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**Research Brief**

# **The Implications of the Third Trilateral Meeting in Brussels**

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**May 2022**

In a way towards a productive peace-building process, discussing the situation in South Caucasus and deepening economic cooperation between the EU and both countries, on May 23 President of the European Council Charles Michel hosted the President of Azerbaijan: Ilham Aliyev and Prime Minister of Armenia: Nikol Pashinyan. Following the 6 April meeting, which is called by the President Ilham Aliyev as a starting point in the normalization of relations between Armenia and Azerbaijan, the content of the recent meeting is once more characterized by its promising and necessary provisions that will serve the interests of Azerbaijan and development of the region more broadly. According to the statement, the entire set of vital issues was reviewed touching upon the humanitarian issues, and the following outcomes in various directions were reached.

In addition to the establishment of the Joint Border Commission enshrined in the penultimate meeting, first joint meeting of the Border Commissions was envisaged to be held in the interstate border soon addressing all necessary issues. In terms of unblocking communications and transport lines, it was agreed to further proceed and principles on governing interregional transit between countries as well as international transport through the communications infrastructure of both countries were identified. Moreover, leaders agreed to advance discussions on the future peace treaty. In economic terms, the work of the Economic Advisory Platform, which seeks to advance economic development in the region and strengthen the EU's economic role in the regions, was deemed to be accelerated.

The recent trilateral Brussels meeting in May can obviously be considered to be another crucial step toward sustainable peace and security, and unblocking communications in the region in continuation of the productive subsequent discussions in EU format. In practical terms, the trilateral meeting indicated and envisaged the supposedly upcoming processes of the previous meeting, notwithstanding the opposition and rival mindset in Armenia. Certainly, the European Union once more reiterated its interest in a long-lasting peaceful situation and realization of economic and transport projects in the region for the benefit of all people under new realities. In particular, the statement seems to be a light on the importance of sustainable peace in the region. It should be noted that Azerbaijan prior to the meeting unilaterally disclosed 5 base principles for normalizing relations with Armenia which are enshrined as follows:

- Mutual recognition by states of sovereignty, territorial integrity, inviolability of their international borders and political independence of each other;
- Mutual confirmation of the absence of territorial claims of states to each other and the adoption of a legal obligation that such a claim will not be brought in the future;
- Refrain from threatening each other's security in interstate relations, use of threats and force against political independence and territorial integrity, as well as other circumstances that do not comply with the purposes of the UN Charter
- Delimitation and demarcation of the state border, the establishment of diplomatic relations;
- Opening transport and communications, building other relevant communications and establishing cooperation in other areas of mutual interest.

Opening communications, in particular in this situation, is beneficial for both countries as Azerbaijan can have direct access to Nakhchivan boosting the internationalization of regional transport roads which can create a more robust transport infrastructure in the Euroasia continent letting the countries to enjoy a more diversified transportation network. With Russia and Iran sanctioned, Middle Corridor gains special attention and could emerge as a reliable trade route between the East and the West. The insecurity environment that Russia created along the logistics channels, which caused, to a large extent, trade disruptions, stipulates the need for Caucasus countries to ramp up and strengthen their positions. In this vein, stepping up the integration and connectivity projects of Armenia and Azerbaijan could certainly contribute to this process for the benefit of all people. As part of the integration, Azerbaijan, Georgia and Kazakhstan agreed on the establishment of a new venture "Euroasia Railway Alliance" to exploit the potential of the Trans-Caspian International Transport Route that will help to establish a unified system for the transportation of goods and services across countries' railway organizations, ports, sea carriers. Turkey declared its intention to join the venture that can undeniably widen the network ensuring easier access to European ports.

As stated by Mr. Ilham Aliyev, there is tremendous potential for the export of energy including renewables through the Zangazur Corridor to Turkey and

Europe that in turn can increase the nation's revenues and energy security of the region. Given the non-oil sector potential of liberated territories, the inter-wined system of communications with the geographical proximity to big regional markets can act as an avenue for the investment of export-oriented industries.

Along the way on the brink of new development strategies, the importance of the meeting for regional economic and transport as well as international perspectives can not be overlooked as connectivity issues were given special importance in all discussions. Unblocking the communication lines is of crucial significance in providing a fertile ground for the rapid launching of the Zangazur Corridor project that offers additional economic and geopolitical benefits for Azerbaijan as well as for the whole region. In addition, it is a stimulus for new investment in the liberated cities. In accordance with the Economic and Investment Planning Project, the EU intends to widen mutual economic relations with both sides by means of the economic advisory platform that will further enable in the near future to enhance and strengthen the scope of regional relations with other actors which is a crucial factor in lifting up the economic development as well as geopolitical relevance of the region.

### **Trade Turnover with EU in 2021**

Azerbaijan	13.2 billion euro
Georgia	2.8 billion euro
Armenia	1.3 billion euro

**Source:** European Commission, 2022

Azerbaijan accounts for 77 % of the EU's trade turnover with the South Caucasus. As clearly illustrated in the table, the EU is the largest trade partner of the region. In the post-pandemic period, trade turnover between the EU and South Caucasus is expected to rise.

### **EU's Foreign Direct Investment 2019**

Azerbaijan	2.6 billion euro
Georgia	1.2 billion euro
Armenia	1.0 billion euro

**Source:** European Commission, 2022

In concluding remarks, it can be noted that the EU acts as a reliable mediator in the peace-building process and, in accordance with its Economic and Investment Planning, intends to realize projects as the region is of exceptional importance on the verge of this continent with its intercontinental location and rich energy resources of Azerbaijan. In particular, with the ongoing Russia-Ukraine war and new geopolitical realities founded by Azerbaijan, the region's relevance and the EU's interest here increasingly gains special momentum. As soon as mutual peace agreement is reached, the region's potential to turn into a single market could be feasible. Both Zangazur Corridor and Roadway envisaged in the memorandum of Understanding with Iran have a great capability of potential income source connecting the regional economies, thus accelerating the regional economic integration. Rapid resolution of this conflict accelerates the process of Euro integration of South-Caucasus countries which is win-win situation for all parties with no alternative.

The recent Brussels meeting was another remarkable event in the direction of sustainable peace in the region and fully exploit newly emerging opportunities. There is a big room for opportunities in various directions to emerge for the development of the whole region that predominantly requires a holistic approach to the peace agreement and joint action by all sides. Currently, the rivalry mindset cultivated in Armenian society and opposition parties are the main obstacles to reaching a long-standing peace agreement with Azerbaijan, and projects are delayed due to Armenian inaction. The multidimensional foreign policy of Azerbaijan boosts its negotiation capabilities and strengthens its position, however possible completion of the projects stipulates the need for Armenia to act in a highly coordinated fashion avoiding one-sidedly prepared restoration projects.

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