The European Union's relations with Armenia and Azerbaijan

European Implementation Assessment

STUDY

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Ex-Post Evaluation Unit
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EU relations with Armenia and Azerbaijan

European Implementation Assessment

In December 2021, the European Parliament’s Committee on Foreign Affairs (AFET) launched an own-initiative procedure (2021/2230(INI)) on EU-Armenia relations and another on EU-Azerbaijan relations (2021/2231(INI)). The appointed rapporteurs are, respectively Željana Zovko (EPP, Croatia) and Andrey Kovatchev (EPP, Bulgaria).

To accompany its scrutiny work, Parliament’s Committee on Foreign Affairs (AFET) requested the Ex-Post Evaluation Unit Ex-post Evaluation Unit of the Directorate for Impact Assessment and European Added Value, within the Directorate-General for Parliamentary Research Services (EPRS) of the Secretariat of the European Parliament, to prepare a European implementation assessment on the implementation of the EU’s Comprehensive and Enhanced Partnership Agreement (CEPA) with Armenia, and Partnership and Cooperation Agreement (PCA) with Azerbaijan.
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Executive summary

The first part and the in-house analysis of this European Implementation Assessment (EIA) provides background on the EU's relations with the South Caucasus, specifically with Armenia and Azerbaijan. It provides an overview of the state of the implementation of the EU's Comprehensive and Enhanced Partnership Agreement (CEPA) with Armenia, and Partnership and Cooperation Agreement (PCA) with Azerbaijan, of the EU's engagement with the countries within its European Neighbourhood Policy (ENP) and Eastern Partnership (EaP), of the European Parliament's role and positions taken on the matter, as well as an outline of the context, methodology, scope and purpose of the research carried out in the reports commissioned for this EIA. Within the terms of the procurement procedures carried out for the production of this EIA, experts were asked to present their results fully, without omission, misrepresentation or deception – with all source information being clearly indicated. The experts were asked to perform the tasks assigned to them in accordance with the highest academic and professional standards. In this, the experts bear sole responsibility for the results of their work and any opinions expressed in these reports should not be taken to represent an official position of the European Parliament.

Reports written by Dr Laure Delcour (Annex I) and Dr Leila Alieva (Annex II) follow, which assess the major political and economic developments, as well as progress on implementation of the Armenia and Azerbaijan CEPA and PCA agreements with the EU, between November 2017 and August 2022. In the context of the agreements, these reports focus on: i) the latest developments after the fallout of the 2020 war and causes of continued tensions; ii) the countries' positioning on the international scene; iii) preservation of cultural heritage, particularly in and around the Nagorno-Karabakh territory (background, recent developments and perception and concerns about the issue in both countries); iv) human rights and fundamental freedoms (particularly freedom of expression, assembly, freedom of the media, and the situation of civil society); and v) in the case of Azerbaijan, the role of the country as an energy provider for the EU.

In both reports, the experts make clear that since the February 2022 full-scale Russian invasion of Ukraine, the context in the South Caucasus region has been shifting. Concerning Armenia-Azerbaijan relations, both reports confirm that Russia's credibility and capacity in its roles as a 'strategically neutral' party, mediator, and ultimate arbitrator have been damaged. Both reports also consider the forthcoming end of the initial mandate, in 2025, of the Russian peacekeeping mission troops deployed within the territories of the former Nagorno-Karabakh Autonomous Oblast.

The report in Annex I finds that, since Armenia's 'Velvet Revolution' in spring 2018 brought independence and a peaceful end to a corrupt governance, the country has undergone substantial political change. The new leadership's democratic reform agenda created favourable conditions for implementing the CEPA, in force since 1999. However, while there has been progress in the fight against grand corruption, policy change in other sectors (for instance in the judiciary) has been sluggish. Likewise, progress with respect to human rights remains selective and needs to be consolidated in several areas. The 2022 Partnership Implementation Report on Armenia by the European External Action Service (EEAS) and the European Commission, confirms progress across the areas of justice and comprehensive constitutional reforms.

The report on Azerbaijan in Annex II notes that a number of political prisoners have been released, but new politically motivated arrests have been reported. While there was some softening of government approach towards the activities of non-governmental organisations (NGOs) and cancellations of ‘travel bans’, the new law lifting limitations has not been adopted. Moreover, a new restrictive media law was adopted in spite of criticism by both local and international organisations. Freedom of assembly remains limited. Overall, after a brief period of liberal reforms (1992-1993), Azerbaijan experienced a consistent decline in fundamental freedoms and rising violations of human rights. Freedom House classifies Azerbaijan as a ‘consolidated authoritarian regime’ in 2022.
The reports highlight the EU's recent and enhanced efforts to be present in the region as a mediator, and recognise advances made towards peacebuilding. At the end of their reports, the experts conclude with a set of recommendations for the EU’s future engagement with the two countries, and implementation of the respective agreements in force. Some common recommendations expressed are that the EU should continue to support dialogue between Armenia and Azerbaijan, and to back initiatives such as joint commissions for the study, conservation, and protection of cultural heritage. Both reports recognise the growing importance of the European Parliament's involvement and scrutiny in a context where other institutions have an interest in maintaining open channels with all parties, to be able to play their new and critical mediation role.

This EIA addresses highly sensitive topics that directly relate to the identity and security of the stakeholders involved. Following years of status quo – today, the second Nagorno-Karabakh war, the 2022 Azerbaijan cross-border attacks against Armenia, and ongoing geopolitical crises – have changed and continue to power dynamics in the South Caucasus. Change and unpredictable outcomes only exacerbate these sensitivities. In this context, caution has been exercised to ensure that the two reports, with utmost care, attribute all claims and views to their original sources, and specify any disagreements relevant to the context. It is in this spirit, therefore, and without representing an official position of the European Parliament, that this research aims at contributing to transparent EU policy-making on EU relations with Armenia and Azerbaijan, in line with the EU Better Regulation agenda.

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This in-house opening analysis was peer-reviewed by Michal Jiráček, from the Directorate-General for External Policies of the Union (EXPO) of the European Parliament. The figures in the in-house opening analysis of this study were produced by Samy Chahri, Data Visualisation Support Office, EPRS. The authors would like to thank Ines Reinstädtler, trainee at the Ex-Post Evaluation Unit, EPRS, for assistance in the production of the graphs on trade in the in-house introduction. The authors would like to thank all contributors for their valuable feedback and recommendations, as well as EPRS colleagues who helped with the administrative work involved in the process of preparing this study.
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<td>deep and comprehensive free trade area</td>
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<td>United States of America</td>
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<td>USSR</td>
<td>Union of Soviet Socialist Republics</td>
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1. Overview of EU relations with the South Caucasus

Little under two decades ago, in December 2003, the European Union Institute for Security Studies published a paper on 'The South Caucasus: a challenge for the EU', with an opening statement that when read at the end of 2022, summarises some of the geographical and political changes which have taken place since:

*Why a paper on the South Caucasus? After all, the region does not border directly onto the European Union, it does not even form part of the 'new neighbourhood' that the Commission sees as the main consequence of the forthcoming enlargement, and none of the countries that make up the region is a candidate for EU membership.*

In fact, the European Neighbourhood Policy (ENP), launched in 2004, did include Armenia, Azerbaijan and Georgia among the eastern neighbourhood members. Since its 2008 enlargement, the EU’s borders also extend to the Black Sea, and since 2022, the European Council has recognised Georgia as a potential candidate country.

In 2009, as a specific eastern dimension of the ENP, the EU and its Member States, as well as Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine launched the Eastern Partnership (EaP), with the goal of increasing stability, prosperity and resilience through regional cooperation. The following years were marked by an increasing awareness of the interdependence between the EU and its eastern neighbours, and that events in this region not only affect EU foreign policy, but also the functioning of the Union in multiple domains; from trade, to energy, to migration flows. The EU is the main trading partner of Azerbaijan and Georgia and Armenia's second trading partner.

The region is facing **multiple sources of tension**, including the constant risk of activation of ethnic territorial claims. At the core of the Armenian-Azerbaijani dispute is the issue of the status of the territory, and of the people, of the former autonomous oblast (administrative region) of Nagomo-

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2. Council conclusions of 23-24 June 2022 on the membership applications of Ukraine, the Republic of Moldova and Georgia.

3. On 28 June 2021, Belarus suspended its participation in the EaP.
Karabakh. The first Nagorno-Karabakh war from 1988 to 1994 led to the Armenian control of most of Nagorno-Karabakh and temporary occupation of seven surrounding regions, while peace negotiations were being held under the Organization for Security and Co-operation in Europe (OSCE). This situation lasted until the end of 2020, when Azerbaijan went back to war. The second Nagorno-Karabakh conflict lasted 44 days and ended with the Russian-brokered ceasefire agreement of 10 November 2020. The ceasefire, among other points, included the return of territories surrounding Nagorno-Karabakh under Azerbaijani control and the deployment of Russian troops with a five-year peacekeeping mandate along the contact line in Nagorno-Karabakh.

Another source of tension is the continued absence of border delimitation and demarcation between Armenia, Azerbaijan, Georgia and Russia – an inheritance from the Soviet Union, where delimitation was agreed only on external borders (Turkey, Iran). Bilateral delimitation dialogues are ongoing or paused, with only Russia and Azerbaijan reaching a border recognition agreement in 2010, where demarcation work is still ongoing.

The sequence of global events since February 2022 have dramatically changed the role and dynamics of the EU’s relations with the South Caucasus. On 24 February 2022 Russia launched a full-scale invasion of Ukraine. On 28 February 2022, Ukraine submitted its application to become a member of the EU. Georgia and Moldova followed with their applications on 3 March 2022. The European Council of 23 and 24 June 2022 granted Ukraine and Moldova candidate status, and stated its readiness to do the same for Georgia, once specific reforms are implemented.

In a context where the previous OSCE track (with a Minsk Group co-chaired by the United States of America (US), Russia and France) seems at least temporarily inoperable, the EU has intensified its efforts to achieve reconciliation between Armenia and Azerbaijan. Since the Eastern Partnership Summit of December 2021, trilateral meetings hosted by the President of the European Council, Charles Michel, have managed to bring together President Aliyev and Prime Minister Pashinyan. The meetings focused on four key areas: border issues, connectivity, a future peace agreement, and socio-economic development, as well as outstanding humanitarian issues. Since the beginning of 2022, representatives of Armenia and Azerbaijan have mainly met through EU mediation, although other meetings mediated by Russia, by the US, or even bilateral meetings have been held.

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4 As with any legacy of conflict, terminology is particularly sensitive in this context, as the EU also recognised. After the 2020 war, and following administrative reforms, ‘Nagorno-Karabakh’ or ‘Mountainous Karabakh’ no longer exists as an administrative region, from an official Azerbaijani perspective.
5 Statement by the Prime Minister of the Republic of Armenia, the President of the Republic of Azerbaijan and the President of the Russian Federation of 11 November 2020.
6 Russia ratifies border agreement with Azerbaijan, AZERNEWS, 23 June 2011.
7 Russia, Azerbaijan adopt border demarcation plan for 2022, TASS, 2 November 2021.
8 Press statement by President Michel of the European Council of 23 May 2023 following a trilateral meeting with President Aliyev of Azerbaijan and Prime Minister Pashinyan of Armenia.
at foreign affairs minister level in Tbilisi and Geneva have taken place. In October 2022, announcements were made that a peace agreement is in sight.\(^9\)

In the margins of the first meeting of the European Political Community on 6 October 2022, a new discussion round took place between the Armenian Prime Minister and Azerbaijan’s President, in presence of the Presidents of France and of the European Council. As an outcome, the deployment in Armenia of an EU civil mission to observe the border with Azerbaijan was announced.\(^9\) The mission became operational on 20 October 2022 under a two-month mandate.

The South Caucasus has also returned to the foreground in the EU, due to its potential role in the diversification of fossil-fuel energy sources. On 18 July 2022, the EU and Azerbaijan signed a new Memorandum of Understanding (MoU) on a strategic partnership in the field of energy, expressing interest in doubling gas deliveries to the EU via the Southern Gas Corridor, to at least 20 billion cubic metres (bcm) annually, by 2027 (current delivery levels are 8.1 bcm in 2021, and an expected 12 bcm in 2022).\(^11\)

The CEPA with Armenia and PCA with Azerbaijan set the foundation for the countries’ political dialogue and economic alignment with the EU, and aim at fostering positive developments in democracy and the rule of law, human rights, good governance, and economic development. According to the respective situation in these areas, detailed in the following sections and in the annexed reports, encouraging progress is being made in Armenia since its ‘Velvet Revolution’, whereas major concerns remain in the case of authoritarian Azerbaijan.

Both agreements also mention continuing regional dialogue taking place with a view to contributing to the resolution of regional conflict and tension. Negotiations with Azerbaijan to replace the 1999 PCA with a new comprehensive agreement started in 2017, with negotiations recommencing in the second half of 2021.

\(^9\) [Armenia says peace deal with Azerbaijan to be signed by year’s end](https://ocmedia.am/en/armenia-says-peace-deal-with-azerbaijan-to-be-signed-by-years-end), OC Media, 13 October 2022.


2. EU bilateral agreements with Armenia and Azerbaijan

2.1. Armenia

Armenia’s relations with the European Union (EU) are based on the Comprehensive and Enhanced Partnership Agreement (CEPA) signed in November 2017. Substantial parts of the agreement have been provisionally applied since 1 June 2018. Since then, the breadth and depth of bilateral cooperation between Armenia and the EU have advanced steadily. Armenia adopted a CEPA implementation roadmap on 1 June 2019, which was revised in 2021. On 1 March 2021, the CEPA entered fully into force, after its ratification by the Republic of Armenia, all EU Member States and the European Parliament.

Like Georgia, Moldova and Ukraine, Armenia had engaged in negotiations with the EU on an Association Agreement (AA), together with a Deep and Comprehensive Free Trade Area (DCFTA). While it completed negotiations for the AA/DCFTA in July 2013, the country did not sign the agreement and instead joined the Russia-led Eurasian Economic Union (EAEU) in January 2015. Armenia is also a member of the Collective Security Treaty Organization (CSTO) and home to Russia’s 102nd military base – which is stationed in the city of Gyumri in north-west Armenia.

The CEPA, which replaced the previous Partnership and Cooperation Agreement (PCA) of 1999, deepens bilateral relations in a range of areas, while ensuring compatibility with Armenia’s membership of the EAEU. The aims of the Comprehensive and Enhanced Partnership Agreement between the European Union and the Republic of Armenia are:

- to enhance comprehensive political and economic partnership and cooperation, based on common values and close links, including by increasing Armenia’s participation in EU policies, programmes and agencies;
- to strengthen the framework for political dialogue on all areas of mutual interest, promoting the development of close political relations between Armenia and the EU;
- to contribute to the strengthening of democracy and of political, economic and institutional stability in Armenia;
- to promote, preserve and strengthen peace and stability at both regional and international level, including through joint efforts to eliminate sources of tension, enhance border security, and promote cross-border cooperation and good neighbourly relations;

Armenia’s decision to join the Eurasian Economic Union

On 3 September 2013, Armenian President Serzh Sargsyan decided to engage his country in the Russia-led Eurasian integration process, thereby renouncing the EU-Armenia Association Agreement which should have been initialled during the Eastern Partnership ( EaP) Vilnius Summit in November 2013. Sargsyan’s decision was made in the wake of an increasing (yet broadly unnoticeable by the EU until early September 2013) Russian pressure on Armenia since early 2013. The Russian Federation then concluded a massive arms sale deal (US$4 billion) with Azerbaijan, Armenia’s adversary in the Nagorno-Karabakh conflict. This was a clear signal to Yerevan that Russia’s South Caucasus policy (premised on a strategic alliance with Armenia) could change, should Armenia’s further integration with the EU materialise. In addition, Russia threatened to substantially increase energy prices for Armenia and to deport Armenian migrants working on its territory. It also allegedly warned about possible political upheavals in the country if Armenia signed the Association Agreement with the EU.

to enhance cooperation in the area of freedom, security and justice, with the aim of reinforcing the rule of law and respect for human rights and fundamental freedoms;

to enhance mobility and people-to-people contacts;

to support Armenia’s efforts to develop its economic potential via international cooperation, including through the approximation of its legislation to the EU acquis;

to establish enhanced trade cooperation allowing for sustained regulatory cooperation in relevant areas, in compliance with the rights and obligations arising from World Trade Organization (WTO) membership; and

to establish conditions for increasingly close cooperation in other areas of mutual interest.

The EEAS and the European Commission Partnership Implementation Report on Armenia, published on 17 May 2022,\textsuperscript{12} states that, over the reporting period, Armenia continued with its reform agenda, despite the challenges stemming from the COVID-19 pandemic, the aftermath of the hostilities in and around Nagorno-Karabakh and, more recently, the impact of Russia’s aggression against Ukraine. In the early parliamentary elections held in June 2021, Armenian voters gave a strong mandate to continue the reform path set by the democratic ‘Velvet Revolution’ of 2018. It will, however, be important that all political forces work together to effectively tackle the challenges Armenia faces. The report also states that the EU will continue to support confidence-building measures between Armenia and Azerbaijan, including through the provision of assistance to conflict-affected populations.

According to the 2021 EU Annual Report on Human Rights and Democracy in the World, Armenia maintains a relatively good record of human rights and democracy, and undertakes significant steps to improve good governance and the rule of law. Some of the areas in which further improvements are necessary include: curbing discrimination and hate speech, while not undermining freedom of expression; protecting the rights of persons belonging to minorities; gender equality and preventing gender-based violence; prosecution of torture and other forms of ill-treatment; and the regulation of pre-trial detention.\textsuperscript{13}


\textsuperscript{13} EEAS, EU Annual Report on Human Rights and Democracy in the World, 2021 country updates.
Armenia has been a member of the WTO since 1999. As mentioned, the CEPA aims at further improving EU-Armenia trade (see Figure 4),\(^\text{14}\) by enhancing the regulatory environment for businesses and removing barriers in trade in services between the EU and Armenia. Armenia’s trade with the EU accounts for around 18.9\% of Armenia’s total trade in 2021, with the EU being Armenia’s second biggest export market with a 21.7\% share in total Armenian exports in 2020. The EU is the second biggest source of Armenian imports with a 17.4\% share of total Armenian imports.\(^\text{15}\)

### 2.2. Azerbaijan

The EU and Azerbaijan have had a Partnership and Cooperation Agreement (PCA) since 1999 and initially foreseen for a 10 year period. It has the following objectives:

- to support the Republic of Azerbaijan’s efforts to consolidate its democracy and to develop its economy and to complete the transition into a market economy;
- to provide an appropriate framework for the political dialogue between the Parties allowing the development of political relations;
- to promote trade and investment and harmonious economic relations between the Parties and so to foster their sustainable economic development; and
- to provide a basis for legislative, economic, social, financial, civil scientific, technological and cultural cooperation.

\(^\text{14}\) Euro in current prices. Total trade of all products. Amounts in US$ have been transformed with annual exchange rates provided by the ECB. Since data provided by Eurostat is published from an EU perspective, the figure assumes EU imports/exports equal Armenia’s exports/imports.

\(^\text{15}\) European Union, Trade in goods with Armenia, factsheet, European Commission, August 2022.
Negotiations for an enhanced agreement have been held with varying levels of ambition, including a possible association agreement in 2010. Current negotiations concern a ‘comprehensive agreement’ reflect Baku’s choice for cooperation rather than integration. This new agreement is expected to address political, trade, energy and other specific issues, including conditions for the possible establishment of a future visa-free regime. At the EaP Summit of May 2015, Azerbaijan submitted its own draft to the EU as a basis for negotiations. The draft lacked references to issues related to home and justice affairs and human rights. For the EU it should include robust provisions on democracy, the rule of law and fundamental rights. Interestingly, in a very different context in 2017, a report by the Policy Department for External Policies of the European Parliament on EU relations with Armenia and Azerbaijan, which this current report builds on, noted bargaining opportunities for the EU which, in the current context, would have changed sides:

At this stage, Azerbaijan is interested only in forms of cooperation that are not challenging the political status quo. However, the decline in both world oil prices and domestic oil production in this country is creating bargaining opportunities for the EU in what promises to be a difficult negotiation.

The EEAS and the European Commission cooperation implementation report, published on 15 July 2022, states that, in the second half of 2021, discussions resumed on the negotiations of the new draft comprehensive EU-Azerbaijan agreement, and that on 3 July 2021, Azerbaijan submitted its revised position on the trade part of the agreement. Following exchanges among the negotiating teams, the EU transmitted a consolidated set of documents to Azerbaijan on 3 February 2022. Exchanges at technical level between the negotiating teams continue, based on the respective negotiating positions.

The EU wishes to further enhance cooperation with Azerbaijan through a common aviation area agreement. However, negotiations are stalled since 2017.

The cooperation implementation report covering 2021 further states that the situation regarding the independence of the judiciary in the country is of concern and challenges related to its impartiality and effectiveness persist. Repression of political opposition activists through intimidation, arrests, detentions and court cases continue. Reported cases of political prisoners in Azerbaijan remain of concern. Cases of torture and other forms of physical ill-treatment against detainees by the police and other law enforcement agencies have been identified. According to the 2021 World Press Freedom Index, Azerbaijan was ranked 167 out of 180 countries.

Support for human rights in the draft EU agreement with Azerbaijan

Should values and support to the civil society be sidelined in the new agreement, this could reduce the number of EU proponents in the country and therefore result in a decline in EU influence, both in Azerbaijan and in the region as a whole. To avoid this, the EU should demand a transparent and inclusive dialogue with Azerbaijan, involving civil society, the expert community, the media and independent entrepreneurs.

A new media law, adopted without prior public debate in December 2021, was assessed by the Council of Europe Venice Commission as focusing on restricting the activities of the media. In addition, the 2021 EU Annual Report on Human Rights and Democracy in the World states that the deficiencies in ensuring protection of human rights and fundamental freedoms in Azerbaijan continue to be of concern. The space for civil society to operate remains restricted, and despite some amendments (adopted in May and November 2021), the legislation on non-governmental organisations still maintains the ‘single window’ procedure for registering grant agreements. Azerbaijani police dispersed a number of unauthorised rallies in the course of 2021. Opposition activists were detained on criminal grounds and some sentenced to long prison terms. Human rights defenders, journalists and political opposition activists continue to be prosecuted, with administrative detentions/fines used as a means of pressure against them. The Bar Association continues to use disciplinary procedures against lawyers and human rights defenders.

Azerbaijan officially applied to the WTO in 1997, and submitted a Memorandum on its Foreign Trade Regime in 1999. Azerbaijan is not a member of the WTO, and until Azerbaijan joins the organisation, economic barriers – both tariff and non-tariff – will hamper the development of EU-Azerbaijan cooperation. Technical progress has been registered on Azerbaijan's WTO accession, and the EU has provided technical assistance on this matter since 2018. EU trade with Azerbaijan (also see Figure 6), accounts for around 44.8% of Azerbaijan’s total trade in 2021, with the EU being Azerbaijan’s first biggest export market, with a 58.8% share of total Azerbaijani exports in 2021. The EU is the biggest source of Azerbaijan’s imports, with a 18.2% share of total imports, ranking just before Russia with 17.7%.

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20 Euro in current prices. Total trade of all products. Amounts in US$ have been transformed with annual exchange rates provided by the ECB. Since data provided by Eurostat is published from an EU perspective, the figure assumes EU imports/exports equal Armenia’s exports/imports.

A major development in recent years has been the entry into operation of the Southern Gas Corridor between Azerbaijan and Europe and the first dispatch of gas in December 2020. At its western end, the Trans Adriatic Pipeline (TAP) is on track to deliver at its full initial capacity of 10.5 bcm of gas per year to the EU by 2022. This is the equivalent of 2.5% of 2021 EU gas consumption.

The Southern Gas Corridor

After the 2009 gas crisis and its illustration of the severe implications of Russia dependency, the concept of a southern gas corridor gained traction in the EU, having been a trans-European energy networks (TEN-E) priority project since 2006. The objective is to connect Europe to the major gas reserves in the Caspian basin and the Middle East. The initial EU champion, the Nabucco project, which would have sent 31 bcm per year to the centre of Europe, quickly became challenged by smaller projects (10 bcm per year, expandable to 20 bcm per year), such as the Trans Adriatic Pipeline (TAP) and the Interconnection Turkey Greece Italy (ITGI), which both planned a connection with the south of Italy.

In the January 2011 joint EU-Azerbaijan Southern Gas Corridor Declaration, no specific route is supported and the final choice of route was left open to the gas producers (Shah Deniz project), who opted for the TAP in 2013.

Since 2022, Russia’s Lukoil holds a 20% share of the Shah Deniz project. Other shareholders are: BP (29.99%), TPAO (19%), SOCAR (14.35%), NICO (Iran – 10%) and SGC (6.67%).

The TAP’s initial shareholder structure was Swiss Axpo (42.5%), Norwegian Statoil (42.5%) and German E.ON (15%). In 2022, EU shareholders now account for 55%, with the following structure: BP (20%), SOCAR (20%), Snam S.p.A. (20%), Fluxys (19%), Enagás (16%) and Axpo (5%).

TAP gets its gas through the Trans-Anatolian Pipeline (TANAP) owned by Botas and TPAO (Turkey – 20%) and Socar (Azerbaijan – 80%). The planned TANAP capacity was for 16 bcm per year, expandable to 31 bcm per year in 2026. In turn, TANAP receives gas through the South Caucasus Pipeline (SCP), whose shareholder structure is the same as Shah Deniz.

Gas deliveries through the Southern Gas Corridor to Europe began in December 2020. On 1 October 2022 an interconnector was inaugurated, linking TAP to Bulgaria.

Sources: European Commission, EPRS, TAP, TANAP, BP.
3. Armenia and Azerbaijan in EU neighbourhood relations

The EU’s relations with Armenia and Azerbaijan are framed within the European neighbourhood policy (ENP), which also forms the basis for EU financial support instruments. The political priorities of the ENP are further detailed and shared through sub-regional forums, such as the Eastern Partnership (EaP).

3.1. EU neighbourhood policy

The ENP is an EU policy establishing a special relationship for 16 of the EU’s closest neighbours to the east and south. As mentioned above, the ENP was launched in 2003/2004, in the context of an EU enlargement that redefined the EU’s eastern borders. The countries belonging to the ENP had neither EU candidate status, nor were they not a part of the European economic area (EEA) at the time. This policy aimed to create a geographical belt of stability, peace, and prosperity, by deepening political and economic ties and supporting reforms in line with the EU’s values of democracy, rule of law and human rights.

To take account of the many geopolitical changes; including the Arab Spring, the 2014 Russian military aggression against Ukraine (east and Crimea), the civil wars in Libya and Syria, and the resulting refugee crises; the European Commission and the EEAS issued a joint communication defining a revised ENP in 2015. The revised ENP introduced more flexibility in the EU’s approach to partner countries, with the possibility to differentiate and intensify cooperation with certain partners, recognising that not all countries have the same aspirations towards joining the EU. It also seeks to reinforce ownership by partner countries, through renewed commitments to policy dialogue at bilateral and regional levels.

The Commission and the EEAS are jointly responsible for managing the ENP and its related funding instruments. They prepare action plans or association agendas containing the political and economic cooperation priorities that are jointly agreed between the EU and each partner country. These documents serve as a basis for the EU’s multiannual planning of the neighbourhood funds.
3.2. Eastern Partnership

Background
Regional and sub-regional cooperation are core principles supported by the ENP. During the Prague Summit of May 2009, in the wake of the creation of the Union for the Mediterranean and Russia’s invasion of Georgia, and building on a Swedish-Polish proposal, the EU and its Member States, as well as Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, jointly launched the Eastern Partnership (EaP).

The EaP is a joint initiative that defines political and policy priorities, aligned with international commitments, the ENP, and national priorities. Ongoing sectoral policy dialogues feed into partnership summits and are held on a regular basis.

In this context, the fifth EaP summit, held in November 2017, was an important milestone. It featured the adoption of a common reform agenda – ‘20 deliverables for 2020’ – on which progress has been monitored on an annual basis. The EaP monitoring reports found substantial progress in all key areas and notably with regard to economic cooperation, connectivity and society.23

Post-2020 agenda
In June 2019, the European Parliament adopted a recommendation (Section 4) on the future of the EaP. It called for a reinforcement of the EaP dialogue and the continuation of the agreed reform processes in the partner countries. The resolution recognised that partner countries have different levels of EU aspiration, and that ties should be deepened with countries already engaged in association agreements (AA) and deep and comprehensive free-trade agreements (DCFTA). At the same time, it emphasised the importance of maintaining regional cohesion and the momentum of the EaP. In this resolution, the Parliament also noted that ‘maintaining a long-term European perspective for the interested countries in the EaP is a catalyst for democratisation and further reforms in the EaP countries’.24

On 2 July 2021, the Commission and the EEAS issued a joint staff working document (SWD), entitled ‘Recovery, resilience and reform – post 2020 Eastern Partnership priorities’, building upon their 2020 joint communication, by defining an EaP economic and investment plan with national flagships. This document also includes the top targets envisioned for 2025, as well as a proposal on adapting the architecture of the EaP. The economic and investment plan outlined in this SWD would send up to €2.3 billion from the EU budget toward grants and investment support instruments (blending and guarantees); with multiplier effects this is estimated to lead to

Post-2020 priorities
As defined in the annex to the EaP Summit Joint Declaration:

- 'together for accountable institutions, the rule of law and security;
- together for resilient, gender-equal, fair and inclusive societies;
- strategic communication;
- together for resilient, sustainable and integrated economies;
- together for environmental and climate resilience; together for a resilient digital transformation;


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22 Belarus suspended its participation in the EaP on 28 June 2021.
€17 billion invested on the ground. The new plan identified five flagship initiatives for each EaP partner country.25

The economic investment plan was discussed and supported by EaP partners at the sixth EaP Summit held in Brussels on 15 December 2021. The summit declaration further welcomed the EU assistance part of the Team Europe COVID-19 global response. It also welcomed the agreements reached with Armenia, Georgia, Moldova and Ukraine on their association with the Horizon Europe research and innovation fund for 2021-2027 (see Section 3).26

2022, the EaP’s ultimate test?

The EaP is facing new challenges and competition. On 23 June 2022, the European Council recognised Georgia, Moldova and Ukraine’s European perspective and granted Moldova and Ukraine immediate candidate status. This further distinguishes these three countries from the two other active EaP members, Armenia and Azerbaijan, although the project of joining the EU had already featured in the constitutions of the three former countries for some time, whereas this was not the case for Armenia and Azerbaijan.

In addition, as detailed in the two reports annexed to this introduction, there still is no peace agreement between Armenia and Azerbaijan, and the Azerbaijani military attacks against Armenia over the summer of 2022 bear a high risk of renewed conflict between the two countries and reigniting the Nagorno-Karabakh dispute.

The EaP and the ENP as a whole will also need to adapt to the possible new format of a European Political Community, as the idea was relaunched under the French EU Presidency, supported by the President of the European Commission in her State of the Union address to the European Parliament in on 14 September 2022. A first meeting under this format took place in Prague on 6 October 2022.

The EU and its partners face the challenge of maintaining a regional agenda with a small but increasingly divided group and with new competing forums arising. However, as the German Institute for International and Security Affairs (SWP) points out, ‘What is not obsolete is the transversal and transnational logic of the EaP platforms in (1) good governance, (2) economic development, (3) connectivity, energy efficiency, the environment and climate change and (4) mobility, multilateral civil-society contacts.’27

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27 B. Lippert, The EU’s Next Eastward Enlargement Will Be Complicated and Expensive, SWP, August 2022.
4. EU financial assistance


During 2014 to 2020, the EU provided financial assistance to 16 partner countries through the European Neighbourhood Instrument (ENI).28 The ENI replaced the European Neighbourhood and Partnership Instrument (ENPI), which had covered 2007 to 2013. The ENI envelope for 2014 to 2020 was €15.43 billion, accounting for 24% of EU external funding.

The ENI funds reach beneficiaries through four main channels:29

1. Bilateral programmes supporting country action plans/association agendas. These absorbed around 85% of the ENI. In their joint ENI financial programming documents or 'single support frameworks' the EEAS and the Commission planned an indicative allocation between €252-308 million for Armenia, the equivalent of a maximum €44 million per year. According to a joint European Commission and EEAS factsheet of November 2021, the total amount of annual EU support received by Armenia averages €65 million,30 a higher figure mainly thanks to the additional allocations from the 'umbrella' programmes in acknowledgement of the positive democratic developments and ‘more for more’ principle under the ENP. The multiannual indicative budget for Azerbaijan was between €139-169 million for 2014-2020 – a maximum of €24 million per year.

2. Multi-country programmes supporting the priorities of regional dialogue platforms like the EaP or the Union for the Mediterranean. Up to €906 million was planned for the eastern neighbourhood, a region composed of six countries. In comparison, the ENI regional south programming was €824 million over the same 2014-2020 period.

3. Cross-border cooperation (CBC) programmes between Member States and partner countries that share a land or maritime border. Under these, €656 million was earmarked for cross-border cooperation projects. Armenia was one of the beneficiaries of the 2014-2020 Black Sea CBC project. Azerbaijan withdrew from the negotiation on the development of the programme on 7 May 2015, and has not been part of the 2021-2027 programming process.

4. Armenia and Azerbaijan have also benefited from the €3.45 billion programmed at a neighbourhood-wide level that fed into the Neighbourhood Investment Platform (NIP – 60 %), into the Erasmus+ (35 %) programme, and into institutional capacity-building programmes like Technical Assistance and Information Exchange (TAIEX – 5 %).

To facilitate implementation and ensure co-ownership of projects financed, the EU agrees on ‘partnership priorities’ with both Armenia and Azerbaijan (the equivalents of the ‘Association agendas’ with Georgia, Moldova or Ukraine). The latest version of the document was adopted in February 2018 for Armenia31 and in September 2018 for Azerbaijan.32

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31 Partnership priorities between the EU and Armenia, February 2018.
32 Partnership priorities between the EU and Azerbaijan, September 2018.

During 2021-2027, several EU external policy funds were merged into a single instrument – the Global Europe – Neighbourhood, Development and International Cooperation Instrument (NDICI) – adopted by the Council and Parliament on 9 June 2021.\(^\text{33}\)

NDICI has an overall envelope of €79.5 billion, with €19.32 billion earmarked for the neighbourhood, compared to the €15.4 programmed under the ENI.\(^\text{34}\) The NDICI introduces a streamlined blending and guarantee mechanism, the European Fund for Sustainable Development Plus (EFSD+) with an External Action Guarantee that merges all previous external guarantee funds, including macro-financial assistance (MFA) loans to governments. This guarantee will also cover the pre-accession countries.\(^\text{35}\)

According to the Commission and EEAS 2021-2027 multiannual indicative programme (MIP) for Armenia,\(^\text{36}\) bilateral funds for Armenia over the first four years of 2021 to 2024 would be €180 million. Assuming appropriations remain the same, this would mean €315 million bilateral funds could be allocated, out of the €19.32 billion for the neighbourhood over 2021-2027, or €45 million per year. The MIP refers back to the 2018 partnership priorities, confirming they are still valid.

According to the Commission and EEAS 2021-2027 multiannual indicative programme (MIP) for Azerbaijan,\(^\text{37}\) bilateral funds over the first four years of 2021 to 2024 would be €60 million. Assuming appropriations remain the same, this would mean €105 million could be allocated during 2021-2027, or €15 million per year. The MIP notes that the 2018 partnership priorities have been extended for 2021-2024.

Armenia and Azerbaijan will continue benefiting from regional east programmes within the framework of the EaP. According to the EEAS and Commission’s 2021-2027 multiannual indicative programme for the eastern neighbourhood,\(^\text{38}\) these programmes will amount to €632.24 million for the first four years of 2021 to 2024.

It should be noted that the eastern neighbourhood multiannual indicative programme now also plans for an extra allocation of €929.88 million, to support the deployment of budgetary guarantees in the eastern neighbourhood, through the EFSD+ or through macro-financial assistance (MFA). Armenia benefited from MFA support in 2011-2012, but not since then.

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\(^{34}\) B. Immenkamp, A new neighbourhood, development and international cooperation instrument – Global Europe, EPRS, European Parliament, July 2021.


\(^{36}\) Multi-annual indicative programme (2021-2027) for Armenia, EEAS and European Commission, January 2022.

\(^{37}\) Multi-annual indicative programme (2021-2027) for Azerbaijan, EEAS and European Commission, February 2022.

\(^{38}\) Multi-annual indicative programme (2021-2027) for the Eastern Neighbourhood, EEAS and European Commission, January 2022.
5. Role and positions of the European Parliament

Adopted texts

The European Parliament has been an engaged party in the South Caucasus since 2017, as reflected by the number of resolutions it adopted concerning Armenia and Azerbaijan and the EU’s engagement with the countries.

In November 2017, the Parliament called on the Council, the Commission and the European External Action Service to, within the framework of the EaP, commit to working jointly on increased mobility between the EU and partner countries, namely by opening visa dialogues with Armenia and to encourage Azerbaijani progress in the implementation of visa facilitation and readmission agreements. In this resolution, the Parliament also called for an immediate end to hostilities between Armenian and Azerbaijani military forces, and for the reaffirmation of support to the OSCE Minsk Group’s efforts to solve the Nagorno-Karabakh conflict. The 2009 Basic Principles, including territorial integrity, self-determination and the non-use of force were underlined.

The Parliament asked the Council, Commission and EEAS to encourage Armenia and Azerbaijan to re-launch negotiations in view of solving the conflict, and to call on the governments of the two countries to hold high-level talks and to commit to confidence-building measures and dialogue between their civil societies. Finally, the Parliament called for the ratification of new agreements between the EU and each of the parties to be made conditional on meaningful commitments to and substantial progress towards solving the conflict, such as maintaining the ceasefire.

In July 2018, the Parliament adopted two resolutions: on the negotiations for a new EU-Azerbaijan comprehensive agreement and on the CEPA between the EU and Armenia. On the negotiations for a new agreement between the EU and Azerbaijan, the Parliament recommended to the Council, the Commission and the EEAS, that the deepening of relations between the EU and Azerbaijan should be conditional upon it upholding and respecting the core values and principles defended by the EU, and that Azerbaijani authorities should be reminded of the previous positions taken by the Parliament. (In November 2017, Parliament had recommended that no comprehensive agreement would be ratified with a country that does not respect the EU’s fundamental values and rights). Parliament indicated therefore that ratification must be made conditional on meaningful commitments to and substantial progress towards the peaceful resolution of the conflict. Should these conditions be fulfilled, the Parliament called for speedy and steady progress in the negotiations, with the objective of signing the new agreement before the EaP summit of 2019.

Regarding the CEPA between the EU and Armenia, the Parliament applauded the citizens of Armenia for the peaceful transition of power in April-May 2018 and noted that the agreement is in keeping with the spirit and principles expressed in its recommendation of November 2017, concerning respect of EU fundamental values and rights and meaningful commitment to and substantial progress towards resolving the Nagorno-Karabakh conflict. At the same time, the Parliament urged both sides to increase the pace and output of their negotiations following the 2018 elections in both countries and expressed deep concern at the military build-up and the disproportionate defence spending in the region.


