

SEYMUR SHIRINOV
WSB University, Poland
Master's student
seymur.shirinov2001@gmail.com

AZERBAIJAN'S INTEGRATION WITH THE EU IN THE FIELD OF ENERGY

Summary

The paper explores Azerbaijan's integration into the European energy system, focusing on how its oil and gas resources have shaped both its domestic development and its international role. It traces the historical evolution of the energy sector, analyzes major pipeline projects, and evaluates Azerbaijan's contribution to European energy security.

While Azerbaijan has emerged as a reliable alternative supplier in the context of Europe's efforts to reduce dependence on Russian energy, this study argues that its role is strategically important but structurally limited.

The paper also considers prospects, particularly the transition toward renewable energy and its implications for Azerbaijan–EU cooperation.

Keywords: Azerbaijan; European Union; energy policy; natural gas; oil; TANAP; BTC; Southern Gas Corridor.

1. Introduction

Within the contemporary international system, access to energy resources remains a fundamental factor influencing both economic capacity and geopolitical influence. Rich in natural gas and oil deposits, these nations hold a significant position in global politics and are particularly essential to regional security systems. Over the past decades, Azerbaijan has emerged as an increasingly influential geopolitical actor in the post-Soviet space.

The oil sector in Azerbaijan has a long history. The Absheron Peninsula has been known to produce oil since the Middle Ages, and Baku developed into one of the world's major oil hubs in the nineteenth century. Azerbaijan started rebuilding its energy industry after winning independence, and the country's economic potential greatly improved because of the realisation of international energy projects and the attraction of foreign investors.

In contrast, imports account for a significant portion of the energy needs of the European Union. Azerbaijan has become a significant EU partner in recent years as European nations have sought to lessen their reliance on Russian energy resources (European Commission, 2022). In this sense, Azerbaijan's economic and geopolitical integration with the European energy market is crucial.

2. Methodology

This study employs a qualitative research design based on descriptive and analytical methods to examine Azerbaijan's integration into the European Union's energy system. The research relies on a combination of primary and secondary data sources. Primary data include reports, statistics, and official publications from major energy actors such as BP, SOCAR, and international energy institutions, while secondary data consist of academic literature, policy papers, and institutional analyses .

The analytical method focuses on analysing important strategic initiatives such the "Contract of the Century," BTC, BTE, TANAP, and TAP, as well as tracking the historical growth of Azerbaijan's oil and gas industry, especially in the post-independence era.

These initiatives are analysed as tools to help Azerbaijan enter European energy markets. Furthermore, the alignment of Azerbaijan's national energy strategy with the EU's energy diversification policy is assessed using a comparative analytical methodology..

The approach offers a thorough framework for comprehending how economic resources, infrastructure development, and geopolitical issues interact to shape Azerbaijan–EU energy cooperation by fusing historical study with policy evaluation

3. Historical Development of Azerbaijan's Oil and Gas Industry

The oil industry in Azerbaijan has a rich and lengthy past. Information regarding the extraction and use of oil in Baku and the Absheron region can be found in historical sources. The significant amount of oil production in Absheron was recorded by the renowned traveller Marco Polo in the thirteenth century. Industrial oil production started in the middle of the 1800s.

In 1847, the first mechanically drilled oil well in Bibiheybat marked an important stage in the development of Azerbaijan's oil industry. In the following years, new oil fields were discovered in Balakhani, Surakhani, Binagadi, and other areas. By the late nineteenth century, oil production in

Baku accounted for a dominant share of global output, highlighting its central role in the early petroleum industry (**BP, 2022**).

Azerbaijan was one of the USSR's primary energy hubs during the Soviet era. Specifically, Baku oil served as the main energy source for the Soviet military industry throughout World War II. The "Oil Rocks" field's opening in 1949 significantly boosted offshore oil production.

Azerbaijan experienced severe economic problems following the fall of the Soviet Union in 1991. Production levels have decreased and the nation's energy infrastructure became outdated. However, the primary opportunity for economic revival came from Azerbaijan's rich hydrocarbon resources.

4. The "Contract of the Century" and the New Energy Strategy

The signing of the "Contract of the Century" on September 20, 1994, represented a turning point in the strategic orientation of Azerbaijan's energy policy. The collaborative development of the Azeri-Chirag-Gunashli oil fields in the Caspian Sea's Azerbaijani sector was the goal of this agreement.

