

Redefining the South Caucasus: The use of economic measures as methods of conflict resolution

Abstract

The South Caucasus has fundamentally transformed from a unipolar Russian sphere into the decisive hub of Eurasian connectivity. The analysis tracks the rise of the Middle Corridor (ITTR) as a resilient alternative to blocked northern routes, fuelled by China's strategic investments and Azerbaijan's emergence as an energy powerhouse. The region is witnessing a historic departure from the failed multilateralism of the Minsk Group toward a transactional model of 'infrastructure governance'.

The formalization of the Trump Route (TRIPP) symbolizes this shift, where private American interests seek to anchor peace through trade volumes exceeding \$100 billion, directly challenging the influence of Iran and Russia. However, this geoeconomic triumph is a double-edged sword. While the transition to green energy corridors promises strategic autonomy, the regional balance of power has been upended by a military-industrial revolution. The human cost remains staggering; as trade routes expand, the region must confront a landscape where 120,000 people have been upended. The Caucasus is no longer a frozen conflict zone, but a laboratory for a new multipolar order where connectivity is the ultimate currency of power.

Key Words: Middle Corridor (ITTR), Geoeconomics, Infrastructure Governance, Trump Route (TRIPP), Multipolarity, Energy Diversification, South Caucasus.

Introduction

The root of the conflict between Armenia and Azerbaijan dates back to the 1920s with the territorial reorganization by the Soviet Union following its Constitution. In 1923, the Nagorno-Karabakh region, mostly inhabited by Armenians, was included within the structure of the Azerbaijan Soviet Socialist Republic (SSR). On February 20th the Nagorno-Karabakh Regional Soviet formally requested its transfer from the Azerbaijan SSR to the Armenian SSR. However, this request was immediately rejected by Mikhail Gorbachev. From this moment on, violence

between the two ethnic groups escalated until the massacre of Sumgait took place between February 27th and 29th¹.

The beginning of the open war phase began between April and May 1991. The main objective of this operation was the forced deportation of thousands of Armenian civilians. However, they pushed for closer collaboration between Russian SFSR President Boris Yeltsin and the Armenian government vis-à-vis the Soviet bloc. After the failure of the *coup d'état* in Moscow, proof of the weakness of the Soviet state, an independence referendum was held in Armenia scheduled for September 21st of the same year. From this point on, with the independence of the Republic of Azerbaijan on August 30th, the conflict shifted from an intra-State into an inter-State conflict. In parallel to the Armenian declaration of independence, Russian President Boris Yeltsin, and Kazakh President Nursultan Nazarbayev signed the Zheleznovodsk declaration. The lack of real mechanisms for the implementation of a disarmament made it difficult for it to succeed. Unfortunately, on November 20th, following an incident in which an Azerbaijani helicopter carrying Russian and Kazakh mediators was shot down, any hope that peace could be achieved through these agreement was dashed². In retaliation for the downing of the helicopter, the Azerbaijani Parliament voted on November 26th, 1991, to formally abolish the autonomous status of the region. Such action served to legitimize the fears of the Armenians about the persecutions and in response a referendum was held on December 10th, 1991, which was boycotted by the Azerbaijani minority³.

The escalation of tensions occurred when in December 1991 the official dissolution of the Soviet Union left a power vacuum in the Caucasus. Faced with a military disparity, the Armenians prioritized a greater organization of their army along with the strengthening of their officer corps scattered throughout the Soviet army. On the other hand, Azerbaijan saw how the creation of a National Army was hindered by the internal political instability. With the fall of the Soviet Union,

¹ de Waal, Thomas. *Black Garden: Armenia and Azerbaijan Through Peace and War*. New York and London: New York University Press, 2003.

² Yeltsin, Boris, et al. *Zheleznovodsk Declaration*. 23 September 1991. <<https://peacemaker.un.org/sites/default/files/document/files/2024/05/azerbaijanzheleznovodskdeclaration1991.pdf>>.

³ Declaration of Independence of the Republic of Artsakh. 6 January 1992. <http://www.nkrusa.org/nk_conflict/declaration_independence.shtml>.

a new problem would arise for the Armenian Republic today, while Azerbaijan only had to worry about the internal conflict in Karabakh, Armenia felt unprotected on its western flank against a possible threat of military intervention by Türkiye, an ally of Azerbaijan. In view of this, the decision was taken in February 1992 to formalize its accession to the Commonwealth of Independent States (CIS), an alliance of a defensive nature, an act that served to ensure the help of the Russian Federation in the face of a possible direct aggression against its territory after its participation in the Collective Security Treaty Organization (CSTO)⁴. Faced with the internationalisation of the conflict, the European Collective Security Community (CSCE), currently known as the OSCE, decided to intervene diplomatically in the conflict by creating the Minsk Group on March 24th, 1992. Its goal was to convene a permanent peace conference with the participation of eleven nations, including both republics, along with the United States, Russia, France, and Türkiye. However, the group would not be able to achieve the expected result due to the increasing escalation of hostilities⁵.

Another attempt at a peace agreement was sought on May 7th, 1992, led by the president of Iran. Through the implementation of shuttle diplomacy, it was possible for the interim leader of Azerbaijan Yaqub Mamedov together with Ter-Petrosyan to sign a communiqué that established principles for a cessation of hostilities and the normalization of borders. This attempt to resolve the conflict was immediately blocked by the capture of the city of Shusha on May 8th⁶. This military operation was accompanied 10 days later by the capture of the city of Lachin, located in the mountain pass that physically disconnected the enclave from Armenia. From this moment on, the so-called Lachin corridor was created which served as a humanitarian corridor that connected the Nagorno-Karabakh region with the Armenian Republic for the first time. Under the new leadership of President Abulfaz Elchibey, Azerbaijan launched a massive counteroffensive on June 12th, 1992. Supplied with tanks captured from the Soviet Army, Azerbaijani troops made several advances. However, at the end of June these advances were abruptly halted and repelled by the Armenians. By early October, the offensive had lost all coordination, and infighting in Baku would eventually allow the front to freeze once again⁷. It would not be until the capture of the region

⁴ de Waal, Thomas. *Black Garden: Armenia and Azerbaijan Through Peace and War*. New York and London: New York University Press, 2003.

