



**AZERBAIJAN'S GEOECONOMIC ROLE IN THE EU'S POST-2022 ENERGY
ARCHITECTURE**

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აბსტრაქტი

2022 წელს უკრაინაზე რუსეთის ფედერაციის თავდასხმამ და თანმხლებმა რუსული გაზის მიწოდების შეფერხებამ ევროკავშირის ენერგეტიკული უსაფრთხოების სტრატეგია მნიშვნელოვნად შეცვალა. რუსული ენერგორესურსების მიწოდების შემცირების ფონზე, ევროკავშირმა ენერგო დივერსიფიკაციის პროცესი გააქტიურა, რის შედეგადაც აზერბაიჯანი ბრიუსელის სტრატეგიულ პარტნიორად ჩამოყალიბდა. წინამდებარე ნაშრომი იკვლევს, თუ როგორ მისცა 2022 წლის გეოეკონომიკურმა შოკმა ბაქოს შესაძლებლობა თავისი ახალი პოზიცია ევროკავშირის დივერსიფიკაციის პოლიტიკის ფარგლებში განესაზღვრა და საკუთარი სტრატეგიული როლი გაემყარებინა. კვლევა ეფუძნება გეოეკონომიკურ თეორიულ ჩარჩოს, რომელიც ენერგორესურსებს, სახელმწიფო კომპანიებს, ინფრასტრუქტურასა და გეოგრაფიულ მდებარეობას სახელმწიფოს გეოეკონომიკურ ინსტრუმენტებად განიხილავს. აღნიშნული ქეის სთადი, თვისებრივი კვლევის მეთოდებით, აანალიზებს როგორც უკრაინაში ომამდელ წინაპირობებს, ასევე ომის შემდგომ შექმნილ შესაძლებლობებსა და აზერბაიჯანის თანმხლებ გეოეკონომიკურ ნაბიჯებს. ნაშრომი აჩვენებს, რომ აზერბაიჯანმა საკუთარი ბუნებრივი რესურსები, სამხრეთის გაზის დერეფანი, ევროკავშირის ბუნებრივ აირზე დამოკიდებულება და განახლებადი ენერგიის პოტენციალი ეფექტურად გამოიყენა, რათა ბრიუსელის ენერგეტიკული უსაფრთხოების საჭიროებები მყარ ურთიერთდამოკიდებულებად გარდაექმნა. ნაშრომის შედეგები აჩვენებს თუ რა გზებით შეუძლია საშუალო ზომის ენერგომომწოდებელ სახელმწიფოს შედარებით დიდ აქტორებთან პოლიტიკური და ეკონომიკური ურთიერთობების გაღრმავება.

Keywords: Azerbaijan, EU, geoeconomic statecraft, carbon lock-ins, geoeconomic shock.

1. Introduction

Russia's 2022 invasion of Ukraine and the following disruption of Russian gas supplies to the European Union triggered significant reordering of the EU's energy security strategy. As Brussels swiftly moved to diversify away from Russian fossil fuels, Azerbaijan rapidly gained momentum. In July 2022, Brussels and Baku signed a new Memorandum of Understanding on energy cooperation, declaring Azerbaijan as a key partner country in the EU's efforts to move away from Russian supplies (Directorate-General, 2022). By 2024 Azerbaijan had become a notable, still mid-sized supplier to the European market (European Commission, 2024). These developments coincided with the EU's controversial decision to classify certain gas and nuclear activities as transitional "green energies" in 2022 (Strauss, 2022). Beyond gas, EU-Azerbaijan cooperation has simultaneously extended into renewables. Baku plans to install new renewable capacity on the Caspian sea to enable prospective exports of green power and hydrogen (Zabanova, 2024). A major step in the potential green energy cooperation was the 2022 agreement to construct a high-voltage cable beneath the Black Sea directly linking Azerbaijan to the European Union (Ilie & Szakacs, 2022).

