momentum/>

2 July 2025, following a strategic partnership agreement signed by Azerbaijan, Kazakhstan, and Uzbekistan at the COP29 climate conference in November 2024. The primary goal of this partnership is to create a synchronized energy corridor that links the renewable potential of Central Asia with European markets.

Challenges and Structural Tensions

The Azerbaijan–EU energy partnership faces structural, financial, and technical challenges. As the EU accelerates its low-carbon transition, hydrocarbon cooperation is constrained by maturing fields and stricter climate rules, while renewables are limited by Azerbaijan's centralized grid. This creates a “policy gap” between strategic goals and implementation capacity.

Despite Azerbaijan's long-standing role as a reliable crude supplier, the oil relationship is increasingly defined by structural decline and a shrinking long-term market in Europe. The primary physical constraint is the natural depletion of Azerbaijan's “crown jewel” fields, specifically the Azeri-Chirag-Gunashli (ACG) complex.

Between 2010 and 2024, Azerbaijan's crude production declined from 50.7 to about 29 million tons, stabilizing at roughly 27.5 million tons in 2025. Exploration has shifted from “mega-field” discovery to managing decline in existing assets, with projects like the Karabakh offshore field (50–60 million tons, expected by 2029) seen mainly as replacements rather than growth drivers.⁸⁶

Simultaneously, EU crude demand is structurally declining under the European Green Deal, with petroleum imports falling by 6.6% in the first nine months of 2025.⁸⁷ As electrification and efficiency improve, external suppliers face increasing competition in a shrinking market that is progressively shaped by carbon intensity criteria, reducing long-term growth prospects for Azerbaijani crude.

A notable point of tension has emerged in EU–Azerbaijan energy relations regarding the financing of hydrocarbon infrastructure, fueled by a “chicken-and-egg” dilemma over capacity expansion and contractual commitments. President Ilham Aliyev has frequently criticized the EU's restrictions on fossil fuel funding as inconsistent with its reliance on Azerbaijani energy.⁸⁸ He points out that Baku's major projects historically thrived on a financing model of 70% external borrowing and 30% corporate equity, insisting that European financial institutions must return to this framework to ensure sustained upstream development and shared investment risk.

This funding friction severely complicates plans to double gas exports to 20 bcm by 2027. Meeting this target requires massive upgrades to the Southern Gas Corridor, including the expansion of the Trans Adriatic Pipeline (TAP), which is already operating near maximum capacity. While TAP's capacity was recently extended

⁸⁶ Joshua Bernard-Pearl, “Baku's Power Play: Why Azerbaijan Is Doubling Down on Oil and Diversifying into Solar,” *Caspian Policy Center*, June 20, 2025, <https://www.caspianpolicy.org/research/azerbaijan/bakus-power-play-why-azerbaijan-is-doubling-down-on-oil-and-diversifying-into-solar>

⁸⁷ Aparupa Mazumder, “Crude Oil Imports into the European Union Declined in 2025 — Eurostat,” *ENGINE*, January 20, 2026, <https://www.engine.online/news/crude-oil-imports-into-the-european-union-declined-in-2025-eurostat-7670/>

⁸⁸ Ilham Aliyev, “International Forum Themed ‘Facing the New World Order’ Was Held at ADA University with Participation of Ilham Aliyev”, ADA University, Baku, April 9, 2025, <https://president.az/en/articles/view/68514>

slightly by 1.2 bcm following the completion of its first-phase debottlenecking in 2025, reaching the full target still necessitates an additional, capital-intensive expansion. Unlocking the capital for these larger engineering upgrades is further hindered by rising EU methane and carbon standards, which significantly increase compliance costs and regulatory complexity compared to the project's initial phase.

Compounding these structural hurdles is a fundamental contractual deadlock between the two parties. Azerbaijan requires 15-to-25-year take-or-pay contracts to justify its long-term upstream investments, whereas the EU favors short-term, flexible arrangements due to uncertainties surrounding its green energy transition. This mismatch was underscored when the TAP Market Test concluded in 2025 without any new long-term capacity allocations.⁸⁹ Consequently, while Aliyev acknowledges the EU as a "premium market," he has increasingly warned that Azerbaijan retains the capacity to pivot to eastern and southern markets—a strategic stance designed to secure alternative investment and strengthen Baku's negotiating leverage.⁹⁰

Highlighting this strategic pivot, Baku and Ankara recently formalized a major 15-year sales and purchase agreement at Baku Energy Week, committing a total of 33 bcm of natural gas to the Turkish market.⁹¹ Drawing from Phase 2 of the offshore Absheron gas-condensate field, the deal locks in predictable, long-term deliveries of 2.25 bcm annually starting in 2029 and running into the 2040s. Signed by SOCAR and BOTAS alongside project partners TotalEnergies and ADNOC, the contract provides Azerbaijan with the exact long-term take-or-pay security it requires to justify upcoming final investment decisions, explicitly demonstrating Baku's ability to bypass Brussels' regulatory hesitation by anchoring its upstream expansion in reliable regional partnerships.

