

Energy, Power, and Repression: Political Economy Insights from Azerbaijan

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Abstract

Azerbaijan's substantial hydrocarbon endowment—particularly in crude oil and natural gas—plays a central role in shaping both its economic structure and governance model. The hydrocarbon sector constitutes the backbone of the national economy, accounting for a dominant share of fiscal revenues, export earnings, and macroeconomic stability. However, consistent with the literature on rentier state dynamics and resource dependence, the concentration of hydrocarbon rents has contributed to the consolidation of a highly centralized political system. Control over these revenues has enabled ruling elites to accumulate and sustain economic and political power, thereby limiting political pluralism and reinforcing the persistence of dominant leadership.

This article examines how hydrocarbon wealth functions not only as an economic asset but also as an instrument of political control. Drawing on fiscal and sectoral data for the period 2007–2025, it shows how oil and gas revenues are accumulated in the State Oil Fund of Azerbaijan (SOFAZ), transferred to the state budget, and disproportionately allocated to defense, law enforcement, and judicial institutions, thereby expanding the state's coercive capacity.

The analysis also highlights a structural shift from oil to gas production and Azerbaijan's growing role as a gas supplier to Europe. At the same time, it identifies a parallel increase in political repression, reflected in a sharp rise in the number of political prisoners since 2022. The findings suggest that Azerbaijan's increasing geopolitical and energy importance has reduced external pressure for democratic reforms. Overall, the article argues that hydrocarbon revenues play a central role in sustaining authoritarian governance by reinforcing coercive institutions and limiting accountability.

Keywords: Azerbaijan, EU, Oil and Gas Production, Hydrocarbons revenues, Energy, SOFAZ, SOCAR, Budget expenditures, Defense and security budget, Judiciary, law enforcement and prosecution budget, Gas Exports to Europe, Political Repression, Political Prisoners

From Oil to Gas: Structural Transformation in Azerbaijan's Energy Sector

In 2023, Azerbaijan ranked as the world's 28th-largest producer of oil and natural gas, with total hydrocarbon output reaching approximately 1 million barrels of oil equivalent per day.¹ This production capacity underscores the country's continued relevance within global energy markets, particularly in the context of regional energy security and diversification of supply routes to European markets.

According to the June 2021 BP Statistical Review of World Energy,² Azerbaijan's proven oil reserves amounted to approximately 7 billion barrels at the end of 2020, representing around 0.4 percent of global reserves. At prevailing production levels, these reserves are estimated to last for approximately 28.8 years. In addition to oil resources, Azerbaijan also possesses considerable natural gas reserves. Data from WorldData³ indicate that proven natural gas reserves reached approximately 1.7 trillion cubic meters at the end of 2021, accounting for about 0.82 percent of global reserves, with an estimated reserve lifespan of approximately 54.8 years.

Taken together, these hydrocarbon resources continue to underpin Azerbaijan's strategic position as an energy-exporting state. At the same time, the economy's heavy reliance on hydrocarbons raises important questions regarding long-term economic diversification, vulnerability to global energy price fluctuations, and the sustainability of resource-dependent growth models.

Over the past decade and a half, Azerbaijan's energy supply structure has undergone significant changes. Between 2010 and 2025, natural gas production increased by approximately 95%,⁴ driven largely by the development of the Shah Deniz field⁵ and the expansion of export infrastructure through the Southern Gas Corridor (SGC).⁶ Over the same period, oil supply

¹ <https://zerocarbon-analytics.org/energy/azerbajians-climate-policies-dominated-by-gas-export-expansion-plans/>

² <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2021-full-report.pdf>

³ <https://www.worlddata.info/oilreserves.php>, Data sources: United States, Office of Public Affairs, 2021), Organization of the Petroleum Exporting Countries (OPEC, 2021) and U.S. Energy Information Administration

⁴ https://www.stat.gov.az/source/balance_fuel/

⁵ https://www.bp.com/en_az/azerbaijan/home/who-we-are/operationsprojects/shahdeniz.html

⁶ <https://www.bp.com/en/global/corporate/news-and-insights/energy-in-focus/southern-gas-corridor-special-feature.html>

declined by approximately 45.5%, reflecting the gradual depletion of mature oil fields and a structural shift toward gas production.

The importance of the oil and gas sector to Azerbaijan's economy is undeniable. Despite a drop in oil output, hydrocarbons continue to dominate Azerbaijan's economy: during the past fifteen years, oil and gas have accounted for approximately 98% of the country's total primary energy supply,⁷ more than 90% of export revenues,⁸ and around one-third of gross domestic product.

According to data from the Ministry of Energy of the Republic of Azerbaijan, in 2025 the country produced 27.7 million tons of oil (including gas condensate) and 51.5 billion cubic meters (bcm) of natural gas. In the same year, oil exports—including condensate—reached 23.1 million tons, while natural gas sales totaled 25.2 bcm.⁹

In 2025, oil and gas accounted for 28.5% of the nation's GDP,¹⁰ and 30.87% of total investments in fixed capital.¹¹ Moreover, oil and gas revenues contributed 48.1% of the state budget's revenues.¹² This heavy reliance on resource wealth has fueled economic growth, attracted foreign investment, and maintained fiscal stability.