Although the European Union's diversification policy after 2022 aimed to reduce its strategic dependence on Russian gas, it simultaneously created new dependencies on alternative suppliers such as Azerbaijan. In this way, the EU's effort to enhance its energy security has reinforced the strategic importance of other external actors. The aim of this paper is to explain how Azerbaijan's response to the 2022 geoeconomic shock exemplifies the use of geoeconomic instruments to consolidate its position within the European Union's diversification strategy. Accordingly, the paper asks: How did the 2022 geoeconomic shock enable Azerbaijan to reposition itself as a strategic energy partner of the European Union?

The paper hypothesizes that the 2022 geoeconomic shock provided Azerbaijan with an opportunity to exercise geoeconomic statecraft by leveraging its energy (both natural gas and emerging green potential) and geographic assets, the Southern Gas Corridor, as well as the EU's carbon lock-ins to consolidate its role as a key energy partner of the European Union. This case illustrates how a mid-sized energy exporter can exercise agency amid a global structural shock by deploying geoeconomic instruments to strengthen interdependencies with a major regional bloc. The paper adopts a geoeconomic theoretical lens that treats energy supply chains, infrastructure, carbon lock-ins and geography as instruments of statecraft, and employs a qualitative single-case design focusing on Azerbaijan's role in the EU's post-2022 diversification.

2. Methodology

This paper uses a qualitative single-case approach to analyze Azerbaijan's role in the European Union's energy diversification following the 2022 geoeconomic shock, highlighting how smaller energy-exporting states can exercise geoeconomic agency to enhance their strategic relevance and deepen interdependence with more

powerful actors. While the analysis focuses mainly on the post-2022 period, it also incorporates earlier developments, particularly the construction of the Southern Gas Corridor and Azerbaijan’s energy resources, as essential background. Guided by a geoeconomic conceptual framework, the study draws on a wide range of qualitative sources, including official EU and Azerbaijani statements, data from EU institutions and SOCAR, EU gas market statistics, EnerData and IEA reports, relevant analytical and academic literature, and coverage from established European and South Caucasus media outlets.

3. Theoretical Framework

3.1. Geoeconomic Statecraft and Restructuring of Interdependence

The geoeconomic strand of academic research offers insights into the relationship between politics and economics in international political economic relations, even though the concept of geoeconomics itself remains relatively undertheorized. Edward Luttwak’s (1990) original formulation posits that the causes and instruments of modern conflict are economic (p. 21). While this angle aligns more closely with realist thought, and geoeconomics has not fully replaced military statecraft as Luttwak anticipated (Scholvin & Wigell, p. 76), this chapter focuses on subsequent developments of the concept to avoid the overly broad definitions for which geoeconomics has been criticized.

Blackwill and Harris (2016) provide the subsequent definition of the geoeconomics as “the use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results; and the effects of other nations’ economic actions on a country’s geopolitical goals,” capturing geoeconomics both as an analytic lens and a form of statecraft (p.20). The authors emphasize that energy policy constitutes one of the most potent instruments of geoeconomic statecraft. They argue that energy security, the reliable and affordable supply of energy, is fundamentally intertwined with geopolitics as states that dominate energy production or control key infrastructure can use these assets to exert pressure or construct dependency (pp. 61-62). Energy abundance or scarcity directly shapes global power dynamics, influencing both strategic behavior and alliance formation (p.62). Ultimately, the authors (2016) imply that control over energy flows functions not merely as an economic resource but as a strategic tool of state power, an essential dimension of geoeconomic competition (pp. 61 - 63). Farrell and Newman further claim that once established, structures become resistant to change, as individual actors are dependent on existing pathways for stability and benefit from the network’s established routines (P.51). These dynamics of interdependence have led the world into “a new stage of network politics,” in which states increasingly recognize the strategic dimensions of global economic connectivity (Farrell & Newman, 2019, p.77) Others scholars also argue that economic security has become an increasingly significant component of power politics in the contemporary world (Hsiung, 2009, p. 113). The related concept of economic statecraft, as articulated by Baldwin, refers to the exercise of governmental influence through the deliberate use of economic resources to affect the behavior of other international actors (Baldwin, 1985, pp. 58–63). In this sense, geoeconomics can be

viewed as the modern extension of economic statecraft in a globalized and highly interconnected economy, where control over infrastructure and supply chains becomes a principal means of influence.