Ultimately, the prevailing uncertainty surrounding infrastructure investment and long-term demand guarantees continues to constrain upstream production. Although Azerbaijan's total output reached 51.5 bcm in 2025, its export capacity remains heavily dependent on the Shah Deniz field. This reliance is underscored by the consortium's recent \$2.9 billion final investment decision on a compression project aimed at accessing low-pressure reserves and sustaining production as the field approaches a plateau. While newer developments—such as the Absheron field (currently producing around 1.6 bcm with potential to scale up to 6 bcm), along with prospective volumes from Azeri–Chirag–Gunashli, Umid, Babek, and deep gas from ACG—offer considerable future potential, the absence of firm final investment decisions (FIDs) renders their timelines uncertain.⁹² Under these conditions, experts suggest, the 2027 export target of 20 bcm appears overly ambitious, with a plateau closer to 16 bcm

⁸⁹ "TAP Managing Director Emphasizes Strategic Role of TAP in EU Energy Diversification, Decarbonization, and Security amid Expansion," *Caucasus Watch*, March 2, 2026, <https://caucasuswatch.de/en/news/tap-managing-director-emphasizes-strategic-role-of-tap-in-eu-energy-diversification-decarbonization-and-security-amid-expansion.html>

⁹⁰ Ilham Aliyev, "Ilham Aliyev Was Interviewed by Euronews TV in Davos," interview by Euronews, January 20, 2026, official website of the President of the Republic of Azerbaijan, <https://president.az/en/articles/view/71342>

⁹¹ Firuza Vahid, "Azerbaijan and Türkiye Ink Agreement on 33 Bcm of Gas Supply," *APA*, January 4, 2026, <https://en.apa.az/energy-and-industry/azerbaijan-and-turkey-sign-agreement-on-33-billion-cubic-meters-of-gas-supply-488052>

⁹² Michael Kern, "TotalEnergies Finalizes Plan for Azeri Absheron Field's Second Phase," *OilPrice.com*, March 16, 2026, <https://oilprice.com/Latest-Energy-News/World-News/TotalEnergies-Finalizes-Plan-for-Azeri-Absheron-Fields-Second-Phase.html>

representing a more plausible outcome as Azerbaijan increasingly secures alternative markets.

Finally, the EU's 2026 PCI/PMI lists signal a move away from traditional gas.⁹³ Support is now largely reserved for "smart gas grids" capable of hydrogen blending. This shifts the goalposts for Azerbaijan, which must now prove that its infrastructure is "transition-ready" to secure EU institutional support.

Modernizing Azerbaijan's grid for renewables is a major challenge. The system is currently centralized around fossil-fuel generation in hubs like Baku, while wind and solar projects are often located in remote areas with limited transmission infrastructure. Transitioning to a decentralized model therefore requires a costly, large-scale upgrade of the national grid.

Fossil-fuel plants provide stable, dispatchable power and grid inertia, while solar and wind are variable and can create fluctuations that destabilize the system. Azerbaijan's legacy grid lacks the "smart" balancing capacity needed for automatic adjustment, making Battery Energy Storage Systems (BESS) essential to prevent frequency imbalances and blackouts.⁹⁴ This transition is already beginning with the commissioning of the first BESS facility.

While the 2021 Renewable Energy Law enabled FDI and PPAs, the sector remains largely dominated by state-owned Azerenerji.⁹⁵ Greater market liberalization is needed to attract private investment and support grid digitalization. In addition, environmental risks such as the shrinking of the Caspian Sea may affect coastal infrastructure and the cooling systems of thermal plants required during the transition.

Conclusion: Outlook and Strategic Implications

The trajectory of EU–Azerbaijan energy relations is entering a phase of strategic recalibration, increasingly focused on optimizing gas, scaling renewable energy, and gradually repositioning oil. While hydrocarbons remain indispensable for short-term energy security, the long-term resilience of the partnership will depend on aligning infrastructure, investment models, and regulatory frameworks with the EU's decarbonization objectives. Overall, the future of the partnership will depend on effectively integrating these parallel trajectories—maintaining gas as a bridge, accelerating renewables as the destination, managing oil's decline within a coherent and coordinated strategic framework, and strengthening Azerbaijan's role as a critical transit hub linking Central Asia and Europe's evolving energy system.

⁹³ European Climate, Infrastructure and Environment Executive Agency (CINEA), "PCI-PMI Transparency Platform Publishes Data from Projects from the 2nd PCI and PMI List," European Commission, April 29, 2026, https://cinea.ec.europa.eu/news-events/news/pci-pmi-transparency-platform-publishes-data-projects-2nd-pci-and-pmi-list-2026-04-29_en

⁹⁴ Akbar Novruz, "Azerbaijan Advances Renewable Energy with Largest Battery Storage System in Region," *AzerNews*, September 4, 2025, <https://www.azernews.az/business/246968.html>

⁹⁵ Farid Guliyev, "Renewable Energy Targets and Policies in Traditional Oil-Producing Countries: A Comparison of Azerbaijan and Kazakhstan," *Journal of Eurasian Studies* 15, no. 1 (2024): 110–24, <http://dspace.khazar.org/bitstream/20.500.12323/6668/1/Renewable%20Energy%20Targets%20and%20Policies%20in%20Traditional%20Oil-Producing%20Countries%20A%20Comparison%20of%20Azerbaijan%20and%20Kazakhstan.pdf>.