According to fiscal projections for 2026,¹³ the oil and gas sector is expected to account for approximately 43% of Azerbaijan's state budget revenues, amounting to USD 9.65 billion. A substantial share of this sum—USD 7.53 billion—will be financed through transfers from the State Oil Fund of Azerbaijan (SOFAZ),¹⁴ underscoring the continued importance of hydrocarbon revenues in the country's fiscal structure.

Table 1 illustrates how fluctuations in global oil prices and changes in oil production have influenced the revenues of the SOFAZ.¹⁵ The data show that periods of high oil prices, particularly in 2011–2013 and 2022, were associated with substantial increases in oil fund revenues despite the gradual decline in oil production.

⁷ https://www.stat.gov.az/source/balance_fuel/

⁸ <https://customs.gov.az/en/faydali/gomruk-statistikasi/xarici-ticaretin-veziyyeti-haqqinda>

⁹ <https://minenergy.gov.az/en/xeberler-arxivi/00710>

¹⁰ <https://www.stat.gov.az/news/macroeconomy.php?lang=az&page=2>

¹¹ <https://cbar.az/page-43/external-sector-statistics>

¹² <https://www.maliyye.gov.az/en/static/105/information-on-the-state-budget-execution>

¹³ <https://www.maliyye.gov.az/scripts/pdfjs/web/viewer.html?file=/uploads/static-pages/files/699813547f3fa.pdf>

¹⁴ <https://www.oilfund.az/en/report-and-statistics/recent-figures>

¹⁵ <https://www.oilfund.az/en/report-and-statistics/report-archive>

Table 1. Oil Revenues, Oil Prices, Oil and Gas Production in Azerbaijan (2007–2025)

Year	Oil and gas revenues of the SOFAZ (mln. AZN)	Oil Price (USD/barrel)	Oil Production (mln. tons)	Gas production (bcm)
2007	1,675.1	72.5	42.6	16.7
2008	3,473.1	96.9	44.5	22.8
2009	7,702.6	61.5	50.4	23.7
2010	12,656.0	79.5	50.8	26.3
2011	15,257.4	111.3	45.6	25.7
2012	13,117.3	111.6	43.4	26.9
2013	13,108.0	108.6	43.5	29.4
2014	12,319.8	98.9	42.0	29.6
2015	7,369.5	52.3	41.6	28.9
2016	8,320.0	43.6	41.0	29.4
2017	11,029.9	54.2	36.7	28.6
2018	16,645.5	71.3	38.8	30.5
2019	14,614.7	64.3	37.5	35.6
2020	6,587.2	41.9	34.5	37.2
2021	11,894.6	70.8	34.6	43.8
2022	19,698.9	100.9	32.6	46.7
2023	14,519.0	82.5	30.2	48.3
2024	10,197.6	80.5	29.1	50.3
2025	10,266.3	69.1	27.7	51.5

Source: Author's compilation based on data from the State Oil Fund of Azerbaijan (SOFAZ); oil production statistics from national statistical sources, State Oil Company of Azerbaijan Republic; International Monetary Fund, Global Price of Brent Crude [POILBREUSDA], retrieved from FRED, Federal Reserve Bank of St. Louis (<https://fred.stlouisfed.org/series/POILBREUSDA>), accessed March 1, 2026; and Average annual Brent crude oil price from 1976 to 2025, Statista Research Department.

Table 1 illustrates the relationship between oil prices, oil and gas production, and the revenues of SOFAZ over the period 2007–2025. The data show that fluctuations in SOFAZ revenues are

closely associated with changes in global oil prices. Periods of high oil prices, particularly in 2011–2013¹⁶ and 2022,¹⁷ correspond with significant increases in oil fund revenues.

At the same time, the table highlights a long-term decline in oil production, which decreased from over 50.8 million tons in 2010 to 27.7 million tons in 2025. Despite this decline in output, oil revenues remain strongly influenced by global price dynamics, indicating that international oil market conditions continue to play a decisive role in Azerbaijan’s fiscal performance.

It is also important to note that until 2021, Azerbaijan’s hydrocarbon revenues were derived predominantly from the export of crude oil and petroleum products. Natural gas revenues played a relatively limited role in the country’s fiscal structure during this period. Since 2007, the Shah Deniz gas fields, Azerbaijan’s largest natural gas project, has generated revenues from the sale of gas and condensate amounting to USD 4,551 million as of January 1, 2022.¹⁸

However, following the launch of large-scale gas exports to Europe through the Southern Gas Corridor in 2021, natural gas revenues began to assume greater importance for fiscal stability. According to data from the SOFAZ, revenues from the sale of gas and condensate produced at the Shah Deniz field reached USD 884.8 million in 2021, compared with USD 5,968.4 million generated from the sale of oil and condensate produced at the Azeri–Chirag–Gunashli (ACG) field¹⁹ during the same year.