To better analyze how Azerbaijan exercises its geoeconomic power, it is essential to also highlight the role of the state-owned enterprises (SOEs), also known as state capitalism. This concept broadly refers to systems of capitalism in which the state plays a central role in overseeing and managing capital accumulation or directly owning and controlling capital assets. Within this framework, SOEs have emerged as leading mechanisms in the global economy (Alami et al., 2022, pp. 995–996). As Alami et al. argue resource nationalism has evolved into a form of state activism intertwined with geopolitics, where SOEs extend both capital and political influence across borders, “Trojan horses,” for transnational state power (2022, pp. 996–1004).

The “geo” dimension of geoeconomics, on the other hand, underscores that the economic foundations of state power are inseparable from geography. Scholvin and Wigell (2016, p. 81) emphasizes that the effectiveness and limits of geoeconomic strategies are geographically defined, as resource locations, trade routes, and control over transit corridors determine how states can project power. This geographic centrality grants influence to states that function as energy transit hubs, where the flow of vital supplies enhances political significance (Blackwill and Harris, 2016, p.90).

According to the geoeconomics logic, the entrenched energy connectivity (such as with Russia) are not immutable. Major external disruptions can expose and reconfigure existing hierarchies. Babic and Mertens (2024, p.3) describe such events as geoeconomic shocks, exogenous disturbances originating in the economic sphere but carrying systemic and political implications. According to them, a geoeconomic shock occurs when an exogenous event abruptly disrupts financial or material economic flows, generating fundamental political and economic uncertainty (Babic & Mertens, 2024, p.3). Although such disruptions may be triggered by geopolitical upheavals, such as Russia’s invasion of Ukraine, their consequences echo through global economic networks. Babic and Mertens (2024) argue that these shocks have become increasingly significant because global economic dependencies are now more readily instrumentalized and exploited than in the less integrated international order of the 1970s (pp.3-4).

From a geoeconomic perspective, such shocks matter also because they can open pathways for the reconfiguration of power relations. As Farrell and Newman (2019) observe, states subjected to geoeconomic pressure often seek to reduce their exposure by reshaping network connections, seeking alternatives and minimizing structural vulnerabilities (p. 77).

3.2. Carbon Lock-Ins

To analyse Azerbaijan's geoeconomic success and the core of the new interdependence, the notion of carbon lock-ins must also be examined. Carbon lock-ins represent a type of path dependency, in which entrenchment of "technical, institutional and behavioral systems with known technical and environmental disadvantages," linked to carbon emissions takes place (Babic & Mertens, 2024, p.4). Such path-dependent processes create inertial resistance to fundamental change, driven by economic conditions and increasing returns to scale (Seto et al., 2016, p. 426). Babic and Mertens (2024) argue that carbon lock-ins are difficult to escape as contemporary economic life and development are still connected to accelerated carbon emissions (p.5). Inexpensive and uninterrupted energy supply remains essential and sustains global consumption, a complex still dominated by fossil fuels (Seto et al., 2016, p. 427). The lock-ins reinforce this dominance as long as alternatives are perceived as too costly and demanding. Consequently, incumbents benefit from a structural advantage created by carbon lock-ins and actively contribute to their persistence (Babic & Mertens, 2024, p.5).

In the context of the geoeconomic shock caused by Russia's invasion of Ukraine, Babic and Mertens (2024) highlight the influence of carbon lock-ins in shaping responses to the immediate energy crisis and in reinforcing path-dependent solutions (p.5). In this context, energy security is likely to remain determined by aggregate demand and entrenched carbon lock-ins, at least in the short to medium term, if not beyond.

