

Connectivity Risks and Opportunities in the South Caucasus

Christoph Bilban, Elena Mandalenakis and George Niculescu (Eds.)

Study Group Information



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**28th Workshop of the PfP Consortium Study Group
“Regional Stability in the South Caucasus”**

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Abstract

This Study Group Information gathered the papers, speaking notes, and the policy recommendations from the 28th workshop of the Regional Stability in South Caucasus Study Group (RSSC SG) of the Partnership for Peace Consortium on **“Connectivity Risks and Opportunities in the South Caucasus”**, held in Reichenau a/d Rax, Austria, on 07–10 November 2024. Given that the RSSC SG had oftentimes dealt with geopolitical shifts across the South Caucasus region, the co-chairs felt that there was the right time to have a deeper insight into the challenges experienced by the states, various groups or sectors of the South Caucasus in an attempt to make sense of new patterns of intra- and inter-regional interactions and emerging relations. This workshop covered both the changing influences over the infrastructural projects which would connect Europe to China and Central Asia, as well as to the Middle East and further to India, and the ways various socio-economic (business, subject matter professionals, environmentalists, civil society) and ethnocultural groups from the South Caucasus could react and adapt to new geopolitical, economic, and security arrangements over which they have little influence. The co-chairs wanted to support thereby efforts to reinforce a dwindling integration of the region with the West by having the Study Group deliver concrete policy recommendations on how to address the risks of South Caucasus’ disconnection, starting from the grassroots. Ultimately, this workshop might have offered a key platform for addressing the multifaceted challenges and opportunities facing connectivity in the South Caucasus more broadly, in the wake of latest significant geopolitical shifts. Nevertheless, given the timing of the event, the transformation of the European security system in the wake of the dramatic policy changes of the new US Administration of president Donald Trump was not factored into the discussions. Nevertheless, participants have generally concluded that the future of the South Caucasus would depend on its ability to navigate over an increasingly complex geopolitical dynamic. This would be crucial for both ensuring economic growth, political stability, and for upholding the region’s strategic importance in global trade. Effective regional cooperation and infrastructure development would be essential for realizing the region’s economic and strategic potential, transforming it from a contested periphery into a cohesive and influential regional bloc.

Introduction

Christoph Bilban, Frederic Labarre, Elena Mandalenakis and George Niculescu

The South Caucasus sits at a crucial crossroads between Europe, Asia, and the Middle East. This strategically relevant region has long been a gateway for trade, energy, and transportation, offering vast opportunities for connectivity to Europe. From vital energy corridors to emerging digital networks, the region has the potential to strengthen its role in global trade. However, connectivity in the South Caucasus has also been fraught with challenges. Geopolitical tensions, unresolved conflicts, and infrastructure vulnerabilities are posing significant risks to regional integration and economic development.

As global trade routes evolved and a sweeping new geopolitical dynamic is emerging, the South Caucasus would face both obstacles and opportunities in reshaping its connectivity. The workshop of the Regional Stability in South Caucasus Study Group (RSSC SG) of the PfP Consortium of Defence Academies and Security Studies Institutes on **“Connectivity Risks and Opportunities in the South Caucasus”**, held in Reichenau a/d Rax, Austria, on 07–10 November 2024, aimed to explore the key risks that hover over the region’s transport, energy, and digital infrastructures, while also highlighting the transformative human connectivity processes that could enhance its economic, geopolitical and strategic significance for neighbouring Europe, Eurasia and the Middle East.

In essence, connectivity refers to the physical, digital, and socio-economic linkages that enable the movement of goods, services, people, and information across regions. The concept of connectivity covers: transport infrastructure (roads, railways, ports, and air routes that facilitate trade and mobility); energy networks (oil and gas pipelines, electricity grids, and renewable energy connections); digital connectivity (Internet infrastructure, fibre optic networks, and telecommunications systems) that enable communication and technological development; and economic and trade integration, including cross-border commerce, logistics, and market access that foster economic interdependence.

On the other hand, human connectivity refers to the interactions, relationships, and exchanges between individuals and communities across political, ethnic, and geographical boundaries. It encompasses cultural, economic, educational, and social ties that foster mutual understanding, trust, good neighbourly relations, and regional cooperation. This can take the form of people-to-people exchanges, trade, tourism, educational and healthcare programs, as well as digital communication.

Connectivity plays a critical role in both fostering regional stability and in exacerbating tensions. Improving connectivity in the South Caucasus has the potential to enhance regional stability by fostering economic cooperation and integration. Connectivity facilitates increased trade and investment between Armenia, Azerbaijan, and Georgia, which can promote in turn economic interdependence while reducing incentives for conflict. Infrastructure projects like the Middle Corridor (linking China to Europe via the South Caucasus) or the potential reopening of trade routes between Armenia, Azerbaijan and Türkiye could enhance diplomatic ties. Projects such as the Southern Gas Corridor, connecting Azerbaijan to Europe via Türkiye, make the region strategically important and encourage collaboration with international partners. On the other hand, unresolved conflicts and geopolitical rivalries could pose significant risks to both infrastructure and human connectivity, which in turn might threaten regional stability by fuelling geopolitical tensions. For example, the ongoing disputes between Armenia and Azerbaijan might threaten transport and energy corridors (e.g., the disputed Zangezur Corridor). The United States, Russia, Türkiye, the EU, UK, Iran, and China have competing interests in the region's connectivity projects, sometimes leading to political friction. Meanwhile, infrastructure vulnerabilities, cyber threats, economic blockades, and war-related disruptions can destabilize regional trade and energy supply chains.

In conclusion, the future of connectivity in the South Caucasus region depends on diplomatic efforts, infrastructure investments, and regional partnerships that balance economic opportunities with security challenges. Meanwhile, investing in human connectivity is essential for the long-term stability of the South Caucasus. While political agreements and security frameworks are essential, genuine peace requires strong inter- and intra-societal links that foster trust, cooperation, and mutual benefits. By effec-

tively addressing the risks and exploiting the opportunities of human connectivity, the region can move towards a more integrated and peaceful future.

Connectivity in Retrospective

The geopolitical upheaval over the past decade had produced new realities and new opportunities for the South Caucasus region. It had put a special onus on economic cooperation, including on energy, infrastructure, and trade. In 2016, the RSSC SG had first delved into discussing infrastructural projects with the aim to discussing regional energy cooperation and establishing a potential energy security centre in the South Caucasus. Furthermore, the 2020–2023 war over Nagorno-Karabakh and the Russian invasion of Ukraine since February 2022 have completely changed the geopolitical, strategic and economic (including industrial, infrastructural, energy, and trade) links of the South Caucasus region with regional and external actors. Our spring 2022 workshop addressing “Peace Building through Economic and Infrastructure Integration in the South Caucasus” had started to feel the impact of this new regional dynamics. At the time, the Study Group concluded that the active participation of the European Union in regional infrastructure projects was conditional to the twin normalization between Armenia, on the one hand, and Azerbaijan and Türkiye, on the other. EU was keen on supporting with financial resources, but it was rather short on vision. In other words, foreign investment couldn’t make automatic integration. Furthermore, the presence of Russia and Iran in the regional equation and their interests for developing the North-South Transport Corridor could potentially throw a wrench in the wheels of EU’s (and potentially Türkiye’s) plans for developing the East-West regional infrastructure. Furthermore, the “Zangezur Corridor” was seen as a “threat” of sorts by Armenia. As long as it had Turkish and Azerbaijani origins, and there were no sound security guarantees from the normalization of relations between Armenia and all of its neighbours it would be difficult to not see it from Yerevan as an attempt to gain strategic advantage against Armenia. Thus, attracting European investors could mitigate Armenia’s security suspicions, and help the peacebuilding potential of infrastructure projects like the Zangezur Corridor, which in turn could help bring the region closer to the EU, and thereby boost public diplomacy and economic cooperation.

Why Discuss Connectivity Risks and Opportunities Now?

In the past, the RSSC SG had enthusiastically explored developments where Georgia was taking centre stage in mediating the conflict between Armenia and Azerbaijan, and where Türkiye increased its level of interest in the outcomes of that “protracted conflict” too. The hopeful pre-Covid days which promised diplomatic renewal in Georgia, and a negotiated peace between Armenia and Azerbaijan, now appear distant and fading memories.

It is not an exaggeration now to state that the Euro-Atlantic agenda is in disarray, and that its allies’ and partners’ unity are showing signs of fraying due to the on-going war in Ukraine, but also that the values which underpin the expected reforms in the South Caucasus seem not only out of reach, but out of fashion. The issue becomes one of simple survival of both “states” as well as “ethnocultural groups.” In such circumstances, the South Caucasus becomes extremely vulnerable to this maelstrom, as we have seen in past workshops in Chisinau (April 2024), and Reichenau (November 2023). In many ways, adverse developments in the South Caucasus are leading the RSSC SG’s own agenda away from its intended goal. The RSSC SG’s aim is to generate and stimulate a vision of the South Caucasus as a strategic region *sui generis*.

This eventuality appeared dashed by the 2020 second Nagorno-Karabakh War and the short, sharp resumption of fighting in September 2023 which resulted in restoring the territorial integrity of Azerbaijan and the massive exodus of Armenians from Nagorno-Karabakh. Meanwhile, Georgia’s Western orientation came into question. It is possible that the Georgian government – notwithstanding its alleged cozying up to Moscow – may have been intimidated by the invasion of Ukraine and disillusioned by the West’s response to Russia’s actions. As a result, Bidzina Ivanishvili vowed to return to Georgian politics, upon claiming in April 2024 that Georgia had to pivot away from Europe, which failed at fulfilling its promises. Under this vision, many think that Georgia would be aligning itself with Russia. However, this might not be necessarily the case, as the Georgian Dream government and leaders have never gone so far yet as to publicly consider Georgia’s possible realignment with Russia. What does this say of Georgia’s Western orientation so far? In the spring of 2024, as if to punish Georgia, the United States cancelled/postponed the annual joint military training exercise Noble Partner, while, in July 2024, the European Commission has frozen the entire

European integration support package, after Georgia had gained candidate status in December 2023. A pattern of disconnection/reconnection is thus palpable.

While Armenia and Azerbaijan were apparently edging closer to some sort of peace deal, concerns over Baku's commitment to sign a legal document with Armenia anytime soon persisted. While the Armenian government had recognized Nagorno-Karabakh as part of Azerbaijan, accepted the post-September 2023 status quo, did not raise the issue of Armenians' right of return in public discussion, and accepted the Azerbaijani demand to withdraw from several areas along the Armenia-Azerbaijan border without any guarantee that Azerbaijani troops would reciprocate in the Armenian territories captured during their 2021 and 2022 incursions, Azerbaijan kept making new demands and imposing fresh preconditions for signing a peace agreement with Armenia. These included changing the Armenian Constitution and other laws, the dissolution of the OSCE Minsk Group, providing an extra-territorial corridor to Nakhichevan via Armenia, and recognizing a genocide in Khojaly in February 1992. The disconnection/reconnection patterns at work in the region require sense-making. Are the appropriate policies in place to bring the region the unity it needs to fend for itself? Are Euro-Atlantic powers using their utmost influence and power of attraction to compel the South Caucasus countries to enact meaningful political and military reforms? Is the former South Caucasus regional connectivity agenda still relevant or has it been superseded by a plethora of new regional connectivity projects pushed forward by regional powers, Russia, Türkiye, Iran, and newcomers China, India, and the Gulf states?

We must not forget the impact of these developments on the populations in Abkhazia and the Tskhinvali region of Georgia. They are the constituents whom we rarely hear from, and who, because of strategic or legal considerations, scarcely have a voice. There is a risk that the EU/NATO may lose its grip on the region both in a geopolitical and normative sense. This loss may affect EU's access to Eurasia's resources and trade.

Boosting Human Connectivity on Building Resilience Against Human Security Risks and Threats

Almost three years ago, the RSSC SG seized the opportunity to revisit the role that makes it unique and consider the human security risks and threats in the South Caucasus region, and the opportunities for boosting regional connectivity ensuing from building resilience against them.

The RSSC SG Handbook project on “Building Resilience Against Human Security Threats and Risks: From Best Practices to Strategies” was built upon the recommendation of participants to the 23rd workshop, held in Naples (Italy), in March 2022, to launch a new project tentatively focusing on building resilience across a broad range of human security threats. This recommendation was rooted in the concrete proposals of one Armenian participant who argued that the South Caucasus should not remain merely a geographic term, but it should be turned into an EU-shaped union with an agreed understanding and evaluation of common threats, risks and ways to mitigate them. As a starting point, regional experts should concentrate on commonalities, rather than differences and dividing lines. He suggested an experts-level joint mechanism for scanning the region for human security risks and threats, including food security, energy security, financial security, transportation security, information security, demographic security, health security, environmental security, poverty, hunger, and migration.

Following up on these proposals, and using the power of the PfP Consortium network, the RSSC SG had undertaken this new Handbook project aiming to distillate current best practices on building resilience against common human security threats into effective strategies, policies and concrete measures. Eventually, a common vision over the future should be translated into a comprehensive list of common regional goals and objectives to be pursued over the next five to ten years. This, in turn, should lead to a deeper common security threats assessment.

In that vein, we thought that the imminent publication of this Handbook in 2025 could incentivize re-energizing dialogue on peace, security, and regional integration with a focus on building human connectivity among experts in various areas such as: energy, infrastructure, trade, food, health, and with business groups, as new forms of track 1.5 and track 2 dialogues.

This workshop therefore apprehended the topic of “connectivity” among a variety of angles, which helped make bridges with the topics of past and future workshops. It has been structured in three panels and two breakout groups for interactive discussions.

Panel 1 addressed “Infrastructural Connectivity in the South Caucasus”. Panellists were invited to present on risks and opportunities to the eventual connectivity between Europe and Asia. The following questions were considered in the presentations and subsequent discussions: what regional advantages can be expected from an Armenia-Azerbaijani peace deal? Can the South Caucasus be lost as a bridge between Europe and Asia by Georgia’s geopolitical re-orientation? Can the establishment of infrastructure projects linking Europe and Asia pre-empt the South Caucasus from slipping away? What are the conditions for the South Caucasus to establish itself as a reliable energy security actor? Would Iran and Russia act as spoilers of East-West connectivity?

Panel 2 dealt with “Human Connectivity in the South Caucasus”. Although we have considered the dangers of polarization in the South Caucasus in earlier workshops, this was an opportunity to revisit this topic with the aim of exploring the challenges brought about by enduring conflicts. Contributors looked at more pressing challenges, and at practical ways to facilitate free movement across real or imagined borders. The following questions were considered: what is the role of education in facilitating human connectivity? Can a common approach to inter-entity travel be established to expedite commercial and private transit? How can returnees (former IDPs) reintegrate their former living spaces without triggering renewed clashes with other groups? Can the conception of a meta-identity such as “South Caucasus identity” foster greater regional unity? How can a South Caucasus meta-identity be conceived?

Panel 3 delved into “The Risks of South Caucasus’ Disconnection”. This panel explored latest decisions by the Euro-Atlantic capitals with a view to underlining the risks and consequences of neglecting South Caucasus developments. Among those, reputational risks (on both sides of the equation regional states and NATO/EU), security risks (internal as well as international), and normative risks (i.e. the clash of norms, of governance models,

in short, a clash of “civilizations”) have been discussed. The following questions were considered by the panellists: should policy offer more – not less – support to Georgia? If Georgia was abandoned, what message would that send to other Western partners (in Europe or elsewhere) and Armenia in particular? What could be expected from the purported Russian naval base at Ochamchire? How, and for what purpose should the Russian diaspora be leveraged (if at all)? What role for Türkiye in the event of complete disconnection?

The interactive discussions addressed the future of Georgia, and building connectivity on human security between Armenia and Azerbaijan, respectively. As usually, they were held in an open, though moderated, format, and generated most of the policy recommendations which have been summarized at the end of this volume.

We hope that the production and distribution of this Study Group Information will bring a significant contribution not only to understanding both the changing influences over the infrastructural projects which could connect Europe to China and Central Asia, as well as to the Middle East and further to India, and the ways various socio-economic (business, subject matter professionals, environmentalists, civil society) and ethnocultural groups from the South Caucasus could react and adapt to new political, economic, and security arrangements over which they have little influence. The co-chairs wanted thereby to support efforts to reinforce the integration of the region with the West by having the Study Group deliver concrete policy recommendations on how to address the risks of South Caucasus’ disconnection, starting from the grassroots.

PART I: Infrastructural Connectivity in the South Caucasus

Regional Stability in the South Caucasus: The Role of the EU Mission in Armenia

Markus Ritter

The EU Mission in Armenia: Operating in a Complex Political and Security Environment

Mission's Structure and Mandate

The EU Mission in Armenia (EUMA) is an unarmed, civilian mission deployed to support the EU's efforts to promote peace in the South Caucasus region. The Mission was launched on 20 February 2023 with a two-year mandate. The full capacity of EUMA is up to 209 personnel.

EUMA Headquarters is located in Yeghegnadzor. The Mission operates from six Forward Operating Bases in Ijevan, Martuni, Yeghegnadzor, Jer muk, Goris, Kapan. Our patrols cover the entire length of the border with Azerbaijan.

EUMA observes and reports on the security situation along the Armenian side of the border with Azerbaijan. It contributes to human security in conflict-affected areas in Armenia and supports confidence building between Armenia and Azerbaijan.

EUMA liaises with the Armenian authorities, where relevant. Ensuring impartiality is at the core of EUMA's work on the ground.

Political and Security Situation

The EU remains committed to supporting the normalisation efforts between Armenia and Azerbaijan. EUMA is an essential component of the EU's efforts in supporting peace in the region. Since its launch, the Mission has demonstrated its value contributing to ensuring an environment conducive to the normalisation efforts between Armenia and Azerbaijan.

Since 20 February 2023, the Mission has had a significant stabilising impact on the ground including for the local population. With the uncertainties of the Armenia-Azerbaijan peace process, the Mission operates in a volatile political and security environment. The fear of escalation of the conflict among border communities remains high. EUMA maintains constant presence in border areas to contribute to de-escalation, including through timely strategic communications.

In addition to patrolling activities, the Missions aims at contributing to building confidence between Armenia and Azerbaijan, and among Armenians and Azerbaijanis. Exploring infrastructural and human connectivity is essential to ensuring lasting peace between Armenia and Azerbaijan. In spite of the Mission's lack of access to Azerbaijani authorities and population, EUMA is continuously mapping potential entry points for confidence building measures which could be implemented in support of peace efforts. On the Armenian side of the border, the Mission is largely seen by the conflict-affected population as a trusted interlocutor and a factor of stability.

Connectivity Risks and Opportunities in the South Caucasus

Gulnara Aslanbayli

Infrastructural Connectivity in the South Caucasus

What Regional Advantages Can Be Expected From an Armenia-Azerbaijan Peace Deal?

A peace agreement between Armenia and Azerbaijan could change the South Caucasus area in several ways. The benefits of peace are numerous and far-reaching, ranging from social cohesiveness and environmental sustainability to economic growth and regional connection. By taking advantage of these chances, both countries may create a wealthy and peaceful future that will benefit their own people as well as promote stability in the region and the world at large.¹

As you know, the long-standing conflict between Armenia and Azerbaijan, centred around Azerbaijan's Karabakh territory, has been a major source of instability in the South Caucasus. New opportunities for regional cooperation and development have been made possible by the recent peace agreement that followed the Second Karabakh War. Let us try to examine the possible regional benefits that could result from a long-term peace deal between Armenia and Azerbaijan.

A peace agreement might greatly improve infrastructure development and regional connectivity. The restoration of transportation networks, such as roads, railways, and airports, is critical to economic integration. The "Zangezur Corridor," which aspires to connect mainland Azerbaijan with its Nakhchivan region through Armenia, has the potential to improve trade and transportation. Nakhchivan is an exclave of Azerbaijan, separated from the rest of the country by Armenian territory. Its strategic location borders Iran, Turkey, and Armenia, making it a critical area for regional geopolitics and

¹ Ismayilzade, F., & Krnjević Mišković, D. (2021). *Liberated Karabakh: Policy Perspectives by the ADA University Community*. ADA University.

trade routes. The region's location is pivotal for Azerbaijan's connectivity with Turkey and Iran. The Nakhchivan Autonomous Republic benefits from agreements that facilitate trade and transit, helping Azerbaijan maintain important economic and logistical links. Improved connectivity can open up commercial routes between the Caspian and Black Seas, connecting Europe and Asia more efficiently. Peace between two countries has the potential to create new markets and economic zones, thereby promoting regional and international trade. This would enable both countries to diversify their economies and lessen reliance on a single industry. Improved trade connections can boost economic growth and raise GDP for both countries.

According to the World Bank, improved infrastructure may boost commerce, lower transportation costs, and promote economic growth.² In infrastructure projects, regional collaboration can draw in foreign funding and development assistance, which is advantageous to all stakeholders.

An atmosphere that is favourable to trade and economic cooperation can be produced by peace. Because of its advantageous position, the South Caucasus region can be an important transit hub for international trade. Economic ties and foreign direct investment (FDI) can be fostered in a stable and peaceful environment. Stability is an important component in attracting foreign direct investment (FDI). Peace can foster a more favourable economic climate, encouraging international corporations to invest in infrastructure, energy, and other essential industries.

Stability and sound governance are essential for economic growth, according to the European Bank for Reconstruction and Development (EBRD) as well. When there is peace, Armenia and Azerbaijan can cooperate to establish a regional market that makes use of their respective characteristics, strengthening economic growth and resilience.

Azerbaijan is abundant with energy resources, particularly oil and natural gas. A peace treaty can promote coordinated utilization and export of these resources, thereby improving regional energy security. Joint energy initiatives can result in the construction of pipelines and energy infrastructure, increas-

² World Bank. (2022). *The Economic Impact of Infrastructure Investment*.

ing dependency and lowering the danger of conflict. The Southern Gas Corridor, which delivers gas from the Caspian area to Europe, demonstrates the potential benefits of regional energy cooperation.

Stability in South Caucasus can also foster collaboration in environmental and resource management. Shared management of water resources, forests, and other natural assets has the potential to reduce environmental deterioration and promote sustainable development. Joint activities can address environmental challenges across borders while also contributing to regional stability. Environmental issues are critically important for Azerbaijan today, and hosting COP29 serves as clear evidence of the nation's commitment to addressing these challenges.

The 29th Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change (UNFCCC) has been a watershed moment in the worldwide fight against climate change. As the globe gathers to discuss and implement solutions to prevent climate change impacts, Azerbaijan's involvement and participation in COP29 are of great interest. This underscores that Azerbaijan's climate policies, commitments, and contributions to COP29 are centred on the country's strategies for sustainable development and environmental conservation.

Renewable energy offers a lot of promise in Azerbaijan, especially in the areas of hydropower, solar energy, and wind. With plans to build 1,500 MW of renewable capacity by 2030, the government has set goals to raise the proportion of renewable energy in the country's energy mix. At the heart of Azerbaijan's climate plan are initiatives to increase energy efficiency across a range of sectors, including transportation, industry, and residential structures. It is anticipated that these efforts will drastically cut emissions and energy use.

The United Nations Development Programme (UNDP) highlights that regional environmental cooperation can contribute to sustainable development and poverty reduction. The country has committed to reducing its greenhouse gas (GHG) emissions and enhancing renewable energy capacity as part of its Nationally Determined Contributions (NDCs) under the Paris Agreement.

Azerbaijan is keen on fostering regional cooperation in the South Caucasus to address shared climate challenges. Collaborative projects on renewable energy, water resource management, and environmental conservation will be a focal point of discussions at COP29. Azerbaijan's participation in COP29 underscores its commitment to global climate action and sustainable development. The country's proactive policies, ambitious targets, and collaborative initiatives reflect its determination to address climate challenges and contribute to international efforts. By showcasing its progress and sharing best practices, Azerbaijan aims to play a constructive role in shaping the global climate agenda at COP29. Finally, COP serves as a platform for countries to review and enhance their commitments to reducing greenhouse gas emissions, known as Nationally Determined Contributions (NDCs), under the Paris Agreement. The Paris Agreement aspires to keep global warming well below 2°C, preferably 1.5°C, over pre-industrial levels. COP29 is critical in reviewing countries' progress toward these targets. It enables nations to showcase their climate action plans, share best practices, and engage in dialogue regarding the financial and technical support required to fulfil their goals. Climate adaption is an important topic at COP29. The conference emphasizes the need for countries to build resilience to the negative effects of climate change, including as extreme weather events, sea-level rise, and biodiversity loss. It allows the interchange of knowledge and resources, assisting vulnerable countries and communities in adapting to changing climatic conditions.

In addition, peace can enable the restoration and development of agricultural lands, enhancing food security and rural livelihoods. Collaborative agricultural projects can improve productivity, promote sustainable practices, and contribute to economic stability.

Social cohesiveness and reconciliation can be facilitated by peace. Restoring communities and allowing displaced people to return can promote healing and a feeling of normalcy. Initiatives to foster interethnic communication and understanding can aid in eradicating the effects of war. The International Crisis Group asserts that long-term peace depends on reconciliation efforts. Future conflicts can be avoided, and social cohesiveness can be fostered through community-based strategies that incorporate grassroots organizations, youth, and civil society.

Mutual understanding and cultural exchange can be fostered by peace. Cultural gatherings, educational initiatives, and interpersonal interactions help heal divisions and promote a feeling of common history. Building confidence and cultivating goodwill can be greatly aided by cultural diplomacy. UNESCO emphasizes that by fostering respect and understanding between people, cultural exchange may support peace and progress. A more inclusive and peaceful society can be achieved through cultural efforts that improve social cohesiveness.

Armenia and Azerbaijan can create a more promising future for their respective populations and the region as a whole by embracing peace and cooperating. Through development agencies and multilateral organizations, the international community may assist in this process and guarantee that the advantages of peace are maintained.

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From ‘Corridors Building’ to ‘Conflict Management’: Is a Compromise Solution Possible in South Caucasus?

Yeghia Tashjian

Introduction

Historically, kingdoms and empires flourished by building roads and bridges, such was the case from the ancient Roman Empire to the Silk Roads in the Mongol Empire of Eurasia. Corridors act as gateways to the subregion for regional and international trade. This is why powerful actors and states tend to control or exert influence over key transit routes, countries, or regions to secure their interests and safeguard trade along these routes. Throughout centuries, the South Caucasus – the main geographic theme of this paper – has played an important bridging role over the millenniums as a natural bridge connecting empires of the East and the West and the North and the South. The ancient kingdoms of Armenia and Georgia had played a significant transit role along the Silk Road, connecting Asia to the Mediterranean and Europe. However, most of the time, the geography of those kingdoms turned into a curse, thus falling prey to larger empires aiming to seize transit routes. As such, small kingdoms and later modern states faced challenges in maneuvering between the conflicting interests of regional and great powers while seeking geo-economic interests to safeguard their security.

In his seminal work, *Theory of International Politics*, Kenneth Waltz argues that the anarchic nature of the international order motivates states to pursue interests where “first concern of states is not to maximize power but to maintain their position in the system”.¹ Adding to Waltz’s analysis of the balance of power theory, such states balance instead of bandwagon. Since under a multipolar system, defensive realists, in theory, argue that states that seek

¹ Kenneth N. Waltz, *Theory of International Politics*, University of California, Berkeley, 1979, p. 126, https://dl1.cuni.cz/pluginfile.php/486328/mod_resource/content/0/Kenneth%20N.%20Waltz%20Theory%20of%20International%20Politics%20Addison-Wesley%20series%20in%20political%20science%20%20%20%201979.pdf.

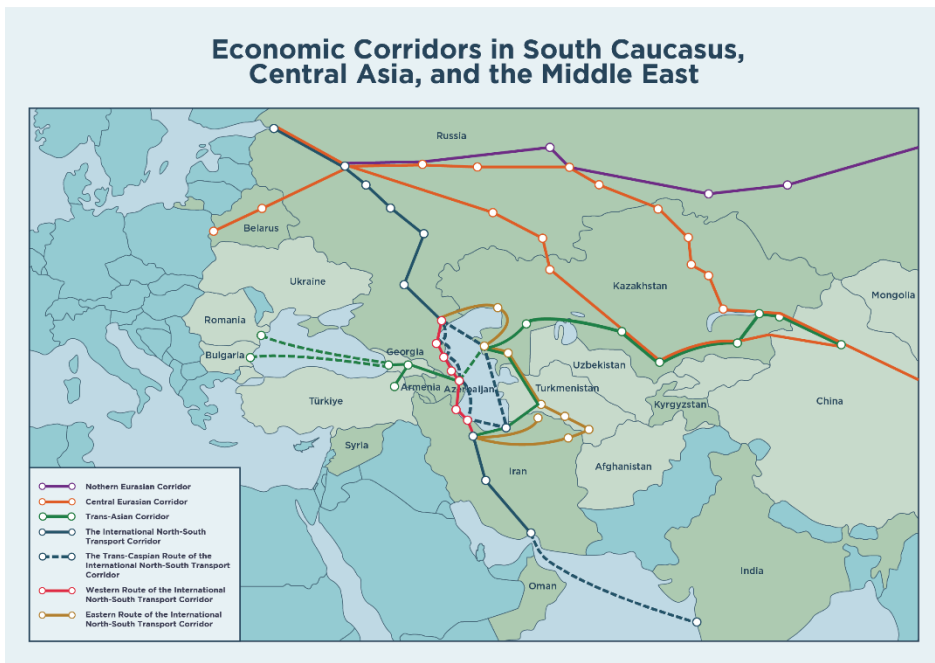
hegemonic aspirations in the international system will always be counter-balanced by other states that aim to maintain the *status quo*.² This theory can be a tool for understanding the multipolar regional order in the South Caucasus and the behavior of local and regional states. For this reason, small and middle-sized states adhere to the realist concept of the *balance of power* theory aiming to balance major regional powers to safeguard their geo-economic interests and consolidate their position in major regional economic and infrastructural initiatives. However, multipolarity may not necessarily expand the space of small states to maneuver and diversify their foreign policy as some may assume. As seen in the South Caucasus, regionalism under multipolarity may limit the maneuvering space of small states and force them to join regional economic or security blocs (EU, NATO, BRICS, EAEU, SCO...). This may be the case for the three South Caucasian countries. Although local states are struggling to balance their foreign policy between the conflicting interests of regional and global actors, with limited resources, these states will be forced to integrate into either Eurasian or Euro-Atlantic regional platforms. The geopolitical shifts in the region after the Ukraine war, the rise of new actors in the South Caucasus such as Turkey, Iran, China, India, and the EU, and the infrastructural initiatives in the form of economic corridors triggered regionalism and trade interconnectivity. The interaction of these new actors with local states has shaped the multipolar nature of the regional system and sometimes their conflicting geopolitical and geo-economic interests sharpened competition often leading to clashes or managed conflicts in the form of “co-opetition” and compartmentalized relations.

As such, the paper will reflect on the interests of China, India, EU (major extra-regional actors) and Turkey within the context of ‘corridors building’ and assess the importance of the East-West and North-South routes for these actors. It will also highlight Russia’s and Iran’s positions when it comes to North-South connectivity and the ‘3+3 regional platform’ as well as what kind of compromise deal these actors can offer to local actors within this regional platform. Finally, it will assess the possibility of the spillover effect of the escalation of the Middle East and how can regional and local actors detach the region from surrounding conflict by managing local conflicts.

² Ibid.

Different Policies, Different Corridors ...

Different regional and extra-regional players have different corridor projects shaping their policies towards the South Caucasus. Often these policies may clash with each other, while sometimes they might be harmonized. This interaction in the form of “corridors” is also shaping the behavior of the three South Caucasian states. Where are the local states balancing their foreign policies and interests to safeguard their geopolitical position and geo-economic interests? This section will briefly highlight the policies of India, China, Turkey, and the EU, address their integration projects, and analyze their challenges while dealing with the region.



Map 1: “Economic Corridors in South Caucasus, Central Asia, and the Middle East”: Source: Issam Fares Institute for Public Policy and International Affairs – American University of Beirut, Yeghia Tashjian, The “Battle of Corridors”, Regional Interconnectivity and the Geo-Economic Future of the Middle East, April 2024.

India plays a crucial role in Eurasia through different economic projects and security partnerships. India’s policy towards the South Caucasus reflects its long-term plans to build transport routes connecting the Indian Ocean to

Europe and Russia. This new policy is shaping new economic-security partnerships between the Indian-Iranian-Armenian and Turkish-Azerbaijani-Pakistani axes. India entered the region through Iran and consolidated its position by engaging in arms deals with Yerevan. Moreover, New Delhi is one of the main initiators of the International North-South Transport Corridors (INSTC) – in addition to Russia and Iran – and it also aims to contain China’s growing influence in Central Asia. This is why India, unlike Russia and Iran, views the INSTC as a deterrent project against China’s ambitious Belt and Road Initiative (BRI). It is worth mentioning that the INSTC serves as a vital tool for New Delhi to carry out its “Extended Neighborhood Policy”, which seeks to integrate the region’s economy with India.³ For this purpose, India is negotiating with the Eurasian Economic Union (EAEU) to sign a free trade zone (FTZ) agreement.⁴ Finally, interestingly the US has been soft on India’s relations with Iran and has lifted sanctions on India’s investments in Iran’s Chabahar Port. The US believes that by supporting India, New Delhi would be able to expand its influence in Central Asia to contain China’s influence even it might be providing certain economic oxygen to Iran.⁵

China is another extra-regional crucial actor shaping the geopolitics and geo-economics of the region through its BRI projects. The region plays a bridging role, particularly in advancing the China-Central Asia-West Asia Corridor (CCAWECC) and boosting investments in transport, logistics, and energy projects. For Beijing, the trade routes in the South Caucasus are strategically valuable as they decrease China’s reliance on maritime routes that are under US influence (mainly the Malacca Strait) and the NEABLEC (known as the northern corridor) connecting China to Europe via Russia which became not operational due to the sanctions. Therefore, enhancing its influence on the

³ Rhea Menon and Sharanya Rajiv, *Realizing India’s Strategic Interests in Central Asia*, Carnegie Endowment, December 1, 2019, <https://carnegieendowment.org/posts/2019/12/realizing-indias-strategic-interests-in-central-asia?lang=en>.

⁴ India showing interest in creating free trade zone with EAEU, countries holding consultation-Russian deputy PM, Interfax, October 23, 2024, <https://interfax.com/newsroom/top-stories/106958/>.

⁵ Sedjan Uljevic, *India’s Engagement with Central Asia and Competition with China in a Multipolar World Order 2.0*, in M. Sahakyan, ed., *Routledge Handbook of Chinese and Eurasian International Relations*. London: Routledge, 2024, pp. 76–89. DOI: 10.4324/9781003439110-7.

