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The European Union in Azerbaijan: Democracy Promoter or Energy Dependent?

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Signed Lauren Jane Bridges

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This thesis is dedicated to my mother and father, who have supported my interest in studying and have never held me back from my curiosity about the world. This would have never been possible without their support.

Introduction

This section introduces the study, which is further elaborated in various chapters of the thesis. The beginning of this chapter will define the issue of the study the researcher has explored. Background information will be provided in this section, as well as the research question. The aim and scope of the study is also provided along with the research objectives. Methodology and an analysis of existing literature are also provided. In conclusion, this section will provide an overview of the organization of the thesis.

One of the core values of the European Union (EU) is the importance of democracy and the rule of law. These values are the same that the EU has instilled in its foreign policy objectives. Article J.1 of Title V of the Maastricht Treaty, signed 2 February 1992, states that one of the primary objectives of the EU Common Foreign and Security Policy shall be “to develop and consolidate democracy and the rule of law, and respect for human rights and fundamental freedoms.”¹ After the EU enlargement of 2004, the EU created the European Neighborhood Policy to promote European values. In May 2009, the EU focused its foreign policy efforts even further and met with leaders from 6 Eastern neighbors- Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine- to create the Eastern Partnership (EaP), which became the institutional framework through which the EU conducts official relations with the Eastern neighbors.

The purpose of the Eastern Partnership is to promote friendship of the EU with the former Soviet republics, as well as promoting greater economic and political cooperation.² Additionally, the EU uses its role in the EaP to promote its core values, namely democracy and the rule of law. However, the EU has proven unable of using the same magnetic force that brought 12 new countries to the EU in 2004 and 2007 to bring the EaP countries closer to democracy.

Out of all the EaP countries, Azerbaijan is located in a particularly precarious position. It borders North Caucasus, where Chechnya and Dagestan are known to be centers of radical Islamic terrorism. To its south, Azerbaijan joins the Middle East, and

¹ European Communities – Council. *Treaty on European Union* (Maastricht, Netherlands, 7 February 1992), accessed 3 March 2016, http://europa.eu/eu-law/decisionmaking/treaties/pdf/treaty_on_european_union/treaty_on_european_union_en.pdf.

² Simion Costea, *The European Union's Eastern Partnership*, Video, Institute for European Studies Brussels, accessed 11 August 2015, <https://www.youtube.com/watch?v=MclQgDOHKGQ>.

thus it lies along an important corridor for the transfer of funds and resources for terrorists in the North Caucasus.³ Its ally, Turkey, is supportive but also dealing with the ongoing threat of terrorism and incoming refugees from Syria. Its other Turkic allies of the former Soviet republics are economically weak and unable to commit to anything beyond encouragement.⁴ Lastly, it is involved in an ongoing unstable conflict over control of Nagorno-Karabakh, a region in the west of the country that is inhabited by mainly Armenians.

Moreover, Azerbaijan is the only EaP country with significant oil reserves, which places Azerbaijan in a position of significant leverage towards the EU. In joining the partnership, the president of Azerbaijan, Ilham Aliyev, is trying to maintain a delicate balance between being close enough to the EU to maintain strong market access for oil exports, but not too close that the EU would demand political reforms. So far, this is working. The EU has been cooperating with Azerbaijan despite the fact that Azerbaijan has been considered an authoritarian state by many domestic and foreign observers.⁵

Promoting democracy in Azerbaijan, while maintaining access to oil from the Caspian Sea, has placed the European Union in a foreign policy conundrum. Oil coming from Baku, the capital, is particularly important as it decreases EU's dependence on oil from Russia. The European Union is now at a crossroads. This research examines the interplay of global democratic trends, the Azerbaijan government, and European Union foreign policy to answer the question: Is the European Union ignoring the authoritarian nature of Azerbaijani politics in order to secure access to energy?

I. Background of the Study

In the 1950s, the European Union began as the European Coal and Steel Community, principally an economic partnership for energy security, with the assumption that energy interdependence would lead the countries to integrate to an extent that war would become

³ Asbed Kotchikian, "Secular Nationalism Versus Political Islam in Azerbaijan," *Terrorism Monitor* 3, no. 3 (2005), 2, accessed 3 January 2016, http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=319#.VzOPNceqw7Y.

⁴ Alim Bayaliyev, "The Turkic Council: Will the Turks Finally Unite?" *CACI Analyst*, accessed 12 February 2016, <http://www.cacianalyst.org/publications/analytical-articles/item/12916-the-turkic-council-will-the-turks-finally-unite?.html>.

⁵ "Nations in Transit 2016: Azerbaijan," Freedom House, accessed 3 March 2016, https://freedomhouse.org/sites/default/files/NIT2016_Azerbaijan.pdf.

impossible. After many decades, the EU has become something more. Article 21 of the Lisbon Treaty, signed 2007, states the goals of the EU as follows:

The Union's actions on the international scene shall be guided by the principles which have inspired its own creation, development, and enlargement, and which it seeks to advance in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law.⁶

Since the end of communism in Azerbaijan, the European Union has had interest in the country, both politically and economically. When Azerbaijan became an independent nation in 1991, the European Union (then the European Economic Community) did not reach farther east than Austria. However, in 2004 and 2007, when eastern enlargement occurred and Poland, Czech Republic, Slovakia, Hungary, Slovenia, Cyprus, Estonia, Latvia, Lithuania, Malta, Romania, and Bulgaria all joined the EU, the debate as to the purpose and future of the EU changed dramatically. Suddenly there was a new eastern border to contend with, one that had much closer influence from Russia.

It was not long after Azerbaijan became independent from the Soviet Union in 1991 that foreign oil companies began negotiations with Baku to set up drills and lay pipelines to bring oil from the Caspian Sea to Europe. Private oil companies in the West had long desired access to the unexplored oil reserves lying along the Absheron Peninsula, historically one of the world's oldest sites of oil production. The world's first oil well and oil refinery were both built in the peninsula, where the capital, Baku, is located and which provides easy access to oil in the Caspian Sea. As Azerbaijan also desired greater autonomy and distance from Russia, the nation was eager to turn towards the West for economic opportunities. In 1994, President Heydar Aliyev signed the Production Sharing Agreement, nicknamed the 'Contract of the Century,' with 13 companies from 8 different countries, bringing in over \$7 billion of foreign investment.⁷

After Azerbaijan became an independent country, the State Oil Company of Azerbaijan Republic (SOCAR) was founded in 1992. SOCAR owns two oil refineries in

⁶ European Council. *Treaty of Lisbon* (Lisbon, Portugal, 13 December 2007), accessed 4 March 2014, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2007:306:FULL:EN:PDF>.

⁷ Nasser Sagheb and Masoud Javadi, "Azerbaijan's 'Contract of the Century' Finally Signed with Western Oil Companies," *SOCAR Current Developments* 2, no. 4, 26-28, (1994), accessed 18 April 2014, http://www.azer.com/aiweb/categories/magazine/24_folder/24_articles/24_aioc.html.

the country, along with one gas processing plant and several gas and oil export pipelines.⁸ The energy industry of Azerbaijan was never liberalized in the way other industries have been. Today it is one of the largest fossil fuel corporations in the world. In 2008, the State Oil Fund (SOFAZ) was worth \$10.21 billion. In Azerbaijan, oil makes up 52.8 percent of GDP, 64 percent of budget revenues, and 80.6 percent of exports. Currently, the nationalized State Oil Company of Azerbaijan (SOCAR) is worth \$20 billion.⁹

According to the U.S. Energy Information Administration, Azerbaijan is the third largest Eurasian exporter of crude oil, after Russia and Kazakhstan. In 2012, crude oil exports from Azerbaijan reached 881,000 barrels per day.¹⁰ The dominant market for Azerbaijan is in crude oil, not refined petroleum products, due to the high number of pipelines that pump crude oil to refineries as far away as Italy and Germany. During the time of the Soviet Union, Azerbaijani oil was used only in the Soviet Union, but today it is a global exporter. Thanks to the rich oil deposits deep in the Caspian Sea, Azerbaijan is one of the most important spots in the world for oil exploration.

In Azerbaijan, the European market is the essential market for Azerbaijani oil, and British Petroleum (BP) is the key player in Baku's oil distribution to Europe.¹¹ Observers are speculating that oil production will begin to decline after 2016.¹² Nonetheless, it is expected that Azerbaijan will continue to export oil to Europe for the foreseeable future; in fact, as Europe tries to move away from Russian oil they are likely to increase their interest in Azerbaijan.

It was not long for Azerbaijan to make a swift political turn towards the West as well. The country joined the United Nations in 1991, signed the EU-Azerbaijan Partnership and Cooperation Agreement (PCA) in 1996, and joined the Council of Europe in 2001. The PCA set up the legal framework to formalize relations with the EU, and

⁸ "The State Oil Company of the Azerbaijan Republic," *SOCAR: About*, accessed 18 January 2016, <http://www.socar.az/socar/en/company/about-socar/discover-socar>.

⁹ "State Oil Company of Azerbaijan," World Heritage Encyclopedia, accessed 4 January 2016, http://www.gutenberg.us/articles/state_oil_company_of_azerbaijan#cite_note-Turkish_Weekly-3.

¹⁰ "Azerbaijan: International Energy Data and Analysis," U.S. Energy Information Administration, 1 August 2014, 2, accessed 23 January 2016, http://www.eia.gov/beta/international/analysis_includes/countries_long/Azerbaijan/azerbaijan.pdf.

¹¹ James Marriott, *The Oil Road: Travels from the Caspian Sea to the City of London* (Verso: 2012), 1.

¹² Thomas De Waal, "What Lies Ahead for Azerbaijan?" Carnegie Endowment for International Peace, 7 October 2013, accessed 4 April 2015, <http://carnegieendowment.org/2013/10/07/what-lies-ahead-for-azerbaijan>.

outlined a commitment for both parties to uphold international peace, human rights protection, and ongoing political dialogue. By joining the Council of Europe, Azerbaijan made its commitment to human rights and cooperation with other member states.

Moreover, Azerbaijan used the membership as a means to draw attention to its long-standing frozen conflict with neighboring Armenia. Azerbaijan's interests in the EU go beyond economics, especially in regards to the Nagorno-Karabakh conflict that was frozen since the mid-1990s, until new fighting erupted in April 2016. Azerbaijan claims ownership over Nagorno-Karabakh, but the region itself is mostly Armenian and wants independence from Azerbaijan. Azerbaijan is looking to European support due to the fact that the country is still at war.

In addition to the financial benefits of investment from foreign oil companies, the European Union and the Aliyev government had mutual interest in developing deeper diplomatic relations. Azerbaijan joined the European Neighborhood Policy in 2004 and soon after, the EU set up a European Instrument for Democracy and Human Rights in Baku. The European Instrument for Democracy and Human Rights operates on the level of civil society in non-EU states. Non-profit organizations can apply for EU funding, and projects are encouraged that especially target minorities, refugees, and internally displaced persons (IDPs).¹³ Azerbaijan currently has around 600,000 IDPs as a result of the war.¹⁴

By the early 2000s, Azerbaijan was, at least politically, more of an Eastern European facing country than a part of Central Asia. The Eurasian Economic Union, consisting of Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia, does not include Azerbaijan. On a security level, Azerbaijan left Russia's Collective Security Treaty Organization in 1999, founded as a counterpart to NATO. Instead, Azerbaijan joined the NATO Partnership for Peace in 1994.

These economic and political shifts reflect Azerbaijan's three main policy priorities as a newly sovereign country: retaining independence from the Soviet Union, restoring

¹³ European Union Delegation to Azerbaijan. European Instrument for Democracy and Human Rights (EIDHR)- Country Based Support Scheme (CBSS) 2014 and Support to Civil Society Programme 2014 (European Neighborhood Instrument) (2014), accessed 6 July 2015, <https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?ADSSChck=1431677181179&do=publi.detPUB&searchtype=AS&aoret=36538%2C36539&ccnt=7573876%2C7573877&depub=&orderby=upd&orderbyad=Desc&nbPubliList=15&page=1&aoref=136999>.

¹⁴ "World Bank Azerbaijan Partnership Program Snapshot," World Bank Group (April 2016), 7, accessed 11 May 2015, <http://pubdocs.worldbank.org/pubdocs/publicdoc/2016/4/984491461321293943/Azerbaijan-Snapshot-April-2016.pdf>

territorial integrity in the Nagorno-Karabakh conflict region, and achieving economic self-sufficiency as a major oil exporter. Aliyev knew it would take financial strength for the country to stand on its own next to Russia, and was quick to use oil export as a path to political independence. Knowing that Armenia was maintaining ties with Russia, he knew Azerbaijan would need the West for support in Nagorno-Karabakh.

All would seem fine, except for one thing: the boom in oil profits in Azerbaijan allowed Heydar Aliyev to consolidate power, and the so-called post-communist transition to democracy never made it past Aliyev's semi-authoritarian regime.¹⁵ Instead of building democracy, the nation's elites were busy building pipelines. In 2009, the Azerbaijan constitution was amended by the Aliyev regime to allow a leader to be reelected an unlimited number of times.¹⁶ Then, elections in October 2013 were deemed fraudulent when the election commission accidentally released the results before the voting had taken place.¹⁷ Since that time, the government has been accused by numerous NGOs and freedom watch organizations of limiting free speech, jailing journalists and opposition activists, and failing to uphold its obligations as a member of Europe.¹⁸

According to the Joint Declaration of the Prague Eastern Partnership Summit held by the Council of the European Union in May 2009 along with leaders from the Eastern Partnership countries, the parties stated the following regarding the aims and objectives of the Eastern Partnership:

The Eastern Partnership will be based on commitments to the principles of international law and to fundamental values, including democracy, the rule of law and the respect for human rights and fundamental freedoms, as well as to market economy, sustainable development, and good governance.¹⁹

After the partnership was officially initiated in 2009, it became essentially a substitute for an enlargement policy in the region, as enlargement was deemed unpopular among EU

¹⁵ Scott Radnitz, "Oil in the Family: Managing Presidential Succession in Azerbaijan," *Democratization* 19, no. 1 (February 2012), 60-77, accessed 12 March 2014, http://faculty.washington.edu/srad/wordpress/wp-content/uploads/2014/07/Democ_2012.pdf.