In 2022, SOFAZ received USD 1,443 million from Shah Deniz gas and condensate sales, while revenues from oil and condensate produced at the ACG field amounted to USD 9,889 million.²⁰ In 2023, gas and condensate revenues from Shah Deniz totaled USD 1,308 million, compared with USD 6,899.2 million from ACG oil and condensate sales.²¹ In 2024, Shah Deniz revenues declined to USD 442.1 million, while ACG revenues amounted to USD 6,158.5 million.²² In 2025, revenues from Shah Deniz gas and condensate reached USD 564 million, whereas revenues from oil and condensate produced at the ACG field totaled USD 4,878.2 million.²³

¹⁶ Ibadoghlu, Gubad and Alasgarov, Kamil and Bayramov, Galib, (2013), Oil and Gas Revenue Management in Azerbaijan. Policy Paper on Revenue Management in Azerbaijan, November 2013, Available at SSRN: <https://ssrn.com/abstract=3104106> or <http://dx.doi.org/10.2139/ssrn.3104106>

¹⁷ https://www.oilfund.az/report-and-statistics/get-download-file/flip/7_2022_tam_en.pdf

¹⁸ <https://www.oilfund.az/en/fund/press-room/news-archive/1513>

¹⁹ https://www.bp.com/en_az/azerbaijan/home/who-we-are/operationsprojects/acg2.html

²⁰ <https://www.oilfund.az/en/fund/press-room/news-archive/1513>

²¹ <https://www.oilfund.az/en/fund/press-room/news-archive/1619>

²² <https://www.oilfund.az/en/fund/press-room/news-archive/1680>

²³ <https://www.oilfund.az/en/fund/press-room/news-archive/1759>

Overall calculations indicate that between 2007 and 2026 SOFAZ received approximately USD 9,192.9 million in revenues from natural gas, while total hydrocarbon revenues amounted to about USD 116,079.5 million. Consequently, gas revenues accounted for only about 7.9% of total hydrocarbon revenues during this period.

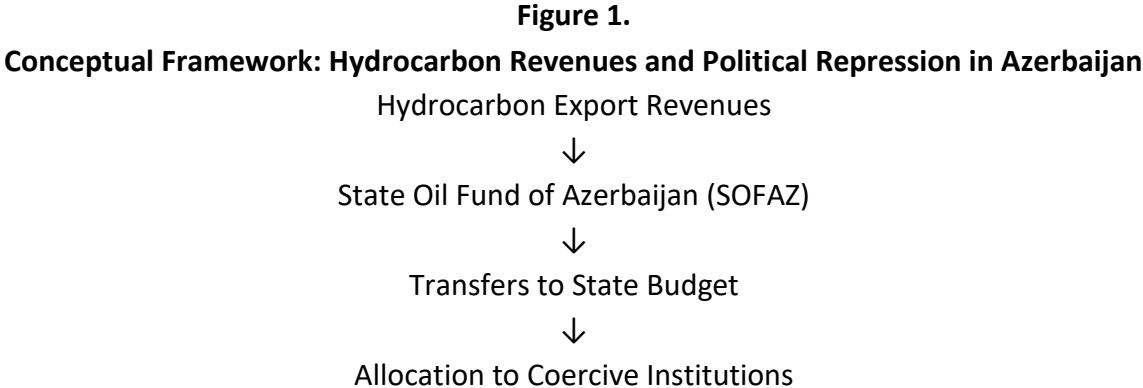
These figures demonstrate that oil revenues have continued to play a dominant role in the formation of Azerbaijan’s hydrocarbon income over the past two decades, despite the gradual expansion of the country’s natural gas export capacity.

As shown in Table 1, oil and gas revenues remain the principal pillar of fiscal capacity and political stability in Azerbaijan’s economy. A substantial share of these hydrocarbon revenues, accumulated in the SOFAZ, is transferred annually to the state budget to finance government expenditures²⁴ and projects²⁵—particularly in the areas of defense, security services, the judiciary, law enforcement and prosecution, and in public investment.

Hydrocarbon Revenues, Fiscal Transfers, and Expansion of Coercive Capacity

The utilization of oil and gas revenues in Azerbaijan can be analytically conceptualized as a structured fiscal and institutional process linking resource extraction to political outcomes. Hydrocarbon export revenues are accumulated in the SOFAZ, transferred to the state budget, and allocated to key state institutions, particularly those associated with defense, law enforcement, and the judiciary. This trajectory highlights the central role of resource revenues in shaping both state capacity and governance patterns.

Thus, the utilization of oil and gas revenues in Azerbaijan can be analytically represented in a generalized framework, as illustrated in Figure 1.