⁵ OSCE. "Mandate of the Co-Chairmen of the Conference on Nagorno Karabakh under the auspices of the OSCE." 1995.

⁶ Embajada de la República de Armenia ante el Reino de España. *Historia de Armenia*. 2026. <<https://spain.mfa.am/es/history/>>.

⁷ Ibid.

from Kelbajar by Armenian troops in April 1993 that the United Nations Security Council formally intervened. Adopted on 30th April 1993, Resolution 822 was the first binding international document demanding the immediate cessation of hostilities and the withdrawal of all occupying troops from the region along with other newly occupied areas of Azerbaijan⁸.

Aliyev signed Azerbaijan's decision to join the CIS on September 24th, 1993, understanding that his predecessor's anti-Russian sentiment had isolated the country and facilitated Russia's support for the Armenians. This move would also allow Russia to reinsert itself as a dominant mediator, temporarily displacing the relevance of the Minsk group. After 6 years of war, the Bishkek Protocol was signed in the capital of Kyrgyzstan on May 5th, 1994. This ceasefire agreement was mediated by Russia and signed by representatives of Armenia, Azerbaijan and the Nagorno-Karabakh authorities. It officially entered into force on May 12th of the same year. The agreement did not lead to a definitive peace of the conflict but was a technical ceasefire commitment that froze it leaving Armenian forces in control of Nagorno-Karabakh and seven surrounding districts of Azerbaijan⁹.

The ceasefire would exceptionally hold without an international interposition force based solely on the balance of forces and would last, with sporadic violations, until the Second Karabakh War in 2020. In July 2020, a border clash broke out in the Nagorno-Karabakh region, marking the first turning point towards a new war. Finally, on September 27th, the Second Karabakh War officially took place with a large-scale Azerbaijani offensive along the entire line of contact. On November 8th, Azerbaijani forces captured the strategic point of the city of Shusha, what was considered the military breaking point of the conflict. Two days later, the trilateral declaration between Russia and Armenia and Azerbaijan was signed, which would end the war¹⁰. This marked the beginning of a brief period of fragile peace. In June of the same year, the Shusha declaration was signed, so Türkiye and Azerbaijan formalized a defence alliance¹¹.

⁸ UN Security Council. "S/RES/822." 1993.

⁹ Jalilov, A., et al. *The Bishkek Protocol*. Bishkek, 1994.

¹⁰ Shumilov, Mikhail M. and Yuri M. Shumilov. "External factors of the Armenian-Azerbaijani conflict in the context of the Second Karabakh War." *Eurasian integration: economics, law, politics* (2022): 126-136.

¹¹ Aliyev, Ilham and Recep Tayyip Erdogan. *Shusha Declaration on Allied Relations between the Republic of Azerbaijan and the Republic of Turkey*. 16 June 2021. <<https://president.az/en/articles/view/52122>>.

Between the 13th and 14th of September 2022, a strong border aggression by Azerbaijan against Armenian sovereign territory broke out, leaving more than 200 victims, an act that was followed by a movement of Azerbaijani demonstrators who initiated a blockade of the Lachin corridor on December 12th. Nine months later, on September 19th, Azerbaijan launched an anti-terrorist military operation to disband the illegal forces of Nagorno-Karabakh and restore constitutional order. A day later, the Nagorno-Karabakh authorities was forced to accept the conditions of unconditional surrender and the disarmament of their army. A month later, the exodus of more than 150,000 Armenians and the full reintegration of the territory under Azerbaijani administration was completed¹².

Now, with the eruption of the second Karabakh war in 2020 and the subsequent military interventions throughout the following years, culminating in the September 2023 occupation of the Nagorno Karabakh region, the South Caucasus has seen the end of the status quo. The frozen conflicts which marked the last 30 years have finally melted giving ground to an ever-changing playing field where the actors of old face their diminishing presence and where the actors of new have to make a way through a more perilous world. Regardless, with the Russian invasion of Ukraine in 2022, closing the northern route; and the southern route under constant strain by the attacks of Houthi rebels, reducing the total marine traffic in the Bab al-Mandab Strait by 60%¹³, the South Caucasus has transformed itself into a key economic hub at the epicentre of Euro-Asiatic connectivity.

Methodology and theoretical framework

This thesis employs a qualitative-descriptive and analytical-explanatory approach under a mixed methodology. Process tracing is used to identify causal mechanisms between foreign aid and the transformation of the regional order. Data collection is based on the use of primary sources (treaties and official documentation) and secondary sources (academic literature and analysis of think tanks). The study combines a longitudinal case analysis with the content analysis of diplomatic narratives to assess the impact of actors' decisions on the South Caucasus security and connectivity architecture. For the purpose of this report, the information is limited to events happening before May 2026.

¹² Paradelo López, Miguel. "Russia's Deterrence Strategy in Nagorno-Karabakh: Implications for the Ukraine Invasion." *Austral: Brazilian Journal of Strategy & International Relations* (2024): 120-142.

¹³ Roy, D. (2026, June 24). *Another Hormuz? The Red Sea's Threat to the Global Economy*. Retrieved from Council on Foreign Affairs: <https://www.cfr.org/articles/another-hormuz-the-red-seas-threat-to-the-global-economy>

For the basis of this thesis, the main fundamental theories of International Relations that will be employed are Realism and Healthy Realism. Both present a differentiated approach to the motives behind State actions and their relationships, therefore an overview through both lenses may provide a deeper understanding of the conflict at hand:

Realism: Considers it to be human nature, the desire to seek domination in order to safeguard national interests. As such, their decisions are influenced by their perception of the actions that affect their self-national interest, creating a form of strategic culture independent from other states. Under a realist system, the basis of power is structured through power distribution, which compels states to compete against each other, determining their behaviour¹⁴.

Healthy Realism: Healthy Realism, as expressed by Pope Leo XIV in his “Magnifica Humanitas” is based on the belief that politics should not be reduced to morality nor surrender it to violence. It presents an alternative to idealism, which is believed as an ideology that chooses facts selectively, distorting them, in order to preserve its own worldview; and cynic realism, which confuses observation with resignation, whereby the fact that force prevails, it will always do so. Therefore, it attempts to find viable paths for making peace through credible institutions, verifiable guarantees, patient negotiations, conflict prevention, and the protection of civilians¹⁵.