¹⁶ European Forum for Democracy and Solidarity, "Azerbaijan," 2009, accessed 12 April 2014, <http://www.europeanforum.net/country/azerbaijan#elections>

¹⁷ Alec Luhn, "Azerbaijan Releases Election Results... Before the Polls Even Open," *The Independent*, 9 October 2013, accessed 6 October 2014, <http://www.independent.co.uk/news/world/europe/azerbaijan-releases-election-results-before-the-polls-even-open-8869732.html>.

¹⁸ "Nations in Transit 2016: Azerbaijan," Freedom House, 2.

¹⁹ Council of the European Union. *Joint Declaration of the Prague Eastern Partnership Summit* (Prague, Czech Republic, 7 May 2009), accessed 4 April, 2014, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/107589.pdf.

members who were exhausted after the 2004 and 2007 enlargements. Some EU countries, such as Germany, France, and Italy, want greater involvement in the region in order to encourage better relations with Moscow, while others, such as the Baltics, Poland, Sweden, and the UK, want to stay out of the region for fear of instigating tension with Moscow.²⁰ The overall effect of these conflicting interests, as well as EU demand for Azerbaijani oil, is that the European Union has not been successful in encouraging democracy in its Eastern Neighborhood, and in Azerbaijan in particular.

II. Aim of the Study

The main aim of this study is to evaluate the EU's role in Azerbaijan by comparing and contrasting EU's strategy for energy security with its democracy promotion strategy in Azerbaijan. As Azerbaijan's energy sector is nationalized, both energy access and democracy promotion involve the EU in negotiations with the Azerbaijani government. The study will focus mainly on the role of the EU in Azerbaijan, taking into account that the EU is not one static unit but rather an organization of independent members with separate interests and motivations. It is the purpose of this research to take account of these diverse interests of the EU member states in reaching the final answer to the research question.

III. Scope of the Research

This study will help to reach an in-depth understanding of the role of the EU in Azerbaijan and how EU's desire for energy security may be clouding its ability to be a global force for democracy promotion. Although many countries in the EaP are not considered democratic, this study is limited to only one case, i.e. Azerbaijan, due to the fact that, as a small and newly independent country, it is often overlooked by researchers who are more focused on the larger surrounding states of Russia, Iran, Turkey, and Ukraine. Yet, Azerbaijan is on the fault line between East and West, between Islam and Christianity. Historically, it was the first Muslim secular democracy when it was granted short-lived independence in 1918. Nonetheless, this study can also be applied in future research to other neighboring nations

²⁰ *Europe's East: The Way Forward for the Eastern Partnership*, Video, Atlantic Council, accessed 2 January 2015, <https://www.youtube.com/watch?v=gqWnjQWFlhw>.

of the EU in order to further investigate the complicated relationship between democracy promotion and energy security.

IV. Research Objectives

The main research question intends to evaluate the EU's role in Azerbaijan as regards democracy promotion and energy security. The focused research objectives formulated to guide the study are as follows:

- Understand the academic literature that theorizes why many post-Soviet republics have not become democracies
- Apply theories to Azerbaijan to understand why country did not democratize
- Understand the purpose of EU's Eastern Partnership agreement with Azerbaijan
- Compare the EU's energy strategy with its democracy promotion strategy in Azerbaijan
- Compare the actions of Azerbaijan with the principles agreed upon in the Eastern Partnership agreements
- Compare EU's response with past precedent
- Evaluate whether or not the EU is ignoring the authoritarian nature of Azerbaijani politics in order to secure access to energy

V. Methodology

This study uses secondary data analysis to understand the role of the EU in Azerbaijan. Secondary data in this research includes news reports, academic analyses, and reports from non-governmental organizations and think tanks. A case study involves exploration of many sources on one topic in order to create an in-depth research project to reveal important phenomena about the topic. By using these resources, this research intends to deliver an in-depth and nuanced understanding of the research question and objectives.

This present thesis opts for a single case study, understanding that it would be impossible to compare the situation of two entirely different nations in a systematic way. The situation in one nation is the result of myriad forces of history, culture, religion, and geography. To compare multiple countries would make it more difficult to reach a conclusion. Moreover, the purpose of this present thesis is to ask what the European

Union's role is in Azerbaijan specifically. It is not the purpose of this thesis to conclude the role of European Union in any larger context. This single case study is necessary in order to examine at a deeper level the factors affecting the Azerbaijani system, and to consider larger phenomenon by observing how one nation deals with this situation.

The present research uses the secondary data analysis method due to the following reasons:

- Provides access to findings that an outsider would not usually get
- Saves time and money
- Makes it possible to analyze larger amounts of information than would be feasible from primary data analysis
- Official research bodies such as Freedom House depend on secondary data analysis as a means for data collection²¹

The nation of Azerbaijan is the focus of this case study, as it has abandoned its communist history and has been on the path of democratization for over 20 years. This present thesis takes democratization as an ongoing process, not something that either exists or does not. There is always a spectrum between a freely democratic state and a non-democratic state, and essentially all nations in the world fall somewhere along the spectrum. Some countries in the former Soviet Union have democratized and are now members of the European Union. Other nations, such as Uzbekistan, have gone in an opposite direction and are now seeing a rise in Islamic extremism.²²

One difficulty in conducting research in the post-Soviet region is in analyzing a society where the informal structures may be bigger than formal structures such as political parties, legislatures, and elections.²³ Moreover, there are limits to what can be known regarding the democratic nature of a government. For one, we cannot see the types of manipulation that may go on behind the scenes of an election. We do not know if what the public does reflects their actual private beliefs, meaning to what extent authoritarian

²¹ Freedom House, "Methodology," 2012, accessed 11 May 2015, <https://freedomhouse.org/report/freedom-world-2012/methodology>.

²² Joanna Paraszczuk, "Uzbek President Asks Putin for Help in Combating Extremism," *Radio Free Europe/Radio Liberty*, 11 December 2014, accessed 11 May 2015, <http://www.rferl.org/content/islamic-state-uzbekistan-russia/26738034.html>.

²³ Radnitz, "Oil in the Family," 6.

intimidation or manipulation may affect popular preferences of the people. Van Soest explains the difficulty in conducting research of an authoritarian state:

The opaque and often repressive nature of authoritarian systems renders it extremely difficult to conduct representative public-opinion surveys, to pick random samples, or to conduct qualitative interviews with the aim of assessing a regime's legitimacy. Moreover, citizens in authoritarian contexts have strong incentives to engage in 'preference falsification.' For instance, the extent of mass protests is not necessarily indicative of regime discontent, but may instead be influenced by the degree of repression exercised by the regime.²⁴

For this reason, this research uses the method of secondary data analysis, as it offers the most diverse and reliable sources of information for this research.

VI. Analysis of Literature

Before it is possible to answer the research question, "Is the European Union ignoring the authoritarian nature of Azerbaijani politics in order to secure access to energy?" it is first necessary to establish three points. The first point necessary to establish is that Azerbaijan is an authoritarian regime. The second point to establish is that the EU has developed relations with Azerbaijan with the intention of promoting democracy. The third point is to establish that the EU is trying to get access to energy from Azerbaijan. Once these three points are established, then it is possible to access the EU's motives and priorities in Azerbaijan, by comparing its need for oil with its desire to be a global promoter of democracy.

Scholar Leila Aliyeva is one researcher who studies the relationship between the EU and the countries of the former Soviet Union. Her work plays an important advisory role for the political institutions to develop their strategies. Bridging the divide between academics and policy is an important aspect. This thesis attempts to connect the developments of the transition in post-Soviet Union with the developments in the democracy promotion policies of the EU. In this same way, it is attempting to connect policy with theory. It is specifically using Azerbaijan as a case study as it is a crossroads of these many geopolitical forces.

²⁴ Von Soest, Christian and Julia Grauvogel. "How Do Non-Democratic Regimes Claim Legitimacy? Comparative Insights from Post-Soviet Countries." Working paper, German Institute for Global and Area Studies, Hamburg, 2015. <https://www.ciaonet.org/attachments/27883/uploads?1439142555>.

Many theorists, such as David Laitin, focus on the question of regime transition in the former Soviet Union.²⁵ Some theorists focus on the region as a whole, while others are country specific. Some researchers, such as Jody LaPorte, are specifically focused in Azerbaijan and therefore do not speak in a major way about the EU.²⁶ This research requires an understanding of the relationship of the EU with Azerbaijan and the role of the EU in the regime transition of the country. For this reason, the major aim of the research is addressing Brussels, not Baku.

Richard Youngs is the most informative theorist on this issue. Youngs focuses on the democracy promotion strategies of the EU and how they have developed over time.²⁷ His writing informs this research in understanding the motives, intentions, and precedents of the EU as it interacts with the wider world. Youngs research does not focus particularly on the former Soviet Union.

To understand the former Soviet Union, Michael McFaul's work helps explain the failure of democracy to develop in the region.²⁸ Vladimir Gel'man also outlines a theoretical framework for thinking about post-Soviet transitions.²⁹ Other theorists have focused on the question of democratization in a global perspective, including Thomas Carothers and Samuel Huntington.³⁰ Their research informs the theoretical perspective of why countries do not democratize.

Regarding the specific situation in Azerbaijan, the focus is not on theory development, but rather on seeing to what extent the situation confirms or rejects existing hypotheses. In the case of Azerbaijan, the research is most interested in data collection focusing on news reports and expert analyses. The Caucasus Analytical Digest is the most

²⁵ David Laitin, "Post-Soviet Politics," *Annual Review of Political Science* 3, 117-148 (2000), accessed 3 November 2015, <http://www.annualreviews.org/doi/full/10.1146/annurev.polisci.3.1.117>.

²⁶ Jody LaPorte, "Hidden in Plain Sight: Political Opposition and Hegemonic Authoritarianism in Azerbaijan," *Post-Soviet Affairs* (2014), accessed 3 September 2015, <http://www.tandfonline.com/doi/pdf/10.1080/1060586X.2014.951184>.

²⁷ Richard Youngs, "Democracy Promotion: The Case of European Union Strategy," Centre for European Policy Studies (October 2001), accessed 10 April 2016, <https://www.ciaonet.org/attachments/2277/uploads>.

²⁸ Michael McFaul, "The Fourth Wave of Democracy and Dictatorship: Noncooperative Transitions in the Postcommunist World," *World Politics* 54, no. 2 (January 2002), accessed 5 June 2014, <http://sites.harvard.edu/fs/docs/icb.topic1521414.files/March%2009/McFaul%202002.pdf>.

²⁹ Vladimir Gel'man, "Post-Soviet Transitions and Democratization: Towards Theory Building," *Democratization* 10, no. 2 (2003), accessed 5 October 2015, https://eu.spb.ru/images/pss_dep/gelman_Post-Soviet_Transitions_and_Democratization.pdf.

³⁰ Samuel Huntington, "Democracy's Third Wave," *Journal of Democracy* (1991), accessed 8 May 2014, <http://www.ned.org/docs/Samuel-P-Huntington-Democracy-Third-Wave.pdf>.

helpful for analyzing the political, social, and economic developments in the Caucasus region, as it often includes reports from natives of Azerbaijan. Vladimir Gel'man's work helps analyze these developments and make sense of them amidst the broader academic discourse. News organizations such as Radio Free Europe/Radio Liberty monitors ongoing events in the region, although gathering current events in Azerbaijan is more difficult considering the language barrier and the fact that RFE/RL is banned from the country. Jamestown Foundation provides expert analyses on the developments in the region. Assessing the role of Brussels in Azerbaijan is therefore significant for connecting the debates of post-Soviet transition with the ongoing debates as to the direction of the EU.

VII. Organization of the Thesis

This thesis is further divided into three chapters. The aim of Chapter One is to understand why Azerbaijan did not democratize. To do this, it is first necessary to understand the academic literature that theorizes why many post-Soviet republics have not become democracies, and then apply the theories to Azerbaijan to understand why the country did not democratize. The aim of Chapter Two is to understand the purpose of the EU's Eastern Partnership agreement with Azerbaijan. To do this, it is necessary to understand the development of democracy promotion as a feature of EU's foreign policy, and how the Eastern Partnership agreement emerged out of that strategy. It is also necessary to understand how the oil strategy of the EU is part of the Eastern Partnership agreement. The aim of Chapter Three is to analyze the EU's motives and priorities in Azerbaijan. The first issue is to compare the EU's oil strategy with its democracy promotion strategy. The second aim is to compare the actions of Azerbaijan with the Eastern Partnership agreement, and then to compare the EU's reaction to Azerbaijan's actions with the past precedent. After doing all of these things, the conclusion will evaluate the priorities of the EU and reach an answer to the research question. Finally, the study will evaluate how the answer could affect the credibility of the Eastern Partnership and the EU. Then the study will offer suggestions for future research.

Chapter 1. Post-Soviet Transition in Azerbaijan

The aim of this chapter is to understand why Azerbaijan has not democratized. First, it will discuss the end of communism in the former Soviet Union, and discuss the transition paradigm that became relevant in debate over the future of the region. Then, it will describe the evidence that shows the peak of democracy was reached in 2001, and since that time, the overall quality of democracy in the world has been on the decline. Next, the research will explain the theories that discuss why the democratic transition paradigm has stopped and what factors created the emergence of authoritarian regimes. The research will consider the case of Azerbaijan, to understand why the country is not a democracy.

It is important to establish the theoretical framework for why Azerbaijan is not a democracy because this adds complexity to the relationship of President Aliyev with the EU. Analyzing Azerbaijan from this perspective allows us to realize the powerlessness of the citizens and how Aliyev has an ordinate amount of power in the situation. He holds the power for changing the lack of democracy in the country. As the EU is constantly reevaluating its strategy regarding Azerbaijan, it must take into account the spread of democracy over the past 25 years and the factors that are stabilizing the authoritarian regime in Azerbaijan.

