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MEMO

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ENP Country Progress Report 2013 – Azerbaijan

The 2014 annual "Neighbourhood Package" consists of joint Communication ("Neighbourhood at the Crossroads") and a set of country specific and regional reports. The report on Azerbaijan underlines key/main developments and reform efforts in 2013 and makes recommendations for the year to come.

2013 was a decisive year in EU-Azerbaijani bilateral relations. Azerbaijan's participation in the Eastern Partnership Summit in Vilnius, which coincided with the signing of the Visa Facilitation Agreement and the Mobility Partnership, underlined the potential to further develop EU/Azerbaijani relations. Negotiations continued on the Association Agreement and on a Strategic Modernisation Partnership. On energy issues, the cooperation continued. The Strategic Energy Partnership with Azerbaijan was strengthened; steps were taken in view of the construction of the Southern Gas Corridor which should reinforce the European energy security.

However, in contrast very little progress was seen on democratic governance and human rights reform. The organisation of presidential elections raised serious concerns. Significant problems were identified, including limitations in the freedom of expression, assembly and association that did not guarantee a level playing field for candidates.

Azerbaijan partly addressed its public financial management issues and took measures to fight corruption, following recommendations from the 2012 ENP Action Plan. However, it did not address key recommendations to bring its electoral legislation into line with OSCE/ODIHR recommendations to ensure full freedom of expression and assembly and full functioning of a civil society, nor did it amend laws on defamation and competition. On the basis of this year's report, and with a view to the sustained implementation of the ENP Action Plan in 2014, Azerbaijan is invited to:

- ensure *effective and comprehensive* implementation of the January 2013 resolution of the Parliamentary Assembly of the Council of Europe on the honouring of obligations and commitments by Azerbaijan;
- continue implementation of the human rights action plan adopted in December 2011;
- bring electoral legislation into line with OSCE/ODIHR recommendations and ensure effective implementation before the forthcoming municipal and parliamentary elections;

- continue the reform of the judiciary and adopt the Judiciary Reform Programme 2014-2020. Ensure full independence of the judiciary by *inter alia* enacting a law on the role of the Judicial Legal Council, establishing a fixed retirement age applicable to all judges, conducting an analysis of shortcomings in judicial practice, and giving full consideration to reports of alleged shortcomings resulting in unfair trials with a view to addressing these;
- adopt a law on defamation with the aim of decriminalising libel;
- step up efforts to investigate cases of harassment and murder of journalists and activists;
- implement the National Anti-Corruption Action Plan (NACAP) 2012-2015;
- carry out and publish a public expenditure and financial accountability assessment and ensure the comprehensive public finance management policy reforms on the basis of the findings;
- continue the policy of economic diversification and development of the regions, in particular adopting and implementing a law on competition to create more predictability and transparency in the market and a level playing field for investors;
- implement the actions scheduled for 2013-2014 under the Memorandum of Understanding in the field of energy;
- align policy, legislative and institutional frameworks for local self-governance in Azerbaijan to the European Charter for Local Self-Government;
- step up efforts towards agreement on the Madrid Principles, as a basis for peace, in accordance with the commitments undertaken by the Presidents of Azerbaijan and Armenia within the Minsk Group; refrain from actions and statements that could heighten tension and undermine the peace process;
- promote an environment conducive to progress in the conflict settlement, encourage and support related peace-building activities;
- ensure unimpeded access for representatives of the EU to Nagorno-Karabakh and surrounding regions in support of conflict transformation activities in full complementarity with the efforts of the Minsk Group.

Reforms initiated, carried out or delayed during 2013 in the different areas of cooperation between the EU and Azerbaijan are described in the annual country report. Some of the issues reported deserve special attention.