Major global energy firms like BP, Amoco, Exxon, Statoil, LUKoil, SOCAR, and others were participants to the deal. The "Contract of the Century" brought Azerbaijan billions of dollars in foreign investment, modernised the nation's energy infrastructure, and increased export prospects (SOCAR, 2023).

This agreement was important not only economically but also politically. Azerbaijan entered the international energy market, strengthened cooperation with Western countries, and reinforced its independent foreign policy course.

Following the "Contract of the Century," the main goal of Azerbaijan's energy policy became the creation of alternative export routes for oil and gas resources to world markets. This policy resulted in the implementation of several strategic pipeline projects.

5. Main Energy Projects in Azerbaijan–EU Cooperation ***Baku-Tbilisi-Ceyhan Oil Pipeline***

One of the key initiatives in Azerbaijan's energy policy is the Baku–Tbilisi–Ceyhan (BTC) oil pipeline. The pipeline was put into service in 2006 and carries Caspian oil to the Mediterranean Sea via Georgia and Turkey.

The length of the BTC pipeline is roughly 1,768 kilometres. Through this project, Azerbaijan was able to deliver its energy resources directly to international markets, thereby reducing its reliance on Russian transit.

BTC is a regional cooperation and security project in addition to an economic one. The strategic alliance between Turkey, Georgia, and Azerbaijan has been reinforced.

Baku–Tbilisi–Erzurum Gas Pipeline

Gas generated at the Shah Deniz field is transported to Georgia and Turkey via the Baku–Tbilisi–Erzurum (BTE) gas pipeline. This pipeline, which has been in operation since 2007, has improved Azerbaijan's standing as a gas exporter.

One of the biggest gas fields in the world is thought to be the Shah Deniz field. Azerbaijan has been able to establish itself as a dependable gas provider to the European market because to this sector (BP, 2022).

TANAP and TAP Projects

The Trans-Anatolian Natural Gas Pipeline (TANAP) is a key element of the Southern Gas Corridor (European Commission, 2023). Gas from Azerbaijan is transported to Europe via TANAP via Turkey. This project is seen as a crucial component of the European Union, Turkey, and Azerbaijan's energy cooperation.

Gas from Azerbaijan is transported to Italy via Greece, Albania, and the Adriatic Sea via the Trans Adriatic Pipeline (TAP), which is linked to TANAP. As a result, Azerbaijani gas made its first direct entry into the European market.

The European Union's policy of diversifying energy sources aligns with these projects. At the same time, they elevate Azerbaijan's geopolitical significance and make it a major player in the energy security of Europe.

6. The European Union's Energy Policy and Azerbaijan's Role

Imports account for a large portion of the European Union's energy demands. In the field of natural gas, the EU has long relied on Russia. Recent geopolitical events have compelled European countries to explore other energy sources.

In this regard, From the EU's perspective, Azerbaijan has increasingly been treated as a dependable, though not unlimited, partner.

It has large gas reserves, stable political situation, and sophisticated energy infrastructure make it a key factor in Europe's energy security.

Azerbaijan and the European Union are expanding energy cooperation through a variety of agreements and memorandums. In particular, the strategic partnership memorandum inked in 2022 calls for increased Azerbaijani gas exports to Europe.

For the EU, Azerbaijani gas is important not only economically but also politically. The existence of alternative energy sources increases competition in the European energy market and strengthens energy security.

7. Azerbaijan's Energy Diplomacy

Azerbaijan has made energy diplomacy a major focus of its foreign strategy. Through energy initiatives, the country has enhanced its ties with both regional and European nations.

The primary goal of Azerbaijan's energy diplomacy is to preserve national interests, export energy resources efficiently, and boost the country's worldwide reputation. In this context, SOCAR's operations are extremely crucial.

SOCAR operates not just in Azerbaijan, but also in Turkey, Georgia, and other nations. The company's involvement in projects like as TANAP, the STAR refinery, and Petkim has strengthened Azerbaijan's regional economic position.

Energy diplomacy has also had a positive effect on Azerbaijan's political relations with the European Union. Cooperation in the energy field has created opportunities for broader cooperation in trade, transport, security, and investment.