The field of transition studies is a subdiscipline of political science that is concerned with the ongoing process of political regime change in countries that are transitioning away from authoritarian regimes to democratic ones. The former communist countries of the Soviet Union have been of particular importance to observers trying to understand the democratization process in all of its variations. By the late 1980s, Mikhail Gorbachev's policies of 'glasnost' and 'perestroika' slowly opened the Soviet sphere, gradually opening the economy more fully to the free market, allowing for competitive elections, and a freer press. With the fall of the Berlin Wall, it became clear that the years of communism had ended. Communism was deemed "the grand failure," in the words of Zbigniew Brzezinski.³¹

³¹ Zbigniew Brzezinski, *Grand Failure: The Birth and Death of Communism in the Twentieth Century* (Collier Books: 1989).

In the former Soviet Union, however, countries not only had to build democracy, but also had to rid themselves of the communist legacy, which had become highly engrained in the politics of the countries over the past 40 years. To understand the transition to democracy of the former Soviet nations, it is first necessary to consider the context of the legacy of communism, which was an integral part of the history of all former Soviet republics. Polish poet Czeslaw Milosz describes the difficulty of overcoming the hegemony that communism brought to public discourse (or lack thereof) in Central and Eastern Europe:

Undoubtedly, one comes closer to the truth when one sees history as the expression of the class struggle rather than a series of private quarrels among kings and nobles. But precisely because such an analysis of history comes closer to the truth, it is more dangerous. It gives the illusion of full knowledge; it supplies answers to all questions, answers which merely run around in a circle repeating a few formulas.³² Through the late 1940s through early 1980s, this ideology was the basis of relations within the Soviet sphere. According to writer Slavenka Drakulic, by the early 1990s, communism was generally discredited throughout the region after the collapse of the Soviet Union, and democracy became the only feasible form of governance, and the free market was the only feasible economic structure.³³

Still, the process of transitioning to democracy was far from spontaneous. In his 1991 New Year's Address to the nation, President Vaclav Havel of Czech Republic (then Czechoslovakia) made the following statement following the collapse of communism and the coming difficulties of democratization:

A year ago, we all were united in the joy over having broken free of totalitarianism. Today we all are made somewhat nervous by the burden of freedom. Our society is still in a state of shock. This shock could have been expected, but none of us expected it to be so profound. The old system collapsed, and a new one so far has not been built. Our social life is marked by a subliminal uncertainty over what kind of system we are going to build, and whether we are able to build it at all.³⁴ Not all of the newly independent states shared this same 'subliminal uncertainty.' For some states, the independence brought with it a return to ethnic tensions that had been

³² Czeslaw Milosz, *The Captive Mind* (Vintage: 1953).

³³ Slavenka Drakulic, *Café Europa: Life After Communism* (Penguin Books: 1996).

³⁴ Vaclav Havel, "New Year's Address to the Nation," Speech, Czechoslovakia, 1 January 1991, accessed 2 February 2015, http://www.vaclavhavel.cz/showtrans.php?cat=projevy&val=290_aj_projevy.html&typ=HTML.

suppressed and laid dormant under communism.³⁵ Struggle and war over land marked the first decade of Azerbaijan's independence.

After the fall of communism led to the collapse of many economies in the Soviet Union, these countries now had to build capitalist economies out of nothing. In *The Burdens of Freedom*, Padriac Kenney illustrates the economic situation of these countries after the fall of communism:

In 1989-90, economies appeared to collapse with ferocious speed. Industrial production and standards of living plunged, while unemployment and prices rose. Thus, for example, all of the economies of the region saw a decline in GDP in 1990-91, in many cases by over 20 or even 30 percent. Unemployment went from zero to over 10 percent in the same period, while inflation hit double or triple digits.³⁶

The collapse of the Soviet Union meant that many of these weak economies had lost a valuable trading partner. As Kenney argues, the result of this economic situation in Eastern Europe was chaos, as individual vendors flocked to street corners to urge people to buy their goods. This haphazard marketization process was difficult for the majority of Eastern European countries.

Thus, it is apparent that the collapse of economies in post-communist countries created a lasting challenge for Eastern Europeans on both a national and individual level. Nationalist tensions also grew throughout the post-communist period as the principle of national self-determination gained legitimacy, which stated that ethnic groups have the choice to establish their own governments and boundaries. The wars of Yugoslav secession occurred throughout the 90s, as Bosnians, Serbs, and Croats all laid claim to the same land and each group wanted freedom to establish their own government and national boundaries.³⁷

Azerbaijan was not immune to this nationalist and ethnic tension, especially owing to the fact of its Muslim history. The country's 20th century development places it in a unique situation among the other Eastern Partnership countries. After the collapse of the Russian Empire in 1918, Azerbaijan became the world's first secular Muslim democracy, known as the Azerbaijan Democratic Republic, pre-dating the establishment of the

³⁵ *Refugee: The Long Journey of Anar Usubov*, Documentary (2011, USA).

³⁶ Padriac Kenney, *The Burdens of Freedom: Eastern Europe Since 1989 (Global History of the Present)* (Zed Books: 2006), 12.

³⁷ *The Death of Yugoslavia*, Documentary (BBC: 1995).

Republic of Turkey. The Parliament gave suffrage to women, the first Muslim nation in the world to do so. However, there was inner conflict among various factions competing to determine the direction for the country. Transcaucasia (the region between the Black Sea and Caspian Sea) did not support the October Revolution or the rule of the Bolsheviks in Russia. Thus, parties in support of pan-Turkism and pan-Islamism were set against the Bolsheviks.

Moreover, ethnic tension was growing between Armenians and Azerbaijanis in Baku, which morphed into war between Muslims (Tatars and Turkish population) and the Bolsheviks (communists and supporters of Armenia). On 28 April 1920, the Azerbaijan Democratic Republic surrendered to local Bolsheviks, and was absorbed into the Soviet Union. Baku was an important location for the Soviet Union because of its vast oil reserves. During the Second World War, Azerbaijan supplied nearly 70% of the Soviet Union's oil.³⁸

The 1950s and 1960s saw improvements in infrastructure and welfare conditions, which coincided with de-Stalinization and Russification, meant to suppress Islamic ideology and increase patriotism for the united Soviet Republics.³⁹ Moscow appointed Heydar Aliyev, a KGB general, as leader of Azerbaijan SSR in 1969, who promoted the cotton industry and other alternative industries, due to the fact that the oil industry was declining as the Soviet Union had discovered oil in Siberia and was becoming less reliant on Azerbaijani oil. He transformed the ruling party into an elite of predominantly ethnic Azerbaijanis, and was forced to retire when he disagreed with Gorbachev's policies of perestroika.

As perestroika and glasnost spread in the 1980s, regions of Transcaucasia felt an increasing sense of return to ethnic pride and identity, which also brought with it an increase in ethnic hostility. An Azerbaijani independence movement began to grow, which brought feelings of brotherhood with Iranian Azerbaijan, but also growing hostilities between Azerbaijanis and ethnic Armenians. Many ethnic Azerbaijanis live in northwestern Iran, and Azerbaijanis on both sides of the border fence wanted closer relations. At the same time, neighboring Armenia desired independence as well, and they

³⁸ Library of Congress, *Armenia, Azerbaijan, Georgia: Country Studies*, 118 (1995).

³⁹ European Stability Initiative, "Soviet Azerbaijan," March 2011, accessed 3 December 2015, http://www.esiweb.org/index.php?lang=tr&id=321&country_ID=2&slide_ID=4#_ftn8.

allowed residents of Nagorno-Karabakh region to vote in Armenian elections, which enraged Azerbaijanis, who saw Nagorno-Karabakh as a jurisdiction of their territory. Citizens rioted, and Moscow cracked down violently on the rioters in an event that became known as Black January.⁴⁰ Only in the last decade of the 20th century did Azerbaijan have full independence, and half of those years were spent preoccupied in a bloody conflict with Armenia. From violent beginnings the path towards independence began. A Declaration of Independence was approved within the country on 18 October 1991, and the country officially became independent. The ethnic hostilities didn't stop, and war broke out between ethnic Armenians in the Nagorno-Karabakh region, and the government of Azerbaijan. Ethnic Armenians wanted Nagorno-Karabakh to become a region of Armenia, although the entire region is located inside Azerbaijan.⁴¹

In Azerbaijan, the country was never truly hospitable to communist ideology, as the nation was historically Muslim and had strong ties to Iran because of the Azerbaijani diaspora in the northwest region. Moreover, Marxist-Leninist ideology had tried to suppress ethnic identities, which was difficult in Azerbaijan as the nation had a long-standing conflict with Armenia. Thus, when the union collapsed, the ethnic hatred immediately filled the void. There would be no going back to communism.

Despite the trials and tribulations of independence, none of the former Soviet countries wanted to remain communist. All of them went towards democracy, at least in name. Therefore, the test of these countries was not in whether or not they called themselves democratic, but rather in the institutions, and whether or not the institutions created under the name of democracy were truly democratic in nature. Looking back from today, it seemed that in 2004 and 2007, the majority of these communist countries were becoming democracies, and this supported the belief that had become prominent in the USA, and to some extent in the countries of the European Economic Community, that there was something called a transition wave, or transition paradigm, that was emerging. This was the only thing that could account for the dramatic increase in the number of

⁴⁰ Bill Keller, "Upheaval in the East: Soviet Union; Force as a Last Resort: Armed Power Salvages Moscow's Facing Authority," *New York Times*, 29 January 1990, accessed 24 November 2015, <http://www.nytimes.com/1990/01/29/world/upheaval-east-soviet-union-force-last-resort-armed-power-salvages-moscow-s.html?pagewanted=1>.

⁴¹ Thomas de Waal, *The Black Garden: Armenia and Azerbaijan Through Peace and War* (NYU Press: 2004).

democratic countries. For example, Latin America saw the end of many military dictatorships in the 1970s and 1980s, Spain saw the end of the Franco regime in the mid-1970s, and the former Soviet Union saw the break-up of its own empire into democratic states.⁴² This is what Ronald Reagan referred to as the ‘worldwide democratic revolution.’⁴³ Francis Fukuyama called this the ‘end of history,’ meaning that this is when the liberal, democratic ideals have taken their place as the world order that will be experienced in the 21st century.⁴⁴

A lot of countries did follow the transition paradigm, which consisted of five central points that outlined the transition process, and these ideas found their way into the minds of policy makers who were developing democracy promotion strategies. Thomas Carothers describes the five assumptions of the transition paradigm.⁴⁵ The first assumption is that any country moving away from dictatorial rule, communism, or authoritarianism, must be moving towards democracy. In this paradigm, no country leaves communism to go towards another type of totalitarian regime. The second assumption is that all democratizing countries are following a set of three stages. The first stage is the *opening* in the regime, which is before the dictatorship or authoritarian regime collapses, when cracks emerge between the ‘hardliners’ and ‘softliners.’ ‘Hardliners’ are the ones who want to maintain the status quo, while the ‘softliners’ are the reformists. This is a divide amongst the establishment, which is merely a reflection of the society.

This leads to an increase in political energy, which leads to the *breakthrough*. The regime collapses, and the new democratic system emerges. A new government comes to power with new elections and a new democratic institutional structure, which is initiated by the writing of a new constitution. After this transition process of building democracy, the newly created democratic forms now become the democratic structure, which form the new rules of the society. Civil society strengthens and the media opens up and the society gets used to regular elections and the new state institutions. This is the period when democratic *consolidation* takes place in the society.

⁴² Thomas Carothers, “The End of the Transition Paradigm,” *Journal of Democracy* 13, no. 1 (2002), 5, accessed 5 September 2015, <http://www.journalofdemocracy.org/articles-files/gratis/Carothers-13-1.pdf>.

⁴³ Carothers, “Transition Paradigm,” 6.

⁴⁴ Francis Fukuyama, *The End of History and the Last Man* (Free Press: 1992).

⁴⁵ Carothers, “Transition Paradigm,” 6.

The third assumption is that the trademark of democracy is regular, free, and fair elections. For any country moving away from communism, the focus is on the extent to which these countries developed and maintained their election process. The fourth assumption is that the historical, religious, and cultural context of the country is irrelevant as regards its ability to become democratic. This explained why so many countries from different parts of the world became democratic. This meant that there had to be something about democracy that went above the cultural, religious, and historical context of a country. The fifth assumption is that democratic transitions are built upon coherent, functioning states. This means that the countries did not have a need for a dramatic political revolution; rather, the democratic transition came naturally out of a coherent, functioning state. These five assumptions helped to explain why democracy emerged.

The reason this paradigm gained traction among many was because many countries did actually conform to this model, to a greater or lesser extent. The cases of Czech Republic and Poland, and the reunification of Germany into a democratic state, generally was seen in the West as evidence of peaceful transition in the region. The ascendancy of Vaclav Havel in Czech Republic and the success of Solidarity in Poland reaffirmed that democracy could emerge as the result of a process of bargaining for power among establishment elites and outsider newcomers. Even the violence in Romania was overshadowed by the peaceful fall of the Berlin Wall.

From the perspective of the EU, the growing trend of democratization in its eastern neighborhood informed the EU that the ‘transition paradigm’ is true. This solidified the thought in the EU that their role should be to encourage democracy. In Czech Republic, Poland, Hungary, Slovakia, Estonia, Latvia, and Lithuania, the transition to democracy came quickly. In other countries, such as Georgia, it happened more slowly.

Nonetheless, in all the newly independent states, there was a clear opening, when the Soviet Union collapsed and it became clear that none of the countries were choosing to go back to communism after independence. This then led to a breakthrough of a new regime. Yet what was still unclear, even in 2004, was to what extent the democratic consolidation process had truly taken place. The question then became: What will the consolidation process look like? This became the focus of the ongoing academic debate.⁴⁶

⁴⁶ Vladimir Gel'man, “Post-Soviet Transitions and Democratization.”

Although it was deemed apparent during the 1990s that many countries were indeed following the transition paradigm, conflict arising out of the consolidation process became gradually more significant. The Yugoslav Wars in the 1990s, the violence in Romania, and the war over Nagorno-Karabakh in Azerbaijan demonstrated that the world had not entered the ‘end of history,’ because new wars had started out of this democratic transition. The end of the Soviet Union meant a return to ethnic identities, which brought back to the surface much of the ethnic hostility that had lain dormant. The growing ethnic hostility escalated into the war of Nagorno-Karabakh, between historically Christian Armenia and historically Muslim Azerbaijan. The ‘color revolutions’ in Ukraine, Georgia, and Kyrgyzstan at the beginning of the 21st century, which were popular uprisings against increasingly authoritarian governments, and the ongoing war in Ukraine, have all cast doubt on the usefulness of the transition paradigm to account for the reality of transition in the EU’s eastern neighborhood.