Despite the adoption of a **National Human Rights Action Plan** in 2011, a number of its stipulations remained on paper only. The **pre-election climate** was marked by a significant tightening of political freedoms in almost all areas: deterioration of freedom of expression, pressure against **journalists** and activists, restrictions on the freedom of assembly, restrictive legislation on NGOs. The fight against **corruption** lacked a systematic approach proportional to its perceived pervasiveness in many sectors. The lack of **judicial independence** persisted in 2013.

- There was no significant progress in Azerbaijan's WTO accession which is a pre-condition for **DCFTA** negotiations.
- EU-Azerbaijan negotiations on **Visa Facilitation and Readmission Agreements** were concluded in March 2013 and the two agreements were initialled in July. The Visa Facilitation Agreement was signed at the Vilnius EaP Summit in November. The EU-Azerbaijan Mobility Partnership was signed on 5 December.

The stalemate in the Minsk Process aiming at settling the **Nagorno-Karabakh conflict** continued for most of 2013. However, the Presidents of the two countries reconvened in November 2013 for the first time since January 2012 in a summit in Vienna, mediated by the OSCE Minsk Group Co-Chairs, at which they agreed to advance negotiations towards a peaceful settlement and to meet again in the months ahead. . An upsurge of violence along the line of contact was nevertheless witnessed early 2014. The EU continued to give its full support to the OSCE Minsk Group Co-Chairs in their work to facilitate a lasting settlement.

EU–Azerbaijan – BACKGROUND

THE POLICY

The **European Neighbourhood Policy** governs the relations between the EU and Azerbaijan. Since 2009 the EU implements the **Eastern Partnership**, the Eastern dimension of the ENP framework, aiming at substantially upgrading engagement with the six Eastern neighbours via:

- a Bilateral track,
- a Multilateral track (i.e. intergovernmental platforms and Flagship Initiatives).

This approach allows for gradual political association and deeper economic integration.

FACTS AND FIGURES

1999: Entry into force of the EU-Azerbaijan Partnership and Cooperation Agreement.

2006: Approval of the EU-Azerbaijan Action Plan.

2006: EU-Azerbaijan Memorandum of Understanding on a strategic partnership in the field of energy.

2009: Azerbaijan ratified the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions

2009: Neighbourhood Investment Facility - Azerbaijan is eligible for three regional projects for a total value of EUR 24 million in support of the energy and the private sectors

2007-2010: The ENPI¹ envelope for Azerbaijan stands at EUR 88 million

1010: Launch of the Association Agreement negotiations with the EU.

2011-13: The new National Indicative Programme (NIP) 2011-13 for Azerbaijan was adopted in May 2010 and has a budget of EUR 122.5 million. The programme is geared towards supporting the achievement of key policy objectives as outlined in the EU-Azerbaijan Action Plan and pursues three priorities: (1) democratic structures and good governance, (2) socio-economic reform and sustainable development, trade and investment, regulatory approximation and reform and (3) Partnership and Co-operation agreement and ENP Action Plan implementation, including in the in the areas of energy security, mobility and security.

2011: Joint EU – Azerbaijan Declaration on the Southern Gas Corridor.

2013: Signature of the Visa Facilitation Agreement.

2013: Signature of the EU – Azerbaijan Mobility Partnership.

¹ the European Neighbourhood Partnership Instrument

For further information

[Press release: Neighbourhood at the crossroads – tacking stock of a year of challenges \(IP/14/315\), 27 March 2014](#)

For the Joint Communication check the EEAS website at
http://eeas.europa.eu/enp/index_en.htm

Website of Commissioner for Enlargement and European Neighbourhood Policy, Štefan Füle: http://ec.europa.eu/commission_2010-2014/fule/index_en.htm

Website of High Representative and Vice President of the European Commission, Catherine Ashton: http://ec.europa.eu/commission_2010-2014/ashton/index_en.htm

European Commission: European Neighbourhood Policy

http://ec.europa.eu/world/enp/index_en.htm

<http://www.enpi-info.eu>

http://ec.europa.eu/world/enp/documents_en.htm

http://eeas.europa.eu/azerbaijan/index_en.htm