Chapter 5: From Rhetoric to Infrastructure: Azerbaijan-EU Transport Cooperation

Mahammad Mammadov

The EU and Azerbaijan are natural partners on transport connectivity. For Europe seeking alternative routes eastward, Azerbaijan's location at the intersection of transcontinental land corridors makes it a partner of growing geopolitical significance. This weight has only increased during critical junctures in EU-Russia relations – Russia's annexation of Crimea in 2014 and its full-scale invasion of Ukraine in 2022 – as the destabilization of the northern route elevated the geoeconomic importance of trans-Caspian connectivity for EU-China rail trade. Brussels has long treated transport partnerships with its eastern neighbors, including Azerbaijan, as instruments for projecting influence through gradual regulatory and technical harmonization. At the same time, the EU framed the revival of transport links among Eastern Partnership countries — and between them and the EU — as a region-building project, deploying financial and technical support to foster stability through shared connectivity.

For Azerbaijan, reliable trade routes to Europe are not merely logistical conveniences — they are instruments of balanced foreign policy. Deepening ties with its largest trading partner while positioning itself as the region's crucial transit hub has long been a cornerstone of Baku's national strategy. Growing interdependence, in theory, brings Azerbaijan and the EU into a shared framework, compelling both sides to be more sensitive to each other's regional priorities. Since the early 1990s, Azerbaijan has anchored its transport partnership with the EU to the broader ambition of reinforcing the Western vector of its multivector foreign policy. At the domestic level, the logic is equally strategic: building out the transport sector serves as a strategic hedge against overreliance on hydrocarbon revenues.⁹⁶ Baku has invested heavily in developing efficient trade corridors with major economic centers to reduce transit costs and boost the global competitiveness of its non-oil exports.

Yet for all the strategic ambition, the past two decades reveal a partnership that has largely failed to translate shared interests into sustained, concrete improvements in the region's hard and soft infrastructure potential. Transport connectivity was chronically overshadowed by energy cooperation, which came to dominate the bilateral agenda, a dynamic that suited both sides in the short term but left the broader partnership underdeveloped. Meanwhile, European companies continued to treat the Northern Corridor through Russia as their principal conduit for rail trade with China, relegating alternative routes to the margins.⁹⁷ Azerbaijan and Kazakhstan, for their part, built ports, railways, and logistics infrastructure largely on their own, with little backing from Brussels.⁹⁸ Compounding these structural shortcomings, the decades-long conflict

⁹⁶ Orkhan Baghirov, "Economic Diversification in Azerbaijan and Its Geopolitical Implications," *Eurasia Daily Monitor* 16, no. 123, Jamestown Foundation, September 11, 2019, <https://jamestown.org/economic-diversification-in-azerbaijan-and-its-geopolitical-implications/>

⁹⁷ Chris B. Wensink, "The Truth about Eurasian Rail Freight Transport," *The Diplomat*, September 18, 2023, <https://thediplomat.com/2023/09/the-truth-about-eurasian-rail-freight-transport/>

⁹⁸ Jakub Jakóbowski, Konrad Popławski, and Marcin Kaczmarski, *The Silk Railroad: The EU-China Rail Connections; Background, Actors, Interests*, OSW Studies 72 (Warsaw: Centre for Eastern Studies, February 2018), <https://www.osw.waw.pl/en/publikacje/osw-studies/2018-02-28/silk-railroad>

between Armenia and Azerbaijan cast a long shadow over efforts to position the South Caucasus as a stable and reliable link in the East-West connectivity.

That reality is now changing. Russia's invasion of Ukraine and mounting disruptions at maritime chokepoints are reshaping the region's connectivity architecture in ways that have thrust the Middle Corridor to the center of strategic attention. Over the past three years, the Trans-Caspian International Transport Route (TITR), widely known as the Middle Corridor, which passes through the South Caucasus and Central Asia, has emerged as a vital transit route for keeping cargo moving between the EU and China.⁹⁹ Despite persistent gaps in hard and soft infrastructure, the corridor presents a strategic opening for the EU to recalibrate its trade routes while deepening ties with Azerbaijan and Central Asia. The EU's evolving pivot toward Central Asian renewables and critical raw materials – driven in no small part by the growing weaponization of strategic mineral exports by Russia and China – has further elevated Baku's role as a regional transit hub.¹⁰⁰ Meanwhile, Azerbaijan's restoration of sovereign control over Karabakh and the prospect of a durable peace agreement with Armenia enhance the region's standing in EU efforts to build resilient value and supply chains across the Caspian Sea. Here, Brussels' financial and technical assistance could prove decisive, not only in restoring the long-dormant transport links between Armenia and Azerbaijan, but in converting hard-won political progress into tangible peace dividends.

Rhetoric over Result

The EU's ambition to build sustainable trade routes to Central Asia through Azerbaijan dates to the early 1990s. In 1993, Brussels launched the TRACECA (Transport Corridor Europe-Caucasus-Asia) initiative to reshape post-Soviet Eurasian logistics and bolster the economies of newly independent states in the eastern neighborhood.¹⁰¹ The goal was deliberate in its geography: to bypass Russia and Iran by stimulating investment in roads, railways, ports, and customs harmonization. Twelve partner countries signed the program's defining legal instrument – the Basic Multilateral Agreement on International Transport for Development of the Europe-Caucasus-Asia Corridor – in Baku in September 1998. The agreement entered into force in 2000. The TRACECA Permanent Secretariat was established in Baku as well, where it remains to this day, a tangible symbol of Azerbaijan's commitment to anchoring EU-backed connectivity initiatives on its territory. Yet the financial record tells a more sobering story: Brussels financed 85 TRACECA projects worth over 180 million euros between 1993 and 2020 – a modest sum compared with the EU's connectivity investments elsewhere.