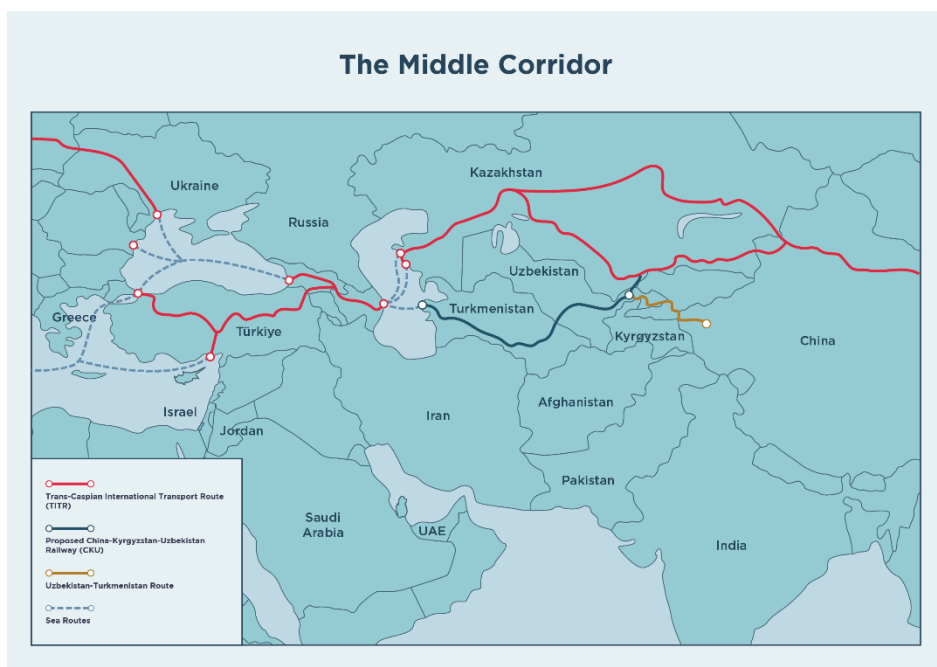
Trans-Caspian International Transport Corridor (TITR) is now more important than ever. It is within this context that an observer should analyze the ‘strategic partnership’ deals signed between China and Georgia (2023) and China and Azerbaijan (2024), where the former aims to invest in key infrastructural projects (such as the Anaklya port in Georgia) to increase its leverage on East-West connectivity. However, China lacks the necessary resources and political determination to confront the West in this zone. To do so, Beijing must collaborate with other Eurasian actors such as Turkey, Russia, and Iran to reshape the regional order. Finally, Beijing may see its project clashing with that of New Delhi’s connectivity vision. Hence, a clash of visions between BRI and INSTC will put member states actively involved in both projects in a difficult position to balance between these two projects.

After the Second Nagorno-Karabakh War in 2020, Turkey became a crucial actor in shaping future geopolitical developments in the region. Turkey is promoting its regional infrastructural project known as the Trans-Caspian East-West-Middle Corridor, starting from Turkey and crossing through the South Caucasus (via Georgia and Azerbaijan) before reaching Central Asia via the Caspian Sea.⁶ This route is very attractive, not only because it provides a direct connection to Eurasia but also because it decreases the other Turkic states’ dependence on both Russia and Iran. Turkey and Azerbaijan are lobbying hard to conjunct the Middle Corridor with China’s BRI.⁷ Turkish and Azerbaijani governments are also lobbying for the opening of the “Zangezur Corridor” as part of the Middle Corridor project.⁸ Regarding a possible border opening with Armenia, Ankara has made its position clear that the border will not be opened until Armenia signs a peace treaty with Azerbaijan. Turkey also supports the Russian presence on the trade routes passing via Southern Armenia, as mentioned in the Trilateral Statement signed on November 10, 2020.

⁶ Türkiye’s Multilateral Transportation Policy, Republic of Türkiye Ministry of Foreign Affairs, https://www.mfa.gov.tr/turkiye_s-multilateral-transportation-policy.en.mfa.

⁷ Vusal Guliyev, Middle Corridor: from Western-Initiated TRACECA to China’s Belt and Road Initiative, Baku Research Institute, September 11, 2023, <https://baku-researchinstitute.org/en/middle-corridor-from-western-initiated-traceca-to-chinas-belt-and-road-initiative/>.

⁸ Nargiza Umarova, On the Prospects of the Zangezur Corridor for Central Asia, Caspian Policy Center, July 11, 2024, <https://www.caspianpolicy.org/research/category/on-the-prospects-of-the-zangezur-corridor-for-central-asia>.



Map 2: “The Middle Corridor”: Source: Issam Fares Institute for Public Policy and International Affairs – American University of Beirut, Yeghia Tashjian, The “Battle of Corridors”, Regional Interconnectivity and the Geo-Economic Future of the Middle East, April 2024.

The EU is another important player as it aims to diversify its energy resources and boost the TTTR, aiming to expand its trade with Central Asia and China far from Russian influence. In this context, the interests of the EU and Turkey, to some extent, align. To give an additional boost to the TTTR, the EU promised to allocate 10 billion euros to develop this corridor.⁹ Following Russia’s war against Ukraine, European businesses have turned to TTTR to ship goods to the Central Asia republics and from there trade with China. Over the past years, the EU has increased its cooperation with South Caucasus and Central Asia. However, increased attention to the TTTR also brought some attention to the challenges faced by European businesses.

⁹ Toghrul Ali, European and International Financial Institutions to Invest \$10 Billion in the Middle Corridor, Caspian Policy Center, February 1, 2024, <https://www.caspianpolicy.org/research/economy/european-and-international-financial-institutions-to-invest-10-billion-in-the-middle-corridor>.

Some of these businesses are encountering infrastructural challenges, increased transportation costs, and fears of competition by Chinese and Russian competitors who are also expanding their economic influence along this corridor.

There is a certain complementarity between these four visions or policies envisioned by India, China, Turkey, and the EU. However, the clash of interest between New Delhi and Beijing and that of Ankara with Brussels may further complicate the harmonization of the integration of these trade routes in the South Caucasus. This may create additional pressure on South Caucasus states. The key gaps here are the policies of Russia and Iran which are crucial in shaping the geopolitics of the region and the “corridors building” processes. The policies of these two actors cannot be taken for granted or sidelined when addressing key conflicts (such as the Armenian-Azerbaijani conflict) and the future of the East-West and North-South corridors.

Is There a Russian-Iranian Deal on the Horizon?

Russia and Iran aim to integrate the regional transport networks into the North-South trade routes, mainly the INSTC. Russia aims to bridge with Iran via the South Caucasus to have access to the Persian Gulf and the Eastern Mediterranean. Meanwhile, Iran aims to have multiple land routes to Russia (via Azerbaijan) and Europe (via Armenia). Within the context of the ‘3+3 regional format’, Russia may convince Georgia to open the Abkhazia-Tbilisi railway in the future. At the same time, Iran could use its leverage within the format to integrate Armenia into the INSTC by operating the ‘Aras Corridor’ and link Azerbaijan proper to the Nakhichevan exclave via its territories (bypassing Armenia) and then Iran would have railway access to Armenia via Azerbaijan’s Nakhichevan exclave.

Certain remarks in Moscow about the revival of the Soviet-era railway connecting the breakaway region of Abkhazia to the South Caucasus were followed after the re-establishment of direct flights between Moscow and Tbilisi. Worth mentioning that Sergei Katyrin, the President of Russia’s Chamber of Commerce and Industry told Rossiyskaya Gazeta on May 12, 2023,

that the revival of the railway is under discussion within the context of INSTC connecting Iran to Russia.¹⁰ This 200-km railway section is the only railway connecting Russia to Georgia. Georgia has occasionally refused the revival of the railway due to Russian recognition of the breakaway region as an independent state. The Georgian opposition raised this issue in the public and expressed its opposition. The Georgian Prime Minister also denied accusations from the opposition and argued that such decisions would be taken “in accordance with Georgia’s national interests.”¹¹ Meanwhile, the US ambassador to Georgia, Kelly Degnan, expressed concerns that the revival of this railway would help Russia to bypass the sanctions and increase its political and economic influence on Georgia.¹²

Of course, the opening of the railway would benefit both Turkey and Armenia as they would get railway access to Russia. For Turkey, this would shorten its train cargo route to Russia, and for Armenia, it would have a direct railway line to Russia (via Georgia). Already Georgia is serving as a maritime transit route between Russia’s Novorossiysk port and Yerevan via Batumi. For the past years, Abkhazian MPs were eager on this issue as they lobbied in Russia for the opening of the railway which would further facilitate regional integration.¹³

Iran also has a plan on the table. On September 7, 2024, Iran’s ambassador to Armenia, Mehdi Sobhani, once again reiterated his country’s position on the unblocking of trade routes between Armenia and Azerbaijan arguing that Tehran supports this step however the “illusions about Zangezur Corridor will not come true”.¹⁴ The ambassador added that Iran opposes any

¹⁰ Nini Gabritchidze, Russia’s transport ambitions create new headaches in Georgia, Eurasianet, May 25, 2023, <https://eurasianet.org/russias-transport-ambitions-create-new-headaches-in-georgia>.

¹¹ Ibid.

¹² Ambassador Degnan’s Remarks at Rondeli Security Conference, US Embassy in Georgia, May 18, 2023, <https://ge.usembassy.gov/ambassador-degnans-remarks-at-rondeli-security-conference/>.

¹³ Marianna Kotova, Abkhazia seeks to revive its rail link to the outside world, OC Media, February 26, 2021, <https://oc-media.org/features/abkhazia-seeks-to-revive-its-rail-link-to-the-outside-world/>.

¹⁴ Illusions about Zangezur Corridor will not come true, MEHR News Agency, September 7, 2024, <https://en.mehrnews.com/news/220770/Illusions-about-Zangezur-Corridor-will-not-come-true>.

extraterritorial corridor passing from Armenia that would threaten the Armenian-Iranian border. Iran is playing a balancing act in the region, on one hand, it is resisting the establishment of a Turkish-Azerbaijani-backed extraterritorial corridor in Southern Armenia, on the other hand, offering an alternative corridor and lobbying for its success.

In December 2023, Iran's Minister of Roads and Urban Development announced that Baku and Tehran planned to sign an agreement regarding the 'Aras Corridor'. The construction of this route aims to build a road bridge connecting Azerbaijan and Iran over the Aras River. The route will be composed of a highway and a railway. This corridor aims to stabilize the relations between both countries and was initiated as a response to Azerbaijan's threat to invade southern Armenia and impose an extraterritorial corridor.¹⁵ Umud Shokri summarizes the strategic importance of the 'Aras Corridor' as follows:

Because it circumvents Armenian territory and offers a vital transit route across Iran's East Azerbaijan Province, the Aras Corridor is strategically essential. Through Iranian territory, the corridor links Nakhichevan with the Azerbaijani mainland, thus avoiding the geopolitical issues connected with the Zangezur Corridor and potentially allaying Iran's fears of losing access to Armenia. This route can not only facilitate commerce but also change regional alignments by lowering tensions and enhancing economic integration among important South Caucasus participants.¹⁶

Nevertheless, this new alternative route faces certain difficulties. Although it would shorten the current travel route from Baku to Nakhichevan, there is no railway connection between Azerbaijan and its exclave. Moreover, Baku views this corridor through the lens of diversifying possible routes for the Middle Corridor, as Azerbaijan's President framed this new route "as another extension of the Middle Corridor".¹⁷ However, Iran perceives it as a

¹⁵ Ani Avetsiyan, Aliyev threatens to establish 'corridor' in Armenia by force, OC Media, April 21, 2021, <https://oc-media.org/aliyev-threatens-to-establish-corridor-in-armenia-by-force/>.

¹⁶ Umud Shokri, Geopolitical Rivalries in the South Caucasus: Evaluating the Aras Corridor as an Alternative to Zangezur, Trends Research and Advisory, October 13, 2023, <https://trendsresearch.org/insight/geopolitical-rivalries-in-the-south-caucasus-evaluating-the-aras-corridor-as-an-alternative-to-zangezur/?srsltid=AfmBOoobYvjRjZNO9FlyGg3myNliJ5daan-jh1JtnZsKWOKqsHpXRSXf>.

¹⁷ Rahim Rahimov, Aras Corridor Provides Problems and Solutions for Connectivity Issues in South Caucasus, Jamestown Foundation, January 10, 2024, <https://jamestown.org/program/aras-corridor-provides-problems-and-solutions-for-connectivity-issues-in-south-caucasus/>.

crucial bridge for the INSTC. The Kars-Nakhichevan railway project (connecting Eastern Turkey to Azerbaijan's exclave) is a clear reflection of the divergence of perceptions between Baku and Tehran. As Tehran aims to connect Armenia to the INSTC, Baku aims to secure railway access to Turkey via the Azerbaijan-Iran-Nakhichevan railway section of the 'Aras Corridor' linking it to the Nakhichevan-Kars project railway.¹⁸ It is not surprising that Tehran intends to establish a railway connection with the Armenian railway by reviving the Soviet-era Nakhichevan-Yerevan railway and having access to the Black Sea via the Yerevan-Tbilisi railway. Iran's late FM Hossein Amir-Abdollahian emphasized this point when he expressed his support for Armenia's PM Nikol Pashinyan's "Crossroads for Peace" regional connectivity initiative.¹⁹ As Iranian expert Vali Kaleji mentioned Iran views the implementation of 'Aras Corridor' from a regional prism as a means to stabilize relations with Azerbaijan and strengthen the '3+3 regional format'.²⁰

The success of these two "no-lose-lose" initiatives, that is neither Armenia loses by giving an extraterritorial corridor, nor Azerbaijan loses its connection with Nakhichevan, can further strengthen regional integration through the prism of the '3+3 regional format'. Of course, challenges remain as Georgia opposes joining this format due to Russia's position on the breakaway regions and the Armenia-Azerbaijan peace deal is still far from reality due to Baku's insistence on certain preconditions. Finally, the developments in the Middle East may also impact the interaction between the three regional actors, and a possible failure of understanding in Syria may have a spillover effect on the South Caucasus.

¹⁸ Shabnam Dadparvar and Vali Kaleji, The Persian Gulf-Black Sea international transport and transit corridor: goals and constraints, *Journal of Balkan and Near Eastern Studies*, [e-journal] 26(2), pp. 203–225, July 10, 2023, <https://doi.org/10.1080/19448953.2023.2233360>.

¹⁹ Rahim Rahimov, Aras Corridor Provides Problems and Solutions for Connectivity Issues in South Caucasus, Jamestown Foundation, January 10, 2024, <https://jamestown.org/program/aras-corridor-provides-problems-and-solutions-for-connectivity-issues-in-south-caucasus/>.

²⁰ Vali Kaleji, Is the Aras Corridor an Alternative to Zangezur? Central Asia-Caucasus Institute Silk Road Studies Program, February 5, 2024, <https://www.cacianalyst.org/publications/analytical-articles/item/13788-is-the-aras-corridor-an-alternative-to-zangezur?.html>.

Preventing a Middle Eastern Crisis Spillover Effect

How does an escalation in the Middle East and a possible clash between Israel and Iran impact the *status quo* in the South Caucasus? Are there ways to manage the conflict and prevent such a spillover effect?

Amid the war between Hamas and Israel in Gaza and Israel and Hezbollah in Lebanon²¹ and the retaliation and counter-retaliation attacks between Israel and Iran, and the eruption of fights in Syria many observers raised concerns that a direct clash between Tehran and Tel Aviv or Tehran and Ankara may trigger the opening of a new front in the South Caucasus.

In August 2024, an Iranian official close to President Masoud Pezeshkian told the Daily Telegraph that the IRGC (Iranian Revolutionary Guards Corps) may target Israeli military assets in Azerbaijan and Iraqi Kurdistan.²² Baku denied reports of any Israeli military presence on its territory.²³ Some commentators tried to suggest that the Secretary of the Russian Security Council Sergei Shoigu's visit to Baku after Tehran was related to calming the situation and preventing Iran from launching any attacks on Israeli assets in the Caucasus that would endanger the INSTC and destabilize the region.²⁴

Even though these media claims could be just speculations, given Iran's attempt to normalize relations with Azerbaijan, even going as far as to conduct

²¹ On November 27, Israel and Lebanon have signed a US-backed ceasefire agreement. Full text of the Israel-Hezbollah ceasefire agreement, The National, https://www.thenationalnews.com/news/mena/2024/11/27/revealed-full-text-of-the-israel-hezbollah-ceasefire-agreement/?fbclid=IwY2xjawG2WWlleHRuA2FlbQIxMQABHRwMIj8tiC3mKpb2FTlg_1hsDSzAZnU5GEnEtlqgFQFZtCUcAfnLMFEbA_aem_M6HcNqIgfLnGszZlJmHvIw.

²² Akhtar Makoli, Iran's new president battles revolutionary guard to stop all-out war with Israel, The Daily Telegraph, August 9, 2024, <https://www.telegraph.co.uk/world-news/2024/08/09/iran-president-masoud-pezeshkian-israel-revolutionary-guard/>.

²³ Burc Eruygur, Baku denies media reports alleging presence of Israeli troops in Azerbaijan, Anadolu Agency, August 12, 2024, <https://www.aa.com.tr/en/world/baku-denies-media-reports-alleging-presence-of-israeli-troops-in-azerbaijan/3301809>.

²⁴ Shoigu arrived in Baku from Tehran, Turan news agency, August 6, 2024, <https://turan.az/en/politics/shoigu-arrives-in-baku-from-tehran-783268>.

military exercises,²⁵ Tehran occasionally raised concerns about Israel's military and intelligence presence near the Iranian-Azerbaijani border.²⁶ Iranians also expressed dissatisfaction with Israeli experts pushing for the narrative of "Southern Azerbaijan" aiming to trigger ethnic tensions to annex the Turkic-populated areas of northern Iran to Azerbaijan. Iranians believe that Israel aims to expand its influence on the South Caucasus and Central Asia to encircle Iran. This is one of the reasons why Iranian analysts oppose the Azerbaijani narrative of the 'Zangezur Corridor' and believe that the aim is to cut the Armenian-Iranian border and prevent Iran from having alternative routes to Europe. Hence, Iran is cautious of the increasing Turkish/Israeli influence on its Northern border. It is worth mentioning that Tehran has accused Baku of aiding Israeli intelligence agents of assassinating Iranian nuclear scientists and conducting espionage activities.²⁷ Despite these concerns, Baku and Tehran have developed relations, and having stable relations with Iran serves Azerbaijani interests amid the absence of a peace deal with Armenia and pressure from the West over human rights violations.²⁸

As a positive sign for strengthening ties, in 2023, both countries signed an agreement to establish the 'Aras Corridor'. The deal was seen as a diplomatic victory for Iran that aimed to bypass the controversial 'Zangezur Corridor'. Even President Ilham Aliyev and former President Ebrahim Raisi jointly inaugurated a hydropower facility on the Aras River bordering both countries.²⁹ As such, even though the Israeli military and security cooperation with Azerbaijan remains a source of contestation in Iran, Tehran's pragmatism in stabilizing the region and Azerbaijan's growing importance as the only land route

²⁵ Iran, Azerbaijan launch joint military drills in the border region, Tehran Times, November 25, 2024, <https://tehrantimes.com/news/506747/Iran-Azerbaijan-launch-joint-military-drills-in-border-region>.

²⁶ Giorgio Cafiero, Why Azerbaijan is moving closer to Israel, The New Arab, January 19, 2023, <https://www.newarab.com/analysis/why-azerbaijan-moving-closer-israel>.

²⁷ Iran summons Azeri envoy over scientist killing, Reuters, February 12, 2012, <https://www.reuters.com/article/world/iran-summons-azeri-envoy-over-scientist-killing-idUSTRE81B0OT/>.

²⁸ Situation in Azerbaijan, violation of human rights and international law and relations with Armenia, European Parliament, October 10, 2024, https://www.europarl.europa.eu/doceo/document/TA-10-2024-0029_EN.html.

²⁹ Iran, Azerbaijan inaugurate joint Qiz Qalasi Dam, Islamic Republic News Agency, May 19, 2024, <https://en.irna.ir/news/85482140/Iran-Azerbaijan-inaugurate-joint-Qiz-Qalasi-Dam>.

connecting Iran to Russia has prevented IRGC leaders from taking any irrational steps towards Baku. According to Rovshan Mammadli, a Baku-based independent analyst, we may witness an improvement in relations between Tehran and Baku under the reformist administration of Pezeshkian who prioritizes improving relations with neighboring countries.³⁰

Another concern for a possible spillover effect is sabotaging energy supply lines due to possible Israeli attacks on Iranian assets and Iranian countermeasures. According to Gallia Lindenstrauss, a spillover of the war may happen as the growing alignment between Russia and Iran may cause certain concerns to Israel.³¹ Recently, while destroying Hezbollah tunnels in South Lebanon, Israeli soldiers discovered a large quantity of Russian anti-tank missiles and ammunition stored by Hezbollah. Russians argued that this ammunition was provided to the Syrian government and Damascus without the Russian knowledge has transferred them to Hezbollah. As such Israel may decide to strike deeper in Syria and Iraq thus blocking the Iranian supply routes in the Middle East which may push Iran to sabotage energy pipelines in the region that supply Israel with oil.³² Worth mentioning that Israel imports nearly 30% of its oil from Azerbaijan via Turkey, particularly via the Baku-Tbilisi Ceyhan (BTC) pipeline.³³

However, one of the main obstacles to any possible spillover effect is the '3+3 regional platform' in the South Caucasus. The Astana format³⁴ launched in 2017 was established between Russia, Iran, and Turkey to create de-escalation zones in Syria and compartmentalize their differences from the Syrian scene

³⁰ Rovshan Mammadli, Could escalating Iran-Israel tensions spill into the South Caucasus? The New Arab, August 28, 2024, <https://www.newarab.com/analysis/could-iran-israel-tensions-spill-south-caucasus>.

³¹ Gallia Lindenstrauss, A Spillover of the Conflict in the Caucasus Cannot Be Excluded, Caucasus Watch, September 24, 2024, <https://caucasuswatch.de/en/interviews/gallia-lindenstrauss-a-spillover-of-the-conflict-in-the-caucasus-cannot-be-excluded.html>.

³² Ibid.

³³ Katherine Hearst, Cop29 turns heat up on Turkey and Azerbaijan over oil exports to Israel, Middle East Eye, November 21, 2024, <https://www.middleeasteye.net/news/turkey-and-azerbaijan-under-scrutiny-cop29-oil-exports-israel>.

³⁴ Faysal Abbas Mohamad, The Astana Process Six Years On: Peace or Deadlock in Syria? Carnegie Endowment, August 1, 2023, <https://carnegieendowment.org/sada/2023/08/the-astana-process-six-years-on-peace-or-deadlock-in-syria?lang=en>.

can be successfully replicated in the South Caucasus.³⁵ This format has been successful in managing the Syrian conflict. Despite certain violations and the eruption of battles between the Turkish-backed fighters and the government forces in Syria starting late November 2024. According to the Polish Institute of International Affairs, the ‘3+3 regional format’ in the South Caucasus can be a non-institutional regional format for regional multilateral cooperation almost with the same model as the Astana format related to the Syrian conflict. As Russia has occasionally repeated the goal of the ‘3+3 regional format’ is beyond regional stability and security and calls for economic development by unblocking regional trade routes and joint infrastructure projects.³⁶ Turkey and Russia also view this format to positively engage with Iran and prevent future conflicts in the region. Although the nature of the ‘3+3 regional platform’, is yet unclear – whether the aim is to create a regional consultative body or a path for regional integration – the format has been useful in managing regional differences, at least for now. Moreover, a possible peace deal between Yerevan and Baku would further boost this format and the possible joining of Tbilisi would harmonize the region with Eurasian integration projects. Hence, facilitating North-South and East-West trade between local and regional actors in the South Caucasus.

Reflection

Due to the war in Ukraine, the South Caucasus is no longer limited to Russia’s traditional post-Soviet sphere of influence. The rise of new actors, taking advantage of the power vacuum, such as Turkey, Iran, India, China, and the EU, has shaped the multipolar nature of the regional system. This interaction in the form of ‘corridors’, has encouraged each actor, sometimes in coordination with other actors, to push its own corridor initiative to increase its geo-economic (also geopolitical) interests in the South Caucasus and be-

³⁵ Arkadiusz Legiec, Prospects for the Development of the “3+3” Format on the South Caucasus, The Polish Institute of International Affairs, December 21, 2021, <https://pism.pl/publications/prospects-for-the-development-of-the-33-format-on-the-south-caucasus>.

³⁶ Elena Teslova, Russia says 3+3 format for South Caucasus outlined 3 key areas for further cooperation. Anadolu Agency, October 18, 2024, <https://www.aa.com.tr/en/world/russia-says-3-3-format-for-south-caucasus-outlined-3-key-areas-for-further-cooperation/3366651>.

yond. As such, if conflict resolution was challenging (due to local and regional issues), the status of 'conflict management' suited many actors to facilitate trade interconnectivity and interdependency. As a result, the South Caucasus became a crucial transit route for East-West and North-South connectivity.

However, the continued contestation between Euro-Atlantic and Eurasian projects, and the competition between Eurasian actors (Russia, Iran, and Turkey) may create new challenges in the region and push the small states of the South Caucasus to reset their traditional foreign policies and join new regional initiatives. This factor is also highly dependent on the US policy towards the region under President Donald Trump's administration and the possible conflict resolution or freezing of the conflict in Ukraine amid a potential deal between Moscow and Washington that may cover the entire post-Soviet space. Under such a scenario, the success of the '3+3 regional platform' will increase and may provide a certain compromise deal especially when it comes to addressing the Armenian-Azerbaijani conflict. By doing so the transport communication roads will be opened between Baku and Yerevan and by integrating Armenia in the INSTC or/and TTTR, its economy will be integrated into the region thus creating a degree of interdependency and interconnectivity between the three South Caucasian states and their neighbors. Only such a scenario may prevent the rise of future conflicts and wars and stabilize the region. Moreover, the above-mentioned regional platform is also crucial in distancing the region from the Middle East's wars. Thus, the South Caucasus (at least until now) has been spared from the tensions between Tehran and Tel Aviv and the developments in Syria due to the successful diplomatic consultations and dialogue between Russia, Iran and Turkey and the unwillingness of local states to be used as proxy battlegrounds. However, its future success is also linked to the future of the 'Astana format' in Syria and how the same regional actors in the South Caucasus will try to compartmentalize their conflicts and interact with each other positively to facilitate trade in their immediate neighborhood.

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Infrastructural Connectivity in the South Caucasus – A Turkish View

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Connectivity – including human, economic, political, infrastructural, and cultural – has become one of the buzzwords of recent policymaking, especially in Europe, but extends much beyond that. China's 'Belt and Road Initiative' (BRI), India's IMEC (India-Middle East-Europe Economic Corridor), the EU's Global Gateway Initiative, etc., are all part of this recent buzz. Although coached primarily on economic and sometimes value-based (such as connecting democratic countries) frameworks, these projects essentially have a geostrategic core, empowering the countries that eventually succeed in building their preferred connections and the countries whose land the routes pass through. As such, most connectivity projects link up with traditional geopolitical linkages; thus, in analysing them, one needs a more holistic approach that considers the political interests of the involved actors and geostrategic competitions among them, as well as economic and commercial aspects.

There were originally two main alternatives for the Caucasian countries when they became independent at the end of the Cold War: Linking to Europe through Turkey by politically and economically gravitating towards the West and remaining connected with Russia and its re-envisioned world. Though all preferred the first, Armenia and Azerbaijan moved to different connections for various reasons. In the longer run, the first option evolved to expand to the East, and the Caucasus became the middle ground for linking China, the growing producer of the world, to Europe, the most significant consumer region in the world. The second alternative evolved to linking Russia to the South through the Caucasus and Iran. Although still couched in the terminology of improving economic connections between various regions, these alternative linkages are strategic choices based on the alternative imagining of political space. Thus, while BRI and Global Gateway, for example, aim to achieve the same result – i.e., creating East-West linkages and

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infrastructures – they differ when deciding who will build, operate, and control relevant infrastructures.

While the EU continues to talk about connectivity in terms of ‘geostrategic’ and ‘value-based’ justifications, these two approaches, based on almost diametrical world views of realist and liberal perspectives, are challenging to reconcile in real life.

The question is whether the South Caucasus could become a hub for connectivity (including transport, energy, logistics, trade, etc.) along the East-West and North-South axes. As these connections have inevitable long-term political implications, the question becomes whether the region could accommodate both directions of connectivity or whether it needs to choose one.

Ultimately, it is all about reviving the old Silk Road, but this time focusing on the Caucasus. The geographical limitations that impeded roads going through the Caucasus in the Middle Ages have been mitigated by technological advances, and what remains today are only the political obstacles for regional stability. In this context, there are five issues to consider while evaluating the response to these questions:

1. The impact of the Russian attack on Ukraine
2. The peace process between Armenia and Azerbaijan
3. Georgia’s future political involvement
4. The isolation of Russia and Iran by the West and their attempts to break out
5. Possible modalities of the relationship between Turkey and the EU.

Until the Russian invasion of Ukraine, connecting China to Europe through Russian territory (the so-called Northern Route) was seen as a win-win policy area for all involved, offering socio-economic development and political stability and thus hoped-for enhanced security for Europe. However, Russian expansionism has turned it into an active threat to European security, coupled with long-term Western sanctions on Russia, encouraging the EU to search for alternative ways to connect Asia. As such, the South Caucasus appeared as one of the preferred options while simultaneously turning connectivity into part of the geopolitical rivalry in this part of the world.

As the Georgia-Russia connection is necessary for implementing the North-South route by linking Russia to Armenia and then Iran, the future orientation of Georgia and its relations with Russia become paramount. As such, the recent attempt by the Georgian government to re-orient the country and the opposition to resist links up with the attempts at connectivity between Russia and Iran.

Similarly, if accomplished, the Azerbaijan-Armenia-Turkey connection, linking up with Central Asia on one end and Europe on the other, works against Russian and Iranian interests in the region. It also diminishes the role and influence of these countries on the future trajectory of the South Caucasus as a whole while increasing the role of Turkey and the EU. In this context, the result of the peace negotiations between Armenia and Azerbaijan is not only crucial for these countries but also from the perspective of regional connectivity and the individual futures of these countries. Moreover, it will also impact Georgia's future as any connectivity project developed after the eventual peace agreement through Armenia will inevitably diminish Georgia's role. While this might influence Georgia's future choices, its current choices for reorientation of the country will also, in turn, impact the peace process between Armenia and Azerbaijan.

On the other hand, the Roki Tunnel between North Ossetia (Russia) and South Ossetia (Georgia) and the railway connection through Abkhazia, Georgia's Russian-backed separatist region for the North-South Corridor, and the Zangezur Corridor for the East-West connection become chokepoints not only for direct transportation but also for seamless political connections.

While the liberation of its occupied regions and the reintegration of Karabakh into Azerbaijan opened up a new space for direct connectivity along the East-West Middle Corridor, it is currently being blocked by stalled Armenia-Azerbaijan peace negotiations and Georgia's possible political re-orientation.

While China is involved in building a new East-West Georgian Highway through Rikoti Pass, as part of the so-called Middle Corridor, with Asian Development Bank and European Investment Bank support, Armenia has been working to set up a ferry route (North-South) to Russia through Geor-

gia. While the Baku-Tbilisi-Kars railway has already become operational, although only for freight, Georgia, Azerbaijan, and Kazakhstan have discussed establishing a new shipping route between the Georgian port of Poti and the Romanian port of Constanta. These projects, promising to increase trade between two geographical points, also have geopolitical significance for all the countries involved.

The geopolitical developments affect the viability of connectivity projects. For example, one of the significant infrastructures already in the region is the Baku-Tbilisi-Kars railway. It was seen as a minor branch of the Middle Corridor – which was only considered as a supplementary route to the Northern Corridor – until the Russian invasion of Ukraine. Geopolitical developments since then have upgraded it to a potential main route.

Other successful examples have been the Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum natural gas pipeline, which, now supplemented by the TANAP pipeline through Turkey, has already linked up with Greece. As they both need to expand to connect to Central Asia, negotiations have been underway between Azerbaijan and Kazakhstan for oil and Azerbaijan and Turkmenistan for natural gas for some time now. They show the tension between limiting the impact of state boundaries for expanding connectivity and upholding them as symbols of sovereignty.

Finally, for the success of various connectivity projects through the South Caucasus, the future of EU-Turkey relations has to be considered. Turkey is not only a regional powerhouse and influential country in the region but also controls the road and rail connections between Europe and the South Caucasus. It also hosts pipeline connections from Azerbaijan to Europe. On the surface, the EU's priorities and Turkey's interests in the South Caucasus align naturally as both actors wish to stabilize the region, move it away from Russian influence/dominance, and connect it to Europe.

Nevertheless, when looked at in detail, there are divergences, non-cooperation, at times even backing rival projects and initiatives. Despite Turkey's long-standing cooperation and now-stalled membership negotiations, the EU and Turkey have not been able to cooperate on a strategic level. For example, while Turkey pushes for the creation of further linkages between the region and Europe through Turkey (additional pipelines, electricity grids,

rail, and road connections, etc.), the EU searches for alternatives to Turkey, such as electricity connection under the Black Sea (curiously on the Turkish continental shelf as the EU could not pass through Russian zone), oil shipment from Georgia to Romania, etc. Regarding political and security aspects, cooperation diminishes even further, and some EU members find themselves in opposing camps with Turkey.

It should be clear, however, for anyone looking from the outside that Turkey could augment the EU's standing in the region, opening a space for it, while the EU connection and support would solidify Turkey's position with regional countries. Undoubtedly, such cooperation and alignment of policies would enhance Western standing in the region and diminish Russian interference with various connectivity projects. It will also further stabilize the region.

Risks and Opportunities for Europe-Asia Connectivity: The Geopolitical Role of the South Caucasus

Razi Nurullayev¹

I will highlight the important role of the South Caucasus in fostering geopolitical and economic connectivity between Europe and Asia, a potential that holds great promise for the future.

Historically, the South Caucasus has been a crossroads for trade, energy, and ideas, serving as a bridge between the West and the East. Today, it continues to face significant opportunities and challenges in a complex geopolitical landscape.

This region's geopolitical dynamics, infrastructure projects, and energy resources are central to its role in fostering East-West connectivity. However, the region faces significant challenges, including unresolved conflicts, shifting geopolitical alliances, and external pressures in two ways – one from actors like Russia, Iran, and partially Turkey, and another from the collective West. The first is driven by the fact that the area has always been under their control and used for geopolitical trade-offs, and the latter sees the first as a threat to the future of the collective West.

While many institutions, think tanks, and policymakers focus on political solutions, it is crucial to recognize that economic consequences and resources are the most effective tools for achieving positive results. The differing perceptions of economic opportunities by the two opposing centres further underscore the urgency of this approach.

1. Armenia-Azerbaijani Peace Deal: A peace agreement between Armenia and Azerbaijan would enhance regional stability, allowing for more robust economic and energy cooperation. It could open the way for cross-border infrastructure projects to boost European and Asian connectivity.

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If this peace holds, it could have transformative effects on the South Caucasus. A peace agreement would open the door to greater cooperation between Armenia and Azerbaijan – politically, economically, and infrastructurally. Trade routes could open up, energy projects could expand, and the South Caucasus could become an even more attractive corridor for goods and resources moving between Europe and Asia. The Southern Gas Corridor, for example, could become more secure, boosting Europe’s energy diversification efforts.

Armenia’s consent to open the so-called Zangezur corridor would enhance this connectivity and reduce regional tensions, opening up other solutions. Otherwise, after being put into operation, the other corridor via the territory of Iran would dramatically reduce the efficiency of the Zangezur corridor, thus jeopardizing other cooperation efforts and peace.

2. Georgia’s Geopolitical Shifts: Georgia’s pivot toward Russia, seen in recent years, could jeopardize its position as a vital transit route for goods and energy from the Western perspective. A shift away from the West might undermine the South Caucasus’ role as a stable and reliable bridge between Europe and Asia, as seen from the West. However, Russia seems to be able to offer more to fill that gap. Russia has made efforts to bring Azerbaijan and Georgia into the Eurasian Economic Union. Armenia is already a member, and the whole gap would be filled with Azerbaijan’s and Georgia’s membership.

Now, I see this as a fact to bring this into life. Even Turkey thinks of this. As already known, BRICS are being expanded; however, it is mainly on paper for now. The Eurasian Economic Union has the potential to be an in-between organization that can lead to more significant economic alliances despite the West’s opposition to this.

3. Infrastructure Projects: Major infrastructure projects like the Baku-Tbilisi-Kars (BTK) railway and the Southern Gas Corridor offer significant opportunities for enhanced connectivity. These projects could allow the region to bypass competing routes controlled by Russia and Iran. However, they are vulnerable to political instability and external interference.