The Caucasus as an alternative

With the outbreak of the Russian invasion of Ukraine in 2022, and the effective blockade of the northern corridor through Russia and Belarus as a result of international sanctions, the Middle Corridor (ITTR), formally known as the Trans-Caspian International Transport Route, has positioned itself as a fundamental economic hub connecting China to European markets and redefining Eurasian connectivity¹⁶. This corridor consists of more than 11,000 km of rail and maritime networks that integrate Kazakhstan, the Caspian Sea, Azerbaijan, Georgia and Türkiye. The main advantage of this corridor over the traditional maritime routes crossing the Strait of Malacca and the Suez Canal is the reduction in the time needed to travel both routes, with the traditional maritime route being between 35 and 45 days compared to the range of between 12 and

¹⁴ Notre Dame International Security Center. (21 de July de 2022). An Introduction to Realism in International Relations. Obtenido de University of Notre Dame: <https://ondisc.nd.edu/news-media/news/an-introduction-to-realism-in-international-relations/>

¹⁵ Leo XIV. “*Magnifica Humanitas* [Encyclical Letter on Safeguarding the Human Person in the Time of Artificial Intelligence].” The Holy See, 25 May 2026. <<https://www.vatican.va/content/leo-xiv/en/encyclicals/documents/20260515-magnifica-humanitas.html>>.

¹⁶ Israyelyan, Aspram. “The “Zangezur Corridor” Initiative: Postwar Geopolitical Strategies of Armenia, Azerbaijan, Turkey, And Iran in The South Caucasus.” *Moscow State Institute of International Relations* (2025): 142-155.

15 days of the middle corridor¹⁷. This is what allows for a significant reduction in operational and transportation costs. Between 2023 and 2024, the TTTR experienced a 1,300% growth in its activity, exponential growth considering the increase already experienced in the previous year of 89% compared to 2022¹⁸. The fundamental structure it supports is the BTK railway line, inaugurated in 2017 with a length of 826 km and an initial load of 6.5 million tonnes projected to reach fifteen million tonnes per year in the medium term. In the maritime field, the expansion of the Alat port on the outskirts of Baku functions as a multimodal logistics hub with a transshipment capacity of 6.2 million tonnes. Added to this are the Kazakh ports of Aktau and Kuryk along the shores of the Caspian Sea, along with future expansion projects at the port of Anaklia, Georgia, to connect the flow to the Black Sea¹⁹.

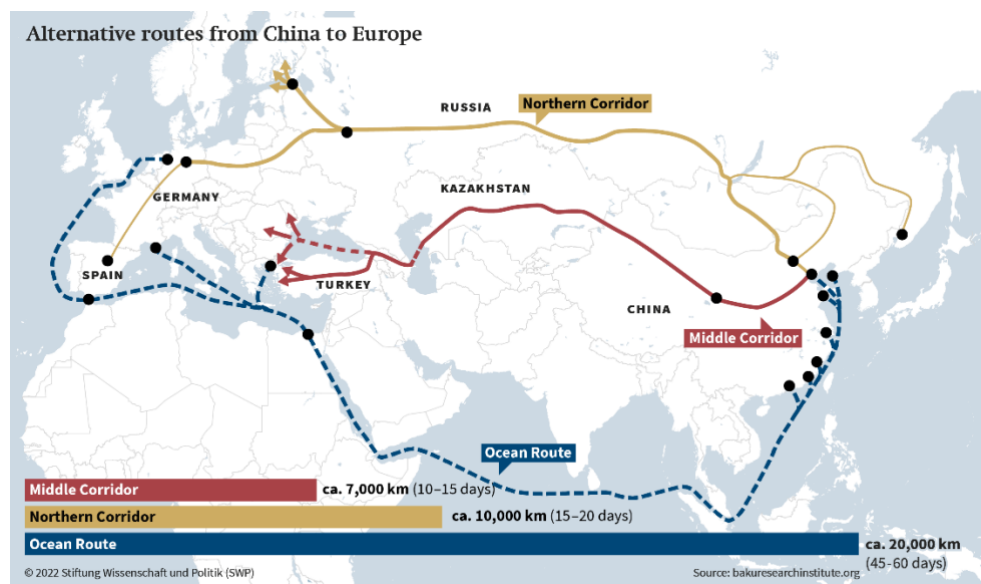


Figure 1: Trans-Caspian International Transport Route (Stiftung Wissenschaft und Politik, 2022)

On land, the expansion plans for the Zangezur corridor sought to connect Türkiye and the Nakhichevan enclave with the rest of Azerbaijani territory by land, eliminating dependence on routes through both Iran and Georgia. To achieve the creation of such a corridor, it was necessary

¹⁷ Ibid.

¹⁸ Nikolic, Daniela, Talovic Violeta Raskovic and Misha Stojadinovic. "China-Azerbaijan energy relations between pragmatic cooperation and strategic partnership." *National security policy* (2025).

¹⁹ Ibid.

to cross the Armenian province of Syunik²⁰. According to World Bank estimates, the project would have the potential to generate an annual trade volume of 50 and 100 billion dollars by 2027. By being integrated as a vital branch of the TTTR, this route would reduce the transit distance between Azerbaijan and Türkiye by approximately 344 km compared to the BTK line²¹. From a technical point of view, the project was multimodal in nature, integrating both railway networks and modern motorways, the laying of fibre optic cables and energy infrastructures. On a strategic level, it would guarantee Türkiye direct land access to Azerbaijan and thus to the Caspian Sea and Central Asia. However, the implementation of a corridor in Zangezur would present various negative consequences for countries such as Armenia and Iran. In the first instance, Armenia has expressed fears about the loss of possible territorial sovereignty by rejecting the extraterritorial status that Azerbaijan could impose and instead has proposed the crossroads of peace initiative that seeks the opening of communications based on reciprocity and state control. In the case of Iran, as has already been studied above, it considers that the creation of this corridor would present a direct threat to its national security, since it could isolate it geographically, eliminate a direct border with Armenia, qualifying it as a project as the "NATO Turani Corridor"²².