Bilateral commitments reinforced multilateral platforms. The 1996 Partnership and Cooperation Agreement – which entered into force in 1999 and which, remarkably, still

⁹⁹ Tornike Sharashenidze and George Cherkezishvili, "The Perspectives of the Middle Corridor in an Age of Global Confrontation and Uncertainty," Friedrich-Ebert-Stiftung, June 2025, <https://southcaucasus.fes.de/news-list/e/the-perspectives-of-the-middle-corridor-in-an-age-of-global-confrontation-and-uncertainty.html>

¹⁰⁰ Shyngys Zipatolla, "Rethinking EU Strategy in Central Asia: Achieving Long-Term Success for the Middle Corridor," DGAP Policy Brief 12, German Council on Foreign Relations, May 2025, <https://dgap.org/en/research/publications/rethinking-eu-strategy-central-asia>

¹⁰¹ TRACECA, *International Transport Corridor Europe–the Caucasus–Asia: TRACECA in Brief* (CAREC Program, May 2020), https://www.carecprogram.org/uploads/TRACECA_CAREC-Development-Partner_May-2020.pdf

governs the relationship today – dedicated a specific article to transport. Article 57 committed both sides to cooperate on the modernization of railways, roads, ports, airports, and air navigation systems, explicitly tying that cooperation to the TRACECA project and to the trans-European transport networks.¹⁰² For much of the following two decades, however, the commitment remained an aspiration rather than a program. Azerbaijan pursued its own landmark infrastructure projects – the Baku-Tbilisi-Kars railway and the new Caspian port at Alat – via national and regional financing, while Brussels' attention was largely absorbed by the Southern Gas Corridor.

The decisive conceptual shift came in 2018. The Azerbaijan-EU Partnership Priorities, adopted in September, organized the relationship around four pillars, one of which was devoted to connectivity, energy efficiency, environment, and climate action.¹⁰³ In a significant departure from the past, the document explicitly tasked Brussels with building on its successful energy partnership with Azerbaijan to support Baku's emergence as a trade, logistics, and transport hub. This was complemented by the indicative extension of the Trans-European Transport Network (TEN-T) to the Eastern Partnership countries that same year.¹⁰⁴ The accompanying Investment Action Plan identified nearly a hundred priority projects across the six partner countries, with an estimated cost approaching 13 billion euros through 2030. In Azerbaijan, the principal core-network asset was the east-west rail line running from Baku to the Georgian border.

The architecture of Azerbaijan-EU transport cooperation was in place. What it lacked was urgency. The geopolitical crises of the 2010s – Russia's annexation of Crimea foremost among them – had not been enough to compel Brussels to wean itself off Russian land corridors to China. The more galvanizing catalyst, in the end, came not from Moscow but from Beijing. China's launch of the Belt and Road Initiative in 2013 confronted Brussels with an uncomfortable reality: TRACECA was no longer the only connectivity game in town, and Europe's eastern neighborhood was becoming a theatre of infrastructural competition.

The EU's response took shape over the following years. Its 2018 Connectivity Strategy was crafted explicitly as a counterweight to the BRI and to Beijing's expanding footprint in the European neighborhood.¹⁰⁵ The Central Asia Strategy adopted the following year went further, envisaging deeper cooperation with regional states to promote what Brussels called sustainable, comprehensive, and rules-based connectivity – a formulation pointedly designed to contrast with China's transactional infrastructure expansion.¹⁰⁶ Yet for all the strategic repositioning, the EU's connectivity ambitions

¹⁰² Council of the European Union, "Azerbaijan," last reviewed August 13, 2025, <https://www.consilium.europa.eu/en/policies/azerbaijan/>

¹⁰³ European External Action Service, "Partnership Priorities between the EU and Azerbaijan Reinforce the Bilateral Agenda," press release, July 11, 2018, https://www.eeas.europa.eu/node/48244_en

¹⁰⁴ European Commission, "Eastern Partnership: New Indicative TEN-T Investment Action Plan for Stronger Connectivity," January 15, 2019, https://enlargement.ec.europa.eu/news/eastern-partnership-new-indicative-ten-t-investment-action-plan-stronger-connectivity-2019-01-15_en

¹⁰⁵ Nargis Kassenova, "Central Asia and the EU Connectivity Strategy: Rising to the Good Governance Challenge," PONARS Eurasia Policy Memo 617, October 2019, <https://www.ponarseurasia.org/central-asia-and-the-eu-connectivity-strategy-rising-to-the-good-governance-challenge/>

¹⁰⁶ Tyyne Karjalainen, "European Norms Trap? EU Connectivity Policies and the Case of the Global Gateway," *East Asia* 40, no. 3 (2023): 293–316, <https://doi.org/10.1007/s12140-023-09403-x>

would not find their fullest expression until the Eurasian balance of power shifted decisively after 2020.