The South Caucasus is home to several major infrastructure projects, which are central to its continued role as a connectivity hub. The Baku-Tbilisi-Kars railway, for instance, is part of the broader effort to create an alternative

route for trade between Europe and Asia, bypassing Russia and the Middle East. This railway has the potential to enhance regional trade, shorten transport times, and foster economic cooperation across the region.

The Southern Gas Corridor is another crucial infrastructure project that links Azerbaijan's natural gas resources with European markets. These projects are not just about economics but also about reducing geopolitical vulnerability and offering Europe and Asia greater security and stability in energy and trade flows.

But these projects, as vital as they are, bring up risks. They are deeply affected by the political stability of the region. Conflicts between Armenia and Azerbaijan or involving Georgia's geopolitical realignment could disrupt these vital transport and energy routes if not reasonably dealt with. Additionally, external actors, such as Russia and Iran, may seek to undermine these projects if they perceive them as threats to their influence. So, what to do? Georgia's and Armenia's balanced roles would rise the risks in this regard. Then, did Georgia act rightly to balance its foreign policy between relations with Russia and its European aspirations? This seems logical to me.

Georgia, in its unique position, has the potential to play a crucial role in maintaining the region's strategic importance. By carefully managing its geopolitical relationships and prioritizing stability and economic growth, Georgia can preserve its role as a vital transit hub.

Conclusion

The South Caucasus is at a critical juncture. Its role as a bridge between Europe and Asia remains vital to global trade and energy security. However, the region faces both great opportunities and significant challenges. A lasting peace between Armenia and Azerbaijan, careful political balancing by Georgia, continued infrastructure development, and a robust energy security framework are essential for maintaining the South Caucasus' strategic importance.

To realize this potential, the region must overcome geopolitical tensions, external pressures, and infrastructural challenges. With the right investments, political will, and international cooperation, the South Caucasus can continue to be a crucial link between Europe and Asia in the 21st century.

PART II: Human Connectivity in the South Caucasus

Perspectives of Peaceful Integration in a Challenging Environment

Nino Tlashadze

Foreword

Protracted ethno-political conflicts in Abkhazia and South Ossetia originated in early 1990's after the collapse of Soviet Union and Russia's continuous military occupation after brief 2008 August war that became a constant threat to Georgia's peaceful development. The wars and violence during the late 1990's and early 2000's causing enormous human suffering and pain continue to impact all three – Georgian, Abkhaz and South Ossetian – societies equally.

There are 283,271 internally displaced persons (“IDPs”) from Abkhazia and Tskhinval/i Region/South Ossetia. They make up 90,156 families, 9,056 of which (26,000 individuals) have been displaced from the Tskhinval/i Region/South Ossetia as a result of the August 2008 conflict. The largest number of IDPs, specifically 16,811 people reside in Shida Kartli region of Georgia. Around 31,017 people affected by the conflict reside in 30 villages along the ABL with the Tskhinval/i Region/South Ossetia and 15, 603 war affected people live in around 82 villages alongside the ABL with Abkhazia.¹

Social-Economic and Human Rights Situation in the War-Affected Areas of Georgia

Socio-Economic Situation of the War-Affected People in Georgia

The victims of armed conflicts and violence in 1990s and in 2008 continue to suffer from the consequences of the war. Unemployment, poverty, insecurity and lack of sustainable peace are the most pressing problems. Living

¹ See: Report of the UN Women, Georgia: “Needs Assessment of the Population Residing along the Administrative Boundary Lines in Georgia,” 2019, p. 16–23, <https://georgia.unwomen.org/sites/default/files/2022-02/ABL%20Needs%20Assessment%20ENG%202019%20Final.pdf> [06/09/2024].

conditions of those residing along the Administrative Boundary Lines (ABL) or in occupied regions of Abkhazia and South Ossetia are particularly harsh.

The main source of income for the population in these villages is agriculture and livestock farming. In the territories under the control of Georgian authorities, most of the agricultural lots are located either adjacent to the division line or on the other side of the ABL in the occupied territories. Therefore, local people are afraid to cultivate their lots because they may be captured, or they cannot reach the lots at all. The creeping occupation carried out by the Russian Federation has restricted the local people's access to surrounding natural resources, agricultural lands, forests, and pastures. Some villages have neither drinking water nor irrigation system. The war affected people living in the ABL villages lack access to adequate health care – there are no outpatients or/and pharmacies in most of the villages. Public transport does not regularly run in these villages that makes the access to primary services more difficult. Due to the lack of livelihood and development opportunities, the youth are leaving the villages.²

Abkhazia's economy depends overwhelmingly on tourism and donation from Russia. In total, 50% of the Abkhazian budget is comprised of Russian aid which has been decreasing, during the last few years. The Kremlin often uses the financial package as an instrument to bargain with or blackmail the de-facto authorities of Abkhazia like it happened recently, when the Kremlin suspended funding of the occupied Abkhazia after the de-facto parliament withdrew the so-called Apartment Law, which provided for the construction and facilitation of the purchase of thousands of apartments by non-residents in the eastern part of the occupied region. Above that, the de-facto parliament did not adopt the Russian Foreign Agents' law regardless huge oppression from Moscow. The law was actively protested by local civil society organizations and activists.³

The main source of income for the people living in South Ossetia had always been agriculture before the Russian occupation. Nowadays, more than 80%

² <https://www.hrc.ge/files/reports/240saokupacio%20xaxis%20sofflebi-eng.pdf>.

³ See: Social Justice Center, "Russia started speaking with Abkhazia with ultimatums", September 2024; available at: <https://socialjustice.org.ge/en/products/ruseti-afkhazettan-ultimatumis-enit-itsqebis-laparaks> [24.09.2024].

of its budget is filled with the money donated from Russia. High migration from the occupied region also proves poor economic situation in Tskhinval/i region – out of officially registered 50 000 people, less than 30 000 people live in the region in fact. More than 80% of the employed population of Tskhinval/i region work in de-facto government agencies or at the Russian military bases located in the occupied territory, where they get Russia-donated salaries.⁴

Ethnic Georgian people residing in small districts of the occupied Abkhazia (Gali) and South Ossetia (Akhalkgori) cope with more difficult socio-economic hardships than the entire regions of Abkhazia and SO.

State of Human Rights and Basic Freedoms in the War-Affected Communities

The occupation regime has intensified illegal practice of arresting individuals for crossing the so-called border unlawfully. As of December 2023, eight citizens remained unlawfully detained in the occupied territories of Georgia: Irakli Bebua, Kristine Takalandze, and Asmat Tavadze in occupied Abkhazia, and Lasha Khetereli, Petre Kalashnikov, Giorgi Mosiashvili, Dito Korinteli, and Giorgi Meladze in occupied Tskhinval/i.⁵

On November 6, 2023, two Georgian citizens, Tamaz Ginturi and Levan Dotiashvili, were attacked by the Border Service of the Federal Security Service of the Russian Federation (FSB) near the village of Kirbali, close to the division line. As a result, Ginturi died and wounded Dotiashvili was arrested for unlawful crossing of the so-called border.⁶

Creeping occupation does not take only the lives of people but seizes their properties and sources of income. When it comes to the protection of the **right to property** of the local people living near the occupation line, the approach of Georgian government is also problematic.

⁴ See: Babel – How unrecognized “republics” live now, 2024; available at: <https://babel.ua/en/texts/109720-moscow-has-turned-abkhazia-and-south-ossetia-into-military-bases-dependent-on-russian-money-despite-this-the-locals-do-not-want-to-return-to-georgia-how-the-unrecognized-republics-live-now> [24.09.2024].

⁵ Public Defender of Georgia, Report on the Situation of Protection of Human Rights and Freedoms in Georgia, 2023, p. 14. [09/09/2024].

⁶ Ibid., p. 15. [09/09/2024].

I.B. lives in the village Ditsi near the occupation line of South Ossetia/Tskhinval/i Region. Human Rights Center defends his legal rights since 2018.⁷ The land of I.B. which he has been cultivating for years, is situated near the occupation line. The Public Registry of Georgia refused to register the land of I.B, claiming that the land was located in the occupied territory but it was not correct. It should be noted that the common courts of Georgia made decision in favor of I.B. and obliged the Public Registry to register the agricultural land of I.B. to his ownership.

Freedom of assembly is largely respected, and opposition and civil society groups regularly organize protests in Abkhazia. In May 2023, opposition leaders organized a demonstration in Sukhum/i to reinforce their calls for the government's resignation and the withdrawal of controversial government initiatives, such as the bill on foreign-owned apartments. While military personnel and vehicles were deployed to protect public buildings, the event ended peacefully.

Civil society organizations exert influence on government policies, but those that receive funding from foreign governments or entities that do not recognize Abkhazia's independence face criticism from local journalists and authorities. The government's 2020 policy agreement with Moscow called for special restrictions on groups that receive foreign funding.

Abkhaz civil society was subjected to growing state pressure during 2022. Many local activists were summoned for questioning by the State Security Service (SGB) after their names appeared on a petition against the war in Ukraine, and the interrogations later expanded to include representatives of foreign organizations. The de-facto Ministry of Foreign Affairs banned a number of projects implemented by foreign organizations and their local partners; in September 2022 the ministry expelled a UN staff representative, accusing her of espionage against the Russian military.⁸

In South Ossetia, **freedom of assembly** is partially restricted. For over a decade following the 2008 war and Russian recognition of South Ossetia's

⁷ Human Rights Center, Statement of HRC about Social-Economic Problems of the People Living Near the Occupation Line, June 26, 2020; available at: <http://www.humanrights.ge/index.php?a=main&pid=20180&lang=eng> [20/02/2025].

⁸ See: Freedom House, Freedom in the World, 2024, Abkhazia; available at: <https://freedomhouse.org/country/abkhazia/freedom-world/2024> [26.09.2024].

independence, authorities often responded to demonstrations related to political grievances by closing roads and deploying security forces.

Nongovernmental organizations (NGOs) that operate in the territory are subject to government influence. Legislative amendments in 2014 increased authorities' oversight of NGOs, subjecting organizations that receive foreign funding to broader and more frequent reporting requirements and branding them "foreign partners." NGOs that engage in conflict resolution and reconciliation are smeared by the authorities and pro-government media as agents of Tbilisi or Western intelligence services. In 2022, some of the local civil society activists made public statements about their engagements with Georgian partners, prompting harassment on social media. However, in contrast to past years, they did not face prosecutions or interrogations by the local security service.⁹

*Access to Education for the Conflict-Affected Population and
Role of Education in Facilitating Human Connectivity*

Ensuring education in native language remains a significant challenge in the territories of occupied Abkhazia and Tskhinval/i region. In the occupied Gali and Akhalkgori, teaching in the Georgian language has been entirely prohibited in primary classes, relegating the native language to a subject on foreign language and literature.¹⁰ One significant challenge lies in the qualification of teachers in the occupied Gali region. Since they are prohibited from conducting lessons in Georgian, their hiring is not based on pedagogical qualifications and experience but rather on their proficiency in the Russian language. Individuals with Georgian education are intentionally being replaced by recent graduates of Sukhum/i University. Furthermore, teaching the history and geography of Georgia remains strictly prohibited. Instead, classes focus on the history of Abkhazia printed in Russian and the history of Russia authored by Russian writers.

⁹ See: Freedom House, Freedom in the World, 2024, South Ossetia; available at: <https://freedomhouse.org/country/south-ossetia/freedom-world/2024> [26.09.2024].

¹⁰ See: Public Defender of Georgia, Report on the Situation of Human Rights and Basic Freedoms in Georgia, 2023, p. 18; available at: https://ombudsman.ge/res/docs/2024_052911382931838.pdf [24.09.2024].

In the occupied Akhlagori, in South Ossetia, currently, only six Georgian schools operate. Among them, in five schools, teaching in Georgian is conducted only in the 11th grade, while in other instances, Georgian language is limited to a foreign language subject.

The restriction of teaching in Georgian language in the Gali and Akhlagori regions comes in conflict with the European Convention on Human Rights and the standards established by the case law of the European Court of Human Rights.¹¹

According to the UN Convention on the Rights of the Child, the rights set forth by the Convention must be ensured without discrimination of any kind, including, irrespective of the child's or his/her parent's or legal guardian's religion, national, ethnic or social origin. According to the Convention, the education of the child shall be directed to the development of the child's cultural identity, language and national values of the country in which the child is living.

General and higher education systems are outdated in both occupied regions of Georgia. Young people from Abkhazia and South Ossetia can enrol in high educational programs in Europe or/and in the USA if they get either an ID Card of Georgian citizen; or Personal ID Number, or Neutral ID Card (SNID) or Neutral Travel Document (SNTD). Youth from Abkhazia and SO refuse to get either of these documents that make their enrolment in the high educational programs in the West almost impossible. Above that, the international non-recognition of the de-facto Sukhum/i State University and Tskhinval/i University hinders its students to seek opportunities abroad. Poor knowledge of English language also creates obstacles for the young Abkhaz and Ossetian people to enrol in educational programs abroad. Therefore, the main destination for them to get higher education is Russia, which means the young people from the occupied territories remain under strong influence of the Kremlin propaganda and soft power.

A few years ago, the South Caucasus Chevening Scholarship was created, and it welcomes applications from those who reside in the following three

¹¹ See: Human Rights Center, *Zone of Barbed Wires*, 2019, p. 36–37; available at: <https://www.hrc.ge/files/reports/74Zone%20of%20Barbed%20Wires-Report%20-eng%202019.pdf> [26.09.2024].

regions – South Ossetia, Abkhazia and Nagorno-Karabakh.¹² Within the Chevening scholarship program, 1–4 spots are annually allocated for Abkhazians, allowing them to study at British universities. Abkhazian students enroll the Chevening Program under the umbrella of South Caucasus region and not as Russian citizens. It is very important that in this program, they can study together with Georgian young people, who also participate in it. By now, a handful of Abkhazian young people received Chevening scholarship, but it is a very important opportunity to allow them to get high education in Europe and stay resilient against the Kremlin propaganda and study in the UK together with Georgian students, build contacts that contributes to the restoration of trust and transformation of the conflict. Although students from SO can also apply for the Chevening scholarship, so far, there has not been any Ossetian young person who received the scholarship.

Erasmus+ program, which is very popular among Georgian students, is not attractive for the youth from Abkhazia and SO because it requires them to get Georgian ID or Neutral ID Card.

*Restricted Freedom of Movement for All Three Communities and
Problems Related with Travel Documents*

The “borderisation” process became intensive since 2013. This process, which still continues along the dividing lines of Abkhazia and South Ossetia, is accompanied with mass violations of fundamental human rights, including the freedom of movement.

Entry into and exit from the territory of occupied Abkhazia is regulated by the law adopted by the *de facto* parliament of Abkhazia in 2016. The so-called legislative act “On entry into the Republic of Abkhazia and exit from the Republic of Abkhazia” establishes a list of documents necessary to enter Abkhazia and determines the types of visas. Getting a visa to enter Abkhazia is difficult and involves several stages of procedure.¹³ The problems

¹² See more information at: <https://www.chevening.org/scholarship/south-caucasus/>.

¹³ Ibid., p. 6.

related to the freedom of movement are especially problematic for ethnic Georgians living in Gali region.¹⁴

According to the official data, in 2023, 37 individuals (35 men and 2 women) were arrested along the occupation line in the direction of the Tskhinvali region, while 26 people were arrested in the direction of occupied Abkhazia (15 men, 5 women, and 6 minors).

The residents of Akhagori are allowed to move to the territory controlled by the Georgian authorities only for 10 days a month. The road connecting the occupied Akhagori – the so-called Razdakhani checkpoint – is open from the 20th to the 30th day of every month.

More than half of the population of Abkhazia and almost the majority of the SO population have dual citizenship – Abkhazian and Russian, and South Ossetian and Russian. Abkhazians get Russian citizens' passports in the Abkhazian embassy in Russia. People from SO get Russian Citizenship passports in North Ossetia, Russian Federation, as most of them get registration in North Ossetia and acquire Russian citizenship. With these passports Abkhazians and Ossetians could travel abroad. However, on October 12, 2022, the Council of the European Union announced a plan to not accept Russian travel documents anymore, including for residents of Abkhazia and South Ossetia, Georgia's breakaway territories.¹⁵ Nowadays, they can travel to Armenia and Turkey and to the countries which are allies of Russia and have recognized their independence.

Perspectives for Commercial and/or Business Cooperation between Conflict-Divided Societies

Because of travel restrictions in between the Abkhazia, South Ossetia and the rest of Georgia there is no commercial and private transit cooperation between the conflict-divided territories. Economic activities in the territory

¹⁴ Human Rights Center, *Zone of Barbed Wires – Mass Human Rights Violations along the Dividing Lines of Abkhazia and South Ossetia*, 2019, p. 29. [09/09/2024].

¹⁵ Eurasianet, *EU to ban use of Russian passports issued in Abkhazia, South Ossetia, 2022*; available at: <https://eurasianet.org/eu-to-ban-use-of-russian-passports-issued-in-abkhazia-south-ossetia> [26.09.2024].

of Abkhazia and SO are prohibited under the Law of Georgia on Occupied Regions, unless they are agreed with the Georgian authorities. Closed crossing points, restrictions established under the Law makes it impossible to start business, trade or/and transportation cooperation between Georgian and Abkhazian, Georgian and Ossetian entrepreneurs, business operators, farmers, traders.

In 2019, the Peace Fund for Better Future was founded in Georgia.¹⁶ The goal of the Peace Fund is to empower the conflict-affected populations living on both sides of the dividing lines and improve their socio-economic conditions by supporting economic ties and business projects that will facilitate dialogue, cooperation, and restore trust between the communities, as well as serve the foremost aim of peaceful conflict resolution and peace building. To achieve this goal, the Peace Fund finances joint business projects and initiatives of Abkhazian and Georgian, Ossetian and Georgian partners. Although the Fund was founded by the Georgian authorities, it is fully funded by foreign donors and governments. The Fund does not request the residents of Abkhazia and Tskhinval/i region to get Georgian ID or neutral ID card to participate in their grant program. It offers a simplified procedure to get a code, with which the residents of Abkhazia and Tskhinval/i region can carry out any business activity and transaction in the Georgia-controlled territory. The Fund has already funded several dozen joint projects of Abkhaz and Georgian farmers, entrepreneurs and business operators, but it is not very popular in South Ossetia due to limited information about it.

Perspectives to Reintegrate IDPs/Refugees in Their Former Living Spaces: Restitution of Property Rights

In 2006, the Georgian Parliament passed the Law on Property Restitution and Compensation of the Victims Residing in the Territory of Georgia as a Result of Armed Conflict in the Former South Ossetian Autonomous Oblast (hereinafter – Law on Restitution). The Law aimed to return properties of physical persons victimized during the 1990–1992 armed conflict in South Ossetia. The law was passed pursuant to Georgia’s responsibility before the Council of Europe. However, it was never realized in practice and only a

¹⁶ See more information about the Fund: <https://www.peacefundbf.org/en/Grant/%20Program>.

small portion of the victimized citizens managed to recover their lost properties. The law envisaged the establishment of bilateral commissions whose members should have been representatives of international organizations as well as of Georgian and Ossetian parties.

The circumstances studied by a group of experts show that governments in Georgia never implemented a rehabilitation, restoration of honour, dignity, and property rights of the people affected by the conflict in the 1990s. The State has no information about how many individuals left homes because of the armed conflict in the former South Ossetian Autonomous District and other regions of Georgia during 1989–1992 and beyond.

Up to this date, the Commission, which had to hear the applications of the affected persons under the 2006 Law on Restitution and Compensation, has never been created, and because of this, the citizens affected by the conflict are deprived of an efficient mechanism to recover their property or receive appropriate compensations.

In 2021–2022, the Human Rights Center (HRC) together with a group of lawyers and people actively engaged in the conflict-transformation process, analysed the Restitution Law and determined the reasons why it was never implemented.¹⁷ In parallel to that, HRC's legal team worked on the cases of concrete individuals, ethnic Ossetian people, who had to flee from the Georgia-controlled territories as a result of hostilities in 1990s but now decided to come back and return their property rights in Georgia. One of their main obstacles to claim the property rights was the lost Georgian citizenship. In accordance with the amendments to the Constitution of Georgia introduced in 2018, the rights of ownership of agricultural lands were restricted for foreigners.¹⁸

Complete restoration of the rights of those affected by the conflict will be practically impossible without restoration of Georgian citizenship to them. Displaced ethnic Ossetian population who have received citizenship of another country is allowed by the Georgian legislation to acquire Georgian citizenship

¹⁷ Human Rights Center, Report “Legal Analysis of the Process of Property Restitution and Citizenship Restoration to Ethnic Ossetians Affected from the Conflict, 2022,” Tbilisi, Georgia. [02.11.2024].

¹⁸ Article 19 (4) of the Constitution of Georgia.

by way of exception under certain procedures and at the same time retain the citizenship of another country. The legislation does not provide for more flexible mechanisms that would take into account the special circumstances of leaving Georgia by this group and would grant them Georgian citizenship under a simplified procedure. In situations where this particular group requests citizenship under the general procedure, the primary basis for refusing them is the negative opinion provided by the State Security Service content of which is classified information. The President of Georgia may grant Georgian citizenship irrespective to a negative opinion where there is a proper justification, but as a rule, the President does not use these powers.

The authorities must understand that the real and effective implementation of the restitution process, satisfying the fair requirements of refugees and people affected by the conflict is important not only for the formal implementation of the obligations taken before the Council of Europe but first and foremost for justice, building confidence between the people, and for reconciliation.

In 2023–2024, HRC together with a group of lawyers worked on the elaboration of a bill of amendments to the Law on Restitution to make the law more coherent with international standards and more applicable to be implemented. Consultation meetings were organized with the lawyers, civil society leaders from South Ossetia as well as with ethnic Ossetian people displaced from Georgia in the 1990s and currently living in the territory of Russian Federation.

The package of Amendments to the Law on Restitution of Georgia was finalized in March 2024. It focuses on revising the commission formation process and establishes standards of allocation of residential premises. The proposed changes establish the Interim Commission as a public legal entity without state oversight. Regarding property transfer, the focus will be on facilitating the return of displaced persons by discussing the right to transfer or return specific property in the initial stage.

In the course of rectifying the property return legislation, an amendment to the Law on Citizenship of Georgia is proposed. This amendment will address the following issue: once the temporary commission's decision to return confiscated property to a forcibly displaced person or a family member, or provide monetary compensation to them, is finalized, the President

may grant dual citizenship to facilitate their return to Georgia. This is particularly important as these individuals were compelled to leave Georgia's controlled territory against their will.

To ensure the successful property restitution process in Georgia, it is important to work with the grassroot population living in the villages from where ethnic Ossetians fled during the 1990s hostilities. The feelings of these people are very diverse. As the interviews conducted by the HRC showed, a considerable part of people would welcome the return of the Ossetian neighbours to their houses while there are people who recall "brutalities" committed by Ossetian people and say that it would be difficult for them to welcome Ossetians in the neighbourhood. Also there are over 26 000 ethnic Georgian people who were displaced from the territory of South Ossetia. In order not to cause a new conflict and disappointment among the Georgian IDPs, it is very important that the rights and interests of the Georgian IDPs were also duly respected.

International Justice for the War Victims in Georgia: European Court of Human Rights and International Criminal Court Together with the Trust Fund for Victims at the ICC

European Court of Human Rights

In 2021, the European Court of Human Rights (ECHR) said that Russia was responsible for the breach of six articles of the European Convention of Human Rights, as well as for the failure to conduct an effective investigation into the alleged breach of the right to life, in the aftermath of the Russo-Georgian War of August 2008. The judgment, delivered by the Strasbourg-based court into the inter-state complaint lodged by Georgia against Russia, also said events following the ceasefire agreement of 12 August 2008 that ended the active phase of the war fell within the Russian jurisdiction for the purposes of the European Convention on Human Rights.¹⁹

On April 28, 2023, the ECHR ruled that the Russian Federation must pay 130 million euros to Georgia for the August War, based on its January 21,

¹⁹ See Judgment of the European Court of Human Rights, *Georgia v. Russia* (II) (Application no. 38263/08), 2021; available at: [https://hudoc.echr.coe.int/eng#{%22appno%22:\[%2238263/08%22\]}](https://hudoc.echr.coe.int/eng#{%22appno%22:[%2238263/08%22]}).

2021, judgment in an interstate case.²⁰ As of now, no payments have been made, and the total owed, including accrued interest, stands at approximately 133.4 million euros. The Committee of Ministers of the Council of Europe repeatedly urged Russia to fulfil its obligations and facilitate the safe return of Georgian nationals to their homes. Nevertheless, Russia's failure to enforce the judgment, suggests that all conventional obligations will remain unfulfilled until there is a political will to comply.

There have been three other applications lodged by Georgia against Russia with the Court. There are also around 200 individual applications still pending before the Court against Georgia, against Russia or against both States concerning the armed conflict in 2008 or the process of "borderisation".

International Criminal Court and Trust Fund for Victims at the ICC

Georgia ratified the Rome Statute on 5 September 2003. The International Criminal Court (ICC) therefore could exercise its jurisdiction over crimes listed in the Rome Statute committed on the territory of Georgia or by its nationals from 1 December 2003 onwards. On 27 January 2016, Pre-Trial Chamber I granted the Prosecutor's request to open an investigation *proprio motu* in the situation in Georgia, in relation to crimes against humanity and war crimes within the jurisdiction of the Court in the context of an international armed conflict between 1 July and 10 October 2008. In its preliminary examination, the Office of the Prosecutor "gathered information on alleged crimes attributed to the three parties involved in the armed conflict – the Georgian armed forces, the South Ossetian forces, and the Russian armed forces."

On 8 October 2015, the ICC Presidency assigned the Situation in Georgia to Pre-Trial Chamber I, following a notification by the Prosecutor of her intention to submit a request to a Pre-Trial Chamber for authorization to open an investigation into the situation in Georgia.²¹

²⁰ See Judgment of the European Court of Human Rights, *Georgia v. Russia (III)* (Application no. 38263/08), 2023; available at: [https://hudoc.echr.coe.int/eng#{%22appno%22:\[%2238263/08%22\]}](https://hudoc.echr.coe.int/eng#{%22appno%22:[%2238263/08%22]}).

²¹ See the Request of the Prosecutor to open investigation into the situation in Georgia, October 13, 2015; available at: <https://www.icc-cpi.int/court-record/icc-01/15-4>.

On 16 December 2022, ICC Prosecutor Karim A. A. Khan KC announced the conclusion of the investigation phase in the situation in Georgia.²² These investigations resulted in warrants of arrest being issued, on 30 June 2022, by Pre-Trial Chamber I, against three suspects: Mr. Mikhail Mayramovich Mindzaev, Mr. Gamlet Guchmazov and Mr. David Georgiyevich Sanakoev. The charges brought, and for which arrest warrants were issued, focus specifically on unlawful confinement, torture and ill-treatment, hostage taking and subsequent unlawful transfer of ethnic Georgian civilians in the context of an occupation by the Russian Federation.

The Trust Fund for Victims at the ICC is one of the pillars of reparative justice of the Rome Statute which contributes to realizing the right of reparations for victims – encompassing restitution, compensation, and rehabilitation. Initiatives extend to victims and families within the ICC’s jurisdiction.

In April 2023, the Trust Fund for Victims (TFV) at the ICC launched its transformative reparation program in Georgia. The reparations program is focused on providing the most vulnerable victims with medical treatment, counselling and psychosocial support, as well as livelihood and socio-economic initiatives to address conflict-related harm. The TFV program for victims of the Situation in Georgia refers to victims of war crimes and crimes against humanity of the war in and around South Ossetia that took place between 1 July and 10 October 2008.

The TFV Board of Directors decided on 10 November 2020 to initiate this programme for a duration of three years and allocated an initial EUR 600,000 to this programme. Given the limited funds available, the TFV will only be able to address a limited number of victims of the 2008 war.

The TFV has selected two organizations, the Georgian Center for Psychosocial and Medical Rehabilitation of Torture Victims (GCRT) and the Georgian Initiative on Psychiatry, Tbilisi (GIP-T) to partner with on the implementation of the rehabilitation services to victims of the 2008 conflict. IDPs and war affected people living in Shida Kartli, Mtskheta-Mtianeti and Kvemo

²² See the Announcement of the Prosecutor at: <https://www.icc-cpi.int/news/prosecutor-international-criminal-court-karim-aa-khan-kc-announces-conclusion-investigation>.

Kartli regions get psychosocial and medical counselling, participate in capacity building trainings and income-generating programs of the local partner organizations.

From April 1, 2023, to September 30, 2024, the TFV funded program in Georgia reached 2,368 individual victims in three regions of the country. Among them, 996 were direct beneficiaries of the psychosocial and medical counselling program of the local partner organizations. In the first year of the TFV Assistance Program 23 small grants were issued to internally displaced persons and war affected people living in IDP settlements and in villages along the ABL, to start or widen their family livestock, agriculture and farming, or small enterprises.

It is important to note that for the ICC, initiating the investigation in Georgia was the first time when they acted against a situation outside Africa and involving Russia. Respectively, the Trust Fund for Victims at the ICC is implementing its first assistance program outside Africa. Although 16 years had passed since the 2008 August War and many victims and direct witnesses of the conflict have passed away, it was important for the victims of the war to see that alleged war crimes committed against them will be punished.

Conclusion

The dynamics of more than 30 years of peace process in Georgia have shown that civil society and group of experts play key roles in the conflict transformation process and in building bridges between the conflict-divided societies of Abkhazians, Georgians and Ossetians. Their initiatives are made successful with the financial support of international partner and donor organizations. Government programs also largely depend on the financial support of partner states from the West.

The recently adopted Law of Georgia on Transparency of Foreign Influence, which mirrors the Russian Foreign Agents' Law, blocks all similar initiatives and makes conflict transformation process impossible. Organizations working on peacebuilding, if registered in the database of foreign agents, will be obliged to disclose personal information about their partners and beneficiaries in the occupied Abkhazia and SO to the authorities, to interested parties that means

to the FSB of the Russian Federation. It would not only place concrete individuals and experts engaged in the peacebuilding process under the risk of being persecuted for having participated in the peace dialogues with the Georgian colleagues, but it would also damage the trust between the Abkhazian-Georgian and Ossetian-Georgian colleagues, would hamper the reconciliation process and would undermine the perspectives of peaceful coexistence of the peoples in the South Caucasus region.

Younger generations in each conflict-divided society can play key roles in the conflict transformation process. Although they grow up with the hatred against the opposite side of the conflict, young people have not witnessed the brutalities of the armed conflicts in the 1990s. For the facilitation of trust-building between young generations from the conflict divided societies, it is very important to create more joint educational programs in Europe and the USA. It will help the youth to stay resilient against the Kremlin propaganda, destroy negative perceptions about each other and in the end, become professionals in their fields.

Facilitation of economic and business cooperation between the business operators, farmers and entrepreneurs from the conflict-affected territories will significantly contribute to the conflict transformation process. Civil society groups and academia working on peacebuilding for years strongly recommend the Georgian authorities should take all necessary measures to support such cooperation without harming the best interests of the State of Georgia through the active engagement of international partners and stakeholders.

Property restitution is a very important part of the conflict transformation process. However, it has many aspects and challenges that must be adequately addressed. In parallel to the restitution process, it is important to intensify efforts to work with the people in both communities: returnees (Ossetians in the Georgia controlled territories and Georgians in the territory of SO and in Abkhazia) and people who continue living in the areas from where Ossetians and Georgians had to flee during the armed conflicts. Authorities, civil society groups and field experts shall intensify their efforts to prepare these communities for peaceful coexistence to avoid new escalation of conflicts between them.

Enhancing Human Connectivity in the South Caucasus: Focus on Abkhazia and South Ossetia

Olesya Vartanyan

Introduction

Human connectivity in the South Caucasus is essential for fostering stability and reducing tensions in conflict-affected areas like Abkhazia and South Ossetia. Since the 2008 war and Russia's recognition of these territories as independent, Georgia has pursued a dual approach: maintaining a strict non-recognition policy while adopting an engagement strategy to build connections between divided communities. These presentation notes challenges, achievements, and actionable recommendations for strengthening people-to-people links.

Key Issues

1. Georgian Engagement Policy

Georgia's dual strategy includes:

- Non-recognition policy, enforced by the Law on Occupied Territories, which restricts unauthorized interactions with *de facto* authorities.
- A human-centred engagement approach aimed at fostering connections while respecting individuals' rights within these regions.

Efforts include educational support, document recognition, and healthcare initiatives. Despite successes, political resistance and skepticism, particularly toward loosening restrictions, remain significant challenges.

2. Movement and Accessibility

Movement across conflict lines is heavily restricted, complicating economic and social exchanges. The lack of adequate infrastructure in Abkhazia and

South Ossetia exacerbates this isolation, further marginalizing vulnerable populations. Informal trade networks and humanitarian exchanges have provided some relief.

3. Medical Assistance

Medical programs are a standout success:

- Between 2012 and 2016, over 4,000 residents, primarily from Abkhazia, accessed free healthcare in Georgian hospitals, with the government funding \$4 million in treatments.
- Initially targeting critical cases, the program expanded in 2015 to include routine check-ups, reflecting unmet needs due to insufficient local healthcare infrastructure and prohibitive costs of Russian medical services.

4. Pensions and Salaries

- Georgian funds benefit ethnic Georgian residents, especially in Eastern Abkhazia and the Akhagori district in South Ossetia.
- These payments, often double the local incomes, help maintain connections with Georgian state institutions and sustain loyalty among recipients.

5. Education

Key initiatives include:

- Scholarships and no-entry exams for students from conflict zones seeking Georgian university admission.
- Certification mechanisms for local diplomas through neutral international institutions.
- Support for study-abroad opportunities, including coordination with countries like the UK using status-neutral language.

6. Trade and Economic Engagement

Cross-separation line trade persists despite legal and political barriers:

- Informal networks facilitate the movement of thousands of tons of goods annually, particularly in Akhagori and in other border areas.

- Georgia’s “Step for a Better Future” initiative offers businesses in conflict zones access to the EU-Georgia free-trade agreement if they register in Georgian-controlled areas. However, this progress is hampered by limited communication with *de facto* authorities.

Recommendations

Short-Term Actions

1. Facilitate Movement:
 - Simplify cross-border procedures and invest in infrastructure.
 - Increase awareness of existing humanitarian programs.
2. Expand Medical Outreach:
 - Improve healthcare access with mobile clinics and subsidized insurance options for residents in conflict zones.
3. Support Educational Initiatives:
 - Strengthen certification pathways for conflict-zone diplomas.
 - Promote status-neutral scholarships and foreign collaborations.

Medium to Long-Term Goals

1. Update and Publish Engagement Policies:
 - Revise Georgia’s engagement framework to reflect new regional dynamics and publish it to enhance transparency and trust.
2. Enhance Trade and Economic Cooperation:
 - Work with international mediators to ease trade restrictions.
 - Provide technical support to local producers, enabling compliance with EU market standards.
3. Explore Neutral Projects:
 - Develop healthcare and infrastructure projects under neutral frameworks supported by international partners.

Conclusion

Georgia's engagement policy has shown that humanitarian and economic initiatives can bridge divides and foster coexistence. By addressing connectivity barriers and integrating neutral international frameworks, policymakers can build a more inclusive and cooperative South Caucasus. Strengthened human connectivity serves as a pathway to long-term peace, whether through reintegration, continued autonomy, or other ways for conflict resolution.

