

Bilateral relations with Azerbaijan

Main Country Indicators 2013

	Azerbaijan	EU28
Total area (in km2)	86.600	4.385.992
Population (million)	9,4	506,7
Population density (per km2)	113,9	120
GDP (current US \$)	73,6 billion	17,3 trillion
GDP per capita (current US \$)	7.811,7	34.240
GDP growth (% change with previous year)	5,8	0,1

Sources: Eurostat, World Bank

Economic importance of agriculture (2011)

	Azerbaijan	EU28
Agricultural land (km2)	47.687	1.878.817
Agricultural land as proportion of land area (%)	57,7	44,3
Arable land as % of land area	22,8	25,6
Permanent cropland (% of land area)	2,7	2,8
Employment in agriculture (% of total employment)	37,7 *	5 *
Agriculture, value added (% of GDP)	5,6 **	1,6 *

Sources: World Bank

* year 2012

** year 2013

Agriculture sector

Whilst the economy of Azerbaijan relies on oil and gas as the leading sector, agriculture is a key component of the country's non-oil economy. Almost half of Azeri lives in rural areas and the livelihood of the rural population depends on agriculture.

The urban-rural divide is strong with large disparities between Baku and the rest of the country. After regaining its independence following the fall of the Soviet Union, Azerbaijan began process of land privatization (nearly completed by 2005), which, together with a later land reform, led to an increase in production. Mixed farming is the most common, with similar cropping patterns. The major crops for Agriculture in Azerbaijan are agricultural cash crops, grapes, cotton, tobacco, citrus fruits, and vegetables. Livestock, dairy products, and wine and spirits are also important farm products (in value terms the most valuable products are meat - cattle and sheep -, milk and tomatoes, followed by potatoes, wheat and apples). Over half of total income from animal husbandry comes from cattle-breeding. Cattle, sheep, and goats encompass the majority of animal husbandry. Sheep breeding for meat and wool is most prominent in mountainous regions, and poultry farming is becoming increasingly profitable due to its production of meat, eggs, and down.

EU agricultural trade with Azerbaijan

The trade balance is positive for the EU, with the biggest EU export products being food preparations, live plants and dairy. At the same time, the main Azeri export goods are nuts (77% of agri export), followed by fruit juices.

EU- Azerbaijan Relations

EU-Azerbaijan relations are governed by the Partnership and Co-operation Agreement (PCA), in force since 1999, which serves as a political and legal framework for cooperation, and by the Action Plan (AP), adopted under the EU's European Neighbourhood Policy (ENP) in 2006, which lays out the strategic objectives of bilateral cooperation.

By agreeing the AP, the EU and Azerbaijan commit themselves to developing deeper economic integration and strengthening bilateral political cooperation, including deeper on Foreign and Security Policy, Justice, Energy, Transport, Poverty Reduction, Freedom and Security, in particular in the field of border management, customs and migration, Environment.

With the launch of the eastern Partnership initiative in May 2009, the EU, Azerbaijan and five other Eastern Partners committed themselves to go even further and to accelerate their political association and economic integration by widening and deepening their current relations with the Union.

The EaP envisages negotiations and the implementation of Association Agreements and the creation of deep and comprehensive free trade areas between the EU and the partner States. In 2010, the EU and Azerbaijan began negotiations on an Association Agreement. The government of Azerbaijan officially applied to the WTO secretariat to become a WTO member in 1997 and discussion are still going on.

At the moment, the new Country Strategy Paper (CSP) 2007-2013 covers EC financial assistance to Azerbaijan under the new European Neighborhood and Partnership Instrument (ENPI).

Azerbaijan participated to the Vilnius summit and re-confirms his commitment to implement the guiding principles of the Eastern Partnership.

Trade Statistics

EU28 **exports** of agricultural products to Azerbaijan (2013): €246 million

EU28 **imports** of agricultural products from Azerbaijan (2013): €37 million

>> More statistical information (link to: http://ec.europa.eu/agriculture/trade-analysis/statistics/outside-eu/iceland-factsheet_en.pdf)