Quest for Strategic Autonomy

The most consequential development for the Azerbaijan-EU connectivity cooperation after 2020 was not an infrastructure agreement or a landmark investment package. It was a transformation in the strategic environment itself. For three decades, the unresolved conflict over Karabakh had cast a long shadow over regional connectivity projects, deterring investors and keeping the South Caucasus half-closed to global trade. Azerbaijan's victory in the Second Karabakh War in 2020 and its restoration of full territorial control in September 2023 removed the key obstacle. What followed was the gradual emergence of a working peace process between Baku and Yerevan, one that began to reduce the unpredictability that had long made the region inhospitable to ambitious transport investment.¹⁰⁷ Stability, in other words, was becoming the South Caucasus's most valuable infrastructure asset.

That stability has acquired strategic value in direct proportion to the instability surrounding it. Russia's full-scale invasion of Ukraine in February 2022 paralysed — and for European shippers, effectively closed the overland route between China and Europe through Russian territory, rendering the Northern Corridor commercially untenable.¹⁰⁸ To the south, the destabilization of the Middle East, culminating in direct Iran-Israel clashes in 2024 and 2025 and the disruption of maritime traffic through the Red Sea and the Strait of Hormuz, decreased the reliability of traditional maritime routes.¹⁰⁹ Against this background, the corridor running west to east across the South Caucasus and the Caspian Sea acquired strategic importance with its modest carrying capacity.¹¹⁰ Precisely because the region had become comparatively stable while its neighbors descended into conflict, the South Caucasus emerged as a reliable link between Europe and Asia. Azerbaijan, straddling the route's Caspian shore, has increasingly become an indispensable pivot for both east-west and north-south connectivity.

The route in question is the Trans-Caspian International Transport Route — the Middle Corridor — linking the EU with China through the South Caucasus, the Caspian Sea, and Central Asia. Before 2022, it was a marginal artery, handling a negligible fraction of China-Europe land trade. Since then, it has attracted sustained investment and political attention from corridor states and the EU. Azerbaijan moved quickly. On the hard infrastructure front, it launched the second-phase expansion of the Alat port,

¹⁰⁷ Rusif Huseynov, Benyamin Poghosyan, and Hugo von Essen, "How Close Is Peace between Armenia and Azerbaijan?," SCREEUS Report No. 5, Stockholm Centre for Eastern European Studies, April 17, 2025, <https://sceeus.se/en/publications/how-close-is-peace-between-armenia-and-azerbaijan/>

¹⁰⁸ "Rail Freight in Russia Disrupted as Ukrainian Attacks Intensify," *RailFreight.com*, August 21, 2025, <https://www.railfreight.com/business/2025/08/21/rail-freight-in-russia-disrupted-as-ukrainian-attacks-intensify/>

¹⁰⁹ "Iran Vows to Attack Any Ship Trying to Pass through Strait of Hormuz," *Reuters*, March 2, 2026, <https://www.reuters.com/world/middle-east/iran-vows-attack-any-ship-trying-pass-through-strait-hormuz-2026-03-02/>

¹¹⁰ Isaac Holmberg, "Iran War Boosts Strategic Significance of South Caucasus," *Deutsche Welle* (DW), March 25, 2026, <https://www.dw.com/en/iran-war-boosts-strategic-significance-of-south-caucasus/a-76518386>

designed to lift handling capacity from 15 to 25 million tons and 500,000 TEU containers, and completed the modernization of the Baku-Tbilisi-Kars railway, raising its Georgian section's capacity fivefold to 5 million tons in 2024.¹¹¹ National programs to expand the transit potential of corridors crossing the Azerbaijani territory followed in parallel. Beyond hard infrastructure, Baku worked with its neighbors to dismantle the soft barriers – fragmented tariffs, incompatible regulations, the absence of unified operators – that had long made the route slow and unpredictable. Multilateral agreements with Georgia, Kazakhstan, and Türkiye aim to establish a single logistics operator and a unified tariff structure. Broader arrangements with Georgia and Kazakhstan laid the groundwork for transforming a chain of national railways and ports into something approaching a fully integrated economic corridor.

The European Union, adapting its engagement model within the framework of the Global Gateway strategy in 2022, promised finance and strategic framing. The direction of future partnership had already been signalled at the second EU-Central Asia Economic Forum in May 2023, where the EBRD presented a study, commissioned and funded by the European Commission, which identified the central trans-Caspian route as the most sustainable link between Europe and Central Asia.¹¹² The report concluded that with the right investments and reforms, freight volumes along the Middle Corridor could be tripled and transit times halved by 2030. That assessment lent the corridor a credibility it had previously lacked and provided a calculated basis for the commitments that followed. At the Global Gateway Investors Forum in Brussels in January 2024, the Commission and European and international financial institutions announced the mobilisation of 10 billion euros for the development of the trans-Caspian corridor, a figure that blended new and existing commitments, signalling that Brussels now regarded the route as a strategic priority rather than a peripheral alternative.¹¹³ The momentum was carried into the first ever EU-Central Asia summit, convened in Samarkand in April 2025 and co-chaired by European Council President António Costa and Commission President Ursula von der Leyen, which elevated the relationship to a strategic partnership and unveiled a new Global Gateway package, of which an additional 3 billion euros was earmarked for the Middle Corridor.¹¹⁴