Resolution of 4 July 2018 on the draft Council decision on the conclusion, on behalf of the Union, of the Comprehensive and Enhanced Partnership Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Armenia, of the other part.
In a January 2021 resolution, the Parliament took note of the November 2020 ceasefire agreement, regretting that changes to the status quo were made through military force, rather than peaceful negotiation. It stressed that a lasting settlement still remained to be found and that the process of achieving peace and determining the future legal status of the Nagorno-Karabakh region should be based on the OSCE Minsk Group's Basic Principles. It further highlighted the urgent need to ensure humanitarian access, the security of the Armenian population and its cultural heritage in Nagorno-Karabakh, the return of internally displaced persons and refugees, and due investigation and prosecution of alleged war crimes.

In May 2021, the Parliament issued a resolution on prisoners of war (POWs) in the aftermath of the 2020 Nagorno-Karabakh conflict. The Parliament demanded the immediate and unconditional release of all Armenian prisoners, both military and civilian, detained during and after the conflict, and that Azerbaijan should refrain from making arbitrary detentions in the future. It urged the parties to fully implement the tripartite ceasefire statement of 9 November 2020, which provides for an exchange of prisoners of war, hostages and other detainees, as well as the remains of those killed during hostilities. Parliament expressed grave concern about credible reports, according to which Armenian prisoners were held in degrading conditions or subjected to inhumane treatment and torture. It urged both parties to refrain from any hostile rhetoric or actions that may be perceived as inciting hatred or outright violence and insisted they desist from any actions destroying Armenian heritage in Azerbaijan and Azeri heritage in Armenia. Parliament called for the full restoration of demolished sites and for greater involvement of the international community in protecting world heritage in the region.

In its resolution of 9 March 2022, the Parliament – in the context of evidence arising concerning foreign interference in the EU by authoritarian foreign state and non-state actors, including Azerbaijan – called for a comprehensive strategy, as well as adequate financial resources, aimed at equipping the EU and its Member States with appropriate foresight and resilience policies and deterrence tools, enabling them to tackle all hybrid threats and attacks orchestrated by foreign state and non-state actors. Previously, following the 'Azerbaijani Laundromat' revelations, the Parliament had denounced ‘attempts by Azerbaijan and other autocratic regimes in third countries to influence European decision-makers through illicit means’ in a September 2017 resolution.

On 10 March 2022, the European Parliament adopted a resolution on the destruction of cultural heritage in Nagorno-Karabakh. In this resolution, the Parliament condemned Azerbaijan’s continued policy of erasing and denying Armenian cultural heritage in and around Nagorno-Karabakh, in violation of international law and a recent decision of the International Court of Justice (ICJ). As observed in Parliament’s resolution, damage and destruction is achieving the elimination of the traces of Armenian cultural heritage in the Nagorno-Karabakh region, as well as attempts to falsify history and the region as ‘Caucasian Albanian’. Parliament’s resolution also recognised that the first Nagorno-Karabakh war led to Azerbaijani cultural heritage being damaged or destroyed, including cultural and religious sites left behind by internally displaced Azerbaijani people.

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43 Resolution of 20 May 2021 on prisoners of war in the aftermath of the most recent conflict between Armenia and Azerbaijan, European Parliament.
44 Resolution of 9 March 2022 on foreign interference in all democratic processes in the European Union, including disinformation, European Parliament.
people in the region, with these sites either destroyed, partially destroyed, neglected, or disassembled for building materials.

On 8 June 2022, the Parliament adopted a resolution\textsuperscript{47} in which it expressed deep concern about the tensions on the border between Armenia and Azerbaijan and noted that, despite the fundamental change in the political, strategic and operational status quo in the South Caucasus due to the Azerbaijan-triggered 2020 war, the Nagorno-Karabakh conflict has never been settled. It reiterated the importance of the full exchange and release of detainees, addressing the fate of missing persons, facilitating humanitarian demining, ensuring the safe and free movement of civilians in Nagorno-Karabakh, assisting conflict-affected populations, confidence-building measures, people-to-people contacts, supporting reconstruction efforts, and the preservation of cultural heritage.

European Parliament Committee on Foreign Affairs' mission to the South Caucasus, July 2022

On 31 August 2022, the Chair of the Committee on Foreign Affairs (AFET), David McAllister (EPP, Germany), debriefed\textsuperscript{48} Committee members on AFET's July 2022 mission to the South Caucasus, which he led. The European Parliamentary Delegation visited Baku, Tbilisi and Yerevan.

The parliamentary delegation was received at the highest level in all three countries, in what was said to reflect the countries' interest in their relations with the Union, and in particular with the European Parliament. The visit came at a time of important developments for the region, and in both Armenia and Azerbaijan, the key topic for discussions was the situation in and around Nagorno-Karabakh, following the 2020 war. During the debriefing, David McAllister stated that 'unsurprisingly there were significant differences of opinion in the two capitals about the current situation and the steps that needed to be taken now towards a peace agreement'. The involvement of the EU in resolving the conflict and as a mediator was discussed.

The delegation met with Azerbaijani President Aliyev and other high-level officials. Their meetings addressed topics including regional political security, trade developments, environmental challenges, and parliamentary cooperation. When discussing the recent European Parliament resolution on the preservation of cultural heritage, the European Parliament's delegation emphasised that the resolution addresses the protection of both Armenian and Azerbaijani cultural heritage, and that the issue 'will continue to be dealt with in a fair and factually based manner in the future'.

In Armenia, the delegation met with Prime Minister Pashinyan, members of the government and of the opposition. Armenia's numerous concerns regarding the situation of Armenians living in the Nagorno-Karabakh were voiced. The resolutions of the European Parliament on POWs and on the protection of cultural heritage were 'repeatedly welcomed'. Prime Minister Pashinyan noted the close cooperation with the EU on democratic reforms in the country, and the recognition of Armenia's success in the framework of the EaP.

During the debriefing, the AFET chair stated that the main problem for Armenia remains the overall security situation in the region – the implication of Russia's war against Ukraine has added additional complexity for Armenia, due to its political and security links with Russia and the presence of Russian 'so-called peacekeepers in Nagorno-Karabakh'. While the Armenian side understood the reasons for EU sanctions against Russia, it noted their negative impact on Armenia, as a landlocked

\textsuperscript{47} Resolution of 8 June 2022 on security in the Eastern Partnership area and the role of the common security and defence policy, European Parliament.

\textsuperscript{48} Committee on Foreign Affairs hearing of 31 August 2022, European Parliament website.
country with limited connections and the need to find mechanisms to mitigate their impact. Prospects of a normalisation process with Turkey – which has launched and has achieved some tangible progress – were discussed. Nevertheless, this process also remains linked to the progress on peace talks between Armenia and Azerbaijan.

The delegation met with representatives of civil society organisations (CSOs) in all countries, and discussed the human rights situation, ongoing reforms, and the challenges faced by CSOs in their activities. The Chair of the AFET committee stated that the mission will feed into the upcoming work of the Parliament on the own-initiative procedures on EU-Armenia and EU-Azerbaijan relations (2021/2230(INI) and 2021/2231(INI)).

European Parliament Delegation for Relations with the South Caucasus

The European Parliament’s Delegation for Relations with the South Caucasus (DSCA) serves the EU-Armenia Parliamentary Partnership Committee (PPC), the EU-Azerbaijan Parliamentary Cooperation Committee (PCC) and the EU-Georgia Parliamentary Association Committee (PAC). The Chair of the Delegation co-chairs the regular meetings of these inter-parliamentary bodies, in which Members of the European Parliament meet with their counterparts in the respective partner countries’ parliaments. In this context, the DSCA seeks to contribute to bringing Armenia, Azerbaijan and Georgia closer to the EU.

Over the course of 2022, the Chair of the DSCA Marina Kaljurand (S&D, Estonia) issued a number of statements concerning Armenia and Azerbaijan. On 16 March 2022, the chair issued a statement on ‘the worrying humanitarian situation in Nagorno-Karabakh’, calling for the speedy resumption of negotiations on a lasting conflict settlement and recalling the EU’s readiness to step up assistance to build confidence and address humanitarian and other issues. On 1 April 2022, following a meeting with the Co-Chair of the EU-Azerbaijan PCC, Javanshir Feyziyev, Marina Kaljurand issued a statement raising concerns about Azerbaijan’s ‘unprovoked military intrusion into Nagorno-Karabakh’, violating the ceasefire agreement of 9 November 2020, and welcomed the announcement of the meeting of the leaders of Armenia and Azerbaijan and the President of the European Council on 6 April 2022 in Brussels.

On 4 August 2022, the Chair of the DSCA issued a statement on the ‘renewed military escalation in Nagorno-Karabakh’, stating that Azerbaijan and Armenia have a historic opportunity to end decades of conflict and lay the foundations for a peaceful and prosperous region, and urging parties to avoid any action undermining trust and threatening the negotiations at this crucial point in time. On 13 September 2022, the DSCA Chair condemned the previous night’s ‘large-scale military attack by Azerbaijan against multiple targets in the territory of the Republic of Armenia’ and stated that this ‘new aggression follows Baku’s serious breaches of the ceasefire on the Nagorno-Karabakh line of contact in March and August, taking advantage of the global and regional situation created by the aggression of Russia against Ukraine’.

49 Statement by the Chair of the Delegation for relations with the South Caucasus, Marina Kaljurand (S&D, Estonia) on the worrying humanitarian situation in Nagorno-Karabakh, European Parliament, 16 March 2022.
50 Statement by the Chair of the Delegation for relations with the South Caucasus, Marina Kaljurand (S&D, Estonia) following the meeting with the Co-Chair of the EU-Azerbaijan Parliamentary Cooperation Committee Mr Javanshir Feyziyev, European Parliament, 1 April 2022.
51 Statement by the Chair of the Delegation for relations with the South Caucasus, Marina Kaljurand (S&D, Estonia) on the renewed military escalation in Nagorno-Karabakh, European Parliament, 4 August 2022.
52 Statement by the Chair of the Delegation for relations with the South Caucasus, Marina Kaljurand (S&D, Estonia) on the military aggression of Azerbaijan against the Republic of Armenia, European Parliament, 13 September 2022.
6. Context, methodology, scope and purpose of this research

6.1. Literature review

The EU’s relations with the South Caucasus – and with the individual partner countries in the region – are widely covered by academic and think tank publications, and read with great attention at the policy-making level. This section highlights some recent publications and their contribution to specific topics central to the EU-Armenia and EU-Azerbaijan relations.

On connectivity matters, in November 2021, Thomas de Waal, writing for Carnegie Europe, published an article entitled ‘In the South Caucasus, Can New Trade Routes Help Overcome a History of Conflict?’. De Waal reflects upon the challenges, specific national concerns and opportunities, but also regional implications of the potential realisation of the corridors, as set out under the 2020 Russia-brokered ceasefire agreement. The ninth (and last) point of the 2020 ceasefire agreement reads:

All economic and transport connections in the region shall be unblocked. The Republic of Armenia shall guarantee the security of transport connections between the western regions of the Republic of Azerbaijan and the Nakhchivan Autonomous Republic in order to arrange unobstructed movement of persons, vehicles and cargo in both directions. The Border Guard Service of the Russian Federal Security Service shall be responsible for overseeing the transport connections.

The transport connection to Nakhchivan is important, as if realised, would take an international dimension – as it would mean reactivating the north-south route running from Russia to Armenia and Iran via Azerbaijan. In addition, de Waal notes that rebuilding relatively small sections of railway in Armenia and Azerbaijan would make feasible the 7 200 kilometre International North-South Transport Corridor – a projected rail route stretching from Finland through Russia to the Persian Gulf and on to India. According to de Waal:

A new good-quality rail network with minimal border controls would also boost east-west trade, especially if the Armenia-Turkey border, closed since 1993, is reopened. It would enhance the attractiveness of the Middle Corridor, a route carrying goods between China, Central Asia, Turkey, and the European Union via the South Caucasus.

In this same line, the European Commission presented the first findings of an ongoing study on the matter of ‘sustainable transport corridors connecting Europe with Central Asia’, in October 2022. Among these findings, the critical importance of the South Caucasus in the EU’s connectivity pursuits is highlighted. The Commission study should contribute to the implementation of the 2018 EU strategy on connecting Europe and Asia. On the subject of connectivity, in an article entitled ‘Has Turkey Outfoxed China in Azerbaijan to become a rising Eurasian power?’, for the Central Asia-Caucasus Institute, Michael Tanchum writes:

Beyond changing the map of the southern Caucasus, the 2020 Nagorno-Karabakh war has cemented Turkey’s presence in Azerbaijan and enhanced Ankara’s ability to project its influence in Central Asia. By changing the rules of the game in the South Caucasus, Turkey has also upended the geopolitics of

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54 Transport links connecting the Nakhchivan Autonomous Republic and the western regions of Azerbaijan.

55 *Study on sustainable transport connections with Central Asia*, European Commission website.


57 M. Tanchum, *Has Turkey Outfoxed China in Azerbaijan to become a rising Eurasian power?*, article, The Turkey Analyst, January 2021.
connectivity in Central Asia, elevating itself from a transit state to one of the principal agenda-setters of Eurasian connectivity’

In September 2021, de Waal had also written for Centre for European Policy Studies (CEPS) on ‘The Nagorny Karabakh Conflict in its Fourth Decade’. De Waal argued that the planned reopening of transport routes – especially a route connecting western Azerbaijan and the Azerbaijani exclave of Nakhichevan – would be the main promised medium-term peace dividend resulting from the 2020 ceasefire agreement.

In his recommendations and reflections concerning the coming five years, de Waal noted that the Armenian-Azerbaijani conflict has antagonised both societies to a level where post-Soviet approaches to 'conflict transformation' – advocating the kind of incremental change in which barriers are broken down and bonds of trust are restored across the conflict divide – have little chance of success. The suggestion being that priority is instead given to change within the respective societies.

On the conflict and its mediation, in a commentary for Chatham House published in September 2022, in the context of the EU’s 'capital' for mediation between Armenia and Azerbaijan, Laurence Broers states: 

"The recent large-scale cross-border attacks inside Armenia by Azerbaijan (...) highlights the wider picture of a collapsing Russian-led security order in Eurasia."

According to Broers, these attacks coincided with Ukraine’s successful counter-offensive in Kharkiv and fighting between Kyrgyzstan and Tajikistan. When Armenia appealed to Russia and its allies in the Collective Security Treaty Organization (CSTO) for support, this only resulted in the mobilisation of a fact-finding mission. Indeed, Russia’s indecision in choosing between its old friend Armenia and newer friend Azerbaijan’ contributes to the role the EU plays through its diplomacy, according to a commentary on the European Council on Foreign Relations, by Marie Dumoulin. This September 2022 commentary emphasises that the core issue currently is the status of the Armenian population of Nagorno-Karabakh (as it has been for the last 30 years), and that if the EU intends to continue its mediation, it should aim to put forward concrete and thought-through proposals regarding the security and the rights of the Armenians living in Nagorno-Karabakh. In fact, as underlined by Emil Avdaliani, writing for the Center for European Policy Analysis, the region’s perception of Russia’s interests has shifted, and 'few if any truly believe that the Kremlin is seriously intent on helping the peace process since a deal would dilute its influence'.

The International Crisis Group published a commentary on 'New Opportunities for Mediation in Nagorno-Karabakh'. The commentary makes the following recommendations to the EU and its Member States: (1) to push forward with mediation efforts; (2) to maintain support to Russia in its mediation role, despite the current tensions deriving from the ongoing situation in Ukraine; (3) to make best use of the EU’s potential as donor and growth enabler; and (4) to engage with Nagorno-Karabakh residents and de facto authorities – as their support is critical to a future peace deal. In September 2022, another commentary by the International Crisis Group, dealt with 'Upholding the
EU relations with Armenia and Azerbaijan

Ceasefire between Azerbaijan and Armenia. Referring to the recent escalation of tensions during the month of the publication, it states that ‘it is not at all clear whether the ceasefire will hold’ – as the difference in power between the two sides appears to be widening. The commentary emphasises that the EU will likely be part of the answer, as it has managed to bring the Armenian and Azerbaijani leaders together four times since the November 2020 ceasefire. However, the difference in power already mentioned will pose challenges, as noted by de Waal in an article for Foreign Affairs:

> What has gone unspoken in the talks is as telling as what has been spoken. In several months of public messaging by the European Union, officials have consistently left out two words: ‘Russia’ and ‘Karabakh’ (…) In his May 23 statement, Michel mentioned the word ‘Karabakh’ for the first time (…) Its omission in previous statements points to the strength of Azerbaijan’s position in the current negotiations.

In a commentary for the Egmont Institute, Bernard Siman draws attention back to Paul-Henri Spaak’s speech of 2 September 1958, as Secretary-General of NATO. Siman states that an effective Russia strategy cannot ignore the Eastern Mediterranean and the Caucasus.

6.2. Objectives of this European Implementation Assessment

Scrutiny and oversight of the executive are an important part of the European Parliament’s work, as set out in the Treaties and detailed agreements between the EU institutions. With regard to external relations, the European Parliament is involved in the EU’s external policies, and this role was strengthened by the Lisbon Treaty (effective since December 2009), including under Articles 207 and 218 of the Treaty on the Functioning of the European Union (TFEU). Article 218 envisages the Parliament’s consent for international agreements and the right to be fully and immediately informed, at all stages of the procedure. Article 207 gives Parliament co-decision powers over legislation determining the framework for implementing the common commercial policy (CCP) and applying trade agreements. Furthermore, the High Representative, who is ex officio a Vice-President of the Commission, has to consult the Parliament on various topics, including the European Union’s Common Foreign and Security Policy (CFSP), in accordance with Article 36 of the Treaty on European Union (TEU).

Chapter 5 demonstrates the keen interest the Parliament has taken in the formulation and implementation of the European neighbourhood policy, and the EU’s relations with the South Caucasus in particular. In December 2021, the European Parliament’s AFET committee launched an own-initiative procedure on EU-Armenia relations and on EU-Azerbaijan relations (2021/2230(INI) and 2021/2231(INI)). The respective rapporteurs are Željana Zovko (EPP, Croatia) and Andrey Kovatchev (EPP, Bulgaria).

On 7 April 2022, to accompany its scrutiny work, the AFET committee requested the Ex-Post Evaluation Unit of the Directorate for Impact Assessment and European Added Value, within the European Parliamentary Research Service (EPRS), to prepare a European Implementation Assessment (EIA) on the on the implementation of the EU’s Comprehensive and Enhanced Partnership Agreement (CEPA) with Armenia, and Partnership and Cooperation Agreement (PCA) with Azerbaijan.

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63 International Crisis Group, Upholding the Ceasefire between Azerbaijan and Armenia, Q&A, September 2022.
64 T. de Waal, Nagorno-Karabakh in the Shadow of Ukraine, article, Foreign Affairs, May 2022.
65 B. Siman, A Russia strategy must look south: the Caucasus impacts Europe through the Eastern Mediterranean, commentary, Egmont Royal Institute for International Relations, March 2022.
As the European Parliament’s in-house research service and think tank, the EPRS mission is to provide Members of the European Parliament, and where appropriate parliamentary committees, with independent, objective and authoritative analysis of, and research on, policy issues relating to the European Union, in order to assist them in their parliamentary work, throughout the policy cycle – both before legislation is adopted (ex ante) and after its adoption (ex post).

To prepare the required research evidence, two reports by external experts were commissioned, consolidated as Annex I and Annex II to this EIA. The following sections give a brief overview of the methodology used by the experts in writing these reports and of the intended contribution of this EIA to EU policy-making.

6.3. Methodology of the research projects

The findings of the annexed reports are based on secondary (existing) and primary (newly collected) data. Primary data include official legislative and political documents (i.e., legislation, governmental strategies and action plans), statistical data and data collected through a series of online interviews with representatives of the EU, representatives of local and international organisations, country officials, and local and international NGOs. Secondary data include implementation reports from the European External Action Service (EEAS) and the European Commission, country-based and EU think-tanks and civil-society organisations (CSOs), as well as local media articles and expert analyses.

The reports offer an assessment of the progress made in the implementation of the CEPA and PCA agreements of Armenia and Azerbaijan with the EU, between November 2017 and August 2022, with a focus on: i) the latest developments after the fallout of the 2020 war and causes of continued tensions; ii) the countries’ positioning in the international scene; iii) preservation of cultural heritage, particularly in and around the Nagorno-Karabakh territory; iv) human rights and fundamental freedoms (particularly freedom of expression, assembly, freedom of the media, and the situation of civil society); and v) in the case of Azerbaijan, the role of the country as an energy provider for the EU.

6.4. Key findings and contribution to EU policy-making

Within the terms of the procurement procedures carried out for the production of this EIA, experts were asked to present their results fully, without omission, misrepresentation or deception – with all source information being clearly indicated. The experts were asked to perform the tasks assigned to them in accordance with the highest academic and professional standards. In this, the experts bear sole responsibility for the results of their work and any opinions expressed in these reports should not be taken to represent an official position of the European Parliament.

The two reports make clear that, since the February 2022 full-scale Russian invasion of Ukraine, the context in the Caucasus region is changing. Specifically, concerning relations between Armenia and Azerbaijan, both reports confirm that Russia’s credibility and capacity in its roles as a party to the conflict, mediator and ultimate arbitrator have been damaged. The reports also consider the role of Russian troops with a peacekeeping mission, deployed within a part of the territories of the former Nagorno-Karabakh Autonomous Oblast, and whose initial mandate will end in 2025.

The reports in Annex I and Annex II highlight the EU’s recent and enhanced efforts to be present in the region as a mediator, and recognise advances made in peacebuilding through EU action. At the end of their reports, the experts conclude with recommendations for future EU engagement.

66 For previous developments, see EU relations with Armenia and Azerbaijan, in-depth analysis, Policy Department for External Relations, European Parliament, 2017.
with the countries, and implementation of the respective CEPA and PCA, currently in force. In the recommendations drafted by each expert individually, common ground can be found. For example, one of the recommendations expressed by both experts is that the EU should continue to support dialogue between Armenia and Azerbaijan, namely through support initiatives such as joint commissions for the study of conservation and protection of cultural heritage. The growing importance of the European Parliament’s involvement and scrutiny – in a context where other institutions have an interest in maintaining an open channel with all parties, to be able to play their newly found and critical mediation role – is also equally recognised.

Despite the aforementioned convergence, it is evident at times that the reports drafted by Dr Laure Delcour and Dr Leila Alieva regarding the implementation of the EU CEPA with Armenia and the EU PCA with Azerbaijan, respectively, express diverging views on the overlapping subjects covered. This divergence, identifiable in the reports that follow, is a reflection of the research conducted based on established methodology (see subsection 6.2). It can be seen to represent the existing differences of opinion on the ground, as also recognised in the 2022 AFET committee visit to the countries.

Both researchers were asked to cover the issue of the protection of cultural heritage in and around Nagorno-Karabakh, covering the background, recent developments and the perception and concerns about the issue in both countries. However, it should be highlighted that the European Parliament has, based on international and legally binding treaties, maintained a clear stance in matters regarding preservation of cultural heritage, particularly the defacement and destruction of cultural or religious heritage and historical revisionism, which run counter to the ICJ order of 7 December 2021, as well as to Parliament’s resolutions of 20 May 2021 and 10 March 2022.

The report in Annex I notes that the EU, and notably the European Parliament, have and should continue to condemn any damage or destruction of Armenian cultural and religious heritage in and around Nagorno-Karabakh. Such destruction is a major obstacle to a long-lasting peace, as it is intended to deny the identity and the very existence of Armenians in Nagorno-Karabakh, and contribute to the lack of mutual trust and understanding. The report further documents how Azerbaijan’s government and authorities are mobilising a ‘Caucasian Albanian’ narrative, in view of eliminating ‘Armenian forgery’ from cultural sites. The report mentions that in 2021, the Parliamentary Assembly of the Council of Europe expressed ‘concern about a developing narrative in Azerbaijan promoting a “Caucasian Albanian” heritage, to replace what is seen as an “Armenian cultural heritage”’, and invited ‘UNESCO to look into the developing narrative promoting a “Caucasian Albanian” heritage, to ensure it is not being manipulated by either side’. Annex I also mentions that in 2022, the European Parliament qualified the erasure of Armenian cultural heritage as ‘part of a wider pattern of a systematic, state-level policy of Armenophobia and “historical revisionism”’.

The report in Annex II gives further information about the origins, the diffusion and the academic supporters of the ‘Caucasian Albanian’ narrative, which it now finds is widely accepted among the authorities and Azerbaijan’s population. It further details how this narrative is currently being mobilised in ‘restoration efforts’ taking place at cultural sites in reclaimed territories in and around Nagorno-Karabakh. The author insists on the need to develop a more regional approach to cultural heritage, with joint-academic commissions for more effective protection of an often-

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67 See joint statement by the Chair of the Delegation for relations with the South Caucasus and standing rapporteurs on Armenia and Azerbaijan, 9 December 2021.
68 Resolution of 20 May 2021 on prisoners of war in the aftermath of the most recent conflict between Armenia and Azerbaijan, European Parliament.
contested cultural heritage. The author further shows how the current EU dialogue on this topic with Azerbaijan need to acknowledge three complicating factors: (1) the strong perception of a biased ‘West’ that is said to have not cared about the destruction of Azeri heritage over the last decades, (2) the fear that the determination of the attribution of ownership of heritage would validate irredentist claims and create a threat to their sovereignty, and (3) the complexity and intertwined nature of the history of the local cultures, which have a long record of inter-influences due to a history of colonisation and resettlements.

These reports address highly sensitive topics that relate directly to the identity and security of the stakeholders involved. After years of status quo, the second Nagorno-Karabakh war, the 2022 cross-border attacks of Azerbaijan against Armenia, and the ongoing geopolitical crises, have changed and continue to power dynamics in the South Caucasus. Change and unpredictable outcomes only exacerbate these sensitivities. In this context, caution was taken that the two reports attribute with utmost care all claims and views to their original sources, and specify any disagreements relevant to the context. It is in this spirit, therefore, and without representing an official position of the European Parliament, that this research aims at contributing, therefore, to transparent EU policy-making on EU relations with Armenia and Azerbaijan, in line with the EU Better Regulation agenda.
EU relations with Armenia and Azerbaijan

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Further reading


The following report takes stock of the progress in the implementation of the Comprehensive Enhanced Partnership Agreement (CEPA) between the European Union (EU) and Armenia, and analyses major political and economic developments in Armenia in the period between November 2017 and mid-October 2022. It assesses the successes and shortcomings in CEPA implementation, with a focus on i) developments after the fallout of the 2020 war and causes of continued tensions; ii) Armenia’s positioning in the international scene; iii) the preservation of cultural heritage, particularly in and around the Nagorno-Karabakh territory and iv) human rights and fundamental freedoms. The report also presents a series of recommendations regarding the EU’s future engagement with Armenia.
This study has been written by Dr. Laure Delcour (Associate Professor, Université Sorbonne Nouvelle/Visiting Professor, College of Europe) at the request of the Ex-post Evaluation Unit of the Directorate for Impact Assessment and European Added Value, within the Directorate-General for Parliamentary Research Services (EPRS) of the Secretariat of the European Parliament.

ADMINISTRATORS RESPONSIBLE
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Executive summary

This report offers an assessment of the progress in the implementation of the Comprehensive and Enhanced Partnership Agreement (CEPA) between the European Union (EU) and Armenia in the period between November 2017 and August 2022, with a focus on effectiveness and outcomes. The CEPA was concluded in November 2017; substantial parts have been provisionally applied since June 2018 and the agreement fully entered into force in March 2021. Since the CEPA was signed, the context in and around Armenia has drastically changed. In the spring of 2018, the country went through the most substantial political change since its independence with the Velvet Revolution, which peacefully broke with the corrupt system of governance and brought to power a new leadership with a democratic reform agenda. While the shift of power created favourable conditions for CEPA implementation, Armenia’s defeat in the 2020 war against Azerbaijan placed the country in a highly precarious regional situation and sparked domestic political tensions, thereby affecting the application of the CEPA.

The 44-day war that erupted in late September 2020 broke a status quo of 26 years, during which Armenia-backed Karabakhis controlled not only the territory of Nagorno-Karabakh, but also the surrounding regions internationally recognised as part of Azerbaijan. By sealing the country’s military defeat and the loss of territories perceived as central to its identity, the ceasefire agreement came as a major shock to Armenia and plunged the country into a profound crisis. Despite halting hostilities, the Russia-mediated ceasefire has fallen short of offering a sustainable solution to the conflict as it does not touch upon the status of Nagorno-Karabakh and of ethnic Armenians living there, a pivotal issue for Armenia. In the aftermath of the conflict, Armenia’s vulnerability has been exacerbated by repeated border clashes resulting from Azerbaijan’s repeated encroachments on the country’s territory, as part of Baku’s strategy to reach a favourable deal over Nagorno-Karabakh.

The potential regional benefits that could derive from the end of hostilities in Nagorno-Karabakh (e.g., normalisation of relations with Turkey, opening of the borders and enhanced connectivity) have yet to materialise for Armenia. In fact, the country’s regional precarity has drastically increased in the aftermath of the 2020 war. This is because of three factors: the fragility of Armenia’s alliance with Russia, which was exposed during the conflict, Azerbaijan’s constant pressure on the country and the sheer volatility of the regional environment, which has only increased after Russia’s invasion of Ukraine of February 2022. In addition to casualties and the loss of territories, the 2020 war also raised the issue of the preservation of Armenian cultural monuments and objects of national or religious heritage in and around Nagorno-Karabakh. According to Caucasus Heritage Watch (CHW), a US academic project monitoring the condition of Armenian monuments under Azerbaijani jurisdiction since 2020, there is substantial evidence of damages to, and destruction of Armenia’s cultural heritage in the areas recaptured by Azerbaijan, including (among others) the Mets Tagher Cemetery and the Holy Saviour Cathedral in Shusha/Shushi. Such destructions are a major obstacle to any sustainable peace.

The continued tensions that have affected Armenia since late 2020 find their root in the intermingling of several factors, including the persisting influence of former authoritarian and corrupt elites and their desire to regain power, the political practices of the current authorities (in particular, the centralisation of power around the Prime Minister) and the defeat in the war against Azerbaijan. However, whereas the growing political polarisation undermines the functioning of institutions, the authorities are still committed to democratic transformations.

Over the past four years, the authorities have removed most of the informal economic barriers that served clientelistic interests under the previous regime. They have also reformed the tax system and advanced the digitalisation of the economy. However, some major political reforms have stumbled against the government’s lack of experience and comprehensive vision. Crucially, reforms have met substantial resistance from networks tied to the former ruling elite, as well as the bureaucracy and lower levels of governments. Whereas progress has been achieved in the fight against grand corruption, policy change in other sectors (for instance in the judiciary) has been sluggish. Likewise,
progress with respect to human rights remains selective and needs to be consolidated in several areas. In addition, setbacks were observed during the 2020 war and the subsequent political crisis, in particular with respect to freedom of expression and media freedom.

Overall, Armenia stands at a crossroads, whether in terms of its place in a highly challenging regional environment, consolidation of its statehood or democratisation and reform process. In this context, the EU should continue supporting the implementation of the authorities’ reform agenda in line with the commitments taken as part of the CEPA. It should also continue acting as a mediator between Armenia and Azerbaijan, closely monitor developments in and around Nagorno-Karabakh and react firmly to Azerbaijan’s repeated breaches of international law.
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<th>Description</th>
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<tbody>
<tr>
<td>AA</td>
<td>Association Agreement</td>
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<tr>
<td>ACC</td>
<td>Anti-Corruption Committee</td>
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<td>ADB</td>
<td>Asian Development Bank</td>
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<td>AMD</td>
<td>Armenian Dram</td>
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<td>CEPA</td>
<td>Comprehensive and Enhanced Partnership Agreement</td>
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<td>CFPE</td>
<td>Committee to Protect Freedom of Expression</td>
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<td>CHW</td>
<td>Caucasus Heritage Watch</td>
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<td>CoE</td>
<td>Council of Europe</td>
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<tr>
<td>CPC</td>
<td>Corruption Prevention Commission</td>
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<tr>
<td>CSO</td>
<td>Civil society organisation</td>
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<td>CSTO</td>
<td>Collective Security Treaty Organisation</td>
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<tr>
<td>DCFTA</td>
<td>Deep and Comprehensive Free-Trade Agreement</td>
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<td>EaP</td>
<td>Eastern Partnership</td>
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<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
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<td>EAEU</td>
<td>Eurasian Economic Union</td>
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<td>EEAS</td>
<td>European External Action Service</td>
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<td>EPNK</td>
<td>European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh</td>
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<td>EU</td>
<td>European Union</td>
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<td>HSM</td>
<td>Homeland Salvation Movemen</td>
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<td>GI</td>
<td>Geographical Indication</td>
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<td>GRECO</td>
<td>Group of States Against Corruption</td>
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<td>GSP+</td>
<td>Generalised Scheme of Preferences+</td>
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<tr>
<td>IDP</td>
<td>Internally Displaced Persons</td>
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<tr>
<td>LGBTQ</td>
<td>Lesbian, gay, bisexual, transgender, and queer</td>
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<tr>
<td>NDC</td>
<td>Nationally Determined Contribution</td>
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<tr>
<td>OSCE</td>
<td>Organisation for Security and Cooperation in Europe</td>
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<td>SPS</td>
<td>State Supervision Service</td>
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<td>SSR</td>
<td>Soviet Socialist Republic</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organisation</td>
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<tr>
<td>US</td>
<td>United States of America</td>
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<td>USSR</td>
<td>Union of Soviet Socialist Republics</td>
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1. Methodology

This report offers an assessment of the progress in the implementation of the Comprehensive Enhanced Partnership Agreement (CEPA) between the European Union (EU) and Armenia in the period between November 2017\(^1\) and August 2022, with a focus on i) the latest developments after the fallout of the 2020 war and causes of continued tensions; ii) Armenia's positioning in the international scene; iii) the preservation of cultural heritage, particularly in and around the Nagorno-Karabakh territory and iv) human rights and fundamental freedoms (particularly freedom of expression, assembly, freedom of the media, and the situation of civil society). It combines a qualitative and a quantitative analysis of both primary and secondary data. Primary data include official legislative and political documents (i.e., legislation, governmental strategies and action plans), statistical data and data collected through a series of online interviews with 13 representatives of local and international organisations, Armenian officials and EU diplomats. Secondary data include implementation reports from the European External Action Service (EEAS) and the European Commission, Armenian and EU think-tanks and civil-society organisations (CSOs), as well as Armenian media articles and expert analyses.

This report starts by analysing the broader context in which the CEPA is currently implemented, in particular the fallout of the 2020 war and the current political tensions in Armenia. Five chapters follow, dedicated respectively to Armenia's positioning in the international scene; the preservation of cultural heritage in and around Nagorno-Karabakh; political developments and reforms in Armenia, with a focus on human rights and freedoms; economic developments and reforms; and institutional and strategic developments. Each chapter assesses the general situation in the field concerned and highlights major successes and shortcomings. The concluding chapter offers recommendations as to how the EU could engage with Armenia in the future.

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\(^1\) For previous developments, see Leila Alieva, Laure Delcour and Hrant Kostanyan, [EU relations with Armenia and Azerbaijan](https://www.europarl.europa.eu), European Parliament, 30 October 2017.
2. Broader context of CEPA implementation: developments in Armenia after the 2020 war

The CEPA was concluded in November 2017; substantial parts have been provisionally applied since June 2018 and the agreement fully entered into force in March 2021. Since the CEPA was signed, the context in and around Armenia has drastically changed. In the spring of 2018, the country went through the most substantial political change since its independence with the Velvet Revolution, which peacefully broke with the corrupt system of governance and brought to power a new leadership with a democratic reform agenda. While the shift of power created favourable conditions for CEPA implementation, Armenia’s defeat in the 2020 war against Azerbaijan placed the country in a highly precarious regional situation and sparked domestic political tensions, thereby affecting the application of the CEPA.

2.1. The fallout of the 2020 war over Nagorno-Karabakh

The 44-day war that erupted in late September 2020 broke a status quo of 26 years, during which Armenia-backed Karabakhis controlled not only the territory of Nagorno-Karabakh, but also the surrounding regions internationally recognised as part of Azerbaijan.

The war reversed the balance of forces inherited from the 1994 ceasefire and resulted in a ‘staggering defeat’ for Armenia and Karabakh Armenians. Armenia suffered high casualties during the war. According to Armenia’s Investigative Committee, 3,809 were killed and 220 (of which 21 civilians) missing as a result of the conflict. Over one-third of the Karabakh Armenian population was ‘uprooted’ from the areas previously controlled by Nagorno-Karabakh de facto authorities. With the ceasefire agreed upon under Russia’s auspices, Armenia lost control over large parts of Nagorno-Karabakh, including the city of Shusha (Shushi in Armenian), which is of cultural and religious importance to both Armenia and Azerbaijan.

In addition, as part of the ceasefire agreement Armenia is expected to ensure safe transport links between western Azerbaijan and the Azerbaijani Nakichevan exclave through its Syunik province, whereas its own connection to Nagorno-Karabakh needs to be guaranteed by Russian troops, deployed along the Lachin corridor with a peacekeeping mission.

Crucially, tensions between Armenia and Azerbaijan over Nagorno-Karabakh have not ceased with the truce. Despite halting the hostilities, the Russia-mediated ceasefire agreed on 9 November 2020 is fraught with ambiguities; for instance, it has given rise to different interpretations about the status

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2 Benyamin Poghosyan, Armenia’s endgame in the aftermath of the 2020 war needs to be clarified, KarabakhSpace.Eu, 25.03.2021.
Implementation of the Comprehensive and Enhanced Partnership Agreement between the EU and Armenia

of Armenian and Karabakh Armenian armed units still in the area after November 10th.⁵ Most importantly, the tripartite agreement leaves crucial issues unresolved. It does not touch upon the political status of Nagorno-Karabakh, thereby falling short of offering a sustainable solution to the conflict.⁶ The truce deal is also silent about the Organisation for Security and Cooperation in Europe (OSCE) and its Minsk Group, that had been responsible for the conflict resolution since 1994.⁷ Under the OSCE Madrid principles (last updated in 2009), the status issue was to be resolved via a referendum. The absence of any reference to a political settlement is fully acceptable to Azerbaijani authorities, who regard the conflict as solved.⁸ It is, however, highly problematic for Armenians, for whom a final status for Nagorno-Karabakh has yet to be agreed and, crucially, for whom security and rights for Karabakh Armenians should be ensured. According to Prime Minister Pashinyan:

Artsakh (Karabakh) is not a subject to be handed over, Artsakh is the people who live there. (...) Any solution to the Nagorno-Karabakh conflict in which these conditions (the rights of Karabakh Armenians to live freely and in security) are not provided and guaranteed is not acceptable, it will never be acceptable.⁹

In essence, the 2020 war and its outcomes have exacerbated the deep divergences between the two sides. Since the conflict, the Azerbaijani elites, who in 2011 offered Nagorno-Karabakh ‘the highest possible autonomy existing in the world’,¹⁰ have expressed a harsh and rigid position ruling out any specific status for the area and denying the very concept of ‘Nagorno-Karabakh’.¹¹ According to president Aliyev, ‘there is neither status nor Nagorno-Karabakh’.¹² Thus, in the Azerbaijani authorities’ view, the Karabakh Armenians who live there should become citizens of Azerbaijan without any right to autonomy,¹³ which is a red line for them as well as for Yerevan. In contrast to Azerbaijan, Armenia has been requesting a specific status for Nagorno-Karabakh.