Human Connectivity in the South Caucasus: An Armenian Diaspora Perspective

Mariam Frangulyan¹ and Alan Whitehorn²

Introduction

Mountainous regions, such as the Balkans and the South Caucasus, are often fragmented ethnically and politically. The land links are historically complex and sometimes circuitous or even blocked by cold or hot wars. In an age of air travel and computer internet communications, such physical mountains may be less problematic. However, the cultural, political and conceptual complexity and challenges often persist. This is particularly so, if negative images of the ‘other’ are fostered or even inflamed. In the third decade of the 21st century, we pose where are the potential new and growing forms of connectivity that might occur, both globally overall and regionally in the South Caucasus.³ Or even, if they exist to any major degree at all?

Historically, How to Go From War to Detente?

We can begin perhaps with two historical questions:

- 1) How did the Cold War between the Soviet Union and the United States not become a hot war?
- 2) And how did the bipolar Cold War turn into global détente?

The answers are in part:

- 1) The two superpowers increasingly recognized the power and number of nuclear weapons paradoxically fostered a bleak deterrence that led to the concept of Mutual Assured Destruction (MAD).⁴

¹ MA, Venice, Italy.

² Professor Emeritus, Royal Military College of Canada, Kingston, Canada.

³ British-Turkish author and academic Elif Shafak explores this theme in a recent article: “The literary mind cannot be isolationist”, Literary Hub, October 22, 2024.

⁴ It also can be labelled Mutual Assured Deterrence.

- 2) The growing joint recognition of the enormous dangers of nuclear war, conflict escalation spirals and nuclear proliferation led the two rival states to seek new paths of cooperation.

In essence, former enemies eventually realized there was a greater ‘common enemy’ and a significant threat to not only their own populations, but also all of humanity.

Possible Lessons for the South Caucasus

It is often the case that one state might feel confident that it can sustain current military dominance or even pre-eminence for a multitude of reasons. Azerbaijan seems to believe this to be the case currently. Nevertheless, Armenia and Azerbaijan are at risk of an endless spiral that increased defence spending, conflicts of various forms and scale, with the somber likelihood of increasingly sophisticated and more deadly weaponry will be introduced and ultimately employed. At the moment, neither side is willing to alter its distrust, hostility or escalating weapons acquisitions. It is a dangerous short-term and long-term dynamic.

Is it a MAD scenario yet in the South Caucasus? Probably not, but it can and increasingly likely might be. It is a future path that is fraught with violent risks and dangers. What might be some future ‘common enemies’ that both Armenia and Azerbaijan could explore that might help shift the overall historic narratives and mutual (mis)perceptions?

South Caucasus and Game Theory⁵

In all human interactions, there are only three basic types of games. They are: 1) zero sum game, 2) minus sum game, or 3) a plus sum game. Whether it be children playing or state officials and military planners charting scenarios, there are only three major types of games. The most common is a zero-sum game. It is a competitive see-saw like interaction. When one goes up, the other goes down. I win when you lose or vice versa. But competition can

⁵ The following text is drawn from the poem “South Caucasus Games” in Alan Whitehorn, *Karabakh Diary: Poems from the Diaspora/Gharabaghyan Oragir: banasteghcutyunner Spyurqic* (Yerevan, Zangak-97, 2022), p. 92.

get out of hand. It can create rivalry that fuels animosity, which, in turn, can trigger a conflict spiral. When nations go to war, each country and countless families pay a deadly price, albeit not all equally. Wars are primarily minus-sum games. In contrast, teaching and sharing knowledge are examples of a cooperative plus-sum game where we all can benefit. It is the core basis for the advancement of global development.

Azerbaijan and Armenia currently view each other through the lens of a zero-sum game.⁶ Each side wants to win at the expense of the other. But in so doing, they have created potentially a far more dangerous minus-sum game. Increased animosity and forced ethnic expulsions, along with death and destruction of war, are the result. A technological arms race of advanced weaponry has been unleashed that hurtles towards ‘mutual assured destruction’.

What needs to be done is to find new forms of mutual aid and cooperation. And in so doing, foster shared benefits and greater well-being. Each generation must decide what kind of game it intends to play. Their future depends on it.

War Games⁷

Combatants rushing to war think it is a zero-sum game,
but all too soon it becomes a minus-sum game.
Our hope is that the military strategists and politicians eventually realize
it could be a plus-sum game.
How many wars and dead did it take
before France and Germany learned this painful truth?
How many decades before Azerbaijan and Armenia realize this?

⁶ One can note for example, in 2021, the Caucasus Research Resource Centre published a poll where Armenians were asked who they considered to be their enemies: 47% of Armenians responded Azerbaijan, while 45% responded Turkey. The most recent poll available for Azerbaijan is from 2013 and, when asked the same question, 90% of Azerbaijanis responded Armenia. The latter indicated a very wide breadth of hostility. (<https://caucasusbarometer.org/en/cb2021am/MAINENEM/>; <https://caucasusbarometer.org/en/cb2013az/MAINENEM/>) In addition, Azerbaijanis and Turks have portrayed themselves as being part of the same extended nation, as can be seen with the assertion of “Two countries, one nation”. Given the Ottoman government’s 1915 genocide of the Armenians, such linkages are profoundly problematic for Armenians.

⁷ The poem “War Games” found in Alan Whitehorn, *Karabakh Diary*, p. 38.

Major Common Problems for Possible Future Cooperation: Potential Joint Action by Current Rivals

1) International experts across the globe warn of the growing environmental risks and challenges in an age of significant climate change, threats and dangers, and note that the disruptive climate change is accelerating, with extreme events becoming more frequent and intense. One will see if the November 2024 United Nations Climate Change Conference (COP 29) in Baku will serve in any way to improve Armenian-Azerbaijani relations on this and other fronts, such as cultural and property destruction, peace treaty negotiations and remaining POWs; all of which were raised in bilateral discussions prior to the international meetings.

2) Most health experts concur that there are increased pandemic health concerns and far greater need for swift and more full-some sharing of critical health information between states and with international organizations. With continued global population growth and increased international travel and interaction, pandemic health risks are likely to rise and spread further and faster. This is particularly so in a world with enormous inequality and major regions with significant poverty.

The South Caucasus region collectively felt the enormous impact of the COVID 19 pandemic. The region, like most others globally, needed life-saving help. The pioneering efforts of two Turkish immigrants in Germany and one Armenian immigrant in the United States were crucial in the global effort. The husband and wife scientific-business team of Ugur Sahin and Ozlem Tureci founded BioNTech in Germany and worked extensively with Pfizer in the United States. In parallel, the scientist Nubar Afeyan founded Moderna in the United States. Both sets of individuals were pivotal in the urgent creation of the globally successful COVID-19 vaccines. All three have gone on to become billionaire philanthropists. Their scientific and humanitarian work is inspirational to the entire globe. They are a powerful indicator of what can be achieved by a remarkable few talented and dedicated individuals working for the sake of bettering humanity.

3) The remarkable revolutionary changes in weapons technology, along with greater weapons proliferation, means that it continues to become a more

armed and potentially deadly world. We already have witnessed the revolutionary advances in drones, computer malware/viruses, and old and new weapons of mass destruction (WMD).⁸ Some form of risk-de-escalation is needed.

4) With continued and ongoing conflict or continued risk of conflict, it is critical that conflict-resolution techniques be learned and the best-practices from international experience on this topic be fostered and shared. This is an urgent global and regional task. This is a curriculum topic that NATO DEEP could explore further in its work in both Yerevan and Baku.

Opportunities to Explore for Possible Future Joint Cooperation and Action

Is generational change an opportunity for peaceful progress? The young generation is more educated and has increased international travel and diverse experiences. But is this enough? Or are the young also socialized with the old stereotypes and prejudices? The Western states in Europe and North America, and also from elsewhere in the world, can promote more educational exchanges to foster a new more internationalist generation of students and future leaders in this fragmented region. The South Caucasus workshop is one example. But we need much more, both at the elite and mass levels.

In terms of the difficult path of ethnic and religious reconciliation, the story of Hrant Dink offers both a mixture of hope and pessimism. As a prominent author and editor in Istanbul, he was a notable human rights leader who favoured fostering long-term Armenian-Turkish peaceful dialogue. As an ethnic Armenian, born and raised in Turkey, he was the inspiration for and founded the bilingual magazine *Agos*. In the pursuit of historical truth, one of his more controversial columns he penned led some Turkish nationalists

⁸ One notes the revolutionary implications of technological advances by the British mathematician Alan Turing's in his brilliant work on deciphering enemy military intelligence by means of a remarkable breakthrough in computing science and the American physicist Robert Oppenheimer's legendary work on nuclear fission in the development of the world's first atomic bombs. Combined these two revolutionary technological breakthroughs greatly altered and ultimately determined not only the outcome of World War Two, but also the post-war world. See Alan Whitehorn, "Comparing Films: An International Relations Perspective", Keghart, January 11, 2024.

to believe that his words were “anti-Turkish” and potentially punishable by law in Turkey. One ultra-nationalist young man, not willing to wait for the Turkish courts, shot and killed Hrant Dink in 2007. Much of the urban Turkish public was shocked by such a violent act and participated in peaceful mass protest. But what long-term consequences were there? Have public attitudes in Turkey fundamentally changed? Turkish attitudes about the 2020 and 2023 Karabakh wars suggest not.

In his memory, the Hrant Dink Foundation aims to promote peaceful dialogue.⁹ During a conference in Padova, Italy, his widow Rakel Dink suggested that the problems between Armenians and Turks will only be overcome when we see in children’s books that youngsters, such as an “Hakob” and “Ali” from rival ethnic nations, are peacefully playing together. If it can be sought to be achieved for Irish Catholics and Protestants in Northern Ireland, perhaps it can be done for Christians and Muslims in the South Caucasus. But history still casts a long shadow upon current generations. Bias in children’s textbooks is not easily removed, even if there is a will to do so.

A key component of the modernization revolution globally is the changing role of women in the economy and society. Are women a potential positive voice for peace in the South Caucasus? Instead of hyper-nationalism, can feminism be an internationalist bond of solidarity?¹⁰ One notes the positive role of women in promoting the peace movement in Northern Ireland in earlier decades. To date, political leadership in the South Caucasus has largely been a male sphere. On a cautionary note, one observes historically that on the eve of World War I, many in the global labour movement believed that international working-class solidarity would be a positive buffer against rising nationalism and the growing threat of war by rival states. Sadly, the events of August 1914 revealed otherwise.

Each nation of the South Caucasus could participate in a more sustained fashion in the multitude of international and regional educational institutions and informational forums. UNESCO, WHO etc., seem obvious choices. On the topic of regional and international economic, social and even political

⁹ <https://hrantdink.org/en/about-us/vission-mission>.

¹⁰ This is a theme raised by Elif Shafak in “The literary mind cannot be isolationist”, Literary Hub, October 22, 2024.

agreements and emerging forms of continental governance, we observe the growth and eastern extension of NATO and the European Union as prime examples. In the former case, one observes that NATO DEEP is also present in its activities in both Armenia and Azerbaijan. Given the recent history of conflict in the region, one can pose the question: What further roles could NATO DEEP offer in the realm of teaching about conflict-spirals and possible means of resolution?

The OSCE in the past has played a valuable role, but the OSCE Minsk group, established to mediate in the negotiations around Nagorno-Karabakh, has increasingly lost its significance. Since the 2023 war, its work has largely become redundant and Azerbaijan's president Aliyev has even called for it to be dissolved, since he stated that it is no longer germane.¹¹ The response to this statement by the Armenian side has been mixed. For example, Armenian Parliament speaker Alen Simonyan said that "Discussions about the Minsk Group can occur after the peace agreement is signed. Once we sign the peace agreement, there will be no further need for its existence".

Over the past several years, there have been increased proposals, discussions and even several meetings promoting a more regionally based forum for fostering South Caucasus dialogue and negotiations. The so-called 3 + 3 formula, consisting of Russia, Turkey, Georgia, Armenia, Azerbaijan and Iran, involves self-described "regional" participants and attendees.¹² Such a forum is, of course, missing the United States, a number of West European countries and the pan-continental European Union itself. These are major economic players on the world stage and could be of significant financial assistance. Another issue is the fact that the cluster of regional states involved has a decided authoritarian tilt. Accordingly, one can speculate about what the actual prospects for fostering dialogue and compromise would be, given the prevailing cultures of most of the states involved. Still, the Congress of Vienna in the 19th century suggests historically that authoritarian states can negotiate with one another. Whether minority rights are protected, however, is another matter.

¹¹ <https://caspiannews.com/news-detail/it-is-time-to-officially-disband-osce-minsk-group-president-aliyev-2024-6--16/>.

¹² Hoory Minoyan, "Armenia Pushing for treaty with Azerbaijan before COP 29", *Armenian Weekly*, October 16.

During the historic eras of road, rail and air transportation, the global and regional linkages and corridors expanded greatly, but far less so in recent decades in the South Caucasus. It is still a fractured region.¹³ Can tourism ameliorate some of the social isolation? We also witness the remarkable growth of international and regional trade routes, as part of an increasingly global economic system. China's leaders, with their much publicized and promoted 'Belt and Road Initiative' (BRI, the so-called modern Silk Road), have certainly shown interest in the region.

The 2020 Karabakh War ceasefire agreement had a clause addressing the unblocking of East-West transportation in the region, particularly between Azerbaijan and Nakhichevan, but little meaningful progress in practice has been made. More recently in November 2023, Armenian Prime Minister Pashinyan outlined his proposal for a "Crossroads for Peace" (COP), suggesting Armenia as a potential hub for transportation and communication in the region. It remains to be seen if such proposals will actually be achieved. Certainly, Russia and Iran have shown substantial interest in fostering greater North-South transportation of military equipment, but they also have existing maritime and air options. Certainly, North-South transportation improvements would likely benefit land-locked Armenia, as long as Armenia maintains its sovereignty within its borders.

In this energy-preoccupied world, one reads a great deal about inter-continental energy pipelines and power transmission lines. However, it is evident that not all of the news is cooperative in nature. In the case of the South Caucasus, one can pose the question: Are the energy pipelines a force of regional integration or used to bypass other states and act as a force of economic isolation of a particular state? During the 1950s in post-WW II Europe, there was an attempt to overcome the centuries of conflict between Germany and France by using the respective national coal and steel industries of each country. The visionary and statesman work of the French government official Jean Monnet and French Foreign Minister Robert Schuman and others laid the essential foundations. They viewed the coal and steel industries (previously part of the engines of war) as a core force for continental

¹³ On the theme of regional fragmentation, see Anna Ohanyan, *The Neighborhood Effect: The Imperial Roots of Regional Fracture in Eurasia* (Stanford, Stanford University Press, 2022).

economic integration. In the post-war, their hope was of lessening military conflict and fostering greater societal integration and political ties between countries. Academics such as Ernest B. Haas¹⁴ were strong proponents of this form of ‘functional integration’ as a step towards greater continental integration and, in so doing, fostering long-term peace. The European Union, despite its imperfections, is a remarkable achievement. The long-term French-German rapprochement is now part of the historic landscape.

In today’s “global village” that 1960s communications icon Marshall McLuhan¹⁵ envisioned, one witnesses an increasingly wired world of international telephones, television, videos and computer connectivity. Billions are linked via Facebook, Tik Tok, etc. What impact, if any, do these have on the younger generation in South Caucasus? Or is much of the Internet filled with inaccuracies and prejudice? Has increased connectivity been a positive or negative force? Or a complex mix? This is a global debate, but germane for the South Caucasus.

Lastly, we can pose: What role is the artificial intelligence revolution likely to play both globally and in the region? It will certainly speed up communications decision-making. In a conflict-filled region such as the South Caucasus, this is not always a desirable feature. Faster decision-making is not always wiser decision-making.¹⁶ In the case of drone warfare, it certainly can be deadlier.¹⁷

Looking Toward the Horizon

By most accounts, the pace of scientific and technological changes is accelerating. What are the implications for the South Caucasus region, with its

¹⁴ Ernest B. Haas, *The Uniting of Europe* (Stanford, Stanford University Press, 1958) and *Beyond the Nation State* (Stanford, Stanford University Press, 1964).

¹⁵ Marshall McLuhan, *The Medium is the Message* (London, Penguin, 1967). McLuhan believed the impact was so great that he changed the term in the book title from “message” to “message”.

¹⁶ This is a theme in Yuval Noah Harari’s much-discussed book *Nexus: A Brief History of Information Networks from the Stone Age to AI* (N.Y., Penguin Random House, 2024).

¹⁷ This is a major theme in John Antal’s insightful book on the revolutionary nature of modern drone warfare, *7 Seconds to Die: A Military Analysis of the Second Nagorno-Karabakh War and the Future of Warfighting* (Philadelphia, Casemate, 2022).

very low levels of inter-state trust? Probably, it will mean that there exist greater dangers because there is less willingness to pause before reacting harshly. In history, the social and political institutions often lag behind the changing socio-economic base. How well are the social and political institutions in the South Caucasus region keeping up to the scientific/technological revolutions?

Smaller states often seek larger and more powerful allies. One can, however, ask: How do rival regional and global military alliances impact on the states of the South Caucasus region? Do these military agreements and alliances augment or diminish further fragmentation and polarization in the region?¹⁸ Historically, we can observe the rivalry between the United States vs Soviet Union/Russia, Russia vs Turkey, Turkey vs Iran, and now Pakistan vs India impacting on the region.

Of course, sometimes the historic rivalries can be altered or partially realigned. While Russia often portrays itself as an honest-broker in the South Caucasus or leaning towards Armenia, it has in recent years, in significant ways, moved closer to Azerbaijan. Turkey, one of the founding members of NATO, and a historic rival to Russia, continues to strongly support Azerbaijan in embracing the concept of “one nation, two countries.” Thus, two major rival actors such as Russia and Turkey can sometimes work seemingly in concert or tandem. Smaller states such as Armenia or Georgia can also seek to realign themselves towards a different major power. The Pashinyan Armenian government seems to be in the midst of beginning the long and difficult realignment from a Moscow-centric to a Brussels/Washington orientation. Perhaps, the most dangerous times are “in between” alignments.

In all polities, we can explore elite vs mass attitudes. In the South Caucasus, even if politicians are on occasion willing to take the risks to negotiate, one can ask: Are the respective domestic publics willing to accept such negotiations and possible concessions? It has been an issue for Armenia, both historically in the past and currently. It is clearly more of an issue for a democratic state than an authoritarian one. However, public protest can occur in all regimes, albeit with different personal costs.

¹⁸ See Ohanyan, *The Neighborhood Effect*.

Over the years the top-down approach and secret negotiations by both the Armenian and Azerbaijani governments of not including the public at large or civil society can be problematic. It might be helpful if there were more civil society organizations working with the aim of encouraging and disseminating positive examples of collaboration in the economic and social spheres and overcoming the zero-sum mentality of both sides of the Armenia-Azerbaijan divide. Serious efforts are needed to promote track-two mediation, dialogue and cooperation within the Armenian and Azerbaijani societies. The most recent wars in Nagorno Karabakh destroyed most of the very little progress that had previously taken place over the years. A similar negative pattern happened after the First Karabakh War in the late 1980s and early 1990s.

One can also pose the important question: Are Diaspora populations, a help or a hindrance to connectivity between states? Are emigres living in overseas countries factors in fostering peaceful interaction or fueling more polarized confrontations? Too often, it seems it is the latter, as the discussions and stereotypes too often seem stuck to the time of out-migration of diaspora populations from their original home states.

Nationalistic rhetoric is frequently proclaimed in the diaspora, but without those speaking having to live in the lands where the consequences can be so dire. This was a major theme in the distinguished historian and former senior Armenian government official Gerard Jirair Libaridian's 585-page major study of Armenian foreign and defence policies, *A Precarious Armenia: The Third Republic, the Karabakh Conflict, and Genocide Politics* (London, Gomidas, 2023). Pashinyan, the current Armenian president, is certainly aware of Libaridian's commentary.

Similarly, one can note elements of the nationalist Jewish Diaspora's comments on Israel and the Middle East are a reminder of how mutual distrust and hostility can lead to calamitous continuation of generations of conflict, renewed violence and war escalation impacting on both the nearby broader region and globally. An emphasis primarily on more weapons is unlikely to be the path to overall peace and security for all of the states involved. Its disruptive ripple effects can also spread beyond the immediate region.

Sadly, another kind of diaspora can be seen in the recent mass exodus of refugees from Nagorno-Karabakh (Artsakh). The post-soviet history of the South Caucasus was filled with the tragic accounts of too many refugees on all sides of the zone of conflict. After the First Karabakh War, refugees fled Azerbaijan, Armenia and Nagorno-Karabakh alike. A substantial number of politicians and defence officials believed that history was firmly settled by military victories and losses. But it did not necessarily prove to be so, as there remained civilian population displacement, resentment fuelled by life-long discontent, renewed and re-energized hostility and a desire to significantly alter the *status quo* one way or another, even decades later. If eras of world history can be defined by World War I and World War II, so too South Caucasus contemporary history can be defined by the First Karabakh War of the late 1980s/early 1990s, the Second Karabakh War of 2020 and the Third Karabakh War of 2023. We will see if another war is added to the deadly list, as the belligerent nations of the region continue to rearm.¹⁹

In any post-conflict situation, the question of war refugees presents an enormous challenge. In 2023, Karabakh-Armenian refugees fled what they believed to be their historic ancestral home and sought urgent safety in what they perceived to be temporary residency in Armenia. The tiny landlocked country of Armenia accepted more than 100,000 refugees but struggles to cope financially and politically with both the short and long-term consequences of such a major population influx. Will the refugees renounce their Artsakh citizenship and become full-fledged citizens of Armenia? Will they be fully accepted by the Armenian government and population? Will the refugees become a force for political stability or increased nationalist radicalization? When people have lost their homes, possessions, jobs and meaningful local community ties, how realistic is it to expect them to overcome their enormous trauma, continued suffering, shared anger and desire to reverse their extensive ill-fortune? The issue of the ‘right of return’ of the refugees of Nagorno-Karabakh is a major emotional, intellectual and diplomatic issue. It is also a residual issue for Azerbaijani refugees

¹⁹ Alan Whitehorn, “Surprising Partners and Enemies [in] the South Caucasus”, *Peace Magazine*, April/June, 2024, also reprinted as “Conflict in the South Caucasus and the Middle East” in *The European Geopolitical Forum*, May 14, 2024 and also in *Keghart*, May 25, 2025.

from decades ago following the First Karabakh War. It is evident that this is a major problem elsewhere in the world. Long-term solutions seem illusive. Enduring peace and justice in the South Caucasus will require a level of statesmanship that we have yet to see in the South Caucasus. Perhaps, others, such as French and Germans, can draw from their own post-war histories²⁰ and offer wise and helpful counsel. The alternatives are bleak.

The lack of a mutually shared common history and narratives is an ongoing obstacle to mutual understanding and dialogue. The Azerbaijani government states its need to recover lost historic lands, notes past Armenian cultural destruction of mosques and homes, and claims the ‘right of return’ of its original Azerbaijani inhabitants. This view contrasts with Armenian accounts of recent military attacks by Azerbaijan, the 2023 Baku-led economic and food blockade of Artsakh, and Karabakh Armenians suffering from forced exile and cultural destruction. The accusation of genocide is claimed in both cases. Rival historical visions of past and present victimhood are breeding grounds for future animosity and conflict.

On the intertwined topics of a continued pattern of very low trust combined with hostile images and stereotypes, a poem published in *Karabakh Diary*²¹ by Alan Whitehorn cautions:

Building trust requires a new belief that my bitter rival does not currently seek to harm, let alone destroy me. We require some evidence of an act of goodwill or at least an effort at such. And so, we search for examples. Is there any sign of hope? Or is it continued pessimism? Or even growing despair? Do we witness new offending deeds and continued signs of intolerance and violence? We need to trust, but also to verify. Where there is no positive confirmation, we must prepare for the harsh alternative....

²⁰ This is a theme suggested in Alan Whitehorn, “Towards 2040” A View from the Diaspora on Emerging Geopolitics in the South Caucasus” in Frederic Labarre and George Niculescu, eds., *Concrete Steps to Break the Deadlock in the South Caucasus* (Vienna, Austria, Federal Ministry of Defence, 2020; Band 2/2020).

²¹ “Building Trust?” in Alan Whitehorn, *Karabakh Diary*, p 64.

Negotiating the Divide between Democratic and Autocratic Regimes²²

As social science educators, one can pose the question: How well can leaders in different political systems interact and negotiate when the communication and power bases of the respective societies and regimes are so different?²³

The nature of democracies involves give and take, whereas the essence of dictatorships is to take. In pluralist regimes, communication goes up and down, hopefully in an equitable fashion, but importantly also in a horizontal direction. Whereas, in autocratic states, commands and orders prevail from the top downwards, and free exchange of ideas is discouraged. In democracies, compromise and consensus-seeking are encouraged. Whereas in dictatorships, coercive ultimatums and enforced obedience are decreed. Given their profound communication and cultural differences, successful inter-state negotiations between a democratic and dictatorial regime are at best extremely challenging, and more likely improbable.²⁴ With a history of ongoing conflict, those, who in the past advocated “exchanging land for peace”, increasingly realize that an autocrat’s ambitions are rarely satisfied. The nature of accumulating unregulated power seems to be the wish for even more. And so, we are left to explore, what, if any, other options may exist.

Conclusion

After the Velvet Revolution in Armenia in 2018, hopes and expectations rose in regards not only to greater democracy in Armenia, but also to a possible improvement in Azerbaijani-Armenian relations. Between 2018 and 2020 prime minister Nikol Pashinyan and president Ilham Aliyev met multiple times both in official and unofficial meetings, including on the thorny topic of Karabakh. However, without successful inter-state negotiations, wars re-occurred in 2020 and 2023, with devastating consequences for Armenians.

²² The text in the two paragraphs below draws upon an unpublished poem by Alan Whitehorn, “Negotiating the Divide”, September 29, 2024.

²³ This is a major topic explored by Harari in his book *Nexus*, particularly chapters 5 and 10, where he compares democratic and totalitarian forms of communication.

²⁴ See also Eduard Abrahamyan and Tatevik Hayrapetyan “Tracing Expansionist Narratives: A Comparative Analysis of Autocratic Regimes in Azerbaijan and Russia”, Institute for Security Analysis, Yerevan, September 2024.

While Azerbaijan won both the 2020 and 2023 wars, the peace process has to a great degree stalled. Meanwhile the weapons acquisitions and search for military solutions continue.

Unless attitudes and behaviour undergo significant change, the pattern of lost opportunities in the past seem likely to also continue in the future. The continuation of negative portrayals of neighbouring states as “hostile” and “enemies” is not conducive to a better and more stable tomorrow. A reminder that a poem circulated and published previously with the workshop members is still sadly germane.²⁵

Shattering Hate

If we are to lessen the hate narratives,
we must find the stereotypes and prejudices
and begin to break them down.
Conversely,
we need to build up the shared positive experiences.
And if we have none,
then search for one.
And if we cannot find this,
we must create it.

Despite the enormous obstacles, we must continue both to try to talk and listen with calmness and respect. We particularly need to listen more effectively, even when what we hear initially seems sometimes troubling. The future, in terms of military technology, is likely to generate a far more dangerous world. Consequently, the leaders from all spheres of government have an extraordinary difficult challenge ahead and special responsibility to prevent an even more catastrophic path than what we have seen to date. Workshops such as this can help. But they are not enough.

²⁵ Poem presented at the Study Group Regional Stability in the South Caucasus (RSSC SG) Workshop and printed in “Policy Recommendations” in *What Future for Nagorno-Karabakh in the wake of the 2020 Six Weeks war? Consequences for Conflict Settlement in the South Caucasus Region?* December 4, 2020 and later published in *Whitehorn, Karabakh Diary*, p. 56.

Regional Cooperation in the South Caucasus: Historical Lessons and Future Prospects

*Tatia Dolidze*¹

Abstract

This paper examines the historical trajectory of regional cooperation initiatives originating in Armenia, Azerbaijan, and Georgia, identifying two critical impediments: inherent challenges rooted in structural deficiencies within the initiatives themselves and external pressures stemming from geopolitical realities.

Inherent challenges include the lack of genuine regionalism, as these initiatives often served as tactical extensions of national foreign policies rather than authentic efforts to foster regional unity. They prioritized counterbalancing Russia or addressing perceived threats over building shared, positive visions. Furthermore, these efforts were marked by the absence of substantive frameworks, actionable strategies, and institutional mechanisms necessary for sustained collaboration. Externally, Russia's geopolitical, economic, and military influence, coupled with the unresolved Nagorno-Karabakh conflict – both as independent factors and through the lens of Russian leverage – consistently undermined efforts at meaningful dialogue and integration.

Using the process-tracing method, this historical analysis investigates the underlying reasons for the failure of past cooperation attempts from within the South Caucasus, shedding light on the dynamics that hindered regional collaboration. Process tracing enables the identification and evaluation of causal mechanisms, allowing this study to disentangle complex interactions between structural deficiencies, external pressures, and specific historical events. Crucially, the study emphasizes how these past failures offer valuable lessons for navigating the present.

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Based on these findings, the study offers actionable policy recommendations centered on three core principles: trust-building, equal benefits, and sustainability. These recommendations include: reframing regional engagement to prioritize mutual gains over power politics, establishing a South Caucasus-centric trilateral platform, setting results-oriented regional agendas, engaging strategic partners through calibrated and staged approach, and promoting balanced regional infrastructure to prevent hierarchical connectivity.

Recent geopolitical shifts present a unique opportunity for such transformative engagement. Russia's diminished influence, weakened by its military and economic setbacks following the war in Ukraine and ensuing sanctions, along with the prospect of a peace deal between Armenia and Azerbaijan to resolve the Nagorno-Karabakh conflict, have created a rare window for meaningful regional collaboration. By reimagining regional cooperation as a dynamic, interest-driven process rooted in collective agency, the South Caucasus can potentially transform from a contested periphery into a cohesive and influential regional bloc.

Introduction

The dissolution of the Soviet Union in 1991 presented the South Caucasus states with a profound challenge and opportunity: to build on their newly attained independence while navigating the complexities of a region marked by unresolved conflicts, external pressures, and fragile state institutions. For the Newly Independent States, the pursuit of increased autonomy often entailed promoting disintegration from the Soviet legacy. However, this same pursuit also highlighted the need for regional cooperation as a means of addressing shared challenges and asserting their place on the international stage. In this context, the concept of regional cooperation emerged as one of the possible ways to reconcile the dilemmas of independence-seeking with the practical realities of interdependence in the post-Soviet space.

Over the past three decades, numerous attempts at regional cooperation have emerged, both from within and outside the South Caucasus, each shaped by the geopolitical realities of its time. This discussion mainly focuses on initiatives originating within the region, from Armenia, Azerbaijan and Georgia themselves.

Georgia's emergence as a thought leader of regional integration merits special attention. From the first president of Georgia, Zviad Gamsakhurdia's "Common Caucasian Home" concept to the now-ex Prime Minister Garibashvili's most recent "Caucasus Peace Platform", Georgian leaders have advanced their pan-Caucasian visions. Interestingly, the late 1990s witnessed South Caucasian cooperation proposals from Armenian and Azerbaijani leaders as well. Despite their adversarial relationship, both put forward remarkably similar concepts of a regional security pact. Currently, regional cooperation initiatives from Azerbaijan and Armenia are primarily focused on transport routes.

These ambitious efforts have encountered two primary obstacles:

I. The Russian Leverage: Russia's approach to regional cooperation in the South Caucasus has been predominantly focused on consolidating its geopolitical dominance, systematically excluding Western engagement and obstructing independent regional initiatives. Moscow has leveraged its political, military, and economic power to maintain this influence. By promoting dependency, Russia has effectively stifled the development of multilateral cooperation frameworks that could undermine its authority. Russia's strategy has thus created an environment where regional autonomy and genuine multilateralism are consistently suppressed, ensuring that any cooperative initiatives remain under its sway.

II. The Nagorno-Karabakh Conflict: This territorial dispute between Azerbaijan and Armenia served as a major impediment to regional integration for decades. Since 1991, it has prevented diplomatic relations and direct dialogue, perpetuating mutual mistrust and instability. The conflict's unresolved status invited external interference, particularly from Russia, which exploited the discord to reinforce its regional influence. Turkey's strong support for Azerbaijan in both political and military terms, especially during the 2020 Nagorno-Karabakh war, further complicated the geopolitical landscape, making the conflict a critical barrier to cooperation at both South Caucasus and broader regional levels.

While the separatist challenges in Georgian territories of Abkhazia and Tskhinvali Region (so-called South Ossetia) naturally impede Georgia's ability to engage in regional cooperation formats involving Russia, such as the

Turkish/Russian “3+3” initiative, their impact has proved less pervasive than that of the Nagorno-Karabakh conflict. Georgia’s refusal to participate in frameworks featuring Russia is a stance against collaborating with a country that occupies its territories. However, these conflicts primarily affect Georgia’s bilateral and multilateral relations with Russia, rather than creating structural divisions across the South Caucasus or the entire region.

The South Caucasus finds itself at a potentially transformative moment in the region’s history, as these two long-standing major impediments have weakened considerably. First, Russia’s invasion of Ukraine has led to a reallocation of its military and diplomatic resources, which in turn weakened its position in the South Caucasus. Most significantly, the war stretched Russian military capabilities, limiting its ability to effectively manage its peacekeeping role in Nagorno-Karabakh. Second, Azerbaijan’s recent victory in reclaiming its internationally recognized territories, followed by ongoing peace efforts with Armenia, has eliminated a major stumbling block to regional cooperation. The removal of the controversial Zangezur Corridor issue from the peace treaty agenda, with Azerbaijan opting to use an Iranian transport route instead, has eased tensions and fostered a more constructive dialogue.

While these developments bring their own uncertainties, they also open an unprecedented window of opportunity. The evolving dynamics could lead to a more stable and interconnected South Caucasus, fostering economic development and mutual benefits for all regional players.

This study provides a historical analysis and employs process tracing to examine the interplay between regional cooperation initiatives and two pivotal factors – Russian leverage and the Nagorno-Karabakh conflict – that have significantly shaped and constrained these efforts over time. In addition to external factors, this article also explores the intrinsic reasons behind the failure of these initiatives. As a whole, it examines why these regional cooperation schemes were proposed, their objectives, the political and historical context, how they progressed, and why they ultimately failed, both due to external and internal factors. Through process tracing, the article derives findings and conclusions along the way, with the analysis embedded in the narrative. It identifies the causal mechanisms and sequences that led to specific outcomes. Notably, it demonstrates how past initiatives inform our understanding of the present situation and why this juncture may offer the opportunity

to realize a genuine South Caucasus regional framework – one that is based on the common ground and emerges organically from within the region, rather than being imposed by external powers. Finally, based on the findings, the study offers policy recommendations for advancing regional cooperation in the South Caucasus.

Georgia as a Thought Leader of Pan-Caucasianism: From ‘Common Caucasian Home’ to ‘Peaceful Neighbourhood Initiative’

Over the period of the 19th and 20th centuries, Tsarist and the succeeding Soviet foreign policies brought the three states of the South Caucasus together under the Russian rule. Yet, with the dissolution of the Soviet Union, artificially provided imperial Russian and succeeding Soviet ‘umbrellas’ uniting South Caucasus states also disappeared. The newly independent Georgia, Azerbaijan and Armenia entered a period of nation-building characterized by the powerful ethno-nationalistic rhetoric that later materialized through the intra and inter-state conflicts.

The idea of regional cooperation and integration still found its proponents in the 1990ies. Interestingly, regionalization efforts from within the South Caucasus were being made alongside the belligerent ethnic and territorial claims. At the initial phase of their independence, the three states of the South Caucasus were considering the regional cooperation schemes, while also deciding on the integration into the international organizations.