One critical source of this inertia lies in existing energy infrastructure. Unruh, Seto, and others (2016) acknowledge that most carbon-emitting technologies depend on pipelines, refueling stations, and refineries (p. 428). Faber, Busch and Leftstad (2025) claim that indirect lock-in mechanisms stem from supporting infrastructure, such as pipelines, which depend on the continued use of fossil fuels to remain functional. They imply that certain types of infrastructure are designed for a single purpose and cannot be easily repurposed for alternative uses. Moreover, network externalities generate increasing returns to scale: as infrastructure networks expand, each additional component enhances the overall value and efficiency of the system, making further expansion easier, cheaper, and more profitable (p.3). Fossil fuel infrastructure such as gas pipelines is not merely technical but also "encodes and reinforces power relations, control over resources, and patterns of development" (Grasso & Rodrigues, 2025, p.3). Despite rapid growth in renewables, fossil fuel plants, coal mines, oil fields, pipelines, and refineries continue to operate, locking in emissions for decades to come (ibid.).

4. Azerbaijan's Geoeconomic Foundations and Energy Infrastructure

4.1. Azerbaijani's energy base and SOCAR

Azerbaijan possesses substantial hydrocarbon resources and has become a prominent exporter of oil and natural gas. Since the 1990's new fossil fuel fields discovered in the Caspian Sea have been developed in partnership with international companies, orienting Baku's economy toward hydrocarbons as its dominant sector (LaPorte, 2024). Production expanded sharply following the discovery of the Shah Deniz gas field in the Caspian Sea, reaching

record levels in 2010 (IEA, 2024). Soon after this, Azerbaijan became a net exporter of natural gas for the first time (LaPorte, 2024). The subsequent launch of Shah Deniz 2, one of the world's largest gas developments, marked a turning point for Azerbaijan's integration into global energy markets and laid the groundwork for the future Southern Gas Corridor (BP, n.d.). The BP-led Shah Deniz consortium, together with SOCAR, holds the right to extract and market Azerbaijani gas (Firat, 2025).

Between 2010-2021, Azerbaijan has increased its natural gas production from 16.7 bcm to 32.6 bcm (IEA, 2023). In 2023, the country reached another record high with production of 48.3 bcm, a 37% increase compared to 2022 (EnerData, 2024). This sustained production expansion illustrates how Azerbaijan has consolidated a robust material foundation for its geoeconomic agency. In geoeconomic terms, the large natural resources base can become a possible lever of influence, allowing Azerbaijan to channel its production capacity into its economic and political relevance.

In accordance with its further ambitions to produce even more natural resources, Baku continues to explore the Caspian Sea for additional natural gas reserves, with recent efforts proving effective. BP and Azerbaijan have already agreed to develop the field, launching a project estimated to add 113 bcm of natural gas to national reserves (O'Byrne, 2024). These ongoing project demonstrate Baku's forward-looking resource strategy. The process also highlights how state-linked energy cooperation with international firms might embed Azerbaijan more deeply into global production chains.

Azerbaijan has a long tradition of production of crude oil and petroleum products. In 2025, Azerbaijan exported around 23.4 million tons of crude oil and petroleum products, generating export revenues exceeding \$12.1 billion (Abdul, 2026). These figures illustrate Azerbaijan's growing revenues and increasing economic leverage. Although significant, similar to the natural gas data, oil production falls outside the scope of this paper. While one could argue that the post-2022 context has created new opportunities for Azerbaijani oil production, natural gas has remained the primary focus of the renewed and strengthened EU–Baku relationship, as shown later in the article.