²⁰ Nikolic, Daniela, Talovic Violeta Raskovic and Misha Stojadinovic. "China-Azerbaijan energy relations between pragmatic cooperation and strategic partnership." *National security policy* (2025).

²¹ Polat, Mehmet Ali. "From The Zangezur Corridor to The Tripp Corridor: Geopolitical and Economic Reconfiguration in The South Caucasus." *The Journal of Social Sciences* (2026): 48-69.

²² Chedia, Anri R. "Zangezur Corridor: Economic Potential and Political Constraints." *Russia In Global Affairs* (2024): 194-216.



Figure 2: Zangezur Corridor (Stiftung Wissenschaft und Politik, 2022)

The competition between the northern routes led by Russia and the southern routes centred on Iran constitute one of the axes of greater economic friction in the Caucasus. Historically, the northern corridor has been the dominant railway line that has handled up to 96% of rail freight traffic between China and the European Union before 2022. However, with the Russian invasion of Ukraine and subsequent Western sanctions, the route has been effectively blocked for global markets, causing massive freight diversion²³. Seeing its position as a Eurasian bridge threatened, Russia has diversified its attention by reacting, intensifying its commitment to the International North-South Transport Corridor (INSTC), with the aim of connecting Russia with India through Azerbaijan and Iran by trying to create an alternative economic order that is independent of the Western financial system and the dollar. On the other hand, the southern route is presented as a natural alternative due to the geographical location that connects Central Asia with Türkiye and the Mediterranean, however, this corridor faces critical barriers such as regional political instability and international sanctions that weigh on the Tehran government, currently exacerbated by the conflict between the United States and Israel and Iran in the Strait of Hormuz. In the face of the

²³ Abdulmelik, Alkan. "Türkiye's Economic Connectivity in Geopolitics of the South Caucasus." *Geopolitics and Political Studies* (2025): 125-144.

instability of the southern corridor and Russia's search for alternatives to the Western system, the TTTR has established itself as a reliable alternative²⁴.

A key actor in the development of the Middle Corridor has been China, which has burst into the South Caucasus, transforming the region into a fundamental geoeconomic hub for the Eurasian trade architecture. Through the Belt and Road Initiative, Chinese investment in the region has undergone an acceleration phase as a result of the invasion of Ukraine through investment projects in Azerbaijan. In 2024, bilateral trade between the two countries reached 3.74 billion dollars, which represents an increase of 20.7% annually²⁵. Similarly, China has become Azerbaijan's largest source of imports, accounting for 17.69% of the total²⁶. In terms of technology beyond hydrocarbons, Chinese companies such as BYD have established electric bus production lines in the country, and in the energy sector, groups such as CEEC and China Datang have collaborated on various solar energy and green hydrogen projects, diversifying the Azerbaijani energy matrix²⁷. Although Armenia is not currently part of the main transit corridor due to border closures with Türkiye and Azerbaijan, China has maintained a calculated strategic presence in the region through giants such as Huawei and ZTE, which have been the country's main communications network providers²⁸. This is evidenced by the exponential growth of bilateral trade between the two countries, going from 68.8 million dollars in 2013 to 2.82 billion in 2024²⁹. Beyond Armenia or Azerbaijan, China has set its sights on Georgia where, through the 2018 free trade agreement, it managed to eliminate tariffs on 90% of the products exchanged³⁰. In the case of the port of Anaklia, the Chinese Singaporean consortium, led by the China Communications Construction Company, obtained

²⁴ Papava, Vladimir. "The Middle and Zangezur Corridors: Alternatives, or Mutually Complementary?" *CORE Academy* (2025).

²⁵ The Observatory of Economic Complexity. (2025). Azerbaijan. From the Observatory of Economic Complexity: <https://oec.world/en/profile/country/aze>

²⁶ You, Xin. "Evolution Of Azerbaijan-China Bilateral Relations in Eurasian Geopolitics (2015-2025)." *Eminak* (2025): 354-368.

²⁷ Nikolic, Daniela, Talovic Violeta Raskovic and Misha Stojadinovic. "China-Azerbaijan energy relations between pragmatic cooperation and strategic partnership." *National security policy* (2025).

²⁸ Kumukov, Albert M. and Sergey G. Luzyanin. "China's Foreign-Policy Strategy in the South Caucasus—a Transit Window to Europe." *Russia In Global Affairs* (2024): 176-193.

²⁹ The Observatory of Economic Complexity. (2025). Azerbaijan. From the Observatory of Economic Complexity: <https://oec.world/en/profile/country/aze>

³⁰ Safaryan, Shirak, et al. "China's Interests, Instruments, and Limits in the South Caucasus since 2013." *China Quarterly of International Strategic Studies* (2026): 1-23.

49% of the stake with the aim of building and operating that port in deep waters³¹. Chinese companies have also managed to monopolize the road construction sector in Georgia, securing one hundred percent of the contracts financed by the European Bank for reconstruction and development and 91% of those financed by the Asian Development Bank between 2015 and 2023³².

In this way, China has positioned itself as an enabler of resilient connectivity in the South Caucasus region, benefiting from the need for local states to diversify their economies and international partners. Although there are debt sustainability risks, known as the ‘debt trap’, the Caucasus has established itself as a laboratory where China evaluates its ability to project global power through trade interdependence and critical infrastructure.

Energy policy

Energy policy in the South Caucasus has transcended a purely commercial dimension to become a foundation for the region's national security and strategic autonomy. Historically, it has been dominated by Russian influence, and the energy architecture of the Caucasus has undergone a radical transformation, consolidating itself as the main alternative for the diversification of supplies for Europe after the Russian invasion of Ukraine in 2022. The central element of this policy is Azerbaijan, which is the only country in the region with vast proven hydrocarbon reserves, which has conditioned Baku's strategy based on the creation of infrastructures that bypass Russian territory, guaranteeing a direct connection to Western markets through Georgia and Türkiye. On the other hand, the new frontier of the region's energy policy is the transition to green energy where Azerbaijan seeks to reinvent its identity as a clean energy exporter by tapping into massive wind and solar potential in the Caspian. Some of the most emblematic projects of this initiative is the creation of a Black Sea submarine cable signed in 2022 by Azerbaijan, Georgia, Romania and Hungary, which aim to transport 1.3 gigawatts of renewable electricity directly to the European Union, thus creating a green corridor that it implements with the Trans-Caspian initiative to integrate the renewable potential of Central Asia with the European grid³³.