Georgia proved the South Caucasus thought leader with regard to what Stephen Jones termed the cultural paradigm of pan-Caucasian-ism (Jones, 2003). The first three presidents of the sovereign Georgia, – Gamsakhurdia, Shevardnadze, Saakashvili, – endeavored to advance their own visions of the unified Caucasus conditioned by the internal and external political conjectures of those times. Gamsakhurdia targeted Russian imperialism, Shevardnadze thought to tackle the Kremlin-backed separatist challenge, and Saakashvili aimed at counterbalancing Russia (Matsaberidze, 2014). In all three cases, the regionalization efforts were anti-Russian in essence.

Georgia’s first democratically elected president Zviad Gamsakhurdia advocated an idea of a ‘Common Caucasian Home’, which was supposed to unite

Northern Caucasian people and Georgians against Russian imperialistic foreign policy (Cornell, 2015). A then-president of the Chechen Republic and Gamsakhurdia's good friend Dzhokhar Dudayev shared this vision (Goltz, 2015), and their close relationship was supposed to serve as a proof that Georgian orthodoxy and Northern Caucasus Islam could friendly coexist. "The Caucasian House implies an anti-imperialist political and economic union of peoples and states based on the norms of international law", wrote Gamsakhurdia in exile (Gamsakhurdia, 1992, author's translation).²

The idea of 'Common Caucasian Home' never materialized but was apparently intimidating enough to produce the Confederation of Mountain Peoples of the Caucasus [CMPC or KGNK in Russian] as its counter-formation (See. e.g. Haindrava, 2012; Menagarishvili, 2013). Instead of a common economic zone and a Caucasian Forum envisaged by Gamsakhurdia (Russo, 2018), this alternative confederation comprised of defense committee and military unit (Matsaberidze, 2012) and was de-facto Muslim.

Headquartered in Sukhumi, without a permission neither asked from, nor given by the Georgian central government, CMPC/KGNK, later renamed into CPC/KNK (See e.g. Potier, 2001; Lakoba, 2009) dropping "mountain" in its title, was allegedly controlled by the Russian secret service forces with the intention of mobilizing North Caucasian people against Georgia (Menagarishvili, 2013). Zviad Gamsakhurdia himself judged the confederation as "a structure imposed on them [Caucasian people] by the Russian Federation as another imperial mechanism to bring them under its control" (Matsaberidze, 2012).

CPC/KNK's interference in Georgia's internal affairs in its most belligerent way proved these assumptions true. Citing the words of Prof. David Matsaberidze, Confederation of the People of Caucasus turned into "a kind of hub where ethnic claims and contradictions were played out among the various ethnic groups, especially Georgians and Abkhazians" (Matsaberidze, 2012). In contrast to "the alliance against foreign interference" (Jones, 2003)

² Original Georgian Passage reads: "კავკასიური სახლი გულისხმობს ხალხთა და სახელმწიფოთა ანტიიმპერიალისტურ პოლიტიკურ და ეკონომიკურ გაერთიანებას საერთაშორისო სამართლის ნორმების საფუძველზე".

that Gamsakhurdia's 'Common Caucasian Home' was supposed to represent, CPC/KNK challenged Georgian territorial integrity and supported Abkhaz separatists in the civil war.

Georgia's next President Eduard Shevardnadze developed his own model for regionalizing the Caucasus which was less of a union and more of a plan for peaceful coexistence (Chikovani, 2009). Together with Azerbaijan's president Ilham Alyev, in 1996, Shevardnadze proposed the creation of the 'Peaceful Caucasus' based upon six identified principles towards peace and stability in the region,³ including the "all-round support for investments and international projects in the Caucasus" (Menagharishvili, 2013). Interestingly, it entailed the equal engagement of the extra-regional actors, such as Russia, Turkey and the West in the South Caucasus affairs (See, e.g., Darchiashvili, 2004; Menagharishvili, 2013; Allison, 2003).

"Today our region is in the focus of the world states and the 'peaceful Caucasus' initiative corresponds to the national or global interests of all" (Shevardnadze, 1996, author's translation).⁴

The Georgian-Azerbaijani initiative earned the support of Armenia along with the two regional powers such as Turkey and Russia (Menagarishvili, 2017). Yet, for Russia, 'Peaceful Caucasus' could only exist as an exclusively Transcaucasian project, without the involvement of external stakeholders, most importantly of the United States (Allison, 2003). At the Kislovodsk summit the same year, Moscow presented his own Russia-centered version of the regional cooperation.

³ The Six Principles of "Peaceful Caucasus" initiative included: 1. Territorial integrity and the inviolability of existing borders; 2. Protection of human rights under any circumstances; 3. Protection of transport and other communications and the preclusion of their obstruction; 4. Cooperation in environmental protection and the elimination of the consequences of natural disasters; 5. Ethnic and religious tolerance, rejection of all forms of nationalism and xenophobia; 6. All-round support for investments and international projects in the Caucasus. (Menagarishvili, 2013, p. 14).

⁴ Original Georgian Passage reads: "დღეს ჩვენი რეგიონი მსოფლიოს სახელმწიფოთა მხედველობის არეშია და მშვიდობიანი კავკასია ყველა მათგანის ეროვნულ თუ გლობალურ ინტერესებს შეესაბამება".

North Caucasian leaders participated in the first two rounds of Russia-chaired Kislovodsk talks held in 1996 and 1997, but since the next meeting in Moscow in 2000, they were no longer invited (Menagarishvili, 2017). Russia's newly elected president Vladimir Putin institutionalized strictly quadripartite sub-meetings on the sidelines of the summits of the Commonwealth of Independent States labelled as the "Caucasus Four" [3 (South Caucasus states) + 1 (Russia)].

Suggested format implied that neither North Caucasus republic and districts individually, nor other extra-regional actors but Russia itself were to have their say in the Caucasian security state of affairs. Putin's chosen slogan "Caucasus countries must alone shape the region's fate" (Jamestown Foundation, 2000) purposely disregarded the United States and the EU as the stakeholders in order to curtail their influence in the region, leaving Russia in control of the fate of the Caucasus.

The 'Caucasus Four' was meant as a Russian-led security region "not allowing military-competition" as its basic principle (Jamestown Foundation, 2002), thus reflecting the interests of Russia only and failing to answer the security needs of the South Caucasus countries that sought to counterbalance Russian influence in the region by integrating into the Western security structures.

Eventually, Georgian Rose Revolution, bringing an ardently pro-western Mikheil Saakashvili as president, resulted in the cancellation of the planned 2004 'Caucasus Four' talks in Tbilisi, making the 2003 meeting in Moscow the last one of its kind (Congressional Research Service, 2010).

At the United Nations General Assembly in 2010 Saakashvili presented his own vision of the "Free, Stable and United Caucasus". For him, as for Gamsakhurdia, South Caucasus was inseparable from the North.

There is no North and South Caucasus, there is one Caucasus, that belongs to Europe and will one day join the European family of free nations ... Our strength consists in unity,

Saakashvili declared (Civil Georgia, 2010a).

He called for improving intra-regional connectivity by establishing a common market and facilitating socio-political and people-to-people contacts to develop a self-sufficient and sustainable Caucasus region, modelled after the European Union. In contrast to the previous initiatives that did not move beyond political statements, this time, some practical steps followed. Yet, they were manifestly directed against Russian federation rather than towards regional unity, and thus fueled further tensions between Georgia and Russia instead of contributing to the initial cause:

90-day visa-free entry into Georgia was granted to the citizens of the Russian Federation residing in the Northern Caucasus (Synovitz, 2010); The Russian-language TV satellite channel *First Caucasian* was launched by the Georgian Public Broadcaster (Civil Georgia, 2010b); The Parliament of Georgia recognized the 19th century Circassian genocide by Tsarist Russia and even opened a “Memorial for the Victims of the Circassian Genocide” in Anaklia, Georgia (Civil Georgia, 2012).

Russia sternly reacted to these political moves of Saakashvili. Russian Ministry of Foreign Affairs assessed an introduction of the visa-free regime as Georgian attempt “to divide the population of Russia” and “destabilize the North Caucasus” (Civil Georgia, 2010). Similarly, the TV satellite channel *First Caucasian* was judged “Georgian propaganda machine” (Haindrava, 2012), and the recognition of Circassian genocide was perceived by Russia as an act of revenge for the 2008 war instead of an act of “Caucasian solidarity” as interpreted by the Georgian member of the parliament (Barry, 2011). Moscow was alarmed that this move could strengthen the calls for the boycott of the 2014 Sochi Olympics, as the site of the Winter Games coincided with that of Circassians’ mass expulsion from their historical habitat (Kvelashvili, 2010).

Saakashvili’s new North Caucasus policy was met with dissatisfaction from the United States as well. A number of prominent American academics and politicians claimed this move would further destabilize the region (Nodia, 2013). High-profile columnist and scholar, Professor Walter Russell Mead, called Georgian leadership ‘hotheaded’ and ‘impulsive’ in his blog (Nodia, 2013). During the annual worldwide assessment hearing at the Senate, James Clapper, the U.S. Director of National Intelligence also seemed to place some responsibility on Georgia when claiming that “Georgia’s public efforts to engage with

various ethnic groups in the Russian North Caucasus have also contributed to these [Russian-Georgian] tensions” (Civil.ge, 2011; Nodia, 2013).

Friction arose also between Abkhazians and Circassians for the former’s failure to recognize the latter’s genocide contrary to what Circassians expected for the support they had given to Abkhaz separatists against Georgians in times of CPC/KNK (Halbach, 2014). From this perspective, Saakashvili’s pan-Caucasian strategy did more to divide than unite and its anti-Russian character was self-evident enough to cause criticism for it representing regional power politics in disguise (German, 2012).

The next and fourth president of Georgia, Giorgi Margvelashvili, did not present any project aimed at positioning the South Caucasus alone or with the inclusion of the North, as a unified geopolitical actor. When in office, Giorgi Margvelashvili explained, that existing regional cooperation initiatives such as the Chinese ‘One Belt, One Road’ [OBOR] (now known as the ‘Belt and Road Initiative’ [BRI]) or European Union’s Eastern Partnership Programme [EaP] together with the Black Sea cooperation sufficiently met Georgian needs for security and economic well-being (Personal Communication, May 8, 2018). According to Margvelashvili, BRI would enhance Georgia’s transit role in trans-continental trade, while regional cooperation would most effectively take place under the EaP framework, and Black Sea identity would add to Georgia’s potential of becoming a trade hub. Therefore, he saw “no need for inventing new schemes for regional cooperation” (Personal Communication, May 8, 2018).

What is more, Giorgi Margvelashvili believed that the political givens of his times did not offer a possibility of translating the vision of unified Caucasus into the reality.

For the ideas of establishing the regional unity in the South Caucasus to be successfully realized, they should not be based on the concepts only, but there has to be a possibility of translating them into the political reality. The vision and the reality have not yet intersected in such a way,

Giorgi Margvelashvili explained (Personal Communication, May 8, 2018).

Yet, it must also be noted that the President’s constitutional power was significantly curtailed in favor of the prime minister and the parliament in a series of amendments passed during Margvelashvili’s presidency between

2013 and 2018, making president a nominal figure. Such a transition must have also contributed to his passivity, especially as Giorgi Margvelashvili was at odds with the ruling party – the fact that rendered him politically even more impotent, making his approach partly a reflection of institutional and practical constraints rather than purely strategic choice.

As for the last president of Georgia elected by a direct vote, incumbent Salome Zurbishvili, her take on the regional cooperation in the South Caucasus has been subject to much controversy. President Zurbishvili was also severely criticized when on December 11, 2020, she called for a new approach in the Caucasus while opening the first sitting of the parliament of the 10th convocation.

Taking into consideration our neighbors and the new situation, Georgia needs to reclaim its historic role as the engine and unifier of the Caucasus. To this end, we can think about the idea of a ‘Caucasian Peace Platform’, which will bring together countries of the Caucasus, external actors and international organizations. Such platform will facilitate the presentation and implementation of joint infrastructure, economic or cultural projects. It will strengthen the potential of this region to play the role of a transport, communication and energy hub. Tbilisi should claim back its place, as the center of Caucasian identity and Caucasology. If we do not start this, many other candidates will appear for the same role...

the President stated (Zurbishvili, 2020).

“The new situation” was a reference to the second Nagorno-Karabakh war, which lasted 44 days war starting on September 27, 2020 and ending on November 10 with a Moscow-brokered ceasefire agreement. In the Article 9 of the common statement that ended the war in Nagorno-Karabakh, Prime Minister of Armenia, and the Presidents of Azerbaijan and Russian Federation declared:

All economic and transport links in the region shall be unblocked. The Republic of Armenia guarantees the safety of transport links between the western regions of the Republic of Azerbaijan and the Nakhichevan Autonomous Republic with a view to organizing the unimpeded movement of citizens, vehicles and goods in both directions. Control over transport communication is exercised by the Border Guard Service bodies of the FSB of Russia... The Parties agree that the construction of new transport communications linking the Nakhichevan Autonomous Republic with the western regions of Azerbaijan shall be provided. (Kremlin, 2020)

Given the fact that the Nagorno-Karabakh war represented the main impediment to the regional cooperation in the South Caucasus, the ceasefire of

November 10, 2020 seemed to open a window of opportunity for Georgia to regain its role of a thought leader with regard to pan-Caucasianism. Therefore, this proposal was, indeed, timely and important, and would have been met with approval by the Georgian [political] society if it did not coincide with that of the President of Turkey. I.e. one day before, on December 10, 2020, at the Baku Victory Parade held in honour of the Azerbaijani triumph in the 2020 Nagorno-Karabakh war, Recep Tayyip Erdogan had put forward the idea of South Caucasian countries aligning with Turkey, Iran and Russia to create a six-country regional cooperation platform (Altay, 2020).

We must create a new platform for cooperation in the region... If the Armenian leadership draws the right conclusions from the war, renounces its unfounded claims and looks ahead, then they can also take a place on this platform. We are open to this... We must turn this page over; we must end the enmity, (Huseynov, 2021)

President of Azerbaijan, Ilham Aliyev, stated.

It was reported that President Zurabishvili referred to that very initiative, which legitimized the Russian grip on the Caucasus and was, therefore, incompatible with Georgian national interests.

Ten days later, at the Ambassadors' Conference 2020, Salome Zurabishvili once again reiterated her assertion:

I am deeply convinced that Georgia will be neither passive nor secondary to the initiative of the Caucasus Platform. I hope that 2021 will be the year of our revival in this regard,

she said (Alimova, 2020a).

Subsequently, representatives of the Georgian opposition parties and some of the Western allies themselves had hard time believing it was a mere coincidence (Matsaberidze, 2020). Hence, the administration of the President of Georgia had to release a statement denying the link between the Georgian and Turkish regional cooperation initiatives:

This speech cannot and should not be perceived as a response to any other initiative because the president repeatedly proposed the Caucasus Peace Platform at a time when the conflict in the region was ongoing. The president constantly emphasizes the historical role of Georgia in the Caucasus, which has always been the unifying engine of the Caucasus,

the statement reads (Alimova, 2020b).

In any case, Salome Zurbashvili is not a political figure responsible for Georgia's foreign policy as determined by the current model of the constitution of Georgia, but the parliament and prime minister are. In fact, apart from these confusing statements made by the President of the country, official Tbilisi made it clear that Georgia was not to participate in the regionalization formats that included Russia.

Joining formats for us means that participating countries value fundamental principles of international law, including by respecting countries' sovereignty and territorial integrity...In this case, one country – Russia – is an 'occupier...'. Naturally, it is difficult to imagine [discussing] any development of economic cooperation in this format, until [Russia] takes steps toward de-occupation,

the then-Foreign Minister of Georgia, David Zalkaliani stressed during his visit to Ankara, Turkey, on March 3, 2021 (Civil.ge, 2021).

Since the establishment of the six-country cooperation platform for the South Caucasus significant but mixed developments have occurred. Meetings of this group have taken place, notably in Moscow in 2021, Tehran in 2023, and most recently in Istanbul on October 18, 2024. Key discussions have revolved around enhancing transportation, energy, and trade connectivity in the South Caucasus. While Azerbaijan, Armenia, Iran, and Russia actively participate, Georgia has so far refrained from joining. Official Tbilisi, through its constitutionally empowered bodies, has since then not once made it clear that no such discussions were on the table and also that Georgia would not participate in any regional formats including Russia. Despite multiple invitations, including recent statements from Russian Foreign Minister Sergey Lavrov urging Georgia to join (Civil.ge, 2024), Georgia has consistently declined (News.am, 2024), citing concerns about Russia's occupation of its territories (Civil.ge, 2023). Georgian officials have stated that cooperation involving Russia would undermine the principles of sovereignty and territorial integrity, which remain central to their foreign policy.

Thus, Zurbashvili's initiative's ambiguity and unfortunate timing led to its failure, but the episode highlighted a crucial lesson: the urgent need for a regional cooperation framework that emerges from within the South Caucasus itself, without Russian involvement as an alternative to the Turkish/Russian 3+3 format.

Georgia's most recent 'Peaceful Neighborhood Initiative' was born out of such aspiration. This proposal is widely regarded as Georgia's alternative to the 3+3 format, aiming to limit Russia's influence in the region while addressing regional challenges independently. On September 25, 2021, the Prime Minister of Georgia, Irakli Garibashvili, introduced the initiative at the United Nations General Assembly. The initiative focuses on three core objectives: Rebuilding Trust, Fostering Economic Cooperation and Ensuring Regional Independence: Mitigating the influence of external actors, particularly Russia, and strengthening local ownership of security and development.

Specifically, the initiative proposes a 3+2 format, bringing together Armenia, Azerbaijan, and Georgia, with strategic support from the European Union and the United States. By creating a platform for dialogue and confidence-building, the proposal seeks to develop practical solutions to regional challenges. The core strategy involves developing shared economic projects, simplifying border crossings, and creating economic incentives that make cooperation more attractive than conflict (Huseynov, 2023). Georgia has emphasized that its peaceful neighborhood initiative is not directed against any other existing platform, naturally referring to the 3+3 format, and that these two initiatives could still proceed in parallel. However, there has been little interest so far, particularly from Armenia, although Azerbaijan has shown openness to trilateral cooperation.

Azerbaijani President Ilham Aliyev has repeatedly proposed the creation of a tripartite platform involving Baku, Yerevan, and Tbilisi, including during the European Political Community summit in Prague, seemingly echoing Georgia's initiative. Nevertheless, no concrete steps have been taken, while Russia persists in its efforts to draw Georgia into the '3+3 format'.

The '3+3 format' is crucial for Russia as a tool to sustain its influence in the South Caucasus amidst its diminished power following the Ukraine war. The ongoing conflict in Ukraine has significantly strained Russia's military and economic capacity. The war has depleted its military resources, diverted attention away from other strategic regions, and exposed weaknesses in its conventional forces. Moreover, the extensive sanctions imposed by Western powers have isolated Russia economically, restricting its access to global markets and financial systems. These setbacks have not only weakened Russia's ability to project power but also created a power vacuum in areas like the

South Caucasus, where it once dominated. Against this backdrop, Russia uses the 3+3 framework to reinforce its presence and portray itself as a vital regional actor.

No less importantly, by promoting a regional format that excludes Western powers, Russia aims to prevent further EU and NATO penetration into the South Caucasus. The format enables Russia to participate in regional economic and connectivity projects, which are critical for maintaining its economic links and circumventing sanctions. Furthermore, through its control over unresolved conflicts in Abkhazia and the Tskhinvali (South Ossetia) region, Russia ensures it maintains leverage in Georgia's territorial disputes. Even as peace negotiations between Armenia and Azerbaijan move toward finalizing a deal on the Nagorno-Karabakh issue, Russia seeks to position itself as an indispensable stakeholder in managing these agreements and securing influence over the evolving post-conflict regional order.

Armenian-Azerbaijani Proposals for Regional Integration: From Security Pacts to Transit Corridors

In the late 1990ies Armenian and Azerbaijani leaders put forth pan-Caucasian proposals in the form of very similar statements delivered by the respective Presidents, Robert Kocharyan and Heydar Aliyev, at the 1999 Summit of the Organization for Security and Cooperation in Europe [OSCE] in Istanbul, Turkey (Stratfor, 1999). As if the two adversaries had joined the forces, Armenia and Azerbaijan stressed the need of forming a Transcaucasian regional security system as an indivisible part of the European Security architecture (Mkrtchyan and Petrosyan, 2009).

The present treaty on Conventional Forces in Europe does not appear to be sufficient in resolving the existing security problems in our sensitive and complex region. It is therefore necessary to devise a regional security system for the South Caucasus, in the wider system of pan-European security, which will engage all the parties concerned and primarily those in the region itself,

President of Armenia, Robert Kocharyan, declared (Kocharyan, 1999).

Similarly, President of Azerbaijan, Heydar Aliyev, stated:

Southern Caucasus is an integral part of Europe. I call heads of the states and the governments of USA, the European Union, Russia, Turkey, Georgia, Armenia and

all other interested members of OSCE for the resolute actions aimed at the settlement of problems of our region. I propose to create the pact of safety and cooperation on Southern Caucasus. (Aliyev, 1999)

However, even if both of the statements were motivated by the desire of strengthening regional security, as expected, Armenia and Azerbaijan had different perceptions on how the new security system should have been arranged. Armenian proposal was a 3+3+2 one, involving all of the regional and extra-regional stakeholders – the three South Caucasus countries, Iran, Russia, Turkey, the EU and the United States, while the President of Azerbaijan, Heydar Aliyev, proposed a 3+2+2 configuration, disregarding Iran (Mekhtiev, 2001). Along with Azerbaijan, the engagement of Iran was undesirable for the U.S. and Turkey, while Iran, from its side, objected to the American and Turkish involvement in the South Caucasus state of affairs (Chufrin, 2001). Yet the biggest discord was about the role the Russian Federation was to play in the region.

Since 1995 Armenia had been hosting the 102nd Russian military base in Gyumri, which Yerevan perceived as a guarantee of direct military assistance from Russia in case of war with Azerbaijan (See, e.g., GlobalSecurity.org, 2013).⁵ In his address to the parliament of Georgia in 2000, Kocharyan declared: “Stability will not rest on any solid basis if we ignore the need to cooperate with Russia. The region cannot fail to take account of Russia’s fundamental interests” (Chufrin, 2001). According to Kocharyan, Russian military presence should have been a major component of the new system of regional security (Mekhtiev, 2001), while Azerbaijan pressed for the withdrawal of all the foreign troops from the South Caucasus.

Such a pact should exclude the foreign military presence and dividing lines in the region, prevent aggression and ethnic purges, put an end to separatism and terrorism, actions on the basis of the ‘fait accompli’ and double standards, (Aliyev, 1999)

President of Azerbaijan, Heydar Aliyev declared, making clear references to the Russian military presence in the region and Armenia’s meddling in Nagorno-Karabakh.

The Security Pact suggested by Azerbaijan was intended to contribute to the peaceful conflict resolution in the region and consequently, to the restoration

⁵ In 2010, Russia extended its lease on a military base in Gyumri, Armenia until 2044 (Sindelar, 2010).

of the territorial integrity in the affected countries of the South Caucasus, – an objective that Azerbaijan shared with Georgia, but conflicted with the Armenian and Russian interests. At the same time, Armenia was very much interested in the economic side of the proposed cooperation and also believed that the security vacuum needed to be filled following Azerbaijan’s and Georgia’s withdrawal from the Community of Independent States (German, 2012).

Therefore, despite the discrepancies discussed above, the consensus between Armenia and Azerbaijan was largely there on the need of establishing a security pact and subsequent regional cooperation. However, the parties acknowledged that there was a serious impediment to it that first needed to be addressed – the Nagorno-Karabakh conflict.

For that very reason, the 1999 Istanbul summit was preceded by the series of tête-à-tête meetings between Heydar Aliyev and Robert Kocharyan the same year. Presidents had met at the Nato’s Summit in Washington, once in Luxembourg, twice in Geneva, then in Yalta and eventually – Sadarak, an Azerbaijani city on the border between the Autonomous Republic of Nakhchivan and the Republic of Armenia, making it the first time an Armenian or Azerbaijani leader visited the territory controlled by the other side since the beginning of the conflict in 1988 (Jamestown Foundation, 1999). It is reported that Kocharyan and Aliyev had, in principle, agreed on a so-called “Goble Plan”, i.e. a land swap as a result of which Armenia would get Nagorno-Karabakh and Lachin Corridor in exchange of the Azerbaijani control over Meghri/Zangezur route, that linked Nakhichevan to the rest of Azerbaijan (Libaridian, 2005; Sanamyan, 2019).⁶

The official deal, therefore, seemed close, but the assassination of the Prime Minister, Parliament Speaker and six other top officials in a terrorist attack on the Armenian parliament in October 27, 1999, halted negotiations at that stage (see e.g. Sanamyan, 2019). Allegedly, the Russian secret forces were behind the gunfire (Stratfor, 1999a; AZG Daily, 2005), but both Russia and Armenia rejected these accusations (Stepanian, 2005; Danielyan, 2005).

⁶ This route is usually called Meghri in Armenia and is referred to as Zangezur corridor in Azerbaijan (Konarzewska, 2021).

Whoever planned the attack, common sense suggested that the objective must have been to disrupt the peace deal between Azerbaijan and Armenia, especially as it coincided with a visit of US Deputy Secretary of State, Strobe Talbott, to Yerevan with the aim to advocate the signature of the peace accord at the approaching OSCE Summit in Istanbul (Baker & Danielyan, 1999).

The “Goble Plan” implied concessions that was not to Russia’s liking. A peace and security deal achieved by Azerbaijan and Armenia independently, would weaken Russia’s position in the region and deprive Kremlin of its political leverage over the conflicting parties. Subsequently, Armenia would be able to follow independent foreign policy, actively engage in regional cooperation schemes and integrate into Euro-Atlantic structures. Against this background, Russia was number one on the list of the suspects, especially after the former senior official of Russian Federal Security Service [FSB/GRU], fugitive Alexandr Litvinenko, claimed that the attack was masterminded from Moscow.

In any case, the death of the country’s two most powerful politicians has led to a political turmoil in Armenia and halted negotiations that only resumed in the middle of the next year. However, at that point, Kocharyan refused to concede Meghri, and offered Azerbaijan a 50-kilometer passage to Nakhichevan through southern Armenia instead (Sanamyan, 2019).

In his memoir, entitled “Life and freedom”, President of Armenia, Robert Kocharyan claimed that the idea of surrendering Meghri was unendurable for him from the very beginning, and it was Aliyev who was unilaterally pushing for it (Sanamyan, 2019). Contrary to that, Aliyev claimed that the agreement to interchange the Meghri/Zangezur and the Lachin corridor had been made, but Armenia suddenly revised the formula (Martirosyan, 2002). In fact, it seems that it was reciprocal backtracking on the deal, as first it was Kocharyan, who changed his position and proposed only passageway rights to Azerbaijan through or over Meghri, rather than Meghri itself, and then it was Aliyev who changed his mind right before the signing of the agreement (Sanamyan, 2019). Azerbaijani president explained, that he had had hard time gaining support for the initial agreement and could not accept the revised deal (Libaridian, 2005).

Heydar Aliyev's son and successor, the next president of Azerbaijan, Ilham Aliyev was much more persistent in his Nagorno-Karabakh policy, and his uncompromising attitude resulted in the parties starting negotiations from the scratch. "I am not in favour of making compromises" and "I am in no hurry for settlement", Aliyev is reported saying in 2004 (Mehtiyev, 2005). Mediating efforts were made by the external actors such as the US, EU, OSCE, Turkey, and Russia, but conflict was eventually settled by military means.

Ilham Aliyev's assertiveness in the South Caucasus has been evident through decisive actions that have reshaped the region's geopolitical landscape.

The military solution came with a 44-day war which started on September 27, 2020 and ended on November 10 with a Moscow-brokered ceasefire agreement. However, tensions have periodically resurfaced, especially as Azerbaijan pushed to extend control over Armenian-populated areas, which led to additional clashes. The blockade of the Lachin Corridor, which began in late 2022, served as a strategic chokehold, isolating Nagorno-Karabakh from Armenia and cutting off essential supplies of food, medicine, and other goods (Ochab, 2023). This blockade not only exerted immense pressure on the ethnic Armenian population of Nagorno-Karabakh but also revealed Azerbaijan's readiness to leverage its geographic and military advantages to achieve political objectives.

In September 2023, Azerbaijan launched a rapid military operation to seize control of Nagorno-Karabakh, capitalizing on the region's vulnerability after months of economic and humanitarian strain (Kirby, 2023). The offensive, which lasted only 24 hours, overwhelmed the underprepared and outnumbered Armenian forces in the region, demonstrating Azerbaijan's enhanced military capabilities and strategic planning. This swift action resulted in the dissolution of the self-proclaimed Republic of Artsakh and a mass exodus of ethnic Armenians to Armenia. The effective elimination of Armenian self-rule in Nagorno-Karabakh marked a significant shift, solidifying Azerbaijani control and altering the region's demographic and political landscape.

Against this background, Armenia and Azerbaijan are currently struggling to reconcile their differences over a proposed peace treaty in the ongoing negotiations. Armenia's Foreign Ministry recently received Azerbaijan's response to its latest proposal, marking the 11th version of the draft exchanged

in over two years of discussions. However, Deputy Foreign Minister Vahan Kostanian stated that disagreements remain on “one or two issues,” though specifics were not disclosed (Galstian & Stepanian, 2024). Most logically, it concerns Azerbaijan’s demand for Armenia to amend its Constitution, alleging it includes territorial claims against Azerbaijan, but also the exclusion of foreign forces along the Armenia-Azerbaijan border.

It must be noted that the most controversial part of the peace deal, the so-called Zangezur corridor, has been removed from the peace negotiations between Armenia and Azerbaijan.

Through Zangezur corridor, Azerbaijan would be able to reach its enclave – Nakhichevan, as well as Iran and Armenia uninterrupted by train. The railway will also link Turkey with Russia [through Azerbaijan], Azerbaijan itself and other Turkic nations (Rehimov, 2021). Stratfor rightfully argued back in 2012 that “Whoever controls the Zangezur Corridor can project power into the Turkish sphere of influence in Anatolia, the Russian sphere of influence in the intra-Caucasus and directly into the Persian core territories....” (Stratfor, 2012). In fact, Azerbaijan has not completely abandoned the idea of the Zangezur Corridor, but the discussions around it have shifted, and there appears to be a temporary pause or re-evaluation of its necessity. Azerbaijan has already begun developing alternative transit routes through Iran to connect its primary territory with the Nakhichevan exclave and Turkey, reducing its immediate reliance on a route passing through Armenia’s Syunik province.

Armenian government does not, in principle, object to the idea of establishing an east-west railway that would connect mainland Azerbaijan with its enclave Nakhichevan through the Syunik region, given the fact that in turn, Armenia would get the rail link to Iran and Russia through Azerbaijan (Huseynov, 2021). However, the problem has been the term “corridor,” which implies the cession of sovereignty over Meghri/Zangezur to Azerbaijan, which, is unacceptable for Armenia. Instead, Armenia came up with “Crossroads of Peace” initiative as an alternative to Azerbaijani-proposed Zangezur Corridor. This plan, promoted by Armenian Prime Minister Nikol Pashinyan, envisions a network of trade and infrastructure routes that would link Armenia with its neighbors – Azerbaijan, Georgia, Turkey, and Iran –

thus turning the South Caucasus into a hub connecting the Caspian Sea with broader international trade corridors.

The idea was first presented during the fourth Silk Road Forum held in Tbilisi, Georgia, on October 26–27, 2023. Prime Minister Nikol Pashinyan strategically outlined a vision for regional connectivity that aims to position Armenia as a potential infrastructure hub linking multiple regional powers. (Castillo, 2023).

The initiative proposes developing communication infrastructure connecting Armenia with Turkey, Azerbaijan, and Iran, structured around four core principles: preserving national infrastructure sovereignty, implementing standard customs controls, enabling dual domestic and international route usage, and ensuring reciprocal and equitable access (Paylan, 2024). Pashinyan's proposal extends beyond traditional transit planning, envisioning comprehensive connectivity through roads, railways, pipelines, cables, and electricity lines.

While the initiative, unsurprisingly, advances Armenia's interests, it does so in a way that frames these interests as complementary to the collective good of the region. Its success depends on dialogue and mutual consent, which aligns with the principles of regional cooperation. In contrast, the concept of Zangezur Corridor by its nature is often perceived as coercive, tied to geopolitical rivalry and the post-conflict dynamics of the 2020 Nagorno-Karabakh war. Azerbaijan's rhetoric around the corridor has sometimes included threats or conditionalities, which undermine trust and regional inclusivity.

As for Georgia, it has maintained a cautious and neutral position regarding both Armenia's "Crossroads of Peace" initiative and the Zangezur Corridor, carefully balancing its regional interests. Regarding the "Crossroads of Peace" initiative, its impact on Georgia's key infrastructure is limited in the short term. Georgia's established transit network, supported by strong partnerships with Azerbaijan and Turkey, remains a reliable and efficient route deeply integrated into regional and international supply chains. For Armenia's initiative to pose a significant challenge, it would require substantial international investment and a major shift in trade dynamics, both of which are uncertain. However, if the initiative succeeds in attracting significant

trade flows, Georgia could face competition in transit revenues and its strategic positioning as a vital corridor connecting Europe and Asia.

In contrast, the Zangezur Corridor presents a more immediate challenge. This proposed route would directly connect Azerbaijan to Turkey through Armenia, bypassing Georgia. If realized, it could divert cargo traffic currently reliant on Georgian routes, reducing Georgia's transit revenues and diminishing its geopolitical significance. Furthermore, the corridor could shift regional economic dependencies, fostering closer Azerbaijan-Armenia-Turkey ties at Georgia's expense. Nonetheless, substantial obstacles – such as geopolitical tensions, Iran's opposition, and required investments – make its realization uncertain. Georgia's operational infrastructure, trusted partnerships, and established role as a neutral transit hub provide resilience against such potential competition.

Ultimately, Georgia's position should prioritize safeguarding its economic and geopolitical interests while remaining committed to fostering regional cooperation.

In any case, the removal of the discussions on the Zangezur Corridor as the major obstacle from the current negotiations has created space for new opportunities in regional cooperation. With both sides engaging in meaningful exchange, there is hope that a more stable and interconnected South Caucasus could emerge in one way or another, fostering economic development and mutual benefit among all regional players.

Conclusion and Recommendations

The historical trajectory of regional cooperation in the South Caucasus highlights a pattern of structural deficiencies and geopolitical obstacles that have repeatedly undermined the potential for meaningful collaboration. This analysis underscores two primary dimensions of these failures:

Intrinsic Challenges

I. Lack of Genuine Regionalism:

Previous initiatives were often conceived as tactical extensions of national foreign policy agendas rather than authentic attempts at fostering regional

unity. Their instrumental nature, typically aimed at countering Russian dominance or enhancing individual state leverage, undermined collective ownership and long-term commitment.

II. Conceptual and Operational Deficiencies:

These efforts frequently lacked substantive frameworks, actionable strategies, and robust institutional mechanisms. The absence of detailed planning and enforcement measures rendered these initiatives vulnerable to rhetorical overreach, failing to yield tangible outcomes or foster trust among stakeholders.

External Challenges

I. Russian Leverage:

Russia's enduring influence has proved a formidable obstacle to regional cooperation. Through its economic, political, and military leverage, combined with the promotion of alternative frameworks to those originating within the South Caucasus, Russia has maintained a strategic grip on the region. By exploiting its position as a direct party to conflicts in Georgia and key power broker in the Nagorno-Karabakh dispute, while fostering dependency rather than encouraging cooperation, Russia has ensured its influence remained strong.

II. Nagorno-Karabakh Conflict:

The protracted and deeply entrenched conflict over Nagorno-Karabakh has been a fundamental barrier to regional cooperation, creating deep-seated animosity and mistrust between Armenia and Azerbaijan that external powers have readily exploited. Beyond providing opportunities for outside interference, this conflict has prevented direct bilateral cooperation between these two key regional actors and complicated broader regional initiatives.

