



## NEW EUROPEAN NEIGHBORHOOD POLICY: KEY POINTS FOR AZERBAIJAN

Successful eastern enlargement brings the borders of the European Union (EU) close to the Post-Soviet countries, namely, Azerbaijan, Belarus, Georgia, Ukraine, Armenia and Moldova. In order to ensure close political association and high degree of economic integration with their eastern neighboring countries the EU members launched the European Neighborhood Policy (ENP), which became a key part of the foreign strategy of the EU. For instance, the ENP launched in 2004 aims to develop a zone of prosperity and a friendly neighborhood, a “ring of friends” in particular, with whom the EU can enjoy close, peaceful, and cooperative relations.

Nowadays, the ENP includes 16 countries in the Middle East, North Africa, Eastern Europe, and the Southern Caucasus. Although ENP is not offering the perspective of the EU membership to its participants, it provides financial, technical and political support. Through the policy of “sharing everything with the Union but institutions” the EU tries to develop stronger partnerships with the ENP members by initiating the partners to implement democracy reforms.

However, over the past decade the ENP could not reach the expected outcome. Moreover, the EU high-ranked officials recognize that most countries covered by the ENP are more unstable today than they were a decade ago. Therefore, the ENP, aimed to strengthen stability, security, and prosperity, could not manage to fulfil its goal of building a ring of well-governed states around the EU. Moreover, current Ukrainian Crisis and Refugee Crisis shows that instability is a threat to the EU itself.

As a result of a Joint Communication consultations, the ENP was reviewed and new main aspects of the policy were developed. Under the revised ENP published on November 18, 2015, political, economic, and

security stabilization of the region would be the key priorities of the new policy. Actually, High Representative for Foreign Affairs and Security Policy of the EU, Federica Mogherini, stated that five pillars of the new ENP would be as follows: economic development and job creation; cooperation on energy; security; migration and neighbors of the neighbors’ policy. Moreover, the revised ENP will strongly emphasize the differentiation and ownership strategies, ensuring a differentiated approach to its members and increasing ownership by its participants and partner countries.

Same as other countries of the South Caucasus, Azerbaijan joined the European Neighborhood Policy in 2004. Two years later, the ENP Action Plan for Azerbaijan was adopted in Brussels. Before that, the Partnership and Cooperation Agreement (PCA) inked in 1999 provided the legal framework for the EU-Azerbaijan bilateral relations. It covers the most important areas of intergovernmental cooperation such as bilateral and multilateral political dialogues, political consultations, economic and trade cooperation, etc.

It should be noted that the EU tried to export the European norms and values via the ENP, based on the values of democracy, rule of law and respect of human rights. However, according to the Progress Reports which are published annually by the European Commission, Azerbaijan have made no progress and even showed some regress in the related issues. Therefore, it can be concluded that the main positive outcome of the ENP towards Azerbaijan is the strengthening of the energy partnership. The Ukrainian Crisis clearly showed that one of the biggest challenges for the EU energy security is Russia’s aggressive politics towards its neighbors. Europe’s dependence on Russian gas caused the

need for alternative energy sources. The reviewed ENP stresses importance of the South Gas Corridor, which should diversify energy supplies by using the resources of the Azerbaijani giant gas field Shah Deniz, Stage 2. After expansion of the existing South Caucasus Pipeline (SCP) and construction of two new pipelines, namely, the Trans-Anatolian Pipeline (TANAP) and the Trans-Adriatic Pipeline (TAP), which will transport gas from Shah Deniz to Italy through Turkey, Greece and Albania, the Southern Gas Corridor will be completed. It is expected that first supplies of the Caspian Sea gas will reach the EU in late 2018. Furthermore, the EU Commission stated that in order to ensure the diversification of gas supplies, work on the Southern Gas Corridor must be intensified that would enable the Central Asian countries to export their gas to Europe. Therefore, as a reliable energy partner, Azerbaijan plays a key role in EU’s strategy to attract the Central Asian countries to join the Southern Gas Corridor project.

In conclusion, one of the main priorities of the new ENP is the issue of European energy security. Therefore, Azerbaijan could be seen as a strategic partner that provides secure energy supplies to the EU. It is obvious that the key element of the ENP is still strengthening and promoting democratic changes in the ENP countries. Nowadays, the new ENP is mostly focusing on stabilization of partner countries rather than their transformation. However, according to the new ENP, the lighter form of engagement would be more appropriate and the partner countries would be given a choice whether to deepen the relations or not. Under these circumstances, there is a possibility that Azerbaijan and the EU could enhance their relationship in related areas.