Therefore, by leaving key issues unaddressed the Russian-brokered deal has offered a ‘phoney peace’,¹⁴ which is unable to break the deadlock between Armenia and Azerbaijan. This has been confirmed by three interwoven post-conflict dynamics unfolding in and around Nagorno-Karabakh.

First, the violations of the ceasefire agreement’s provisions related to prisoners have only brought to light the deeply entrenched enmity between the two countries. As part of the truce deal, both Armenia and Azerbaijan committed themselves to exchanging ‘prisoners of war, hostages and other

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⁵ The agreement includes potentially contradictory provisions. On the one hand, it requests the sides to stop on their ‘current positions’ (point 1 of the ceasefire agreement); on the other hand, it indicates that ‘the peacemaking forces of the Russian Federation shall be deployed concurrently with the withdrawal of the Armenian troops’ (point 4 of the agreement). This has been interpreted by the Armenian side as a possibility to maintain armed personnel within the positions they still control, since they have withdrawn their forces from the other parts of Nagorno-Karabakh and the seven districts returned to Azerbaijan. ArmenPress, Official text of Nagorno-Karabakh armistice, 13.06.2022. See Thomas De Waal, Unfinished Business in the Armenia-Azerbaijan conflict, Carnegie Europe, 11.02.2021


⁷ András Rácz, In Russia’s hands. Nagorno-Karabakh after the ceasefire agreement, EUISS Brief No8, April 2021, p.2


⁹ Mark Dovich, Pashinyan insists there is no draft plan to settle Karabakh conflict, stresses key role of Minsk Group, Civinet.am, 22.04.2022

¹⁰ Euronews, Azerbaijan’s president perspective on Nagorno-Karabakh impasse resolution, 24.06.2021

¹¹ Thomas de Waal, The Nagorny-Karabakh Conflict in its Fourth Decade, CEPS Working Document WD 2021-02, September 2021

¹² Caspiannews, President Aliyev dismisses status for so-called ‘Nagorno-Karabakh’ region, 18.07.2021.

¹³ ‘Azerbaijan’s position is that the only deal it wants is one that begins with unequivocal acceptance by Armenia of Baku’s sovereignty over all territory within its internationally recognised borders, including the whole of Nagorno-Karabakh. It has not been interested in exploring creative solutions for the status of Nagorno-Karabakh of the sort floated between the two wars that entailed a high degree of autonomy from Baku and self-governance, including their own police forces. Instead, it argues that ethnic Armenians living in Karabakh will simply be Azerbaijani citizens’. International Crisis Group, Nagorno-Karabakh: Seeking a Path to Peace in Ukraine’s War Shadow, Europe Briefing no.93, 22.04.22, p.2

¹⁴ Laurence Broers, Phoney peace fails to break Armenia-Azerbaijan deadlock, Chatham House, December 2021.
detained persons." Despite a first exchange of prisoners in mid-December 2020 and several others in early 2021, the fate of Armenian captives detained by Azerbaijan soon emerged as a very serious concern for Armenia. International watchdogs documented cases of 'war crimes', 'cruel and degrading treatment and torture' of Armenian prisoners in Azerbaijan, in clear breach of the Geneva Convention. In early 2021, the EU (including the European Parliament) and UN human rights experts called for the disclosure of information on the fate and whereabouts of missing persons, as well as the prompt release of prisoners. A year after the conflict, Azerbaijan had returned 100 prisoners of war; however, the number of Armenians still in captivity remains unclear. Despite Baku's claims that it has returned all prisoners, estimates of Armenians remaining in captivity range from 40-140 to 200, and their number has in fact increased as a result of Azerbaijani's incursions into Armenia and border clashes between the two sides.

Second, the fate of the Karabakhi population who has remained in Stepanakert and in the Karabakh Armenian-controlled territory offers yet another illustration of the difficult path to peace. Around 30,000 Karabakh Armenians were ‘semi-permanently displaced’ as a result of the conflict. In addition, in 2021 the economy of the de facto entity has shrunk by 75%, not least due to the loss of territories that were previously used for agriculture. The Karabakh Armenian population remains isolated and lives in very difficult conditions. This was blatantly illustrated in March 2022 when they were left without heating in freezing temperatures after a major pipeline was damaged on Azerbaijan-controlled territory. The fate of Karabakh Armenians is a major source of concern in Yerevan and fuels fear of ethnic cleansing should Russian peacekeepers leave. Such concerns were only exacerbated in the wake of Russia’s invasion of Ukraine, when Azerbaijani forces entered two villages in Nagorno-Karabakh (including the strategic location of Parukh/Farukh) in late February and March 2022. Despite calls to withdraw from the three co-chairs of the Minsk Group, Azerbaijan denied any violation of the ceasefire and claimed Parukh/Farukh was part of its internationally recognised territory. Against the background of lingering hostilities in Ukraine, new clashes took place along the line of contact in early August 2022, with the Russian Ministry of Defence accusing Azerbaijan of violating the ceasefire.

In light of these moves, the presence of Russian troops with a peacekeeping mission is crucial to Armenia. However, the time limit of their mandate and the conditions set for its renewal are also major sources of concern. Russian troops' mandate, which will expire in 2025, will automatically be

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15 Point 8 of the ceasefire agreement. ArmenPress, op.cit.
22 European Parliament resolution on prisoners of war, op.cit.
26 Interviews with representatives of Armenian civil society, 7.06.2022; 9.06.2022.
27 International Crisis Group, New opportunities for mediation in Nagorno-Karabakh, 25.02.2022
29 The Moscow Times, Russia Accuses Azerbaijan of Breaking Karabakh Ceasefire, 3.08.2022.
extended by another five years, unless any of the signatory parties objects to this extension.\textsuperscript{30} Should Azerbaijan object to an extension in early 2025, it could then seek to recapture the territories still controlled by Karabakh Armenians. Therefore, as explained by an Armenian expert, ‘Nagorno-Karabakh is in limbo’.\textsuperscript{31} The sheer uncertainty over the region’s future is likely to prompt additional departures from Karabakh Armenians, who have left en masse to Armenia. According to the UN, one year after the conflict approximately 90,000 people, i.e. two-thirds of the pre-war population, had departed from Nagorno-Karabakh.\textsuperscript{32} This further weakens Armenia’s position in the area.

Third, since late 2020 the conflict between Armenia and Azerbaijan has widened beyond Nagorno-Karabakh. After Azerbaijan regained control over the territories lost in the 1990s, the demarcation of the Armenian-Azerbaijani border emerged as a major issue. This is because no formal border had ever been demarcated.\textsuperscript{33} Since spring 2021, Azerbaijani forces have made several incursions on territories internationally recognised as part of Armenia, particularly in the strategic province of Syunik and along the border with the Azerbaijani exclave of Nakhichevan. This has resulted in repeated border clashes involving casualties on both sides and risking direct state-to-state conflict.\textsuperscript{34} According to some estimates, Azerbaijan seized an area of approximately 40 square kilometres.\textsuperscript{35} To many in Armenia, Azerbaijan’s military build-up along the border and encroachments on the Armenian territory are part of a broader pressure strategy linking the fate of Karabakh and that of Armenia. Azerbaijan's repeated incursions are regarded as an attempt to gain leverage over Armenia with a view to concluding a peace treaty favourable to Baku’s interests.\textsuperscript{36} In essence, Azerbaijan threatens not to recognise Armenia’s territorial integrity unless Yerevan signs a peace deal recognising Nagorno-Karabakh as an integral part of Azerbaijan.\textsuperscript{37} This is also suggested by President Aliyev’s own narrative:

\begin{quote}
If Armenia questions the territorial integrity of Azerbaijan, then Azerbaijan will have no other way but to question the territorial integrity of Armenia.\textsuperscript{38}
\end{quote}

\begin{quote}
If we define the borders, then what status of NK is there to talk about?\textsuperscript{39}
\end{quote}

Armenia is especially vulnerable to Azerbaijan’s incursions. This is because the 2020 war demonstrated the weakness of the Armenian military in light of the modernised and better financed Azeri forces. Therefore, the Armenian military is not in a position to secure the Armenian territory itself.\textsuperscript{40}

The Armenian authorities have therefore sought international support and mediation, in particular from Russia. In May 2021, Prime Minister Pashinyan requested that consultations be held in the framework of the Collective Security Treaty Organisation (CSTO). Invoking article 2 of the founding treaty;\textsuperscript{41} he also asked Russia for military support.\textsuperscript{42} Throughout 2021, Russia’s suggestion to create

\begin{footnotes}
\item[31] Interview with an Armenian expert, 09.06.2022.
\item[33] Laurence Broers, \textit{Phoney peace fails to break Armenia-Azerbaijan deadlock}, op.cit.
\item[34] Alexa Fults, Paul Stronski, \textit{The Ukraine war is reshaping the Armenian-Azerbaijan conflict}, Carnegie Europe, 25.04.2022.
\item[35] Kavkazskij Uzel, \textit{Azerbajdzhan pytaetsya okkupirovat’ novye territorii Armenii} [Azerbaijan attempts to occupy new Armenian territories]
\item[36] Alexa Fults, Paul Stronski, \textit{The Ukraine war is reshaping the Armenian-Azerbaijan conflict}, op.cit.
\item[37] RFE/RL, \textit{Aliyev Says Won’t Recognize Armenia’s Territorial Integrity Unless Peace Deal Signed}, 22.04.2022.
\item[38] Ilham Aliyev: ‘All nations in Azerbaijan are equal, including Armenians’ JAM News, 17.06. 2022
\item[39] Ilham Aliyev: ‘If we are defining borders, what NK status is there to talk about?’, JAM News, 27.05.2022
\item[40] Interview with an Armenian expert, 09.06.2022.
\item[41] RFE/RL, \textit{Armenia Turns to Russian-led CSTO Amid Standoff with Azerbaijan}, 14.05.2021.
\item[42] Reuters, \textit{Armenian PM Pashinyan Asks Russia’s Putin for Military Support},
\end{footnotes}
a joint commission for border delimitation, international calls for de-escalation (including by the co-chairs of the OSCE Minsk Group) and condemnations of Azerbaijan’s moves (including by the European Parliament) did little to stop the ‘borderisation’ process.

Since late February 2022, the war in Ukraine has had an important impact on the format of talks between Armenia and Azerbaijan. Russia’s invasion was a major blow to the functioning of the OSCE Minsk Group, as it resulted in a split between Russian and Western (United States of America and French) co-chairs; this only adds to the fact that the Azerbaijani President regards the activities of the Minsk Group as ‘completed’, since in his view the Nagorno-Karabakh conflict is ‘resolved’. Over the past years, Russia has acted as the key broker between Baku and Yerevan by organising tripartite meetings, as has been illustrated since the 2020 conflict, too. However, this has recently started changing. EU efforts to act as a mediator started in late 2021, when the first meeting between Charles Michel, Nikol Pashinyan and Ilham Aliyev took place in the margins of the Eastern Partnership summit, followed by a second one in early February 2022. Since Russia’s full scale invasion of Ukraine started in February 2022, the EU has stepped up its role in the resolution of the Karabakh conflict. In early April and late May 2022, the two tripartite meetings organised under the auspices of the President of the European Council, Charles Michel, enabled the leaders of the two countries to discuss the process for the delimitation of their common border, issues related to connectivity and socio-economic development, as well as demining and the fate of prisoners and missing persons. Whereas Charles Michel stressed the need to ‘advance discussions on the future peace treaty and address the root causes of conflict’, progress was achieved regarding both the unblocking of transport links and the bilateral commission on border delimitation and demarcation.

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43 Elena Teslova, Russia suggests organizing commission on Armenia, Azerbaijan border delimitation, Anadolu Agency, 20.05.2021.
45 The three co-chairs (France, Russia and the US) indicated that ‘the use or threat of force to resolve border disputes is not acceptable’. OSCE, Statement by the Co-Chairs of the OSCE Minsk Group, 28.05.2021.
47 ‘The military operation launched by Azerbaijan in response to alleged provocations amounts to the worst violation to-date of last year’s 9 November ceasefire agreement’. European Parliament, Delegation for relations with the South Caucasus, Joint statement by the Chair of the Delegation for relations with the South Caucasus, MEP Marina Kaliyurad, the European Parliament’s Standing Rapporteur on Armenia, MEP Andrey Kovatchev, and the European Parliament’s Standing Rapporteur on Azerbaijan, MEP Željana Zovko, on the escalation on the border between Armenia and Azerbaijan and the Nagorno-Karabakh conflict, 17.11.2021.
49 Ilham Aliyev: ‘If we are defining borders, what NK status is there to talk about?’, op.cit.
50 The Armenian and Azerbaijani leaders met for the first time since the conflict in Moscow in January 2021, yet whereas the sides agreed to create a trilateral working group on economic and transport links, they failed to adopt a statement on outstanding political and security issues. RFE/RL, Putin hosts trilateral meeting with Armenia, Azerbaijan leaders, 11.01.2021. Another meeting took place in Sochi on 26 November 2021.
51 Statement of President Charles Michel following the trilateral meeting with President Aliyev and Prime Minister Pashinyan, 14.12.2021.
52 Statement of President Charles Michel and French President Emmanuel Macron following the trilateral meeting with President of Azerbaijan Ilham Aliyev and Prime Minister of Armenia Nikol Pashinyan, 4.02.2022.
53 International Crisis Group, New Opportunities for Mediation in Nagorno-Karabakh, 25.05.2022.
54 European Council, Press statement by President Michel of the European Council following a trilateral meeting with President Aliyev of Azerbaijan and Prime Minister Pashinyan of Armenia, 23.05.2022.
55 Statement by the spokesperson of Charles Michel, President of the European Council, regarding Armenia and Azerbaijan, 31.05.2022.
56 Even though the substance has not been made public, an agreement was reached on the ‘principles governing transit between western Azerbaijan and Nakhichevan, and between different parts of Armenia via Azerbaijan’ in terms of
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demarcation, which held its first meeting on the day following the tripartite meeting in Brussels.\(^{57}\)
Despite the fact that only limited results have been reached thus far, the EU’s Special Representative for the South Caucasus, Toivo Klaar, noted ‘positive signals’ from both sides.\(^{58}\) In addition to the EU’s mediation efforts, Georgia also played the role of a facilitator and hosted the first post-2020 meeting between Ministries of Foreign Affairs Ararat Mirzoyan and Jeyhun Bayramov in mid-July 2022.\(^{59}\)
During the fourth meeting under the auspices of the EU, on 31 August 2022, the two sides agreed to step up work on the peace treaty.\(^{60}\) The border commission also held its second meeting in late August 2022. The decision to send a civilian EU mission alongside the border, announced during the quadrilateral meeting in the margins of the Prague European Political Community summit, marks yet another step in the EU’s engagement with the two countries.\(^{61}\)

The EU’s involvement is welcomed by Armenia (as well as Azerbaijan) as it provides an additional platform for dialogue and, unlike Russia’s mediation, comes without bargaining chips.\(^{62}\) Prime Minister Pashinyan recently reiterated the importance of peace for both Armenia and Nagorno-Karabakh, and, in fact, the absence of alternative.\(^{63}\) However, many in Armenia also raise doubts regarding the EU’s leverage over Azerbaijan (especially in light of the latter’s increased role in supplying the EU with gas), and therefore its ability to facilitate a fair peace treaty and to ensure the rights and security of the Armenian population in Karabakh.\(^{64}\) This is especially crucial for Armenia in light of the country’s and Nagorno-Karabakh’s sheer vulnerability, due to the perceived continuous pressure and threat from Azerbaijan. The EU’s insistence on a ‘comprehensive settlement’ of the conflict, as stressed by Toivo Klaar,\(^{65}\) is therefore important for Armenia.
2.2. Political tensions in Armenia

The continued tensions that have affected Armenia since late 2020 find their root in the intermingling of several factors, including the persisting influence of former elites and their desire to regain power, the political practices of the current authorities (in particular, the centralisation of power around the Prime Minister) and the defeat in the war against Azerbaijan. These tensions reflect a deeply entrenched antagonism between, on the one hand, the current authorities—primarily, Prime Minister Pashinyan who arrived to power in 2018 with a democratisation and anti-corruption agenda, yet who has ever since demonstrated a ‘populistic style and personalised decision-making’66—and, on the other hand, major opposition parties, which are tightly connected to the previous corrupt ruling elite.67 The 2020 war only exacerbated pre-existing political tensions in the country, as it altogether raised criticisms about the restrictive measures taken by the authorities, undermined the ruling elites’ credibility and triggered a wave of protests against the government.

By sealing the country’s military defeat and the loss of territories perceived as central to its identity, the ceasefire agreement traumatised Armenia and led to a profound crisis in the country. The painful concessions made as part of the deal triggered a wave of protests and undermined the authority of the government, as was made clear when protesters blocked the Prime Minister’s access to the Syunik region.68 Armenia’s defeat also reignited the deep polarisation that has characterised Armenian politics for years.69 For opposition parties, the terms of the truce deal called into question the responsibility of Prime Minister Pashinyan, who was presented as a

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66 Laurence Broers, *Armenia’s snap election preserves precarious democracy*, Chatham House comment, 23.06.2021
‘traitor’.70 The political forces gathered in a new ‘Homeland Salvation Movement’ (HSM)71 formed after the conflict organised protest rallies in Yerevan and repeatedly demanded the resignation of the Prime Minister and the formation of a new government headed by former Prime Minister Vazgen Manukyan.72 However, this movement failed to gain credibility among the general public. This is because it included key members of the former corrupt political elite, in whom the population had lost any trust since the 2000s and who was eventually removed from power after the Velvet Revolution.73

Nonetheless, in late 2020 other key figures, such as the Katholikos of the Armenian Apostolic Church74 and President Armen Sarkissyan,75 also called on Prime Minister Pashinyan to resign and requested the organisation of snap elections to overcome the political crisis. Importantly, in a statement released three months after the end of the armed hostilities top military officers, including Chief of Staff Onik Gasparyan, accused the Prime Minister of bringing Armenia ‘on the brink of collapse’ and also demanded his resignation.76 The Prime Minister’s decision to dismiss Gasparyan led to new demonstrations, with protesters blocking the Parliament.77

Faced with mounting pressure to act, the Prime Minister resigned in April 2021. As per the Constitution, this led to the dissolution of the National Assembly and the organisation of snap elections.78 However, this decision did not appease political tensions. Whereas the country was recovering from the war, pre-election debates did not focus on Armenia’s future development path. Instead, the campaign was dominated by hateful rhetoric,79 contestation of polls and narratives ‘about who had been more patriotic or heroic during the war’.80 Both the government and the opposition used a destructive rhetoric that only exacerbated polarisation81 and raised key concerns about the country’s political trajectory after the elections.82 Then Human Rights Defender Armen Tatoyan condemned the violence and threats used by the candidates and warned that such rhetoric ‘heightens existing tensions and carries the risk of being transferred into real life’.83

The elections were highly competitive, with over 20 parties and 4 alliances participating in the vote. This reflects the sheer diversity of Armenian political culture, ‘fractured among a multitude of perspectives resistant to political homogenisation’.84 However, perhaps surprisingly the elections’

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70 Andrew Roth, ‘Nikol is a traitor: Armenian PM refuses to yield to opposition after Nagorno-Karabakh deal’, The Guardian, 11.11.2020.
71 This included, among others, the former ruling Republican Party and the Armenian Revolutionary Federation.
73 Ibid.
74 OC Media, Pressure on Pashinyan grows as Church leaders call for his resignation, 9.12.2020.
77 OC Media, Protesters blockade Armenia’s Parliament as army chief dismissed, 10.03.2021.
79 Freedom House, Freedom House concerned about outbreak of violent and hateful rhetoric used by Armenian parties running in snap elections, 10.06.2021.
81 After several candidates were arrested for vote buying, then-acting Prime Minister Pashinyan promised vendettas to be organised against those heads of communities and enterprises who had their employees participate in opposition’s rallies. Former President Sargsyan unveiled a ‘smearing’ audio recording against Pashinyan saying after listening to it all would spit on him. Freedom House, Freedom House concerned about outbreak of violent and hateful rhetoric used by Armenian parties running in snap elections.
82 Then-acting Prime Minister Pashinyan promised ‘a steel mandate’ to execute staff purges and ‘throw the Trojan horses’ out of Armenia’s state governance system.’ The Armenian Weekly, Violent rhetoric dominates Armenian elections, 16.06.2021.
83 Ibid.
84 Laurence Broers, Armenia’s snap election preserves precarious democracy, op.cit.
outcomes were clear-cut. Only a few months after the defeat against Azerbaijan, Pashinyan’s Civil Contract received 54% of the vote and won 71 seats in the 107-seat parliament. This outcome exposed the weak legitimacy of the ‘old guard’ now in the opposition, including former president Kocharyan who had announced his return to politics in early 2021 and whose alliance gained 21% of the votes, and former president Sargsyan whose ‘I Have Honour’ alliance just reached 5% of the votes. The latter, therefore, did not pass the 7% threshold requested for alliances, yet ended up with 7 seats in the Parliament as the Constitution requires a minimum of 3 parties to be represented in the Parliament. The score of the Prime Minister’s party was significantly weaker compared to 2018 results, when Nikol Pashinyan gained over 70% of the votes. This decrease can be explained by Pashinyan’s populist and vertical exercise of power, as well as the outcomes of the 2020 conflict. For many in Armenia, voting for Pashinyan was tantamount to choosing ‘the least bad option’. This is because:

*The choice presented to the Armenian electorate was effectively between an inexperienced and populistic democracy which had overseen a catastrophic military defeat, and the restoration of its authoritarian predecessor whose long-term strategic calculus many consider to be a core factor making that defeat possible.*

Importantly, the number of seats gained enabled the Prime Minister’s party to form a government on its own without entering into coalition. However, the opposition contested the elections’ results. Former President Kocharyan denounced a ‘pre-planned falsification’ of votes and demanded ‘a careful study of alleged and reported fraud’. Nevertheless, the accusations of the opposition appeared largely ungrounded as international watchdogs regarded the elections as ‘competitive and generally well-managed within a short timeframe’, and concluded that ‘all candidates could campaign freely throughout the election process’.

In essence, the outcomes of the 2021 snap elections clearly signalled Armenian population’s support for democracy as the desirable political model for the country. This confirmed that ‘democracy is actually not a foreign import. Democratic impulses are as inherent to Armenian political culture as any part of the European continent’.

However, the clear outcomes of the elections did not put an end to the political crisis. Instead, since June 2021 the country’s political life has increasingly been polarised between the main opposition alliance (Armenia Alliance, uniting former president Kocharyan and the Armenian Revolutionary Federation), on the one hand, and the government, on the other hand. Since spring 2022, protest rallies organised by the opposition have repeatedly demanded for the resignation of the Prime Minister. Demonstrations intensified after Nikol Pashinyan talked about ‘lowering our expectations about the status of Nagorno-Karabakh’ in a speech before the Parliament on 12 April. Despite the fact that he was actually referring to the international community’s message about the need to scale down Armenia’s demands, the Prime Minister was harshly criticised for what was presented as a ‘betrayal’, unacceptable concessions to Baku and even plans to give away Nagorno-Karabakh to Azerbaijan. While the secret nature of negotiations held with Azerbaijan has certainly contributed

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85 Interview with Armenian CSOs and experts, 26.05.2022, 7.06.2022 and 10.06.2022.
86 Kocharyan’s Armenia Alliance consists of the Armenian Revolutionary Federation and the Resurgent Armenia Party.
89 Laurence Broers, *Armenia’s snap election preserves precarious democracy*, op.cit.
93 Parliamentary Assembly of the Council of Europe, *Armenia’s early parliamentary elections were competitive and well run, but polarised and marred by aggressive rhetoric, international observers say*, 21.06.2021.
94 Raffi Elliott, *‘Getting to Choose the Least Bad Option’*, op.cit.
95 The Caspian Post, *Pashinyan Warns Armenians to Lower their Expectations on the Karabakh Status Issue*, 14.04.2022
to fuelling concerns about the future fate of Karabakh, the opposition leaders have also instrumentalised the issue in their antagonism with the ruling elite.\textsuperscript{96} However, despite their repeated calls for a ‘national unity government’, these leaders have thus far fallen short of offering an alternative vision for the country’s future.

The opposition’s message fails to find resonance with the wider public as the previous authorities are deeply unpopular: ‘To many, the proposition of a ‘national unity government’ is a euphemism for unelected forces to take the reins of power without electoral legitimacy’.\textsuperscript{97} Faced with a decrease in the number of protesters over time,\textsuperscript{98} the opposition leaders have moved to a harsher stance, asking the public to commit acts of civil disobedience. In early May 2022, after the Parliament’s Vice Speaker Ishkhan Sagatelyan called for a large-scale campaign of civil disobedience,\textsuperscript{99} major roads and squares were blocked in Yerevan. This has resulted in an escalation of violence and repeated clashes with the police. Hundreds of protestors have been arrested (and many detained), fuelling criticisms of the police for an excessive use of force.\textsuperscript{100}

The series of protests that have taken place since late 2020 illustrate the fragility of Armenia’s transformation path. The current authorities’ lack of experience upon gaining power and non-transparent practices of decision-making have resulted in a growing disillusionment in Armenian society. The outcomes of the 2020 conflict have further affected the government’s legitimacy, especially so as they have been exploited by the opposition in the pursuit of their own interests. Combined with the centralisation of power in the government, increased polarisation between the authorities and the opposition undermines the functioning of democratic institutions, not least the Parliament. However, despite political turmoil, the authorities are still committed to democratic transformations. In his speech at the Armenian Forum for Democracy in May 2022, Prime Minister Pashinyan emphasised both the role of democracy as ‘the most important, key factor in preserving and guaranteeing the sovereignty and independence of the Republic of Armenia’ and the role of citizens as key guarantors of democracy.\textsuperscript{101} In recent months, the authorities’ commitment to democratic transformations has translated in an accelerated pace of reforms and closer interaction with civil society, as analysed in section 5 below.

\textsuperscript{96} Interview with a CSO representative, 7.06.2022.
\textsuperscript{97} Nerses Kopalyan, \textit{The False Promise of Security: Why the Opposition Protests in Armenia Are Struggling to Gain Traction}, EVN Report, 18.05.2022
\textsuperscript{98} Ibid.
\textsuperscript{99} Daily Sabah, \textit{Opposition Rally Urges Pashinyan to Resign over Concessions on Nagorno-Karabakh}, 1.05.2022
\textsuperscript{100} ArmenPress, \textit{Human Rights Defender slams police for excessive force, failure to read rights upon arrest}, 29.04.2022
\textsuperscript{101} The Prime Minister of the Republic of Armenia, \textit{Today, the citizen is the key guarantor of democracy in the Republic of Armenia}, 20.05.2022.
3. Armenia’s regional positioning

Since independence, Armenia’s regional positioning has been shaped by the Nagorno-Karabakh conflict, which broke out in the late 1980s before the Soviet Union collapsed. The influence of the conflict on Armenia’s foreign policy cannot be overestimated. Because of its significance for the country’s security and identity, the Nagorno-Karabakh conflict ‘refracts Armenia’s own relationships with the outside world’; it is, therefore, the ‘most important single variable that defines Armenia’s foreign policy trajectory’.102 Armenia’s strategies vis-à-vis Russia, Turkey and Iran have thus been articulated through the prism of the conflict. At the same time, the country’s positioning has been highly sensitive to regional developments. For instance, it evolved in response to the 2008 war between Russia and Georgia, which prompted Armenia to actively diversify its foreign policy; by contrast, the rise of tensions between Russia, the US and the EU since the late 2000s called into question the country’s complementarity policy.103 The 2020 war is yet another turning point in Armenia’s regional positioning.

3.1. Russia.

Russia has long been defined as the key ally in Armenia’s foreign policy. It plays a multifaceted role for Armenia, as indicated in the 2007 National Security Strategy:

The importance of Russia’s role for the security of Armenia, the traditional friendly links between the two nations, the level of trade and economic relations, Russia’s role in the Nagorno Karabakh mediation effort, as well as the presence of a significant Armenian community in Russia, all contribute to a strategic partnership.104

Whether in the pre-Soviet or post-Soviet period, Russia’s primacy has been premised upon two major pillars: its pivotal role as a security guarantee for Armenia and, to a lesser extent, its perceived cultural closeness in a regional environment regarded as hostile. Armenia is tied to Russia by an Agreement on Friendship, Cooperation and Mutual Assistance (signed in August 1997), which envisages close defence and military cooperation.105 The country is also a member of the Russia-driven Collective Security Treaty Organisation (CSTO), which was viewed as a strong deterrent against Azerbaijan. In addition to its central role in Armenia’s security, Russia is also the country’s key energy supplier and trade partner, as well as the major country of destination for Armenian labour migrants, and therefore a key source of remittances.

However, Armenia’s positioning vis-à-vis Russia is not as clear-cut as it may seem. Since the early 2000s, the country has sought to complement its security alliance with Russia with other partnerships, including with the EU and the North Atlantic Treaty Organisation (NATO). But both its strong security reliance and economic dependence on Russia make Armenia highly vulnerable to Russia’s use of coercion. This was blatantly illustrated in late 2013 when, faced with strong Russian pressure, Armenia backtracked from the Association Agreement negotiated with the EU in order to join the Eurasian Economic Union (EAEU).107 Membership in the EAEU only increased Armenia’s

multifaceted dependence on Russia, whereas the latter’s rapprochement with Azerbaijan and Turkey undermined its role as a security provider for Armenia.108 Interestingly, compared to the 2007 Security Strategy where references to Russia abound, the country’s last National Security Strategy, which was published just two months before the second Nagorno-Karabakh conflict, only devotes one paragraph to the partnership with Russia:

Armenia’s foreign policy priorities include deepening and expanding its strategic alliance with the Russian Federation in the spheres of politics, trade and economy, defense, security, culture, and humanitarian assistance based on the historical friendship between the two nations. 109

The 2020 war against Azerbaijan has exacerbated the complexity of Armenia’s positioning and attitudes vis-à-vis Russia. On the one hand, Russia failed to fully fulfil its role of a ‘saviour’110 to Armenia. Many in Armenia perceived Russia as ‘passive’, i.e. not answering Armenia’s requests to supply weapons and stop hostilities after the conflict broke out in late September 2020. 111 In other words, ‘Russia opted not to discourage the escalation of Nagorno-Karabakh smoldering conflict into a full-fledged war’112 for the sake of its own influence in the region. Russia’s passivity despite its security alliance with Armenia was in sharp contrast to Turkey’s active support to Azerbaijan. On the other hand, despite all the ambiguities of their mandate113 the deployment of some 2,000 Russian troops with a peacekeeping mission along the frontline in Nagorno-Karabakh has been a relief to Armenia, as it helps to ensure the security of Karabakh Armenians. For some Armenian experts, without Russian peacekeepers ethnic cleansing would have taken place in Nagorno-Karabakh.114 At the same time, Azerbaijan’s repeated ceasefire violations since 2021 have undermined trust vis-à-vis Russian troops and raised criticisms among Karabakhis.115

Russia’s full-scale invasion of Ukraine in late February 2022 was yet another important milestone in Armenia’s positioning towards Russia. Whereas right after Russia’s attack it voted against Russia’s expulsion from the Council of Europe (CoE),116 Armenia subsequently remained cautiously neutral and abstained from voting, or did not take part in the vote on key resolutions related to the war in Ukraine at the United Nations (UN).117 This neutrality needs to be underlined given the country’s sheer dependence on Russia.118 The war in Ukraine, though, is likely to have wide-ranging implications for Armenia. Not only has the invasion of Ukraine provided Azerbaijan with an opportunity to test Russian troops with a peacekeeping mission, thereby exposing the decline of Russia’s security offer;119 it has also major economic and societal implications on Armenia as a result of both the massive arrival of Russian citizens in the country120 and the indirect impact on the Armenian economy of international sanctions against Russia. Importantly, the outcomes of the war in Ukraine may have major consequences on Armenia’s foreign policy as they may either reinforce

108 Anahit Shirinyan, ‘Armenia’s Foreign Policy Balancing in an Age of Uncertainty’
111 Interview with an Armenian expert, 7.06.2022.
112 Dumitru Minzarari, ‘Russia’s Stakes in the Nagorno-Karabakh War: Accident or Design?’, Stiftung Wissenschaft und Politik, 12.11.2020.
114 Interview with an Armenian expert, 9.06.2022.
116 Ani Mejlyumyan, Armenia keeping head down as war in Ukraine rages, Eurasia.net, 1.03.2022.
118 Tatevik Hovhannisyan, Why Armenia is neutral on the war in Ukraine, New Eastern Europe, 12.04.2022.
119 Laurence Broers, With Russia Distracted, Azerbaijan Escalates in Karabakh, Chatham House, 30.03.2022.
120 Raffi Elliott, New Reality in Armenia with Influx of Those Fleeing Effects of Ukraine War, The Armenian Mirror Spectator, 22.03.2022.
the country’s dependence on Russia or offer opportunities for a new diversification of Armenian diplomacy.

3.2. Turkey

The conflict with Azerbaijan over Nagorno-Karabakh is tightly intertwined with, and has exacerbated antagonism in an Armenian-Turkish relationship fraught with the deep historical grievances that derive from the Armenian Genocide and Turkey’s lack of recognition thereof.\footnote{Vahram Ter-Matevosyan, ‘Deadlocked in history and geopolitics: Revisiting Armenia–Turkey relations’, Digest of Middle East Studies 2021 (30): 155.}

In essence, ‘given the Ottoman past and, in particular, the strong mark that the Genocide has left on Armenian collective memory and identity, “Turkey” appeared to represent everything that opposed the essence of “Armenia”.’\footnote{Aram Terzyan, ‘The Evolution of Armenia’s Foreign Policy Identity’, op.cit., p.147.} More specifically, the last decades of the Ottoman empire have left unresolved legacies that eventually gave rise (in combination with other factors) to the conflict between Armenia and Azerbaijan.\footnote{Vicken Cheterian, ‘The Last Closed Border of the Cold War: Turkey–Armenia’, Journal of Borderlands Studies, 32(1), 2017, p.76.} In the years that followed the demise of the Soviet Union, despite recognising Armenia’s independence Turkey refused to both establish diplomatic relations with Yerevan and open its border.\footnote{Vahram Ter-Matevosyan, ‘Deadlocked in history and geopolitics: Revisiting Armenia–Turkey relations’, op.cit., p.157.} Following the early 1990s conflict over Nagorno-Karabakh, in a sign of support to Azerbaijan it maintained its border with Armenia closed, thereby perpetuating estrangement between the two countries.

Over the past three decades, irrespective of the painful historical legacies the successive Armenian governments have sought to normalise relations with Turkey. In doing so, they disconnected the establishment of official relations from Turkey’s recognition of the Armenian genocide.\footnote{Anahit Shirinyan, ‘Armenia’s Foreign Policy Balancing in an Age of Uncertainty’, Chatham House Research Paper, 2019, p.6.} However, all attempts at normalisation have thus far stumbled against Turkey’s close links to Azerbaijan and the Nagorno-Karabakh conflict. For instance, the Armenian-Turkish protocols signed in 2009,\footnote{The Protocol on the Establishment of Diplomatic Relations and the Protocol on the Development of Bilateral Relations between the Republic of Armenia and the Republic of Turkey were signed on October 10, 2009.} which represented an unprecedented progress in the relationship between the two countries, failed to be ratified. While the protocols faced major criticisms in both countries, the Turkish government eventually backtracked following a strong campaign in Azerbaijan opposing the normalisation process.\footnote{Carnegie Europe, Armenia-Turkey Protocols: One Year On, 6.10.2010.} This resulted in then President Sargsyan’s decision to stop Armenia’s involvement in the process.

The 2020 conflict over Nagorno-Karabakh paved the way for yet another attempt at normalisation. This is despite Turkey’s strong support to Azerbaijan during the conflict, among others through supplying drones, advising Azerbaijan’s operational plans and command,\footnote{Haldun Yağcınkaya, Turkey’s Overlooked Role in the Second Nagorno-Karabakh War, German Marshall Fund of the United States, 21.01.2021.} and helping deploy Syrian mercenaries to fight Karabakh Armenians.\footnote{PACE, Humanitarian consequences of the conflict between Armenia and Azerbaijan, op.cit, point 8.5.} Whereas in the aftermath of the conflict the Armenian Parliament banned Turkish imports, one year later the two countries appointed envoys, Ruben Rubinian and Serdar Kilic, to resume talks over normalisation.\footnote{Ani Mejłumyan, Turkey, Armenia to appoint envoys to normalise relations, Eurasia.net, 14.12.2021.} This new attempt to establish
links was broadly supported internationally, including by Azerbaijan, Russia, the EU and the US. The first three rounds of talks which were held in early 2022 produced limited results. During the fourth round, the Armenian and Turkish envoys for normalisation decided to enable the crossing of the land border between Armenia and Turkey by third-country citizens visiting Armenia and Turkey, and to start direct air cargo trade between the two countries. This was confirmed in July 2022 during a phone call between Prime Minister Pashinyan and President Erdogan.

The process is met with overall suspicion (as well as criticism from the opposition) in Armenia. While – if successful – the normalisation would break the country's isolation, offer a route to Black Sea ports and boost trade with Turkey, many in Armenia doubt that it will materialise. This is because of the perceived linkages (in the words of Armenian envoy Rubinian, ‘synchronising’; in the words of an Armenian expert, ‘cross-conditionality’ in Turkey’s position between, on the one hand, the normalisation of ties with Armenia, and on the other hand the latter’s recognition of Azerbaijan’s full sovereignty over Nagorno-Karabakh – a red line for Yerevan.

3.3. Iran

Since the early 1990s, Armenia has regarded Iran as ‘as a friendly state and close partner’. This is because of two key factors. First, over the past decades Iran has maintained a balanced position on the Nagorno-Karabakh conflict. Second, the open border with Iran has been vital for Armenia in a context marked by isolation from Azerbaijan and Turkey after the first conflict. As a consequence, Armenian-Iranian political, societal and especially economic relations have substantially developed. The interim trade agreement signed between Iran and the Eurasian Economic Union (EAEU) in May 2018, with the objective of establishing a free-trade area, is promising for Armenia. This is because the country is the only EAEU member that shares a land border with Iran and could thus become a hub for Iranian exports to other EAEU countries, especially in the Meghri region (close to the Iranian border) in which a free-tradezone was established in late 2017. Armenia also hope to attract other foreign investors (such as China) to Meghri, as these could then export to both Iran and the EAEU without tariffs. In addition, Iran plays a key role in Armenia’s transport and energy connections, as illustrated by the 2007 Iran-Armenia gas pipeline and the ‘Persian Gulf- Black Sea’ multimodal transport corridor project.