Despite these persistent challenges, the current geopolitical context presents a unique opportunity to recalibrate regional cooperation. The weakening of Russia's strategic hold following its invasion of Ukraine and the ultimate resolution of the Nagorno-Karabakh conflict sealed with the imminent peace treaty between Armenia and Azerbaijan have opened a window for collaboration.

The South Caucasus stands at a crossroads where historical challenges meet unprecedented opportunities. Overcoming entrenched internal divisions and

external interference requires reimagining regionalism as a dynamic and interest-driven process, rooted in collective agency and shared benefits.

Georgia, given its balanced relations and strategic orientation, is uniquely positioned to lead this transformation in alignment with its historic role as a thought leader in regional cooperation, a role it has played at least on a conceptual level by proposing ideas and frameworks, even if not always able to translate them into concrete actions. With the new circumstances at hand, Georgia can, by championing inclusive, pragmatic, and actionable initiatives, catalyze a shift from a history of fragmentation to a future defined by stability, resilience, and prosperity.

The success of this endeavor will hinge on three key principles: trust-building, equal benefits and sustainability. I. Genuine collaboration requires the creation of mechanisms that build confidence among regional actors, particularly through transparent decision-making process and equitable participation; II. Regional cooperation must deliver clear and tangible advantages to all participants, addressing asymmetries and fostering a sense of shared ownership; and finally, III. Initiatives must be designed with long-term viability in mind, supported by robust institutional frameworks and continuous stakeholder engagement.

By aligning its efforts with these principles, the South Caucasus has an opportunity to redefine its role on the global stage, transforming from a contested periphery into a cohesive and influential regional bloc. This vision, while ambitious, is achievable through strategic foresight, collective will, and effective leadership.

Realizing this potential requires addressing both intrinsic and external barriers through a structured and inclusive approach which implies:

Reframing Regional Engagement to Emphasize Collective Prosperity and Mutual Gains, Beyond Power Politics

The normalization of relations between Armenia and Azerbaijan provides a unique opportunity to rebuild trust and reduce historical animosities, offering a foundation for regional collaboration. This peace dividend should be strategically harnessed to initiate cooperative ventures.

Rather than replicating earlier frameworks that often prioritized countering external influences, this initiative should focus on fostering a culture of mutual interdependence rooted in shared economic, social, and security priorities. The focus should be on moving beyond a history of cooperation driven by external threats and negative dynamics, and instead fostering collaboration based on common interests and shared benefits. By identifying concrete areas of joint benefit, regional actors can develop a new model of collaboration that transcends zero-sum dynamics, encouraging trust and paving the way for deeper integration over time.

The success of such efforts will depend on prioritizing inclusive, mutually beneficial projects that deliver tangible results for all parties, reinforcing the broader goal of lasting peace and stability in the South Caucasus.

Establishing a South Caucasus-Centric Trilateral Platform for Independent and Equitable Regional Cooperation

The Turkish-Russian 3+3 format is inherently limited due to Georgia's non-participation, driven by Russia's involvement and its occupation of 20% of Georgia's internationally recognized territory. This absence underscores the need for an alternative platform to ensure comprehensive regional engagement.

However, the necessity of such a platform goes beyond Georgia's absence from the 3+3 framework. A South Caucasus-led initiative is essential to provide a dialogue mechanism that explicitly excludes Russia, ensuring sovereignty, independence, and collective agency for the region. Even if not a substitute for the 3+3 format, a complementary trilateral platform involving Georgia, Armenia, and Azerbaijan is critical to fostering genuine regional cooperation.

A South Caucasus-specific organization with a rotating chairmanship could offer a neutral, inclusive space for agenda-setting and decision-making. Developed under Georgia's Peaceful Neighbourhood Initiative, this structure would emphasize regional ownership and equal participation. Georgia's strong relationships with Armenia and Azerbaijan, along with its resistance to legitimizing Russian dominance, position it as the ideal leader for this initiative.

Such a platform is vital to filling gaps left by existing frameworks, counterbalancing external influences, and promoting long-term stability and prosperity in the South Caucasus. It would ensure that the region's interests are addressed independently, equitably, and in a manner that reflects its collective agency.

Setting a Results-Oriented Regional Agenda

To move beyond rhetorical regionalism and past failures, any new regional initiative must emphasize clear, results-oriented objectives. This includes setting specific, measurable goals, establishing robust implementation mechanisms, and embedding transparent accountability frameworks into the process.

Such a results-driven approach ensures that regional cooperation efforts are not merely aspirational but deliver tangible benefits. By demonstrating progress through practical achievements, this agenda can build trust among stakeholders, enhance the credibility of collaborative efforts, and foster sustained engagement. This model would not only strengthen regional cohesion but also help counter skepticism regarding the feasibility and effectiveness of South Caucasus-led initiatives.

Engaging Strategic Partners Through a Calibrated and Staged Approach

To support regional cooperation, external actors with collective endorsement from South Caucasus states – particularly the European Union – should provide financial support, technical expertise, and diplomatic mediation. The EU's involvement must maintain institutional neutrality to safeguard regional agency and avoid perceptions of external intervention or geopolitical subordination.

Regional actors, such as Turkey and Iran, should be engaged in a staged and consultative manner. Turkey's role could be reconsidered only after full normalization of Turkish-Armenian relations. Given Turkey's close strategic ties with Azerbaijan, measures should be taken to ensure that its participation does not unintentionally shift the platform's balance in favor of any single state. This can be achieved by promoting equitable representation of all South Caucasus countries, focusing Turkey's involvement on technical or

logistical contributions aligned with shared regional priorities, and coordinating its engagement with neutral external actors, such as the EU, to maintain trust and impartiality among stakeholders.

Iran's participation should also be approached with careful consideration of potential sensitivities, particularly regarding its complex relationship with Western stakeholders and Azerbaijan. Engagement with Iran should be limited to areas where its involvement aligns with shared goals, ensuring that broader geopolitical tensions do not undermine the platform's cohesion or objectives. Both Turkey and Iran could be involved in later implementation phases with limited consultative roles, ensuring the platform's autonomy and inclusivity.

Russian engagement, however, must be avoided entirely to preserve the initiative's independence from great-power rivalries and to emphasize its identity as a South Caucasus-led effort. This is particularly feasible now, as Russia's influence in the South Caucasus is waning due to its ongoing war in Ukraine. The conflict has significantly strained Russia's military, economic, and diplomatic resources, limiting its ability to project power in the region. Furthermore, the aftermath of the Second Nagorno-Karabakh War has exposed Russia's diminishing role as a reliable security guarantor, particularly in Armenia, where disillusionment with Moscow's inability to fulfill its security commitments has led to growing calls for greater independence in its foreign and regional policies. These dynamics create an unprecedented opportunity for the South Caucasus to assert its agency and reduce reliance on external dominance.

Promoting Balanced Regional Infrastructure to Prevent Hierarchies in Connectivity

The South Caucasus region's strategic position as a vital transit hub should be utilized through inclusive infrastructure projects that equitably benefit all three states, fostering cooperation rather than competition. Balanced development of transit routes is essential to avoid the emergence of hierarchies that could undermine regional stability and collaboration.

If and when projects such as Azerbaijan's Zangezur Corridor, Armenia's Crossroads for Peace, or other major infrastructure initiatives are realized, it will be crucial to prevent any single corridor from dominating the region's connectivity landscape. This includes continued investment in existing

transit routes to preserve their strategic relevance in the region. As new infrastructure projects are developed, investments must also be made to upgrade and maintain the existing networks, ensuring that they remain integral to regional connectivity. Given Georgia's concerns about its transit role being overshadowed, efforts must focus on integrating new and existing routes in ways that complement rather than conflict with each other.

By fostering a network of interlinked and mutually reinforcing transit corridors, the region can enhance long-term connectivity, ensuring shared economic benefits while safeguarding the national interests of each state. Such an approach will support regional integration, reduce zero-sum dynamics, and contribute to the South Caucasus's broader role as a unified bridge between Europe, Asia, and the Middle East.

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PART III: The Risks of South Caucasus' Disconnection

A US Perspective on Risks of Disconnects with the South Caucasus

Henry Wathen

Below follows a presentation and analysis of an American perspective on the current situation in the South Caucasus with a look in the rearview mirror, examining US engagement in the South Caucasus since the break-up of the Soviet Union. It is important to note that US foreign policy is heterogenous/pluralistic and complex. It encompasses many special interests and even contradictory currents. Congressmen in collaboration with think tanks and lobby groups may push agendas completely different from what the current presidential administration is trying to achieve. Amateurs see one big conspiracy or cabal driving policy, while professionals know there are multiple competing groupings and that they are subject to constant change.

Policy is foremost based on interests, though policy formulation is also entangled with public discourse and sentiment.¹ As the South Caucasus is not well known to an average American citizen, policy to the region has only a limited interaction with public discourse, thus it could be assumed that interests dominate US policy making vis-à-vis Armenia, Azerbaijan and Georgia.

The year of 2024 turned out to be decisive for US relations to the South Caucasus. After years of increased tension and miscommunication between the US and Georgia, a Rubicon was crossed. Georgia struck against Western-leaning civil society and began to actively repress, intimidate and assault journalists and activists. The US has responded with economic sanctions on a number of Georgian officials and on political extremists.² In the

¹ See, for example: Lindsay, James, M. Congress and the Politics of U.S. Foreign Policy. (Baltimore. Johns Hopkins University Press, 1994).

² “Treasury Sanctions Georgian Officials and Extremists for Serious Human Rights Abuse” US Department of Treasury, 16 September 2024. URL: <https://home.treasury.gov/news/press-releases/jy2580#:~:text=Specifically%2C%20the%20Department%20of%20the,engaged%20in%20violently%20suppressing%20the>, accessed 17 November 2024.

sphere of diplomacy, Georgia's PM Irakli Kobakhidze was in the last moment taken off the guest list of a reception hosted by the White House in connection to the UN General Assembly in late September this year.³ At the time of drafting the US either paused or cut their considerable assistance to Georgia.⁴ Around the same period of time, also in this decisive 2024, the US has expanded assistance to and cooperation with Armenia and in the process of forging a new strategic dialogue with Armenia.⁵ Where we saw tendencies over the last few years, the shift on the ground is now distinct. Questions arise on how it happened:

- How did Armenia take Georgia's place as the US favourite?
- How did the politically pluralistic Georgia become a pariah?
- How can authoritarian Azerbaijan maintain its distant but stable relations with the US?

This article is not an attempt to answer these questions in detail. Rather, I would argue that the changes in US relations to Georgia and Armenia emanate from developments in the region and not to any change of US policy direction. I will however touch upon some of the major events that now stand out as defining moments in US relations to the three countries of the South Caucasus and carefully assess what could lie ahead. In order to not lose one's judgement and get caught up in the drama of today, it is worth taking note of significant continuity in US foreign policy vis-à-vis the South Caucasus, with core strategic interests remaining, whether it is a Republican or a Democratic administration.

³ OC Media. "Biden snubs Georgian PM Kobakhidze by revoking UN reception invite", 25 September 2024. URL: <https://oc-media.org/biden-snubs-georgian-pm-kobakhidze-by-revoking-un-reception-invite/>, accessed 17 November 2024.

⁴ See for example Joshua Kucera. "The U.S. And Georgia Used To Be Close Friends. But Ahead of Critical Elections, They're Hardly Speaking." RFE/RL, 11 October 2024. URL: <https://www.rferl.org/a/georgian-elections-united-states-relations-sanctions/33151278.html>, accessed 17 November 2024.

⁵ Galstian, Shoghik. "Yerevan Expects Relations With U.S. To Reach Strategic Partnership Level" RFE/RL, 8 November 2024. URL: <https://www.azatutyun.am/a/33193640.html>, accessed 17 November 2024.

US Priorities

David Hacket of the NGO Armenian Project carried out a study of US foreign policy towards the South Caucasus from 1991 through 2023, gaining access to internal reports from the Congressional Research Service (CRS).⁶ Hacket's study identified a number of themes throughout this 32-year period, bridging multiple presidential administrations. From the CRS reports, Hacket identified the following four priorities or main currents in US interest:

- To pacify the separatist conflicts (Abkhazia, South Ossetia and Nagorno-Karabakh) and promote regional stabilisation. Here, the most interesting finding was that US interest did not specify a particular outcome for the conflicts, but simply their peaceful resolution;
- To establish economic links, which keep the US included (in this region where the US has been excluded for most of modern history);
- To ensure energy security, contributing to international supply and market stability (i.e. counterbalancing OPEC), and;
- To carry out “power politics,” that is to counter the influence of Russia and Iran.

In this day and age, we should also consider China, as a strategic competitor to the US in the South Caucasus, which was probably less explicit in the early material of Hacket's study, starting from 1991. Interestingly, Hacket indicates that the U.S. foreign policy has been non-ideological, rather it has been guided by interests, as mentioned initially in this chapter.

Military Cooperation

Looking at US military campaigns after 9/11, Georgia stands out as America's most active supporter in the South Caucasus. At the peak of operations in Afghanistan, Georgia had more than 1 500 troops deployed there with the US and NATO forces. Since the beginning of their mission, more than 11,000

⁶ Hacket, David. “Understanding US Foreign Policy in the South Caucasus, 1991–2023” The Armenian Project (youtube channel), https://www.youtube.com/watch?v=s1b3a4fQrLs&ab_channel=ArmenianProject, posted 31 May 2023.

Georgian soldiers have served in Afghanistan. It appears particularly significant in comparison to the contributions by Armenia and Azerbaijan – company sized units, i.e. +100 troops each. Also, Georgia had some 2 300 troops supporting the US in Iraq as well as some 500 supporting the UN Mission in Iraq.⁷ Azerbaijan provided a company to Iraq,⁸ whereas Armenia contributed some 40 personnel.⁹

As for US military engagement in the South Caucasus, the US deployed ground troops to Georgia already in 2002 with the Train and Equip program for the next 18 months, where the US supported the formation of four light infantry battalions. In early 2008 Georgia switched to US made M4 assault rifles as the standard weapon. This is the most basic weapons system, but it had a significant visibility effect, dropping the iconic Kalashnikov rifles associated with the Soviet Union and Russia. Carrying M4 rifles, Georgian troops looked like a Western military force.¹⁰

2014 was a turning point, with NATO Member States approving a substantial package for Georgia and establishing the first permanent NATO military presence, at the Krtsanisi National Training Centre. At this time Georgia began to host larger exercises with NATO member states. In 2015 the US began to deploy hundreds of troops at multiple exercises in Georgia. In 2018 it peaked at more than 1 000 personnel.

Comparatively, in 2023 a few hundred US troops deployed to Georgia, and then in the pivotal year of 2024 the scheduled “Noble Partner” exercise was “indefinitely postponed.”¹¹ As for weapons systems, after the conflict

⁷ “Defence Forces of Georgia” Wikipedia. URL: https://en.wikipedia.org/wiki/Defence_Forces_of_Georgia, accessed 17 November 2024.

⁸ “Azerbaijani Armed Forces” Wikipedia. URL: https://en.wikipedia.org/wiki/Azerbaijani_Armed_Forces, accessed 17 November 2024.

⁹ “Armed Forces of Armenia” Wikipedia. URL: https://en.wikipedia.org/wiki/Armed_Forces_of_Armenia, accessed 17 November 2024.

¹⁰ “Defence Forces of Georgia” Wikipedia. URL: https://en.wikipedia.org/wiki/Defence_Forces_of_Georgia, accessed 17 November 2024.

¹¹ “Postponement of Exercise Noble Partner Announcement” US Department of Defense Press Release, 5 July 2024. URL: <https://www.defense.gov/News/Releases/Release/Article/3827839/>, accessed 1 November 2024.

in 2008, the US and other Western powers were hesitant to provide Georgia with weapons so as not to provoke Russia. However, since 2017 the US began providing Georgia with Javelin anti-tank missiles.¹²

US military and security assistance to Armenia has up until 2024 been modest, as Armenia has been seen as close to Russia. US security cooperation with Azerbaijan has been similarly on a low level of engagement, compared to the significant engagement with Georgia.

Diplomatic Engagement

In the conflict management negotiation format that was launched after the 2008 war “The Geneva International Discussions for Security and Stability arrangements in the South Caucasus” – the US was only represented by an Assistant Secretary of State for the first five rounds – the same rank that Russia and Georgia continue to send to the present date. Through 2010 and to 2014, if we look at the rank of the lead US participant we can speak of a creeping downgrade. By 2014 and onward the US senior participant was below the rank of Ambassador. The same U.S. representative continued to fulfil the functions as Co-chair of the Minsk Group since 2017. The trend for both these Track I formats for South Caucasus conflict management was the same – the US was compared to all other participating countries and entities, sending the lowest ranking representatives.¹³

The US has over the years experienced diplomatic tensions with Azerbaijan on a number of occasions. An early hiccup was perhaps the Azerbaijani authorities closing the American University in Baku already in 2000.¹⁴ Later frictions between Baku and Washington were linked to the closure of the OSCE presence in Baku in 2015. Allegedly, the US interfered in the appointment

¹² “Georgia – Javelin Missiles and Command Launch Units” Defense Security Cooperation Agency. URL: <https://www.dsca.mil/press-media/major-arms-sales/georgia-javelin-missiles-and-command-launch-units>, accessed 17 November 2024.

¹³ Expert interview 1 November 2024.

¹⁴ “The Existential American University” Transitions Online, 25 September 2000. URL: <https://tol.org/client/article/291-the-existential-american-university.html>, accessed 17 November 2024.

of the head of the office, to the dislike of Azerbaijan.¹⁵ Notably, Azerbaijan also used its veto to prevent the prolongation of the OSCE Office in Yerevan in 2017.¹⁶

As for US engagement with Armenia, Speaker Nancy Pelosi's visit¹⁷ to Yerevan in September 2020 is the most conspicuous. It took place at the beginning of the 44-day war, but was likely a scheduled visit and not any impromptu manoeuvring. However, the visibility effect of this visit was obvious and, to a certain extent, it heralded in a new era of closer relations between Yerevan and Washington DC. In the aftermath of the 44-day war, the US invited Armenia and Azerbaijan to talks, but Azerbaijan declined due to US "biased remarks." However, the US has hosted a number of meetings later, despite Azerbaijan's preference for Russia as a mediator.¹⁸ At the time of drafting the US had just hosted an MFA-level meeting on 26 September 2024.¹⁹

US Assistance

In terms of direct aid to the three countries, the US has had a differentiated approach. Georgia has been the favourite among the three, receiving considerable development aid as well as comprehensive security assistance. Armenia has received generous aid, but cooperation in the security sphere was still limited due to Armenia's close cooperation with Russia. Assistance to Azerbaijan was severely restricted after its blockade of Armenia since the early 1990s. In response to this blockade against Armenia, the famous section 907

¹⁵ "US brinkmanship closed OSCE office in Baku, claim diplomats" Euractiv, 9 June 2015. URL: <https://www.euractiv.com/section/armenia/news/us-brinkmanship-closed-osce-office-in-baku-claim-diplomats/>, accessed 17 November 2024.

¹⁶ "Closure of the OSCE Office in Yerevan" US Mission to the OSCE, 4 May 2017. URL: <https://www.osce.org/files/f/documents/7/a/320881.pdf>, accessed 17 November 2024.

¹⁷ "Visit to Armenia by Congressional Delegation Led by Speaker of the U.S. House of Representatives Nancy Pelosi" US Embassy in Armenia, 17 September 2020. URL: <https://am.usembassy.gov/nancy-pelosi-visit/>, accessed 17 November 2024.

¹⁸ Expert interview 12 October 2024.

¹⁹ "Press release following the meeting between the Foreign Ministers of Armenia and Azerbaijan, hosted by the U.S. Secretary of State held in New York" Armenian Ministry of Foreign Affairs, 26 September 2024. URL: https://www.mfa.am/en/press-releases/2024/09/26/Mirzoyan_Bayramov/12860, accessed 17 November 2024.

of the Freedom Support Act²⁰ resulted in Azerbaijan becoming the only Soviet successor state not to receive aid for facilitating economic and political stabilization. After 11 September 2001, however, the US instituted a presidential waiver each year, allowing assistance that was deemed in US interest.²¹ Regardless, Azerbaijan received considerably less in assistance from the US compared to Georgia and Armenia.

The last figures that are fully reported on the USAID homepage were from 2022. That year Georgia received 128 million USD in foreign assistance from the US. The biggest component by far was military aid, that year reaching 35 million USD. For Armenia, the sum of US assistance was 45 million USD and the largest component support to the justice sector, comprising 3.9 million. To Azerbaijan, the same figure is a humble 15 million USD, and the largest component was response to the pandemic, some 3.3 million USD.²² The 2023 figures may be quite similar, but for 2024 we can expect Armenia to take the top position, while Georgia, the way things are going at present, may even get less than Azerbaijan. Importantly, in relation to GDP none of the three countries is dependent on aid.

Trade

In trade U.S. goods exports to Georgia in 2022 were 1.2 billion USD. U.S. goods imports from Georgia totalled 341 million USD in 2022. U.S. foreign direct investment (FDI) in Georgia (stock) was 49 million USD in 2022. U.S. goods exports to Armenia in 2022 were 183 million USD. U.S. goods imports from Armenia totalled 81 million USD in 2022. U.S. foreign direct investment (FDI) in Armenia (stock) was 4 million USD in 2022. U.S. goods exports to Azerbaijan in 2022 were 187 million USD. U.S. goods imports from

²⁰ “Section 907 of the Freedom Support Act” ICC Legal Tools. URL: <https://www.legal-tools.org/doc/892c51/pdf/>, accessed 17 November 2024.

²¹ “Extension of waiver of section 907 of the Freedom Support Act” Federal Register. URL: <https://www.federalregister.gov/documents/2022/07/05/2022-14190/extension-of-waiver-of-section-907-of-the-freedom-support-act-with-respect-to-assistance-to-the>, accessed 17 November 2024.

²² United States Agency for International Development (USAID). URL: www.usaid.gov, accessed 16 November 2024.

Azerbaijan totalled 175 million USD in 2022. U.S. foreign direct investment (FDI) in Azerbaijan (stock) was 748 million USD in 2022.²³

Country	US Goods Exports	US Goods Imports	US FDI Stock
Georgia	1,200 million	341 million	49 million
Armenia	183 million	81 million	4 million
Azerbaijan	187 million	175 million	748 million

Figure 1: US Trade with the South Caucasus in 2022 (in mlns USD)

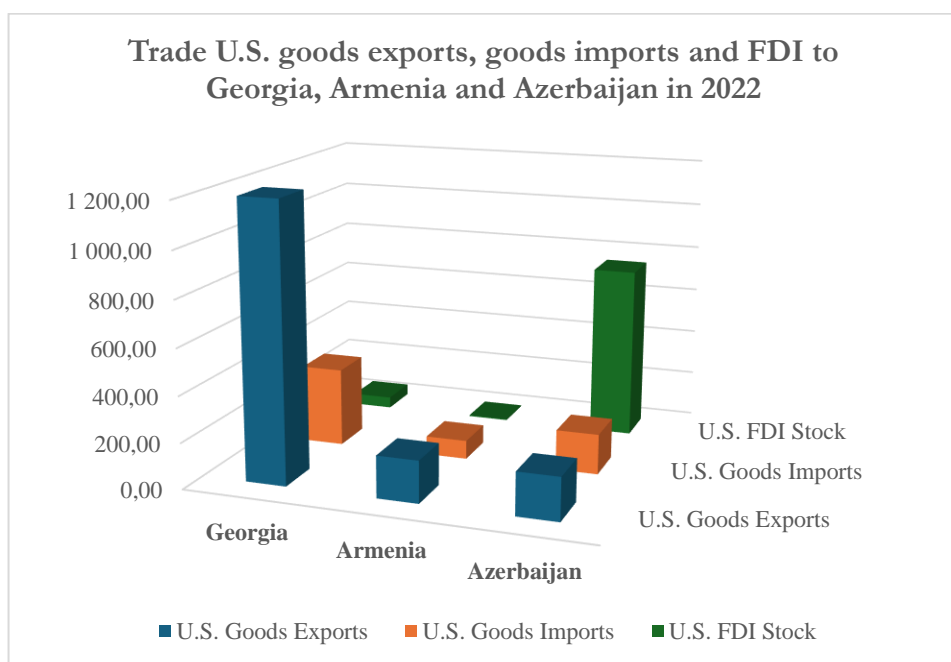


Figure 2: US trade with the South Caucasus (in mlns USD)

²³ Office of the United States Trade Representative. URL: www.ustr.gov, accessed 16 November 2024.

Key features of the graph:

- Georgia has the highest bar for U.S. Goods Exports at \$1,200 million.
- Azerbaijan has the highest bar for U.S. FDI Stock at \$748 million.
- Armenia has the lowest bars across all three categories.
- Georgia's U.S. Goods Exports bar is significantly higher than its other two bars.
- Azerbaijan's U.S. FDI Stock bar is notably higher than its export and import bars.

The visualization above allows for easy comparison of the trade and investment relationships between the U.S. and these three countries, highlighting Georgian imports from the US and Azerbaijan's significant U.S. foreign direct investment in 2022. The risks of any disconnect in trade between the US and Georgia would of course be asymmetric, as the US in the last years rank among Georgia's top four trading partners' imports, but Georgia does not even make it into the US top 30 partners. US imports from Georgia are also negligible. Looking at the trade figures for 2022. We note that Armenia is the least significant. But more importantly is that the trade relations are asymmetric. Any of the three countries stand more to lose than the US if trade and investment from the US would cease. While at the same time, they comparatively stand to lose more in trade from a disconnect with Russia. Below are the equivalent figures for 2022 with Russian trade and FDI:

Country	RF Goods Exports	RF Goods Imports	RF FDI Stock
Georgia ²⁴	1,83 billion	642 million	71 million
Armenia ²⁵	2,45 billion	2,36 billion	697 million

²⁴ The Observatory of Economic Complexity, URL: <https://oec.world/en/profile/bilateral-country/rus/partner/geo>, accessed 1 November 2024 (Trade figures) and National Statistics Office of Georgia preliminary figures for FDI 2022. URL: <https://www.geostat.ge/media/52039/Foreign-Direct-Investments-2022-and-Q4-2022-%28Preliminary%29.pdf>, accessed 1 November 2024.

²⁵ The Observatory of Economic Complexity, URL: <https://oec.world/en/profile/bilateral-country/arm/partner/rus>, accessed 1 November 2024 (Trade figures) and Lloyd's Bank. URL: <https://www.lloydsbanktrade.com/en/market-potential/armenia/investment>, accessed 1 November 2024 (FDI figure).

Azerbaijan ²⁶	2.52 billion	974 million	518 million
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Figure 3: RF trade with the South Caucasus (in USD)

Russia's full-scale invasion of Ukraine in 2022 contributed to an influx of capital from the RF, generating a surge in both growth and trade with Russia for all three countries,²⁷ a factor which likely has affected primarily Georgia's assessment of their interest.

	2017	2018	2019	2020	2021	2022*
TOTAL	1 990.5	1 351.5	1 352.2	589.8	1 241.8	2 000.0
of which:						
United Kingdom	249.0	183.3	237.5	303.1	603.6	428.3
Spain	5.8	-3.5	-3.1	2.9	14.4	367.0
United States	79.1	105.0	115.7	98.5	16.4	163.9
Netherlands	356.2	211.6	92.9	206.8	138.3	145.7
Ireland	0.2	3.2	133.2	0.2	1.1	120.9
China	19.4	76.0	44.7	-35.4	-28.1	108.5
Türkiye	256.2	49.2	169.7	79.9	100.0	106.5
Czech Republic	131.7	77.7	18.3	-6.3	80.8	86.4
Russia	52.4	83.8	62.9	42.2	75.5	71.0
Japan	18.4	4.8	39.5	6.5	4.3	68.7
Other countries	822.2	560.4	440.6	-108.4	235.6	333.1

*Preliminary data.

Figure 4: Major investors in Georgia, 2022 (in mlns USD)²⁸

²⁶ The Observatory of Economic Complexity, URL: <https://oec.world/en/profile/bilateral-country/rus/partner/aze>, accessed 1 November 2024 (Trade figures). Data on Russian FDI in Azerbaijan from Caspian Policy Center, quoting the Central Bank of Azerbaijan. URL: <https://www.caspianpolicy.org/research/economy/2022-fdi-in-the-caspian-region>, accessed 1 November 2024.

²⁷ See for example: Tinatin Akhvlediani. "The EU and the South Caucasus: Geoeconomics at Play" Carnegie Europe, 2 October 2024. URL: <https://carnegieendowment.org/research/2024/10/the-eu-and-the-south-caucasus-geoeconomics-at-play?lang=en¢er=europe>, accessed 17 November 2024.

²⁸ National Statistics Office of Georgia preliminary figures for FDI 2022. URL: <https://www.geostat.ge/media/52039/Foreign-Direct-Investments-2022-and-Q4-2022-%28Preliminary%29.pdf>, accessed 1 November 2024.

While trade sanctions on Georgia are not something that is discussed, Georgia's pivot (or diversification of foreign relations) to Russia and China raises the spectre of a disconnect from international financial institutions and from Western investors. Looking at FDI overall for Georgia, note above the key financial relations not just to the US, but with the UK, Netherlands et al. Here is my key point in studying the risks of disconnect: The West may lose a strategic partner in Georgia, while Georgia may lose its access to Western capital and the global financial system based on the USD and the dominant international financial institutions. A very indicative example of Georgia's financial pivot away from the West is the projected deep seaport in Anaklia. The original winner of the tender the Anaklia Development Consortium had both US and EU investors, but Georgian regulators cancelled the bid, reissued the tender which was then won by a consortium dominated by the Chinese government.²⁹

In 2023, risks of a Georgian disconnect from international financial institutions became very real. The Georgian National Bank refused to comply with US sanctions on the Russian-linked oligarch and former prosecutor Otar Partskhaladze. Questioning the independence of Georgia's National Bank, the IMF froze its support program to the Georgian government.³⁰ The fact of a Georgian pivot away from the West is not disputed. An attempt to explain the reasons and contributing factors constitutes a more serious analytical task. No evidence whatsoever has been presented supporting the narrative from Georgian government officials of conspiring "Global War Party" attempting to drag Georgia into war with Russia. However, the perception of Western powers meddling in Georgian politics does have a grain of truth in it. Since the violent demonstrations in June 2019 and ensuing political crisis, mediators from the US as well as the EU and Council of Europe began to take on a new more proactive role in Georgian domestic politics.³¹

²⁹ Roubanis, Ilya. Mamuka Khazaradze: "Anaklia Becomes a Chinese Port" *Caucasus Watch*, 5 August 2024. URL: <https://www.caucasuswatch.de/en/interviews/mamuka-khazaradze-anaklia-becomes-a-chinese-port.html>, accessed 1 November 2024.

³⁰ Shoshiashvili, Tata. "Resignations at Georgian National Bank after Partskhaladze asset freeze revoked" *Open Caucasus Media*, 20 September 2023. URL: <https://oc-media.org/resignations-at-georgian-national-bank-after-partskhaladze-asset-freeze-revoked/>.

³¹ See for example: "Georgian government reaches agreement with opposition over 2020 election" *OC Media*, 9 March 2020. URL: <https://oc-media.org/georgian-government-reaches-agreement-with-opposition-over-2020-election/>, accessed 17 November 2024.

However, the true and full rationale behind Georgia's pivot away from the West may never be fully explained. Observers largely agree that the major policy decisions all come from Bidzina Ivanishvili. Another well-established fact is the long running trust dispute between Ivanishvili and Credit Suisse as well as Ivanishvili's long record of doing business in Russia.³² Georgia has reported a rocketing economic growth with an influx of capital from Russia after its invasion of Ukraine. In summary, short of a full explanation of why Georgia pivoted East, the aforementioned circumstances point in the direction of business interests of Ivanishvili being intertwined with the economic interests of Georgia.

What Is Next?

Humble analysts recall the words of the American baseball legend Yogi Berra: "It's hard to make predictions, especially about the future."³³ As the mercurial Donald Trump prepares to take office in January 2025, he inherits cool but functional relations with Azerbaijan, Armenia as a new darling and Georgia as a new pariah. Notably, Georgia has more to lose than the US does in the gradual disconnect that is appearing between the two countries. Furthermore, a potential withdrawal of the totality of US and EU trade and investment to Georgia should make the GD-government nervous.

Clearly a reset within the South Caucasus has taken place. But when we assess the various external influences that compete with US interest, we in the expert community are perhaps focussing too much on Russia's role in the Caucasus, when we should be looking south to Iran and the Middle East. The US still faces difficulties in countering both Russia and Iran. Reminded that Armenia is much more than a "post-Soviet state" note that US-Armenian relations are affected by the latter's proximity to Iran.

³² Gutbrod, Hans. "Macbeth im Kaukasus: Allmacht und Einsamkeit – Bidzina Iwanischwilis georgischer Traum" *Lettre International*, LI 146, Fall 2024. URL: https://www.lettre.de/beitrag/gutbrod-hans_macbeth-im-kaukasus, accessed 17 November 2024.

³³ University of Pennsylvania. "Linguistic humor, Yogi Berra, Sayings and ripostes" URL: <https://www.ling.upenn.edu/~beatrice/humor/yogi-berra.html#:~:text=It's%20hard%20to%20make%20predictions,everybody%20was%20talking%20too%20much>, accessed 17 November 2024.

In general, we can expect that a disconnect in one foreign policy vector is naturally followed by attempts to achieve connections with other stakeholders. When the West leaves, China, India, Pakistan, Saudi-Arabia and Gulf States move in. We need to be conscious of this with every sanction we impose and with every leader we uninvite from a diplomatic function. In summary, the US may and should continue to leverage its key position in the global financial markets to influence the South Caucasus. Both Republicans and Democrats will want to contain the influence and power projection of Russia, Iran as well as China. With the continued GD government in Georgia and now Trump in the White House, US-Georgian relations may develop a dynamic resembling the pragmatic and business-oriented relations that the US enjoys with Azerbaijan. Having started this analysis in a humble manner, I will last allow myself to speculate that the Trump administration, going after China, could be ready to restore cordial relations and support to Georgia if the latter tears up the current Chinese stake in the Anaklia port project and again invites US companies to this strategic project. Time will tell.

Status Quo – Too Vague, Too Indecisive

Shalva Džebisashvili

The European Union's approach to the EAP-countries was based on a double-track model, i.e. to offer a European perspective politically (once democratic governance is provided) and "embrace" the respective countries in a number of issue-areas such as trade, communication, energy, transport, education etc. in a more technical manner (checkbox principle).

The emphasis on economic and other "soft" areas of cooperation, allows the EU to have different, i.e. tailored approaches to every country of the South Caucasus region and prevents it from developing a truly long term strategic (Marshall) plan towards the region.

Challenges

This strategy however contained a significant deficit especially critical for the post-soviet countries neighboring Russia. Similar to NATO, the EU-accession process does not foresee the security (defence-and deterrence) dimension of the membership, i.e. no additional effective security mechanism is provided to candidate countries to deter Russia from aggressive actions, and thus secure the membership process itself.

Hence, a strong incentive is provided to Kremlin either to threaten the candidate country and force it to slow down, if not stop completely the EU-integration process, or to use the military power, invade the targeted country and de-facto block the integration process. Effectively, every decision made in Brussels that speeds up the membership and makes it a near perspective, increases the chances of Russia's violent reaction (aggression).

While facing the threat of the Russian reprisals and being not able to compensate the increased risks of escalation by additional security guarantees from the EU, the South Caucasus countries are forced to accommodate their policies with the existing realities. This makes the task of the domestic democratic consolidation not only challenging but almost impossible. Furthermore, it opens

a space for the massive use of hybrid warfare tools by Kremlin to undermine the political system, destroy civic activism and social coherence and control key sectors of economy.