Azerbaijan's energy sector remains predominantly state-owned, with only a limited number of private plants (IEA, 2024). This structure has produced a rentier-style political economy characterized by two key features: heavy reliance on external rents from resource exports and the concentration of economic and political power among a small elite (LaPorte, 2024). SOCAR stands at the core of this model, a state-owned monopoly overseeing nearly all aspects of the hydrocarbon sector both domestically and abroad. It maintains the joint ownership in all production-sharing agreements with foreign companies and functions as Azerbaijan's largest fiscal contributor (LaPorte, 2024). The State-Owned Enterprise currently has an ambitious plan to increase the annual natural gas production from around 37 bcm to 49 bcm by 2033 (Gavin, 2024). SOCAR proves to be a perfect example of SOEs role in state capitalism, enabling Azerbaijan's government to play a central role in managing and controlling

the capital accumulation and assets. In line with the logic of resource nationalism, SOCAR functions not only as a vehicle for domestic economy but also as an instrument for projecting Azerbaijan's political and economic influence beyond its borders.

4.2. Infrastructural Power: The Southern Gas Corridor

The Southern Gas Corridor (SGC) is a transnational pipeline megaproject connecting Azerbaijan's gas resources to the European Union through a network of pipelines covering around 3,500 kilometers and links seven countries from the Caspian Sea to Italy. Costing approximately \$40 billion, the project is managed by SOCAR in partnership with eleven international companies and eleven gas wholesalers (SOCAR, n.d.). The SGC represents a material manifestation of Azerbaijan's long-term geoeconomic strategy. Baku secured both the commercial and geopolitical infrastructure needed to project influence into Europe's energy markets, which shall be explored below.

The SGC did not emerge as an ad hoc response to recent energy crises but was embedded in the EU's diversification strategy well before. As early as 2008, the European Commission declared its "determination to ensure the development of a Southern Gas Corridor," identifying it as "one of the EU's highest energy security priorities." Commission officials emphasized that the corridor would secure gas supplies from Caspian and Middle Eastern sources to meet a significant share of the Union's future needs (Firat, 2025, p.272). This early institutional commitment reveals how the EU actively supported the creation of the infrastructure and illustrates the long-term production of interdependence between Brussels and Baku. The infrastructure consists of three main pipeline projects, constructed sequentially. The first part, the South Caucasus Pipeline Extension (SCPX) connects the Shah Deniz gas reserves to Erzurum, Turkey, through Georgian territory. The second and largest segment, the Trans-Anatolian Gas Pipeline (TANAP), stretches 1,850 kilometers across Turkey to the Greek border (Firat, 2025, p. 270). During TANAP's opening ceremony, Azerbaijani President Ilham Aliyev described the SGC as "a new format of cooperation in Eurasia," while both leaders praised it as the "Silk Road of Energy" (Misiągiewicz, 2019, pp. 87). These statements prove that Corridor functions not only as an energy project but as a geopolitical move of alliance and regional leadership.

The final major part of the Corridor, Trans Adriatic Pipeline (TAP) was completed in 2020, enabling the first direct delivery of Azerbaijani gas to the EU. TAP has been designated a Project of Common Interest (PCI) by the EU, underlining its strategic role in EU energy security (SOCAR, n.d.). TAP currently has a capacity of 10 bcm per year, expandable to 20 bcm. Upon completion, it was connected to Italy's natural gas network, allowing for further distribution to other European markets via Italy's exit points. TAP thus has completed Azerbaijan's transformation to a fully integrated supplier within the EU energy system. Its designation by the EU also highlights Brussels' own complicity in creating new structural dependencies, which effectively institutionalizes a long-term reliance on Azerbaijani gas infrastructure. A more recent extension, the Interconnector Greece–Bulgaria (IGB),

inaugurated in 2022, further enhances the SGC's reach. Linking Greece, Bulgaria, and neighboring states, the EU-backed project has an initial capacity of 3 bcm per year (European Commission, 2022). This SGC has an interesting significant characteristic - its infrastructure enables the expansion of its reach beyond its existing boundaries (Firat, 2025, p. 266), illustrating geoeconomic significance of the project.