³¹ Chechelashvili, Valeri, Temur Kekelidze and Nodar Kharshiladze. *Challenges to Russia's influence in the South Caucasus*. London: New Eurasian Strategies Centre, 2025.

³² Darieva, Tsypylma, Valentin Krüsmann and Julia Langbein. *Connectivity And the Entrenchment of Authoritarianism in Azerbaijan, Serbia, and Georgia*. Berlin: Centre for East European and International Studies, 2026.

³³ Khanayev, Abdulla. “Azerbaijan'S Renewable Energy Policies and Green Energy Corridors.” *MUTAD* (2025): 800-818.

Analysing the energy mix of both countries, it can be seen how Armenia is characterized by an extreme dependence on imports of energy resources since it lacks proven reserves of natural gas or oil. However, its energy mix is mainly dominated by natural gas, with more diversified electricity generation relying significantly on hydroelectric nuclear power. According to data from the International Energy Agency, in 2021 Armenia's total electricity production was 7.7 TWh distributed in 44% of it coming from natural gas, 30% of both hydroelectric and renewable energy, and 26% in nuclear energy. Due to the lack of fossil resources of its own, Armenia imports 78.6% of its energy supply, with Russia contributing 87.7% of natural gas and the rest coming from Iran. The Armenian government has set itself the goal of reducing external dependence by increasing the shares of renewable energy to 66% by 2036 by focusing on the development of solar and wind energy³⁴.

The case of Azerbaijan is presented as a clear contrast to its neighbour with fossil fuels, accounting for more than 98% of the country's total energy supply. In 2022 it reached an electricity production of 29 TWh with natural gas accounting for more than 90% of the country's electricity, followed by hydroelectric energy that is around 5% and other renewable sources that represent about 1% of production³⁵. Azerbaijan stands out for its large hydrocarbon reserves, positioning itself as a massive net exporter of crude oil, where it has reserves of approximately seven billion barrels; and natural gas with reserves estimated between 2.5 and 2.6 trillion cubic meters. Likewise, the country has a massive potential in renewable resources reaching 23 GW of solar energy and 3 GW of wind energy. Although using this fossil wealth to finance the modernization of its infrastructure, Azerbaijan has begun a strategic transition process to reach 30% of installed renewable capacity by 2030³⁶.

The main route of energy trade between the European Union and Azerbaijan is constituted within the Southern Gas Corridor (SGC) that extends for more than 3,500 kilometres from Baku to Italy and represents the culmination of a decades-long strategy to break Moscow's monopoly on the transit of energy to the West. The SGC is composed of three interconnected gas pipelines, the first of which is the South Caucasus Gas Pipeline (SCP) connecting Azerbaijan with Georgia; the Trans Anatolian Gas Pipeline (TANAP) that crosses Türkiye to the Greek border; and finally, the Trans

³⁴ International Energy Agency. "Armenia Energy Profile." 2023.

³⁵ International Energy Agency. "Azerbaijan Energy Policy." 2023.

³⁶ Ibid.

Adriatic Gas Pipeline (TAP) that connects gas from Greece through Albania to southern Italy³⁷. The resource base that feeds this system is the Shah Deniz Stage 2 field, where the country's 2.6 trillion cubic meters of gas reserves are concentrated³⁸. The relevance of the SGC was drastically escalated by the signing of a memorandum of understanding in July 2022 between the European Union and Azerbaijan and this strategic agreement sets the goal of doubling the corridor's transport capacity to at least 20 billion cubic meters per year by 2027. The flow in 2022 was 10.5 bcm and increased to 14 bcm in 2024. However, in the context of sanctions on the Russian Federation, exchange mechanisms have been documented in which Azerbaijan imports Russian gas to cover domestic demand allowing the state-owned SOCAR to release larger volumes of its own production for export to Europe. Although the European Commission insists that the SGC only transports gas to Azerbaijan, this circular flow allows Russia to obtain indirect financial benefits while maintaining a formal objective of diversification of European Union suppliers³⁹.

³⁷ Kujawa, Karol and Konrad Zasztowt. "The relationship between the internal security of the European Union and the policy of the Republic of Azerbaijan towards the Russian Federation." *Scientific Papers of the Witelton Collegium* (2024): 101-113.

³⁸ Nikolic, Daniela, Talovic Violeta Raskovic and Misha Stojadinovic. "China-Azerbaijan energy relations between pragmatic cooperation and strategic partnership." *National security policy* (2025).

³⁹ High Representative of The Union for Foreign Affairs and Security Policy. *Cooperation Implementation Report on Azerbaijan*. Brussels: High Representative of The Union for Foreign Affairs and Security Policy, 2022.



Figure 3: Southern Gas Corridor (SOCAR, 2026)

The second main leg of the middle corridor is the BTC pipeline, which stretches for 1,768 km connecting the Sangachal terminal with the Mediterranean port of Ceyhan. The pipeline has a transport capacity of 1.2 million barrels per day and allows crude oil from the Caspian Sea to avoid congestion in the Bosphorus Strait. The base is fed by the Azerbaijani-Chirag-Gunashli (ACG) field, the largest oil field in the country. Currently, this infrastructure has positioned itself as an essential element of the Trans-Caspian corridor, through which more than 80% of the country's oil exports flow. Geopolitically, the pipeline has been described as an instrument of geo-economic deterrence that has served to guarantee and attract investments of more than 514 million dollars in Georgia, creating around 2,500 jobs and increasing transit rates from 0.89 to 1.86 dollars per ton⁴⁰.