²⁴ <https://www.maliyye.gov.az/en/static/11/consolidated-and-state-budgets>

²⁵ <https://www.oilfund.az/en/projects>

(Military • Law Enforcement • Judiciary)



Expansion of Coercive Capacity



Reduced Political Pluralism and Civil Liberties



Repression of Civil Society, Media, Academia, and Political Opposition

The annual dynamics of transfers from SOFAZ to the state budget under this framework are presented in Table 2.

Table 2 complements this analysis by demonstrating how these revenues have been incorporated into the country's fiscal system through transfers from SOFAZ to the state budget.

Table 2. Transfers from SOFAZ to the State Budget and Their Share in Budget Expenditures (2007–2025)

Year	Budget expenditures (mln. AZN)	Transfers from SOFAZ (mln. AZN)	SOFAZ transfer share in budget expenditures (%)
2007	6,086.2	585.0	9.6
2008	10,774.2	3,800.0	35.3
2009	10,503.8	4,915.0	46.8
2010	11,655.9	5,915.0	50.8
2011	15,397.5	9,000.0	58.5
2012	17,416.5	9,905.0	56.9
2013	19,143.5	11,350.0	59.3
2014	18,709.0	9,337.0	49.9
2015	21,100.0	8,130.0	38.5
2016	17,751.2	7,615.0	42.9
2017	17,594.7	6,100.0	34.7
2018	22,731.6	10,959.0	48.2
2019	24,425.9	11,363.3	46.5
2020	26,416.3	12,200.0	46.2
2021	27,422.4	12,200.0	44.5
2022	32,064.6	7,923.0	24.7

Year	Budget expenditures (mln. AZN)	Transfers from SOFAZ (mln. AZN)	SOFAZ transfer share in budget expenditures (%)
2023	36,457.9	11,737.6	32.2
2024	37,713.6	12,781.0	33.9
2025	38,603.6	14,481.0	37.5

Source: Author's calculations based on budget execution reports of the Ministry of Finance of the Republic of Azerbaijan and the State Oil Fund of Azerbaijan (SOFAZ).

Table 2 demonstrates the significant role played by transfers from SOFAZ in financing state budget expenditures. The table indicates that a significant share of government expenditures has been financed through oil fund transfers, which in several years exceeded 50% of total budget spending. Taken together, the two tables highlight the strong linkage between global oil market conditions and Azerbaijan's fiscal performance, underscoring the continuing dependence of the state budget on hydrocarbon revenues.

The dependence on oil fund transfers was particularly high during 2010–2013, when rising global oil prices—shown in Table 1—generated large revenues for SOFAZ. As oil prices reached their peak in 2011–2012, the share of SOFAZ transfers in the state budget also increased, exceeding 58–59%.

Following the global oil price collapse in 2014–2016, the share of SOFAZ transfers declined somewhat, although it remained a major source of fiscal financing. The decline in oil prices documented in Table 1 was accompanied by lower oil revenues and adjustments in fiscal policy.

In recent years, despite a continuous decline in oil production (as shown in Table 1), the state budget has remained structurally dependent on transfers from SOFAZ. This pattern underscores the rentier character of Azerbaijan's fiscal system, in which hydrocarbon revenues continue to play a significant role in financing government expenditures.

Over the period 2001–2026, cumulative transfers from SOFAZ to the state budget reached USD 100,242.9 million,²⁶ accounting for 94.5% of the Fund's total expenditures during this time.

As can be seen, the largest share of expenditures financed through SOFAZ consists of transfers to the state budget. These transfers serve as a major source of funding for key state functions, particularly defense and the institutions responsible for the administration of justice, law enforcement, and prosecution. Table 3 summarizes government expenditures in these sectors

²⁶ <https://www.oilfund.az/en/report-and-statistics/recent-figures>

and presents their respective shares in total state budget expenditures over the period 2007–2025.

Table 3. Defense and Law Enforcement Expenditures in Azerbaijan’s State Budget (2007–2025)

Year	Total budget expenditures (mln. AZN)	Judiciary, law enforcement and prosecution (mln. AZN)	Share (%)	Defense and security expenditures (mln. AZN)	Share (%)
2007	6,086.2	431.3	7.1	811.4	13.3
2008	10,774.2	533.9	4.9	1,321.2	12.2
2009	10,503.8	648.8	6.2	1,183.8	11.3
2010	11,655.9	668.5	5.7	1,185.2	10.1
2011	15,397.5	710.3	4.6	1,345.2	8.7
2012	17,416.5	929.2	5.3	1,407.3	8.1
2013	19,143.5	1,049.3	5.5	1,528.6	8.0
2014	18,709.0	1,103.6	5.9	1,637.4	8.8
2015	21,100.0	1,240.2	5.9	1,778.5	8.4
2016	17,751.2	1,117.1	6.3	1,242.7	7.0
2017	17,594.7	1,177.5	6.7	2,621.2	14.9
2018	22,731.6	1,316.4	5.9	2,842.6	12.6
2019	24,425.9	1,660.8	6.8	3,354.2	13.7
2020	26,416.3	1,899.4	7.2	4,425.4	16.8
2021	27,422.4	2,033.0	7.4	4,885.5	17.8
2022	32,064.6	2,366.7	7.4	4,896.3	15.3
2023	36,457.9	2,671.3	7.3	5,854.8	16.1
2024	37,713.6	2,809.8	7.5	6,562.2	17.4
2025	38,603.6	2,919.9	7.6	8,068.2	20.9