Scholar Michael McFaul identified the common factors that contributed to the ‘color revolutions’ of the 2003 Rose Revolution in Georgia and the 2004 Orange Revolution in Ukraine.⁴⁷ These popular uprisings took place in semi-authoritarian regimes after public outrage at elections that were deemed unfair, and in both cases, the incumbent was highly unpopular. The political opposition was united and able to organize quickly and effectively and the independent media was strong enough to inform citizens of the falsified elections. As McFaul outlines, one of the main factors for the revolutions were an organized opposition. In Azerbaijan, since independence there has never been an organized opposition that the entire country could stand behind. Most people in Azerbaijan are apathetic towards politics.⁴⁸

The number of countries classified as ‘free’ by Freedom House has increased since the 1970s, so it is possible to say that the overall number of people experiencing an improvement in democratic freedom has increased since this time.⁴⁹ However, Freedom House data also suggests that it was in 2001 when the peak of democratic freedom was

⁴⁷ Michael McFaul, “Transitions from Postcommunism,” *Journal of Democracy* 16, no. 3 (July 2005), 7, accessed 3 January 2015, <http://www.journalofdemocracy.org/sites/default/files/McFaul-16-3.pdf>.

⁴⁸ “Apathy Tarnishes Azeri Vote,” *The Moscow Times*, 8 November 2010, accessed 26 October 2015, <http://www.themoscowtimes.com/news/article/apathy-tarnishes-azeri-vote/421926.html>.

⁴⁹ Freedom House, “Essay: Setbacks and Resilience,” *Freedom in the World 2009*, accessed 20 January 2016, <https://freedomhouse.org/report/countries-crossroads-2011/essays>.

reached. Since 2001, the number of countries experiencing a decline in their freedom score has increased.⁵⁰ This demonstrates that the overall quality of democratic freedom has been in decline over the past 15 years.

Not only have the former Soviet Union countries experienced a decrease in democratic freedom, but also many countries in the West have experienced this downturn as well. The financial crisis of 2007-08 and the Occupy movement of 2011 showed that democratic countries are not immune to their own problems. At the same time, countries that are becoming more economically successful, such as China, are not democratic.

This helps explain why there is no enlargement of the EU on the horizon. The fact that the EU is no longer growing appears to be evidence of the fact that a worldwide democratic transition is no longer the reality. This reality is infiltrating its way into the foreign policies of the EU. Before the 2004 enlargement, the prospect of EU membership was a strong motivating factor for new countries to democratize. Yet, the EU is no longer offering membership to the countries of the former Soviet Union. The EU wants to sign association agreements, but it does not want to offer membership. Instead, it is opting for the European Neighborhood Policy, and Eastern Partnership, and specific trade agreements. For these countries, the basis of relations is less about democracy and more focused on economics. The EU is viewing the Eastern Partnership countries as trading partners, not as potential EU members.

Scholar Thomas Carothers argues that, while the transition paradigm may have been true at one time, it is no longer valid because fewer than 20 of the over 100 countries considered ‘transitional’ are showing any democratic progress at all. Instead of the liberal promotion of democracy, researchers should instead ask, in the words of Carothers, “What is happening politically?”⁵¹ Vladimir Gelman writes,

Realism in the study of post-Soviet politics demands a more value-free approach to analyzing the causes and consequences of the dynamic’s of actors’ behavior and institutional change, in both an international and intra-national (that is, cross-regional) comparative perspective. This must be detached from all presumptions about there being a global movement towards democracy.⁵²

It is time to adopt a realist perspective of political science in the post-Soviet region.

⁵⁰ Freedom House, “Freedom in the World 2016,” 2016, accessed 20 January 2016, https://freedomhouse.org/sites/default/files/FH_FITW_Report_2016.pdf.

⁵¹ Carothers, “End of Transition Paradigm,” 18.

⁵² Gel’man, “Post-Soviet Transitions and Democratization,” .

The field of transition studies has become interested in understanding why some of these countries have democratized while others have not. Is it simply a geographical divide that runs along the border of the EU and the Eastern Partnership countries? Or, are there other factors at play? Samuel Huntington was interested in why some countries went towards consolidated democracy while others did not.⁵³ He theorized that, as a result of communism becoming discredited, democratic norms became generally accepted in the region; however, this did not translate into democratic principles making a proper way into governance systems. Rather, democracy became synonymous with ‘anything that isn’t communism.’ The hegemony of ‘democratic norms’ meant that governments were in fact less dependent on democratic performance legitimacy than they otherwise would have been. Post-Soviet governments could slide from communism to authoritarianism, under the guise of democratization. The consolidation process, thought to be the third pillar of the transition process, was only sometimes pushing countries towards democracy. The question then became: How can it be understood why some countries did not democratize?

There is no universally accepted theory of regime transition and the factors that predict subsequent democratization or authoritarianism. Theorist Michael McFaul has proposed that the main factor determining whether a country heads towards democracy or authoritarianism lies upon the ideological orientation of the ruling party when communist rule ended.⁵⁴ Therefore, it is necessary to look at the party that came to power when the democratic breakthrough took place, as this will offer the best sign of its future trajectory even decades on. In this case, it is not necessarily about the public will, radicals, outsiders, intellectuals, or even the general public; rather, the democratization process is still an elite-driven process.

At the same time, however, when the balance of power is equal between the establishment and newcomers, politicians are most likely to compromise and institute a democratic system of checks and balances in order to ensure that the other party will not gain the upper hand. As McFaul writes, “Uncertainty enhances the probability of compromise, and relatively equal distributions of power create uncertainty.”⁵⁵ In countries where democracy does not have a heritage, democracy emerges not from a shared idealistic

⁵³ Huntington, “Democracy’s Third Wave,” 19.

⁵⁴ Michael McFaul, “The Fourth Wave of Democracy and Dictatorship,” 214.

⁵⁵ McFaul, 219.

vision of democracy, but rather from struggle between opposition political forces to achieve their parties' interests.

However, when thinking about two relatively equal parties opposing one another for power, enough cases refute the hypothesis that this will lead to democracy, which makes it highly questionable. The struggle between opposing political forces does not always lead to peaceful democracy. Sometimes it has instead led to civil war. This can be seen in the case of the Yugoslav Wars and the Nagorno-Karabakh War. Moreover, just as a dominance of democrats in political leadership makes it more likely for democracy to emerge, a dominance of old regime leaders in the new regime makes it more likely for the country to turn to authoritarianism.

Nowhere in the 'transition paradigm' did it establish that there must be a new elite. Many times in transition, the elite stayed the same as under communism. From this perspective, it is not the democratic ideal of the elites that creates democracy, but rather the impossibility of any group (of elites) to achieve their interests. When the communist elites could not achieve their own interests is when democracy emerged.

When thinking about the transition process of many of the former communist countries, negotiations often play a dominant role. However, McFaul writes

The dominant dynamic was confrontation, not compromise, between the old elite and the new societal challengers. In most of these cases societal mobilization was critical. It produced transitional leaders- Wałesa, Havel, Landsbergis- who were not previously members of the elite (...) When the balance of power became clear, these new political actors, aided by the support of society, imposed their will on the weaker elites, whether soft-liners or hard-liners, from the ancien régime. Though the process itself was not always democratic, the ideological commitment to liberal principles held by these transition victors pushed regime change toward democracy. Democrats with power, not the process of transition, produced new democratic regimes.⁵⁶

The general public did play a secondary role in mobilizing the newcomers that came into power, hoisting them into their roles as the new elite. This was the case of the Solidarity movement in Poland. In some of these cases it was a peaceful transition; however, looking back it is easy to neglect the fact that these peaceful transitions could have turned violent at any time. The police could have responded violently to the protestors tearing down the

⁵⁶ Ibid., 228.

Berlin Wall, but by that time, the social contract of communism had broken apart to such an extent that there was no reason to resort to violence.

Michael McFaul developed a chart of the countries that compares the balance of power at the time of the breakthrough with the eventual regime type that was established after the consolidation phase – dictatorship, partial democracy, or democracy.⁵⁷ The democracies are all the countries that have since joined the EU. The Central Asian and Eastern Partnership countries are divided between the partial democracies and the dictatorships. The only dictatorship that the EU interacts with through the Eastern Partnership is Belarus. 25 years on, Belarus has a similar situation to Azerbaijan, but at the time of independence in Azerbaijan, the balance of power was less certain. This makes it necessary to investigate how this uncertain balance of power has played out into the present day.

	Dictatorships	Partial Democracies*	Democracies
Balance of Power for Challengers		Armenia Bosnia-Herzegovina Georgia	Croatia Czech Republic Estonia Hungary Latvia Lithuania Poland Slovakia Slovenia
Balance of Power Even or Uncertain	Tajikistan	Moldova Russia Ukraine Albania Azerbaijan Macedonia	Bulgaria Mongolia
Balance of Power for Ancien Régime	Belarus Kazakhstan Kyrgyzstan Turkmenistan Uzbekistan	Yugoslavia/Serbia	Romania

FIGURE 1
 TYPOLOGY OF POSTCOMMUNIST REGIMES

⁵⁷ Ibid., 227.

The figure above may explain the initial transition period, the democratic *breakthrough*, and the regime type that exists (as of 2002), but it does not explain how democracies or authoritarian regimes have endured over long periods of time.

The situation in Azerbaijan that has developed over the past 25 years supports the notion that the transition paradigm is outdated. Thomas Carothers characterizes the authoritarian regime in Azerbaijan with the term ‘dominant-power politics.’ This is where “one political group dominates in such a way that their appears to be little prospect of alternation of power in the foreseeable future.”⁵⁸ What has emerged in Azerbaijan is neither democracy nor dictatorship, but rather a corrupt authoritarian regime where communist leaders have regained power.

While part of the Soviet Union, Moscow appointed Heydar Aliyev, a KGB general, as leader of Azerbaijan SSR in 1969. He transformed the ruling party into an elite of predominantly ethnic Azerbaijanis, and served until being forced into retirement in 1987. In 1989, Azerbaijani Popular Front (APF) led a wave of protest-strikes to express growing political opposition to Azerbaijan Communist Party (ACP) rule.⁵⁹ In September the ACP legalized the APF and declared Azerbaijan sovereign, but in November the Supreme Soviet nullified the resolution. Azerbaijanis rioted, so Moscow declared martial law and outlawed APF.

When Azerbaijan became independent in 1991 after the collapse of the Soviet Union, it was the pro-Moscow communist leadership that signed the Constitutional Act of Independence of the Republic of Azerbaijan. In 1992, Azerbaijan Popular Front (APF) leader Abulfaz Elchibey came to power through 59% of the vote in a 5-candidate democratic election. Andreas Heinrich writes that it was under the Elchibey leadership that the government began to develop in a democratic direction, but the crisis in Nagorno-Karabakh distracted the APF and it fell in a Moscow-backed military coup. Elections in October 1993 brought Aliyev back to power with 99% of the vote. The constitution was signed in 1995.⁶⁰

The first post-Soviet parliamentary elections took place in November 1995. Heydar

⁵⁸ Carothers, “End of the Transition Paradigm,” 12.

⁵⁹ European Forum for Democracy and Solidarity, “Azerbaijan,” 2009, <http://www.europeanforum.net/country/azerbaijan#elections>.

⁶⁰ Andreas Heinrich, “The Formal Political System in Azerbaijan,” *Caucasus Analytical Digest*, no. 24 (2011), 2, accessed 6 September 2015.

Aliyev's New Azerbaijani Party (NAP) won most of the seats. In October 1998, Heydar Aliyev won reelection with more than 70% of the vote. In November 2000, NAP once again won the majority of seats in parliament. In October 2002, Aliyev announced that he was not running again, so NAP nominated Ilham Aliyev, his son, as successor. In October 2003, Ilham Aliyev won nearly 77% of the vote.⁶¹ Heydar Aliyev died in December of the same year. The regime has continued to this day with the presidency of Ilham Aliyev, who inherited power in 2003 after elections that were deemed fraudulent by human rights organizations and Azerbaijani civil society.

Heinrich notes that there are many contradictory aspects to the constitution signed in 1995. For one, it states that the citizens are the sole source of power, but at the same time it gives the majority of power to the executive branch. Also, Heydar Aliyev amended the constitution so that if the president dies, the position goes to the prime minister, rather than to the speaker of parliament. A president only needs a majority to become president, which is an amendment to the constitution that specified the need for two-thirds of the vote.⁶²

The situation in Azerbaijan is unique because of the Nagorno-Karabakh war, which required strong leadership. Heydar Aliyev was the only one capable of ending the war and declaring a cease-fire. The Aliyev leadership has often used the tense and fragile nature of the Nagorno-Karabakh conflict as justification for strong executive leadership. The democratic opening and breakthrough did occur, as evidenced by the elections in the early years of independence, but the war threw the transition paradigm out and the consolidation phase was never established. From this point of view, it is impossible to say whether that is truly the result of the Nagorno-Karabakh war, or if Aliyev's claim to strong leadership is just a convenient excuse. Nonetheless, it is clear that the transition paradigm did not take place, and as the EU is negotiating and making agreements with Azerbaijan, it is clear that they are negotiating with an authoritarian state.

⁶¹ Freedom House, "Freedom in the World 2011: Azerbaijan," 2012, accessed 7 July 2015, <https://freedomhouse.org/report/freedom-world/2011/Azerbaijan>.

⁶² Heinrich, "The Formal Political System in Azerbaijan," 3.

Chapter 2. The EU's Eastern Partnership in Azerbaijan

The aim of this chapter is to understand the purpose of the EU's Eastern Partnership agreement with Azerbaijan. First, the research will explain how the EU developed democracy promotion as a feature of its foreign policy strategy. Then, the research will discuss the tactics the EU has developed, in particular its approach to the funding of civil society as crucial for building foundations for democracy that will remain stable in the long run. The EU has chosen this strategy because it is seen as less political, due to the fact that it is not about directly funding political parties or the government itself.