Despite the benefits brought by the large oil and gas fields in Azerbaijan, the South Caucasus is in a period of transition towards a green energy economy that represents a radical transformation of the export model towards strategic autonomy. To this end, the policy has centred around the Black Sea green energy corridor, such as a high-voltage DC submarine cable project of approximately 1,200 km that would connect Georgia with Romania and Hungary, thus enabling the initial export of 1.3 GW of clean energy to the European Union. The estimated cost of this project is estimated

⁴⁰ Abdulmelik, Alkan. "Türkiye's Economic Connectivity in Geopolitics of the South Caucasus." *Geopolitics and Political Studies* (2025): 125-144.

to be between \$3 billion and \$3.7 billion and is estimated to be completed in 2029. The European Union has strongly supported this initiative under its *Global Gateway* strategy by allocating €2.3 billion for its funding. Complementing this axis is the Trans-Caspian green energy corridor that seeks to integrate the renewable potential of Kazakhstan and Uzbekistan with the Caucasus. In May 2024, both countries signed a memorandum to assess the feasibility of a submarine cable with a capacity of 1 GW that could unify Central Asia with European markets⁴¹. The implementation of these corridors is directly dependent on massive international investments in companies such as Masdar, from the United Arab Emirates, which inaugurated the Garadagh solar plant in 2023, with the aim of developing up to 10 GW of renewable capacity in Azerbaijan; ACWA Power, from Saudi Arabia, which has been commissioned to build a 240 MW wind farm in the Khizi and Absheron regions; the British BP, which has developed a solar project in Jabrayil to unload the Sangachal terminal; or the various Chinese companies that have collaborated in the production of green hydrogen⁴².

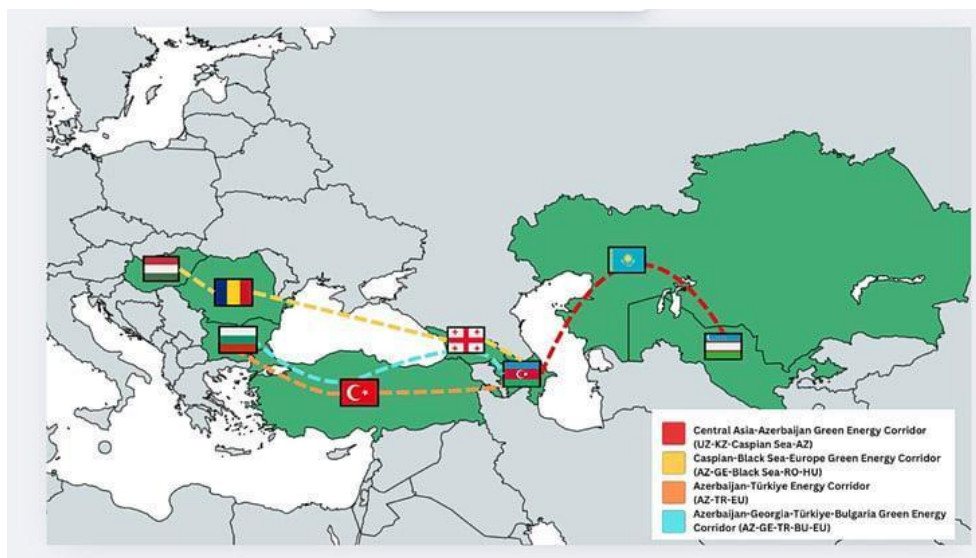


Figure 4: Black Sea and Trans-Caspian Energy Corridors (Abbasov Turul, 2025)

In this way, the energy diplomacy of the South Caucasus has been defined by the search for stability and autonomy together with the use of fossil resources as mechanisms of modernization and economic development of countries such as Georgia and Azerbaijan. While Azerbaijan has positioned itself as the main beneficiary of the exploitation of gas and oil deposits, Armenia has

⁴¹ Khanayev, Abdulla. "Azerbaijan's Renewable Energy Policies and Green Energy Corridors." *MUTAD* (2025): 800-818.

⁴² Nikolic, Daniela, Talovic Violeta Raskovic and Misha Stojadinovic. "China-Azerbaijan energy relations between pragmatic cooperation and strategic partnership." *National security policy* (2025).

faced an extreme dependence on imports that has generated a vulnerability described as a dead end where the lack of access to international routes has weakened its defence capacity, thus generating an existential dichotomy with the expansion and creation of the Zangezur corridor where the project can serve as an opportunity for the diversification of its economy and connection with Europe, but where it also generates deep fears about the possible loss of territorial and national sovereignty if extraterritoriality conditions were imposed. On the other hand, the expansion of green energy policies can open up opportunities for both countries to reduce historical dependence on hydrocarbons and function as a mechanism for economic diversification of both countries.

From the Minsk Group to the "Trump Route"

The focus of security efforts in the South Caucasus has undergone a paradigm shift, moving from a model of diplomatic mediation typical of the Minsk group to a transactional geo-economic framework visible in the example of the "Trump route" (TRIPP). For more than three decades, the Minsk group, chaired by Russia, the United States and France, was unable to reach a comprehensive political settlement on Nagorno-Karabakh, which has led to a stalemate that was finally broken militarily between 2020 and 2023. With the erosion of Russia's presence in the wake of the invasion of Ukraine in 2022, the geopolitical vacuum caused in the region has allowed for the emergence of new initiatives led by Washington. Among them, the fundamental milestone of this new era has been the formalization of the framework for the implementation of the Trump Route to International Peace and Prosperity (TRIPP) on August 8, 2025, during a summit in Washington. Unlike previous frameworks, the Trump route introduces a business mediation model where private U.S. companies would take over the management of the corridor. The strategic objective of the United States with the realization of this project was to weaken the influence of actors such as Russia, Iran and China in the South Caucasus by displacing the supervision of the border guards of the Russian FSB and offering a route that bypasses Iranian territories, thus assuming control of a vital artery of Eurasian trade⁴³.