Source: Author’s calculations based on data from the Ministry of Finance of the Republic of Azerbaijan, Annual Report on the Implementation of the State Budget, available at: <https://www.maliyye.gov.az/static/153/dovlet-budcesinin-icrasina-dair-illik-hesabat>, and the State Oil Fund of Azerbaijan (SOFAZ) budget execution reports.

Table 3 indicates that expenditures on defense, security and law enforcement institutions constitute a substantial share of Azerbaijan’s state budget, which is largely financed through transfers from SOFAZ. Between 2007 and 2025, spending on the judiciary, law enforcement, and prosecution remained relatively stable, accounting for approximately 5–7% of total budget expenditures.

In contrast, defense spending increased markedly over the same period, rising from about 13% of total expenditures in 2007 to over 20% by 2025. As a result, in 2025, combined expenditures on defense, the judiciary, law enforcement, and prosecution reached 28.5% of the total budget—1.5 percentage points higher than the combined share allocated to education, healthcare, and social protection and security.²⁷

This shift underscores the growing prioritization of defense and security over human development within Azerbaijan’s fiscal policy. The trend is expected to continue, with projections indicating that military spending will reach nearly 6.8% of GDP in 2026—approximately 1.8 percentage points above NATO benchmarks.²⁸

When interpreted together with Tables 2 and 3, these data indicate that the financing of security-related sectors has been strongly supported by hydrocarbon revenues. A significant share of state budget expenditures allocated to defense, national security, law enforcement, and judicial institutions is ultimately financed through transfers from the SOFAZ. In this sense, oil and gas revenues have played a leading role in sustaining the fiscal capacity of the state, particularly in funding institutions responsible for security and law enforcement.

At the same time, the transparency of these expenditures remains limited. In the state budget for the upcoming fiscal year, detailed economic and functional classifications of expenditures related to defense, national security, law enforcement, and judicial and prosecutorial bodies are not publicly disclosed. As a result, a substantial portion of government spending is effectively classified. Estimates suggest that more than half of total budget expenditures fall within these opaque categories, significantly limiting public scrutiny. Consequently, not only the general public but even members of parliament have limited access to detailed information regarding the allocation and use of these funds.²⁹

²⁷ <https://www.maliyye.gov.az/scripts/pdfjs/web/viewer.html?file=/uploads/static-pages/files/6979ee2c34d5c.pdf>

²⁸ <https://www.nato.int/en/what-we-do/introduction-to-nato/defence-expenditures-and-natos-5-commitment>

²⁹ Ibadoghlu, Gubad (2020), 20 Weak Points in the State Budget of Azerbaijan for 2020. Available at SSRN: <https://ssrn.com/abstract=3514311> or <http://dx.doi.org/10.2139/ssrn.3514311>

In Azerbaijan, the lack of transparency in financing defense and security institutions may create conditions conducive to corruption and the inefficient use of public resources.³⁰

Oil and Gas Revenues as Drivers of Political Repression

The political consequences of Azerbaijan's oil boom over the past two decades have been profound. While hydrocarbon revenues have increased substantially, this economic growth has not translated into democratic development. Instead, political participation has declined, democratic institutions have weakened, and governance outcomes—particularly in education and civil liberties—have deteriorated. A significant portion of state resources has been directed towards sustaining the regime's control, including support for actors involved in electoral manipulation and political repression. Through oil and gas revenues incentives and institutional privileges, the state reinforces elite loyalty while expanding its coercive capacity and repressive machinery.

From a political economy perspective, autocratic regimes tend to perceive their primary threats as originating from domestic opposition. In response, they adopt pre-emptive strategies to neutralize independent political actors,³¹ including opposition parties,³² civil society organizations,³³ academics³⁴ and independent media.³⁵ In Azerbaijan, such strategies are facilitated by oil and gas revenues, which provide the financial means to sustain patronage networks, apply administrative pressure, and engage in legal harassment and politically motivated prosecutions. These mechanisms enable the regime both to co-opt potential challengers and to suppress dissent.