Next, the research will discuss the relationship of the EU with other European bodies, such as the Council of Europe, and the Organization for Security and Cooperation in Europe. By comparing the role of the EU with these two organizations, it is possible to better understand the role of the EU itself and how these three organizations work together to promote European values in its foreign policy. From this, it will be possible to understand the context from which the Eastern Partnership has emerged. The main principles of the Eastern Partnership will be discussed, in particular as regards the oil strategy of the EU.

Not long ago, the EU as it is known today was divided in two by what Winston Churchill called the 'Iron Curtain.'⁶³ Communism in the east, and capitalism and democracy in the west defined Europe for many decades, until the collapse of the Soviet Union led to the emergence of 28 newly independent states. At this time, the EU was not known as the EU, but rather as the European Economic Community (EEC) and its main objectives were the creation of a common market and customs union. The unexpected end of Soviet communism freed these newly independent states from Soviet control, but left them vulnerable and in need of protection from nearby allies. The EEC was the nearly perfect ally – geographically close, and able to offer protection and trade without usurping their sovereignty.

The EEC was pleased to see the end of Soviet communism as it meant an end to the Cold War and the end of Soviet control in the EEC's eastern neighbors. The EEC found

⁶³ Winston Churchill, "Iron Curtain Speech," Speech, USA, 5 March 1946, accessed 13 March 2016, <http://legacy.fordham.edu/halsall/mod/churchill-iron.asp>.

that it had much in common with its eastern neighbors in terms of values. Many, if not all, of the newly independent states wanted to become free market democracies, and the EEC had already established its *acquis communautaire* that had helped a dozen countries become free-market democracies and join the EEC. The *acquis communautaire* refers to the cumulative body of European Union law that prospective member states must adhere to in order to gain membership. The EEC realized that its most valuable role in its foreign policy would be as a promoter of democracy.⁶⁴

The justification for this strategy reaches back to the Second World War. However, when Winston Churchill urged in 1946 for “this act of faith in the European family,” he was primarily referring to economic integration.⁶⁵ By integrating economically, especially in the realm of energy trade between France and Germany, war would become nearly impossible. The logic of the European Economic Community was that integration brings peace. At the time the whole of Europe was rebuilding after the war, no one knew how far the idea of integration would go; some envisioned an ‘United States of Europe,’ and all knew that they could never go back to the way things were before.

Democracy became a necessary condition for the proper functioning of the EEC. Only if all countries ran on democratic procedures at the national level, it was believed, could the supranational functions of the EEC operate effectively. This was even more important considering that the EEC was not a military power. The EEC needed to sell its European values to prospective members because its status as a world power relied on the power of its free and open market. The ‘European values’ became democracy, rule of law, and the protection of universal human rights.

As stated in Chapter One, the fall of communism brought with it new, monumental challenges for countries that needed to rebuild a democratic, free market society. The lack of a civil society in post-communist countries also posed a significant challenge for countries in their attempts to build strong foundations for democracy. The official website of the World Health Organization defines civil society as “a social sphere separate from both the state and the market (...) Traditionally, civil society includes all organizations that occupy the ‘social space’ between the family and the state, excluding political parties and

⁶⁴ Youngs, “Democracy Promotion,” 1.

⁶⁵ Winston Churchill, “United States of Europe,” Speech, Zurich, Switzerland, 19 September 1946, accessed 13 March 2016, <http://www.churchill-society-london.org.uk/astonish.html>.

firms.”⁶⁶ The notion of advancing common interests in public that didn’t adhere to the communist party line was new and uncharted territory.

The EU was better equipped to assist countries, like Czech Republic, that did not have long-standing, deep-rooted conflicts with neighbors. The possibility of accession to the EU incentivized countries to transition to democracy. This positive incentive mechanism was effective because it was a win-win for both parties- perspective EU members get funding for democracy building and new trading partners, while existing EU members get new trading partners, a larger sphere of influence, and a buffer zone against Russia. Another factor that turned the EU towards more soft forms of international influence was that military build-up was not a priority of the EU. The North Atlantic Treaty Organization (NATO) provided military support, which freed up the EU to carve out a separate identity for itself as a global power.

Since the end of the Cold War, the EU has lost a significant threat in the Soviet Union, at least for the time being. The EU could then move towards democracy promotion as it still did not want to directly confront Russia. At the beginning of the 1990s, the EU was interested in offering aid for election assistance. However, many EU countries felt this to be too political, because it was forcing the EU countries to place demands on the governments of outside countries, and the EU did not want this confrontation. The EU wanted to move towards a passive approach.⁶⁷

There were two possible options. The first is positive conditionality, which Richard Youngs defines as “releasing additional parcels of aid in response to progress on democratic reforms.”⁶⁸ This is a reward system given to a government of an outside country. The primary means through which the EU can encourage democracy in outside countries is through its financial aid. Money is an important aspect of EU’s foreign influence, which is particularly important because the EU is not focused on being a strong military power.

This was established during the 1990s, during which time the EU was giving around 800 million Euros per year. Germany was the top donator, giving 200 million

⁶⁶ World Health Organization, “Civil Society,” Glossary of Globalization, Trade, and Health Terms, accessed 12 April 2016, <http://www.who.int/trade/glossary/story006/en/>.

⁶⁷ Youngs, “Democracy Promotion,” 11.

⁶⁸ *Ibid.*, 1.

Euros per year. United Kingdom was second, with more than 100 million per year. The European Commission was third, where funding was managed under the European Initiative for Human Rights and Democracy. In 1994, the Commission gave 59 million Euros, in 1999 they gave 98 million, and in 2001 they gave 201 million Euros. The Netherlands, France, and Denmark were also top contributors.⁶⁹

Still, the funding given by the Commission for democracy reform was less than 2% of its overall aid budget. Eastern Europe is a higher priority for democratic reform than the Mediterranean region and Asia, according to Youngs. In the period 1996-1999, 35% of all democratic reform aid went to the region of Central and Eastern Europe, the Balkans, and the Commonwealth of Independent States.

The second option is to give money directly to civil society, and this came into greater prominence by the end of the 1990s. It became the belief that civil society would create the political strength for the institutions of democracy to emerge from the ground-up. The EU has defined its role as a bottom-up approach. The EU gave to human rights organizations, training for human rights standards for army, police officers, administrators, judges, assistance for homeless children, psychological support for victims of abuse, and social and economic reintegration of combatants, and vocational training. However, low funding was given to trade unions and church or mosque organizations. Most funding was given to NGOs focused on freedom of expression. Limited support was given to political society, including parliaments, political parties, judiciaries, and local governments. The focus on freedom of expression is a crucial aspect of EU foreign policy. This approach has also found its way into the European Neighborhood Policy and the Eastern Partnership that are active today.

This approach does not seem controversial, but in fact it was partly the refusal of then Ukrainian President Viktor Yanukovich to sign an Association Agreement at the 2013 Vilnius Summit of the Eastern Partnership that led to the current conflict in Ukraine.⁷⁰ While it has become controversial, it is the way the EU has chosen to bring the Eastern Partnership countries closer, and that is not always popular.

⁶⁹ Ibid., 4.

⁷⁰ Kadri Liik, "What Else Could We Have Done? Ukraine After Vilnius," European Council on Foreign Relations, 28 November 2014, accessed 12 May 2015, http://www.ecfr.eu/article/commentary_lessons_from_the_vilnius_summit367.

The EU, Council of Europe (CoE), and Organization for Security and Cooperation in Europe (OSCE) are three organizations focused on the achievement of the European values, which are democracy, human rights, and the rule of law. Although they have similar values, their roles are different.⁷¹ It is important to understand the different roles of each organization in order to answer the research question. The EU is the smallest, with 27 member states, while the Council of Europe has 47 members, and OSCE has 57. The Council of Europe is the primary European promoter of democracy in Azerbaijan. According to the Memorandum of Understanding between the Council of Europe and the European Union, “The Council of Europe will remain the benchmark for human rights, the rule of law and democracy in Europe (...) Relevant Council of Europe norms will be cited as a reference in European Union documents.”⁷²

What sets the EU apart from the others is that it is an integrated organization of political, economic, and to a lesser extent, cultural development. The EU is the most deeply integrated of the three organizations. It’s a supranational organization, which makes it unique among international bodies. Member states attempt to align their national policies as much as possible. The CoE is particularly focused on human rights law. The CoE has the European Court of Human Rights (ECHR), which is important for European citizens to be able to challenge their national governments in court.⁷³ In comparison with the EU, the CoE is not a supranational organization; rather, it is a gathering of nations that is not integrated to the same extent as the EU. The OSCE has the same values of the EU, but its focus is primarily on security. It is focused on aspects such as conflict prevention and the arms trade. It is a counterpoint to NATO, which has armed forces. OSCE is more focused on prevention and in creating the building blocks of a stable society.⁷⁴ It is similar to the CoE in that it is an international organization, but it is not culturally or economically integrated to the extent of the EU.

⁷¹ Council of Europe, “The Council of Europe and the European Union: Different Roles, Shared Values,” Index: Transversal Themes, accessed 23 April 2016, <http://www.coe.int/en/web/portal/european-union>.

⁷² Council of Europe and European Union, Memorandum of Understanding between the Council of Europe and the European Union (Strasbourg: 23 May 2007), 3, accessed 22 January 2016, http://ec.europa.eu/justice/international-relations/files/mou_2007_en.pdf.

⁷³ *The Conscience of Europe*, Documentary, produced by European Court of Human Rights.

⁷⁴ Jonathan Dean, “OSCE and NATO: Complementary or Competitive Security Providers for Europe?” <https://ifsh.de/file-CORE/documents/yearbook/english/99/Dean.pdf>.

Therefore, going back to the research question, is it possible to say that the EU has the biggest role of these three in promoting democracy in Azerbaijan? The EU can only do what is outlined in the EaP agreement because Azerbaijan is not a member state of the EU. Azerbaijan is, however, a member of the Council of Europe, so it is held to the same requirements as any other member state. The fact that Azerbaijan has not been meeting democratic standards is a bigger problem in the CoE, and people have sued Azerbaijan in the ECHR.

Additionally, OSCE and CoE are less political due to the fact that they are international, not integrated, organizations. If the EU were to monitor elections in another country, it would become precarious because national governments in Europe do not have the incentive to monitor another country's elections. Everything that the EU does in Azerbaijan is politicized. This is where OSCE and CoE can step in and have more freedom and a more objective position as an outside observer.

The impetus for ongoing relations between Azerbaijan and the European Union has been the historical record demonstrating that the European Union had, at least in the early 2000's, a magnetic force of democracy that brought many former communist countries into the Union. While not offering full membership, the belief in the EU as a force for democracy has guided much of their policies in the Eurasian region. For countries that joined the EU, they had to adopt the *acquis communautaire*, the cumulative legislation of European Union law. The EU has established means of reforming outside countries. It is through the European Neighborhood Policy and the Eastern Partnership that the EU has been able to make reforms in countries in a wide variety of areas.

The bases of EU-Azerbaijan relations are political and economic relations, trade relations, technical and financial cooperation, and civil society dialogue. The EU's "approach to encouraging political change in the developing world has focused on enhancing the social and ideational foundations of sustainable democratization, and has not favored the systematic use of punitive conditionality."⁷⁵

The political and institutional structure of the Eastern Partnership involves biannual meetings of the 27 European heads of state with the six EaP heads of state.⁷⁶ There are

⁷⁵ Youngs, "Democracy Promotion," 1.

⁷⁶ Costea, *The European Union's Eastern Partnership*, Video.

annual meetings of the ministers of foreign affairs, where they review ongoing progress. Senior officials engaged in reform work meet at least twice a year. Panels to support work of platforms meet as often as appropriate. The EURONEST Parliamentary Assembly meets, which is a large assembly of parliamentarians from all partner countries gathering to discuss the most important issues.⁷⁷ There is also the EaP Civil Society Forum, where issues related to civil society are discussed.

There are many layers to the political and institutional structure of the EaP intended to increase interaction between the EU and EaP countries as much as possible. This logic goes back to the logic of the EU itself, which is that integration brings peace. Even if the EU cannot integrate with the EaP countries, they can still communicate as much as possible.

The aim of the partnership is progressive integration and increased energy security, which includes investment in infrastructure, better regulations, energy efficiency, and reducing risks of interrupted gas supply. There are many levels along the energy market that are important for the EU in securing energy. Mobility and visa liberalization is another aspect of the EU's bottom-up approach and exchange of citizens in people-to-people contact.

There are multilateral policy platforms of cooperation: 1) Democracy, good governance, stability; 2) Economic integration and convergence with EU policies; 3) Energy security; 4) Contacts to support reform efforts in each state. On each of those issues, the EU has created platforms for panelists to gather and improve these areas. Lastly, there are five flagship initiatives: 1) Border management program; 2) a Small and Medium Enterprises (SME) facility; 3) Electricity markets integration, energy efficiency and renewables; 4) Developing the southern energy corridor; 5) Prevention, training, and response to disasters.

Based on the political and institutional structure just described, there are four levels of involvement between members. The EU is trying to get as integrated with Azerbaijan as possible. The first level is the civil society level, followed by the parliamentary level,

⁷⁷ Hrant Kostanyan and Bruno Vandecasteele, "The EuroNest Parliamentary Assembly: The European Parliament as a Socializer of its Counterparts in the EU's Eastern Neighborhood?" *College of Europe EU Diplomacy Papers*, 7, accessed 1 April 2016.

expert level, and government level. At every level, the countries are interacting and staying in communication.

The EU, as previously stated, is trying to diversify its energy supply away from Russia. Azerbaijan is especially important because Azerbaijan makes it possible for production in the Caspian Sea to run along pipelines through Georgia and Turkey, through Greece, through the Balkans, or through Italy to Austria, and to Germany, Czech Republic, and all throughout Europe. Azerbaijan is the key player in this link.⁷⁸ To understand the role of the EU with Azerbaijan, it is important to offer a brief overview of what the energy market is and how it can be conceptualized.