The failure of traditional mediation in the South Caucasus also represents the collapse of the multilateral diplomacy model that for more than 3 decades was unable to break the status quo of

⁴³ Polat, Mehmet Ali. "From The Zangezur Corridor to The Tripp Corridor: Geopolitical and Economic Reconfiguration in The South Caucasus." *The Journal of Social Sciences* (2026): 48-69.

a frozen conflict. Both the 4-day war in 2016 and the Second Karabakh War in 2020 are proof that the efforts of the Minsk group, along with the four United Nations Security Council resolutions, have been unable to effectively implement mechanisms for the peaceful transition of the conflict. To a large extent, from the Azerbaijani perspective, the French co-presidency was influenced by a powerful Armenian diaspora that ended up eroding confidence in the group's neutrality. In Armenia, the failure of traditional mediation caused an existential security crisis that, despite the efforts of Nikol Pashinyan's government to democratise the country and seek support from the West, was unable to offer security guarantees in the face of Azerbaijani military superiority. In this way, the exhaustion of the OSCE's traditional mediation measures gave way to the opportunity for a construction of a new regional security through economic development, with TRIPP symbolizing this change⁴⁴.

The formalization of the Trump route marks a transformation of the disputed Zangezur corridor project into a non-institutionalized one under international supervision designed to unlock regional communications and redesign Eurasian trade flows. A central and differentiating element of this project, unlike the previous management, was the transfer of the management of the operation of the infrastructure to private U.S. companies through a 99-year lease. This business mediation model seeks to ensure operational neutrality and traffic safety along the 44 km that cross Armenia's Syunik province⁴⁵. Similar to the previous project, this infrastructure was multimodal in nature, integrating both roads and railway networks, oil pipelines, gas pipelines and a fibre optic and electricity networks. From an economic perspective, the Trump route is presented as a global catalyst and according to World Bank estimates, the corridor could generate a trade volume of between 50,000 and 100,000 million dollars by 2027. In this way, the strategic objectives set by Azerbaijan and Türkiye to achieve an uninterrupted land connection between the Nakhichevan enclave and the rest of Azerbaijani territory was achieved, while for Armenia the independence and neutrality of the project was an opportunity to overcome decades of economic isolation,

⁴⁴ Israyelyan, Aspram. "The "Zangezur Corridor" Initiative: Postwar Geopolitical Strategies of Armenia, Azerbaijan, Turkey, And Iran in The South Caucasus." *Moscow State Institute of International Relations* (2025): 142-155.

⁴⁵ Rastoltsev, Sergei V. "The Trump Route Project: Problems and Prospects." *Caucasian Chronicles* (2025): 134-150.

becoming a logistics node, revitalising its economy through revenues from services, customs and new investments⁴⁶.



Figure 5: Trump Route for International Peace and Prosperity map (BBC, 2025)

The creation of this route, however, would pose a direct threat to Iranian interests, which could face the loss of between 20% and 30% of their transit role in the region, along with the alarming US operational presence on its northern border. On Russia's side, its already weakened hegemony would also see the possible loss of estimated revenues between 10 and 20 billion dollars over the next decade⁴⁷. The most direct conclusion of this initiative was the conversion of the South Caucasus into a space of competitive connectivity, symbolizing the move from crisis management diplomacy to infrastructure governance diplomacy, where Azerbaijan was able to capitalize on its resources and an alliance with Türkiye to lead this process, while Armenia would use connectivity to regain its autonomy and anchor itself to the West. For the United States, direct presence in the region through economic incentives would mean a transformation of its foreign involvement

⁴⁶ Polat, Mehmet Ali. "From The Zangezur Corridor to The Tripp Corridor: Geopolitical and Economic Reconfiguration in The South Caucasus." *The Journal of Social Sciences* (2026): 48-69.

⁴⁷ Papava, Vladimir. "The Middle and Zangezur Corridors: Alternatives, or Mutually Complementary?" *CORE Academy* (2025).

following models of economic development similar to those implemented by the People's Republic of China in a use of soft power to exert regional influence by displacing its direct rivals.

Conclusions

The South Caucasus has ceased to be a buffer zone and has become, perhaps against all historical expectations, one of the most consequential economic crossroads of the Eurasian continent. The resolution of the Nagorno-Karabakh conflict did not simply close a chapter of territorial dispute; it dismantled the frozen architecture that had, for three decades, prevented the region from realising its potential as a transit and energy hub. What has emerged in its place is a new regional order governed not by the logic of military guarantees or multilateral diplomacy, but by the far more pragmatic language of infrastructure, connectivity, and economic interdependence. The clearest expression of this transformation is the dramatic rise of the Middle Corridor as the backbone of Eurasian trade. With the northern route through Russia rendered effectively unusable by Western sanctions and the southern maritime passages under sustained pressure, the South Caucasus has found itself at the centre of a structural rerouting of global commerce that no single actor deliberately engineered but that all are now racing to shape to their advantage. The region's railways, ports, and road networks, long underinvested and politically constrained, have been thrust into a role they were never fully designed to play, and the pressure to modernise and expand them has become as much a question of national survival as of economic opportunity.

Azerbaijan has emerged as the principal beneficiary of this reconfiguration. Its hydrocarbon wealth, far from becoming a liability in an era of energy transition, has instead served as the financial foundation upon which a broader strategic repositioning has been built. As a supplier of gas to a Europe desperate to diversify away from Russian dependence, Baku has converted energy into diplomatic leverage, whilst simultaneously positioning itself as the indispensable node of the transcontinental corridor. Armenia, by contrast, remains caught in a structural bind of its own — isolated from the main transit routes, heavily dependent on a single energy supplier, and faced with the bitter irony that the very corridors capable of ending its economic marginalisation are the same ones over which it cannot yet bring itself to fully relinquish sovereign control. The Zangezur question is, at its core, an economic question dressed in the language of sovereignty, and until both dimensions are addressed simultaneously, the deadlock is unlikely to break. The involvement of external actors has only deepened the complexity of this picture. China has quietly entrenched itself across the region's infrastructure, not through the imposition of force but through the far more durable mechanism of economic dependency, transforming itself into the silent architect of

a connectivity order that serves its long-term interests regardless of which local actor holds formal political authority. The United States, having recognised the limits of military engagement, has responded in kind through the TRIPP framework, seeking to displace Chinese and Russian influence not with troops but with capital and private enterprise. The South Caucasus has thus become the terrain on which the broader contest for Eurasian economic primacy is being quietly, and consequentially, settled.