Expansion of Security and Law Enforcement Institutions

A central channel through which resource wealth reinforces authoritarian governance is the expansion of security and law enforcement institutions. As indicated in Table 3, expenditures on defense, law enforcement, and judicial institutions constitute a substantial share of the state budget. Although their relative share remained broadly stable between 2007 and 2016, the post-2017 increase in oil revenues led to a marked rise in real spending on security-related

³⁰ Ibadoghlu, Gubad (2026), *The Political Economy of Natural Resources in the Caspian Sea region: Challenges for Transitions to Democracy*. Available at SSRN: <https://ssrn.com/abstract=6172683> or <http://dx.doi.org/10.2139/ssrn.6172683>

³¹ <https://free-anar.site/report-eu-azerbaijan/>

³² <https://www.hrw.org/news/2025/12/22/azerbaijan-intensifies-crackdown-on-political-opposition>

³³ <https://eap-csf.eu/articles/resolution-of-the-eap-civil-society-forum-2025/>

³⁴ https://academic-freedom-index.net/research/Academic_Freedom_Index_Update_2026.pdf

³⁵ <https://jfj.fund/attacks-on-media-workers-in-azerbaijan-in-2025/>

sectors. This has been accompanied by an increase in personnel and the development of additional formal and informal coercive structures financed through state resources.

Comparative indicators further underscore the scale of Azerbaijan's security apparatus. According to the Institute for Economics and Peace,³⁶ Azerbaijan has approximately 649 military personnel per 100,000 inhabitants, significantly higher than Russia (503) and Kazakhstan (201.1). Similarly, Azerbaijan ranks 64th out of 138 countries in the 2021 Global Firepower Index,³⁷ reflecting a notable level of military capacity relative to its size. Internal security indicators follow a similar pattern: estimates suggest approximately 290 police officers per 100,000 inhabitants, compared to 509 in Russia and 424 in Kazakhstan,³⁸ although comprehensive and up-to-date data remain limited. This lack of transparency itself reflects broader governance constraints in authoritarian systems.

Beyond quantitative expansion, the functional role of security institutions has evolved. Law enforcement agencies increasingly serve to protect the interests of governing elites rather than the broader public. Historical and institutional developments illustrate this trajectory. Following the dissolution of Soviet structures, Azerbaijan inherited and expanded internal troop units, growing from approximately 2,500 personnel in the early 1990s to over 10,000 today.³⁹ More recently, legislative changes—such as the December 2025 law⁴⁰ placing internal troops under direct presidential authority—have further centralized control over coercive institutions. While officially justified on security grounds, such reforms have been interpreted by observers as mechanisms for consolidating executive power and enhancing the state's capacity to suppress dissent.

Limitations on an Independent Judiciary

As for the judiciary, it likewise operates with limited independence. Political influence over judicial appointments, corruption within the court system, and politically motivated prosecutions have weakened the rule of law. Courts are frequently used to legitimize government repression through legal procedures that lack transparency and due process.

Taken together, these developments highlight the interplay between resource wealth and authoritarian governance. Oil and gas revenues provide both the financial resources and the

³⁶ <https://www.economicsandpeace.org/wp-content/uploads/2024/06/GPI-2024-web.pdf>

³⁷ <https://www.globalfirepower.com/countries-listing.php>

³⁸ <https://herbiand.az/post.php?id=41499>

³⁹ https://az.wikipedia.org/wiki/Az%C9%99rbaycan_Daxili_Qo%C5%9Funlar%C4%B1

⁴⁰ <https://report.az/milli-meclis/daxili-qosunlar-haqqinda-qanun-layihesi-son-oxunusda-qebul-edilib>

political insulation necessary to expand coercive institutions and maintain regime stability⁴¹. In this context, the high concentration of military and law enforcement personnel is not merely a security feature but a structural component of political control. As a result, resource wealth contributes to the consolidation of authoritarian rule by enabling regimes to sustain repression while limiting accountability.

Since 2014, the Council of Europe has allocated more than €23 million to support justice system reforms in Azerbaijan, particularly in the penitentiary sector,⁴² under its successive Action Plans (2014–2017,⁴³ 2018–2021,⁴⁴ and 2022–2025⁴⁵). In addition, the Council of Europe and the European Union have jointly financed a related project in Azerbaijan with a budget of €1.3 million.⁴⁶ The European Union has also provided ongoing financial and technical assistance aimed at strengthening justice sector reform,⁴⁷ including capacity-building of the judiciary, personnel training, enhanced oversight of prison conditions, improved access to primary healthcare in prisons, and measures to increase transparency and prevent corruption.

Despite these substantial investments,⁴⁸ reports indicate that torture and ill-treatment of prisoners in Azerbaijani detention facilities have persisted. Overall, notwithstanding financial support totaling approximately €30.1 million under the three Action Plans implemented between 2014 and 2025, the Council of Europe has achieved limited progress in advancing Azerbaijan’s compliance with democratic norms and human rights standards. This is further underscored by an earlier EU-funded justice reform project worth €14.5 million, implemented in 2011 in cooperation with the Ministry of Justice, which likewise yielded limited results.