Both oil and natural gas are forms of energy that serve different purposes, although natural gas can replace oil in some uses, such as for motor fuel. Many public and private companies operate in both oil and natural gas extraction, such as BP and SOCAR, Azerbaijan's national oil company. While they are both important for energy markets and energy security, they are different commodities and therefore should be considered as such.⁷⁹ In this essay the term energy will be used to refer to both oil and natural gas. Anytime a specific fuel is being discussed, the essay will make that clear.

The global demand for energy has put countries with oil and natural gas reserves at a distinct economic advantage, which has spillover effects in the political realm. The oil market is divided into the import/export of crude oil, and the import/export of refined petroleum products, which include motor fuel, jet fuel, and kerosene, among others. Crude oil is extracted from the ground, and travels along pipelines, trucks, or ships to refineries, where it is transformed into usable products. Natural gas is extracted from the ground and 'liquefied' in order to be distributed through pipelines, which are separate from oil pipelines. The total amount of energy reserves is never fully known; therefore, the most reliable measure of a country's energy supply is in the data of its imports and exports.

Since the oil crisis in the early 1970s, the West has become more aware of where it gets energy from, and the instability that energy dependence can create. The 1973 oil crisis occurred when the Organization of Petroleum Exporting Countries (OPEC) decided to

⁷⁸ James Marriott, *The Oil Road: Travels from the Caspian Sea to the City of London* (Verso: 2012), 1.

⁷⁹ U.S. Energy Information Administration, "What is the Difference Between Crude Oil, Petroleum Products, and Petroleum?" Frequently Asked Questions, 2015, accessed 13 April 2016, <https://www.eia.gov/tools/faqs/faq.cfm?id=40&t=6>.

band together and raise oil prices in protest of American involvement in the Yom Kippur War.⁸⁰ As a result, oil prices in the West rose dramatically.

Over the past few decades, the private companies that dominated the global energy market have been gradually replaced and/or overshadowed by national oil companies (NOCs). The main objective of a private, international oil company is to maximize and grow profits for shareholders, which many governments did not like. Many governments did not like being dependent on private oil companies for their industry expertise, so NOCs emerged as public oil companies created by the government of a country in order for the government to have greater control over the process of oil exploration, extraction, refining, transporting, and marketing. The main objectives of NOCs are to maximize and grow profits, but also to provide a major portion of the government budget, subsidize domestic fuel, and provide for the energy security of the country. One major shortcoming of NOCs is that they produce oil from reserves more slowly than private companies. This could be the result of poor performance, an overestimate of reserves by the government, or a deliberate geopolitical strategy.⁸¹ Nonetheless, in 2014, NOCs accounted for 58% of global oil production.⁸²

The biggest supplier of energy in the European/Eurasian region is Russia. EU is admittedly dependent on Russian energy, although Russia is also reliant on the EU as a prime buyer. NOCs in Russia are by far the largest exporters of natural gas and oil in the European/Eurasian region. In 2012, crude oil exports from Russia reached 4,807,000 barrels per day. In refined petroleum products, Russia exported 2,099,000 barrels per day in 2012. This contrasts with the top European crude oil exporter, Norway, whose 2012 exports reached only 1,324,000 barrels per day. The top European exporter of refined petroleum products is Netherlands, who reached 2,122,000 barrels per day in 2012. However, in contrast to Russia, who has no oil imports, the Netherlands imports a high number of barrels of crude oil, at 1,274,000 barrels per day in 2012. The top European

⁸⁰ Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Simon and Schuster, 2008), 587.

⁸¹ Mark Thurber, "National Oil Companies and the World Oil Market: Should We Be Worried?" Lecture, Stanford University, 6 February 2012, accessed 27 April 2016, <https://www.youtube.com/watch?v=30dKahARXzg>.

⁸² U.S. Energy Information Administration, "Who are the Major Players Supplying the World Oil Market?" Energy in Brief, 2016, accessed 27 April 2016, http://www.eia.gov/energy_in_brief/article/world_oil_market.cfm.

importers of crude oil are Germany (1,888,000), Italy (1,531,000), Netherlands (1,274,000), Spain (1,233,000), and the United Kingdom (1,222,000).⁸³

When the Azerbaijani economy collapsed after the dissolution of the Soviet Union, foreign investors quickly made contracts with Azerbaijan to bring billions of dollars into the energy industry. To this day, Foreign Direct Investment (FDI) has been crucial for growth in the Azerbaijan energy sector. In 2014, FDI reached \$8 billion. Over 84% of these investments were intended for the energy sector. Russia, not the EU, is the main investor in Azerbaijan.⁸⁴ Before an economic slowdown in 2008, Azerbaijan was experiencing double digit GDP growth.⁸⁵

Many major companies have been interested in Azerbaijani energy. In 1995 the Azerbaijan International Operating Company (AIOC) was organized, a consortium consisting of eleven major companies: BP (UK), Amoco (U.S.), LUKoil (Russia), Pennzoil, (now Devon of U.S.), UNOCAL (U.S.), Statoil (Norway), McDermott (U.S.), Ramco (Scotland), TPAO (Turkey), Delta Nimir (now Amerada Hess of U.S.), and SOCAR (Azerbaijan).⁸⁶ The Baku-Tbilisi-Ceyhan (BTC) pipeline was proposed in 1998, and became operational by 2006 to bring oil to European markets. As Azerbaijan was growing as an oil exporter, global oil prices were rising as well.

Both private European energy companies and the European Union have expressed ongoing interest in a secure Azerbaijan that could make Europe less dependent on Russian and Middle Eastern oil. Apart from private companies, the EU itself has negotiated with Azerbaijan to diversify its supply sources. In 2008 the European Commission initiated the Southern Gas Corridor to diversify its supply sources away from Russia and to make it possible for the EU to import gas from the Caspian Region and Middle East.⁸⁷ Azerbaijan

⁸³ U.S. Energy Information Administration, *International Energy Statistics*, accessed 16 March 2016, <https://www.eia.gov/cfapps/ipdbproject/IEDIndex3.cfm?tid=5&pid=53&aid=1>.

⁸⁴ Santander Bank, "Azerbaijan: Foreign Investment," Trade Portal, 2016, accessed 17 March 2016, https://en.portal.santandertrade.com/establish-overseas/azerbaijan/investing?&actualiser_id_banque=oui&id_banque=18&memoriser_choix=memoriser.

⁸⁵ "Azerbaijan GDP Annual Growth Rate," State Statistical Committee of the Republic of Azerbaijan, 2016, accessed 27 January 2016, <http://www.tradingeconomics.com/azerbaijan/gdp-growth-annual>.

⁸⁶ British Petroleum, "Azeri-Chirag-Deepwater Gunashli," Operations and Projects, 2016, accessed 25 April 2016, http://www.bp.com/en_az/caspian/operationsprojects/ACG.html.

⁸⁷ David Koranyi, "The Southern Gas Corridor: Europe's Lifeline?" *Istituto Affari Internazionali Working Papers* 14, 7 April 2014, 3, accessed 7 February 2016, <https://www.ciaonet.org/attachments/25862/uploads>.

is a crucial part of this project because of the Shah Deniz natural gas field. Pipelines carry gas from Azerbaijan, through Turkey and Greece, and into refineries in Europe.

The geostrategic interest of the EU in the Eastern Partnership is “to have a ‘ring of friends’ in the Black Sea area, in order to ensure its peace, security, and stability at the eastern borders, but also to ensure the security of its energy supply.”⁸⁸ The goal for the EU in Azerbaijan is to sign an Association Agreement (AA), which would result in a free trade agreement, but so far the EU has been unsuccessful. Rather, Azerbaijan has been losing interest in signing such a negotiation, and is going instead for a Strategic Modernization Partnership Agreement. The reason Azerbaijan has been able to back off of these agreements is because of its energy reserves.⁸⁹ At the same time, the EU has been increasing its negotiations for energy, especially with the Southern Gas Corridor, which the EU has signed contracts with Azerbaijan for, guaranteeing the production and transport of gas to European markets for decades. The Trans-Anatolian and the Trans-Adriatic pipelines replaced the Nabucco Project and this helps diversify the European market for energy. This is important because the EU does not want to be dependent on Russian energy.

In the words of American journalist Thomas Friedman, “The unstoppable tide of democratization that followed the fall of the Berlin Wall seems to have met its match in the black tide of petro-authoritarianism.”⁹⁰ Among the former Soviet Caucasus republics of Azerbaijan, Armenia, and Georgia, economic self-sufficiency since independence has been easiest for Azerbaijan because of its access to oil. SOCAR is managed exclusively by the executive branch, and the Azerbaijani parliament has only a limited oversight role into the operations of the actions and decisions of the President. Moreover, the SOCAR budget is separate from the overall government budget, and a 1999 presidential decree announced that the SOCAR budget is an ‘extra budgetary institution’ which is only ‘accountable and responsible to the President of the Republic of Azerbaijan.’ Many controversies have arisen related to the lack of transparency regarding where the oil wealth has gone. For example, a December 2013 report by the UK-based Global Witness NGO has noted that

⁸⁸ Costea, *The European Union’s Eastern Partnership*, Video.

⁸⁹ Leila Alieva, “The Eastern Partnership: The View from Azerbaijan,” European Council on Foreign Relations, 19 May 2015, accessed 22 April 2016, http://www.ecfr.eu/article/commentary_azerbaijan3023.

⁹⁰ Thomas Friedman, “The First Law of Petropolitics,” *Foreign Policy*, 16 October 2009, accessed 20 January 2014, <http://foreignpolicy.com/2009/10/16/the-first-law-of-petropolitics/>.

millions of dollars in SOCAR revenue have disappeared without any information given.⁹¹

People may generally think of Iran, Saudi Arabia, and Russia when they think about energy. However, there are many other, smaller nations, like Azerbaijan, for which energy export is the dominant sector of the economy. Although their exports may not contribute substantially to the overall quantity on the market, they are still highly sensitive to changes in price and demand. Since these countries are so reliant on energy export income, citizens in these countries may feel a change in daily life when energy markets change. In one of the final scenes of the 2006 documentary *Zdroj* (Source), viewers see a confrontation between local villagers of Azerbaijan and their government, when surveyors come to measure the land for laying a new pipeline. Laying the pipeline will mean that the villager's farmland will be torn up. An older woman from the village turns to the camera and cries, "Look Europe! Look America! This is what your thirst for oil is doing to us!"⁹²

SOCAR has been accused of hoarding income from sales of energy, which is a significant issue because of what Michael L. Ross calls the 'oil curse.'⁹³ It would make sense that a country with more energy would receive a large income and that would trickle down to the wider society. However, the evidence coming from analyses of many oil-rich countries is that the reality just does not play out this way. The basis of the 'oil curse' theory is that the more oil income a country has, the less democratic it becomes. A researcher on Azerbaijan, Leila Alieva, has confirmed this, saying:

Azerbaijan is the only Eastern Partnership country which is rich in energy resources and fits the classic description of the political economy of oil-rich states. This contributed to 'resource nationalism' or 'resource curse' and the resulting lack of integrationist drive and democratic deficit.⁹⁴

The oil has not only made the elite richer at the cost of democracy for the overall society, but also it has made Azerbaijan less interested in integrating with the rest of Europe.

This is certainly not helped by the fact that the EU is giving money to Azerbaijan for its energy. If the EU wanted to completely avoid Azerbaijani oil, it would not be contributing to the 'oil curse' issue. The fact that the EU is still buying oil and making agreements for pipelines could be demonstrative of either one of two things. One, it could

⁹¹ "Azerbaijan Anonymous," Global Witness, December 2013, accessed 26 January 2016, https://www.globalwitness.org/sites/default/files/library/azerbaijan_anonymous_lr.pdf.

⁹² *Zdroj* (Source), Documentary, directed by Martin Mareček (Bionaut: Azerbaijan, 2006).

⁹³ Michael L. Ross, *The Oil Curse: How Petroleum Wealth Shapes the Development of Nations* (Princeton University Press: 2013).

⁹⁴ Alieva, "The Eastern Partnership."

demonstrate that the EU's priority is in energy security over democracy promotion. Secondly, it could demonstrate that it is not the role of the EU to cease its relationship with a country on the basis of democracy. Perhaps this is something the OSCE and CoE need to play a bigger role in, and the priority of the EU is primarily on the European citizens themselves. Therefore, if it is better for EU citizens to have a diversified energy supply, then it is up to the EU leaders and private energy companies to decide that their best interest is for Europeans, even if that comes at the cost of the well-being of the Azerbaijani people. This question is important because it is necessary to be aware of how the EU's actions are affecting citizens in non-democratic countries with few rights.

Chapter 3. Analysis: EU's Motives and Priorities in Azerbaijan

The purpose of Chapter Three is to analyze the EU's motives and priorities in Azerbaijan. The first task is to compare the EU's oil strategy with its democracy promotion strategy in Azerbaijan. In particular it will look at the impact of these strategies in Azerbaijan itself. It will look at how Azerbaijan has been able to suppress its own media, civil society, and free elections. Then, the research will contrast this with the EU's response to these breaches of democracy, and how that compares with the past precedent of the EU's democracy promotion strategy in other countries. By comparing this situation with past precedent it is possible to reach an answer to the research question.

Something that becomes evident after explaining the EU's democracy promotion and energy security strategies is that these strategies do not, in fact, always involve the EU in direct negotiations with the Azerbaijani government. In the energy security strategy, the EU is primarily negotiating with the government itself, because SOCAR is nationalized and closely tied to the government. On the issue of democracy promotion, as established in Chapter Two, the EU's focus is primarily on civil society, although the Eastern Partnership has established that the EU is involved with Azerbaijan at many levels, ranging from civil society to the government. The question is: Do these priorities conflict?

A crucial factor is to understand that when it comes to the energy security of Europe, the EU is only one of many players. For example, the private oil companies, as well as NOCs, are doing their own business at the same time the European Commission is making agreements for the Southern Gas Corridor. Therefore, the EU is not in a position to control the actions of the private oil companies, which would defeat the purpose of the free trade zone. This allows the private oil companies more opportunity to do business with SOCAR. As was established in Chapter Two, the incentive of private oil companies is to maximize profits. The main priority of the EU is to protect and enhance free trade and the common market.