Yet the enthusiasm of the corridor states is tempered by a quiet anxiety about the durability of Europe's commitment. Azerbaijan and its partners along the route are conscious that the EU's sudden interest in the Middle Corridor is, in large part, a product of its rupture with Russia, and they cannot entirely discount the possibility that a future normalisation between Brussels and Moscow might restore the appeal of the cheaper, higher-capacity Northern Corridor and leave the trans-Caspian route once again a strategic afterthought. The concern is not fanciful: the corridor states had watched the EU's engagement with the region ebb after earlier crises – following the

¹¹¹ "Port of Baku Boosts Cargo Handling Capacity with New Berth Now Operational," Azerbaijan Railways (ADY), May 2026, <https://corp.ady.az/en/2/news/news/port-of-baku-boosts-cargo-handling-capacity-with-new-berth-now-operational>

¹¹² European Commission, "Study on Sustainable Transport Connections with Central Asia," June 30, 2023, https://transport.ec.europa.eu/transport-themes/international-relations/study-sustainable-transport-connections-central-asia_en

¹¹³ European Commission, "Global Gateway: €10 Billion Commitment to Invest in Trans-Caspian Transport Corridor Connecting Europe and Central Asia Announced at Investors Forum," press release, January 2024, https://ec.europa.eu/commission/presscorner/detail/en/ip_24_501

¹¹⁴ European Commission, "The European Union and Central Asia Establish a Strategic Partnership during Groundbreaking Summit," press release, April 2025, https://ec.europa.eu/commission/presscorner/detail/en/ac_25_990

2008 war in Georgia and again after the 2014 annexation of Crimea – when the immediate shock gave way to a gradual return to business with Russia over the heads of the smaller states in between. Even if EU-Russia tensions stretch into the 2030s, Brussels' waning global clout and increasingly inward-looking posture could erode its appeal for the Middle Corridor countries. None of this rose to the level of open complaint, but the underlying calculation – that European interest might prove cyclical rather than structural – shapes Azerbaijan's and Kazakhstan's insistence that connectivity cooperation be anchored in concrete, durable infrastructure rather than declarations alone.

What gives the partnership its durability, however, is the substantial overlap of geoeconomic interest that underlies it. For Azerbaijan, the value of a strong Middle Corridor extends well beyond the transit fees levied on goods crossing its territory, considerable though those may be. The bigger prize is integration: a functioning corridor binds Azerbaijan into the global value and supply chains that pass along it, transforming the country from a hydrocarbon exporter into a logistics and processing hub embedded in the flows of Eurasian commerce. This is a qualitatively different kind of economic role, one less vulnerable to the volatility of energy prices and better suited to the diversification that Baku has long declared a national objective. The Middle Corridor, moreover, is not merely an intercontinental transit route stitching China to Europe. It is also, and increasingly, a regional trade artery in its own right. The World Bank's 2023 study made this precise point, noting that the corridor's value lies not only in the long-haul container traffic that captures the headlines but in the intra-regional trade it enables among the countries of the South Caucasus, Central Asia, and their neighbours – trade that expands regional markets and generates economic activity independent of the China-Europe flows.¹¹⁵

Beyond transit and trade, the corridor strengthens the economic resilience of the states along it, and it is here that the convergence with European strategic thinking is most pronounced. For countries long dependent on routes and markets controlled by Russia, the existence of alternative westward corridors functions as a hedge against the weaponization of asymmetric dependencies: a guarantee that access to global markets cannot be switched off at Moscow's discretion. The point has been illustrated vividly by the pressure exerted on Armenia on the eve of parliamentary elections, whose deep economic dependence on Russia has left it acutely exposed to precisely this kind of coercion.¹¹⁶ Resilience of exactly this kind has been the organizing concept of the EU's approach to its neighborhood since the adoption of the Global Strategy in 2016.¹¹⁷ The document placed the capacity of partner states to withstand and recover from external shocks at the center of the European neighborhood policy. A robust Middle Corridor advances that objective directly, reducing the susceptibility of the EU's eastern partners to leverage exercised through dependence on a single dominant neighbor. In this sense,

¹¹⁵ World Bank, *The Middle Trade and Transport Corridor: Policies and Investments to Triple Freight Volumes and Halve Travel Time by 2030* (Washington, DC: World Bank, November 27, 2023), <https://www.worldbank.org/en/region/eca/publication/middle-trade-and-transport-corridor>

¹¹⁶ Alexander Pracht, "Armenia Faces Sweeping Russian Import Restrictions across Industries," *CivilNet*, June 1, 2026, <https://civilnet.am/en/news/1012176>

¹¹⁷ European External Action Service, *Shared Vision, Common Action: A Stronger Europe — A Global Strategy for the European Union's Foreign and Security Policy* (Brussels: European External Action Service, June 2016), https://www.eeas.europa.eu/sites/default/files/eugs_review_web_0.pdf

Azerbaijani and European interests are not merely compatible but mutually reinforcing: what Baku pursues as economic diversification, Brussels values as strategic resilience.