Gas Exports to Europe and Political Repression

⁴¹ Gubad Ibadoghlu, Rashad Sadigov (2023), The economics of petro-authoritarianism: Post-soviet transitions and democratization, *Journal of Resources Policy*, Volume 85, Part B, August 2023, 103752, <https://doi.org/10.1016/j.resourpol.2023.103752>

⁴² https://www.eeas.europa.eu/node/34965_en

⁴³ <https://rm.coe.int/council-of-europe-action-plan-for-azerbaijan-2014-2017/16807724ed>

⁴⁴ <https://rm.coe.int/ap-azerbaijan-18-21-local-lang-web/16809e2235>

⁴⁵ <https://www.coe.int/en/web/programmes/-/secretary-general-to-launch-new-action-plan-for-azerbaijan-in-baku-on-5-april>

⁴⁶ <https://forbiddenstories.org/torture-in-azerbaijan-how-european-funds-flow-to-bakus-prisons/#:~:text=During%20our%20visit%20with%20the,to%20a%20prison%20in%20Spain.>

⁴⁷ <https://www.coe.int/en/web/implementation/azerbaijan-support-to-justice-sector-reform-initiatives-in-azerbaijan>

⁴⁸ <https://turan.az/en/politics/council-of-europe-and-the-european-union-launched-a-project-on-penitentiary-reform-in-azerbaijan>

After the Energy Memorandum signed in July 2022, the cooperation between Azerbaijan and the EU in the field⁴⁹ of natural gas transportation shows that the West’s understanding of democratic values is about obtaining concessions from authoritarian regimes. It appears that EU strategic energy interests override normative commitments to democratic values in engagement with authoritarian regimes, including Azerbaijan.

This dynamic is illustrated by high-level diplomatic engagements that emphasize energy cooperation while largely avoiding discussions of political repression. Table 4 and Figure 2 present comparative data on natural gas exports to Europe and the number of political prisoners in Azerbaijan between 2021 and 2025.

This period is particularly significant because it coincides with the expansion of Azerbaijan’s role as a key energy supplier to Europe following the energy crisis triggered by Russia’s full-scale invasion of Ukraine in 2022. During these years, European demand for alternative gas sources increased substantially, leading to a rapid rise in Azerbaijani gas exports through the SGC.

At the same time, domestic political conditions in Azerbaijan showed signs of growing repression, reflected in the rising number of individuals recognized as political prisoners by independent monitoring organizations. By comparing trends in gas exports and the number of political prisoners, the table and figure illustrate how the country’s increasing strategic importance as an energy supplier has coincided with intensified political repression. This relationship is presented numerically in Table 4 and visually illustrated in Figure 2.

Table 4. Gas Exports to Europe and the Number of Political Prisoners in Azerbaijan (2021–2025)

Year	Gas Exports to Europe (bcm)	Political Prisoners (number)
2021	8.2	122
2022	11.2	100
2023	11.4	235
2024	12.9	319
2025	12.8	392

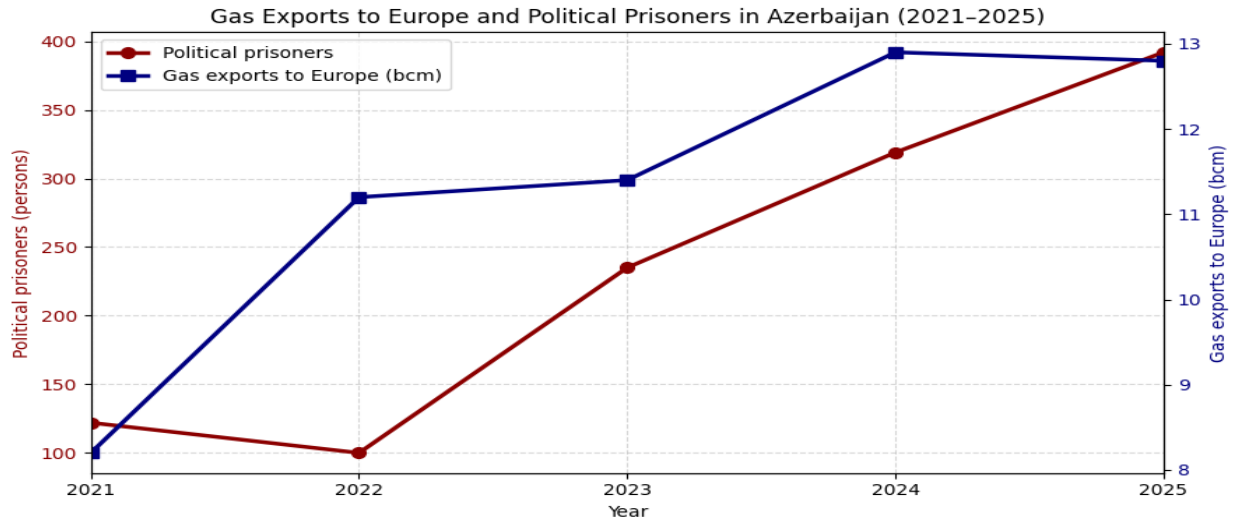
Source: *Azerbaijan Union for the Freedom of Political Prisoners*⁵⁰ and the Ministry of Energy of the Republic of Azerbaijan