Against that background, Iran’s position during the 2020 conflict was a source of disappointment to Armenia, according to an expert. In early November 2020, Supreme Leader Ayatollah Khamenei insisted on the return to Azerbaijan of the seven districts controlled by Armenia and the right of Azerbaijani IDPs to resettle there. In addition, during a trip to Baku in early 2021, the Iranian
foreign minister Javad Zarif welcomed the return of ‘occupied territories’ to Azerbaijan and the restoration of its territorial integrity.\textsuperscript{146}

However, this does not reflect a shift of Iranian diplomacy towards Azerbaijan; in fact, Iran has little interest in both a complete Azerbaijani victory and an increased Turkish presence in the South Caucasus.\textsuperscript{147} As was repeatedly made clear, Iran also regards Armenia’s territorial integrity as a red line,\textsuperscript{148} even though Armenian experts doubt the country would intervene should Azerbaijan encroach significantly upon the Armenian territory or launch a broader offensive against Armenia.\textsuperscript{149} In recent months, Iran has stepped up its involvement in the South Caucasus, as illustrated regionally by its decision to take part in the 3+3 initiative (a format that brings together Russia, Turkey, Iran and the three South Caucasus countries) and bilaterally by the decision to open a general consulate in the southern Syunik province, which is strategically located between mainland Azerbaijan and Nakhichevan and where Azerbaijani forces made several incursions. This proactive attitude is welcomed in Armenia. Importantly, Russia’s war in Ukraine could give a new impetus to Iranian connectivity projects, which could also benefit to Armenia. This includes for instance the Persian Gulf-Black Sea International Transport Corridor, which is planned to run from Iran through Armenia (and Georgia) to Europe.\textsuperscript{150}

Overall, while Armenia’s regional situation has been precarious since the early 1990s due to the closure of Azerbaijani and Turkish border, the country’s vulnerability has only increased in the aftermath of the 2020 war. This is because of two interwoven factors that only exacerbate Azerbaijani pressure over the country: the fragility of Armenia’s alliances, which was vividly exposed during the conflict; and the sheer volatility of the regional environment, which has only increased after Russia’s invasion of Ukraine.

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\textsuperscript{147} Eldar Mamedov, \textit{How Iran views the Nagorno-Karabakh Truce}

\textsuperscript{148} Ibid.

\textsuperscript{149} Interview with Armenian experts, 7.06.2022 and 9.06.2022.

4. Cultural heritage in and around Nagorno-Karabakh

In addition to casualties and the loss of territories, the 44-day war raised another critical issue for Armenia, namely the preservation of Armenian cultural monuments and objects of national or religious heritage in the areas recaptured by Azerbaijan. While Armenia and Karabakh Armenians bear responsibility for destructions and looting in areas taken from Azerbaijan in the 1990s (such as Aghdam and Fuzuli), their cultural heritage is now threatened by Azerbaijan’s ‘continued policy of erasing and denying the Armenian cultural heritage in and around Nagorno-Karabakh’, in the European Parliament’s words. There is ample evidence that such a policy was previously implemented in Nakhichevan (where 89 Armenian medieval churches, 5,840 intricate cross-stones, and 22,000 tombstones were destroyed) and may now be replicated in Karabakh, thereby jeopardising the 4,000 Armenian cultural sites in the area, including 370 churches (some of them dating from the 4th century) and 119 fortresses.

During the war, Azerbaijani shellings ‘deliberately’ caused major damage to Armenian churches in Nagorno-Karabakh, such as the Ghazanchetsots Cathedral in Shusha/Shushi. After the conflict, other churches and cemeteries were damaged or destroyed, such as St Yeghishe in Mataghis village and Zoravor Surb Astvatsatsin Church near the town of Mekhakavan, in the areas now controlled by Azerbaijan. The latter church was filmed after the end of hostilities, thus contradicting Azerbaijani claims that destructions took place during the war. Azerbaijan’s violations of the ceasefire since 2021 constitute new threats to Armenian monuments. For instance, the villages of Parukh/Farukh and Karaglukh, toward which Azerbaijani forces advanced in late March 2022, are home to medieval sites including the Shikakar-Karaglukh fortress, two churches, the Kalen Khut cemetery and several cross-stones (khachkars, inscribed since 2010 in UNESCO’s list of Intangible Cultural Heritage). According to the de facto Armenian Karabakh authorities, there is clear evidence of the Kalen Khut cemetery being vandalised by the Azerbaijani armed forces. In total, some 1,456 monuments came under Azerbaijani control after the 2020 war and risk being destroyed, according to Armenian experts. This includes the Dadivank monastery, from which Armenian pilgrims and believers have been denied access since early May 2021. According to the US State Department, there were ‘numerous reports during the year [2021] of vandalism and destruction of Armenian cultural sites’.

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152 ‘The erasure of the Armenian cultural heritage is part of a wider pattern of a systemic, state-level policy of Armenophobia’. European Parliament, Resolution of 10 March 2022 on the destruction of cultural heritage in Nagorno-Karabakh (2022/2582(RSP))
155 Whereas considerable deliberate damage was caused by Azerbaijan to Armenian cultural heritage during the 2020 war’. European Parliament, Resolution of 10 March 2022 on the destruction of cultural heritage in Nagorno-Karabakh (2022/2582(RSP))
156 BBC, The mystery of the missing church, 25.03.2021.
157 Monument Watch, Destruction of Zoravor Surb Astvatsatsin Church in Mekhakavan, 4.05.2021
158 UNESCO, Convention for the safeguarding of the intangible cultural heritage, Intergovernmental Committee for the safeguarding of the intangible cultural heritage, Fifth session, 15-19.11.2010
159 ArmenPress.am, Azerbaijan destroys the Armenian cultural heritage in Parukh and Karaglukh and resorts to open falsifications, 2.04.2022
161 Interview with an Armenian expert on cultural heritage, 14.06.2022.
162 Marianna Mrktchyan, Azerbaijan, in violation of the agreements, did not allow pilgrims to Dadivank, Arminfo, 28.4.2021
cultural and religious sites, as well as deliberate actions by the government to sever and distort the connection of religious sites to their Armenian heritage. Damages to, and erasure of Armenian sites are well documented. In particular, based on satellite monitoring Caucasus Heritage Watch has reported the complete destruction of Mets Tagher Cemetery and the Sghnakh Cemetery, as well as damages to the Holy Saviour Cathedral, St. John the Baptist Church (Kanach Zham), Surb Meghretots Church, and Shusha/Shushi Northern Cemetery. These destructions are in clear breach of the commitments made by Azerbaijan as part of the 1954 Convention for the Protection of Cultural Property in the Event of Armed Conflict.

The destruction of, and restriction of access to Armenian monuments are embedded in a broader and long-standing narrative developed by the Azerbaijani authorities to contest and in fact deny Armenian presence in Nagorno-Karabakh. This narrative, which echoes the Armenian discourse regarding Azerbaijanis as relative newcomers and associating them with Turks, justifies damages to the Armenian heritage since - as put by an Azerbaijani ambassador in 2021- 'non-existing sites or cemeteries cannot be destroyed'.

According to the Azerbaijani Minister of Culture, the Christian monuments in the area were originally built by the Udi people, who are presented as heirs to the former kingdom of Caucasian Albania, and later distorted by the Armenians. These claims are backed by the Udi community in Azerbaijan, who, according to the Armenian Karabakh authorities, is instrumentalised by the Azerbaijani regime for serving its purposes of 'de-Armenianisation'. The accusations of distorting the so-called Albanian identity indeed provide a justification for the Azerbaijani authorities to remove Armenian sites from Karabakh, as announced by the Azerbaijani Minister of Culture Anar Karimov in February 2022. The Azerbaijani authorities decided to set up a working group tasked with documenting the distortion of Albanian monuments in view of eliminating what they call 'Armenian forgery' from the so-called Albanian churches. In May 2021, according to the Azerbaijani Ministry of Foreign Affairs the Holy Savior Cathedral in Shusha/Shushi had been reconstructed 'in accordance with the original architectural style in order to restore the historical image of Shusha' with a view to reflecting the 'Caucasian Albanian' heritage. In sharp contrast to this narrative that denies ancient Armenian presence in the area, 'the Armenian version is of an unbroken lineage of Armenian dominion in Karabakh, going back to the ancient kingdom of Artsakh two thousand years ago'.

The international community has broadly condemned Azerbaijan’s destruction of Armenian heritage. According to the European Parliament, such destructions are part of a wider pattern of a systematic, state-level policy of Armenophobia, historical revisionism and hatred towards Armenians promoted by the Azerbaijani authorities, including dehumanisation, the glorification of

168 Quoted in Simon Maghakyan, Cultural Desecration is Racial Discrimination, Foreign Policy, 13.01.2022.
violence and territorial claims against the Republic of Armenia. The Council of Europe has also condemned ‘the destruction over the last thirty years of Armenian cultural heritage in Azerbaijan for which Azerbaijan is responsible’ and is concerned, in the light of past destruction, ‘about the future of the many Armenian churches, monasteries, including the monastery in Khutavank/Dadivank, cross-stones (khachkars) and other forms of cultural heritage which have been returned under Azerbaijan control’. In addition, the CoE expressed ‘concern about a developing narrative in Azerbaijan promoting a “Caucasian Albanian” heritage to replace what is seen as an “Armenian” cultural heritage’.

Crucially, in September 2021 Armenia filed a case before the International Court of Justice (ICJ) asking the Court to ensure the protection of the Armenian minority’s right to access and enjoy the community’s historic, cultural and religious heritage, in accordance with the Convention on the elimination of all forms of discrimination. Given the imminent risk of an irreparable prejudice to the Armenian minority’s rights, the ICJ requested Azerbaijan to take all necessary measures to prevent and punish acts of vandalism and desecration affecting Armenian cultural heritage, including but not limited to churches and other places of worship, monuments, landmarks, cemeteries and artefacts. This provisional decision was an important milestone given the lack of any other effective protection mechanisms. Indeed, in response to the lack of UNESCO mission on what they regard as their own heritage’s destruction, Azerbaijani authorities have thus far refused to give access to UNESCO experts after the organisation offered to send a mission to Karabakh with a view to drawing up an inventory of cultural sites. However, the ICJ has yet to render a final decision on the complaint filed by Armenia.

Whether requested by the ICJ or guaranteed by other international organisations, a mechanism effectively protecting Armenian heritage is crucial as the denial of their presence in Karabakh, ‘cultural erasure and desecration are heartbreakingly painful for Armenians’. The destruction of Armenian monuments and artefacts are in clear breach of the international commitments taken by Azerbaijan, including the Hague Convention of 1954 for the Protection of Cultural Property in the Event of Armed Conflict, the European Cultural Convention, and the Framework Convention for the Protection of National Minorities. In addition, they go against Azerbaijan’s claim to support multiculturalism and cultural diversity. Ultimately, such destructions fuel mutual hatred between Armenia and Azerbaijan, and thereby undermine security in the South Caucasus.

175 Parliamentary Assembly of the Council of Europe, Humanitarian consequences of the conflict between Armenia and Azerbaijan, op.cit.
178 Jeyhun Aliyev, Azerbaijan draws attention of UNESCO on destroyed sites, AA, 24.12.2020
179 UNESCO, Nagorno-Karabakh: Reaffirming the obligation to protect cultural goods, UNESCO proposes sending a mission to the field to all parties, 20.11.2020.
180 Simon Maghakyan, Cultural erasure may spark next Nagorno-Karabakh war, Asia Times, 16.11.2020.
181 See Azerbaijani Multiculturalism, 2016.
5. Political reforms

5.1. Good governance, rule of law and judiciary

In the decades that followed independence, Armenia did not experience any wide-ranging political reforms. The political system remained ‘neo-patrimonial’. In other words: ‘Officials in this system tend to see holding office as access to resources rather than as an opportunity to change society for the better’. In this context, the domination of the executive branch of power paved the way for the persistence of ‘old-style practices’, endemic corruption and opaque elites pacts. Undermined by corruption and incompetence, the judiciary took its orders from the executive.

The Velvet Revolution was fuelled by a massive rejection of this system, combined with sheer distrust in the then authorities and demand for democratic reforms, good governance and governmental accountability. However, over the past four years key reforms have either remained incomplete, or their implementation has proved challenging. This is especially the case in the two sectors that were identified as key priorities by Prime Minister Pashinyan after arriving to power, namely the fight against corruption and the judiciary reform.

5.1.1. The fight against corruption

Upon gaining power, the new authorities embarked upon an active audit campaign to investigate the dealings of former political elites and key economic figures who subsequently faced charges. These include the family of the former President Sargsyan (more specifically, his brother who ‘regularly received illicit cuts of financial flows’) and the general Manvel Grigoryan (also a member of the Parliament from the previously ruling Republican Party), who misused donations for military veterans and soldiers. Overall, the investigations revealed ‘systemic corruption encompassing most areas of public and private life’. The anti-corruption measures undertaken in the wake of the Velvet Revolution had immediate positive effects. They resulted in dissolving the ‘former top-down state pyramid of corruption’. In addition, as a result of the measures introduced between May and November 2018, around AMD 10.5 million was returned to the state budget. Between May 2018 and late 2019, the State Prosecutor’s Office has revealed AMD 60.7 billion in damage linked to corruption and 3.2 billion was restored.

The government subsequently adopted a broad array of steps to tackle corruption. These include the adoption of the 2019-2022 Anti-corruption strategy and corresponding Action plan, the creation of an Anti-Corruption Committee (ACC) and the establishment of the Corruption Prevention Commission (CPC) in November 2019. Taken together, these measures create a
implementation of comprehensive institutional system for fighting corruption. The CPC, which replaced the "highly ineffective ethics committee", has played an important role in disclosing information and making it easily accessible to enforcement body and the wider public during its first year of operation. The CPC is responsible for examining the financial declarations of high-ranking officials and identifying conflicts of interest, but it lacks prosecutorial authority. The latter is vested with a new anticorruption court, as provided by the legislation adopted by the Armenian Parliament in April 2021. This court, which has yet to be made operational, will consist of specialised judges assisted by support staff. The ACC, which started operating in 2021, is endowed with prosecutorial powers. It investigates corruption cases and refers them to prosecutors. In addition, the State Supervision Service (SPS), which operates under the Prime Minister's office, is tasked with overseeing corruption in state institutions. At the regional and local levels, a Community of Practicing Public Integrity and Ethics in Local Governance was created in 2020 with a view to coordinating the local implementation of national anti-corruption policies.

High-level corruption continues to be investigated and prosecuted, as was illustrated in 2021 by the cases opened against former President Sargsyan, former prosecutor general Aghvan Hovsepyan, former police chief Vladimir Gasparyan and former Minister of defence Davit Tonoyan. In line with Pashinyan’s zero tolerance policy, prosecution also targets the Prime Minister’s allies, as was made clear after criminal charges were brought against the head of SPS, Davit Sanasaryan, accused of abusing power to promote the interests of a business tied to one of his employees.

Armenia’s progress in fighting corruption is reflected in international rankings, as evidenced in figure 1. In 2021, the country scored better than some EU member states, including Romania, Bulgaria and Croatia.

However, the reforms carried out have been criticised – whether in terms of format or substance - by both Armenian civil society and international organisations and watchdogs. The former denounced the lack of transparency in the preparation of the 2019-2022 strategy, which was drafted in a "haphazard manner". Despite acknowledging anti-corruption efforts, the latter – the Council of Europe’s Group of States against Corruption (GRECO) - criticised the partial fulfilment of previous recommendations, in particular with respect to the National Assembly and the judiciary. Transparency International Anti-Corruption Center also criticised the Armenian authorities for deferring the implementation of reforms. Along with the government’s unpreparedness, lack of experience and comprehensive vision, other key

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199 BTI Transformation Index, Armenia, 2022, p.16
201 BTI Transformation Index, Armenia, 2020, p.28.
203 BTI Transformation Index, Armenia, 2022, p.9.
obstacles have hampered the reform process. Anti-corruption efforts were slowed down by the Covid-19 pandemic and the 2020 war against Azerbaijan. Crucially, reforms have met substantial resistance from the bureaucracy and lower levels of governments (as they entail a change of administrative culture and mentality), as well as networks tied to the former ruling elite. Overall, despite the decrease in grand corruption and elite patronage networks, systemic corruption and clientelism remain widespread in Armenia, whether at the lower levels of government, in some other state institutions or in key sectors, such as defence or natural resources. In 2019, as reported by the prosecutor’s office, an increase of cases by 4.7% was recorded. 67% of the 2,083 cases became criminal investigations, yet only some 2% ended in a guilty verdict. However, evidence suggests that Armenia is on a positive trajectory in its efforts to tackle corruption, and the authorities have continuously demonstrated the political will to address the recommendations delivered by international organisations.

5.1.2. Judiciary reform

Judiciary reform has been at the core of both the government’s declared priorities and political tensions in the country. Adopted in October 2019, the 2019-2023 strategy for judicial and legal reforms addresses some of the most pressing challenges faced by the Armenian judiciary, namely the lack of independence and accountability as well as limited effectiveness, as well as the lack of mechanisms, criteria and guidelines for revealing conflict of interests (for instance in the case of arbitrators). The strategy and the corresponding action plan clarified the mechanisms for evaluating judges’ integrity and introduced integrity checks as well as sub-specialisation of judges. The EU has provided substantial assistance to judiciary reform, through a comprehensive sector reform performance contract of €30 million.

However, according to an Armenian expert reforms have thus far remained ‘cosmetic’. This is because of two reasons. First, there is a huge resistance to reforms within the judiciary itself, as most judges who were appointed by the previous elites are still in place. Second, the government lacks a comprehensive vision that would allow to fully address core issues such as ethics, the integrity of judges, and e-justice. The Albanian experience on the vetting of judges was considered noteworthy by CSOs, especially regarding cases with human rights violations. Nevertheless, it has not been retained. According to a CSO representative, the failure to implement transitional justice is a ‘tragic mistake’.

The row between the authorities and the Constitutional Court offers perhaps the best illustration of the tensions that have affected judicial reforms. The Court was dominated by judges connected to the previous authorities, in particular chairman Hrair Tovmasyan who was a member of Parliament affiliated with the Republican Party and who contributed to constitutional amendments securing the change to a parliamentary instead of a presidential model, thereby allowing Serzh Sargsyan to stay in power. The new authorities attempted to change the Court’s composition through various means, including the opening of charges against the Court’s chairman; an attempt to replace him

204 Interview with an Armenian expert, 7.06.2022.
205 Mathias Bak, Armenia: Review of corruption and anti-corruption initiatives, p.4.
207 Mathias Bak, Armenia: Review of corruption and anti-corruption initiatives.
208 ArmenPress, PM Pashinyan Chairs Sitting of the AntiCorruption Council, 16.02.2022.
211 Interview with a CSO representative, 10.06.2022.
212 Interview with a CSO representative, 14.06.2022.
213 Eurasia.net, Armenian government gathers forces against senior judge, 22.10.2019.
with an ally of the new Prime Minister; financial incentives offered to judges for an early retirement; and a proposal to hold a referendum to eliminate the Court.\textsuperscript{214} The Amendments to the Law on Constitutional Court approved in July 2020 finally paved the way for the dismissal of three Court members and the election of a new chairman.\textsuperscript{215} However, some of the recommendations issued by the Venice Commission were in fact not respected, including that of a transitional period for the judges whose service was terminated:

\begin{quote}
Such a transitional measure serves to debunk the sense that the limitation of the term of office of the judges is in fact linked to the actions carried out by those judges in the performance of their judicial office being disliked by the ruling majority.\textsuperscript{216}
\end{quote}

5.2. Human rights

Evidence available from international organisations and watchdogs, as well as interviews with stakeholders in Armenia indicates that respect for human rights has to some extent improved since the Velvet Revolution. The national human rights strategy for 2020-2022, prepared in consultation with civil society, provides a clearer and more effective monitoring and evaluation mechanisms.\textsuperscript{217} However, no systemic change has been noted as progress remains selective and needs to be consolidated in several areas. In addition, setbacks were observed during the 2020 war and the subsequent political crisis, in particular with respect to freedom of expression and media freedom.

5.2.1. Freedom of expression and media freedom

Armenia ranks 51\textsuperscript{st} out of 175 countries in Reporters Without Borders’ latest index.\textsuperscript{218} However, the situation of the Armenian media has recently deteriorated, as reflected by Freedom House’s downgrading of its score in 2021.\textsuperscript{219} This is because of the restrictive measures adopted by the authorities during the 2020 war and the pandemic, as well as in response to growing political turmoil in the country.

Even though the Velvet revolution marked a turning point in terms of ending governmental control over the media, media ownership and connections to political parties remain a problem. Since 2018, media polarisation has increased in parallel with the political tensions that have affected the country.\textsuperscript{220} A few media, such as the public broadcaster, Public TV, openly support the current authorities; according to the Media Initiative Centre, the ‘coverage of Pashinyan dominates to an outrageous degree’ in Public TV.\textsuperscript{221} However, despite changes in media ownership most outlets are still controlled by the opposition affiliated to the previous authorities. To take just one example, the 5\textsuperscript{th} Channel (former Ararat TV) was taken over by an associate of former president Robert Kocharyan.\textsuperscript{222} The current authorities, including Prime Minister Pashinyan, have criticised these
outlets for their connection to the previous elites.\textsuperscript{223} Overall, according to Reporters without Borders, ‘only a handful of media demonstrate independence.’\textsuperscript{224}

In a context of political crisis, hate speech and disinformation have grown dramatically on the social media. Since the Velvet revolution and especially over the past two years, the commercial media owned by, or affiliated to the previous elites have been used to disseminate narratives accusing the authorities as well as CSOs and human rights defenders of being ‘Soros agents’ sent to destroy Armenian traditions and statehood\textsuperscript{225} and supporting an ‘anti-Armenian agenda’.\textsuperscript{226}

Moreover, watchdogs report evidence of political pressure on media work, as well as lawsuits and attacks by politicians against journalists. The Armenian Committee to Protect Freedom of Expression (CPFE) noted 134 cases of pressure against journalists and media outlets and 108 disruptions in journalists’ work throughout 2019.\textsuperscript{227} The number of lawsuits involving the media (of which many were initiated by politicians) rose significantly (up to 96) compared with previous years. This is because of the growing political polarisation in the country. The situation further deteriorated in the run-up to the 2021 snap elections. The assault on a journalist from an opposition outlet by a Minister was assessed as a major setback for press freedom, especially as the ensuing investigation did not recognise the Minister’s guilt.\textsuperscript{228} Overall, 18 cases of physical violence against journalists and 225 violations of their rights were reported in 2021.\textsuperscript{229}

The steps taken by the government in response to developments in the country have led to restricting freedom of expression and media freedom. During the conflict, the authorities were criticised for shrinking civil space and liberties. The government declared the martial law on 27 September 2020\textsuperscript{230} when Azerbaijan started its offensive in Nagorno-Karabakh, thereby suspending civil law and rights and imposing military control over the country. Martial law also limited the media’s ability to report on the conflict.\textsuperscript{231} In a move that was strongly condemned by the Armenian opposition, as well as local and international watchdogs\textsuperscript{232}, on 8 October 2020 the authorities further restricted media freedom and freedom of expression by prohibiting any public criticism of state action during the conflict and providing for heavy fines and imprisonment in case the ban is violated.\textsuperscript{233} Law enforcement agencies were responsible for controlling the implementation of these measures and interfered in media work, ‘often with subjective and arbitraty approaches’.\textsuperscript{234} Many CSOs in Armenia regarded these measures as excessive and some of them, such as the Union of Journalists, called on the Human Rights Defender to denounce violations of freedom of expression.\textsuperscript{235}

\textsuperscript{224} Reporters without borders, \textit{Armenia}.
\textsuperscript{225} Interview with an Armenian expert, 07.06.2022.
\textsuperscript{226} EEAS, \textit{EU Roadmap for Engagement with Armenian civil society 2021-2027}, 07.04.2022.
\textsuperscript{227} CPFE, \textit{Annual report on the situation with freedom of expression and violations of rights of journalists and media in Armenia}, 2019.
\textsuperscript{228} Reporters without borders, \textit{Armenia}; Asbarez, \textit{High-Tech Minister Resigns After Assaulting Reporter}, 31.03.2021.
\textsuperscript{229} CPFE, \textit{Annual report on the situation with freedom of expression and violations of rights of journalists and media in Armenia}, 2021.
\textsuperscript{230} Paul Dallison, \textit{Armenia declares martial law after clashes with Azerbaijan}, Politico.eu, 27.09.2020.
\textsuperscript{232} See e.g. European Federation of Journalists, \textit{Armenia: new amendments to the martial law seriously undermine media freedom}, 13.10.2020.
\textsuperscript{233} Bertelsmann Transformation Index, \textit{Armenia Country Report} 2022.
\textsuperscript{234} CPFE, \textit{Annual report on the situation with freedom of expression and violations of rights of journalists and media in Armenia}, 2020.
Importantly, restrictions of rights and freedoms lasted much longer than the conflict itself and martial law was lifted roughly six months after the Azerbaijani offensive, on 24 March 2021. During the pandemic, similar measures were taken, however they were rapidly softened and then cancelled. More recently, the government’s measures in response to the dissemination of disinformation and hate speech have also raised serious concerns among journalists and CSOs alike. Before the 2021 snap elections, amendments to the Civil Code increased fines for defamation and disseminating fake news. The Constitutional Court’s ruling, according to which these amendments comply with the Armenian Constitution, was followed by a statement by leading Armenian CSOs expressing concerns about freedom of expression. The amendments to the Law on mass media proposed by the government also raised criticisms from Armenian civil society, as they initially envisaged precluding mass media from referring to anonymous sources; the document was then revised based upon the recommendations of the OSCE Representative on Freedom of the Media and civil society’s input. Crucially, over the summer 2021 the authorities recriminalised serious insults, despite the Public Defender’s call not to enact the law. The government’s decision to criminalise defamation raised concerns regarding citizens’ ability to fully exercise their right to freedom of expression. This is because nine criminal cases were opened against people accused of insulting public figures, including Prime Minister Pashinyan.

5.2.2. Civil society

Armenia has a vibrant civil society, which has made important contributions to political and economic reforms as well as education and health policies, among others. 4,222 public organisations, 1,120 foundations, and 244 legal entity unions were registered in 2018. However, these organisations sharply differ in terms of size and capacities, as well as objectives. Many of them are heavily dependent on external donors, which raises critical issues for their sustainability. In addition, despite the fact that CSOs have mushroomed since independence, their impact on public decision-making has been questioned in the past.

The Velvet Revolution, which resulted from civic initiatives across the country, raised high expectations among Armenian CSOs. However, while some activists regarded the shift of power as a major opportunity to influence the policy process and therefore joined the new government, others were concerned about losing their independence. Importantly, no formal mechanism for consultations with civil society was set up in the wake of the Velvet Revolution. Some strategic documents were adopted in cooperation with civil society (including the National Human Rights Strategy and the related Action Plan); nonetheless, in some other instances the authorities did not incorporate CSOs’ input. Overall, there has been no systemic approach regarding the authorities’ interactions with civil society. As a result, these interactions have been highly sensitive to the context.

238 CSO Meter, Armenia: Concerns about freedom of expression after Constitutional Court decision, 13.10.2021.
239 European Commission/High Representative of the EU for Foreign Affairs and Security Policy, Partnership Implementation Report on Armenia, SWD(2022) 154 final, 17.05.2022.
243 EEAS, EU Roadmap for Engagement with Armenian civil society 2021-2027, 07.04.2022, p.2
244 For instance, a new draft law on the media was developed by CSOs parliament in 2019, yet it was never put in circulation. CFPE, Annual report on the situation with freedom of expression and violations of rights of journalists and media in Armenia, 2020.
In recent years, the environment in which Armenian civil society operates has deteriorated as a result of domestic, regional and global dynamics. The war against Azerbaijan and the COVID-19 pandemic had major implications on both the focus of CSO’s activities and their working modes. Many of them were forced to shift to emergency and relief operations. In addition, Armenian civil society has increasingly become hostage to the growing polarisation in the country. According to CSO representatives, the government has sought to distance itself from civil society after the opposition accused CSOs of being ‘Soros agents’ or ‘foreign agents’. Therefore, the authorities stopped using civil society’s expertise and made most decisions without prior consultation, as a result of which the decision-making process became increasingly non-transparent.

In recent months, consultations with civil society have received a new impetus. However, they differ across Ministries, whether in terms of frequency or effectiveness. For instance, advisory committees on women-related issues were created with the office of the Prime Minister, but their effectiveness is questioned by CSOs representatives. By contrast, in early May 2022 the Ministry of Justice and media organisations signed a memorandum according to which all legislation should be passed after consulting civil society.

The domestic context is still difficult for independent CSOs, though. This is because they ‘feel the development of a new category of Government-owned NGOs (GoNGOs) under Nikol Pashinyan’s command’, while CSOs and in particular human rights defenders are still attacked by the opposition. These CSOs also regret the lack of fine-tuned knowledge of the Armenian CSO landscape among international organisations, to the large extent due to the loss of institutional memory.

Support to civil society has however been a continuous priority of EU assistance to Armenia. Taking into account the deterioration in the areas of freedom of expression and participation, the EU Roadmap for engagement with civil society 2021-2027 focuses on supporting an enabling environment for CSOs, supporting their participation in policy processes and improving the capacity of civil society organisations to effectively engage in these processes. Crucially, the Roadmap points to the need to elaborate ‘a systemic and inclusive mechanism for CSO participation in the decision-making process (both at national and local levels)’ and ‘a systemic approach to monitoring and reporting on the enforcement of the laws’.

5.2.3. Gender equality

Gender equality is a major challenge in Armenia. Women’s rights are enshrined in both the Constitution (article 30) and the Law on Equal Rights and Equal Opportunities for Men and Women adopted in 2013. The latter provides for equal treatment before the law, with an emphasis on the public sector, employment, health and education. It also forbids unequal remuneration or working conditions. However, it lacks effective mechanisms of enforcement. Despite the adoption of an

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245 EEAS, EU Roadmap for Engagement with Armenian civil society 2021-2027, 07.04.2022, p.2
246 Interview with a CSO representative, 14.06.2022.
247 Interview with a CSO representative, 09.06.2022.
248 Interview with a CSO representative, 07.06.2022.
249 Interview with a CSO representative, 14.06.2022.
250 Interview with a CSO representative, 13.06.2022.
251 Interview with a CSO representative, 07.06.2022.
252 Ibid.
253 EEAS, EU Roadmap for Engagement with Armenian civil society 2021-2027, 07.04.2022, p.3.
254 Ibid., p.4
255 Interview with an Armenian CSO representative, 10.06.2022
updated Gender Equality Strategy 2019, more mainstreaming of gender in economic and sector strategies is needed.\textsuperscript{256}

Armenia currently ranks 114\textsuperscript{th} out of 156 countries in the Global Gender Gap. Key challenges include sex ratio at birth (0.9), earned incomes as well political empowerment, with only one female minister in the current government. As reflected by its loss of 16 ranks in the Global Gender gap, the country’s performance has worsened over the past year. This is primarily because the gender gap in estimated earned income has widened significantly.\textsuperscript{257} However, the authorities introduced quotas to improve women’s political empowerment. The 1-in-3 gender quota introduced for the candidate lists in the 2021 municipal elections increased substantially the number of women city councillors in the country.\textsuperscript{258}

Domestic violence remains widespread in Armenia. According to a survey conducted in the late 2000s, one in four women may experience physical violence, with much higher figures reported for psychological violence.\textsuperscript{259} Other data suggest a higher percentage, with 60\% of Armenian women having experienced domestic violence at least once.\textsuperscript{260} The exact percentage remains unknown as many women do not report violence.

In 2019, the authorities amended the law on domestic violence, which previously placed the emphasis on ‘restoring family harmony’, with a view to improving the rights of victims.\textsuperscript{261} The government recently opened shelters for victims, which are ran by CSOs.\textsuperscript{262}

In early 2018, the then Armenian authorities signed the Istanbul Convention”,\textsuperscript{263} which however has not been ratified despite the new authorities’ declared intention to do so.\textsuperscript{264} According to Armenian CSOs representatives, this is because the government is concerned about the decline of popularity that such a ratification may entail, especially in light of the influence of conservative groups connected to Russia.\textsuperscript{265}

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\textsuperscript{256} Asian Development Bank, Armenia Country Gender Assessment, December 2019.  \\
\textsuperscript{257} World Economic Forum, Global Gender Gap, 2021, Insight, March 2021, p.25.  \\
\textsuperscript{258} European Commission/High Representative of the EU for Foreign Affairs and Security Policy, Partnership Implementation Report on Armenia, SWD(2022) 154 final, p.5.  \\
\textsuperscript{259} Amnesty International, Domestic and sexual violence in Armenia, 2008.  \\
\textsuperscript{260} Open Democracy, Pass a law, even if it’s a bad one: how Armenia is tackling domestic violence, 21.01.2020.  \\
\textsuperscript{261} Freedom House, Freedom in the World 2022, Armenia  \\
\textsuperscript{262} Interviews with Armenian CSO representatives, 08.06.2022 and 10.06.2022.  \\
\textsuperscript{263} Council of Europe Convention on preventing and combating violence against women and domestic violence.  \\
\textsuperscript{264} Council of Europe, Armenia: Opinion on the Constitutional Implications of the Ratification of the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence (Istanbul Convention), Strasbourg, 2019.  \\
\textsuperscript{265} Ibid.
\end{flushright}
6. Economic developments and reforms

6.1. Macro-economic developments

Over the past two years, Armenia’s economy has gone through ‘twin shocks’, namely the Covid-19 pandemic and the 2020 war against Azerbaijan. The combination of these shocks resulted in a strong contraction of the Gross Domestic Product (GDP), which decreased by 7.4% in 2020.266 Nevertheless, immediate relief measures, recovery programmes (in particular the Economic Response Programme) and prudent macroeconomic policies helped the country to quickly overcome these shocks and the GDP grew by 5.7% year-on-year.267 According to the Asian Development Bank (ADB), Armenia’s GDP is expected to grow by 2.8% in 2022.268 However, geopolitical challenges continue to adversely impact Armenia’s economy. Sanctions on Russia stemming from the war in Ukraine, as well as the bleak economic outlook in Russia are expected to affect Armenia as a consequence of the latter’s strong links to Russia (whether in terms of trade, investments or remittances). The Armenian population will also suffer from the increase in global food and energy prices. Inflation, which reached 9% in May 2022,269 has emerged as a major problem. In addition, the sudden appreciation of the Armenian dram may adversely impact the country’s exports.

Importantly, in addition to being sensitive to external shocks the Armenian economy still faces important structural challenges, including high unemployment, weak firm competitiveness and the need to further improve the business environment.270

6.2. Economic reforms

Since coming into power, the authorities have sought to improve the business climate by decreasing the size of the shadow economy, which takes the form of either partially hidden revenues or employment of unregistered workforce. Informal economy was estimated at 35.96% of GDP in 2015, with an average of 42.59% over the period 1991-2015.271 Approximately one out of two employees worked in the informal sector.272

Since 2018, the authorities have removed most of the informal economic barriers that served clientelistic interests under the previous regime.273 They have also reformed the tax system, which...
has evolved from an income progressive tax system to flat-rate taxation. This change decreased the tax burden on Armenia’s population, with continued annual rate reductions until reaching 20% in 2023. The authorities also removed some of the monopolies that were associated with oligarchs connected to the former elites, thereby resulting in a slight diversification, for instance in the sugar sector; however, other sectors (e.g., natural resources) proved more difficult to diversify.\textsuperscript{274} The recent restrictions imposed on cash transactions are another major step to reduce the weight of informal economy and fight corruption. In line with a law passed on 9 June, as of July 2022 business transactions above AMD 300,000 (approximately €700) and transactions between individuals above AMD 500,000 (approximately €1,200) must be done electronically. Payments in cash from and to local and central government bodies are also forbidden.\textsuperscript{275}

Other key reforms include the digitalisation of the economy with a view to increasing both the transparency in public administration and the competitiveness of the private sector. Currently, only 5 percent of Armenian citizens and businesses use online government service.\textsuperscript{276} In 2021, Armenia adopted a digitalisation strategy and strategic programme of measures and result-based indexes for 2021-2025. These envisage, for instance, the combination of available public services within a reliable government interoperability platform, the authenticisation of official documents introduction of unified e-justice systems and the establishment of a single electronic window for border crossing points. The EU (as well as other international organisations, such as the World Bank) supports the government’s efforts to expand digitalisation, in particular through its EU4Business and EU4Digital projects.\textsuperscript{277}

The reforms undertaken by the authorities to fight corruption and curb the size of the shadow economy are expected to improve the business environment in the country. The full entry into force of the CEPA in March 2021 is also expected to contribute to a better investment climate, as well as increased stability and predictability.\textsuperscript{278} However, given that key reforms are still being put in place, Armenia’s ranking in key international indexes has not changed thus far. The country still ranks 47th out of 190 countries in the World Bank’s 2020 Doing Business Report\textsuperscript{279} and 69th in the Global Competitiveness Report, up from 70 in 2018.\textsuperscript{280}

6.3. Trade

Russia remains Armenia’s major trade partner. Trade between the two countries totalled USD 2.6 billions in 2021.\textsuperscript{281} In 2020, Russia accounted for 26.6% of Armenian exports and 32% of Armenian imports.\textsuperscript{282} In 2021, exports to Russia increased by 23.5% compared to 2020, whereas imports from Russia rose by 20.8%.\textsuperscript{283}

Given that Armenia is a member of the EAEU, the CEPA is not a free-trade agreement and does not envisage the elimination of tariffs between the parties. Nonetheless, the agreement removes barriers to trade in services, as it sets national treatment for cross-border supply of services for which

\textsuperscript{274} BTI Transformation Index, Armenia, 2022, p.21
\textsuperscript{275} Ani Mejlumyan, Armenia to go cash-free, Eurasia.net, 27.06.2022.
\textsuperscript{276} World Bank, Armenia to Improve Public Sector Performance through Digital Solutions, with World Bank Support, 3.03.2022.
\textsuperscript{277} European Commission/High Representative of the EU for Foreign Affairs and Security Policy, Partnership Implementation Report on Armenia, SWD(2022) 154 final.
\textsuperscript{278} Interview with Armenian officials, 14.06.2022.
\textsuperscript{280} Trading Economics, Armenia Competitiveness Index
\textsuperscript{281} Alina Hovhannisyan, Armenia is concerned about decline in trade with Russia, Financial portal Arminfo, 13.04.2022.
\textsuperscript{282} Seda Hegnyan, 2020, Armenia’s top 10 foreign trade partners, hetq.am, 10.03.2021
\textsuperscript{283} Statistical Committee of the Republic of Armenia, External trade database.
market access is prescribed, and most favourable nation treatment for the establishment of subsidiaries, branches and representative offices by EU natural or legal persons.  