The corridor also serves the EU's broader pursuit of strategic autonomy in an increasingly polarized world, nowhere more urgently than in the field of critical minerals on which Europe's green and digital transitions depend. The Critical Raw Materials Act, adopted in March 2024, endowed that concern with a legislative form, setting benchmarks for domestic capacity and establishing that the Union should source no more than 65% of any strategic raw material from a single third country.¹¹⁸ This target cannot be met without new sources and new routes. Central Asia, with its substantial reserves of critical minerals and rare earth elements, ranks among the most promising alternatives to existing suppliers, above all China, on whom Europe remains dangerously dependent.¹¹⁹

The EU signed strategic partnerships on critical raw materials with Kazakhstan¹²⁰ and Uzbekistan¹²¹ in 2022 and 2024, respectively. The Middle Corridor is the natural conduit through which such materials would reach European markets, lending Azerbaijan's role as the corridor's Caucasus link a strategic weight far exceeding the tonnage it handles. The EU's Black Sea Strategy, set out in the Joint Communication of May 2025, drew these threads together into an explicit geographic vision, conceiving of the Black Sea as the gateway linking Europe to Central Asia through the South Caucasus, and committing the EU to develop the basin's connectivity in line with the Global Gateway agenda.¹²² Within that architecture, the Türkiye–South Caucasus corridor occupies a pivotal place, forming the western land bridge by which the trans-Caspian route reaches European markets and giving concrete geographic expression to the EU's strategic turn towards the east.

Reinforcing all of these is the rapid deepening of Azerbaijan's ties with the Central Asian countries, a development that has begun to knit the two regions into a single connectivity space, smoothing the path between the European Union and Central Asia. Within the Organization of Turkic States, Azerbaijan has worked to harmonise transport rules, customs procedures, and investment across a contiguous belt of countries stretching from Turkey to the Chinese frontier, while bilaterally it has built dense political and economic relationships with Kazakhstan and Uzbekistan grounded in a joint investment in the corridor's future. The most striking institutional expression of this convergence came when Azerbaijan joined the Consultative Meetings of the

¹¹⁸ European Commission, "EU Secures Access to Diversified, Affordable, and Sustainable Supply of Critical Raw Materials," press release, March 2024, https://ec.europa.eu/commission/presscorner/detail/en/ip_24_2748

¹¹⁹ Otabek Akromov, "From Margins to the Core: The Rise of Central Asia in the Race for Critical Minerals?," The Hague Research Institute, October 2025, <https://hagueresearch.org/from-margins-to-the-core-the-rise-of-central-asia-in-the-race-for-critical-minerals/>

¹²⁰ European Commission, "Strategic Partnership with Kazakhstan on Raw Materials, Batteries and Renewable Hydrogen," Directorate-General for International Partnerships, https://international-partnerships.ec.europa.eu/policies/global-gateway/strategic-partnership-kazakhstan-raw-materials-batteries-and-renewable-hydrogen_en

¹²¹ "Uzbekistan and EU Sign Memorandum of Understanding on Critical Raw Materials," *Kun.uz*, April 6, 2024, <https://kun.uz/en/news/2024/04/06/uzbekistan-and-eu-sign-memorandum-of-understanding-on-critical-raw-materials>

¹²² European Commission, "New EU Strategy for a Secure, Prosperous and Resilient Black Sea Region," May 28, 2025, https://enlargement.ec.europa.eu/news/new-eu-strategy-secure-prosperous-and-resilient-black-sea-region-2025-05-28_en

Heads of State of Central Asia, a forum previously confined to the five Central Asian republics, effectively turning the 'C5' into a 'C6' and formalising the extension of the regional bloc westward to the Caspian shore. For the European Union, which has increasingly chosen to engage Central Asia and the South Caucasus as a single strategic theatre, this consolidation is a considerable convenience. It creates a more coherent set of interlocutors along the corridor and lends practical substance to the idea of a full-fledged trade corridor from the EU's eastern border to China.

The most consequential recent addition to this picture is the connectivity track of the Armenia-Azerbaijan normalization – one that promises to add an entirely new leg to the Middle Corridor within the South Caucasus. The 2020 ceasefire agreement had already envisaged the reopening of regional transport links, including a connection between mainland Azerbaijan and its Nakhchivan exclave through Armenian territory. The crucial breakthrough came in Washington in August 2025, when the leaders of Armenia and Azerbaijan signed a joint declaration establishing the Trump Route for International Peace and Prosperity (TRIPP) — a corridor through southern Armenia whose development was entrusted to an American-led consortium.¹²³ Should it function as intended, the route would provide a reliable land link between the Caspian Sea and Turkey, opening a southern branch of the Middle Corridor that complements the established Georgian leg. That prospect has acquired renewed urgency as the EU's relations with Georgia have deteriorated, casting doubt over the reliability of that leg and quietly elevating Armenia into a potential transit hub of real importance to Brussels. The EU's main focus falls on two segments: the modernization of Nakhchivan's railroad network and Armenia's border-crossing infrastructure with Azerbaijan and Turkey.¹²⁴ By helping to finance and develop that segment, Brussels anchors itself in a regional opening of considerable consequence — contributing a characteristically European, standards-based and infrastructural dimension to a settlement whose high politics were brokered elsewhere, and positioning itself to shape a corridor that may prove central to its eastern connectivity strategy for decades to come.