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https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_22_4550/IP_22_4550_EN.pdf

⁵⁰ <https://www.ipd-az.org/political-prisoners-on-7-oktober-2025/>

Figure 2. Gas Exports to Europe and the Number of Political Prisoners in Azerbaijan (2021–2025)



Source: *Azerbaijan Union for the Freedom of Political Prisoners*⁵¹ and the Ministry of Energy of the Republic of Azerbaijan

Several important observations emerge from the data presented in Table 4 and Figure 2. First, gas exports to Europe increased steadily between 2021 and 2024, rising from 8.2 billion cubic meters (bcm) in 2021 to 12.9 bcm in 2024, before stabilizing somewhat at 12.8 bcm in 2025. This increase reflects Azerbaijan’s contribution to Europe’s energy security, especially after the decline in Russian gas supplies to Europe.

Second, the number of political prisoners shows a sharp upward trend over the same period, rising from 122 in 2021 to 392 in 2025, more than tripling in four years. The most significant increase occurred after 2022, as Azerbaijan’s strategic value as an energy partner for Europe strengthened.

Third, while the data do not necessarily establish a direct causal relationship, parallel upward trends suggest a possible link between Azerbaijan’s growing energy importance and the strengthening of authoritarian rule. As Azerbaijan becomes a more important energy partner for European states, international actors are prioritizing energy cooperation over democratic reforms, safeguarding freedoms, and human rights concerns.

⁵¹ *ibid*

Finally, these data highlight the broader political economy of resource-rich authoritarian states. Rising energy revenues and geopolitical relevance can provide authoritarian regimes with greater financial resources and international influence, allowing them to tighten domestic controls and increase politically motivated arrests while facing limited external criticism.

Conclusion

Taken together, the analysis suggests that substantial hydrocarbon revenues can play a critical role in reinforcing authoritarian governance structures. Resource-rich regimes often rely on such revenues to strengthen coercive institutions and consolidate political power. In this context, increased financial resources allow governments to expand funding for defense, law enforcement, and intelligence agencies, thereby reinforcing the loyalty of these institutions through higher budgets, salaries, and institutional privileges. At the same time, judicial institutions—including courts and prosecutorial bodies—may become increasingly dependent on the executive branch, limiting their institutional autonomy. Under such conditions, legal and security institutions can be used selectively as instruments to suppress political opposition and maintain regime stability. As a result, authoritarian regimes often use every tool at their disposal to remain in power.

Within this framework, the apparent correlation between increasing gas exports to Europe and the rising number of political prisoners, point to a notable divergence between the European Union’s normative commitments and its strategic engagement with Azerbaijan. During a period when Azerbaijan reportedly held approximately 400 political prisoners,⁵² European Council President António Costa visited Baku on 11 March 2026⁵³ and met with President Ilham Aliyev to discuss energy cooperation, regional security, and bilateral relations and to make joint statements.⁵⁴ Public statements issued during the visit did not emphasize concerns related to human rights or the increasing number of political prisoners.

At the same time, Azerbaijani courts imposed severe prison sentences on political detainees, including Azer Gasimli,⁵⁵ director of the Political Management Institute, who received a twelve-

⁵² <https://freevoicescollective.org/azerbaijan-political-prisoners-2026-february/>

⁵³ <https://www.consilium.europa.eu/en/press/press-releases/2026/03/06/president-costa-to-visit-baku-azerbaijan/>

⁵⁴ <https://www.consilium.europa.eu/en/press/press-releases/2026/03/11/joint-press-statement-by-president-of-the-european-council-antonio-costa-and-president-of-the-republic-of-azerbaijan-ilham-aliyev/>

⁵⁵ <https://www.meydan.tv/en/article/azerbaijani-political-scientist-azer-gasimli-sentenced-to-12-years-in-prison/>

year sentence, and social activist Zamin Zeki,⁵⁶ who was sentenced to seven and a half years' imprisonment in connection with an NGO-related case.⁵⁷

These developments suggest a broader dynamic in which Azerbaijan's strategic importance as an energy partner reduces external pressure on issues of democratic governance and human rights. In turn, this dynamic reinforces the regime's capacity to act with limited accountability and contributes to the persistence of authoritarian governance.

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Note

As of April 8, 2026, the exchange rate of the Azerbaijani manat was 1 USD = 1.7 AZN.

⁵⁶ <https://www.meydan.tv/en/article/baku-court-sentences-social-worker-zamin-zaki-to-7-5-years-in-ngo-case/>

⁵⁷ Arrests related to the so-called 'NGO case' began in March 2025, and judicial proceedings against more than ten civil society leaders are currently ongoing. All of them face charges under Articles 193-1.3.2 (legalization of property obtained through criminal means in large amounts), 308.1 (abuse of official powers), and 313 (official forgery) of the Criminal Code.