The ruling party in Georgia (Georgian Dream – GD) has fully embraced the Kremlin's disinformation and propaganda tools and moves rapidly towards establishing a fully authoritarian state mimicking Belarus, and openly showing its pro-Russian sentiments. The only factor it is still forced to take into account is the vast majority of the Georgian society (over 80%) firmly willing to become a part of the European family and actively defending its interests on the streets.

Way Out – The EU's Marshall Plan for the South Caucasus

Several competing narratives are resurfacing now that all have the ambition to define the nature and character of the developments in the South Caucasus. For instance, some argue that the idealistic picture of the European perspective must be seriously corrected and brought down to harsh regional realities, in which the interests of regional superpowers such as Turkey, Iran and Russia must be given priority (e.g. 3+3 format). The idea that the EU was or is no longer interested in the region, and therefore Armenia, Georgia and Azerbaijan are on their own and forced to cooperate on the basis of regional (South Caucasus) identity is not new. However, it asks for more clarification of the notion – identity, and its composing elements such as the value system, socio-cultural aspects or even common economic linkages. As long as the mentioned clarification is not provided, the appeal of enhancing regional cooperation based on the shared identity remains very hollow.

The fact is that, by effectively eliminating the major apple of discord, that is the Karabakh dispute, the South Caucasus countries can fully relaunch the internal regional cooperation efforts. However, unlike in the post WWII situation in Europe, South Caucasus lacks the strong security mechanisms, that would mitigate internal disputes and more importantly, deter and diffuse external military threats. Georgia, specifically, is in a very shaky position, in which it enjoys close to zero external security guarantees (unlike Azerbaijan and Armenia) and is most vulnerable in terms of military force and capabilities. Given the looming possibility of the negotiated ceasefire in Ukraine in 2025, the risk of a renewed Russian military pressure on Georgia becomes very acute.

From this perspective the South Caucasus regional security cannot be arranged without a significant foreign contribution, multilateral (EU, NATO), bilateral (US, GER, UK, TUR etc.) or in a form of a *concert of nations* (GEO-ARM-AZE/3+ format). Apart from the potential (though very distant) US-contribution, which is not the subject of the analysis for the moment, the very possible Turkish engagement as the major security provider (and deterrent to Russia) cannot be considered as realistic, without the strong backing of other NATO-countries and the fear in Ankara to face Kremlin alone in a possible crisis scenario. On the other side the EU's security approach to the region must be based on a comprehensive strategic vision and understanding of the benefits and losses.

There are not many choices. Either EU slows down its current (very deficient) but still policies towards the Post-soviet area and by that effectively allows Kremlin to create a consolidated belt of pro-Russian proxies, which will undermine Europe's very security now and in the future by encouraging pro-Russian and anti-EU forces and creating more disunity in the union (with the respective domino like consequences). Or it fights back as a geopolitical player and power and ensures both: security and democracy in its periphery. The strong reference to the idealistic picture of future EU-membership perspective should not be translated into unrealistic measures. EU's engagement in the South Caucasus region must be based on a kind of revised *Marshal Plan* for the region, in which Georgia is given strong guarantees for its security and EU-membership. However, the second pillar of this plan must include a qualitatively new push for a stronger intraregional cooperation between three regional countries in a manner similar to Europe after 1945. Interconnectivity to the EU must naturally accommodate more shared regional interests, and integrational efforts in economy, finances, trade, transport and communication (logistical hub) as well as science and education. The European Marshal Plan for the South Caucasus can in fact be an inter-and intraregional cooperation with the strong foothold in Georgia and extensive proliferation of European policies and standards far exceeding the mere function of a technical standardization agency.

Azerbaijan's Foreign Policy Amid Regional Geopolitical Reshuffling: Disconnection with the West?

Vasif Huseynov¹

Introduction

Eurasia is passing through a remarkably transformative period against the background of intensifying geopolitical confrontation between the major powers. The South Caucasus is not an exception. The present geopolitical dynamics and power balance in this region are today rather different from those that existed just a couple of years ago. These developments shape the foreign policy strategies of the regional countries, including that of Azerbaijan.

Over the past few months, Azerbaijan's security landscape and foreign policy have undergone significant developments. Following the unexpected and premature withdrawal of Russia's peacekeeping mission from Karabakh in April 2024, another notable milestone in the country's foreign policy occurred in August 2024, when Baku formally applied for BRICS membership (Apa.az, August 20, 2024). BRICS is an intergovernmental cooperation platform comprising Brazil, Russia, India, China, and South Africa, along with four new members – Egypt, Ethiopia, Iran, and the United Arab Emirates. This announcement followed Azerbaijan's initial plan to join the bloc, revealed in the China-Azerbaijan joint declaration on establishing a strategic partnership, adopted by the two countries' leaders on July 3 during the Shanghai Cooperation Organization (SCO) Summit in Astana. The declaration highlights Azerbaijan's intent to join BRICS and emphasizes China's support for this initiative (President.az, July 3, 2024).

Thus, Azerbaijan has joined a list of more than 30 countries seeking membership in the bloc. Most notably for Baku, Türkiye, Azerbaijan's closest security ally, has also expressed interest in joining. While the declaration of

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intent is significant in terms of these countries' foreign policy orientations and warrants closer scrutiny, Azerbaijan's full membership is not anticipated in the near future. Notably, Azerbaijan was not among the thirteen countries granted partner status – the first step before full membership – at the BRICS summit held in Kazan, Russia, from October 22 to 24, 2024.

This application, nevertheless, surprised many observers, as Azerbaijan has traditionally been recognized as a successful example of balanced and neutral foreign policy. In response, Azerbaijani government representatives were quick to clarify that Baku's BRICS membership bid does not signal a departure from its commitment to multilateralism and balanced approach in foreign policy.

Despite this, alongside the *rapprochement* between Azerbaijan and the “East,” there has been a deterioration in Azerbaijan's relations with the West, particularly with the United States. This shift has been influenced by several factors, including the growing anti-Azerbaijani rhetoric from the US officials, especially following Azerbaijan's anti-terror measures in Karabakh against the Armenian separatist entity in September 2023. Additionally, the re-imposition of sanctions against Azerbaijan under the 907 Amendment, after more than 20 years of waivers, and the negative impact of the Russia-West confrontation on Azerbaijan's relations with the US have contributed to the strain. In July, President Aliyev expressed frustration over the challenges in the US-Azerbaijan relations, criticizing the Biden administration for what he called “unrealistic demands” from Azerbaijan (President.az, July 20, 2024). His comments followed a statement by James O'Brien, an Assistant Secretary of State, who asserted that the US wanted the Zangezur corridor to be opened without Russian involvement, noting that Washington seeks to use this corridor to reduce Central Asian dependence on Russia and China (Radar.am, June 27, 2024).

We've also seen growing tensions with the European Union. In October 2024, the European Parliament adopted another resolution criticizing Azerbaijan, urging the European Commission to reconsider its energy cooperation with Azerbaijan due to both political issues and Armenia-Azerbaijan relations (Europarl.europa.eu, October 23, 2024). Unlike previous, more restrained responses, a European Commission official, the European Social Rights Commissioner, also openly criticized Baku (Politico.eu, October 23,

2024). Tensions between Azerbaijan and the European Union escalated following Azerbaijan's September 2023 operations in Karabakh. While all European countries recognize Karabakh as part of Azerbaijan, many political circles within these countries criticized Azerbaijan's use of force in efforts to restore its sovereignty over the region. This led to several setbacks in relations between Azerbaijan and the West, including the suspension of Azerbaijan's participation in the Parliamentary Assembly of the Council of Europe in January 2024 (Coe.int, January 25, 2024).

These developments raise questions about the future of Azerbaijan's foreign policy stance. Is Azerbaijan drifting away from the West toward alignment with Russia and China? Can the above-mentioned developments be characterized as an upcoming disconnection between the West and Azerbaijan, at least in geopolitical terms?

This article is an attempt to shed light on the ongoing shift in the region and ensuing adjustments in Azerbaijan's foreign policy. It aims to provide a comprehensive understanding of Azerbaijan's foreign policy course based on the statements of the Azerbaijani leaders and the publications of the country's expert community. It is argued that Azerbaijan is avoiding any alignment with one power bloc against the other and as such seeking to pursue balanced partnership with all great powers without comprising the country's independence and sovereignty. The article also aims to develop policy recommendations for the foreign policy executives, who are considered in this article as the heads of governments and foreign ministers in the European Union and the United States. These recommendations are designed to raise awareness about the security challenges Azerbaijan, and likewise other countries of the South Caucasus, are facing and the security concerns they have.

Problems in Azerbaijan's Relations with Its Western Partners

The disagreements between Azerbaijan and the country's Western partners have been caused by multiple reasons. It is no coincidence that the relationship between the two sides deteriorated dramatically following Azerbaijan's liberation of Karabakh in September 2023 that resulted in the collapse of the Armenian separatist regime. Despite the fact that the Karabakh region is internationally recognized as part of Azerbaijan, and Baku had strived

to peacefully de-occupy this region for three decades, some political circles in the West criticized Azerbaijan for the use of force against the separatist regime and sought to take punitive measures.

It was a shock to the Azerbaijani people that the United States began to reimpose sanctions on Azerbaijan under the 907 Amendment to the Freedom Support Act of 1992. The amendment, adopted on October 24, 1992 at the initiative of the pro-Armenian political groups (Ambrosio 2001: 146), bars the United States from offering assistance to Azerbaijan unless Baku takes “demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabakh” (Congress.gov, October 24, 1992). The United States has granted annual waivers for this amendment since 2002. That year, Baku permitted Washington to use its territory to supply the US troops in Afghanistan.

In November 2023, in the aftermath of Azerbaijan’s anti-terror measures against the separatist regime in the Karabakh region (September 19–20, 2023), the United States announced that Washington would reconsider its relations with Azerbaijan. Speaking during “The Future of Nagorno-Karabakh” hearing of the House Foreign Affairs Committee, Subcommittee on Europe on November 15, US Assistant Secretary of State James O’Brien stated that it cannot be business as usual with Azerbaijan without significant progress in the peace talks:

We’ve cancelled a number of high-level visits, condemned [Baku’s] actions, and [cancelled] the 907 waiver. We don’t anticipate submitting a waiver until such time as we see a real improvement in the situation. (YouTube, November 15, 2023)

O’Brien’s statement stirred ire in Baku. The Azerbaijani Foreign Ministry responded, “It turns out that the US side has always considered the support of Azerbaijan as occasional, while it should be remembered that history has always repeated itself.” The government ministry also reminded Washington of Azerbaijan’s numerous contributions to the US counterterrorist efforts following 9/11 (Mfa.gov.az, November 16, 2023).

The Azerbaijani government has long considered the 907 Amendment a major setback in Azerbaijani-US relations. Baku has consistently criticized the measure because it was adopted when Azerbaijan, not Armenia, was under occupation. Farid Shafiyev, chairman of the Baku-based Center for Analysis

of International Relations, recently posted on X (formerly Twitter), “Let’s recall that the 907 amendment was adopted on 24 October 1992 – the year when the Azerbaijani city Shusha was occupied by Armenian forces” (X.com, November 16, 2023).

In parallel, the calls for more sanctions against Azerbaijan were heard from multiple sources – largely driven by the pro-Armenian political groups (Armenpress.am, October 3, 2024). For instance, in early October, sixty congressmen of the United States sent a bipartisan letter to the State Department calling for the US leadership in holding Azerbaijan “accountable for committing war crimes, taking hostages and illegally occupying Armenian territory” (Anca.org, October 3, 2024). This raised many questions why these politicians and officials in the United States and other Western countries never condemned Armenia and never called for holding it accountable when Yerevan forcibly displaced more than 700,000 Azerbaijanis at gunshot and kept the country’s internationally recognized territories under occupation for three decades. These double standards further widened the gap between Azerbaijan and the West with immediate effect on Baku’s calculations in foreign policy (Azertag.az, October 5, 2024).

We’ve also seen tensions between Azerbaijan and the European Union. In October 2024, the European Parliament adopted another resolution criticizing Azerbaijan, urging the European Commission to reconsider its energy cooperation with Azerbaijan due to both political issues and Armenia-Azerbaijan relations (Europarl.europa.eu, October 23, 2024). However, unlike previous, more restrained responses, a European Commission official, the European Social Rights Commissioner, joined the statement of the European Parliament criticizing the Azerbaijani government for alleged human rights situation in the country in October 2024 (Politico.eu, October 23, 2024).

Such a harmful approach by the European External Action Service (EEAS) and the European Parliament has long ago proved to be ineffective and leading nowhere, does nothing but complicate the Azerbaijan-European relations,

said Azerbaijan’s Ministry of Foreign Affairs in its response (Apa.az, October 23, 2024).

The deterioration of relations were intensified by geopolitical factors. One major issue in this context is related with the instrumentalization of the regional transportation corridors for geopolitical purposes. The United States has made it clear that Washington expects Azerbaijan to support the Western initiatives to reduce dependency of the Central Asian states on Russia and China by providing an alternative transportation passage along its territory and Zangezur corridor (EDM, July 9, 2024). The United States views the establishment of peace between Armenia and Azerbaijan in a larger geopolitical perspective characterizing it as a vital piece in the efforts to reduce dependency of Armenia and Central Asia on Washington's opponents.

In June 2024, James O'Brien, Assistant Secretary of State of the United States, stated it clearly at the House Foreign Affairs Committee. The countries of Central Asia "now export to the world either through China or Russia. To find an alternative, they have to go through Azerbaijan," he said, adding that the road through Azerbaijan and Armenia (also known as Zangezur corridor) can provide an alternative, and a "potentially much larger" one, to the existing route through Georgia (Radar.am, June 27, 2024). He emphasized that there is a need for a peace treaty between Armenia and Azerbaijan in order to operationalize the new road. "We are clear with President Aliyev that it is time for peace, and it is not only the issue of Azerbaijan but the entire region and Central Asia," Deputy Secretary stated.

The importance for the Armenia-Azerbaijan peace treaty for the connectivity across the region was underscored also by Secretary Blinken at a conversation on the US Foreign Policy at the Brookings Institution on July 2. A peace agreement can create "a tremendous opportunity for economic connectivity, for economic growth, for connecting countries both east, west, north, and south. Azerbaijan has a critical role to play in that," said the US's top diplomat (Azertag, July 2, 2024). Earlier, on November 15, 2023, Deputy Secretary O'Brien had said that the transit corridor through Armenia should be built with the "involvement and consent" of Armenia, while pointing out that the "transit corridor created some other way, by force or involvement of Iran will... be met with a strong reaction" (EDM, November 27, 2023).

Thus, the United States does not support the Aras Corridor project of Azerbaijan and Iran, that would create an alternative to the Zangezur corridor

through the territory of Iran (EDM, January 10, 2024). The USA opposes also the involvement of the Russian Federal Security Service's (FSB) Border Guard Service in the Zangezur corridor as a party to exercise "control over transport" as envisioned by the trilateral [Russia, Armenia, and Azerbaijan] statement of November 10, 2020 (EDM, April 15, 2024).

In May 2024, Armenia's Prime Minister Nikol Pashinyan reiterated his opposition to the involvement of Russia saying that the November 2020 statement stipulates that "the monitoring of transport communication is provided by the Russian Federation" (News.am, May 7, 2024). He added that this

does not in any way mean that Russia should be on the ground because one of the ways to exercise that monitoring is that, for example, Armenia may regularly report that communication is secured; that is, the agreement is fulfilled.

Pashinyan's statement seems to be at odds with the wording of the trilateral statement which states that "Control over transport shall be exercised by the bodies of the Border Guard Service of the Federal Security Service (FSB) of Russia" (President.az, November 10, 2020).

The intensification of the geopolitical dimensions of the peace process in such a confrontational mode and the potential implications of a peace treaty to the regional power dynamics have seriously complicated the peace treaty perspectives between Baku and Yerevan as well. This is one of the reasons, if not the most fundamental reason, why the two countries have so far failed to sign a peace treaty. As the US officials acknowledge, it is not only a matter of the Armenia-Azerbaijan relations and is viewed externally as an issue that can have a critical impact on the larger rivalries between the United States and its geopolitical foes.

Azerbaijan, traditionally an advocate of maintaining balance between great powers and as such pursuing multilateralism, is rather reluctant to take a role in these risky adventures. The hopes of the United States for Azerbaijan's cooperation in the Western efforts to use the Middle corridor and Zangezur corridor against Russia and China were, therefore, characterized as "unrealistic demands" by the Azerbaijani president. It is clear that such an adventurous move of the Azerbaijani government would place the country in an overt confrontation with Russia and China with dangerous consequences for the country's security.

Disconnection with the West?

To begin with, it is important to highlight the geographic constraints within which Azerbaijan's foreign policy operates. Sandwiched between Russia to the north and Iran to the south, Azerbaijan faces significant challenges that shape its foreign policy considerations. In this context, the West has consistently been, throughout the entire post-Soviet period, a crucial counterbalancing partner for Azerbaijan. Large-scale energy projects such as the Baku-Tbilisi-Ceyhan oil pipeline and the Southern Gas Corridor would not have been possible without the support of the United States. President Aliyev has explicitly acknowledged this on numerous occasions (President.az, May 3, 2023).

These dynamics remain unchanged today. In Baku, there is a clear understanding that severing ties with the West would jeopardize Azerbaijan's independence and risk its gradual submission to the influence of other powers. Therefore, abandoning its hard-won sovereignty and independence would be an irrational course of action for Azerbaijan.

However, Baku finds itself in a precarious situation affected by the transactional character of the US foreign policy, the anti-Azerbaijani statements and actions of the West, and, last but not least, the implications of the growing geopolitical confrontation across the region. The disregard by the Western powers to the three-decades long occupation of the internationally recognized territories of Azerbaijan and the refusal of the Armenian side to resolve this conflict peacefully has created a rather toxic atmosphere for the relations between the sides. In parallel, the "unrealistic demands" from Azerbaijan to support the Western efforts to curb the regional influence of Russia and China have not been welcomed in Baku.

Thus, Azerbaijan expects the United States, NATO, and the EU to adopt a more realistic and just foreign policy that acknowledges Azerbaijan's concerns, threats, and limitations. Azerbaijan's foreign policy over the past several years has demonstrated that Baku neither seeks to fall under the influence of any single power nor wishes to be used as a pawn in broader geopolitical rivalries. Committed to its traditionally balanced approach, Azerbaijan's leaders and experts envision the South Caucasus as a bridge between major powers, leveraging its geostrategic position for the benefit of all regional

countries. Baku reaffirmed this commitment in April 2024 when, to the surprise of many observers, it successfully terminated Russia's peacekeeping mission in the Karabakh region (EDM, April 22, 2024). This marked a historic milestone for Azerbaijan: for the first time in over 200 years, there are no foreign troops stationed on Azerbaijani soil. Moreover, Azerbaijan has now become the only country in the Eastern Partnership region without any external military forces present on its territory, underscoring its dedication to sovereignty and independence, as well as its success in foreign policy.

Hence, Azerbaijan does not see its membership to BRICS and close partnership with Russia, China, and Central Asian countries as a departure from the cooperation with the West.

Close partners of the United States, like India and United Arab Emirates, are members of BRICS which clearly shows that this bloc is not strictly an anti-Western, but more a movement that promotes multilateralism in international relations,

said Farid Shafiyev, Chairman of the Center of Analysis of International Relations (AIR Center), a Baku-based political think-tank founded by the government of Azerbaijan (EDM, October 16, 2024). According to Mahur Gasimov, head of the Department of Analysis and Strategic Research at Azerbaijan's Foreign Ministry, BRICS' principles of multilateralism and inclusiveness align with Azerbaijan's overall objectives (Aircenter.az, April 8, 2024).

Thus, if admitted as a full member, Azerbaijan's position is likely to align more with that of India and Brazil who reject the attempt of Russia and China to transform BRICS into an anti-Western bloc (Foreignaffairs.com, September 24, 2024). This position of Azerbaijan is also affected by the country's economic interests. Economy is often noted as another area that encourages Baku's application for BRICS membership. It is estimated that BRICS+, the informal name given to the organization after the admission of Egypt, Ethiopia, Iran and the United Arab Emirates, now represents 37.3% of the global GDP – more than double that of the European Union, which stands at 14.5% (Europarl.europa.eu, March 15, 2024). This makes the organization an attractive economic centre for developing countries.

Azerbaijani experts believe that the country's participation within this bloc would enhance the country's trade relations with other member states and draw more investments to Azerbaijan (Bakuresearchinstitute.org, September

9, 2024). Located on the crossroads of major transportation corridors including the International North-South Transportation Corridor and the Middle Corridor, the closer cooperation within the BRICS is believed to make contributions to Azerbaijan's economy, in particular, the country's efforts to alleviate its dependency on oil and gas revenues and get access to the investments of New Development Bank, a multilateral development bank of BRICS (Bakuresearchinstitute.org, September 9, 2024).

While the BRICS members constitute around 20 percent of Azerbaijan's total trade turnover, the Azerbaijan's partners in the West, including Israel and Türkiye, make approximately 80 percent (Azernews.az, August 24, 2024). This is the reason why it is not surprising that Azerbaijan has sought to expand diplomatic engagements with EU member states over the past two years. Within the first ten days of May, Baku hosted two European leaders, from Slovakia and Bulgaria, resulting in the signing of significant agreements aimed at enhancing and broadening bilateral relations.

On 6 May, Slovakia's Prime Minister Robert Fico paid a visit to Azerbaijan for the first time in his political career. The sides signed important agreements in the course of this visit which opened a new chapter in the relations between Azerbaijan and Slovakia. Slovakia has become the 10th member of the EU with which Azerbaijan signed declaration on strategic partnership (President.az, May 7, 2024). Azerbaijan has earlier launched strategic partnership with Romania (2011), Croatia (2013), Italy (2014), Hungary (2014), Czech Republic (2015), Bulgaria (2015), Poland (2017), Latvia (2017) and Lithuania (2017). This constitutes more than one-third of the EU members and provides a good basis for the relations between the sides.

The energy sector remains a key area of cooperation in Azerbaijan's relations with the EU. "Azerbaijan currently exports its natural gas to eight countries, and I hope that Slovakia will be the ninth", said President Aliyev in his press conference with Prime Minister Fico in Baku. One major step in this direction was made in April 2023, when Azerbaijan signed a document called "Solidarity Ring" with Bulgaria, Hungary, Romania and Slovakia. The document envisages the expansion of the gas network in Eastern Europe for the delivery of the Azerbaijani gas to other members of the EU. This initiative is based on the Declaration of strategic partnership between the EU and Azerbaijan in the field of gas and energy, that was signed in July 2022 and envisions the increase

of the Azerbaijani gas exports to the EU from 12bcm to 20bcm by the end of 2027. “I believe we will achieve this goal”, President Aliyev said confidently in the press conference with the Slovakian premier.

That said, Azerbaijan expands bilateral engagement with many other members of the European Union. On April 28, President Aliyev gave similar messages during his visit to Berlin, where he met German leaders and discussed various avenues for the deepening of relations. This approach in relations has proved to be productive also with the Eastern European countries. It is quite telling that Bulgaria’s President Rumen Radev arrived in Baku for an official visit hours before the departure of the Slovakian leader. A joint declaration on Strengthening Strategic Partnership between the two countries was signed during this visit on May 8.

We are meeting for the fourth time in the last period. Our political dialogue at the highest level creates a good base. This cooperation contributes to Europe’s energy security. Azerbaijan has become an important decisive partner for Bulgaria in the field of energy,

stated President Radev in his joint press conference with President Aliyev. Energy is, however, not the only key domain of cooperation, anymore. Today, there are multiple economic and geopolitical interests that necessitate closer ties between the EU and Azerbaijan.

Conclusion

The analysis presented in this article demonstrates that Azerbaijan’s foreign policy is rooted in a pragmatic approach shaped by the country’s geopolitical realities. Sandwiched between regional powers such as Russia and Iran, Azerbaijan has consistently employed a strategic balancing act to maintain its sovereignty and independence while engaging constructively with the global community. This paper underscores that Azerbaijan’s multilateral efforts do not constitute a rejection of Western partnerships; rather, they reflect a calculated attempt to navigate the competing interests of global and regional actors, ensuring the nation’s autonomy and stability. In this context, adjusting the policies of Western actors to the realities of a region influenced by the presence of Russia and Iran would contribute to fostering deeper ties between the three South Caucasus countries and their Western partners, without jeopardizing stability in the region.

One pivotal step for Western policymakers is addressing the long-standing issue of the 907 Amendment to the US Freedom Support Act. This provision, which conditions the US assistance to Azerbaijan on demonstrable steps regarding the resolution of its conflict with Armenia, has long been viewed as an unfair and outdated constraint. The amendment fails to reflect the realities on the ground and continues to hinder trust between Azerbaijan and the United States. Its repeal would serve as a critical confidence-building measure, signalling Washington's commitment to a balanced and forward-looking relationship. This gesture would not only recognize Azerbaijan's sovereignty but also acknowledge its vital role in bolstering global energy security and contributing to international counterterrorism efforts.

Moreover, Western countries must adopt a more nuanced and realistic approach to regional connectivity initiatives. Azerbaijan occupies a pivotal position in Eurasian transportation and energy networks, notably the Middle Corridor, which links Europe and Asia via the South Caucasus. While the West may view such projects as instruments to counter the influence of Russia and Iran, an overly confrontational or prescriptive approach risks alienating Azerbaijan and destabilizing the region. Instead, Western engagement should focus on inclusive and pragmatic collaboration that aligns with the strategic priorities of the South Caucasus states. Supporting the Middle Corridor in a manner that respects their geopolitical sensitivities would enhance its role as a bridge between East and West, fostering regional integration and mutual benefit without exacerbating tensions with neighbouring powers.

This recalibrated Western approach requires a shift in priorities. Engagement with Azerbaijan should not demand rigid alignment against regional actors but rather encourage constructive partnerships that address shared challenges, such as energy diversification, trade facilitation, and regional security. Recognizing the agency of the South Caucasus countries and respecting their independent foreign policy choices will enable the West to build a stronger, more sustainable relationship with Baku, Yerevan, and Tbilisi. In doing so, the West can support a stable South Caucasus that contributes to broader regional peace and cooperation while advancing its own strategic interests.

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Geopolitical Dynamics in the South Caucasus and Implications for Armenia¹

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The Transformation of the Global Order

The collapse of the Soviet Union and the end of the Cold war ushered in a Unipolar world, called by some experts as Unipolar Moment.³ This era was marked by the primacy of the US, and by hopes about the inevitable spread of liberal democracy and market economy. The “third wave of democratization” in late 20th century and the enlargement of the EU and NATO in the early years of the 21st century seemed to confirm those trends in international relations. However, since the mid-2000s, debates have started among experts and academic community about the end of the unipolar world, and transformation of the world order in a more complex era.⁴ The growing economic might of China and Russia’s new leadership criticism of the US – led international order, epitomized by President Putin now famous speech during the Munich Security Conference of 2007, were the signs of upcoming changes in international relations. The geopolitical turbulences, such as the Arab Spring and Ukraine crisis of 2014, have deepened disagreements among key actors of international relations.

In 2017, the US administration under the President Trump put forward the concept of Great Power Competition as the primary feature of the geopolitics. The Trump administration included this concept in the December 2017

¹ Parts of the contribution have already been published in the following publications: Analysis: China and the South Caucasus, <https://www.commonspace.eu/analysis/analysis-china-and-south-caucasus>, Implications of the US Presidential Elections for the South Caucasus, <https://mirrorspectator.com/2024/11/19/implications-of-the-us-presidential-elections-for-the-south-caucasus/>, Parliamentary Elections in Georgia: Why Do They Matter for Armenia?, <https://mirrorspectator.com/2024/10/30/parliamentary-elections-in-georgia-why-do-they-matter-for-armenia/>.

² Chairman, Center for Political and Economic Strategic Studies.

³ Charles Krauthammer, The Unipolar Moment, <https://www.foreignaffairs.com/articles/1990-01-01/unipolar-moment>.

⁴ Fareed Zakaria, The Post-American World, 2008.

US National Security Strategy⁵ and US National Defence Strategy,⁶ declaring Russia and China as revisionist powers and competitors of the US. The start of the US – China trade war brought the concept of great power competition into the economic realm, while the war in Ukraine in 2022 has brought Russia – West relations to their lowest point since the height of Cold war in late 1950s and early 1960s.

The Biden administration declared the struggle between democracies and authoritarian states as the key feature of the 21st century geopolitics, adding this notion in March 2021 “Interim National Security Strategic Guidance” and in 2022 National Security Strategy.⁷ In September 2023 the US Secretary of State Antony Blinken declared the end of the post-Cold War era.⁸ Some experts argue that there is an emerging alliance of non-Western countries led by Russia and China, which wants to disrupt the US – led international order. Meanwhile, Russia, China and other states speak more loudly about the necessity to establish a multipolar world, and organizations such as BRICS take central stage in this process.

Thus, the unipolar world is fading away, and we are amid the transition to a new world order, which will be characterized by more players, more competition, rivalry and conflicts.

Recent Developments in the South Caucasus

The region of the South Caucasus is located between Russia, Iran, and Türkiye and lays on the transit routes connecting Europe with Central Asia, and China, Russia with Middle East, and Russia with Southeast Asia. After the collapse of the Soviet Union, the region opened itself to the world, with Türkiye, Iran, the United States, and later the EU and Israel entering the geopolitical game. Until the 2020 Nagorno-Karabakh war, there were two primary forces competing

⁵ US National Security Strategy, December 2017, <https://trumpwhitehouse.archives.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>.

⁶ Summary of the US National Defense Strategy, <https://dod.defense.gov/portals/1/documents/pubs/2018-national-defense-strategy-summary.pdf>.

⁷ US National Security Strategy 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>.

⁸ Antony Blinken: The Post-Cold-War Era is Over, <https://washingtondc.jhu.edu/news/antony-blinken-the-post-cold-war-era-is-over/>.

in the region – Russia, which had a strategic alliance with Armenia, and deployed its military base and border troops there, and Türkiye via a strategic partnership with Azerbaijan and Georgia.⁹ The US supported this trilateral cooperation, viewing it as a tool to restrict Russia's influence.

The 2020 Nagorno Karabakh war, the start of Russia – Ukraine war in 2022, and the military takeover of Nagorno Karabakh by Azerbaijan in 2023 have upended the regional *status quo*. Since February 2022 Russia has been focused on Ukraine and had limited resources to influence the developments in the region. Türkiye has provided significant support to Azerbaijan prior and during the 2020 Nagorno Karabakh war, which resulted in significance increase of Türkiye's presence in Azerbaijan. After Russia's and CSTO's failure to adequately react against Azerbaijan's incursion into Armenia proper in September 2022, Armenia started its foreign policy diversification, establishing a close defence partnership with India, and expanding its cooperation with the US, the EU, and France.

The US and the EU have increased their engagement in the region, by taking an active role in facilitating Armenia – Azerbaijan negotiations through the Brussels and Washington platforms. In April 2024 the US and the EU agreed to provide joint support to Armenia.¹⁰ The EU granted a candidate status to Georgia in December 2023 and then halted the accession process in June 2024, as a response to adoption of Law on transparency of foreign influence. On October 30, 2024, the European Commission published its annual accession report for Georgia,¹¹ which did not recommend opening accession talks with Georgia.

Azerbaijan continues to cultivate its strategic partnership with Israel in such sensitive areas, as energy, military procurement, and cyber security. Azerbaijan,

⁹ Trabzon Declaration of The Ministers Of Foreign Affairs Of The Republic Of Azerbaijan, Georgia And The Republic of Turkey, 08 June 2012, Trabzon, https://www.mfa.gov.tr/trabzon-declaration-of-the-ministers-of-foreign-affairs-of-the-republic-of-azerbaijan_-georgia-and-the-republic-of-turkey_-08-june-2012_-trabzon.en.mfa.

¹⁰ Joint EU-US-Armenia High Level Meeting in Support of Armenia's resilience, https://neighbourhood-enlargement.ec.europa.eu/news/joint-eu-us-armenia-high-level-meeting-support-armenias-resilience-2024-04-05_en.

¹¹ Georgia Report 2024, https://neighbourhood-enlargement.ec.europa.eu/georgia-report-2024_en.

Türkiye's and Pakistan launched a strategic partnership, and military ties continued to grow. Thus, the South Caucasus has become an arena of coinciding and conflicting interests of various players, adding new layers of complexity for Armenia, Azerbaijan, and Georgia to navigate the uncharted waters of the transition to a new world order.

China, a New Player in the Pitch

China is a relatively new player in the South Caucasus but has growing interests, particularly in the economic domain. While Beijing established diplomatic ties with Armenia, Azerbaijan, and Georgia in the early 1990s, it largely stayed out of the region's geopolitics.

Chinese economic ties with the South Caucasus began to grow in the early 2000s, driven by the rapid expansion of its economy. Interest in the region deepened after President Xi Jinping announced the Belt and Road Initiative in 2013, with the South Caucasus envisioned as a potential land route connecting China to Europe.

According to World Bank data, between 2005 and 2018 Chinese trade turnover with Armenia, Azerbaijan, and Georgia surged by approximately 2,070%, 380%, and 1,885%, respectively.¹² Investments have since increased significantly, though unevenly, across the region.

Since the early 2000s, China has significantly increased its investments in the South Caucasus, but these have yet to be distributed equally. Armenia has attracted the lowest level of Chinese investment among the three nations. Still, bilateral trade continues to grow: in the first nine months of 2024, trade between Armenia and China reached \$2.08 billion – a 34.7% increase from 2023.¹³ The launch of direct flights between the two countries in September 2024 further underscores their expanding economic ties.

¹² US Should Keep an Eye on Rising Chinese Investment in the South Caucasus, <https://www.russiamatters.org/analysis/us-should-keep-eye-rising-chinese-investment-south-caucasus>.

¹³ Armenia-China trade has increased by about 35%, Chinese diplomat says, https://news.am/eng/news/852024.html#google_vignette.

In Azerbaijan, Chinese investment has concentrated on natural resources, infrastructure, and transit. By 2019, Chinese companies had invested more than \$800 million in Azerbaijan's economy, with Azerbaijani companies investing \$1.7 billion in China, according to Shahin Mustafayev, Azerbaijan's then Minister of Economics.

China has made significant investments in Georgia, particularly in ground transportation. In 2017, the Beijing-headquartered Asian Infrastructure Investment Bank provided \$114 million to build a bypass around Batumi, facilitating international transit at a strategic location near the Black Sea. The Hualing Group, a prominent Chinese investor, has also developed large-scale projects, including residential areas near the Tbilisi Sea, the Tbilisi Sea Plaza shopping mall, and a free industrial zone in Kutaisi. A 2017 free trade agreement between Georgia and China has further boosted trade and investment.

China's engagement with the South Caucasus has deepened in the last two years. Georgia signed a statement on strategic partnership with China in July 2023 focused on four domains – political, economic, people to people and culture, and international.¹⁴ The two sides reaffirmed their respect for all countries' sovereignty, independence, and territorial integrity, and Georgia firmly adhered to the One China principle. Both sides expressed readiness to facilitate mutual investment and trade and promote cooperation in transportation, communications, infrastructure modernization, development and strengthening of the Trans-Caspian International Transport Corridor ("Middle Corridor"), digital technologies, manufacturing, upgrading and expansion of railway networks, agriculture and food safety, and water resources. Georgia awarded the construction of a new deep seaport in Anaklia to a Chinese consortium in 2024.

Azerbaijan followed suit, signing a joint strategic partnership statement with China in July 2024.¹⁵ In the statement, the sides affirmed their com-

¹⁴ Full text: Joint Statement of the People's Republic of China and Georgia on Establishing a Strategic Partnership, http://ge.china-embassy.gov.cn/eng/xwdt/202308/t20230807_11123383.htm.