Two caveats temper this otherwise favourable outlook. The first arises from the widening divergence between the U.S. and the EU. With the Washington-brokered route placed under American auspices and transatlantic coordination on regional issues increasingly strained, it is far from certain that Brussels and Washington will manage the close cooperation that a smooth regional opening would require. Competing visions, overlapping initiatives, and the absence of a shared transatlantic line risk producing friction rather than complementarity in a region where both powers now claim a stake. The second caveat concerns the EU's own conduct toward the parties. As Brussels expands its connectivity investments under the Global Gateway in Armenia and lends its backing to Yerevan's Crossroads of Peace initiative, it risks doing so in ways that appear, from Baku's vantage point, to discount legitimate Azerbaijani concerns. The two sides may diverge on the pace and modalities of opening regional transport corridors, as Azerbaijan moves with deliberate caution to ensure that emerging regional arrangements are in line with its security interests. That Baku sent no delegation to the inauguration of the EU-backed Connectivity Agenda Platform in June 2026 stands as

¹²³ Press Service of the President of the Republic of Azerbaijan, "Joint Declaration Signed on Meeting between President of Azerbaijan and Prime Minister of Armenia held in Washington," August 9, 2025, <https://president.az/en/articles/view/69572>

¹²⁴ "Armenia Hopes to Open Borders With Türkiye and Azerbaijan by 2030," *Caspian Post*, June 24, 2026, <https://caspiantpost.com/armenia/armenia-hopes-to-open-borders-with-turkiye-and-azerbaijan-by-2030>

the starkest illustration of how a failure to align interests can leave both sides worse off.¹²⁵ Brussels' refusal in the 2010s to invest in the Baku-Tbilisi-Kars railway — because it bypassed Armenia — dealt a serious blow to Azerbaijan-EU connectivity cooperation, and the mistrust it generated has not entirely dissipated. This time, both sides would do well to resolve such differences early: the window of opportunity to place the South Caucasus at the center of Eurasian connectivity is real, but it will not stay open indefinitely.

Conclusion

For most of the three decades since the Partnership and Cooperation Agreement was signed, Azerbaijan-EU connectivity cooperation existed largely on paper, a shared aspiration that neither side invested enough political will or financial capital to realize. The reasons were structural: energy dominated the bilateral agenda, the Northern Corridor through Russia was cheaper and more convenient for European shippers, and the unresolved conflict over Karabakh kept the South Caucasus trapped in a state of managed instability that deterred serious infrastructure investment. That constellation has now shifted, and shifted in ways that are unlikely to reverse. Russia's invasion of Ukraine almost closed the Northern Corridor to European commerce. The stabilization of the South Caucasus, Azerbaijan's restoration of sovereignty over Karabakh, and the emerging Armenia-Azerbaijan normalization have removed the region's most persistent source of uncertainty. The EU's pursuit of strategic autonomy has made a viable eastern connectivity strategy a matter not of preference but of necessity, one that must be continuously adapted to changing geopolitical realities in the neighborhood.

What remains is the work of converting alignment into architecture, translating shared interests into funded projects, signed agreements, and functioning corridors. The risks are real. Brussels' deepening engagement in the South Caucasus may, from Baku's vantage point, appear to redraw the region's dividing lines rather than dissolve them. Equally, Azerbaijan's confident regional posture may leave partners wondering whether Baku is genuinely invested in a connectivity framework that works for all. Yet the underlying conditions for a mutually beneficial connectivity partnership are more favorable today than at any point since TRACECA was launched in 1993. The question is no longer whether the South Caucasus can become a pillar of Eurasian connectivity. It is whether the EU and Azerbaijan will summon the sustained commitment to make it one.

¹²⁵ İlgar Velizade, "Брюссель лезет в Средний коридор со своими правилами: Баку не обязан играть по чужому сценарию" [Brussels Enters the Middle Corridor with Its Own Rules: Baku Is Not Obligated to Play by Other's Scenario], *Minval Politika*, June 24, 2026, <https://minval.az/news/124540133>.

Conclusion

Azerbaijan-EU relations have arrived at a point where the interests are aligned, but the institutional architecture is not. Brussels needs Azerbaijani gas, the Caspian crossing of the Middle Corridor and a stable South Caucasus through which to reach Central Asia. Baku needs European markets, European capital and the diversification that both bring. What the two sides lack is the institutional machinery to act on it. The relationship is still carried by a thirty-year-old agreement, a set of non-binding partnership priorities, a series of high-level visits and a growing number of bilateral arrangements with individual member states. Every shock in the political relationship therefore costs more than it should, because there is no framework to absorb it. Concluding the new bilateral agreement and placing security cooperation on a regular footing would not resolve every disagreement between Brussels and Baku, but it would stop each disagreement from returning the relationship to its starting point.

The recovery of the past two years is real, but it is not yet secure. The record of the previous decade shows how quickly this can reverse. The Granada statement and the European Parliament's sanctions resolution strained several years of patient work, and repairing the damage took considerably longer than causing it. Baku has drawn the obvious conclusion, which is that European attention is cyclical, and it now insists that cooperation be anchored in funded projects rather than declarations.

The cost of continuing with the same partnership frameworks is already visible. Azerbaijan is building its defence relationships with member states rather than with the European Union, and diversifying its upstream gas expansion in Turkish and eastern markets. Brussels risks financing a corridor while holding no structured relationship with the state at its Caspian Sea pivot. The window opened by the peace process, the Middle Corridor and the EU's turn towards Central Asia is open now. It will not stay open indefinitely.

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