It can therefore be concluded that the region stands at a crossroads whose stakes extend well beyond its own borders. The infrastructure is being built, the corridors are taking shape, and the economic logic driving their development is, for the moment, stronger than the political obstacles standing in its way. Yet connectivity alone does not guarantee prosperity, and the experience of the last century in the South Caucasus offers ample warning against mistaking the construction of a corridor for the construction of a peace. Whether the region ultimately consolidates as a genuine hub of shared economic development or simply as a new arena for the projection of external interests will depend, in no small measure, on the willingness of its own states to place long-term economic integration above short-term political calculation. The corridors are being built; what remains to be seen is for whom.

Bibliography

- Abdumelik, A. (2025). Türkiye's Economic Connectivity in Geopolitics of the South Caucasus. *Geopolitics and Political Studies*, 125-144.
- Aliyev, I., & Erdogan, R. (2021, June 16). *Shusha Declaration on Allied Relations between the Republic of Azerbaijan and the Republic of Turkey*. Retrieved from <https://president.az/en/articles/view/52122>
- Chechelashvili, V., Kekelidze, T., & Kharshiladze, N. (2025). *Challenges to Russia's influence in the South Caucasus*. London: New Eurasian Strategies Centre.
- Chedia, A. R. (2024). Zangezur Corridor: Economic Potential and Political Constraints. *Russia In Global Affairs*, 194-216.
- Darieva, T., Krüsmann, V., & Langbein, J. (2026). *Connectivity And the Entrenchment of Authoritarianism in Azerbaijan, Serbia and Georgia*. Berlin: Centre for East European and International Studies.
- de Waal, T. (2003). *Black Garden: Armenia and Azerbaijan Through Peace and War*. New York and London: New York University Press.
- Declaration of Independence of the Republic of Artsakh. (1992, January 6). Retrieved from http://www.nkrusa.org/nk_conflict/declaration_independence.shtml
- Embajada de la República de Armenia ante el Reino de España. (2026). *Historia de Armenia*. Retrieved from <https://spain.mfa.am/es/history/>
- High Representative of The Union for Foreign Affairs and Security Policy. (2022). *Cooperation Implementation Report on Azerbaijan*. Brussels: High Representative of The Union for Foreign Affairs and Security Policy.
- International Energy Agency. (2023). *Armenia Energy Profile*. International Energy Agency.
- International Energy Agency. (2023). *Azerbaijan Energy Policy*. International Energy Agency.
- Israyelyan, A. (2025). The “Zangezur Corridor” Initiative: Postwar Geopolitical Strategies of Armenia, Azerbaijan, Turkey, And Iran in The South Caucasus. *Moscow State Institute of International Relations*, 142-155.
- Jalilov, A., Babourian, K., Ararktsian, B., Shumeyko, V., Sherimkulov, M., Kazimirov, V., & Krotov, M. (1994). *The Bishkek Protocol*. Bishkek.

- Khanayev, A. (2025). Azerbaijan's Renewable Energy Policies and Green Energy Corridors. *MUTAD*, 800-818.
- Kujawa, K., & Zasztowt, K. (2024). The relationship between the internal security of the European Union and the policy of the Republic of Azerbaijan towards the Russian Federation. *Scientific Papers of the Witelton Collegium*, 101-113.
- Kumukov, A. M., & Luzyanin, S. G. (2024). China's Foreign-Policy Strategy in the South Caucasus—a Transit Window to Europe. *Russia In Global Affairs*, 176-193.
- Leo XIV. (2026, May 25). Magnifica Humanitas [Encyclical Letter on Safeguarding the Human Person in the Time of Artificial Intelligence]. The Holy See. Retrieved from <https://www.vatican.va/content/leo-xiv/en/encyclicals/documents/20260515-magnifica-humanitas.html>
- Nikolic, D., Raskovic, T. V., & Stojadinovic, M. (2025). China-Azerbaijan energy relations between pragmatic cooperation and strategic partnership. *National security policy*.
- OSCE. (1995). Mandate of the Co-Chairmen of the Conference on Nagorno Karabakh under the auspices of the OSCE. Vienna.
- Papava, V. (2025). The Middle and Zangezur Corridors: Alternatives, or Mutually Complementary? *CORE Academy*.
- Paradela López, M. (2024). Russia's Deterrence Strategy in Nagorno-Karabakh: Implications for The Ukraine Invasion. *Austral: Brazilian Journal of Strategy & International Relations*, 120-142.
- Polat, M. A. (2026). From The Zangezur Corridor to The Tripp Corridor: Geopolitical and Economic Reconfiguration in The South Caucasus. *The Journal of Social Sciences*, 48-69.
- Rastoltsev, S. V. (2025). The Trump Route Project: Problems and Prospects. *Caucasian Chronicles*, 134-150.
- Roy, D. (2026, June 24). *Another Hormuz? The Red Sea's Threat to the Global Economy*. Retrieved from Council on Foreign Affairs: <https://www.cfr.org/articles/another-hormuz-the-red-seas-threat-to-the-global-economy>
- Safaryan, S., Taskin, M., Khuroshvili, B., & Keshelava, I. (2026). China's Interests, Instruments, and Limits in the South Caucasus since 2013. *China Quarterly of International Strategic Studies*, 1-23.
- Shumilov, M. M., & Shumilov, Y. M. (2022). External factors of the Armenian-Azerbaijani conflict in the context of the Second Karabakh War. *Eurasian integration: economics, law, politics*, 126-136.

The Observatory of Economic Complexity. (2025). Azerbaijan. From the Observatory of Economic Complexity: <https://oec.world/en/profile/country/aze>

UN Security Council. (1993). *S/RES/822*.

Yeltsin, B., Mutalibov, A., Nazarbayev, N., & Ter-Petrosian, L. (1991, September 23). *Zheleznovodsk Declaration*. Retrieved from <https://peacemaker.un.org/sites/default/files/document/files/2024/05/azerbaijanzheleznovodskdeclaration1991.pdf>

You, X. (2025). Evolution Of Azerbaijan-China Bilateral Relations in Eurasian Geopolitics (2015-2025). *Eminak*, 354-368.