Therefore, if the EU were to restrict the European oil companies from negotiating with Azerbaijan, this would be a conflict of the fundamental values of the EU, which as previously stated, is primarily an economic partnership. Therefore, the issue of the 'oil curse' and its effect on Azerbaijan is secondary in priority. However, this does not mean

that the EU is ignoring the issue. Rather, the structure of the EU as a promoter of free trade places it in a situation that it does not have the power to restrict private companies from negotiating with Azerbaijan, in which case the EU does not have the power to help the people of Azerbaijan by restricting the EU's consumption of oil.

Possible actions the EU could take would be to increase its focus on renewable energy sources, or create initiatives to decrease the consumption of energy among Europeans. By decreasing the demand for oil through a ground-up approach, or a civil society approach focused on energy conservation, the EU could decrease the effects of the oil curse in Azerbaijan, but apart from that, the EU has no structural ability at this time to control private companies.

The effect of this situation is that the government of Azerbaijan is at a distinct advantage. On one hand, Azerbaijan can continue the trade of energy with private European companies and with the Southern Gas Corridor, while at the same time it can postpone or decrease its integration with the EU as regards human rights and democracy.

After seven years as a member of the Eastern Partnership, Azerbaijan has not been meeting the basic requirements of democracy, which include free and fair elections, freedom of assembly for civil society, and an open and free media. Azerbaijan has not been meeting any of these three requirements despite its many agreements affirming its support and commitment to such values. This section will begin by discussing the elections, followed by the situation of the Azerbaijani government and civil society, and the ongoing restrictions of Azerbaijan on the media. Data on Azerbaijan's breaches of democratic conduct are taken from Freedom House's 2015 Freedom in the World report and Nations in Transit report on Azerbaijan.

The question of fairness of elections in Azerbaijan is controversial as it is difficult to know 100% that the elections are democratic, and that people are voting for their true personal preference. Yet, certain events in recent years have deeply called into question the fairness of the election process, and these fall into three categories: changes in the constitution, changes in the process of campaigning and the freedom of opposition parties to organize and get their message across, and corruption on election day itself.

The OSCE has stated that elections in Azerbaijan have not been consistent with international standards since 1995.⁹⁵ The Council of Europe has also repeatedly recommended for Azerbaijan to fix its electoral process, but according to Freedom House, little progress has been made.⁹⁶

Ilham Aliyev is the President of Azerbaijan since 2003. The President of Azerbaijan serves five-year terms. His father, Heydar Aliyev, was President before him. Before Heydar Aliyev was President of Azerbaijan, he was the leader of the Azerbaijan Soviet Socialist Republic under Moscow. He was a communist, and then became the President. Before he died in 2003, Aliyev groomed his son to be the next successor in the dominant party. In 2008, Ilham Aliyev changed the constitution, which had previously stated that a president can only run two terms. He changed the constitution so that now it allows for an unlimited number of terms. Aliyev even amended the constitution in 2009 to allow himself to serve a third term, arguing that it is not democratic to only allow a leader to run for two terms.⁹⁷

The reason he was able to do this is because the executive branch is granted much higher authority than the legislative branch in Azerbaijan, and the legislative branch cannot do much against the actions of the President. The Presidency of Azerbaijan and the 125-member National Assembly are elected directly by the people. The President has powers to fill the Cabinet of Ministers, and appoints all executive authorities at the central and regional level.⁹⁸ The main political party is the New Azerbaijan Party, and opposition groups are allowed to run, but none stand as a threat to the power of the New Azerbaijan Party. All opposition parties are, in general, fragmented and marginalized, and have been unable to pose a significant threat to the Aliyev regime. There is no such thing as checks and balances, and the executive branch holds most of the power.

⁹⁵ Office for Democratic Institutions and Human Rights, "Elections in Azerbaijan," Organization for Security and Cooperation in Europe, updated 1 November 2015, <http://www.osce.org/odihr/elections/azerbaijan>

⁹⁶ "Nations in Transit 2016: Azerbaijan," Freedom House, 5, accessed 1 April 2016, https://freedomhouse.org/sites/default/files/NIT2016_Azerbaijan.pdf.

⁹⁷ "European Forum for Democracy and Solidarity," Azerbaijan, 2009, accessed 12 April 2014, <http://www.europeanforum.net/country/azerbaijan#elections>.

⁹⁸ Heinrich, "The Formal Political System in Azerbaijan."

The establishment political party has a distinct advantage and is dominant in Azerbaijan government. The opposition groups wanted to run in presidential elections in 2008. The opposition organized a party that combined people from many different areas - intellectuals, students, political party members, and NGO activists. The party was named the National Council, and Rustam Ibrahimbeyov was elected to run against Aliyev.⁹⁹ However, since he has dual citizenship with Russia, he was not allowed to register with the Central Election Commission. A short live TV debate was broadcast in order to show the candidates (10 in total ran for the Presidency), but only gave candidates the opportunity to speak for six minutes to the public. The time allowed for national debates was shortened dramatically, so that the opposition groups had no chance to be well known and to publicly question Aliyev's policies. The purpose of this was that Aliyev is extremely well-known in the country and opposition groups are not, so if the Aliyev regime could shorten the time for the opposition groups to be on air, then the establishment can win automatically.

In the 2013 election, Aliyev's party received over 80% of votes, but Rashad Shirinov argues that there are many factors that kept this election from being free or fair. For one, the media paid no attention to the opposition. The pre-election campaigning period was reduced from 60 to 23 days, which gave the incumbent President a vast advantage. He also decided not to launch an official campaign, but still did run for office. Rashad Shirinov wrote about the consequences and potential long-term effects of the election on the citizens of Azerbaijan:

The October 2013 election has made it obvious that continuous electoral manipulations have largely undermined citizens' confidence in any election. On the other hand, the regime's extensive control of media, permanent informal ban on freedom of assembly, and continued harassment, intimidation and arrest of dissidents has left the citizenry uninformed about political developments in the country and particularly about the activities of the opposition. Both issues have paved the way to the formation of a citizenry, which is not (and has no willingness to be) involved in politics.¹⁰⁰

The fact that powers with influence in the region (Russia, EU, USA) did not petition against the 2013 election proceedings has led many people to believe that Aliyev will remain in office for the indefinite future, and there will be very little conflict against him

⁹⁹ Rashad Shirinov, "Stepping into the Unlimited Phase: Ilham Aliyev's Third Term," *Caucasus Analytical Digest* 55, 24 October 2013, 3, accessed 4 March 2015, <http://www.laender-analysen.de/cad/pdf/CAD-55.pdf>.

¹⁰⁰ Shirinov, "Ilham Aliyev's Third Term," 4.

running again in the future.

According to Freedom House, the elections in 2015 were even worse than in 2013. The OSCE refused to monitor the elections because Azerbaijan refused entry to the minimum number of observers. The opposition groups also all boycotted the election. The results were still carried through, and the New Azerbaijan Party won 71 out of 125 of the parliamentary seats. Local groups observed elections but reported “ballot stuffing and inflated reports of voter turnout, among other things.”¹⁰¹

On the issue of freedom of assembly of the civil society, it is important to note that there was no ‘color revolution’ like there was in Ukraine, but there were protests and some violent backlash against the protests in 2003 when Ilham Aliyev became President.¹⁰² Since that time, resistance has been more passive. The civil society has been restricted by Azerbaijan because the civil society is where the democracy can emerge and become irreversible. If the people gather together and demand more changes, then the government has to respond in some way. Either they respond with violence, in which case it becomes clear to the whole world that the government is not democratic, or they change to meet, or at least appease, some of the demands of civil society.

Therefore, the aim of the Azerbaijani government is to restrict the ability of the civil society to organize in the first place. They are putting strong restrictions on NGOs so that they cannot receive funding from foreign sources. They have limited the ability of NGOs to register with the government and have given the government powers to deny applications as they see fit.¹⁰³

This ties directly to the media, which is the most violent and controversial development in the authoritarian nature of Azerbaijan. Freedom House lists Azerbaijan as ‘not free,’ with the nation’s media freedom ranked 185th out of 195 countries.¹⁰⁴ There have been numerous cases of prominent journalists in the country writing about the human rights situation being arrested, even killed. Azerbaijani journalist Khadija Ismayilova was arrested and jailed in 2014 as a result of her investigations into Aliyev oil deals, noting that

¹⁰¹ Freedom House, “Nations in Transit 2016 Azerbaijan,” 2.

¹⁰² *Azerbaijan Opposition Protest*, Video, 17 October 2003, accessed 5 April 2015, <https://www.youtube.com/watch?v=QOli66BE0wM>.

¹⁰³ “NGO Law Monitor: Azerbaijan,” International Center for Not-for-Profit Law, 15 November 2015, 1, accessed 28 December 2015, <http://www.icnl.org/research/monitor/azerbaijan.html>.

¹⁰⁴ “Freedom in the World 2015: Azerbaijan,” Freedom House, 2016, accessed 20 January 2016, <https://freedomhouse.org/report/freedom-world/2015/Azerbaijan>.

loyalists to the Aliyev regime own a disproportionate share of the oil company.¹⁰⁵ Other instances of the imprisonment of journalists have been ongoing, including Anar Mammadli, the head of Azerbaijan's premier election monitoring organization. The opposition leader Ilgar Mammadov has been imprisoned and subjected to torture. Photojournalist Rasim Aliyev was beaten to death, and Freedom House suspects this was politically motivated.¹⁰⁶

Many media outlets, such as Meydan TV are now broadcasting from outside the country, working with anonymous reporters inside the country. Radio Free Europe/Radio Liberty, an American-based news organization, closed its Baku bureau in May 2015 due to government pressure.¹⁰⁷ The freedom of the press is another crucial space for Azerbaijan to place restrictions, spreading fear and intimidation so that thoughts that do not align with the party will not be heard.

The EU has been aware of this situation because these actions are contrary to the principles established in its agreements with Azerbaijan. Due to the fact that the EU is affiliated with Azerbaijan as diplomatic and economic partners in the Eastern Partnership, the EU feels the need for democracy in this country in order to establish the credibility that the EU has been building up since its inception as a force of democracy. In Chapter Two, the research outlined how the EU has developed its role as democracy promoter, and what tools it is using. Now it is necessary to look at how the EU is using these tools in the case of Azerbaijan. As stated previously, there are three categories of the breaches of democratic procedure in Azerbaijan: free and fair elections, freedom of assembly for civil society, and an open and free media.

The EU, as previously stated, has chosen a method of involvement in the democratic reform primarily in civil society and media. In the thinking of the EU, funding civil society and the media is ideal because it is essentially non-political. Therefore, it is not a dangerous or controversial topic. However, in the case of Azerbaijan, it is, in fact, controversial because Azerbaijan does not want a civil society to grow, as it would threaten

¹⁰⁵ Freedom House, "Nations in Transit 2016 Azerbaijan," 2.

¹⁰⁶ *Ibid.*, 2.

¹⁰⁷ RFE/RL Azerbaijani Service, "Prominent Azerbaijani Journalist Jailed For Six Years," RFE/RL, 28 December 2015, <http://www.rferl.org/content/prominent-azeri-journalist-jailed-for-six-years/27453794.html>

the authoritarian state. The EU, as a result, is not as concerned with elections, or it is not 'going there,' so to speak. In terms of media and civil society, however, particularly in issue over the release of journalists, this is where the EU is making demands. The demands it is making are based upon what are, essentially, shaming tactics. There is no real corresponding decrease in funding that results from these breaches of democracy, therefore there is nothing the EU can do to force Azerbaijan to change apart from shame tactics because most of EU funds go to civil society and NGOs anyways, so for the EU to decrease funding for those organizations is going to be playing in to the hands of the Azerbaijani government. Therefore, if the EU wants to increase its ability to promote democracy, it would need to actually increase its funding. This puts the EU in a difficult situation, which is only made worse by the fact that Azerbaijan has made restrictions on NGOs receiving funding from foreign donors.

The particular case where the EU is making demands is in the case of imprisoned journalists. In 2015 the European Games were held in Baku. These sports events, along with the Eurovision song contest, are moments when the EU has its best opportunity to make political statements towards the Azerbaijani government. When the European Games took place, Leyla and Arif Yunus, prominent journalists, were in prison. The European Parliament released a resolution demanding the release of the journalists, stating that in this situation Azerbaijan is not adhering to the qualities of democracy and the rule of law that the EU prides itself on. Moreover, the actions of Azerbaijan do not adhere to the principles established in its accession to the Council of Europe, or the EU Neighborhood Policy, or EU Eastern Partnership. Vice President of the European Parliament, Ulrike Lunacek, said that the Parliament resolution demands the release of the journalists, but if Azerbaijan does not follow through, the leaders of European countries must refrain from standing with Aliyev during the opening ceremony.¹⁰⁸ This, it is thought, sends a clear political message during this sports event to Baku that the EU does not support what they are doing. EU leaders were absent from the opening ceremony of the European Games on

¹⁰⁸ "European Parliament Vice President Ulrike Lunacek MEP: Human rights in Azerbaijan," Video Interview, EU Reporter, 15 May 2015, accessed 13 April 2016, <https://www.youtube.com/watch?v=w-QrBxXGnl0>.

12 June 2015.¹⁰⁹ This is a prime example of the diplomacy that the EU is now using to get its point across to other countries. This is the limit that the EU has in its power. Apart from the oil, simply thinking about the situation of the EU policies- there is little more that the EU can do.

The other European bodies that have expressed discontent with Azerbaijan over its breaches of democratic conduct are the Council of Europe, through statements of the European Court of Human Rights (ECHR), and OSCE. In the ECHR, an individual can go to the court and sue their own national government. So, in this sense, the CoE has more direct power than the EU has. However, a citizen who wants to sue in the ECHR, has to prove that all the other possible options of the national courts have been exhausted. This takes a long time- people come to the ECHR after having waited 20 years at the national court.¹¹⁰ The ECHR is not a one-size-fits-all solution for the problems in Azerbaijan.