## Politics, Foreign Affairs and Security

- The members of the Majilis (lower chamber of Parliament) of Kazakhstan have addressed the President with the request to dissolve the Mazhilis. The parliamentarians reminded that the powers of the Majilis and Maslikhates deputies would run out next year and stated that it was important to complete the election cycle early to let the Government and the Parliament concentrate on anti-crisis measures.
- During the official meeting held in Moscow, the Minister of Foreign Affairs of Russia, Sergey Lavrov, and his Japanese counterpart, Fumio Kishida, discussed security in Northeast Asia and the timetable of bilateral political contacts. The sides exchanged their views on the issue of current security situation in the Korean Peninsula in particular and in Northeast Asia in general, especially, after the Democratic People's Republic of Korea carried out a hydrogen bomb test.
- The Parliament of Turkmenistan ratified a Memorandum of Understanding (MoU) on merchant shipping cooperation in the Caspian Sea. The MoU was signed during the Turkmen President Gurbanguly Berdimuhamedov's official visit to Iran on November 22-23, 2015.
- The High Representative of the European Union for Foreign Affairs, Federica Mogherini, stated that the European Union lifted all economic and financial sanctions against Iran. The decision was made after the International Atomic Energy Agency's verification that Iran has fulfilled its obligations under the Joint Comprehensive Plan of Action.
- The Minister of Defense of Serbia, Bratislav Gasic, and the First Deputy Director of Russia's Federal Service for Military-Technical Cooperation, Andrey Boitsov, signed a Protocol on establishing a regional center on servicing Russian-made helicopters in Serbia. The project was initiated during the visit of the Prime Minister of Serbia to Russia in October 2015.

## Economy, Finance and Energy

- According to the Deputy Energy Minister of Russia, Alexey Teksler, oil production of the country is to stay at the last year's level of 533-534 million tons in 2016. Russian oil companies produced record-breaking 534 million tons of oil in 2015, which is 1.4% higher than that in 2014.
- Lukoil exited the projects in Cote d'Ivoire, where it led exploration works in the deep offshore. Lukoil has been operating in the Gulf of Guinea (Atlantic Ocean) offshore Cote d'Ivoire since 2006 operating the offshore exploration projects at the CI-101, CI-205, CI-401, CI-524 and CI-504 blocks.
- According to the Minister of Energy of Kazakhstan, Vladimir Shkolnik, oil production in Kazakhstan will amount to 77 million tons in 2016. It was announced that in 2015 Kazakhstan produced over 79.46 million tons of oil, which is 46,000 more than the planned amount.
- According to the Minister of Energy of Azerbaijan, Natig Aliyev, the country produced 41.6 million tons of oil, which is 2.2% more than the projected 40.7 million tons, and exported 38.1 million tons of oil in 2015. Moreover, gas production in Azerbaijan stood at 29.1 billion cubic meters in 2015.
- The Gazprom International increased production of natural gas from the Shakhpakhty gas field of Uzbekistan to 20 million cubic meters in 2015, which is 6% more than that in 2014. The total accumulated gas production in the field has reached over 3.2 billion cubic meters since 2004. Currently, the extractable reserves in Shakhpakhty gas field are estimated at about 8 billion cubic meters.
- The Russian operator of nuclear power plants, Rosenergoatom, stated that the share of energy generated at nuclear power plants rose to 18.6% of Russia's energy balance in 2015. Russian nuclear power plants generated nearly 195 billion kilowatt hour (kWh) in total in 2015.
- Kazakhstan, Azerbaijan, Georgia, and Ukraine have signed a protocol on setting competitive preferential tariffs for cargo transportation via the Trans-Caspian International Transport Route. The Head of Azerbaijani Railways CJSC, Javid Gurbanov, the Head of Kazakhstan Railways JSC, Askar Mamin, the Head of Georgian Railway JSC, Mamuka Bakhtadze, and the Acting Chairman of Board of Ukrainian Railways JSC, Aleksandr Zavgorodniy, signed the protocol.
- The New Development Bank (NDB), which is run by the BRICS countries, announced that all five member-states, namely, Brazil, Russia, India, China and South Africa, made their first contributions worth a total of \$750 million to the capital of the NDB. The tranches to the bank's capital were paid in accordance with the agreement on its formation signed at the BRICS summit in Ufa in July 2015.
- According to the European Bank for Reconstruction and Development (EBRD), the largest investment of the EBRD in Central Asia worth €708.6 million was made in Kazakhstan in 2015 versus €567.5 million in 2014. Tajikistan was another record breaker with investments worth €166 million in 2015 versus €62 million in 2014. The EBRD's investments in Kyrgyzstan estimated at €48.6 million in 2015 compared to €34.8 million in 2014, while in Turkmenistan the Bank provided €11.9 million in 2015 the same amount as in 2014.
- According to the Customs Department Spokesman of China, Huang Songping, the trade turnover between Russia and China plunged by 27.8% to \$64.2 billion in 2015. The exports of Chinese goods to Russia fell by 34.4% to \$32.9 billion in 2015 and China's imports from Russia were down by 19.1% to \$31.4 billion.
- The International Monetary Fund (IMF) has downgraded its forecast for Russia's economic contraction to 1% in 2016. Meanwhile, the IMF expects the Russian economy to grow by 1% in 2017.

## Society and Culture

- The President of Turkmenistan, Gurbanguly Berdimuhamedov, created the State Committee for Environmental Protection and Land Resources in Turkmenistan after the signing of the corresponding documents. The Committee is aimed to conduct a common policy in the fields of environmental protection and regulation of land relations.
- The President of Tajikistan, Emomali Rakhmon, signed the resolution, according to which all Internet and cellular communication in the country must be provided through a single switching center of national telecom operator Tajiktelecom. The resolution is to be implemented during 2016.
- According to the Federal Water Resources Agency of Russia, the level of water in the world's largest fresh water reservoir in Eastern Siberia, Lake Baikal, keeps falling. As of today it stands at 456 meters above the Pacific Ocean, which is four centimeters short of the safe minimum.