The project's multi-stage construction, multinational ownership, and political symbolism have embedded Azerbaijan deeply into European energy architecture. Azerbaijan has positioned itself as a leading intermediary between its Caspian resources and European demand. This structural position contributed to the conditions for new forms of interdependence, a dynamic that would become even more visible after 2022. At the same time, the pipelines themselves reinforce carbon lock-ins, anchoring both producers and consumers to continued fossil commitments even as they publicly might pursue decarbonization. The EU's willingness to support and co-finance these projects reveal the tension between its energy security imperatives and its climate ambitions.

5. Geoeconomic shock and Azerbaijan's positioning

The 2022 geoeconomic shock posed an unprecedented challenge to Europe's energy security. Before the crisis, over half of all EU energy imports originated in Russia, with natural gas alone accounting for roughly 45% of total imports (Council of the European Union, n.d.). This dependency was not evenly distributed among all member states but concentrated on some large economies and eastern European states. For example, Gazprom supplied more than half of Germany's gas demand, making it the company's largest European customer (Babic & Mertens, 2024, P2). Italy's dependency was similarly high, with 41% of its gas imports coming from Russia (Maślanka, 2023). All of these patterns reflected the EU's long-standing structural reliance on pipeline gas and the political centrality of Russia within its pre-2022 energy architecture. Following the invasion and the subsequent reduction of gas deliveries, electricity and gas prices in Europe surged more than fifteenfold compared to 2021 (Zettelmeyer et al., 2022), severely affecting households and industries. The EU faced the threat of recession, energy shortages, and systemic inflation unless it diversified supply rapidly (Zettelmeyer et al., 2022). As discussed in the theoretical framework, such geoeconomic shocks generate deep political and economic uncertainty while simultaneously creating structural openings for new alignments. Europe's urgent need to diversify away from Russian energy created a window of opportunity for other resource-rich states to step in, supply critical energy, and embed themselves within the EU's reconfigured energy networks. Azerbaijan was among the first to seize this opportunity.

Soon after Russia's invasion of Ukraine, European Commission President Ursula von der Leyen personally travelled to Baku to sign a new Memorandum of Understanding on a strategic partnership in the energy field framed within the REPowerEU plan (European Commission, n.d.). Under this agreement, Azerbaijan committed to more than doubling its gas deliveries to Europe through SGC, reaching approximately 20 bcm annually by 2027 (Zabanova, 2024). The deal demonstrates Azerbaijan's ability to leverage the post-2022 crisis for geoeconomic

positioning, validating years of investment, lobbying, and development around the SGC project. In effect, the shock created the structural opening through which Baku could translate its pre-existing infrastructure into influence, offering the EU a stable alternative supply at a moment of acute vulnerability. The declaration of natural gas as a transitional green energy by EU (Strauss, 2022) also clearly illustrates the relevance of carbon lock-ins, amid the energy crisis.

By 2025, Baku delivered around 12.5 bcm of natural gas to EU countries, which was an increase of 53.8% compared to 2021, (Pacheco, 2026). The number in 2024 was around 11.66 bcm of natural gas to the EU, about 4.3 percent of the Union's total gas imports (Council of the European Union, n.d.). Baku has consolidated its standing as the fourth-largest pipeline supplier to the EU (7% of pipeline gas in 2024), behind only Russia (19%) (European Commission, 2024). Merely three years earlier, deliveries had reached 8.1 bcm (Zabanova, 2024). The projected expansion to 20 bcm by 2027 appears plausible given the mentioned field development and capacity enhancement within the SGC system. These figures illustrate the material consolidation of a new interdependence, where Azerbaijan's energy exports and the EU's diversification logic became intertwined.

Azerbaijan's gas, however, reaches only a subset of EU member states, creating concentrated patterns of dependency. Italy now sources roughly 17.5 percent of its total gas imports, around 10 bcm in 2024, from Azerbaijan (EnerData, 2024). Bulgaria provides another revealing case. Following the 2022 Azerbaijani gas supplies more than doubled to around 2 bcm in 2024, covering nearly the country's entire consumption, up from roughly 500 mcm in 2022 (Abbasova, 2025). Romania has also launched the importing of the Azeri gas in 2023, followed by Slovenia, Croatia and Hungary, while Greece was an initial recipient of the SGC (Zabanova, 2024). For Greece as well, Azerbaijan proves to be a key partner. While generally the import of natural gas is relatively low here, in 2024 Azerbaijan made 18.7% of the total share of imports (DESFA, 2025).