The OSCE actually does monitoring of national elections. When it comes to elections, the OSCE is the most relevant in this case because it monitors elections in person. The OSCE has been monitoring elections, and the CoE has been hearing cases at the ECHR, so both of these groups have been more effective in transitioning Azerbaijan towards democracy than the EU. As previously stated, the EU is primarily an economic organization, and its power as regards foreign policy comes from it being a source of funding and trade. Yet in the case of Azerbaijan, as stated before, decreasing funding would actually be helping Azerbaijan maintain an authoritarian regime.

As stated above, the EU relies on data gathered and decisions made by the Council of Europe in creating its own strategy. The CoE, and especially the ECHR, have been the main groups measuring and documenting Azerbaijan's violations. In 2014 the ECHR identified 11 violations of the right to free and fair elections, including two new violations in 2015. The CoE also adopted an opinion on the NGO law amended in 2014 and 2015, saying that, "The amendments increase obstacles to establishing, registering, and operating

¹⁰⁹ Maeve Shearlaw and Charlie Jones, "From Political Prisoners to Media Bans: Baku's European Games in Numbers," *The Guardian*, 29 June 2015, accessed 14 April 2016, <http://www.theguardian.com/world/2015/jun/29/azerbaijan-european-games-numbers-political-prisoners>.

¹¹⁰ *The Conscience of Europe*, Documentary, produced by European Court of Human Rights.

NGOs.”¹¹¹ This has an effect on the Eastern Partnership because if the EU can no longer give funding to NGOs, then its primary approach to democracy promotion is unavailable. As the Azerbaijani government is making an attack on freedom of expression, these are the same people that the EU is looking to give funding. This is creating a conflict where the EU is shut out of the means through which it is trying to improve the situation.

The CoE has also decreased its relations with Azerbaijan over the past year. It announced its departure from a joint human rights working group, which involved the CoE, the government of Azerbaijan, and 18 human rights defenders. CoE Secretary General Thorbjørn Jagland stated that, “An increasing number of human rights defenders have recently been imprisoned.”¹¹² As of 2015, Azerbaijan has 1550 cases pending at the ECHR. In 2008 Azerbaijan made an official admission in the form of a unilateral declaration to the ECHR that it had violated journalist Agil Khalil’s “right to life, freedom from ill-treatment, and freedom of expression,” and paid him \$30,000.¹¹³ This was the first time Azerbaijan admitted to the ECHR that it was violating human rights.

According to Freedom House, of the responses given to the breaches of democracy and human rights committed by Azerbaijan, there has been little stated by the EU itself. The majority of responses have been given by impartial organizations, such as the Extractive Industries Transparency Initiative, Human Rights Watch, UN Committee against Torture, and the Organized Crime and Corruption Reporting Project.¹¹⁴ These organizations have been closely following and reporting on the situation in Azerbaijan. Apart from that, it has primarily been the ECHR that has established on an international

¹¹¹ European Commission for Democracy through Law (Venice Commission), “Opinion on the Law on Non-Governmental Organisations (Public Associations and Funds) as Amended of the Republic of Azerbaijan,” Council of Europe Venice Commission, 15 December 2014, <http://www.venice.coe.int/webforms/>

[documents/?pdf=CDL-AD\(2014\)043-e](http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD(2014)043-e)

¹¹² Secretary General of the Council of Europe, “Council of Europe leaves Azerbaijan human rights working group,” Council of Europe, 7 October 2015, <http://www.coe.int/en/web/portal/-/council-of-europe-leaves-azerbaijan-human-rights-working-group>

¹¹³ “Azerbaijan Admits Rights Violations, Must Pay Journalist,” Organized Crime and Corruption Reporting Project, 30 October 2015, <https://www.occrp.org/en/daily/4554-azerbaijan-admits-rights-violations-must-pay-journalist>

¹¹⁴ Freedom House, “Nations in Transit 2016:Azerbaijan,” 7.

level that Azerbaijan is not obeying the principles to which it agreed when it joined the Council of Europe. The OSCE mainly is in protest mode and has rejected further pursuing its role, as it feels that if it is not allowed to do its role to its full capacity, then it is not going to do its role at all. Data from the OSCE has supported that elections have not been free or fair.

What is so far most notable in this debate is that the EU has been absent. To reach an answer to the research question, the next issue then becomes: Has the EU done anything that takes its own access away from the energy supply of Azerbaijan? If so, this would prove that the EU is not failing to promote democracy simply because it wants oil. The EU gives aid to many countries. The former Soviet states, Africa, the Middle East, and Latin America are the major recipients. Looking at these, it is necessary to ask: Does the EU have a past precedent of making sanctions against any state, which would hurt the EU economy but send a strong message about the importance of European values? Looking at the precedent of trade sanctions of the EU against countries of which it is offering democratic reform aid, the answer is that the EU is extremely hesitant. Richard Youngs writes:

Sanctions and strategies of isolation were reserved for what were considered to be seriously ‘rogue’ states threatening security and regional stability, such as Libya, Iraq, Yugoslavia, Afghanistan, and North Korea. Neither sanctions nor the rescinding of contractual aid and trade provisions were employed systematically against simply non-democratic states... In essence, the EU could be said to have targeted the most serious security-related effects, more than the fact, of democratic shortfalls.¹¹⁵

This demonstrates that the EU has no precedent to use sanctions simply on the basis that it does not like what another country is doing. The only time it has used sanctions is when it feels the country poses a threat to the EU itself.

Additionally, the EU rarely acts apart from an official UN resolution. The only time sanctions were used as a conflict resolution strategy was in Serbia, when the EU put a visa ban on some officials, a freeze on some assets, and the EU stopped all investment in Yugoslavia. This was a response to Serbian actions in Kosovo in 1999.¹¹⁶ The only way that this would compare with the situation in Azerbaijan would be if the war in Nagorno-Karabakh were clearly a blatant attack of the Azerbaijani government against ethnic

¹¹⁵ Youngs, “Democracy Promotion,” 18.

¹¹⁶ *Ibid.*, 13.

Armenians. However, the reality of the conflict today is more complicated than this, and moreover, the EU is supporting the territorial integrity of Azerbaijan. Azerbaijan today is not comparable to Serbia in 1999.

Comparing the situation in Azerbaijan today with the situation of the states mentioned above, it is clear that Azerbaijan is not rogue to the extent of the other states. Azerbaijan is involved in diplomatic relations, is a member of the NATO Partnership for Peace, has sent troops to Iraq alongside Western countries, and is continually involved in European culture through the Baku Games and Eurovision Song Contest. It is clear that Azerbaijan does not deserve sanctions on the basis of past precedent.

Moreover, the only time the EU has decreased its funding is if something dramatic happens such as a military coup or revolution, in which case the EU has cut its funding, while at the same time offering that if the country makes the necessary changes then the EU will initiate funding once again. The EU does not want to give funding to a government that just overthrew a good government.

This is the role that the EU has developed for itself in Azerbaijan today. These are the limits of its power. This is why it is not effective in pushing Azerbaijan towards democracy, because the ultimate ability of Azerbaijan to become democratic relies on itself. No outside group can force it to become a democracy. This is the essence of the independence that was achieved in 1991.

Conclusion

The conclusion will answer the research question by evaluating whether or not the EU is ignoring the authoritarian nature of Azerbaijani politics in order to secure access to energy. On the basis of the answer to the research question, the conclusion will then discuss the implications of this for the government of Azerbaijan, as well as for the citizens, and finally for the EU. Then, it will offer recommendations for future research in order to gain a deeper understanding of the EU and the countries of the former Soviet Union.

Based on the data gathering and analysis conducted, this research concludes that the fact that EU has not been successful in promoting democratic change in Azerbaijan is not the result of the EU ignoring the issue for the sake of access to energy. Rather, it is that the structure of EU's policies are intended to prioritize economic trade over democracy promotion, and this limitation on EU action for democracy in outside countries, which is further established by past precedent, makes it possible for Azerbaijan to maintain its authoritarian regime while at the same time engaging in trade with the EU. The analysis shows that the top priority of the EU is economic, and the EU cannot interfere with the operations of private businesses even if they operate within the EU. Hope for democratic transition in the country rests principally on Azerbaijan itself, and secondly on the Council of Europe and OSCE.

The precedent of the EU's democracy promotions strategy does not present the expectation that the EU can do much more beyond what it is already doing. In other situations in other countries, the EU has not done more, or less, than what it is currently doing in Azerbaijan. Based on this fact, this research argues that the EU is not turning a blind eye, but it is restricted by the precedent and by the policies that have been developed for democracy reform. Since the end of the Soviet Union, the EU has been moving towards civil society development, as opposed to positive conditionality, because it is more focused on civil society and takes a more passive approach to democracy reform. The EU prefers to allow the outside country to be sovereign, but if that country wants the aid to help build civil society, then it is available. This is the precedent and the benchmark from which it is possible to analyze the role of the EU in Azerbaijan. This approach to democracy promotion comes in the form of aid to human rights organizations and NGOs that are

doing work and building the civil society in a country. This is different from the positive conditionality approach that the EU took in the past. Positive conditionality is a form of democracy promotion of a country where the country has set standards for the democracy reforms that they want to take place in an outside country. On the basis of the outside country fulfilling the standards of democracy reform, the donor country will give aid. The aid rests upon the success of the outside country to fulfill the standards required by the donor country.

Hope for democratic change in Azerbaijan rests primarily on the emergence of a civil society. However, the elite driven process of transition means that Aliyev holds an inordinate amount of control over this process. Vladimir Gel'man writes:

‘Civiness’ will not be seen in the former Soviet Union until social and political actors have achieved a significant degree of autonomy, from the state and from each other. As yet, mass attitudes and behavior in post-Soviet societies are still too dependent upon (and determined by) various segments of the elite. Thus, ‘civil society,’ in the normative sense of democratic theory, is present in post-Soviet areas only to the extent allowed by the dominant elites.¹¹⁷

As long as oil revenues continue to come to Azerbaijan, the likelihood of civil society emerging seems even less. According to Transparency International, Azerbaijan remains as corrupt as Russia or Uganda, where “ruling elites, bureaucrats, and their associates have become almost exclusive beneficiaries of the country’s oil reserves.”¹¹⁸

However, ongoing changes in 2015, particularly economic changes, have created greater instability in the country, even apart from the eruption of fighting in Nagorno-Karabakh in April 2016. The national currency, the manat, was devalued in December 2015 when the finance ministry decided to take the manat off of its peg to the US dollar, in which case it devalued by around 30%. This has caused an increase in prices without a corresponding increase in wages, which conflicted with the government’s promise to the contrary.¹¹⁹ This has led to widespread protests throughout the country and economic instability with the potential for catastrophe in the government. Additionally, the decrease in oil prices is making Azerbaijan less stable in its independence as it continues to rely on

¹¹⁷ Gel'man, “Post-Soviet Transitions,” 90.

¹¹⁸ Jana Kobzova and Leila Alieva, “The EU and Azerbaijan: Beyond Oil,” European Council on Foreign Relations, May 2012, 3, accessed 4 April 2014, http://www.ecfr.eu/page/-/ECFR57_EU_AZERBAIJAN_MEMO_AW.pdf.

¹¹⁹ Zaur Shiriyevev, “Protests in Azerbaijan: A Political and Economic Watershed,” *Eurasia Daily Monitor* 13, no. 21, 1 February 2016, accessed 3 April 2016, http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=45045&cHash=9d37109716408eb6e0aef1134ed5ff0a#.VzUmtseqw7Y.

oil income. Adding this economic conflict on top of the already low trust that citizens have in the political process, has been steadily decreasing the authority of the Aliyev regime in the eyes of the people. The ongoing consequences of this must be considered going forward into the future.

Something that has become clear is that the EU is not pretending that it does not see the situation in Azerbaijan. This supports the premise that the EU is not ignoring the authoritarian nature of the regime, but rather does not have the ability to do more than it is already doing. The EU is discussing the issues, publishing official resolutions, and even EU leaders in the Eastern Partnership have spoken against the situation, but the fact is that, right now, the EU itself is mostly limited to the use of shame tactics.

The credibility of the Eastern Partnership is an ongoing issue for the European Union that is not restricted to the situation of Azerbaijan. The failure of the Vilnius Summit to end in the signing of an Association Agreement with Ukraine, and the resulting war dividing the country, has taken the issue over the role of the Eastern Partnership onto the international stage. The fact that Belarus, which is considered to be more authoritarian than Azerbaijan, is also a member of the Eastern Partnership, makes it appear as though the Eastern Partnership is in an identity crisis. When it comes to the Eastern Partnership, there are three divided groups: the EU, the governments of Eastern Partnership countries, and the citizens of the Eastern Partnership. The citizens rarely have given trust and authority to their own government, and this is what separates them from countries of the EU, where there is not such an unbridgeable gap between the public and the government.

There is not much the EU can do beyond what it is already doing to get these countries to be more responsive to their own citizens. The status of the Eastern Partnership today confirms the notion that the transition paradigm is outdated, and in order to understand what type of transition, or lack thereof, is going on now in the former Soviet Union, it is necessary to continue research in the Eastern Partnership. Studying the role of the EU in any country of the former Soviet Union makes it possible to analyze the transition paradigm in action, because the EU is itself the embodiment of democracy and Western values. The relationship of the governments to the EU demonstrates to what extent these governments support Western values. It is a measuring stick for understanding

the processes that are defining the 21st century political scene, and the processes that will define the next generation.

Future research involving the role of Islam in Azerbaijan, as well as in other Turkic countries, and in the EU will all be important topics, particularly regarding the relationship between Islam and democracy. The eruption of violence in Nagorno-Karabakh in April 2016 demonstrates that, despite the ceasefire coming into effect nearly 20 years ago, this war is still extremely fragile and sensitive, seemingly more so than in the Balkans. Continuing to follow developments in Nagorno-Karabakh will be important as Azerbaijan is on a fault line between Islam and Christianity, as well as being a small country overshadowed by other regional powers. By focusing on Azerbaijan, it is possible to avoid the mistake of viewing international relations as a game of only the large powers. By analyzing the role of smaller countries, it is possible to reach a more complex understanding of the international scene. By observing the ways in which Azerbaijan is, in certain ways, at a political advantage over the entire European Union, it is possible to gain a deeper understanding into the nature of power and the position of Europe in the wider world.

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