Overall, the EU remains a key trade partner for Armenia. It accounted for 18% of Armenia’s total trade in 2020. In 2021, trade with the EU totalled USD 1,587.3 millions, an increase by 23.4% compared to the previous year. It has kept growing in early 2022, with an increase by 26.8% during the first quarter compared with the same period of 2021. The growth of Armenian exports to the EU (52.9% in 2021) is particularly significant. It has thus far persisted in 2022 despite the fact that Armenia stopped benefitting from the EU GSP+ regime as of January 1st after the end of the one-year transition period granted by the European Commission. This is because Armenia was classified by the World Bank as an upper middle income country for three consecutive years (2018, 2019, 2020).

6.4. Bilateral cooperation between the EU and Armenia

The CEPA includes hard legal obligations in areas related to connectivity, energy and climate change, among others. In these areas, the approximation obligations are ‘unequivocal and imperative, substantiated by Annexes listing the relevant EU acquis’. Art 370 states that Armenia ‘shall carry out gradual approximation of its legislation to EU law as referred to in the Annexes’ subject to monitoring. Crucially, the approximation in these areas “shall be without prejudice to any specific provisions” under the Trade Title. These substantive approximation obligations are also qualified as ‘dynamic’, because the Partnership Council can update the Annexes through a periodical review to reflect legislative developments. Overall, despite delays stemming from the Covid-19 pandemic and the 2020 war, some progress has been achieved regarding connectivity and the green transformation.

In the area of energy, the CEPA requirements cover a broad range of EU legislation to be approximated (i.e. energy efficiency, renewable energy and nuclear safety regulation, electricity market reforms). Armenia has conducted comprehensive legal gap analyses in these sectors and started working on the corresponding legal acts in 2022. The EU has supported Armenia’s energy reforms under the EU4Energy programme, in particular regarding the energy performance of buildings. It has also provided financial assistance for the construction of a large scale solar power plant in Masrik and the integration of renewable energy measures in municipality-owned public buildings. In the area of nuclear safety, which has been defined as a priority by the Partnership Council, the EU has mobilised €1.2 million to support the Armenian Nuclear Regulatory Authority

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285 European Commission, DG Trade, Armenia.
286 Statistics made available to the author by the Armenian Ministry of Economy.
287 Armenia started benefitting from GSP+ in 2009.
290 Article 30 CEPA.
293 Council of the EU, Joint press statement following the 4th meeting of the EU-Armenia Partnership Council, 18 May 2022.
with a view to preparing an action plan to close the Metsamor nuclear plan and developing an alternative.

In the area of environment protection, Armenia has advanced on biodiversity conservation and the management of natural resources by improving the legislative and institutional framework. Other achievements include the banning of single-use plastic bags from 2020 and progress towards integrated management of water resources and approximation to the EU Water Framework Directive.\textsuperscript{294} In April 2021, with EU assistance under the EU4Climate programme Armenia updated its Nationally Determined Contribution (NDC) targets, which set the 2030 objective of reducing greenhouse gas (GHG) emissions by 40\% compared with 1990 levels\textsuperscript{295}. During the Partnership Council meeting in May 2022, the EU encouraged the country to adopt a Long-Term Low Emissions Development Strategy, aiming at reaching climate neutrality by 2050, in line with the EU's commitment.\textsuperscript{296}

In the area of transport, the signature of the Common Aviation Area Agreement on 15 November 2021 is expected to provide a significant impetus to the improvement of Armenia's aviation safety and, ultimately, to the country's inclusion in the EU's aviation market. This is expected to result in 'new air transport opportunities, more direct connections and economic benefits to both sides'.\textsuperscript{297}

\textsuperscript{294} European Commission/High Representative of the EU for Foreign Affairs and Security Policy, Partnership Implementation Report on Armenia
\textsuperscript{295} EUNeighboursEast, Armenia approves updated 2021-2030 Nationally Determined Contributions developed under EU4Climate project, 5.05.2021.
\textsuperscript{296} Council of the EU, Joint press statement following the 4th meeting of the EU-Armenia Partnership Council
\textsuperscript{297} Ibid.
7. Role and impact of EU actors in Armenia

7.1. EU-Armenia bodies under the CEPA

The EU-Armenia Partnership Council, composed of representatives of the parties at the ministerial level, is the key institution under the CEPA, whether in terms of high-level political dialogue or decision-making. Meeting at least once a year, it can either adopt recommendations or take legally binding decisions. The Partnership Council also acts as a forum for exchanging information on legislation, implementation, enforcement and compliance measures. Importantly, it is vested with the power to update or amend the annexes to the agreement.

The Partnership Council may delegate any of its powers (including the power to take binding decisions) to the Partnership Committee, composed of EU and Armenian representatives (in principle at senior civil servant level) tasked with assisting the Council and preparing its meetings. The Agreement has also established a Partnership Committee in trade configuration that meets once a year to address all trade issues related to the CEPA. In addition, the institutional architecture of the AA includes several subcommittees, for instance on economic cooperation; geographical indications; employment and social affairs; public health; training, education and youth; culture; information society; audio-visual; science and technology; justice; freedom and security; energy; transport; environment; climate action; and civil protection.

The 4th meeting of the Partnership Council, which was in fact the first meeting since the agreement entered into force in March 2021, was an opportunity to review CEPA implementation. It was to a large extent based upon the Partnership Implementation report prepared by the EC and the EEAS, which underlines Armenia’s progress in implementing the CEPA. During his meeting with the Armenian Minister of Foreign Affairs, High Representative Borrell ‘welcomed Armenia’s commitment to CEPA implementation, appreciated positively the reforms undertaken and encouraged the government to pursue its reform agenda.’ The Partnership Council meeting was preceded by the third meeting of the Partnership committee (also the first one since the CEPA entered into force), which focussed on the rule of law, including the role of an independent and efficient justice system, the fight against corruption and the respect of human rights.

The CEPA has also established a Parliamentary Partnership Committee, which provides parliamentary oversight over the agreement implementation and acts as a forum for members of the European Parliament and the National Assembly of Armenia to meet and exchange views. The Parliamentary Partnership Committee may:

- request relevant information regarding CEPA implementation from the Partnership Council,
- make recommendations to the Partnership Council,
- create parliamentary partnership subcommittees.

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298 Article 362, CEPA
299 Ibid. article 363.
300 Ibid.
301 Ministry of Foreign Affairs of the Republic of Armenia, Bilateral relations. European Union.
303 Council of the EU, Joint press statement following the 4th meeting of the EU-Armenia Partnership Council.
305 Article 365, Comprehensive and Enhanced Partnership Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Armenia, of the other part.
306 Ibid.
The Partnership Council has the obligation to both inform the Parliamentary Partnership Committee of its decisions and supply the Committee with the requested information.

Civil society also plays an important role in the implementation of the CEPA. The agreement establishes a Civil Society Platform (CSF) which closely interacts with other EU-Armenia bodies, as follows:

- It is informed of the decisions and recommendations of the Partnership Council;
- It may make recommendations to the Partnership Council, the Partnership Committee and Parliamentary Partnership Committee;
- It interacts on a regular basis with the Partnership Committee and Parliamentary Partnership Committee.307

The Platform has been operational since early 2022. This is because its creation was delayed as a result of several factors, including the pandemic, the 2020 war and initial disagreements between Armenian stakeholders and the European Economic and Social Committee.308

Importantly, the role of civil society goes beyond CEPA implementation. In a separate chapter,309 the agreement envisages a broad dialogue on civil-society cooperation with the following objectives:

- to strengthen contacts and the exchange of information and experience between all sectors of civil society,
- to ensure a better knowledge and understanding of the other side,310
- to ensure involvement of civil society in relations between the European Union and the Republic of Armenia;311
- to enhance civil-society participation in the public decision-making process,
- to facilitate the process of institution-building and the consolidation of civil-society organisations.

Overall, according to the actors involved312 the bodies set up as part of the CEPA function smoothly; for instance, the EU co-chair of the Parliamentary Partnership Committee, Ms. Kaljurand, assessed the cooperation with her Armenian counterparts as ‘effective’.313

7.2. EU actors in Armenia

Since the Eastern Partnership was launched, the EU has increasingly gained salience in Armenia. This is because it has broadly been regarded as a model for modernisation and, since 2018, also for democratisation. Between 2010 and 2013, the country actively adopted EU templates for reforms as part of the talks for an Association Agreement (AA) and a Deep and Comprehensive Free-Trade Area (DCFTA) and successfully completed the negotiations.314 Despite backtracking from the AA/DCFTA, then Armenian president Sargsyan confirmed the resonance of the European model in the country:

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307 Article 366, ibid.
309 Chapter 21, Title V, ibid.
310 Article 102, ibid.
311 Article 103, ibid.
312 Interview with Armenian officials, 14.06.2022; see also Prime Minister of the Republic of Armenia. Press release, EU-Armenia Parliamentary Partnership Committee is a powerful platform for Armenia’s democratic agenda, 23.02.2022.
313 Laure Delcour, Kataryna Wolczuk, ‘The EU’s Unexpected Ideal Neighbour? The Perplexing Case of Armenia’s Silent Europeanisation’
Building and strengthening Armenian nationhood upon a European model has been a conscious choice of ours, and that process is hence irreversible.Over the past dozen years, the EU has stepped up its engagement in Armenia. Based upon the respective mandates granted by the Council, the EEAS and the European Commission have been the key EU actors involved successively in the negotiations for an agreement with Armenia, whether an AA/DCFTA (2010-2012) or the CEPA (2015). Both actors also monitor the implementation of the CEPA and publish joint Partnership implementation reports. In addition, the European Commission has been playing a major role in trade-related issues (e.g., monitoring of GSP+) and managing assistance to Armenia. In the mid-2010s, EU support focused on private sector development, public administration reform and justice reform (2014-2017). It was then rearticulated in line with the Eastern Partnership priorities identified at the Riga summit, namely economic development; strengthening institutions and good governance; connectivity, energy efficiency, environment and climate change; mobility and people-to-people contacts. ENI indicative allocation for Armenia ranged between € 252 million and € 308 million for the period 2014-2020.

Whereas the EU has remained closely engaged with Armenia since the late 2000s, its involvement as a mediator in the Nagorno-Karabakh conflict marks an important turning point. Until then, the EU had a low profile in the conflict resolution process. Since 2003, the EU has appointed a Special Representative for the South Caucasus, whose mandate includes a contribution to a peaceful settlement of the Nagorno-Karabakh conflict. However, until recently the EU’s involvement in the conflict was mostly indirect (e.g., through one of its Member States, France, co-chairing the Minsk group) and limited (e.g., it was primarily channelled through the European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh (EPNK)). Whereas the EU was criticised (including in Armenia) for failing to act during the conflict, it has subsequently stepped up its profile on all levels. In-between the trilateral meetings organised under the auspices of the President of the European Council (see section 2.1), the EU’s Special Representative for the South Caucasus and the crisis in Georgia, Toivo Klaar, has been regularly travelling to Armenia and Azerbaijan (even if not to Nagorno-Karabakh) and interacting with both sides. This is a strong indication of the EU’s continuous engagement to facilitate a sustainable settlement of the conflict. The EU’s mediation is especially important for Armenia as it signals an involvement in security issues which are pivotal for the country, yet which were hitherto the preserve of Russia.

319 EEAS, EU Special Representatives.
320 EPNK was established in 2012 under the Instrument for Stability to support peace-building efforts by facilitating dialogue between civil society, media and policy-makers from all sides European Union continues to support civil society peace building efforts over Nagorno-Karabakh, 06.11.2012.
8. Recommendations

8.1. General recommendations on EU-Armenia relations

Armenia stands at a crossroads. The country faces both acute domestic and regional challenges, which are partly interwoven. Regionally, Armenia’s vulnerability has greatly increased in the wake of the 2020 conflict and again as a result of Russia’s war in Ukraine. The country faces growing pressure and threat from Azerbaijan, as evidenced by repeated incursions in Armenia, including on a large scale. Whereas normalisation with Azerbaijan and Turkey would improve the country’s connectivity and economic situation, Armenia expects a fair agreement on Nagorno-Karabakh. In Prime Minister Pashinyan’s views, this entails first and foremost ensuring the security, rights and freedom of Karabakh Armenians. In other words, the status of Nagorno-Karabakh is not ‘a goal’ but a ‘means’, and ‘any status that truly guarantees the security, rights, and freedoms of the people of Nagorno-Karabakh needs to be considered a real solution’.

Whereas this reflects a shift towards pragmatism, Pashinyan’s leeway is domestically constrained as the opposition resorts to a more radical positioning on Nagorno-Karabakh in its attempts to regain power. The growing polarisation and the political tensions that have affected the country since the Velvet revolution bear important implications on the reform process, as resistance hinders their adoption and implementation and, beyond them, the functioning of the state. At the same time, the 2021 snap elections opened a window of opportunity to improve democratic governance and give a new impetus to reforms.

In this context, the EU should continue and enhance its engagement to consolidate ‘Armenia’s precarious statehood’. This entails supporting the reform agenda put forward by the authorities as far as it coincides with a long-standing and genuine societal demand for democratisation. This also entails contributing to a sustainable conflict settlement that would enable the peaceful coexistence of Armenian statehood with its neighbours.

The CEPA offers a solid framework for domestic change and is broadly regarded as a ‘reference’ for reforms among Armenian officials. It is also a dynamic and flexible agreement, which is crucial given that its implementation remains highly sensitive to regional developments. These include the situation alongside the shared border with Azerbaijan, the outcomes of talks with Azerbaijan and the normalisation process with Turkey, the implications of Russia’s war in Ukraine and future developments in the EAEU, but also the European Council’s recognition of Georgia as a potential EU candidate country. The latter offers a positive signal for EU-South Caucasus relations, irrespective of the fact that Armenia (as well as Azerbaijan) does not aspire to join the EU.

8.2. Specific recommendations

8.2.1. Nagorno-Karabakh

The EU should continue acting as a mediator between Armenia and Azerbaijan. Indeed, it is well-placed to act as a broker for the following reasons:

- The EU has a rich experience in promoting dialogue between conflicting parties and ultimately contributing to conflict settlement;
- The EU is regarded by both sides as a ‘fresh’ and relatively unbiased mediator, whose ‘soft power’ may help reaching a peace agreement.

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323 JAM News, PM Pashinyan: ‘Any alternative to peace will be disastrous - both for NK and Armenia’, 16.06.2022
324 Ibid.
325 Kevork Oskanian, Why Armenia Needs Realpolitik, Now. EVN Report, 1.06.2022
The EU should also continue supporting any other efforts towards dialogue and normalisation, including those from Russia and other regional actors, as well as other international formats.

In seeking to contribute to conflict resolution, the EU should favour a ‘comprehensive settlement’\(^{326}\) that would cover all the issues at stake (the fate of prisoners, demining, connectivity, the status of Nagorno-Karabakh and the security of its inhabitants). All of these issues are key. Demining and connectivity matter to Azerbaijan whereas the final status of Nagorno-Karabakh and the right of its inhabitants to live safely are pivotal for Armenia. Any peace deal that would address only part of these issues would be unacceptable to one of the parties, fuel resentment and prove unsustainable over time.

The EU could also support confidence-building measures between Armenian and Azerbaijani societies, for instance by supporting CSOs platform dialogues and joint seminars gathering students from both countries.

Crucially, as part of its conflict resolution efforts the EU should engage (even if carefully) with Karabakh Armenians, whose participation is essential in reaching a sustainable peace deal.\(^{327}\)

**8.2.2. Cultural heritage**

As was already done by the European Parliament\(^ {328}\) the EU (including the High Representative and other EU actors) should clearly and firmly condemn any damages or destructions of Armenian cultural and religious heritage in and around Nagorno-Karabakh. Such destructions are a major obstacle to a long-lasting peace as they deny the identity and the very existence of Armenians in Nagorno-Karabakh and contribute to the lack of mutual trust and understanding.

The EU should ask Azerbaijan to authorise access to UNESCO experts with a view to drawing up an inventory of cultural sites in Nagorno-Karabakh.

Given its centrality, the issue of cultural heritage should be addressed in the broader conflict resolution efforts. It should also be included in any peace agreement.

The EU is well placed to support dialogue between Armenian and Azerbaijani researchers and joint initiatives on cultural heritage, that could follow examples such as the ‘Cultural Heritage Route’ organised in the Western Balkans. The EU could also support awareness-raising campaigns about international commitments on the protection of cultural heritage, which would target a broad audience and specifically the youth.

In the longer term, subject to a peace deal being reached the EU could also consider supporting the rehabilitation of Armenian and Azerbaijani monuments destroyed during the Nagorno-Karabakh conflict.

**8.2.3. Armenia-Azerbaijan relations**

In seeking to contribute to peace and reconciliation between Armenia and Azerbaijan, the EU should consistently stick to its values, international law and facts on the ground. This means that democratisation, good governance, respect for human rights and compliance with international law should be the key yardsticks against which the EU’s relations with both countries should develop. They should form the basis of a long-term EU vision for the South Caucasus and should not be sacrificed for the sake of short-term needs and interests, including in the energy area.

\(^{326}\) EEAS, Nagorno-Karabakh: Statement by High Representative/Vice President Borrell on the cessation of activities, 10.11.2020.

\(^{327}\) International Crisis Group, New Opportunities for EU Mediation in Nagorno-Karabakh, 26 May 2022.

\(^{328}\) European Parliament, Resolution of 10 March 2022 on the destruction of cultural heritage in Nagorno-Karabakh (2022/2582(RSP))
The EU is engaged as a mediator in a conflict that does not oppose one ENP/EaP country to Russia (as is the case in Moldova, Georgia or Ukraine), but involves two ENP/EaP countries. In this specific context, sticking to values, international law and facts on the ground should prevail over balancing between the two partner countries and speaking the language of neutrality. All EU actors should (as has done the European Parliament)329 firmly condemn recent Azerbaijani incursions and assaults on the internationally recognised territory of Armenia and make it clear that pressure is not an option for reaching a sustainable peace. Last but not least, the EU should as much as possible favour a dialogue between societies, including CSOs, schools and universities. In doing so, it could use its EPNK experience. It is indeed in the framework of such a dialogue that the wounds from both sides over the past three decades should be discussed.

### 8.2.4. Political developments and reforms in Armenia

The context for reforms and CEPA implementation in Armenia has proved highly challenging, due to the Covid-19 pandemic, the 2020 war as well as growing political polarisation in the country. In spite of these challenges, Armenia has progressed in terms of political reforms. For all their inexperience and populism, the authorities remain committed to democratisation.

Therefore, while conducting a frank and open dialogue with the authorities, the EU should continue supporting key reforms in Armenia (e.g., the fight against corruption and judiciary reform). It should do so through financial assistance, but also capacity-building and use of (especially local) expertise. The EU should further support the development and sustainability of Armenian CSOs, as well as their participation in the policy-making process, including in the preparation of EU-Armenia key instruments such as the human rights budget support and the corresponding indicators. More specifically, the EU should support the setting up of a structured mechanism of CSO consultation and participation in the policy process.

Given the resonance of the EU as a model for reforms in Armenia, the EU should consider enhancing people-to-people contacts. Whereas Armenia’s participation in Horizon Europe is an important step in this respect, the EU could also consider additional support for EU studies in Armenia, as well as student exchanges. The opening of a visa dialogue in view of eliminating the obligation of Schengen visas would also be a strong political signal of support. In light of the flaws noted in the implementation of the visa liberalisation scheme in some other countries, it could be accompanied by a wide-ranging information campaigns on the objectives and limitations of a visa-free regime.

### 8.2.5. Economic developments and reforms

The EU should continue supporting inclusive socio-economic development, the green transformation of the economy as well as connectivity. The EU-funded LEAD programme (Local Empowerment of Actors for Development) appears particularly relevant, as it is aligned with CEPA and targets Armenian regions.330

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The following report gives an overview of the progress in the implementation of the Partnership and Cooperation Agreement (PCA) between the European Union (EU) and Azerbaijan for the period of 2017 to 2022 with focus on practical outcomes. The report consists of six sections, reflecting developments since the decision of 2017 was adopted. Namely, 1) in the area of security and international relations, especially after the second Nagorno-Karabakh War, as well as its consequences for EU-Azerbaijan cooperation, and relations with regional actors (Iran, Turkey, Russia); 2) in the preservation of cultural heritage in the area of the Karabakh region; 3) good governance and human rights; 4) trade, connectivity and digitalization; 5) Azerbaijan’s role as an energy provider and green transformation; and 6) the role of the EU institutions. The report concludes with recommendations to the EU on possible ways of increasing the effectiveness of the implementation of the PCA.
This report has been written by Dr Leila Alieva, Affiliate of Russian and East European Studies, School of Global and Area Studies of Oxford University and a Richard von Weizsäcker Fellow of the Robert Bosch Academy at the request of the Ex-post Evaluation Unit of the Directorate for Impact Assessment and European Added Value, within the Directorate-General for Parliamentary Research Services (EPRS) of the Secretariat of the European Parliament.

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Executive summary

The European Union (EU) and Azerbaijan signed a Partnership and Cooperation Agreement (PCA) in 1996, which entered into force in 1999. The decision to launch negotiations on the EU-Azerbaijan cooperation agreement in 2017 marked a new stage of EU-Azerbaijan relations. The two parties identified the priorities of relations, which cover strengthening institutions and good governance, economic development and market opportunities, connectivity, energy efficiency and environment, mobility and people-to-people contacts. This report covers the last five years of the implementation of the EU-Azerbaijan PCA.

Azerbaijan’s relations with the EU are shaped by factors, such as the country’s role in the EU’s energy security, the position of the EU regarding the Nagorno-Karabakh conflict and general security considerations in the region; as well as by domestic factors - rentier characteristics of an energy dependent economy and state, influencing the country’s degree of alignment with the EU. The slow path Azerbaijan has taken on its alignment with the EU is a reflection of the limited participation of Azerbaijan’s civil society in decision-making, due to structural factors of the oil-rich state, where the oil revenues replace taxes and weaken the link between government and society. In addition, the crackdown on civil society in 2013-2014 and the adoption of restrictive legislation on non-governmental organisations (NGOs), along with the limitation of freedoms of expression and assembly, decreased society’s - one of the major stakeholders of this process - capacity to influence these relations. On conflict, especially after the February 2022 Russian invasion of Ukraine, Azerbaijani officials and society prefer the EU to Russia as a mediator in conflict resolution.

Over the period of September to November 2020, Azerbaijan partly restored its sovereignty over the territories surrounding Nagorno-Karabakh and the town of Shusha, in what was called the second Nagorno-Karabakh war, and agreed to the deployment of Russian troops with a peacekeeping mission in the zone of conflict. The second Nagorno-Karabakh war exposed the underlying dynamic in the region during the status quo formed after the first Nagorno-Karabakh war (1988-1994), and re-shaped the region’s geopolitical configuration. Whereas the resolution of the war left certain issues unresolved as potential sources of tension, it opened perspectives for a peace agreement and new opportunities for economic relations in the region, through the restoration of communications between the states of the South Caucasus.

Azerbaijan plays an increasingly important role as an energy provider to the EU. In 2019, the Southern Gas Corridor was completed and launched its operations in early 2021. Azerbaijan’s potential role further increased in the context of Russia’s full-scale invasion of Ukraine in 2022, which led the EU to decide to end its energy dependence on Russia and diversify its supplies. To play this role, Azerbaijan needs investments, both to increase production from fields other than the Shahdeniz gas fields, and to upgrade its transport capacity. With the outbreak of war in Ukraine, Azerbaijan made efforts to combine not provoking Russia through continuing trade relations, and at the same time, supporting Ukraine with significant humanitarian aid.

In terms of political developments, the trend since 2017 has been controversial: a number of political prisoners have been released by Presidential pardon decrees, but new politically motivated arrests have been reported. While there was some softening of government approach towards the activities of NGOs and cancellations of ‘travel bans’, the new law lifting limitations has not been adopted. Moreover, a new restrictive Media Law was adopted in spite of the criticism of both local and international organizations. Moreover, freedom of assembly remains limited.

Whereas a range of steps were made to develop trade, digitalization, green transformation and transport, the progress of reforms is influenced by monopolies, control of the state and lack of market competition. The process of Azerbaijan’s preparation for accession to the World Trade Organisation (WTO) continued, although slowly, and influenced by the level of ambitions of the
state. The role of the EU has increased in the areas of conflict resolution and energy, but EU-
Azerbaijan relations so far have not been sufficiently conducive to the realization of the full potential
for reform of Azerbaijani society.
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AFSA</td>
<td>Independent Food Safety Agency</td>
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<tr>
<td>APFP</td>
<td>Azerbaijan Popular Front Party</td>
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<td>ASAN</td>
<td>Azerbaijan Service and Assessment Network</td>
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<td>AZAL</td>
<td>Azerbaijan Airlines</td>
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<tr>
<td>Bcm</td>
<td>Billion cubic meters (of natural gas)</td>
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<td>BTC</td>
<td>Baku-Tbilisi-Ceyhan pipeline</td>
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<tr>
<td>CEPEJ</td>
<td>European Commission for the Efficiency of Justice</td>
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<tr>
<td>CIS</td>
<td>Commonwealth of Independent States</td>
</tr>
<tr>
<td>CoE</td>
<td>Council of Europe</td>
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<tr>
<td>CPT</td>
<td>Committee on Prevention of Torture</td>
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<tr>
<td>CSO</td>
<td>Civil Society Organization</td>
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<tr>
<td>EaP CSF</td>
<td>Eastern Partnership Civil Society Forum</td>
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<tr>
<td>EaP</td>
<td>Eastern Partnership</td>
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<tr>
<td>ECHR</td>
<td>European Court of Human Rights</td>
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<tr>
<td>ECO</td>
<td>Economic Cooperation Organization</td>
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<td>EEAS</td>
<td>European External Action Service</td>
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<td>EHIS</td>
<td>European Health Interview Survey</td>
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<tr>
<td>EIDHR</td>
<td>European Instrument for Democracy and Human Rights</td>
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<tr>
<td>EITI</td>
<td>Extractive Industries Transparency Initiative</td>
</tr>
<tr>
<td>ENP</td>
<td>European Neighbourhood Policy</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>EUSR</td>
<td>European Union Special Representative</td>
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<tr>
<td>FS</td>
<td>Food Safety</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<tr>
<td>IDP</td>
<td>Internally Displaced Person</td>
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<tr>
<td>INGE</td>
<td>Special Committee on Foreign Interference in all Democratic Processes in the European Union, including Disinformation</td>
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<tr>
<td>IRFS</td>
<td>Institute for Reporters’ Freedom and Safety</td>
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<tr>
<td>ISESCO</td>
<td>Islamic World Educational Scientific and Cultural Organization</td>
</tr>
<tr>
<td>LGBT</td>
<td>Lesbian, Gay, Bi-Sexual, Trans-Sexual</td>
</tr>
<tr>
<td>LNG</td>
<td>Liquefied Natural Gas</td>
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Implementation of the Partnership and Cooperation agreement between the EU and Azerbaijan

NGO Non-governmental Organization
NHC Norwegian Helsinki Committee
NRA National Regulatory Authorities
OECD Development
OSCE Organization for Security and Cooperation in Europe
PACE Parliamentary Assembly of the Council of Europe
PCA Partnership and Cooperation Agreement
PPF Partnership Priorities Facility
SCWRA State Committee on Work with Religious Associations
SIPRI Stockholm International Peace Research Institute
SMBDA Small and Medium Business Development Agency
SMEs Small and Medium Enterprises
SOCAR State Oil Company of Azerbaijan Republic
SOFAZ State Oil Fund of Azerbaijan
SPS Sanitary and Phyto-Sanitary
TAP Trans Adriatic Pipe-line
TANAP Trans Anatolian Pipeline
TBT Technical Barriers to Trade
TEN-T Trans-European Transport Network
UAE United Arab Emirates
UNESCO United Nations Educational Scientific and Cultural Organization
UN SC United Nations Security Council
WTO World Trade Organization
1. Methodology

This report is an assessment of the progress in the implementation of the Partnership and Cooperation Agreement (PCA) 1 between the European Union (EU) and Azerbaijan, covering the period from October 2017 to August 2022. It is based on qualitative and quantitative analysis, with utilization of primary and secondary data, including interviews with stakeholders. The primary data includes official documents, action plans, decrees, laws, speeches, statistics and data collected during interviews. A number of online and email interviews with representatives of the EU, local and international NGOs, experts, and Azerbaijani officials were conducted. Secondary data covered documents, such as implementation reports by the EU, Azerbaijani civil society, reports of the international NGOs, experts’ opinions, and academic and media articles.

The report consists of six sections, 2 reflecting developments since the decision of 2017 was adopted. Namely, 1) in the area of security and international relations, especially after the second Nagorno-Karabakh War, as well as its consequences for EU-Azerbaijan cooperation, and relations with regional actors (Iran, Turkey, Russia); 2) in the preservation of cultural heritage in the area of the Karabakh region; 3) good governance and human rights; 4) trade, connectivity and digitalization; 5) Azerbaijan’s role as an energy provider and green transformation; and 6) the role of the EU institutions. The report concludes with recommendations to the EU on possible ways of increasing the effectiveness of the implementation of the PCA.

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1 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, Volume 2104, 1-36574.

2 For the developments before 2017 please, see report by Leila Alieva, Laure Delcour, Hrant Kostanyan EU Relations with Armenia and Azerbaijan In-Depth Analysis, Directorate General for External Policies, Policy Department, AFET, European Parliament, 2017.
2. International and regional context

2.1. The Nagorno-Karabakh wars and conflict resolution

2.1.1. From the first to the second Nagorno-Karabakh war

The conflict over Nagorno-Karabakh started in 1988 with the requests of ‘transfer’ of the region from Soviet Azerbaijan to Soviet Armenia by the Armenian population of the Autonomous Region of Nagorno-Karabakh. This was accompanied by violent clashes, which led to the mutual exodus of populations – both from Armenia and from the Nagorno-Karabakh and other regions of Azerbaijan. With independence the war between Armenia and Azerbaijan in 1992 led to the occupation by Armenian forces with the help of the 366 CIS regiment of seven Azerbaijani districts besides the Armenian control of Nagorno-Karabakh, rupture of communications, destruction of infrastructure and numerous casualties - both among military and civilian population.3

Signed in 1994, the ceasefire agreement was held without peacekeeping forces. There were notable violations of ceasefire where both parties were blaming each other for the breaches.

Peace talks started in 1992 within the framework of the OSCE and led by the Minsk Group (US, Russia, France) and were following ‘Basic Principles’.4 For almost thirty years the OSCE track failed to bring a peace settlement, keeping the conflict in a frozen status. The EU institutions had a limited role in the direct conflict mediation before 2020, but have systematically supported, through declarations and cooperation in and with both countries, the OSCE led discussions and its Basic Principles. Under this track, a rhetoric of double standards being applied has developped in Azerbaijan.

In spite of four United Nations Security Council (UNSC) resolutions (822, 853, 874 and 884) demanding the withdrawal of occupying forces from the territories of Azerbaijan, the sentiment in Azerbaijan is that the issue was not addressed by serious policy measures – including sanctions - by the EU or the United States of America (US).5 In a 2020 article, Nicu Popescu from the European Council on Foreign Relations (and former Minister of Foreign Affairs of Moldova), gives various examples of how Baku perceives double standard of the EU towards Azerbaijan when it comes to the application of the sovereignty principle.6 In addition, Baku also felt that the talks under the OSCE Minsk group, military ‘gains’ were not delegitimized but rather turned into a bargaining tool in the negotiations process.7

The experience of Georgia in 2008 had demonstrated, to the Commonwealth of Independent States (CIS) who chose a pro-European path, that they would have to resolve their security issues vis-à-vis Russia by themselves - as the EU, US or transatlantic institutions did not intervene militarily. Azerbaijan had been strengthening its military capacity by diversifying its partners in military trade,
which contributed to the outcome of the war in 2020. For the last few years, while Armenia spent more proportionally on the military – with per capita spending in Azerbaijan of $184, compared to of $232 in Armenia –, Azerbaijan’s buying was superior in absolute numbers and in quality with three major trading partners. Russia was the main trading partner from 2010 to 2015, Israel was the largest military trading partner in arms imports from 2015 to 2019 with 60% share of the country’s total arms imports, and Turkey was the largest military trading partner in 2020.

The second Karabakh war from 27 September to 10 November 2020 led to of Azerbaijan regaining control over most of its lands lost during the first Karabakh war. As a consequence, more than half a million Azerbaijani could return home after being displaced for more than twenty-five years as a result of ethnic cleansing, and at least 20,000 Armenians fled those regions.

### 2.1.2. The impact of the 2020 Nagorno-Karabakh war

One of the main political results of the second Karabakh war was the shift of control over the previously occupied districts, which led to the removal of these military gains as a bargaining tool from negotiations, as well as the questioning of the OSCE Minsk process, its results and its format by Azerbaijan. In November 2020, a trilateral ceasefire was brokered by Russia, with the agreement that Russian forces with a peacekeeping mission would be deployed in the ethnic Armenian populated areas of Karabakh; while Armenia agreed to withdraw its military forces from the occupied territories in exchange for Azerbaijan letting Armenia use the Lachin corridor connecting Armenia to Karabakh by road. In turn, Armenia was to guarantee the security of transport connections between the western regions of the Republic of Azerbaijan and the Nakhchivan Autonomous Republic in order to arrange unobstructed movement of persons, vehicles and cargo in both directions. The agreement also provided for the return of displaced populations to their homes. However, neither Azerbaijani nor Armenians have been able to return, due to the heavily mined areas.

While Russia mediated three trilateral meetings and statements of the parties to the conflict in the post 2020 war period, Russia’s image after the war and following the 2022 invasion of Ukraine significantly undermined the perception of its capacity as mediator and peacekeeper. This in turn created new demands for the EU and the US to step in and take more active position in promoting conflict resolution.

In 2003, the EU established the position of a special representative to the South Caucasus: Toivo Klaar was appointed on 13 November 2017, and has been regularly holding telephone conversations, visiting countries-parties to the conflict, meeting officials, and communicating the message of the importance of the process to the EU, and its full support. The EU post-war statement supported the ceasefire signed with Russian mediation, called for refraining from any rhetoric or action that could jeopardize the ceasefire, and called for full and prompt withdrawal of all foreign fighters from the region. The statement underlined the importance of preserving the cultural and religious heritage in and around the Nagorno-Karabakh and necessity of any war crime to be investigated. The special representative also expressed concern about the renewed hostilities and casualties, which happened in the post-war period. The EU’s support for the direct contacts between the two states was communicated via twitter by Toivo Klaar on 11 April 2022 after a

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9 Ibid.
10 Leila Alieva The Karabakh war. how Russia's Image has Deteriorated in Both Armenia and Azerbaijan, Desk Russie.18.06.2021.
12 Toivo Klaar: Deeply worried by reports of renewed incidents and casualties on Armenia-Azerbaijan, News.am, 12.01.2022.
At the meeting of June 2022, the special representative stressed the importance for the Armenians of Karabakh to participate in the solution, regardless of the format of this participation. In what concerns the similarity of the objectives between the Russian mediated meetings and those organized by the EU, Toivo Klaar commented as to the fact that they are pulling in the same direction: there is no contradiction, but no coordination either. However, after the 6 April meeting in Brussels, Russia’s Foreign Ministry accused the EU of attempting to hijack the process from Russia. In July 2021, the High Representative of the European Union for Foreign Affairs and Security Policy (HR/VP), Josep Borrell, stated that EU is ready to build peace, which was followed by visits of the EU Foreign Ministers to the region. So far, four meetings, the last one on the 31 August 2022, between the conflicting parties have taken place with the participation of the President of the European Council, Charles Michel, where ‘the EU’s commitment to deepen its cooperation with Armenia and Azerbaijan to work closely in overcoming tensions and promote a South Caucasus that is secure, stable, peaceful and prosperous for the benefit of all people living in the region’, has been reiterated. However, it will require the perception of the EU as an objective broker by both Azerbaijan and Armenia.

President Michel end May 2022 welcomed the first historic meeting of both countries’ Border Commissions on 24 May and stressed the paramount importance of ensuring stability and security along the state border between Armenia and Azerbaijan as delimitation will be pursued. The international border between Azerbaijan and Armenia has never been delimited not demarcated.

In parallel to the new mediation levels, where the EU has taken a visible role but where Russia and the US remain key players, a new type of conflict has emerged on several occasions in 2022. Reacting to alleged Armenian provocations, Azerbaijan has conducted a series of cross-border attacks into Armenia's territory 'bringing Azerbaijan and Armenia to the brink of inter-state war' Laurence Broers argued for Chatam House. By the end of September 2022 it has resulted in least 286 people killed from both sides and hundreds more wounded.

At societal level, confidence building measures are complicated due to the restrictive law on NGOs in Azerbaijan, which impairs Track-2 initiatives, and slows-down broadening of inter-communal dialogue and cooperation activities in the post-war period. This prevents societal peace potential to be realized. Such potential was revealed in a previous study, published in 2018, when part of the respondents demonstrated a so called ‘post-modern’ perception of the conflict. A more globalized vision, overcoming physical borders and geographical symbols, as demonstrated by part of the Azerbaijani respondents, corresponded to a more open attitude towards conflict resolution, and a lower valued perception of territory as compared to the qualitative changes inside the country. The

\[14\] Settlement impossible Without Taking Into account the views of Karabakh Armenians-Toivo Klaar, Massispost, 6.06.2022.
\[15\] Vazha Tavberidze, Can the EU support Azerbaijan-Armenia Peace? IWPR 6.01.2022
\[17\] Statement of European Council President Charles Michel following the Second Trilateral Meeting with President Ilham Aliyev and Prime-Minister Nikol Pashinyan, European Council, 6.04.2022.
re-election of Prime Minister Nikol Pashinyan, in 20 June 2021, in spite of the country’s defeat in the war, might signal that similar processes have been going on in Armenia.