The observed growth in export volumes and infrastructural capacity, potentially up to 31 bcm if the SGC is fully expanded (Firat, 2025, p. 276), demonstrates Azerbaijan's strategy of transforming resource inflows and infrastructure into durable leverage. In geoeconomic terms, Baku has embedded itself within the EU's diversification architecture, ensuring that Europe's energy security calculations now include Azerbaijan as a significant node. One of the significant contributors to these patterns are EU carbon lock-ins, which have been discussed above.

This material interdependence has been paralleled by institutional and diplomatic consolidation. The European Commissioner for Energy and the Azerbaijani minister co-chair the annual Southern Gas Corridor Advisor Council meetings in Baku (European Commission, n.d.). Additionally, senior representatives routinely reaffirm mutual commitment. In April 2024, EU High Representative and Vice-President Kaja Kallas visited Baku, praising Azerbaijan as "a reliable partner in ensuring Europe's energy security" (Kuenning, 2025). That visit produced a further agreement between EU Enlargement Commissioner and Azerbaijani Economy Minister to establish a High-

Level Economic Working Group for further energy and transport coordination (Farhadova, 2025). These forums institutionalize interdependence, transforming energy flows into structured, long-term cooperation.

Beyond the EU framework, Azerbaijan has also expanded its reach through bilateral energy diplomacy. In 2025 The Azerbaijani state company signed a 10 year contract with Germany's state-owned energy company Securing Energy for Europe (SEFE) to supply natural gas to the European market. The deal envisions a gradual increase in annual gas deliveries, reaching around 1.5 bcm per year. SEFE confirmed that deliveries will begin already this year and highlighted that the deal opens a new route for substantial gas volumes to Europe, strengthening both supply diversification and customer energy security (Farhadova, 2025). This contract illustrates how SOCAR functions as a geoeconomic instrument of statecraft, allowing Baku to project influence even beyond the physical limits of the SGC network.

Overall, the evidence demonstrates how Azerbaijan has consolidated its position as a crucial energy supplier to the European Union by exploiting the structural disruptions of 2022. Through its control over infrastructure, resources, state-led enterprises, and targeted diplomacy, Baku has gradually crafted a new pattern of deepened interdependence with the EU. While the EU continues to be Azerbaijan's main trading partner, its urgent energy needs, infrastructural path dependencies, and carbon lock-ins have made it increasingly reliant on Azerbaijani's resources. In this relationship, a smaller resource-based state has been able to transform systemic vulnerability into its strategic relevance. Azerbaijan thus demonstrates how, under conditions of crisis and structural constraint, smaller states can acquire significant influence in the political economy.

6. Reinforcing Interdependence through Green Transition and Regional Connectivity

As the European Union advances its commitment to reach net-zero carbon emissions by 2050 (Zabanova, 2024), the future of traditional fossil fuel suppliers appears increasingly uncertain. For Azerbaijan, whose geoeconomic influence has long depended on hydrocarbon exports, this transition represents both a challenge and an opportunity. Although the EU's climate objectives legally constrain long-term fossil contracts beyond 2049 (ibid), cooperation between Brussels and Baku shows no signs of decline. Instead, both sides have sought to reframe their partnership as future-oriented. This reframing illustrates how Azerbaijan, rather than potentially losing relevance, is adapting its geoeconomic toolkit to the evolving energy goals.

Recent diplomatic engagements have underscored this shift. In June 2025, the EU Commissioner for Energy and Housing described EU-Azerbaijani partnership as “future-oriented partner,” highlighting joint efforts to expand cooperation on renewables (Directorate-General for Energy, 2025). President Alyiev, in turn, has consistently emphasized the rich wind and solar energy potential of the Caspian sea (Kuenning, 2025). The rhetoric of mutual energy transition has become significant to the bilateral discourse, enabling Azerbaijan to present itself not only as a fossil supplier but as a prospective contributor to the EU's decarbonization goals.