8. Discussion

The analysis shows that Azerbaijan has become a strategically significant energy partner for the European Union, especially when it comes to initiatives to improve energy security and diversify supply sources. Azerbaijani gas now has direct access to European markets thanks to the construction of significant infrastructure projects, particularly in the Southern Gas Corridor, which has also improved the nation's geopolitical standing.

The results also show that Azerbaijan's position is still structurally constrained. Despite having substantial hydrocarbon resources, the nation is unable to completely replace important suppliers like Russia in order to supply all of Europe's energy needs.

As a result, rather than being transformative, its contribution should be viewed as complimentary.

Additionally, the effectiveness of a cohesive external energy policy is still constrained by internal differences among EU member states and disparate national interests. Simultaneously, the shift to sustainable and renewable energy offers both opportunities and obstacles for future cooperation.

Even though Azerbaijan's economy is still largely reliant on gas and oil, long-term importance in the European energy system will depend on the country's ability to adjust to the EU's green energy agenda. In conclusion, Azerbaijan's entry into the EU energy market is a win-win alliance driven by geopolitical and economic factors, but its future growth will rely on its capacity to adapt to changing global energy trends.

9. Conclusion

One of the most effective strategic initiatives carried out during Azerbaijan's period of independence was its integration with the European Union in the energy sector. Azerbaijan is now a vital part of Europe's energy security because of its huge oil and gas deposits, effective energy strategy, and international cooperation.

Projects like the "Contract of the Century," BTC, BTE, TANAP, and TAP have improved Azerbaijan's standing in the world energy market and made a substantial contribution to the nation's economic growth. These initiatives also support the European Union's aim of energy source diversification.

It is likely that Azerbaijan and the EU would increase their energy cooperation in the future. Particularly, the growth of the Caspian region's energy potential, green energy, and renewable energy sources provide up fresh opportunities for collaboration.

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Seymur Shirinov

AZƏRBAYCANIN ENERJİ SAHƏSİNDƏ AVROPA İTTİFAQI İLƏ İNTEQRASIYASI

Xülasə

Bu məqalə Azərbaycanın Avropa enerji sisteminə inteqrasiyasını araşdırır, xüsusilə onun neft və qaz ehtiyatlarının həm daxili inkişafına, həm də beynəlxalq roluna necə təsir etdiyini təhlil edir.

Tədqiqat enerji sektorunun tarixi inkişafını izləyir, əsas boru kəməri layihələrini təhlil edir və Azərbaycanın Avropanın enerji təhlükəsizliyinə verdiyi töhfəni qiymətləndirir. Avropanın Rusiya enerjisindən asılılığını azaltmaq söyləri fonunda Azərbaycan etibarlı alternativ təchizatçı kimi önə çıxsa da, bu iş onun rolunun strateji baxımdan mühüm, lakin struktur baxımından məhdud olduğunu irəli sürür.

Məqələdə həmçinin gələcək perspektivlər, xüsusilə bərpa olunan enerji mənbələrinə keçid və bunun Azərbaycan–Avropa İttifaqı əməkdaşlığına təsirləri nəzərdən keçirilir.

Açar sözlər: Azərbaycan; Avropa İttifaqı; enerji siyasəti; təbii qaz; neft; TANAP; BTC; Cənub Qaz Dəhlizi.

Сеймур Ширинов

ИНТЕГРАЦИЯ АЗЕРБАЙДЖАНА С ЕВРОПЕЙСКИМ СОЮЗОМ В ЭНЕРГЕТИЧЕСКОЙ СФЕРЕ

Резюме

В данной статье рассматривается интеграция Азербайджана в европейскую энергетическую систему с акцентом на то, как его нефтегазовые ресурсы повлияли как на внутреннее развитие страны, так и на её международную роль.

В работе прослеживается историческая эволюция энергетического сектора, анализируются ключевые трубопроводные проекты и

оценивается вклад Азербайджана в обеспечение энергетической безопасности Европы.

В условиях стремления Европы снизить зависимость от российских энергоресурсов Азербайджан выступает как надёжный альтернативный поставщик, однако в статье утверждается, что его роль является стратегически важной, но структурно ограниченной.

Также рассматриваются перспективы на будущее, в частности переход к возобновляемым источникам энергии и его влияние на сотрудничество между Азербайджаном и Европейским союзом.

Ключевые слова: Азербайджан; Европейский союз; энергетическая политика; природный газ; нефть; TANAP; ВТС; Южный газовый коридор

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