Despite of the aforementioned obstacles, the post-war period witnessed profound initiatives of dialogues between the societies, voices of bloggers and activists calling for peace and cooperation, reflected in social networks.\(^\text{20}\)

The peace proposals have been produced at experts’ and NGO level, such as by a few members\(^\text{21}\) of the Public Council of Experts on Karabakh Conflict Settlement, based in Baku. According to these proposals the conflict settlement should include full withdrawal of all illegal Armenian armed groups, creation of an international Human Rights Centre (with representation in Karabakh) including representatives of the OSCE, EU, Council of Europe (CoE), Armenian and Azerbaijani experts and human rights defenders to monitor and promote provision of rights of the communities there; and programme of re-integration of the Armenian community along with the return of the Azerbaijani IDPs.\(^\text{22}\)

The issue of status tied to the territory and geographical borders is resisted by Azerbaijani authorities, but they have indicated willingness to give cultural and other rights to Armenians living in Azerbaijan. Based on the previous three decades’ experience of conflict and irredentist war, autonomy shaped by geographical borders is viewed in Baku as a ‘time bomb’ and a threat to the security, sovereignty and territorial integrity of the state. In addition, society shares perception of an asymmetrical approach of the external actors to the fates of the minorities in the conflict. The Statement of the Azerbaijani National Platform of the Eastern Partnership Civil Society Forum, issued on the 7 July 2020 says that ‘The full protection of the rights of the minority of one ethnic group, while depriving of rights of the minority of the other ethnic group is not the path to the sustainable peace’.\(^\text{23}\)

There is a perception both in Armenia and Azerbaijan that the Karabakh issue, as it is now, is a means for Russia to keep the conflict ongoing via the region’s political elite and hence – preserve control over both republics. In Azerbaijan Russia’s utilization of the Karabakh issue as means of control, and pressure on the country was understood since the early 1990s. This is well described in Thomas de Waal book ‘The Black Garden’ (2003) where a former advisor to President Heydar Aliyev tells how in early 1994, Russian Ambassador Vladimir Kazimirov threatened President Aliyev of losing more territories if Azerbaijan did not agree to Russian peacekeepers.\(^\text{24}\) Currently, and after the Karabakh war of 2020, more voices in Armenia have recognized Russia’s self-interested approach.\(^\text{25}\)

The post-war situation has posed challenges and unresolved issues, including with implementation of the trilateral agreements:

1. The issue of sovereignty of Azerbaijan’s territory within internationally recognized borders with the Russian peacekeepers deployed at the zone of conflict and remains of the ethnically Armenian armed groups;

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\(^\text{20}\) The live streams of the joint project Peaceful Media Initiative of Emin Huseynov and Yurii Manvelian, and with now late Georgi Vanyan, attracted up to 200 thousand viewers every time.

\(^\text{21}\) This group includes Ali Abbasov, Arzu Abdullayeva, Zardusht Ali-zade, Sabit Bagirov.

\(^\text{22}\) Interview with the Chairwoman of the Azerbaijan Committee of Helsinki Citizen’s Assembly (online) Arzu Abdullayeva, 21.07.2022.


\(^\text{25}\) See for instance interview of Gela Vasadze with Ruben Megrabian.
the pending issue of Russian peacekeepers mandate and their fate after 5 years of agreed terms of deployment, taking into account the perception by the societies in both states of Russia’s role in conflict, especially after the 2022 invasion of Ukraine;

the unresolved issue of rights of Nagorno-Karabakh Armenians – understood in Azerbaijan as cultural right as citizenship status of ethnic Armenians in Karabakh and Eastern Zangezur region with Baku expecting them to choose an individual status (citizens, residents, etc.)

the multiple platforms of negotiation presented by Moscow, EU, US, direct talks;

issues emerging in connection with demarcation and delimitation etc. (exclaves, enclaves, maps of reference);

restoration of communications via the territories of each of the two republics clashing with issue of reciprocity and national security issues;

concerns for the security of the local population in the area, the issue of the return of IDPs of both ethnic backgrounds;

the violation of ceasefire in the conflict zone and on the borders;

the urgency of de-mining of the territories, due to continued casualties on the liberated territories;

the lack of trust and common vision among communities.

2.2. Azerbaijan’s relations with Russia, Turkey and Iran

2.2.1. Russia

Azerbaijan’s relations with Russia are understood in the context of security threats related to Russia’s role in the secessionist conflicts. Firstly, in the secessionist conflict in Karabakh, where Russia, in the outbreak of conflict and in continuation of historical tradition, formed a military and defence alliance with Armenia. Just two days before the 2022 invasion of Ukraine, Azerbaijan signed a Declaration on Allied Interaction in Moscow26 and Azerbaijan avoided political statements taking sides on the war on Ukraine. However, by 29 April 2022, the Azerbaijani President changed his balancing policy and stated that Azerbaijan supports the territorial integrity of Ukraine. On 20 May 2022, Azerbaijan’s Minister of Foreign Affairs, Jeyhun Bayramov, participated at the Council of Europe ministerial meeting of solidarity with Ukraine, among other 46 states in Torino. ‘The war has caused all of Moscow’s partners to reconsider their relationships,’ said Laurence Broers, an associate fellow of the Russia and Eurasia Programme at Chatham House in London.27

In May 2022, Azerbaijan stopped sending oil through Russia (to Romanian and Ukrainian ports) via the Baku-Novorossiysk 1330 km pipeline, which it did since 1997, due to the unstable geopolitical environment connected to the war in Ukraine. The oil will be redirected via Georgia and Turkey through the Baku-Tbilisi-Ceyhan (BTC) pipeline. While the initial intention was to send 340,000 tons of oil via Russia in the second quarter of 2022, Azerbaijan SOCAR (State Oil Company of Azerbaijan) and the Russian Transneft agreed to define amounts every month due to unpredictable conditions.28

Russia remains an important trade partner for Azerbaijan. The trade turnover reached $3 billion in 2021, and Azerbaijan did not join the sanctions imposed by the EU and the US against Russia.29 The trade turnover with the EU the same year was 5 times more - $15,4 billion, which accounts for 44 %

27 Armenian Protesters block government buildings in bid to force out PM, Reuters, 13.5.2022.
28 Azerbaijan to stop sending oil through Russia in May, Caucasus watch, 6.5.2022.
29 Nikola Mikovic, Azerbaijan watched closely the Russian invasion of Ukraine, 11.3.2022.
of Azerbaijan’s foreign trade.\textsuperscript{30} Besides, according to various estimates Russia hosts more than 2 million Azerbaijani guest workers and migrants. According to the data from the Central Bank of Azerbaijan, for the first nine months of 2021, about 60\% of remittances came from migrants living in Russia.\textsuperscript{31}

Russia is the first trading partner of Azerbaijan as the destination of export of agricultural products. Russia used this dependence in December 2020 after the war in Karabakh when the Rosselkhoznadzor (the Russian Federal Service for Veterinary and Phyto-sanitary Surveillance) banned the import of tomatoes and apples from Azerbaijan, thus putting a restriction on the largest non-oil sector of the economy of the country. This was widely perceived as a politically motivated move in response to Baku’s exhibition of Russian weapons captured in the war.\textsuperscript{32} This was in contrast to the fact that in 2018, and several times in the next years as well as, both sides committed to increase trade. During a visit, Russian Minister of Economic Development, Maxim Oreshkin, stressed the importance of the joint commission to remove existing trade barriers, and supported the creation of joint ventures to export goods to third countries. Of $2.14 billion trade turnover in 2017 more than half accounted for import of Russian goods.\textsuperscript{33} The building of a new road bridge across the Samur River on the border between Russia and Azerbaijan started in October 2017 by the Russian side and was opened on 24 December 2019.

The activities of Russian troops with a peacekeeping mission have been viewed with great suspicion and mistrust.\textsuperscript{34} Russia increased its leverage not only by bringing 2,000 troops on the ground (until 2025) in Azerbaijan, but also by brokering two statements/agreements between the parties to the conflict - ceasefire deal of 10 November 2020, on 11 January 2021 and a meeting on 26 November 2021 in Sochi. Yet, Russia faced a decline of its image in both states.\textsuperscript{35} The creation of the joint Russia-Turkish monitoring centre (75 personnel from each side) was seen as the balancing compromise between the two regional players. However, the arrival of Russian peacekeepers was met with resentment by the opposition and society and was seen as a crucial deviation from the ‘most significant foreign policy achievements since independence in 1991’- removal of all Russian military forces.\textsuperscript{36}

Russian troops are accused of allowing passage of armed groups from Armenia to Karabakh, and of failing to fully execute the ceasefire agreement, that according to Baku requires the withdrawal of all remaining forces.\textsuperscript{37} The discrepancy persisted in statements exchanges between Moscow and Baku, when the latter complained about a Russian government tender using the term ‘Nagorno-Karabakh Republic’.\textsuperscript{38} Earlier, the Foreign Ministry of Azerbaijan expressed concern about newly established

\begin{itemize}
\item \textsuperscript{30} EU Ambassador: Volume of trade turnover with Azerbaijan is increasing APA, 17.5.2022.
\item \textsuperscript{31} Gubad Ibadoglu quoted in Western Sanctions on Russia May Have Repercussions for Azerbaijan, by Bayramova Parvana, Aziza Goyushzade, Voice of America, 19.4.2022.
\item \textsuperscript{32} Russia bans imports of tomatoes from Azerbaijan, French Press Agency-AFP, 9.9.2020.
\item \textsuperscript{33} Minister: Russia, Azerbaijan eye to increase trade turnover several times, by Ilkin Shafiyev, Trend.az, 23.04.2018.
\item \textsuperscript{34} Leila Alieva, The Karabakh war: how Russia’s image has Deteriorated in both Armenia and Azerbaijan, Desk Russie,18.06.2021.
\item \textsuperscript{35} Ibid.
\item \textsuperscript{36} Azerbaijan: Unease over Russian Forces in Karabakh, IWPR, 18.12.2020.
\item \textsuperscript{37} President Aliyev at the press-conference for the local and foreign journalists on the 26 February 2021 said the following: ‘…Therefore, when Russian peacekeepers incomprehensibly allow for the secret passage of foreigners to Nagorno-Karabakh, we are puzzled. We have agreed with the Russian side that foreigners can go there only with our permission. But this agreement is being violated: Ilham Aliyev held a press conference for local and foreign media representatives, Official website of the President, 26.02.2021.
\item \textsuperscript{38} Azerbaijan MoD: The use of the term ‘Nagorno-Karabakh’ by the Russian Defence Ministry is unacceptable, APA, 07.03.2022.
\end{itemize}
posts by Armenian troops in the areas of Shushakand and Mukhtarakan and implicated the Russian side. This was followed by Russian peacekeepers blaming Azerbaijan for violations of the ceasefire, two days later, ‘in direction of Nagorno-Karabakh units’ (Russia called it ‘Nagorno-Karabakh units’, while Azerbaijan ‘deployed from Armenia units’).39 Another point of discord has been that, in contrast with other peacekeeping missions, the Russian mission does not have an international legal mandate.

Russia continues to actively promote its role as mediator in the informal ‘contest’ with the EU and the US. As the representative of the Russian Foreign Ministry, Alexey Zaytsev, said, ‘Russia is committed to the active assistance to the normalization of the relations between Armenia and Azerbaijan via realization of all three trilateral statements – of 10 November 2020, of 11 January, and of 26 November -, and the signing of the peace agreement between the two parties’.40

While for the last few years Turkey has been a major partner in military cooperation for Azerbaijan, military cooperation with Russia was re-affirmed during President Aliyev’s visit to Russia on 22 February 2022, as part of the ‘Declaration on allied interaction between the Republic of Azerbaijan and the Russian Federation’,41 where five paragraphs of 42 concerned military cooperation. The military-technical cooperation between the two states dates back to 1998 as part of the Treaty of Friendship Cooperation and Mutual Security, which assigns to one of the parties - in the event of a security threat - non-participation in any activities of a military, economic, and financial nature, including through third states, directed against each other. The cooperation extends to military education and exercises, since 2015, through participation in the International Army Games, as well as joint exercises in the Caspian Sea. Russia is one of the largest arms supplier to Azerbaijan - the Stockholm International Peace Research Institute (SIPRI) reports that two-thirds of all Azerbaijani defence imports in the period of 2011 to 2020 derived from Russia.42 This equipment includes T-90S battle tanks, armoured vehicles BMP-3 and BTR-82A, air defence systems of S-300, Mi-35M and Mi-17-1V transport and combat helicopters, artillery, multiple rocket launchers such as Smerch and others.43

2.2.2. Turkey

Azerbaijan’s relations with Turkey have been of strategic nature in all areas. President Aliyev, at the festival ‘TEKNOFEST Azerbaijan’ praised Turkish-Azerbaijani relations – characterised by a notion of brotherhood and unity – as a very important factor of security and stability both for the region and for the world. In turn, President Erdogan, at the same festival stated that victory in Karabakh is the last part of the number of bright victories of the Turkic nation. He noted that the relations were at the level of partnership, but with the Shusha declaration44 got to the level of strategic alliance.45

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40 ‘We are committed to the active support for normalization of the Azerbaijan-Armenia relations’, (in Russian) Media.az, 06.05.2022.
41 Mushvig Mehdiyev Azerbaijan Russia to develop Military-Technical Cooperation under new Declaration, 23.02.2022.
43 Azerbaijan MoD: The use of the term ‘Nagorno-Karabakh’ by the Russian Defence Ministry is unacceptable, APA, 07.03.2022.
44 The ‘Shusha declaration’ signed on 15 June 2021 by President Aliyev and President Erdogan is a cooperation agreement, including mutual defence guarantees, which according to President Aliyev cemented an alliance between the two states. The ‘Shusha Declaration’: Strategic realignment or business as usual?, OC Media, 24.06.2021.
45 Turkey, Azerbaijan share ‘strategic alliance’ under Shusha Declaration, TRTWORLD, 28.05.2022.
Turkey, he concluded, decisively supports the efforts of Azerbaijan’s President to provide long-term peace with Armenia.\textsuperscript{46}

Azerbaijani-Turkish military cooperation has long been close; the number of joint trainings grows every year. There were seven joint trainings in 2013, rising to 13 in 2019. The most recent exercises were the international rescue ones - the \textit{Anatolian Phoenix -2022} in Konya between 16 and 27 May, that involved Azerbaijan’s aviation.\textsuperscript{47} Over the first nine months of 2020, Azerbaijan’s arms imports from Turkey’s defence and aviation sector amounted to $123.26 million. This made Azerbaijan the world’s fourth largest importer of weapons from Turkey. In September 2020, Azerbaijan topped the list, buying $77.16 million worth of weapons.

Azerbaijan’s military spending depends heavily on its oil revenues. By the assessment of experts, when oil revenues peaked between 2010 and 2015, most of the revenues that the State Oil Fund of the Azerbaijan Republic (SOFAZ) transferred to the budget were used to fund social and military projects.\textsuperscript{48} Turkish arms sales increased six-fold in 2020, including drones and other military equipment.\textsuperscript{49} However, according to some sources, Turkey’s most significant contribution to Azerbaijan’s victory was “not the drones, or the military advisors it allegedly provided, but three decades of meticulous army building”.\textsuperscript{50}

The two countries have been investing in each other’s economy since independence and are connected by the energy trade and infrastructure. The transit of oil and gas via pipelines through Turkey, was a strategic diversification route bypassing Russia to the European markets. After the 2020 Karabakh war Turkey has been actively participating in the development of the liberated territories. Both states have committed to raise trade volumes to $15 billion. Turkey has sent de-mining equipment and teams specialised in mine clearing to Azerbaijan.

Turkey is attracted to the number of construction projects in liberated territories, such as the building of an airport in Fizuli, of a road connecting Fizuli and Shusha, or a smart village in Zangilan district. Efforts are being made to present these new constructions as ‘smart villages’ with reliance on renewable energy and participating in preservation of cultural heritage. Turkey is also interested in the construction of the ‘Zangezur pass’ connecting Turkey with the rest of Azerbaijan through the Armenian province of Syunik, the railway was planned to be extended from Ankara to Kars and to the Autonomous Republic of Nakhichevan.\textsuperscript{51} In October 2021, President Aliyev stated that the ‘Zangezur pass’ would connect the Turkic world. Turkey’s Ministry of Agriculture and Forestry is creating an educational centre on forestry and a tree planting enterprise in the liberated Jabrayil region of Azerbaijan.\textsuperscript{52} President Aliyev attended the opening of the new (54th) international airport in Rize-Arztvin in Turkey in May 2022.

One of the results of the second Nagorno-Karabakh war, as a commentary in Carnegie argues, was that it removed some impediments to reconciliation - such as the occupation of the Azerbaijani

\textsuperscript{46} Erdogan: The victory in Karabakh is the last one of the number of bright victories of the Turkic nation, Minval.az 28.05. 2022.

\textsuperscript{47} Azerbaijani military will take part in the international exercises ‘Anatolian Phoenix-2022’, Media.az 15.05. 2022.


\textsuperscript{49} Turkish arms sales to Azerbaijan surged before Nagorno-Karabakh fighting, Reuters,14.10.2020.

\textsuperscript{50} Turkey’s overlooked role in the Second Nagorno-Karabakh war by Haldun Yalcinkaya, GMF, insights on Turkey, 21.01.2021.

\textsuperscript{51} A year after the Nagorno Karabakh war... How did Turkey benefit economically from the liberation of the region? Aljazeera, Ankara. 14.11.2021.

\textsuperscript{52} Turkey creates two enterprises on the liberated territories of Azerbaijan, Media.az 13.05. 2022
regions, which led Turkey to close its borders with Armenia.\(^{53}\) The ceasefire statement created opportunity for opening communications and the border demarcation process, which has not been free from tensions. As Azerbaijani media reports, although Armenia had given a preliminary agreement\(^{54}\) to the Azerbaijani five principles proposal, it later responded on 14 March 2022 with additional principles, which included security and rights of ethnic Armenians in Karabakh, determining the final status of the region, return of prisoners of war, restoration of communications, and the mediation of the resolution by the OSCE Minsk Group.\(^{55}\) The principles suggested by the Azerbaijani side were the following: mutual recognition of territorial integrity, inviolability of borders and political independence, mutual confirmation of the absence of territorial claims to each other, refraining from threatening each other’s national security, delimiting and demarcating the Armenia-Azerbaijan state border, and opening transport communications.\(^{56}\)

### 2.2.3. Iran

Although Iran has formally held a neutral position towards the events in the region, Azerbaijan perceives the country as a closer ally of Armenia. Therefore, relations with Azerbaijan have been complex. Iran further fears a secessionist movement of ethnic Azerbaijanis in the North of Iran and Azerbaijan’s relations with Israel. Secular Azerbaijan fears the religious influence of Iran. The attempt of Iran’s mediation mainly during the early stages of conflict was unsuccessful. Azerbaijani imports from Iran reached $300.62 million, in 2020, including gas, energy products, plastics, ceramics, vegetables, and fruits. Iran in turn imports oil, cotton, and electricity in trade worth about $38.5 million.\(^{57}\) The 2020 Nagorno-Karabakh war opened new opportunities for regional and trans-regional communications for Iran. Iran’s connection to the South Caucasus railway network has the potential of stimulating its integration, complete the North-South corridor and allow the implementation of the 3 plus 3 format (three South Caucasus republics and three regional powers - Russia, Iran and Turkey. So far Georgia has refused to join the format.

Iran can use its advantages as bordering Azerbaijan, Armenia and Nakhichevan Republic of Azerbaijan and participate in the revival of the old Soviet railway, which will provide it with two routes from Julfa - one via Nakhichevan to Yerevan and Tbilisi, while the other – via Nakhichevan and Baku to Russia. Iran is also the only country in the region, which has diplomatic relations with all three states.\(^{58}\) The post-war period was marked by the approval by the Iranian government of the Ardebil Free Trade zone along the borders with Azerbaijan, a project which was delayed due to bilateral political differences. Ardabil will also be connected by means of rail to other parts of Iran and to Astara in Azerbaijan, as well as linked to the International North-South Transportation Corridor, allowing Azerbaijani goods to reach the Iranian ports of Bandar Abbas and Chabahar.\(^{59}\)

The Economic Cooperation Organization (ECO), which includes Iran, Pakistan, Turkey, Kazakhstan, Azerbaijan, Afghanistan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan - has been another framework where the two states developed a dialogue regarding the post-war cooperation plans.

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\(^{54}\) FM: Azerbaijan-Armenia peace talks to be based on five key principles, AZERNEWS, 17.08.2022.

\(^{55}\) Armenia responds to Azerbaijan’s peace proposal, The Armenian Weekly, 18.05.2022.

\(^{56}\) Azerbaijan’s five demands for a peace treaty with Armenia, Civilnet, 14.03.2022.

\(^{57}\) OEC, Bilateral Trade Iran/Azerbaijan.


\(^{59}\) Iran gives go-ahead for Ardebil free trade zone on border with Azerbaijan, by Chris Devonshire-Ellis, Silk Road Briefing, 6.12.2022.
As a follow-up to the meeting of the two Presidents at the 15th ECO Summit in Ashgabat in 2021 an intergovernmental Memorandum of Understanding was signed on 11 March 2022 on the creation of the new communication link between the newly created “East Zangezur” economic region and the Nakhichevan Autonomous Republic through Iran’s territory, along with the creation of an interstate commission on economic, trade and humanitarian cooperation in Baku.

 Iranian officials were urged by the Azerbaijan Foreign Minister Jeyhun Bayramov to participate in the reconstruction of Nagorno-Karabakh. The Minister announced plans for construction of the first bridge over the Araz River and of the transport corridor in Iran parallel to the connectivity planned in the agreement of 10 November 2020 via Armenia’s territory. The new corridor on the territory of Iran will not only connect Nakhichevan with the mainland Azerbaijan, but will also become part of regional transport-logistical structure connecting Europe and Asia. In June 2022, the countries signed a memorandum on cooperation in the sector of natural gas.

Iran’s stance on the Karabakh issue remains one of the most problematic issues in the relations between the two states. During the 2020 war local media reported that Iranian territory was used for weapon supplies to Armenia. In the fall of 2021, tension in their relations culminated over three issues: a joint military drill of Azerbaijan, Turkey, and Pakistan just 500 km from the Iranian border; Azerbaijani restrictions (road tax) on Iranian trucks with goods and fuel access to Armenia via Azerbaijan and the detention of two drivers; and Azerbaijani ties to Israel. Iran responded with military drills on the Iranian Azerbaijani borders, justifying it by the ‘activities of the Zionist regime next to its border’, suggesting Azerbaijani ties with Israel.

Another source of tensions are the illegal border crossings by drug traffickers. The State Border Service of Azerbaijan reported the seizure of 106 kg of drugs and 4000 psychotropic pills transported from Iran to Azerbaijan during the last few days of May 2022. The same department reported an incident on the border on 18 May 2022 when Iranian border guards shot to death an Azerbaijani citizen, Mirjavad Musayev. Last year, media reported the killing of two Azerbaijani border guards by a drug trafficker from Iran. During the last meeting of the deputy Prime Minister Shahin Mustafayev with the President of Iran Ibrahim Raisi in Tehran, he pointed to the US and Israel ignoring interests of the countries in the region and stated that Azerbaijan’s security is dependent more on Iran, than on any other state in the region. He called the constructive relations between the two countries as the most effective factor for regional security. The other issue of tension is the Caspian Sea status, where Iran feels its rights were forgone by Russia and other littoral states by signing the agreement on the status in 2018, which did not correspond to Iran’s aspirations.

While the de-escalation which followed the tensions of the fall of 2021 was an encouraging sign, the Iran-Turkey competition for a transit hub between Europe and Asia, especially in connection with the new boost of the Turkish initiative of Middle Corridor, might require Azerbaijan to balance by attracting Iran to the transportation projects. During his visit to Ashgabat to the 6th Summit of the Heads of States of Caspian Littoral States, Iran’s President expressed his readiness to increase the

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60 Azerbaijani and Iranian Foreign Ministers discussed transport corridor, Turan Agency, Baku, 16.5.2022.
61 Azerbaijan and Iran signed a Memorandum, Minval.az, 3.6.2022.
63 Ibid.
64 Iranian border guards shoot Azerbaijani citizen trying to violate state borderline State Border Service, MENAFN-Trend news agency, Baku, Azerbaijan, 19.05.2022.
65 Iranian drug dealer involved in murder of Azerbaijani border guards neutralized Trend news agency, 19.05.2021.
66 Iranian President decided to lecture Shahin Mustafayev, Turan news agency, Baku, 20.05.2022.
68 Vatanka, Alex Iran, Turkey and the future of the South Caucasus MEI, 4.05.2022.
volume of Turkmenistan’s swap with Azerbaijan. Last year, in November, Iran, Turkmenistan and Azerbaijan signed a natural gas swap agreement, under which Iran annually delivers between 1.5 to 2 bcm of Turkmen gas to Azerbaijan, while having recently agreed to double the volume of swap between Turkmenistan and Azerbaijan.69

2.3. Protection of cultural heritage

The EU-Azerbaijan PCA,70 signed in 1999, in its Title IX, article 76, states that the parties undertake to promote, encourage and facilitate cultural cooperation. The cooperation may include, as per the provision, exchange of information and experience in the sphere of protection and maintenance of monuments and historical places (architectural legacy). Numerous resolutions - either conflict related, or directly tied to the protection of cultural heritage have been adopted by the European Parliament since 1999.

Assessments by international organisations

Most recently, a resolution on the Destruction of Cultural Heritage in Nagorno-Karabakh was adopted by the European Parliament in March 2022. The resolution recalls that destruction or desecration of objects of cultural, religious, or national heritage infringes the principles of the EU. The resolution, taking into account previous Parliament positions (including the resolution on cultural heritage in Azerbaijan of February 2006, and the resolution of May 202171) and international conventions, as well as the decision of the International Court of Justice (ICJ) of 7 December 2021, stresses the ‘considerable damage caused by Azerbaijan to Armenian cultural heritage during the 2020 war’, and calls Azerbaijan to fully implement the decision of ICJ, by refraining from destroying Armenian cultural heritage. This, while calling the governments of Azerbaijan and Armenia to ensure investigations into all allegations of violations of international law, including in protection of cultural heritage.

Both parties to the conflict have officially protested and made statements regarding damage to cultural heritage since the outbreak of the conflict in the early 1990s. Armenia has complained about the destruction of the heritage on the territory of Azerbaijan in the areas of conflict as a result of the 2020 war - and earlier in Nakhichevan.72 Azerbaijan’s concerns regard the territory of Armenia and

69 Iran voices readiness to Increase Turkmen Gas swap to Azerbaijan, by Nigar Bayramli, Caspian news, 30.06.2022.
territories of Karabakh and Eastern Zangezur during the thirty-year occupation. The Resolution of the Parliamentary Assembly of the Council of Europe adopted in 27 September 2021, stated that ‘The long-running conflict has had a catastrophic impact on the cultural heritage and property of the region, for which both Armenia and Azerbaijan are responsible.’. The Assembly condemned the damage and destruction for which Azerbaijan and Armenia are responsible and in particular the almost total destruction and looting of Azerbaijani cities of Agdam, Fizuli and other areas for over last 30 years, as well as transfer of cultural heritage. Calling the extent of damage to the homes and cultural heritage at the returned territories ‘extensive’. The resolution also condemns the destruction over the last thirty years of Armenian cultural heritage in Azerbaijan for which Azerbaijan is responsible. In the light of past destruction, it voices concern about the future of the many Armenian churches, monasteries, including the monastery in Khutavank/Dadivank, cross-stones (khachkars) and other forms of cultural heritage which have been returned under Azerbaijan control. It also ‘expresses concern about a developing narrative in Azerbaijan promoting a “Caucasian Albanian” heritage to replace what is seen as an “Armenian” cultural heritage‘.

Religious Freedoms Reports of the US State Department addressed the issue of damage and destruction to the cultural heritage in Armenia and Azerbaijan. The damage to Armenian heritage – churches, monasteries, cross-stones, and others –, which were returned under Azerbaijan control, as well as expressed concern for the future preservation of the heritage due to the ‘actions and rhetoric of the government’ that the religious sites were ‘Caucasian Albanian’. The US State Department Freedom of Religion Report on Armenia 2021, quotes the photojournalist Reza Deghati who documented destruction of dozens of Azerbaijani cemeteries in Fuzuli, Aghdam, Zangelan, Kelbajar and Jabrayil, including desecration, looting of graves, such as historic 18th century tombs of Imarat Garvand Cemetery, the city’s Martyr’s Alley.

Administrative responsibilities for cultural heritage in Azerbaijan

In 2019 the President of Azerbaijan signed a Decree on improving the activity of the State Service for Protection, Development and Restoration of the Cultural Heritage under the Ministry for Culture of the Republic of Azerbaijan. Earlier a number of administrative changes were conducted in the country. The reform of regional administration structures has been reflected in the structure of the Ministry of Culture, when 64 cities and district departments for culture were merged into clusters and enlarged by the Decree of the President on improving the structure of the Ministry for Culture of the Republic of Azerbaijan. These departments now carry out direct management of the state

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73 Here and further in the text the names of the regions will be used according to the new division of the country in the additional economic zones after President Aliyev signed decree ‘On the new Division of economic regions in the Republic of Azerbaijan’ adding three more regions to the list. The 14 economic zones are the following: Baku, Absheron-Khizi, Ganja-Dashkasan, Shaki-Zakatala, Lankaran-Astara, Guba-Khachmaz, Cnetral Aran, Karabakh, East Zangezur, Mountainous Shirvan, Nakhchivan, Gazakh-Tovuz, Mil-Mughan, Shirvan-Salyan. Karabakh economic region includes Aghdam, Shusha, Terter, Khojavend and Khojali regions, as well as city Khankendi (Stepanakert). The East Zangezur economic region includes Jabrlar, Kubadli, Lachin and Zangilan regions – all of them returned after the second Karabakh war. Karabakh and East Zangezur economic regions are created in Azerbaijan, Jam News, 7.7.2021.


78 The Decree N.844 of 22.10.2019.

79 The Decree N.1932 of 29.03.2016.
local cultural and art institutions in the capital city and the 13 regions and participate in forming the state cultural policy in the regions and ensure their implementation, as well as drafting various programs. According to the Cabinet of Ministers approved the creation of five regional departments - Baku, Shabran, Gabala, Ganja and Salyan – in the State Service for Protection, Development and Restoration of Cultural Heritage under the Ministry of Culture.

The laws, Presidential decrees, resolutions of the Cabinet of Ministers are binding within the territory of the Nakhichevan Autonomous Republic, but at the same time the latter is responsible for regional cultural policy within its jurisdiction. The State Service for Protection, Development and Restoration of Cultural Heritage is in charge of the restoration and preservation work on the territory of Karabakh and Eastern Zangezur, as well as managing statistics of the destroyed cultural heritage on the liberated territories. The Azerbaijani Minister of Culture Anar Karimov at a meeting with the director of the World Heritage Foundation Benedict de Monlor in New York on 06 May 2022 reiterated the ministry’s commitment to the preservation and restoration of the cultural heritage, especially on the liberated territories, without addressing the core issue of international control.

The UNESCO mission foreseen since November 2020 has not been allowed in based on Azerbaijan objections to the name Nagorno-Karabakh and disagreement as to what could be observed. In December 2020 UNESCO explicitly singled out Azerbaijan as the obstacle to the mission to take stock of the situation regarding cultural properties in and around Nagorno-Karabakh. Azerbaijani Foreign Ministry in turn stated that “for more than 20 years Azerbaijan has persistently appealed to the organization and sent numerous letters with calls to carry out this mission”, which has not been carried out.

The Azerbaijani narrative on Caucasian Albania and heritage attribution

Based on sources that can be traced back to the 1960s and earlier, the widespread narrative and understanding in Azerbaijan is that the originally Albanian Christian Church was ‘Armenianized’, a process which intensified after colonization of the present-day territory of Azerbaijan by Russia (1806-1836) and which was accompanied by the imperial policies of re-settlement of Armenians from Iran and Turkey to the South Caucasus, including Azerbaijan.

The debate on the history of Caucasian Albanians was also analysed in the context of nation building process in Soviet ethnography as means of demarcating territorial boundaries and defining of identity, described by Nora Dudwick: ‘Armenians argue that Utik, Arstakh and Siunik, the disputed provinces south of the Kura, were ethnically Armenian, and had been part of the Armenian kingdom of the Ervanids since the fourth century BC (…)’. Azerbaijani scholars, such as I. Aliyev, according to Dudwick assert that Armenians were in fact relative latecomers to the Trans Caucasus with the Utik and Artsakh by the end of the first century AD, becoming part of Albanian kingdom.

Other experts such as Thomas de Waal consider bizarre the theory pushed by Baku that attributes of Armenian church monuments in and around Karabakh to a ‘Caucasian Albanian’ heritage.

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80 Regulations on Regional Cultural institutions approved by the Board of the Ministry of Culture No 5/1 of 03.10.2018.
81 Compendium, Cultural policies and trends, Azerbaijan, 1.2.3, 07.08.2019.
82 The Minister of Culture met with the director of the World Heritage Foundation, Ministry of Culture portal.
83 Azerbaijan urges UNESCO to send a mission to Armenia JAMnews, 17.02.2022.
85 Nora Dudwick The Case of the Caucasian Albanians, p.379.
theory, which has little currency outside of Azerbaijan, is heavily political. [...] The Azerbaijani government still advocates this, despite the plain-to-see fact that all the churches in question are covered in Armenian-language inscriptions, and that not a single one is ornamented with the almost-forgotten Caucasian Albanian language.86

Diverse views on the history and geography of the region challenge the attribution of the historical monuments in various regions of the Caucasus, including in Karabakh and Eastern Zangezur region. Besides, there has been reciprocity of the way of preservation of the historical monuments regarding their attribution. Azerbaijan attributes some old Christian Churches and others on its territory to Albanian culture, while Armenians routinely present certain Muslim monuments as Persian or Iranian cultural heritage,88 Still according to de Waal this qualification as Persian has allowed the de facto Karabakhi authorities to ‘restore’ two mosques without consultations of Azerbaijan.

Ongoing cultural heritage restoration programmes by Azerbaijan

After the liberation of occupied lands, which opened the possibility for the return to their homes for hundreds of thousands of the Azerbaijani IDPs,89 the Azerbaijani government started programmes aiming at the restoration of objects, including the cultural heritage located on these territories. These programmes and projects are developed and supported by two structures: the Ministry of Culture and the Heydar Aliyev foundation.90 In December 2020, Mehriban Aliyeva, the vice President of Azerbaijan and the President of the Heydar Aliyev Foundation, announced the start to a wide programme of restoration and conservation of the religious heritage in the old lands of Karabakh,

87 Idem.
89 The occupation was accompanied by the destruction and atrocities against civilian population, the most notorious of which, according to the Human Rights Watch, was the Khojali massacre on 25 February 1992, during which many of the almost entirely Azerbaijan population of this town in Nagorno-Karabakh, trying to escape, were killed. (Human Rights Watch World Report 1993. According to official data, 613 civilians were killed among them 106 women, 63 children, 1 275 inhabitants were taken hostage, while the fate of 150 remained unknown, 487 were severely maimed, including 76 underage children, 6 families were completely wiped out, 26 children lost both parents, and 130 children one of their parents. Of those, who perished 56 persons were killed with especial cruelty. Letter dated 26 February 2015 from the permanent Representative of the Republic of Azerbaijan to the United Nations Office at Geneva addressed to the President of the Human Rights Council, Human Rights Council, Twenty-eighth session, General Assembly, 9 March 2015). Overall International Crisis Group (ICG) brings the following numbers of the displaced people and refugees based on statistics of Ramis Yunus: by 1994 413 000 Armenian refugees from Azerbaijan and IDPs from the area bordering Azerbaijan, while 724 000 Azerbaijani and Kurdish citizens were displaced from Armenia, Nagorno Karabakh and surrounding districts. Nagorno Karabakh: risking war. International Crisis Group Europe Report N187-14 November 2007.
90 The Heydar Aliyev Foundation was created in 2004 by the President Ilham Aliyev a year after the death of his father and former President Heydar Aliyev. It is a non-commercial organization, the head of which currently is vice-President of the country, wife of the current President, Mehriban Aliyeva. The Foundation has been supporting wide range of educational and cultural projects in the country, as well as cultural projects abroad. Projects in the country are: building schools, publishing books, support for the Museum of Modern Arts, construction of a Frank Gehry skyscraper, organisation of music festivals such as the Mstislav Rostropovich Baku International festival, the Gabala International Music Festival, the World of Mugam Festival, and since 2021 the restored Khaire bul-bul International Folklore Festival in Shusha. Among the projects abroad it funded a restoration of Vatican catacombs, renovation of stain glass windows in France’s Strasbourg Cathedral, renovations of Louvre Museum and Palace of Versailles, as well as of Berlin City Palace in 2011.
Implementation of the Partnership and Cooperation agreement between the EU and Azerbaijan

with the support of the local and foreign experts. The Foundation carried out a few projects in Shusha – such as folklore music festivals (Khari Bul Bul), restoration of local architectural monuments, private houses of prominent historical personalities, and others. Beyond the Karabakh region the Foundation conducts further activities under the banner of multiculturalism, such as restoration of the Saint Maryam Catholic Church in Baku, or the Church of Saint Mother Maryam in the village of the Nij in Gabala region. Earlier in 2006 another Church – Chotari – was restored in the same village. However, the above mentioned problem of cultural attribution of the heritage objects remains.

On 23 November 2020, President Aliyev at the entrance of the mosque in Agdam reiterated his commitment to the ‘policy of multiculturalism’, and stated that Azerbaijan annually conducts the Baku Humanitarian Forum, Intercultural Dialogue Forum, and Summits of the World Religious leaders. He mentioned that some ‘Western leaders’ ask him about the fate of the Christian heritage on the liberated territories and replied that during the war the Church in Khudaveng of the Udi minority was restored and given back to the community. President Aliyev, in most of his speeches of the post-war period, has stressed a ‘biased and unbalanced approach of the West and international community’ to the protection of the cultural heritage, as nobody, as he noted, reacted to the destruction of 60 mosques on the occupied and then liberated territories. ‘We protect the Armenian Church. We do not have any problems with Armenians, and Armenians living in Azerbaijan are our citizens.’ The perception of external actors’ bias in regards conflict in the eyes of society was also observed, especially during and after the second Nagorno-Karabakh war.

Azerbaijan, in UNESCO’s 2018 Diversity of Cultural Expressions report, pointed to the difficulties that the culture sector in Azerbaijan has been facing in the context of the occupation by Armenia of Nagorno-Karabakh and in the seven adjacent regions of Azerbaijan. During this time, artists, cultural workers and communities did not have access to cultural institutions, including 927 libraries, 807 cultural palaces, club and culture houses, 85 music and painting schools, 22 museums and museums’ branch offices, 4 art galleries, 13 monuments of international significance, 242 monuments of national significance, as well as 434 historical and cultural monuments of local significance. Azerbaijan’s Ministry of Foreign Affairs reported at least 1 587 mosques and 23 madrasas having been destroyed in what used to be Muslim governed Yerevan Khanate (now part of Armenia), while in the Zangezur and Echmiadzin areas alone more than 830 mosques and 500 Muslim cemeteries were destroyed within the territory of Armenia. The Ministry also reported that more than 400 Azerbaijani monuments were destroyed during the occupation, along with 22 museums and museum branches with over 100 000 artefacts. The statement mentions artefacts and ancient manuscripts of the Khudavang Monastery of the Kalbajar district, of archaeological

92 According to an article published by the Baku Research Institute, ‘there is no real multiculturalism policy in Azerbaijan for the time being it is reduced to a discourse that recognizes the cultural diversity of the country and promotes a tolerant attitude, which is intended to create a climate of social peace’. (Filou, Benoit, Multiculturalism in Azerbaijan, Baku Research Institute, 6.7.2021).
93 The Alban Saint Mother Maryam Church in the Gabala region’s Nij village, Heydar Aliyev Foundation official site.
94 Historical monuments belonging to all religions are protected in Azerbaijan, Republic of Azerbaijan Intellectual Property Agency’s official site.
95 İlham Aliyev received Anar Karimov in a video format on his appointment as Minister of Culture President of the Republic of Azerbaijan official site, 5.01.2021.
96 See for instance FBDigest@VoxPopuli, a digest of social networks of Azerbaijani users issued by Center for National and International Studies (CNIS) in Baku, 29.10.2020.
98 Ibid.
excavations near Shahbulag Fortress of Aghdam region were illegally transferred to Armenia, as well as illegal excavations conducted of the Azykh cave of Azykh village of Khojavend region. Thomas De Waal in his ‘Black Garden’ compared the degree of destruction of Agdam city to the one of Hiroshima.