Empirically, Azerbaijan possesses substantial potential for renewable energy development abundant solar and wind resources as well as promising opportunities in biomass, geothermal, and hydropower generation (IEA, 2024). Building on these endowments, Baku has sought to strengthen its green profile through three main strategies: attracting foreign investment for large-scale renewable energy projects, including offshore wind developments; participating in international initiatives to reduce methane emissions; and establishing itself as a central player in a future green Caspian hub, with plans to export green electricity and hydrogen to European markets (Zabanova, 2024). In March 2024, the country's Renewable Energy Agency signed a Memorandum of Understanding with WindEurope to promote offshore wind development (European Commission, n.d.).

The green energy production does not remain a mere rhetoric, Baku has intensified its new geoeconomic strategy of deepening the EU-Azerbaijan interdependency and this time also through the major infrastructure projects. In 2022, the leaders of Azerbaijan, Georgia, Romania, Hungary and the European Commission have signed a document on the construction of the Black Sea high voltage electric cable linking the future Azeri green energy from windfarms to Europe. The European Commission pledged roughly 2.3 billion euros toward its construction (Ilie & Szakacs, 2022). The construction mission was finally launched in 2024. Stressing the vulnerability and implication of the limited energy diversification in the Eastern Europe, the Romanian counterpart, among other leaders, praised the strategic importance of the infrastructure (Euronews Green, 2024). Beyond its technical scope, the project embeds Azerbaijan's energy infrastructure more deeply into the European grid, effectively extending fossil-based interdependence into the renewable domain.

7. Conclusion

This paper examined how Azerbaijan leveraged the 2022 geoeconomic shock to reposition itself as a strategic energy partner of the European Union. The analysis showed that the shock created a structural opportunity for Azerbaijan to translate pre-existing assets, its abundant fossil fuel reserves, energy infrastructure, green energy potential and geographic position, into instruments of geoeconomic statecraft. By doing so, Baku transformed Europe's urgent need for diversification into a source of strategic relevance and reinforced a new form of interdependence with the EU.

Azerbaijan's geoeconomic strategy operated through several interrelated mechanisms. By mobilizing its natural gas exports during the crisis, Baku positioned itself as a reliable alternative to Russian supplies at a moment when the EU was constrained by carbon lock-ins and commitments to uninterrupted energy supply. The EU's decision to classify natural gas as a transitional "green" energy further legitimized this exchange, allowing Azerbaijan to wield fossil fuel exports as an instrument of geoeconomic influence. Second, the construction and expansion of the Southern Gas Corridor provided the material foundation for this strategy. Control over key infrastructure enabled Azerbaijan not only to ensure steady exports but also to entrench Europe's reliance on those very networks,

reinforcing the structural logic of carbon lock-ins. Here Azerbaijan's state-owned enterprise SOCAR functioned as a crucial arm of this strategy. Extending Baku's influence beyond its original reach through contracts and infrastructural investments, SOCAR projected state power through commercial channels. Finally, by promoting its renewable energy potential and spearheading connectivity initiatives, most notably the planned Black Sea high-voltage cable Azerbaijan expanded the geoeconomic logic into the emerging green energy domain. The mentioned strengthened Baku's efforts to embed itself in transition agenda, ensuring its long-term relevance for the EU.

These findings reinforce the theoretical premise that energy, infrastructure and geography operate as central instruments of geoeconomic statecraft. The Azerbaijani case demonstrates how smaller states can deploy these tools to recalibrate political and economic relations with much larger actors. It also shows that diversification, though aimed at reducing the vulnerabilities of asymmetrical interdependence (with Russia), does not necessarily eliminate new forms of dependence. Instead, it can redirect and reproduce them within new structural configurations shaped by carbon lock-ins.

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