Three factors affecting the issue of cultural heritage preservation.

Considerations on security and sovereignty

The first thing to consider are security concerns, as was demonstrated during the first Nagorno-Karabakh war. Since the Soviet times, the issue of ‘historical lands’ has been circulated at various levels across borders, notably in Armenia, in regards to some Azerbaijani regions, including the Nagorno-Karabakh Autonomous Oblast and Nakhichevan. After the collapse of the Soviet Union and occupation of the Azerbaijani territories following the war, the issue of the belonging of the cultural heritage acquired a security character for Azerbaijan, that views it as an argument for the legitimization by the Armenian party of irredentist claims and consequent occupation - leading to hundreds of thousands of displaced people and civilian victims. The Azerbaijani leadership in turn recently recalled ‘historical Azerbaijani lands’ such as Zangezur, after the war in 2020 and in the context of its demands of a ‘corridor’ connecting Azerbaijan mainland with Nakhichevan Autonomous Republic, which should go according to the trilateral statement/agreement via territory of Armenia.

Thus the cultural heritage issue is better understood within the context of interstate relations and security threats to state integrity.

Complex and intertwined history

The other factor is the complexity and intertwined nature of the history of the local cultures, which have a long record of inter-influences due to a history of colonisation and re-settlements. The cultural heritage belonging disputes are not rare between the three South Caucasus republics: Georgia, Armenia and Azerbaijan. Some complications are related to the multi-layered nature of the architectural monuments, where the same monuments or their bases would contain the traces of the earlier construction. Yet, both are claimed and considered as their own cultural heritage by different communities. The case of Albanian versus Armenian heritage dispute is indicative of such tension. While the history of Albania and its cultural heritage is under-studied, it finds its reflection in the publications, official and societal discourse, as well as in the identity of the Udin community living in those areas.

The sources point to the long history of cohabitation of Muslims and Christians in the area of Karabakh and intermingled territory. The different nature of communities – more nomadic in one case, and more settled in the other – left its traces on the type of cultural heritage. ‘If the Muslims’ writes de Waal ‘left less behind in stone, it is not because they were not there but merely that they

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102 Aliyev on Minsk Group, Zangezur corridor, situation in 1918 and response from Armenian MFA. Caucasus Watch, 31.05.2022.

were less inclined to stay in one place’. In this regard, the consistent insisting on culturally ‘pure’ heritage may aggravate tension and conflicts, causing polarization rather than reconciliation. Meanwhile, many local nationalities perceive themselves as the heirs of the multiple cultures, such as Zoroastrianism, Christianity and Islam - so these inter-influences are reflected in the layered nature of both cultures. This means that promotion of the protection of culture of minorities can be accompanied or complemented by the development of sense of shared ownership/belonging of and respect for a common heritage by the citizens of the state.

A variety of solutions might be accepted – for instance, there are examples of a harmonious joint usage of the old Church in the Gakh region of Azerbaijan, which is attended during some holidays by both Christians and Muslims (see Section 10).

The perception of a bias

The third factor in these considerations, is the perception of an unbalanced attitude of the EU towards the two parties in the conflict, including concerns of preservation of cultural heritage. As a recent illustration of this perceived bias, a 2022 paper by an Azerbaijani international relations professor posits that the discourses in regards to the conflict between Azerbaijan and Armenia, both in Europe and Russia, have been characterized by ‘Orientalism’ defined as a bias against Muslims, and would be rooted in a three hundred year old colonial past, bringing in old clichés and stereotypes which would favour Armenia.

The European Parliament and notably its 10 March 2022 resolution have been presented and perceived in Azerbaijan – both at the official and societal level -, as not putting enough pressure on Armenia, the country occupying the neighbour’s territory and destroying the heritage there. In regards the last resolution by the European Parliament, the Committee on Foreign Relations and Inter-Parliamentary Relations of the Azerbaijani Parliament issued a statement, which argues that the resolution completely denies the vandalism committed by Armenia during the 30-year occupation against the cultural heritage of Azerbaijan.

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104 Ibid.p.150.
105 The old Church Kurmuk (St. George) in the city Gakh of Azerbaijan attracts both local Georgian Christian and Azerbaijani Muslim community (the author visited it in 2009).
107 Azerbaijan calls on European Parliament to refrain from provocations, Trend, 12.03.2022.
3. Human rights and judicial reform

Article 5 of the principles of the EU-Azerbaijan PCA assumes the establishment of a political dialogue - via the Cooperation Council at Ministerial level - aimed at strengthening the links of the Republic of Azerbaijan with the Union and its Member States, and thus with the community of democratic nations as a whole. This, with the goal of achieving economic convergence and ultimately enhanced political cooperation. It includes cooperation on matters related to the observance of principles of democracy, and the respect and promotion of human rights.108 This area of cooperation is also listed among the priorities of the EU Eastern Partnership (EaP), which Azerbaijan is member to, reflected in the documents of the EaP Summit in Brussels in 2017 such as 20 Deliverables for 2020,109 and in the joint declaration adopted at the EaP Summit in December 2021.110 The priorities, as identified, and which guided the negotiations launched in 2017 between Azerbaijan and the EU on the new cooperation agreement to replace the old PCA include good governance, rule of law and human rights, along with dialogue with civil society.111

3.1. Overview

Azerbaijan, after a brief period of liberal reforms (1992-1993), experienced a consistent decline of fundamental freedoms and increasing violations of human rights, which resulted in 2003 to Freedom House’s ranking of ‘partly free’ being replaced by ‘not free’. The arrival of major flows of oil revenues and continuous high oil revenue dependence contributed to this trend. According to Freedom House, Azerbaijan entered 2022 with the status of ‘consolidated authoritarian regime’.112 The situation with human rights and fundamental freedoms during the last few years was affected by factors such as the COVID-19 pandemic and the Karabakh war of 2020. As noted in the 2020 Human Rights Watch report, support for liberating the occupied territories during the war did not prevent the government from misusing COVID-19 restrictions to target critics, especially the ones belonging to the Popular Front Party. Since, restrictive laws were not lifted and continue to limit the activities of NGOs. A number of administrative reforms were conducted in 2019 leading to a few powerful members of the political elite being removed from office after having served for many years.113 Snap parliamentary elections, in February 2020, were conducted in the restrictive of legislative and political conditions, with procedural violations,114 furthering the dominance of the ruling party.115 In what concerns the 2020 Nagorno-Karabakh War, the HRW report observed international humanitarian law violations by both warring parties, which unlawfully harmed civilians. The report further finds that EU activities in the country, in particular in support to NGOs, are complicated due to the legal provision regarding the registration of foreign grants, and are characterized by the lack

108 Partnership and Cooperation Agreement between the European Communities and their Member States, or the ne part and the Republic of Azerbaijan of the other part. (1999), Volume 2104, 1-36574.
114 Arzu Geybullayeva Azerbaijan’s snap parliamentary election produces the normal results. Observers also allege widespread ballot stuffing and electoral fraud, GlobalVoices, 17.02.2020
of sustainability of projects, essential for their long-term effect. The leverage of the EU’s conditionality principle is weak in case of Azerbaijan due to its importance as an energy provider and significant oil income. The EU often uses soft diplomacy to express its criticism in regards to the implementation of the CPA by Azerbaijan, as the latter is not particularly open to public criticism. For more than a decade it has been reported that civil society actors widely share the view that both EU and Azerbaijani officials main focus is cooperation in the energy sector, and that the oil money prevents the EU from supporting its core values, as defined in Article 2 of the EU treaties.

The societies of the oil rich post-Soviet states have been increasingly concerned with the effects of the EU oil interests on its democracy promotion agenda. Thus, the study in the South Caucasus supported by the EU FP7 project indicated that for Azerbaijani civil society representatives, the concept of energy security is closely associated to human rights violations and a worsening democratic record.

### 3.1.1. Freedom of Expression and Media

Azerbaijan ranks as 154 out of 180 countries on the Reporters without Borders Press Freedom Index of 2022, standing between Russia (155) and Belarus (153). The report identifies the media sector as being almost entirely under government control, with state financial support for media institutions, including the Media Development Agency established in January 2021. This Agency immediately responded to the Reporters without Borders report, noting that it ignored positive changes and accused it of having a biased approach, asserting that there had not been any arrests for “journalist activity”. Amendments to the media legislation in March 2017 extended the government’s control over online media, with the ban of five independent news sites, including RFE/RL and local Meydan TV, ban upheld by Baku court in May.

The same year a criminal case was opened against the independent agency, Turan, on charges of tax evasion with the arrest of its director, who was later released. At the same time, a journalist, Afghan Mukhtarli, who was kidnapped from Georgia on 31 May 2017 was arrested in Baku. He was released after serving half of his six year term in March of 2020 and allowed to join his family abroad. Fuad Ahmadli the blogger and senior Popular Front Party activist was also released in 2020 after serving a 4 year imprisonment term. However, arrests of journalists continued in 2020 and during the war of - such as of Polad Aslanov, sentenced to 16 years in prison, and still serving his sentence along with Araz Guliyev and Elchin Ismayilli, while two other bloggers, Tural Sadigli and Ordukhan Babirli, were put on the international wanted list. EU closely monitored the case of Afghan Mukhtarli having issued a few statements since his abduction in 2017.

The government used COVID-19 restrictions to silence bloggers, journalists, and government critics. In March 2021, by pardon decree, 40 activists were released, but blogger Elchin Hasanza and activist Ibrahim Salamov were sentenced to eight months on defamation charges following criticism of the head of Mingechavir city’s housing and maintenance department. They were...

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116 Interview with a member of the EaP National Platform, online, 10.07.2022.
118 Energy Security in the South Caucasus: views from the region, by Leila Alieva and Natalia Shapovalova (eds) co-authors: Vahan Satryan, Murman Margvelashvili and Jeyhun Veliyev, CASCADE working paper, FRIDE, November 2015.
120 See for instance: Reported abduction and illegal detention of Azerbaijani nationals residing in Georgia Statement by Spokesperson on the reported abduction and illegal detention of Azerbaijani nationals residing in Georgia. EU official website. European Union External Action, 4.06.2017
121 Statement by the Spokesperson on the sentencing of journalist Afgan Mukhtarli in Azerbaijan. An official EU website. European Union External Action, 14.01.2018

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released in November 2021. In the most recent list of political prisoners, compiled by a group of local human rights defenders, there are at least four people in the category of journalists and bloggers: Polad Aslanov, Elchin Mammad, Aslan Gurbanov and Rashad Ramazanov. The issue of defamation as a criminal offence remains unresolved and has been repeatedly condemned by international organizations, such as the Venice Commission, the Council of Europe Commissionaire for Human Rights, as well as by the PACE Resolution on ‘Threats to media Freedom and Journalists security in Europe’ in January 2020. In spite of the pressure, Azerbaijani civil society reports that the government did not take any steps to improve the legislation on defamation and that there are still four articles of the criminal code which provide criminal liability for defamation.

On 30 December 2021 Azerbaijan’s Parliament adopted a law imposing further media restrictions. The authorities did not enable little or any formal opportunity for the public to discuss and comment on the draft law. It includes a requirement for the owners and directors of media outlets to be Azerbaijani citizens with higher education degrees, bans foreign funding, with restrictions extended to print, online and broadcast outlets, as well as individual or groups involved in publishing audio-visual material. The latter provision makes independent bloggers and journalists working in exile vulnerable to the new prohibitions. The bill was the subject of widespread local and international criticism and street protests by local journalists.

According to the Norwegian Helsinki Committee (NHC), an Oslo based human rights NGO, those regressive regulations, including ‘arbitrarily defining who can be a journalist and many other undefined and imprecise obligations are the hallmark of undemocratic government that wants to repress media freedom and to block media it deems unfriendly.’

The Council of Europe Commissionaire for Human Rights, Dunya Mijatovic, on 18 January 2022 addressed a letter to the Azerbaijan President with serious concerns on the adoption of the new law, related to its compliance with international human rights standards concerning freedom of expression and media freedom. According to the head of the EU Delegation in Baku, Peter Michalko, the new law has become a topic of discussion between the EU and the Azerbaijani authorities and it was noted that it is important that the law does not have a negative impact on the activities of journalists.

The Venice Commission concludes that ‘the Law attempts to regulate almost everything related to the media sector in Azerbaijan, including on-line media,’ and has ‘a problematic focus on restricting the activities of the media rather than creating the necessary conditions enabling the media to do fulfil their ‘public watchdog’ role. It said ‘many of its provisions are not in line with European standards on freedom of expression and media freedom, and therefore, the Law should not be implemented as it stands’.

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123 There are 100 people in the updated list of political prisoners, Turan agency, Contact.az 6.06.2022.
125 New Azerbaijan media law increases restrictions on the press, CPJ, 10.02.2022.
126 Azerbaijan’s new media law is a violation of human rights, Norwegian Helsinki Committee, 10.02.2022.
128 Baku and Brussels discuss Azerbaijan’s controversial media law and freedom of speech, Jamnews, Baku, 4.05.2022.
On 8 February 2022, in accordance with the new law on media, a presidential decree replaced the National Television and Radio Council by the Audiovisual Council, seven members of which are appointed by the institution established ‘by the relevant executive authority’.130

The freedom of assembly continued to be restricted, as proved by the rally of 14 May 2022 protesters being dispersed by the police. As the Institute for Reporters Freedom and Safety (IRFS) reports while 50 activists were shortly released after detention, many of them faced physical violence, insults and humiliation.131 The same report demands the investigation and punishment of those guilty of the murder of Avaz Khafizli, the hijacking and tortures of Bakhtiyar Hajiyev, and the armed assault on journalist Aytan Mammadova.

3.1.2. Civil Society

The 2013 to 2014 crackdown on civil society which followed the Euromaidan events in Ukraine not only targeted main NGOs and their leaders, but was also accompanied by the adoption of legislation which led to the factual paralysis civil society. In 2013-2014 the parliament adopted restrictive amendments 3 times – on 15 February 2013, 17 December 2013 and 17 October 2014. The amendments further complicated NGOs registration, established excessive state control over their activities and excessive reporting obligations, severe penalties for the legal violations and broad grounds for suspending and closing down NGOs.132

In 2015 the parliament adopted another set of amendments, which restricted donors and grants registration, donations and service grants, undermining NGOs ability to receive foreign funding. This impairs the work of civil society, including in the areas of cooperation with the EU through the EaP Civil Society Forum, prevents NGOs from influencing decision making in these relations and from monitoring the implementation of the cooperation agreements. The EaP National Platform has consistently advocated the cancellation of the amendments in cooperation with the EU Delegation in the country.133 In response to the crackdown the Extractive Industries Transparency Initiative (EITI) downgraded Azerbaijan’s status from compliant to candidate in April 2015.

The annual 2021 EU report on democracy and human rights in the world stressed the problem with civil society legislation in Azerbaijan, which remains unresolved since 2014134. Reports of local and foreign NGOs noted an increase of domestic violence during the COVID-19 pandemic, as well as country’s last place on ILGA-Europe’s Rainbow Map for LGBT plus rights.135

As a positive sign, authorities lifted travel bans against many activists in 2019. For instance, several journalists who had cooperated with Meydan TV were facing travel bans since the criminal case launched against the media platform in 2015. While they and other activists were let leave the country, restrictions remained in place for others due to their verdicts or, in several cases, to their status as witnesses in investigations dating back to 2014. Azerbaijan Popular Front Party (APFP) chairman Ali Karimli has been banned from foreign travel since 2006, when his passport expired. Authorities have since refused to reissue it, citing bogus pretexts.136

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130 An Audiovisual Council will be established and audiovisual media will be regulated, Daily News, 14.12.2021.
131 Statement by the Institute for reporters’ freedom and safety, IRFS, 18.05.2022
133 Interview with the member of the EaP CSF National Platform, online, 21.06. 2022.
3.1.3. Political prisoners

As there is no unified list of political prisoners, the numbers vary when it comes to wrongfully imprisoned activists in Azerbaijan. In the updated list of political prisoners published on 6 June 2022 and compiled by human rights defenders Leyla Yunus and Elshan Hasanov there are 100 – a 26 decrease since their previous list of February 2022 – some due to the Presidential pardon decree of 27 May 2022 while the others due to the end of sentence. While the decree released well-known activists, such as Saleh Rustamli, Pasha Umudov and Afgan Sadigov, the updated list includes new prisoners such as the bloggers Rashad Ramazanov and Elshan Abbasov. Yet, this list still includes nine people from the opposition, five of whom were arrested upon deportation from Germany and 19 people from the category of ‘believers’, 54 people from the Ganja and Terter case, 14 people in the life-term prisoners group. 137 According to another human rights defender Rasul Jafarov of the 57 political prisoners that his organization had enlisted and suggested to the authorities to be pardoned 22 were released in May 2022. 138 The group claims that at least 30 political prisoners are still behind bars.

Previous pardon decrees of the President released other prominent activists, such as Ilkin Rustamzade, Bayram Mammadov, Giyas Ibrahimov, and Fuad Rahamanli, among 400 people pardoned in March 2019. 140 Amnesty decrees, which were issued by the Parliament at least twice in the past 5 years, have hardly yielded in the release of political prisoners. The last amnesty decree was in November 2021.

In July 2019, Council of Europe’s Human Rights Commissioner Dunja Mijatovic visited Baku, where she raised concerns about arbitrary arrests and misuse of criminal law against critics and highlighted the need to release ‘all persons who are in detention because of the views they expressed.’ 141

Officially Baku has consistently denied the existence of political prisoners and contested the appointment of Council of Europe rapporteurs on the issue. The 30 January 2020 PACE Resolution on political prisoners in Azerbaijan, 142 on the basis of a report by Torhildur Sunna Aevardsdottir, marked a number of individuals as ‘political prisoners’. The head of the Azerbaijani delegation Samed Seyidov denied these accusations. 143

In June 2021, the PACE rapporteur on political prisoners in Azerbaijan said the problem ‘has been neither duly recognized nor adequately addressed by the authorities, let alone resolved.’ Following-up on the 2020 resolution on political prisoners, the PACE Legal Affairs Committee expressed its

137 There are 100 people in the updated list of political prisoners, Turan agency, Contact.az 6.06.2022.
138 There are still political prisoners in Azerbaijan, Turan Agency interview with Rasul Jafarov. 30.05.2022.
139 Opposition figures among 213 people pardoned in Azerbaijan, By Ismi Aghayev OC Media, 30.05.2022.
141 Commissioner Mijatovic urges the Azerbaijani authorities to respect freedom of expression, impcorve access to lawyers and uphold the rights of internally displaced persons, Commissioner for Human Rights. Council of Europe Portal, Strasbourg 11.12.2019
142 Reported cases of political prisoners in Azerbaijan, Resolution 2322(2020), Parliamentary Assembly Council of Europe.
143 PACE: No doubt Azerbaijan has political prisoners problem. ‘This problem is due to structural and systemic causes’, Meydan TV, 3.02.2020.
144 Reported cases of political prisoners in Azerbaijan: follow-up to Resolution 2322 (2020), Parliamentary Assembly Council of Europe, Committee on Legal Affairs and Human Rights, 17.06.2021.
disappointment about the non-cooperation of the Azerbaijani with the PACE rapporteur, and about Azerbaijan continuing failure to implement fully European Court of Human Rights judgments. 145

The Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT) in its reports based on 6 visits to the country between 2004 and 2017 stated that torture and other forms of physical mistreatment by police and other law enforcement agencies, corruption and impunity remains systemic and endemic. 146 Azerbaijan’s decision to publish all these reports which have so far remained confidential was seen as a major breakthrough. Though the CPT found some improvements, such as the renovations of old and building of new prisons, many problems persisted, including overcrowding, lack of meaningful activities for inmates, inadequate medical care, rampant corruption, and a ‘generalized culture of violence’ among prison staff. 147 The most recent report of the CPT, based on its fifth periodic visit of December 2020 was adopted in July 2021 during 105th plenary meeting of the organization, but has not been published yet.

Legal practitioners and lawyers who take on civil rights cases, especially the cases of political prisoners, have recently been among targeted groups in Azerbaijan. The repercussions 148 have developed from suspension and disbarment to travel bans, among others. In 2018, the Azerbaijan Bar Association, which is closely tied to the government, suspended the licenses of Asabali Mustafayev, Fakhraddin Mehdiyev and Nemet Karimli, three prominent lawyers who often worked on cases involving political persecution. The move came after the prosecutor’s office lodged complaints about public statements the lawyers made concerning politically motivated cases on which they were working. In November 2017 another well-known lawyer, Yalchin Imanov, lost his license after going public about his defendants’ facing torture in prison. The December 2017 amendments to the Code of Civil and Administrative Procedure excluded lawyers from representing clients in civic or administrative court proceedings unless they are members of the Azerbaijan Bar Association. It further restricted the work of the handful of independent lawyers working on politically motivated cases. 149

3.1.4. Rights of LGBT and religious freedoms.

In September 2017, more than 100 members of the LGBT+ community were subjected to coordinated, violent police raids and arrests, with many of them reporting being subjected to psychological and physical violence explicitly related to their sexual orientation. 150 According to Human Rights Watch, the police ill-treated many to coerce bribes and information about other gay men. 151 Following unfair trials, they were either sentenced for up to 30 days of detention or released after they paid a fine. None of the allegations of police violence and ill-treatment made by many of them during the appeal hearings have been effectively investigated to date, 152 with cases currently pending examination before the ECHR. The Interior Ministry and prosecutor’s office claimed 153 that the round-ups were conducted for public order and public health reasons, saying they aimed ‘to bring to justice those who have violated public order and to prevent dangerous contagious diseases

145 Statement on reported cases of political prisoners in Azerbaijan: follow-up to Resolution 2322(2020) Parliamentary Assembly Council of Europe.
148 See 118.
150 ‘Azerbaijan: Tortured for being gay’, Norwegian Helsinki Committee, 25.10.2017
152 Ibid.
153 Azerbaijan denies cracking down on LGBTQ people, by Foluke Tuakli and Associated Press, NBC OUT, 4.10 2017.
from spreading.’ As member of the Council of Europe, Azerbaijan is obligated to abide by the European Convention on Human Rights that bans discrimination, including discrimination on the basis of sexual orientation and gender.

In April 2019, the police detained a dozen gay men and transgender women, claiming they engaged in illegal sex work. According to Nefes LGBT Azerbaijan Alliance, an independent group, in some cases the men were detained after being lured for dates through mobile apps. The police took at least some for unlawful and forced testing for HIV and other sexually transmitted diseases.\(^{154}\)

Official statistics report 96% of the population as Muslim, of which 65% Shia and 35% Sunni. The Christians include Russian Orthodox, Georgian Orthodox, Armenian Apostolic and Jewish. The Azerbaijani constitution separates religion from state and gives wide of range of rights to believers: it stipulates equality of all religions before law, provides for freedom of expression of their beliefs, gives the right to practice religion if it does not violate public order, and prohibits the government from interfering in religious activities, except for cases of fighting religious extremism or radicalism. The authorities nevertheless exercise their control over religion via state agencies, like the Caucasus Muslim Board, and the State Committee on Work with Religious Associations (SCWRA). Those who operate independently may face various problems – ranging from difficulties with the registration to the arrest and the harassment of leaders who have international ties or a significant number of followers.\(^{155}\) In 2019 one of the largest group of prisoners jailed for belief-related reasons were Muslims associated with the Muslim Unity Movement with one of their leaders, Taleh Bagirov, being sentenced for 20 years in 2017. The Forum 18 report calls the situation as ‘total control of Islamic community’.\(^{156}\)

In June 2021 reforms were adopted that prohibited forced religion practice for children and the promotion of religious extremism. It also requires the State Committee to approve appointments of all non-Islamic leaders, largely perceived as granting State Committee for Work with Religious Associations (SCWRA) greater control over religious communities.\(^{157}\) A President’s pardon decree in March 2021 released many religious activists considered by human rights activists as political prisoners. However, the government continues to treat the Muslim Unity Movement as an Iran funded extremist group and pursues legal actions against their members.

According to Forum 18 (a Norwegian human rights organization that promotes religious freedom) in 40 of 62 concluded ECHR cases concerning Azerbaijan related to the exercise of freedom of religion or belief the court found that the regime had violated human rights or accepted the regime’s admission that it had violated these rights. It is also reported that while the regime paid compensation to the victims, it did not change laws to prevent such cases in the future.\(^{158}\)

**3.1.5. Implementation of the decisions by the European Court of Human Rights (ECHR)**

In recent years, the European Court of Human Rights (ECHR) has issued many judgments finding systematic violations of the European Convention on Human Rights arising from arbitrary arrests and detentions of opposition politicians, civil society activists, human rights defenders and critical journalists, often combined with violations of their freedoms of expression or assembly in


\(^{158}\) Azerbaijan: Treason case against Imam Sardar Babayev ‘clearly fabricated’ by Felix Corley, Forum 18, 15.06.2022.
Azerbaijan. It also found violations of the Article 18 of the Convention based on the authorities’ misuse of criminal law provisions on arrest and detention for purposes not permitted under the Convention. In one of these judgments (Aliyev v. Azerbaijan, Applications Nos. 68762/14 and 71200/14), the Court stated that there was a ‘troubling pattern of arbitrary arrest and detention of government critics, civil society activists and human-rights defenders through retaliatory prosecutions and misuse of criminal law in defiance of the rule of law’. Little progress has been made with regard to the implementation of certain groups of judgments, in particular concerning ill-treatments, violations of the right to a fair trial, freedom of expression, and freedom of assembly and association.

Azerbaijan’s Supreme Court finally acquitted two former political prisoners, politician Ilgar Mammadov and human rights defender, Rasul Jafarov, in April 2020 – years after judgments in their favour by the ECHR. The EU welcomed their acquittals and urged Azerbaijan to continue to implement the remaining judgments of the ECHR. Despite the ECHR awarding compensation to dozens of activists and opposition figures in Azerbaijan, activists and lawyers say that the payment of compensation has become ‘politicised’, as the compensation is being intentionally and arbitrarily delayed for people actively engaged in politics.

Azerbaijan ranks 5th among member states of the Council of Europe on a number of non-executed decisions of the ECHR, with 271 of such decisions compared to Georgia (63) and Armenia (50). However, experts note some improvements in this area, such as the cancellation of unjust sentences. Four applicants of the so called Anar Mammadli group were acquitted, but the decisions on Anar Mammadli himself, Khadija Ismayilova, Intigam Aliyev and Giyas Ibrahimov were not implemented. An Institute for Reporters Freedom and Safety (IRFS) report also brings statistics of compensations by the government, which were paid in 51 cases (only in 23 payments made in-time), while no compensation payments were made in 58 cases by 31 December 2021. The cases of Khadija Ismayilova and Mammadli group versus Azerbaijan were examined at the 1436th meeting of the Committee of Ministers of the Council of Europe on the execution of the decisions of ECHR, where 35 decisions concerning 17 states and 23 resolutions were adopted in respect to 41 judgements and decisions from the European Court concerning 13 states.

On 7 February 2022, a hearing took place on human rights violations and interference of Baku in EU policies at the joint meeting of the European Parliament’s Subcommittee on Human Rights and the Ad Hoc Committee on foreign intervention into the European democratic processes. Among other issues raised, participants expressed their concern that in the context of the upcoming new agreement between Azerbaijan and the EU the priority will be given to energy issues to the detriment of human rights and stressed the need for a preliminary publication of the draft of agreement.

159 Azerbaijan: Committee of Ministers deplores absence of progress in execution of European Court’s judgements, Council of Europe, Committee of Ministers, Strasbourg, 12.03.2021.
162 Azerbaijan’s ‘selective ignoring’ of European Court compensation rulings by Gulnur Kazimova, OC Media, 26.03.2019.
163 Azerbaijan ranks fifth in non-execution of ECHR decisions, IRFS, 1.04.2022.
164 Newsroom. Implementing ECHR judgements: latest decisions from Committee of Ministers, Council of Europe, Strasbourg, 10.06.2022.
### 3.1.6. Judicial reform

According to Freedom House Azerbaijan governance is characterized by the dependency of the legislative and judiciary on the executive branches. A 2020 report of the European Commission for the Efficiency of Justice (CEPEJ) stresses that the budget of Azerbaijan for the judicial system is not high and that the number of lawyers operating in Azerbaijan per capita is lower than in the neighbouring republics.

Since 2015, CEPEJ is project jointly funded by the Council of Europe and the EU that aims to provide court users better access to justice through strengthened efficiency and quality of the judicial system and improved enforcement of court decisions. This objective was also part of the long-term Eap Partnership for Good Governance program of the Council of Europe. The CEPEJ participated in the selection of judges and praised the way it was conducted in the country. Azerbaijan was the first country to publish CEPEJ reports, covering issues such as the training of judges or the analysis of judicial systems in Europe.

Azerbaijan’s judiciary reform is also carried out within the Council of Europe Action Plan for Azerbaijan 2022-2025 that comes with a €9,6 million budget and was adopted by the Committee of Ministers on 16 February 2022. In April 2022, in recognition of reforms, Azerbaijan received the Council of Europe’s ‘Crystal Scales of Justice Award’. On the occasion, Justice Minister Fikrat Mammadov reported that judiciary personnel has been renewed by 75% as a result of transparent selection processes, that 35 new buildings were commissioned with support of the World Bank, and that 11 court buildings were equipped with electronic court systems. He also informed that new penitentiary institutions for juveniles and women, as vulnerable groups of population were commissioned, and a few amnesty and pardon decrees were conducted in the last few years, which affected more than 17 000 people, along with progress in the fight against tuberculosis in the penitentiary system.

In 2019, Azar Jafarov the deputy Minister of Justice of Azerbaijan reported on achievements of the reforms as the number of judges, employees of the judiciary, and lawyers increased, their social protection strengthened, and the courts budgets have been raised. In September 2018, 100 judges were dismissed for mistakes and violations, as officially stated and 26 judges were appointed in the appellate and supreme courts by November. On 3 April 2019 the President signed a law on deepening reforms in the judicial legal system, which envisages the increase of number of judges. The amendments to the law on Courts and Judges by the Azerbaijani Parliament were directed to the creation of commercial courts and increase of judges’ salaries. These changes abolished administrative-economic courts, replaced by the separate commercial courts, dealing with tax disputes and customs duties on the one hand, and administrative courts on the other. From 1st January 2020 the courts were replaced by 6 commercial and 6 administrative courts, which operate on regional principle – in Baku, Ganja, Shaki, Shirvan, Nakhichevan cities of the republic.

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168 Ibid.p.35.
169 Newsroom: Strengthening efficiency of the judicial system in Azerbaijan, European Commission for the efficiency of Justice, Council of Europe.
170 Azerbaijan receives Council of Europe award for judiciary reforms, by Sabina Mammadli, AzerNews, 6.04.2022
171 Half measures: Azerbaijani judicial reform brings ‘no independence ‘from government by Sabina Abubakirova, OC media, 12.07.2019
172 Ibid.
173 The administrative-economic courts in Azerbaijan were abolished (in Azerbaijani language) Muhasib.az, Huqq,1.24.2020
While officials view the judiciary reforms as a success story, independent lawyers of the country assert the opposite and notably that dependence of the judiciary on the executive is not resolved by renaming courts or increasing salaries. OC media quotes Erkin Gadirli, a legal expert from the opposition party REAL and current member of the parliament, who called the creation of commercial courts a simple renaming of economic courts and that monopolization of economic power may lead to less interference, as both parties to the dispute may belong to the same group of people.

Experts also criticized some assessment criteria of the court performance. According to human rights defender Eldar Zeynalov, the number of acquittals cannot serve as an indicator unless taken against the number of convictions. The chair of the Legal Enlightenment Society, Intigam Aliyev, deems the judiciary completely dependent on the executive, corrupt, and an instrument for settling scores with dissidents, with no potential to change as an independent judiciary represents a threat to authoritarian regimes.\textsuperscript{174}

\textsuperscript{174} Ibid.
4. Economy

EU-Azerbaijan cooperation priorities defined in 2018 include the sustainable diversification of the economy, support for WTO membership, and improving the business and investment environment. The respective recommendations of the European Parliament of 4 July 2018 specify that this should include the improvement of taxation and management of public finances and public procurement - in order to allow for more transparency, better governance and accountability, equal access and fair competition. These priorities are also in accordance with the objectives covered by the European Commission document ‘Recovery, resilience and reform: post-2020 Eastern Partnership priorities’ (2021), in particular, strengthening business environment and facilitating trade and investment to diversify exports and increase trade between EU and partner countries, support access to finance by SMEs, structural reforms and reduce corruption.

Azerbaijan is an upper-middle income country rich with oil and gas natural resources, which is the backbone of the economy and constitutes 35% of GDP and 90% of exports, as the Business Climate Report Azerbaijan (EU 2021) states. Such high dependence on the natural resources made the country’s economy vulnerable to the external shocks, and expressed itself in oil price fluctuations in 2014. This, while it at the same time pushes policy towards diversification of the economy and development of the non-oil sector. COVID – similarly to the other states – negatively influenced growth of economy of the country causing decline of 4.3% with the decline of oil sector 8.7% and the non-oil 2.6%, but in 2021 the country’s economy already showed signs of recovery with IMF estimates of growth of 2.3% in 2021 and 1.7% in 2022. In the first six months of 2022 the reported growth was 6.2%. However, the rise of oil prices at the world market boosted the economy further. Since the beginning of the year of 2022, the average price of Brent oil has been $105 per barrel. From January to May 2022, Azerbaijan’s strategic foreign exchange reserves, which are formed from the reserves of the Central Bank, the assets of the State Oil fund and the treasury of the Ministry of Finance, increased by 1.9% up to $54.2 billion, which is a record high. However, this is not a steady trend, as the decline of oil price is predicted. The export of non-oil products has increased, not at the expense of production, but due to the increased with sanctions demand of the Russian markets. The foreign debt has decreased while the local currency, manat, remained stable. However, the economic potential of SMEs in the country remains underdeveloped and with limited access to the new business opportunities. Despite two food security programs adopted in 20 years, the statistics show steady increase in the country’s external food dependence. By July 2022, inflation reached 12.9% with a 19% increase of the food price index.
5. Transport

The European Commission supports three projects under the framework of the Indicative trans-European Transport Network (TEN-T) Investment Action Plan to develop logistic capabilities and economic growth, which includes creation of 5 logistic centres in the country, including the free economic zone in the Alat region along the Caspian Sea. This also includes the development of the port of Baku to increase its potential in realization of the Green Port concept and to extend the digital platform to connect the supply chain through the Middle Corridor.182 Besides being the most flexible option among other routes, the importance of the latter has significantly increased in the context of the Russian invasion of Ukraine of 2022. Azerbaijan cooperates closely with Kazakhstan on enhancing capacity of multimodal cargo transportation along the Trans-Caspian International Transport Route (TITR). The perspectives of transporting energy resources from Kazakhstan and Turkmenistan via Baku–Tbilisi-Jeyhan is also a subject of bilateral meetings in the region.

At the meeting of representatives of Georgia and Kazakhstan in May 2022, the possibility of increasing of the capacity of the BTC pipeline was discussed with Georgia’s Minister of Economy and Sustainable Development, Levan Davitashvili, confirming that Georgia’s transportation system is ready for the transit of Kazakh and Central Asia energy resources and that Kazakhstan will transport its 2 to 3 million tons of oil in 2022. The capacity of BTC was underutilized last year (with only 55% of its capacity used)183. This capacity can be used for the Kazakh oil. Currently the BTC pipeline is used for the transportation of oil from the oil field Azeri-Chirag-Guneshli and condensate from Shahdeniz oil field, in addition to oil from Russia, Turkmenistan and Kazakhstan. Azerbaijan has been also working with Georgia and Turkey on the Baku-Tbilisi-Kars (BTK) Railway, commissioned on 30 October 2017.

The signing by the Presidents of Azerbaijan and Russia, and Prime Minister of Armenia of trilateral statements in January 2021 on unlocking the regional transport communication, opens new opportunities for the development of the communication potential of the region and new Europe-Asia routes.

President Michel of the European Council, who hosted four meetings between President Aliyev and Prime Minister Pashinyan has praised the agreements reached at the 23 May meeting on connectivity, border issues, peace agreement and socio-economic development.184 At the last meeting of the trilateral commission dealing with the transport links on 29 June 2022 the parties had narrowed down their differences on planned transport links, including the issue of border, customs control as well as passage of vehicles, citizens and cargo through road and railways through the territory of Armenia and Azerbaijan.185 However, the tensions over ‘Lachin corridor’ going through the territory of Azerbaijan, and diverging versions of the ‘Zangezur corridor’, going through the territory of Armenia still remain and represent obstacles for a speedy solution.

In 2018, the State Maritime Administration and the State Civil Aviation Agency became part of the Ministry of Transport, Communications and High technologies. The EU and Azerbaijan agreed to establish a High Level Transport Dialogue, the first meeting of which took place on 19 February

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183 The transit of oil from Kazakhstan and Turkmenistan can be increased via BTC pipeline, Report agency, 30.05.2022. (In Azerbaijani language)
184 Press Statement by President Michel of the European Council following a trilateral meeting with President Aliyev of Azerbaijan and Prime Minister Pashinyan of Armenia, European Council, Statement and remarks, 23.05.2022.
The Minister of Transport, Communications and High technologies, Ramin Guluzade, noted the civil aviation sector as being one of the priority areas along with land and sea transport and that aircraft fleet of AZAL has been fully updated with new and modern aircraft. Further measures will be taken to increase the number of flights to Europe, CIS, to America and Asia. The importance of finalizing of the EU-Azerbaijan common aviation agreement among other issues was stressed during the 18th meeting of EU-Azerbaijan Cooperation Council 19 July 2022 in Brussels and by Ursula von der Leyen during her visit to Baku.

Despite the reported progress in the above mentioned areas, one of the stumbling points in the EU-Azerbaijan sectoral cooperation and negotiations of the new agreement is the issue of Common Aviation Area, the negotiations on which started in January 2013. Azerbaijan has not undertaken any significant steps in this direction: firstly in de-monopolization of the air transportation – in particular in regards to the monopoly by the national state company AZAL, or decrease of tariffs and access of the low cost companies to the country. The prices on AZAL flights increased due to the unjustified prolonged closure (for more than two years) of the land borders in Azerbaijan - subject of criticism of local opposition and civil society. Initially in March 2020, the borders were shut due to the COVID pandemic, however, despite all the neighbours re-opening their borders after two years, they remained closed in Azerbaijan, which led to speculations that this was a scheme for the benefit of the air company monopoly.

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187 Ibid.
189 Ursula von der Leyen: ‘I hope we will soon conclude work on new agreement with Azerbaijan’ APA, 18.07.2022
190 Official Baku is in a hurry, and the European Union is interested in a more complete document, (interview with the EaP Civil Society Forum Zaur Akbar) by Kamran Mahmudov, ASTNA, 13.08.2021.
191 Two years on, Azerbaijan’s land borders remain closed, Heydar Isayev, Eurasianet, 29.04.2022.
6. Energy

6.1. Energy security

Azerbaijan is a strategic energy partner for the EU, currently supplying around 4.3% of the EU’s oil imports. The EU is also receiving Azerbaijani gas since 31 December 2020 via the Southern Gas Corridor, which consists of the South Caucasus Pipeline, the Trans Anatolian Pipeline (TANAP) and Trans Adriatic Pipeline (TAP) from the second stage of the Shahdeniz field development.

Figure 1: Map of the Shahdeniz Project Stage 2 gas production and transportation routes

Source: Ministry of Energy of the Republic of Azerbaijan, 1 April 2022.

Azerbaijan exported 8.2 bcm of gas to Europe in 2021. In 2022 the amount of gas exports to Europe is projected to exceed 10 bcm. According to the European Commission quarterly gas market report TAP ensured around 2.8 bcm gas imports in the EU in the second quarter of 2022 for a cost of €2.8 billion, up from 1.8 bcm the Q2 2021 (+57% year-on-year), which represented around 2.9% of the EU total gas imports.

Sources:
- Shahdeniz off-shore gas field is located 70 km to the South East of Baku and is explored since 1999 by BP. The PCA on development of the field was ratified by the Parliament of Azerbaijan Republic on 17 October 1996 with the shares distributed respectively BP-28.2%, AZCD (10%), SGC Upstream (6.7%), Petronas (15.5%), Lukoil (10%), NICO (10%), TPAO (19%). After the acquisition Petronas’ shares in 2022, Lukoil’s share now reached 19.99%.
- Sources: Bos Shelf LLC and Anadolu Agency, 19 February 2022

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192 Website of the EU Delegation in Baku, 2022.
193 Trans Anatolian Pipeline (TANAP) is operated by SOCAR with 58% stake, Turkey’s Botas - 30%, BP -12%.
194 Trans Adriatic Pipeline (TAP) Shares: BP (20%), SOCAR (20%) Snam Rete Gas S.p.A.(20 %), Fluxys (19%), Enagas (16 %), Axpo Trading (5 %).
In 2022 of the daily 72 mcm of gas produced on the Shahdeniz field, 33 mcm is supplied to Europe. From June 2022 Italy receives 21 mcm daily, from 1 January - 1 July Bulgaria received 0.9 mcm daily, and 6 mcm per day for Greece.\textsuperscript{195}

On 8 July 2022, the prime ministers of Greece and Bulgaria officially opened a 182 km interconnector to benefit from the gas pipeline from Azerbaijan, linking the Greek city Komotini and Bulgarian Stara Zagora.\textsuperscript{196} The supplies of Azerbaijani gas to Bulgaria are especially important in the context of the interruption of the gas supplies by Gazprom on 27 April 2022. The gas by the contract competitive price will start to be supplied to Bulgaria as of September 2022, totalling 1 bcm in 2023, the volume to compensate one third of its gas demand, while the rest should be covered by imported liquified gas (LNG). Serbia also expressed its interest in Azerbaijan’s gas, while Albania is interested in buying it after 2023.

Azerbaijan’s potential role in the energy security of Europe was highlighted after the outbreak of the war in Ukraine. During her visit to Baku in July 2022 for the signing of a Memorandum of Understanding on a \textit{strategic partnership in the field of energy} which aims at contributing to the EU energy security, Commission President Ursula von der Leyen stressed that Azerbaijan is a crucial and reliable energy partner of the EU. The new MoU supports doubling the capacity of the Southern Gas Corridor up to at least 20 billion cubic metres annually as of 2027.\textsuperscript{197}

However, according to experts, the short-term perspective of Azerbaijan as an alternative gas supplier is limited both due to the time required to increase the gas production and because of the risks connected pipeline routes going through Russia’s ‘security zone’.\textsuperscript{198} In order to contribute to the diversification of the EU gas supplies Azerbaijan needs to attract investments to increase gas production from other fields such as Shafag-Asiman, Umid-Babek, Absheron and deep water gas of Azeri-Chirag-Guneshli. Besides the possibility of adding Turkmen gas, the current swap system

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\textsuperscript{195} Important agreements and decisions of the Baku Energy Week, by Lada Yevgrashina, ASTNA, 7.6.2022.

\textsuperscript{196} Bulgaria and Greece open new gas pipeline to cut reliance on Russia, by Euronews with AP, AFP, 08.07.2022.

\textsuperscript{197} Statement by President von der Leyen with Azerbaijani President Aliyev, European Commission, 18.7.2022.

\textsuperscript{198} The assessment of possibilities of Azerbaijan’s participation in decreasing Europe’s dependence on Russian gas and related obstacles. By Gubad Ibadoglu, 1.4.2022.
between Azerbaijan and Iran allows to consider another source of increased volumes of gas supplies to fill future Southern Gas Corridor increased capacities.

At the World Economic Forum in Davos in 2022, the Minister of Economy, Mikail Jabbarov, expressed the country’s readiness to discuss increasing energy supplies to Europe, stressing the need for investments in infrastructure and addressing additional risks. The upgrading of the Southern Gas Corridor according to a SOCAR official will require long-term contracts on purchase of additional volumes of gas.

Besides upgrading the Southern Gas Corridor, other pipeline projects got revived with the recent developments in the region—such as the Trans Caspian Pipeline, which would allow the Turkmen gas to be delivered to European markets. In mid-January 2021, Azerbaijan and Turkmenistan signed a memorandum of understanding on joint exploration and development of the long disputed offshore oil field Dostlug (formerly Kapaz/Serdar).

### 6.2. Reforms in the energy sector

Reforms were triggered by the oil price shock on the national economy, as a result of the 2007-2008 financial crisis and of the 2014-2015 price decline. In 2016 the country adopted strategic roadmaps on national economy, which includes a vision beyond 2025 and targets an annual GDP growth of 3% to 2025. Azerbaijan’s increased importance as an EU energy supplier is taking place against the background of major shifts in the global trends with recent commitments by major importing countries to achieve net-zero greenhouse gas emissions by 2050 and objectives of scaling down the long term importance of fossil fuels. The country is a participant of the EU4Energy programme which is carried by the International Energy Agency along with the Energy Community Secretariat and the Energy Charter Secretariat. The objective of the programme is to support the goals of 11 focus countries to implement sustainable energy policies and foster co-operative energy sector development at the regional level.

The IEA in its country’s energy policy review recommends that Azerbaijan transitions from its current system of government owned and operated, vertically integrated and subsidised to competitive markets with significant private sector participation and cost-covering energy prices, accompanied by support measures for the vulnerable layers of population. This will lead to diversification of the economy, reducing the part of the oil and gas sector, and will also help to reduce greenhouse gas emissions.

On 23 January 2021, President Aliyev signed a decree ‘On Measures for improving the management of the State Oil Company of the Republic of Azerbaijan’ which established the Supervisory Council of SOCAR, consisting of 7 members with the Chairman to be appointed and dismissed by the President of the republic. Few replacements took place at the upper level of company’s management following the decree with the President Aliyev praising the changes as ‘SOCAR will finally become a transparent international energy company’.

In the electricity market reform area, the Azerbaijani Energy Regulatory Agency (AERA) established in 2017 under the Ministry of Energy, was praised as an important step but lack of independence...
from the Ministry of Energy was stressed as a challenge to be overcome by granting it legal right to take binding decisions and issue recommendations. In July 2021, the President signed the application decree on a law on the use of renewable energy resources in the production of electricity (339-VIQ of May 31 2021).

Azerbaijan has improved its electricity supply security over the last decade through the modernization of generation and strengthening of the East-West transmission system, along with the increase of energy infrastructure productivity by commissioning the North-2 power plant with a power of 400 MW.

On 29 May 2019, President Aliyev signed a decree on the Acceleration of Reforms in the Energy Sector of the Republic of Azerbaijan, based on which the Long-Term Development Strategy of the Energy Sector was being developed. In September 2020, the President signed a decree to establish the State Agency for Renewable Energy Resources.

The Ministry of Energy has developed a draft Law on the Efficient Use of Energy Resources and Energy Efficiency with the support of the Energy Charter within the framework of the EU4Energy programme. Besides, it also works on the National Action Plan on Energy Efficiency with the International Energy Charter, which also prepared the draft review of Azerbaijan’s energy efficiency policy.

To conclude, the reforms of the energy sector are conducted with the vision of 1) continued importance of natural gas in transition period, so they will increase the country’s export capacity in the future, 2) Azerbaijan’s potential role as the energy hub to transport Caspian resources to the European markets, 3) the importance of the renewable resources.

However, as the EIA report concludes, Azerbaijan is still at an early stage of liberalizing its electricity sector, as the state owned and vertically integrated monopolies Azerenergy and Azerishig continue to dominate this sector and the wholesale and retail electricity prices are still set by the government, while the adoption of the new electricity market law is pending.

### 6.3. Green transformation

The EU-Azerbaijan partnership priorities, as defined in 2018, establish energy efficiency, environment, and climate action as priorities of bilateral relations.
Azerbaijan is developing ambitious plans on green transformation, especially on the liberated territories. An independent study was undertaken to explore the potential of the renewable sources of energy in the country in 2021 by the local Fund of Support for Entrepreneurship and Market Economy. It reported the general potential power of renewable sources of energy of 26,950 MW (3,000 MW of which wind energy, 23,040 MW solar, 380 MW bio-energy, and 520 MW hydro energy), exceeding in 3.6 times the total electrical energy production in 2021 (7,516 MW). The volume of electrical energy produced based on renewable energy sources was 6% of all produced volume in 2020.  

There was a number of important steps undertaken in the area of energy efficiency, climate and environment in the reporting period. There were a few Presidential decrees on pilot projects based on renewables, such as a windpower station of 240 MW and solarpower station 230 MW to be realized by ACWA Power (Saudi Arabia) and Masdar (United Arab Emirates (UAE)) with the expected investments near $0.5 billion. According to a report of the Ministry of Economy, it is planned to bring the share of renewables to 30% in the total volume of produced energy in 2030.

In the area of energy efficiency, on 29 May 2019 the President signed a Decree on accelerating reforms in the energy sector. As reported in 2020, the draft law on the use of renewable energy sources for electricity generation was prepared, as well as national energy efficiency action plan (NEEAP), which was produced with the support of the EU within the EU4Energy governance programme, and submitted to the Ministry of Energy.

The law on the use of renewable energy sources in the production of electricity No. 339-VIQ created a regulatory framework for renewables and established support mechanisms for renewable energy projects was adopted on 31 May 2021. The EU has been supporting the Long Term Energy Strategy for Azerbaijan developed by COWI/Exergia consortium with the analysis of policy options and scenarios up to 2050.

The Ministry of Energy of Azerbaijan signed in Shusha on 4 June a contract with Masdar (UAE) on the assessment and development of a project on solar and wind energy each of 1 GW, as well as realization of the sea integrated projects on wind energy and ‘green’ hydrogen of 2 GW. BP will start building a 240 MW solarpowerstation in in Jabrayil region using a virtual mechanism of power transfer – to transfer the produced solar energy to the other parts of the country.

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216 Ibid. p.5.
218 Important decisions and agreements of the Baku Energy Week by Lada Yevgrashina, Turan.com, 7.6.2022.
7. Digitalisation

The EU-Azerbaijan Partnership list of priorities starts with the strengthening of institutions and good governance, as well as the reform of public administration. Public administration reform was also reiterated by the EaP 20 Deliverables (deliverable 11) for 2020. Digitalization is an important component of local reforms directed towards the improvement of the business climate in the country. Digitalization of public services has been considered the most successful of local reforms, with ASAN and E-tax platforms holding the top lines and with E-customs being ranked as the third most effective reform for the second year in a row—despite the problems with the speed of decision-making procedures at the operational level.219

One of the important steps forward in administrative reform was the creation of the State Agency for Public Service and Social Innovations in July 2012 to provide high quality public services covering service delivery, digitalization, innovation and social projects. An E-GOV development centre was established under the State Agency by Decree n.1885 ‘about e-government development and measures related to transition to digital government’ on 14 March 2018.220 The Centre provides for electronic government services, services related to e-visa issuance and digital payment system.

Over 450 e-government services are available in a new web portal (www.digital.gov.az), as well as a new online sales platform (www.kobmarket.az); which was launched to support online sales and services of SMEs.221 In 2018, the Agency for Sustainable and Operative Social Provision (DOST) under the Ministry of Labour and Social Protection of Population of the Republic of Azerbaijan was created to provide for ‘accessible modern, operative, and electronic services offered by the government in labour and social security’. The new service aims at ‘ensuring the universality, transparency and accountability of social service through modern and innovative approaches’, as stated in the official website of the agency.222 With all the advantages of the successful instruction of a digital system for public services, experts note challenges and problems in the system, such as a lack of an effective oversight mechanism for policy making; of ambitious reforms for more accountable and effective public service delivery and of involvement of CSOs from the initial phase of policy preparation.223

The digitalization of customs procedures, which simplified them and limited direct contacts with customs officials, allows for the reduction of corruption and thus for the improvement of the business climate as well. The report of the German-Azerbaijani chamber of commerce praised the improvement of the e-declaration system and the preliminary declaration of goods.224 At the same time, it pointed to the problems in this area, such as complexity of the forms to be filled, or that the preliminary submission of a voluntary declaration does not necessarily speed up the process of passage of goods through customs, as well as insufficient information on the rules of the ‘green corridor’ regime, which was introduced in 2019.225

The Azerbaijani government has also been extending digitalization to public procurement, and has introduced changes in the legislation in the direction of the development of the e-procurement system, which according to the government, is operational and enhances transparency, as it also incorporates a complaints review mechanism. The EU has suggested to take into account non-

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220 Azerbaijani President signs decree on transition to digital government, Trend news agency, 14.03.2018.
222 DOST The Agency for Sustainable and Operative Social Provision.
223 See 230.
224 Digitalization of customs procedures in Azerbaijan should be expanded by Tural Garajayev, Trend agency 19.06.2019.
225 Ibid.
discriminatory measures to support SME’s participation in public procurement and for avoiding offsets when preparing new legislation.\(^{226}\)

The implementation of two EU funded projects, showed that opportunities for SMEs to use digitalization in Azerbaijan are limited. The projects ‘Support to the Government of Azerbaijan in creating a more favourable environment for small and medium enterprises and increase their competitiveness’ and ‘Support to the Development of Rural Entrepreneurship’ were implemented by the Small and Medium Business Development Agency (SMBDA), under the Ministry of Economy. OECD Expert, Patrick Prusinski, stressed, that despite progress in the area of digital infrastructure, there are still problems like big differences between Baku and the regions, or development of SMEs, where against the background of conduct of trainings, there is a need in progress in specific segments of digital support.\(^{227}\) A similar assessment of difference between the digital infrastructure in the city and the in rural areas was given by the EU Business Climate Report.\(^{228}\) Overall, the digitalization of private sectors is assessed positively, in terms of accessibility and affordability of the broadband connections and speed of the internet, while its level remains lower than expected by European investors, according to the report by the German-Azerbaijani chamber of commerce.

The state of Azerbaijan’s legislative basis for electronic communications was assessed by a EU4digital project supporting digital economy and society in the Eastern partnership and Eastern Partnership Electronic Communications Regulators Network. It concluded that while there is no authority meeting the requirements of National Regulatory Agency for electronic communications, the work on the adoption of the strategic roadmap on the development of ICT in Azerbaijan has started. This roadmap foresaw an independent authority to be established by 2020. The absence of such a body, whose powers were instead attributed to the Ministry of Transport, Communication and High technologies of the Republic of Azerbaijan led to alignments with relevant EU regulatory framework provisions not having been identified in most of the cases.\(^{229}\) The Information Communication Technologies Agency was created late 2021, (but under the Ministry of Digital Development and Transport) and the draft decree operationalizing and defining the charter of the agency was prepared.

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8. Trade

The EU is Azerbaijan’s main trading partner, with about half of the trade turnover of the country, as the results of the first quarter of the year 2022, show. Azerbaijan accounts for two-thirds of the EU’s trade turnover in the South Caucasus. The EU in turn accounts for 51% of Azerbaijan’s total exports. A significant place in this trade is occupied by gas. Compared to 2018 Azerbaijan has doubled its gas exports, which allows it to play a role in the diversification of the EU gas supplies in the context of the current geopolitical situation – making cooperation between Azerbaijan and the EU of a strategic nature.

According to the head of the EU Delegation, Peter Michalko, besides the EU interests in increase of export of energy products, the growth of non-oil products is already observed in the EU market, while the trade turnover exceeded even pre-COVID 19 pandemic levels. Oil and gas dominate Azerbaijan’s exports, constituting 95% of exports, which results in constant trade surpluses. The statistics show a consistent shift of Azerbaijan’s trade relations in recent years away from Russia and towards the EU. The main trading partners of the country are Italy, the UK, Turkey, Israel, France, Indonesia, Russia, Germany and India.

Overall, in the non-oil sector of exports, by the situation in May 2022, the dominating items of export were: fruits and vegetables (18.45 %), products of chemical industry (13.45 %) plastic materials (12.90 %), cotton fibre (10.54 %), and aluminium (10.24%). In import, the dominating items were: mechanical and electric equipment (20.21 %), food products (17.04 %), means of transportation and its parts (12.19 %), and ferrous metals and their products (7.15 %).

Taking into account that Azerbaijan’s exports are heavily dominated by fuels, the EU has been supporting Azerbaijan’s efforts to diversify its economy. Aimed at fostering the diversification of export, the Ministry of Economy with support of the EU, ran a project to ‘Support the Government of Azerbaijan in development of export strategy and support in its implementation’ to develop an export strategy. Other projects include the EaP Ready to Trade project under EU4Business initiative, to assist SMEs in accessing the EU markets. Besides, three programmes related to agriculture and rural and regional development are being implemented, with Lankaran as a focal region for EU assistance in Azerbaijan.

An important direction of the EU’s support, is aiming towards WTO accession, which include Twinning and technical assistance projects. See for example the EU funded a Framework Contract for ‘Strengthening capacity of the Government of Azerbaijan in the WTO Accession negotiations and other trade related activities’.

Despite long lasting negotiations and steps in this direction, such as adopted legislation within Technical barriers to Trade (TBT) agreement - on technical regulation, Law on Standardization, On Food Safety, and a Draft Law on Customs - Azerbaijan still lacks a clearly formulated public policy in

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230 Bilateral Agreement between EU and Azerbaijan to open doors for new coop opportunities by Maryana Ahmedova, Trend.az 26.05.2022.
232 See 241.
233 Trading Economics, Azerbaijan Balance of Trade
Implementation of the Partnership and Cooperation agreement between the EU and Azerbaijan

regards to WTO accession, deadlines in this process, policy on quality infrastructure, as well as institutional consistency due to the frequent changes in the structures of state agencies, or reshuffling of state personnel responsible for the process. Whereas WTO accession is closely related to the progress of reforms such as in the rule of law, the officials mainly explain the slow speed and uncertainty in the process by necessity to first diversify the production base.

Future EU assistance to Azerbaijan will be directed towards the implementation of the EU-Azerbaijan Partnership Priorities, including through a joint steering committee, to be established under the Partnership Priorities Facility (PPF), of €27 million. Azerbaijan also expressed its interest to receive support for the privatisation of state owned enterprises under the PPF.239

In the area of Sanitary and Phyto-sanitary (SPS) measures, the EU praised the establishment of the independent Food Safety Agency (AFSA), allowing for better food safety controls, and the opening of the electronic register for food business operators, as a basis for effective inspection and the installation of the single window for SPS-related border controls. The EU has expressed its readiness to assist Azerbaijan in the efforts to align SPS and veterinary rules with EU and WTO standards.240 Azerbaijan has been providing the EU market with snails and frog’s legs, hazelnuts, and leather. There has also been interest for the import of tomatoes by Poland, among others.241

In the area of taxes, Azerbaijan had applied the Tax Administration Diagnostic Assessment Tool (TADAT) to assess the state of its tax system, but the report produced in 2016 was not made public and was kept only for internal usage.242 Azerbaijan has extended excise duties from cars and yachts to energy drinks and liquids for electronic cigarettes, domestic companies and imports were granted equal treatment in respect of these products.243 Azerbaijan has agreements on avoidance of double taxation with all EU Member States, except Slovakia, Cyprus, Portugal and Ireland. In the area of legislation, the country’s Parliament adopted two amendment packages to the Tax Code directed towards increasing transparency of economy and reducing shadow economy.244 Another package of amendments aimed at expanding the tax base was adopted on 18 November 2021 - encouraging entrepreneurial activities, reducing the financial and tax burden of the population through social benefits, improving the mechanisms of tax accounting, taxation, among others.245

Azerbaijan has been approximating its national legislation to the Union Customs Code by implementing the Green Corridor Project, accompanied by the digitalization of all payment services. The EU, in turn, has advised Azerbaijan to consider accession to the Protocol to eliminate illicit trade of tobacco to the WHO Framework Convention on Tobacco Control (FCTC Protocol).246

The digitalization of the customs service was an important reform to improve the business climate in the country. E-Customs and Green Corridor started their operations between 2018 and 2019 and stayed at the top 5 reforms in 2021, when the State Customs Committee continued to develop regulations for the Authorised Economic Operator Programme to become another mechanism liberating customs clearance for business operators. However, the significant number of new regulations, as EU Business Climate report asserts, make the customs officers cautious and pass the

239 17th Meeting of the EU Azerbaijan Sub-Committee on trade, economic and related legal issues
240 Ibid., p.4.
241 Interview with EU representative, online, 16.06.2022.
242 TADAT is a tool that has been developed by international development partners, with technical input from a wide range of experts, to help make tax administrations around the world more efficient and fair.
243 Ibid., p.5.
246 17th Meeting of the EU Azerbaijan Sub-Committee on trade, economic and related legal issues p.5.
decision making prerogative to the higher level managers. As a consequence, instead of having a free passage through the Green Corridor, the containers are subject to additional investigations.247

9. The role of EU institutions

The webpage for the Delegation of the EU to the republic of Azerbaijan states that since 1991 the EU has gradually become closer to Azerbaijan, and that the EU wants to build on this, by deepening economic integration and increasing political cooperation with the country. \(^{248}\) Azerbaijan is important for the EU, due to its energy resources but also for its geographic location on the crossroads, connecting Europe and Asia.

The EU is Azerbaijan's main trade and key reform partner, and its main investor in the non-oil sector, significantly contributing to diversification of the country's economy. After the EU-Azerbaijan PCA entered into force in 1999, the next important step was the country's inclusion in the European Neighbourhood Policy (ENP) and the adoption of the ENP Action Plan in 2006. The discussion over the draft Action Plan showed the importance of civil society as the major stakeholder pushing for alignment with the EU. Once the draft was made public, the civil society and opposition mobilized a powerful all-national campaign to include, in similarity with the Action Plans for Georgia and Armenia, a clause on European Aspirations.

Negotiations on a new agreement to replace the PCA in force since 1999, were launched on 7 February 2017. On 11 July 2018, the EU and Azerbaijan agreed new partnership priorities. The EU-Azerbaijan relations in the context of the Eastern Partnership (EaP - as reflected on the official European Council's webpage - are based on two principles: a differentiated approach and implementation of deep democracy. The ongoing projects supported by the EU in the country are value oriented, and cover a wide variety of aspects of reforms: civil society, human rights, judiciary reform, fight against corruption, gender, arts, among others. \(^{249}\) The EU is the largest donor to the civil society in the country: just between 2019 and 2020, 300 local NGOs benefitted from its support, despite difficulties caused by the new restrictive legislation. \(^{250}\) The EU supports civil society through specific thematic instruments – European Instrument for Democracy and Human Rights (EIDHR) and the Non-State Actors Programme. \(^{251}\)

The role of the EU in the country has also been shaped by its energy interests, as expressed in the Memorandum of Understanding (MoU) on Energy cooperation signed by the President of the European Commission Barroso and President Aliyev in 2006, stating that ‘the Strategic Energy Partnership serves ‘as an excellent example of a mutually beneficial cooperation’. \(^{252}\) Cooperation in the area of energy has been confirmed on 18 July 2022, by the signing of another MoU, committing to the expansion of the Southern Gas Corridor, in a move by the EU to ‘diversify away from Russia and to turn towards more reliable, trustworthy partners’. \(^{253}\) However, according to experts, the EU

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\(^{249}\) These projects (often in cooperation with other international organizations and both at the bilateral and multilateral levels) include Raising awareness of the Istanbul Convention and other gender equality standards in Azerbaijan, Protecting Human Rights of Vulnerable groups in Azerbaijan, Partnership for Good Governance II, Strengthening the access to justice through non-judiciary redress mechanism for victims of discrimination, hate crime and hate speech in Eastern Partnership, Strengthening measures to prevent and combat economic crime, Addressing Gender-biased Sex Selection and Related Harmful Practices in South Caucasus, EU4Gender Equality: Together Against Gender Stereotypes and Gender Based-Violence, Sustainable, Target-group oriented, Resilient and Open NGOs with Good governance etc.

\(^{250}\) See 258.

\(^{251}\) See 258.

\(^{252}\) EU relations with Azerbaijan, European Council, Council of the European Union, last viewed on 30.03.2022.

\(^{253}\) Europe to sign very important document with Azerbaijan, AzeMedia, 8.07.2022.
energy interests might have a controversial influence on its objective of democracy promotion in the country. 254

In parallel, Azerbaijan increasingly becomes a transportation hub between Europe and Asia, especially in the context of Russia’s 2022 invasion of Ukraine and resulting interruption of the communications via the territory of Russia. Besides, the EU started to play a more active role in the conflict resolution between Azerbaijan and Armenia. The last few meetings between the leaders of Azerbaijan and Armenia with participation of the President of European Council, Charles Michel, were recognized as successful by all parties. Especially since Russia is increasingly perceived as unreliable partner and/or mediator in both republics.

The EU-Azerbaijan Cooperation Council’s 18th meeting took place on 19 July 2022 in Brussels chaired by MFA, Jeyhun Bayramov, with the EU delegation led by HR/VP Josep Borrell. The range of issues discussed covered EU-Azerbaijan partnership priorities, sectoral cooperation, the Eastern Partnership, implementation of the Economic and Investment Plan, as well as political matters and regional issues, democracy, rule of law and human rights. 255 The EU has invested to support 17 500 SMEs of which almost half are owned by women. Within framework of Economic and Investment Plan EU will support the following flagship projects: the development port of Baku, the digitalization of transport corridors, support for competitiveness of 25 thousand start-ups and SMEs, access to credit for small and medium sized farms and food businesses, five smart and green cities with landfills, street lighting and electric trains. 256

The visa-facilitation and re-admission agreements between the EU and Azerbaijan entered into force on 1 September 2014. In 2019, Azerbaijan joined the Eastern Europe Energy Efficiency Environment partnership (E5P) as well as EU4Energy initiative. In the area of environment and climate policies, Azerbaijan was assisted to reach its contributions to the Paris Agreement and Sustainable Development goals by a number of regional and bilateral projects. These include the Water Initiative +, the Shared Environmental Information System II (SEIS II), the EU4Climate, EU4Environment and other projects. 257 The other instrument of EU-Azerbaijan cooperation are Twinning projects. More than 25 ministries and public institutions in Azerbaijan have participated in nearly 50 Twinning projects. 258

The European Parliament has a standing delegation for relations with the South Caucasus, which oversees the EU relations with Azerbaijan under the framework of the Parliamentary Cooperation Committee. The European Parliament has issued a number of resolutions on the human rights situation in the country, such as in 2015, as a reaction to the crackdown on civil society and others, which have resulted in the release of prominent human rights defenders such as journalist Leyla Yunus in 2015, blogger and activist Afghan Mukhtarli in 2020, and Mehman Huseynov in 2019. The Parliament also passed resolutions in January 2021 and May 2021, following the war in 2020, expressing regret at application of military force, and calling to immediate and unconditional release of all Armenian POWs and captives held by Azerbaijan. 259

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257 See 258.
258 See 266.
259 Three Eastern Partnership neighbours in the South Caucasus, Michal Jiracek/Florian Carmona, 12-2021, Fact Sheets on the European Union, European Parliament
On 7 February 2022, the Subcommittee on Human Rights of the European Parliament - jointly with the Special Committee on Foreign Interference in all Democratic Processes in the European Union, including Disinformation (INGE) - held hearings on the ‘Influence operations of Azerbaijan in the European political sphere and attacks on Azerbaijan human rights defenders’. The participants drew attention to the international corruption scandals with involvement of Azerbaijan, such as ‘caviar diplomacy’, ‘Azerbaijani Laundromat’, among others, as well as attacks on the dissidents abroad; and expressed concern that in the new EU-Azerbaijan agreement the priority will be given to the energy cooperation to the detriment of human rights, urging to make the draft agreement public.

Baku’s official reaction to the European Parliament’s resolutions has varied. For instance, it praised the European Parliament’s resolution ‘Annual Report on the implementation of the Common Foreign and Security Policy’ on 15 January 2020, because the EU confirmed its commitments to support the sovereignty, territorial integrity and political independence of all Eastern Partnership countries mentioning ‘internationally recognized borders’. On the other hand, the Committee on Foreign Relations and Inter-Parliamentary Relations of the Azerbaijani Parliament has issued a statement in response to the European Parliament Resolution dated 10 March 2022, which they called ‘biased and based on false information of Armenia and Armenian lobby in the European Parliament’.

Apart from the Azerbaijani Parliament’s reaction to the European Parliament’s Resolution, there was a joint statement by the leaders of Muslim, Russian Orthodox, Mountain Jews, Alban-Udi and European Jews communities of Azerbaijan condemning the resolution. The joint statement, among other statements, indicated that Armenia has destroyed historical Azerbaijani religious monuments on its territory, including the Ivani Shah Abbas, Sardar, Haji Novruz Ali mosques and others. President Aliyev in turn addressed the participants of the Baku Conference of the non-Aligned Movement Parliamentary Network, stating that Azerbaijani historical and religious heritage had been destroyed during 30 years of occupation.

Whereas Azerbaijan is a reliable energy partner for the EU, the different levels of ambitions of Azerbaijani officials as compared to some other states of the EaP, shapes the level of progress in areas such as WTO accession, or administrative reforms. The other reason is that for the resources of rich Azerbaijan, the ‘more for more’ principle might not be a sufficient motivation to accelerate reforms and move forward. The area or human rights and freedoms remains a challenging one.

The issues of human rights and rule of law are addressed within the annual EU-Azerbaijan Subcommittee on Justice, Freedom, Security and Human Rights and Democracy, the last one being held in April 2021, with the participation of the European Union Special Representative (EUSR) for Human Rights Eamon Gilmore. Besides, the EU Delegation initiated meetings on human rights with EU Member States, the United States, the United Kingdom and Switzerland representatives. The EU Delegation regularly held meetings with representatives of civil society, think tanks, activists, human rights organizations, and others.

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260 [Draft Agenda DROI_OJ(2022) 02-07_1], European Parliament, Subcommittee on Human Rights, Meeting, 7.02.2022, 13.45-16.15, Brussels
261 [Azerbaijan and International Corruption Scandals], Toghrul Veliyev, Baku Research Institute, 03.06.2021
262 [Hearing on Human Rights in Azerbaijan in the European Parliament], IRFS, 08.02.2022
263 [Azerbaijan’s Foreign Ministry: European Parliament’s resolution- binding document], Trend News Agency, 15.01.2020
264 [Azerbaijan calls on European Parliament to refrain from provocations], Trend, 12.03.2022
265 President [Armenian occupiers have been trying to erase the cultural and religious heritage of Azerbaijanis in the occupied territories for 30 years - President], APA, 30/06/2022.
rights lawyers, journalists, bloggers, religious and LGBTI communities. However, as the representatives of NGOs note, there is still an insufficient degree of attraction of the independent NGOs and activists of the civil society to the monitoring of the implementation of the EU funded projects, meetings with visiting EU officials, and others.

268 Interview with representative of the EaP Civil Society Forum National Platform, online, 17.06.2022.
10. Recommendations to the EU

The EU, whose role in the region has increased after Russia’s invasion of Ukraine in February 2022, has the possibility and space to contribute in every issue mentioned in this report, by utilizing its rich experience in conflict resolution and bringing-in success stories. To be effective, the EU should encourage the fulfilment of the obligations, of both Azerbaijan and Armenia, before the law and international conventions, as well as mutual responsibility in bilateral relations, in order to promote their policies as independent subjects. Persistent resort to the military way of conflict resolution is a compensation of the lack of effective international law enforcement mechanisms/efforts and an indicator of necessity of its de-legitimization as means of resolving disputes. In this regards transitional justice should be realized to all culprits of the war crimes and violations of international law since the beginning of the conflict in 1992.

Future demilitarization – specifically the withdrawal of all Armenian armed groups and Azerbaijan military and support for the consequent arrival of human rights monitors, the creation of free economic zones, and the democratization of the governance - should be promoted for a sustainable solution of the Nagorno Karabakh issue . The normalization of Azerbaijan -Armenia relations requires the suggestion of mutually beneficial proposals at the bilateral level.

The delimitation and demarcation of borders and the recognition and respect for internationally recognized borders is also of critical importance for peace and cooperation between the two states, and - as argued in this report - for the preservation and attribution of cultural heritage. Especially after the war in Ukraine, which has discredited Russia as an international actor, and as an actor in conflict resolution or peace-making in the region. At the strategic level, the EU could contribute in the following directions:

10.1. On the resolution of the Nagorno-Karabakh conflict

- Promote connectivity in the region through participating in the new system of communications based on the trilateral agreements and assist in infrastructure and economic relations;
- Promote security and safety in the region by fostering the achievement of the soonest comprehensive peace agreement, supporting confidence building measures between societies, communities;
- Support behaviour of the two states as independent subjects of international relations rather than those relying on external patronage.
- Promote direct communication and talks between the parties;
- Reciprocity as one of the major principles should be used to make parties regulate relations and bring them to the common vision of the future co-operation and common broader regional identity. This relates both to the communication routes -with equal rights for both communities (living in exclaves and enclaves) - for a free access and connection to the mainland, and mutual obligations on protection of rights of minorities by both states;
- The EU can contribute to the ‘modernization of minds’ of the societies – the process which has been ongoing in both states, but which is competing with the pre-modern attitudes to power, prosperity and development based on the physical size of the country, material resources, geographical symbols and physical borders. If promoted, this vision will help the countries to switch the focus from the claims of the ‘historical lands’ to focus on domestic reforms and human development.
10.2. On protection of cultural heritage

- Continue to demand the implementation of the obligations according to the international conventions and other documents for the preservation of rights of minorities and their cultural heritage;
- Apply the principle of reciprocity and equal treatment in protection of cultural heritage;
- Aid to develop sense of shared responsibility for the protection of the cultural heritage at the public level, based on citizenship;
- Promoting the development of the multiple identities, based on citizenship, broader regional belonging, stressing the common Caucasus heritage might be another move in this direction;
- Joint academic commissions with like-minded researchers could be created to study cultural heritage with the objective of its more effective protection and to resolve the issue of contested cultural heritage. Further, it may transform to the joint regional observatory to oversight contested monuments;
- Raise public awareness of the standards of protection of the cultural heritage as reflected in the international conventions and EU documents through training, education programs, and TV and media campaigns, and children’s projects.

10.3. On the promotion of human rights and judicial reforms

- Being aware of the possible adverse effects of the energy resources on democracy, bring even greater attention to the human rights, democracy promotion and civil society in Azerbaijan.
- Provide for greater involvement of independent NGOs in the monitoring of the implementation of the PCA and participation in the EU and EU funded projects;
- Continue efforts for the accelerating of lifting of the restrictions on activities of civil society, and adoption of a respective law;
- Continue to push for complete release of all political prisoners;
- Aid to accelerate the lifting restrictions on activities of civil society and adopt a new law;
- Help pursue the reform of the judiciary and of the prosecution service, so as to ensure the full independence of the judiciary, especially from the executive, in order to restore public confidence in the justice system;
- Take the necessary measures to resolve the problems revealed by the judgments of the European Court of Human Rights as regards the independence, impartiality and fairness of criminal procedures;
- Insist on refraining from any unjustified application of criminal law to limit freedom of expression.

10.4. On trade, green transformation, transport, and digitalization

- Promote competition and competitiveness in the area of trade, transportation, digitalization and green transformation;
- Help Azerbaijan to diversify its trade, in regards both to the trade goods and its trading partners;
- Help promote a smooth transition to renewable energy production and consumption, through a transfer and share of know-how, trainings, and development of strategies, directed at alleviating of possible social effects of this transition, with the promotion of the cooperation of civil society;
- Contribute to the raising of public awareness through education, trainings and the media, regarding energy efficiency, and the sustainability of environmental goals;
Take advantage of the ongoing trilateral agreements and talks on opening communications in the South Caucasus and apply a regional approach to development and application of the programs directed towards effective transition to a green economy;

Actively contribute to the development of the newly established transportation and communication routes as the guarantee of diversification and energy security. Multiplicity of the transportation routes and new prospects of re-orientation of the major producers in Central Asia towards the alternative routes should be used as an opportunity for infrastructure modernization;

Contribute to the competitiveness of the transport corridors and actively participate in the alternative transportation routes such as Middle Corridor, and in the new transportation routes via Armenia, Azerbaijan and Turkey;

Promote de-monopolization in the transport sector, with priority to aviation;

Promote the opening of the access to investment and business activities on the liberated territories to all interested countries and SMEs.

10.5. On energy

Support the privatization and commercialization of the energy sector in the country;

Welcome reforms of SOCAR and SOFAZ in the direction of greater transparency and independence from the state, such as the regular change of audit companies, the creation of independent supervisory boards, the lowering quasi-fiscal expenditures, among others;

Promote the strengthening of the rule of law and of judicial reforms to attract investments in the energy sector;

Promote the withdrawal of subsidies accompanied by support measures to the affected groups of Azerbaijan’s population.

Assist in development of Azerbaijan’s rich alternative sources of energy (solar and wind) potential, limiting greenhouse gas emissions.
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To accompany its scrutiny work, Parliament's Committee on Foreign Affairs (AFET) requested the Ex-Post Evaluation Unit of the Directorate for Impact Assessment and European Added Value, within the Directorate-General for Parliamentary Research Services (EPRS) of the Secretariat of the European Parliament, to prepare a European implementation assessment on the implementation of the EU's Comprehensive and Enhanced Partnership Agreement (CEPA) with Armenia, and Partnership and Cooperation Agreement (PCA) with Azerbaijan.