¹⁵ Xi says China, Azerbaijan upgrade bilateral relations to strategic partnership, https://english.www.gov.cn/news/202407/04/content_WS6685cb22c6d0868f4e8e8d48.html.

mitment to mutual respect for territorial integrity and sovereignty; Azerbaijan firmly supported the One China principle, recognized the existence of only one China in the world, that Taiwan was an inalienable part of Chinese territory, and firmly opposed “Taiwan independence” in any form. Both sides agreed to promote projects in transport and communications, green energy, processing and manufacturing, infrastructure, the digital economy, and agriculture. At the same time, China expressed its readiness to actively participate in constructing and operating the Middle Corridor.

China’s increased interest in Central Asian, trans-Caspian, and South Caucasus routes is not just about economic efficiency – shortening cargo transportation time. At the heart of China’s interest in the South Caucasus is geography. The region offers a strategic link between China and Europe, mainly through the Middle Corridor. China formally joined the Middle Corridor in 2024, and the China Railway Container Transport Corporation contributed to its development. This alignment is part of a broader strategy to diversify trade routes and mitigate risks from potential instability elsewhere. The Middle Corridor – extending from China through Kazakhstan, the Caspian Sea, the South Caucasus, and Türkiye – provides Beijing with a critical alternative to traditional sea routes, and the Northern Corridor through Russia, which faces geopolitical and logistical challenges.

China’s growing involvement in the South Caucasus remains primarily driven by economic and infrastructure projects with less emphasis on regional geopolitics, though recently we saw the increase in military cooperation between China and Azerbaijan as the Azerbaijani minister of defense visited China in October 2023. The Main Directorate of International Military Cooperation of the People’s Liberation Army of China delegation visited Azerbaijan in June 2024. While China lags Russia, Türkiye, Iran, the European Union, and the United States in shaping the geopolitics of the South Caucasus, this may change as the global order shifts from a unipolar to a multipolar structure.

Georgia’s 2024 Parliamentary Elections

On October 26, 2024, parliamentary elections were held in Georgia. Long before election day, they were called the most crucial Georgian elections since the 2003 Rose Revolution. Opposition parties presented the election

as a choice between Russia and Europe, while the ruling Georgian Dream Party described it as a choice between peace and war. In both cases, geopolitics played a significant role.

The opposition accused the Georgian Dream of steering Georgia away from European integration. At the same time, the government claimed that the opposition sought to open a second front against Russia, transforming Georgia into another Ukraine. Georgian Dream even displayed posters on Tbilisi streets contrasting images of a peaceful Tbilisi with war-ravaged Ukrainian cities.

Recent actions by the Georgian government, including the passage of a law on transparency of foreign influence and an anti-LGBT propaganda law, have strained Georgia's relations with the West. The European Union halted the accession process and cancelled funding from the European Peace Facility, while the United States imposed sanctions on several Georgian officials. The opposition used these developments to allege that the ruling party sought closer ties with Russia. Meanwhile, Georgian Dream leaders attributed anti-Georgian actions to an unspecified "Global War Party."

The elections occurred amid positive developments in the Georgian economy, which saw substantial growth in 2022, 2023, and the first half of 2024, largely driven by Russian migration and re-exports to Russia. The government cited this economic growth to justify its strategic decision not to join anti-Russian sanctions, arguing that it had ultimately raised living standards for Georgians, which, it said, was the government's primary responsibility.

According to the Georgian Central Election Commission, Georgian Dream won the election with about 54% of the vote. Four opposition blocks won more than 5% of the vote, the threshold for achieving representation in Parliament. The Coalition for Change, composed of former leaders from the United National Movement (the former ruling party), received 11%. Unity to Save Georgia, led by the United National Movement, won about 10%. Strong Georgia, led by Lelo for Georgia, won nearly 9%, while For Georgia, led by former Prime Minister Giorgi Gakharia, took close to 8%.¹⁶ The official results showed that Georgian Dream's share was slightly lower than

¹⁶ Official Results of 2024 Vote: What They Show, <https://civil.ge/archives/631386>.

Gorbi exit polls commissioned by the pro-government Imedi TV. The official results contrasted sharply with exit polls from HarrisX (for the pro-opposition Mtavari Arkhi TV) and Edison Research (for opposition-leaning Formula TV), which projected the opposition as winners.

All four opposition groups that entered Parliament refused to recognize the election results. President Salome Zurbishvili, a critic of the Georgian Dream, also refused to acknowledge the results, alleging large-scale election fraud, and called for a protest rally on October 28, which brought thousands in front of the parliament building.

The joint observation mission from the Organization for Security and Co-operation in Europe (OSCE)'s Office for Democratic Institutions and Human Rights, the OSCE Parliamentary Assembly, the Parliamentary Assembly of the Council of Europe, the NATO Parliamentary Assembly, and the European Parliament reported irregularities during the election campaign, noting that the process was marred by an uneven playing field, pressure, and tension, although voters had a wide choice.¹⁷ Former President Joe Biden expressed his alarm at the democratic backsliding in Georgia, saying that Georgia's October 26 parliamentary elections were marred by numerous recorded misuses of administrative resources as well as voter intimidation and coercion, and calling on the Georgian government to conduct a transparent investigation into the election irregularities.¹⁸ Former Secretary of State Antony Blinken supported calls from both international and domestic observers for a full investigation into election-related violations. He expressed specific concerns about the pre-election environment and underscored the need for transparency in the electoral process.

Former European Council President Charles Michel called on the Central Election Commission and other bodies to investigate all election-related violations. He urged Georgia's leaders to reaffirm their commitment to Eu-

¹⁷ Georgia's elections marred by an uneven playing field, pressure and tension, but voters were offered a wide choice: international observers, <https://www.osce.org/odihr/elections/georgia/579376>.

¹⁸ Statement from President Joe Biden on Democratic Backsliding in the Country of Georgia, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/10/29/statement-from-president-joe-biden-on-democratic-backsliding-in-the-country-of-georgia/>.

ropean integration. On October 28, 2024, ministers from 13 European Union member countries issued a joint statement condemning all violations of international norms for free and fair elections, sharing the observers' concerns, and calling for an impartial investigation and remedies for the confirmed violations.

Meanwhile, late on October 26, 2024, the Hungarian prime minister, Viktor Orban, congratulated the Georgian government on its victory, with congratulations from Azerbaijan's president and Armenia's prime minister following on October 27.¹⁹ Prime Minister Orban arrived in Georgia on October 28 and met with the Georgian prime minister on October 29. Türkiye's and UAE's presidents also congratulated the prime minister of Georgia.

The new Georgian parliament convened its first session on, November 25, 2024, which was boycotted by opposition. On November 26, 2024, Georgia's Central Election Commission (CEC) has annulled the electoral lists of three of four opposition groups – Coalition for Change, Unity-National Movement, and Strong Georgia – upon their request.²⁰

Following the elections, Georgia entered a political crisis, recalling the post-election unrest of the 2020 parliamentary elections, when all opposition parties that crossed the threshold refused to take their seats in Parliament. At that time, a compromise was reached through mediation by Charles Michel. The stakes are higher now, and geopolitics plays a more critical role. Although future developments are uncertain, the Georgian Dream appears positioned to retain power for the next four years.

Developments in Georgia are of utmost importance for Armenia. First, Georgia is Armenia's primary gateway for trade with the world, as roughly 70% of Armenia's exports and imports pass through Georgia. Georgia also

¹⁹ Prime Minister Pashinyan sends congratulatory message to the Prime Minister of Georgia, <https://www.primeminister.am/en/congratulatory/item/2024/10/27/Nikol-Pashinyan-Congratulations/>.

²⁰ Georgian Central Election Commission annuls electoral lists of three of four opposition groups, <https://oc-media.org/georgian-central-election-commission-annuls-electoral-lists-of-three-of-four-opposition-groups/>.

provides Armenia with a land route to Russia and access to the Black Sea. Thus, any long-term political instability destabilizing Georgia could affect Armenia's economy.

Beyond economic ties, Georgia's foreign policy direction and its relations with the West are critical for Armenia. Yerevan is pursuing a policy of foreign diversification, deepening cooperation with the EU and the US. This includes signing the New Partnership Agenda with Brussels in early 2025 and transforming the US-Armenia strategic dialogue into a strategic partnership. However, with Russia-West relations at their lowest since the Cold War and Iran-West relations tense, Armenia's success in strengthening ties with the West depends on the regional balance of power.

Should relations between Georgia and the West continue to deteriorate – and if other regional players such as Russia, Türkiye, Azerbaijan, and Iran oppose greater Western engagement – this could complicate Armenia's cooperation with the West and force Yerevan to adjust its foreign policy.

Implications of the 2024 US Presidential Elections

As the US presidential elections approached, pundits and politicians worldwide sought to predict the outcome and explore scenarios for US foreign policy under Kamala Harris or Donald Trump. This was unsurprising: Despite the end of the unipolar world order and significant shifts in the global balance of power, the United States remains the superpower capable of global influence. The South Caucasus was no exception, as pundits debated the potential implications of the election results for the region. The uncertainty ended on November 5, as Donald Trump secured his return to the White House in January 2025.

What might the South Caucasus expect from Trump's second presidency? To address this, it is crucial to examine the region's potential role in US foreign policy under his administration. The South Caucasus was notably absent from Trump's pre-election foreign policy agenda, aside from Trump's statement on X, where he condemned Harris for doing "nothing as 120,000 Armenian Christians were horrifically persecuted and forcibly displaced in

Artsakh” and promised to restore peace between Armenia and Azerbaijan.²¹ Two issues were central to his last campaign – the Russia-Ukraine War and escalating tensions between Iran and Israel – and they could significantly shape future geopolitical dynamics.

One of Donald Trump’s key foreign policy promises has been to end the war in Ukraine, though he did not disclose how he intended to achieve this. Such an outcome would likely require some form of understanding with Russia. If President Trump succeeds, it could significantly affect the South Caucasus. The war of attrition in Ukraine has consumed nearly all of Russia’s resources, limiting its ability to influence developments in the South Caucasus. It has also driven Russia-West relations to their lowest point since the Cold War, triggering confrontation and making the reduction of Russia’s regional influence a cornerstone of US policy.

This conflict has also elevated the roles of Azerbaijan and Türkiye in Russia’s strategy. Ankara facilitates Russian imports of Western goods. Azerbaijan provides access between Iran and Russia with the International North-South Transport Corridor and probably enables the selling of Russian oil and gas disguised as Azerbaijani products to Europe.²²

These dynamics – Russia’s constrained capacities and strengthened ties with Azerbaijan and Türkiye – have shifted the regional balance of power. They emboldened Azerbaijan to launch an offensive against Nagorno-Karabakh in September 2023, leading to the forced displacement of Armenians and the dissolution of the self-proclaimed republic. Meanwhile, US-Russia tensions have turned Armenia-Azerbaijan negotiations into another geopolitical rivalry and competition arena.

Suppose President Trump succeeds in ending the war in Ukraine and reaching an agreement with Russia. In that case, Moscow will likely redirect resources to the post-Soviet space, including the South Caucasus. This could

²¹ Trump Condemns “Forcible Displacement” Of Karabakh Armenians, <https://www.azatutyun.am/a/33171862.html>.

²² Europe’s Azerbaijan gas gambit is good news for Russia, <https://subscriber.politico.pro.com/article/eenews/2024/11/22/europes-azerbaijan-gas-gambit-is-good-news-for-russia-00190895>.

also reduce US efforts to curb Russian influence in the region, a key factor behind the Biden Administration's engagement. In such a scenario, Russia might resume – or more actively pursue – its role as the main mediator in Armenia-Azerbaijan negotiations. Additionally, Moscow might pressure Azerbaijan to deepen cooperation and join the Eurasian Economic Union. Armenia could face demands to realign its foreign policy, potentially limiting its expanding ties with the European Union and the United States, including the upgrade of the status of the US-Armenia bilateral dialogue to a strategic partnership commission, which was agreed during the US-Armenia Strategic Dialogue Capstone meeting in June 2024.²³

Russia is also likely to push more for implementing Article 9 of the November 10, 2020, statement that ended fighting in the Nagorno-Karabakh conflict, securing its presence along transit routes connecting Azerbaijan to Nakhichevan and Türkiye via Armenia. In Georgia, Russia appears content with the foreign policy of the ruling Georgian Dream Party, which won the October 2024 parliamentary elections and is expected to remain in power through 2028. This could lead to stronger Russia-Georgia economic relations and even discussions on the future of the South Ossetia/Tskhinvali region. It remains to be seen whether Russia would back the regional 3+3 format or instead seek to assert itself as the dominant regional power while curbing the influence of Türkiye and Iran.

If President Trump fails to end the war in Ukraine and fighting continues into 2025 and beyond, the balance of power in the South Caucasus is unlikely to change significantly. Trump's policy toward Iran presents another potential challenge for the region. A return to his "maximum pressure" strategy would likely lead the US to push Armenia to scale back economic ties with Iran while encouraging closer Azerbaijan-Israel cooperation against Tehran. This campaign could further weaken Iran's economy, reducing its ability to influence South Caucasus geopolitics or uphold its "red lines," including preserving border integrity and blocking the "Zangezur corridor." Azerbaijan might then exploit the situation, attempting to open the corridor through Armenia forcibly.

²³ Joint Statement on U.S.-Armenia Strategic Dialogue Capstone, <https://www.state.gov/joint-statement-on-u-s-armenia-strategic-dialogue-capstone/>.

Alternatively, if the US and Iran negotiate a new deal to replace the 2015 Joint Comprehensive Plan of Action, Iran's influence in the South Caucasus could grow as Tehran gains greater resources. This scenario might enable Armenia to expand its economic cooperation with Iran and position itself as a gateway for European and American companies entering the Iranian market. Additionally, a US-Iran agreement could open the door for Armenia to pursue defence collaboration with Iran without facing a backlash from Washington.

Given President Trump's prioritization of US economic interests, security concerns, and national sovereignty over broader values such as promoting democracy and human rights (another significant impetus for Biden's South Caucasus foreign policy), a reduction in US funding for civil society, rule of law initiatives, and democratic reforms can be expected. This could negatively affect civil society organizations in the region.

While the South Caucasus may not rank high among US foreign policy priorities under Trump, American policies on the Russia-Ukraine War, Iran, and democracy promotion could significantly reshape regional geopolitics. Armenia must prepare for various scenarios under Trump's presidency while maintaining engagement with the new administration.

Conclusion

As the world order moves on from unipolarity, the South Caucasus has become a microcosm of the emerging post-unipolar world, reflecting regional and global powers' competing and overlapping interests. Strategically located along emerging transit routes connecting Europe with India and China and Russia with the Middle East and Southeast Asia, the region faces two potential futures: one of fragmentation, fault lines, and conflicts, or one of cooperation, where the region could serve as a bridge and a platform for strategic convening.

Turning Risks of Economic and Political Disconnection to Strategic Opportunities in South Caucasus

Svetlana A. Ikonnikova¹ and Sofia A. Berdysheva²

Historical Context

Historically, the concept of regional connectivity, particularly in the South Caucasus, has been examined from a diversity of analytical perspectives, leading to varied interpretations and risks analysis depending on the context and the parties considered. The existing analyses encompass examinations of transport and transit infrastructure connections, international economic relationships including trade and investments, and geopolitical ties (Gafarlı et al., 2016; De Waal, 2021; Smolnik, 2023). The choice of a perspective for analysis has frequently been influenced by the preceding events and developments, such as civil or military conflicts, international trade or resource management disputes, and episodes of political instability.

After the dissolution of the Soviet Union in 1991, the South Caucasus region split up into three independent states, Georgia, Azerbaijan, and Armenia. Each of these nations has faced significant political and economic challenges, which have often been exacerbated and prolonged by domestic and regional conflicts. These conflicts have been further complicated by the increasing external interference of geographical neighbours who are gaining prominence on the global political stage. The South Caucasus nations are strategically located at the critical crossroads connecting Europe, with its growing presence in NATO, Asia, dominated by the economically and militarily rising China, the Middle East, which is seeking new connections and partnerships, and Russia, driven by geopolitical ambitions (Fig. 1).

The region's strategic position within the East-West and South-North transport corridors underscores its potential to become a recognized economic hub with increasing political importance. By integrating into global supply chains, the South Caucasus nations could significantly boost their

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² Ibidem.

economies. However, domestic and internal regional conflicts have threatened this positive vision. The territorial conflicts between Armenia and Azerbaijan, as well as between Georgia and Russia, have disrupted transport flows across the Armenian-Turkish and Armenian-Azerbaijani borders, rendering shorter and more cost-effective communication routes impassable. These disruptions have also put economic relationships with major external partners, such as China and EU countries, into question (Ahmadli, 2017; Meister, 2021; Neset et al., 2023).



Figure 1. South Caucasus region, with Georgia, Azerbaijan, and Armenia located at the crossroads of Europe, Asia, Middle East, and Russia (Source: *Own elaboration*).

Besides those conflicts, the development of inter-regional and Europe-directed fossil energy supplies and infrastructure investments has been surrounded by uneasy relationships and fierce discussions. Debates over the sharing of financial benefits, especially from natural gas supply and transit, among Azerbaijan, Iran, Turkey, and Georgia have been exacerbated by the shifting balance of geopolitical influence in the region. Studies examining the changing balance of political and economic power among Turkey, Iran, and Russia indicate that these nations are inclined to employ not only diplomatic and economic, but also military means to secure their interests (Aras et al., 2017; Golmohammadi & Azizi, 2022; Markedonov, 2018). The contentious nature of energy politics and territorial influences in the region lead to geopolitical and economic rivalries with coalition formations and risks of disconnections.

The South Caucasus region has been repeatedly destabilized by territorial disputes, notably in South Ossetia, Abkhazia, and Nagorno-Karabakh, which have impeded regional integration and hindered economic growth. The outbreak of the Russia-Ukraine war has reactivated these “frozen conflicts” and drawn actors, such as the Gulf nations and China, into the regional dynamics (Sirbiladze, 2024).

The region’s strategic geographical position and resource endowments suggest it could play a crucial role in new supply chains, financially and environmentally favorable trade routes that bypass Russia, and clean energy initiatives aligned with the net-zero agenda, as highlighted during the COP 29 meeting in Baku. Yet, the perceived risks of disconnection and disruptions made investors drag their feet and underinvest.

The complex historical dynamics, the multifaceted nature of regional connectivity, and the multi-stakeholder perspective all contribute to the complexity of discussions regarding the future of the South Caucasus. However, by shifting the focus to the opportunity costs and incentives for a better future, it is possible to appreciate the region’s potential on the global economic and political arena. Regional conflicts have necessitated research on the physical disruptions to transport routes, rather than the value added by regional stability and potential economic relationships. The territorial disputes, coupled with developments related to fossil energy supplies, have fuelled geopolitical studies that highlight the dangerous shifts in regional influences. Despite these challenges, investments in clean energy, such as hydrogen or renewable energy for clean railroad transport, can stimulate closer regional cooperation with the support of key external beneficiaries, including the EU and China.

Refocusing on the region’s geographical position in new supply chains and trade routes, particularly in the context of the net-zero agenda, can illuminate new pathways to stability and prosperity. The South Caucasus’s strategic location makes it a potential transit hub, connecting Europe, Asia, and the Middle East. Expanding the integration into the Trans-Caspian Corridor could stimulate economic growth and reduce dependence on Russia (Valiyeva, 2022; Wrobel, 2023).

In summary, the political development in South Caucasus since the dissolution of the Soviet Union and the outbreak of the Russia-Ukraine war has been characterized by a multitude of conflicts and external influences. And while the ongoing efforts towards stability and regional integration have not all been successful, it is essential to consider not only risks but also the opportunities for the region in the evolving global agenda. In this context, the presented analysis aims to provide more information for understanding the region's potential.

Risks of Disconnection Versus Connection Opportunities

The South Caucasus region is characterized by a complex interplay of powers, and understanding their controls and ambitions is crucial for grasping the risks and opportunities faced by the region. With Georgia pursuing EU membership, Azerbaijan expanding its geopolitical maneuvering with Russia and the Middle East, and Armenia seeking new partners to rebalance its role, several major coalitions are actively engaged in the politico-economic landscape of the region.

Major Players and Their Roles

Historically, Russia has dominated the South Caucasus, influencing both the economic and political development of the region. Russia has been a significant supplier of energy to the countries in the South Caucasus, particularly natural gas, which is critical during winter months. Additionally, Russia imports agricultural goods, minerals, and metals from these countries. This positive trade balance has enabled Russia to maintain a pivotal role and significant bargaining power in the region.

Looking for expansion of its economic presence, Russia got involved in the Belt and Road Initiative (BRI) with further hopes for expanding its influence in the region and globally. The BRI aimed to benefit Russia by facilitating the import of affordable goods from Asia and positioning Russia as a critical energy supplier not only for the EU but also for China (Gafarlı et al., 2016; Huseynov, 2023). However, the sanctions imposed in 2014 following the annexation of Crimea and those introduced after the 2022 invasion of Ukraine have significantly curtailed these ambitions, reversing many of the dependencies that had been established.

Unable to access European markets, Russia has redirected its trade efforts towards the former Soviet Union republics and impartial Middle Eastern countries. Notably, the north-south connection has been expanding at a faster rate than the east-west connection.

An examination of the United Nations international trade statistics reveals that, prior to the COVID-19 pandemic, the value of goods, including energy, exchanged between China and European countries via the Trans-Caspian transport corridor was approximately \$3 trillion (Fig. 2). However, in 2023, this trade has seen only a slight increase due to the disruptions caused by sanctions imposed on Russia.

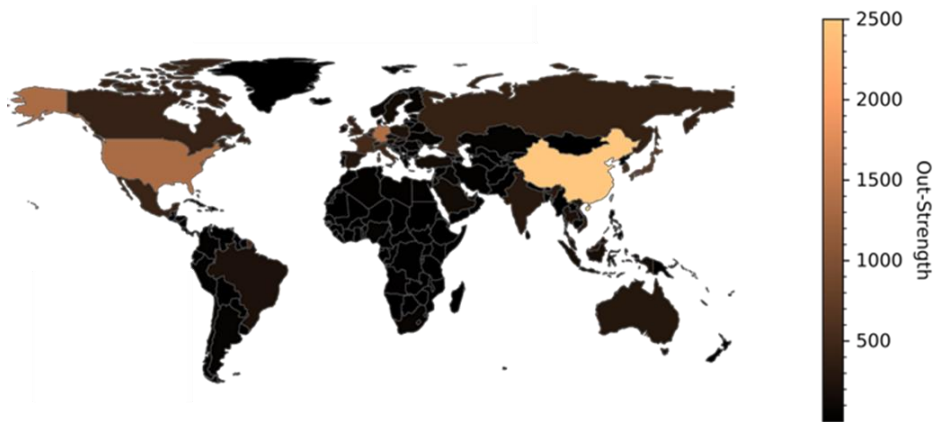


Figure 2. The distribution of out-going trade flows, out-strength, in 2019 (Source: *Own elaboration* based on UN Comtrade data).

In contrast, the export and re-export volumes from the Middle East through the South Caucasus region in the direction of Russia have increased significantly, reaching nearly \$2 trillion. This surge in trade is allegedly aimed at compensating Russia for its losses in trade with European countries. Despite this, the import flows from Russia to the Middle East have remained relatively small. This shift sheds light on the strategic adaptation of Russia's trade in response to economic sanctions, highlighting the growing importance of alternative trade routes and partnerships, particularly those involving the Middle East and the South Caucasus region.

Driven by the new realities, interests in the North-South Transport Corridor, which runs through Azerbaijan and Iran, have prompted Russia to plan significant investments in railway infrastructure. These investments are aimed at securing access to the Persian Gulf, India, and broader Asian markets, a goal that has become vital given the current geopolitical context. This strategic move is underpinned by the dwindling trade flows between the EU and Russia, which have been offset by the growing trade flows from the south to the north. This shift highlights Iran and Middle Eastern countries as a new pivotal group with vested interests in regional connectivity. Hence, in addition to Russia and the EU, the Middle East has emerged as a significant economic and political power with substantial interests in the region.

Another nation nurturing its ambitions to increase its strategic footprint in the South Caucasus is China. The void left by Russian goods and the continuous economic growth have led the EU and China to consider expanding their trade through this region. The South Caucasus, situated on the direct line between key Western destinations and Asian production hubs, presents a unique opportunity for a shorter and more cost-effective trade route. The region's mild climate and the availability of expandable infrastructure, such as low greenhouse gas emission railroad transportation, are particularly favourable in the context of the net-zero agenda. Moreover, this route would complement existing sea routes, allowing China to diversify its connectivity with Europe, enhance its bargaining position, and hedge against climate or other risks.

These considerations have led China to sign recent agreements with Azerbaijan and Georgia, aiming to expand the Middle Corridor and thereby enhance East-West trade. The Middle Corridor, part of the broader Belt and Road Initiative, is seen as a critical component in China's strategy to strengthen its economic ties with Europe while mitigating potential risks associated with traditional trade routes.

South Caucasus in the Global Trade Network

In summary, the historical position of the South Caucasus nations on the crossroads between Europe and Asia has helped them solidify their role and value for both Western and Eastern trade partners, apart from Russia. The interdependency formed through trade has translated into political bargaining power. In this context, the ability to keep the route functional has become

increasingly important. As Russia's relationship with Europe has deteriorated, its relationship with the South Caucasus nations has evolved from that of an overpowering neighbour to an interdependent partner. This development has spurred further interest in the region from Middle Eastern countries, adding to the role of the East-West corridor the significance of the South-North bridge.



Figure 3. The eigen value centrality map revealing the countries with the influential ties in the trade network; the lighter colours confirm the increased influence of the South Caucasus nations (Source: *Own elaboration* based on UN Comtrade data).

To gain a deeper understanding of the interplay of factors and power balances on the global map, we turn to some quantitative analysis and estimate the Eigen Vector Centrality for countries involved in the international trade (Fig. 3). Using the UN reported monetary values for global trade, we examine the trade linkages, and the opportunity costs associated with the removal or disconnection of these links.

Considering the maps, we make the first striking observations when zooming in on the South Caucasus region. We find that not Türkiye, but Azerbaijan, Armenia, and Georgia share the potential to become a regional hub if they committed to cooperate. Our results confirm our hypothesis regarding the leverage these countries possess, and the significance of their cooperation and the opportunities offered by their connectivity.

Presented in relative terms, the Eigen Vector Centrality can also be associated with the relative bargaining power of each country, revealing the value of its links within the global network. This measure is particularly useful as

it accounts for the multiplicity or uniqueness of the transportation routes, in addition to considering the importers' and exporters' market size.

Thus, contrary to the common intuition, our assessment reveals that China's dependence on specific transport connections reduces its global influence. Whether through onshore routes via Mongolia, Kazakhstan, and the South Caucasus, or through maritime routes via the Persian Gulf, the risks of disconnection not only decrease financial profits but may have significantly downward pressure on China's bargaining power. This vulnerability underscores the importance of stable and secure trade routes for maintaining China's position in the global trade landscape.

Similarly, European countries face analogous challenges. Their trade connections are also susceptible to disruptions, which can diminish their bargaining power. The reliance on specific trade routes and the potential risks associated with them, such as geopolitical tensions or logistical bottlenecks, highlight the need for diversified and resilient trade connections. As a result, the EU interest in the South Caucasus routes as a bypass for Russia or alternative for sea transportation is hard to overestimate.

In contrast, the Arabian Peninsula nations are poised to gain extra power in the current situation. Their increasing role is based on the growing supply of Russia and the support of the connections through the Red Sea and Persian Gulf pathways. As these maritime routes offer alternative and potentially more secure trade channels, they enhance the bargaining power of nations in this region. The strategic importance of these routes is further emphasized by the ongoing efforts to expand and secure these and further connecting trade corridors.

In summary, the Eigen Vector Centrality analysis provides valuable insights into the relative bargaining power of countries within the global trade network. Our analysis establishes the critical role of stable and secure trade connections in solidifying and maintaining the influence of the South Caucasus region. Conversely, disconnections and a lack of cooperation are likely to lead to economic decline and political instability in the region.

The vulnerabilities faced by China and European countries, as well as the advantages accruing to Arabian Peninsula nations, highlight the complex

interplay of powers in the region. The South Caucasus may become a stage for a politico-economic battle, the outcome of which would determine not only the fate of investments and trade but also the global competition and the geopolitical balance between the North, South, West, and East.

Conclusion

The conducted analysis helps grasping the politico-economic game ongoing in the South Caucasus, which involves several major coalitions, each with its distinct ambitions and controls. The evolving power dynamics, influenced by external factors such as the Russian-Ukrainian war, the EU and other countries sanctions on Russian trade, and infrastructure developments, uncovers the shifting interests of global powers. China, Iran, the EU, and other world leading economies adapt to the reshaping geopolitical landscape. So, the understanding of these dynamics has become essential for grasping the risks faced within and outside the region and for envisioning the future developments and their likely consequences.

The historical dominance of Russia, the emerging influence of China, the economic uncertainty in the EU, and the growth potential of the Middle East emphasize the increasing strategic value of Azerbaijan, Armenia, and Georgia. A nuanced analysis of cooperation within the region and regional connectivity helps highlight the opportunities for regional stability and economic growth, as well as the far-reaching global consequences of the failures to keep the piece. The cooperation among these nations is crucial not only for the security of trade routes, which enhance the economic prosperity, but also for political stability and independence of the region.

The robustness and resiliency of the new and old bridges – East-West and North-South connections – to the outside and inside shocks and conflicts is heavily dependent on the internal and foreign relation strategies chosen by key players. These include Russia to the North, Europe to the West, China and other Asian suppliers to the East, and Iran with Gulf countries to the South. As Iran and Middle Eastern countries contemplate dialogue and reconnections with the EU and the U.S., their connections via the South Caucasus become not only economically but also politically and militarily critical. The geopolitical and economic shifts in the South Caucasus, exacerbated by

the Russian-Ukrainian war, have created new vulnerabilities but also opportunities for the region. For instance, Azerbaijan's international profile has grown significantly since 2022, with Baku hosting the COP29 climate change conference, indicating its increasing importance as a trade and transit hub. This development underscores the region's strategic position in global trade and its potential as a critical transit point between Europe and Asia.

The EU faces the challenge of strengthening economic ties with a region that may grow into a critical trade and transit hub, while navigating the complex web of interests among Russia, China, Turkey, Iran, and others. The successful integration and sustainable development of the region will largely depend on the ability of the South Caucasus countries to implement balanced policies and navigate the interests of key geopolitical players effectively. The EU's Eastern Partnership (EaP) initiative, which includes Armenia, Azerbaijan, and Georgia, aims to bolster governance, connectivity, people-to-people interactions, and sectoral and economic collaboration, but the divergent foreign policy trajectories of these countries pose significant challenges.

In conclusion, the South Caucasus region is at a critical juncture, with its future heavily influenced by the interplay of global powers and the stability of its trade connections. Understanding and addressing these dynamics are essential for ensuring regional stability, economic growth, and maintaining the region's strategic importance in the global trade landscape.

In conclusion, the South Caucasus region is at a critical juncture, with its future heavily influenced by the interplay of global powers and the stability of its trade connections. Understanding and addressing these dynamics are essential for ensuring regional stability, economic growth, and maintaining the region's strategic importance in the global trade landscape. The region's ability to balance the interests of various global actors while fostering cooperation among its own nations will be pivotal in determining its future prosperity and security.

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International Transport Corridor “North – South”: The “Caspian” Geopolitical Gambit

*Boris Kuznetsov*¹

Connectivity holds immense strategic value for the countries of Central Asia and the South Caucasus. This region serves as a vital link for energy and cargo transit between the Caspian Basin, Central Asia, and the Black Sea, extending all the way to Europe. The significance of these transit routes cannot be overstated, as they play a crucial role in the functioning of the regional economy, facilitating trade and enhancing economic interdependence among nations. However, despite this potential, the transit capabilities of the region remain not fully utilized, primarily due to geopolitical tensions and under-developed infrastructure.

The second Nagorno-Karabakh War had a profound impact on the regional security landscape and the execution of infrastructure projects. This conflict not only reshaped territorial boundaries but also highlighted the fragility of peace in a region marked by longstanding disputes. The interplay of internal conflicts and the interests of external powers has created a complex dynamic within the new geopolitical reality, making it increasingly challenging to foster stability and cooperation.

In the 1990s and early 2000s, Russia viewed the South Caucasus as an integral part of its post-Soviet sphere. Over time, this perspective evolved, with Russia declaring the South Caucasus as a region within its privileged sphere of influence. However, the current uncertain geopolitical climate has prompted a reassessment of its priorities in the region. Today, Russia approaches the South Caucasus through the lens of its rivalry with the West, which has shifted its focus and strategies. Following Azerbaijan’s military success in the recent conflict, Russia found itself needing to adjust to a new *status quo*, which has complicated its relations in the area.

¹ Center for International and Regional Policy.

The war significantly bolstered Türkiye's standing as a regional power, demonstrating that its support was instrumental in Azerbaijan's achievements. Consequently, Moscow is now tasked with recalibrating its interests in relation to Turkey. Over the past few years, Russia's capacity to exert direct influence over the South Caucasus states has diminished. In response, the Kremlin has sought to manage this decline by engaging with regional powers through mutually beneficial economic initiatives while simultaneously attempting to keep Western influence outside.

Russia has actively promoted the "3+3" format, which includes direct participation from Iran and Türkiye in shaping the future of the region. This initiative aims to foster collaboration among these nations while countering Western involvement. Russia believes that the current agenda promoted by the West may not foster stability or security in the South Caucasus. Instead, Russian officials assert that regional security can be most effectively ensured through the concerted efforts of the countries within this area. Mikhail Galuzin, Russia's Deputy Minister for Foreign Affairs, stated:

Russia has a fundamentally different logic and objectives in the region. We reject Western plans to turn the South Caucasus into an arena of geopolitical confrontation. We will do everything in our power to protect our priority region from chaos, to turn it into a zone of cooperation and prosperity. This is Russia's fundamental interest.²

This collaborative format, however, has faced challenges, as Georgia has so far declined to participate. The proposed framework could serve multiple purposes: not only addressing critical issues such as border definitions and security through political dialogue but also laying the groundwork for the new transport and logistics architecture. This framework might facilitate economic cooperation in the South Caucasus, potentially evolving into a self-sufficient subregional system dedicated to maintaining both security and collaboration.

Additionally, Russia sees maintaining a trilateral negotiating platform involving Armenia, Azerbaijan, and itself as a strategic tool for preserving its influence. Notably, Azerbaijan has shown reluctance to engage with European Union invitations for negotiations, expressing a preference for bilateral discussions or engagements with regional powers instead. Should negotiations

² <https://ria.ru/20250210/galuzin-1998365325.html>.

between Armenia and Azerbaijan continue under Russian auspices, Moscow is likely to strengthen its control over communication channels between these two nations.

Moreover, Russia has made efforts to integrate Azerbaijan into its international organizations, particularly through potential membership in the Eurasian Economic Union (EAEU). This organization prioritizes expanding interactions among member states and their external partners. Given its strategic location, Azerbaijan serves as an effective transport and logistics hub that connects several international transport corridors. The country is actively focused on developing and modernizing its transport infrastructure to enhance its role in regional trade.

The EAEU is keen on involving Baku to bolster trade and logistics cooperation while providing access to critical port infrastructure along the Caspian Sea. Additionally, Azerbaijan could play a significant role in facilitating parallel imports within this framework. However, a crucial question remains: to what extent is Azerbaijan willing to engage in such activities considering the risks of secondary sanctions? Despite these challenges, this situation presents an opportunity for Azerbaijan to emerge as a more active center at the crossroads of international financial flows in the region, potentially transforming its economic landscape and reinforcing its strategic importance in Eurasia.

In June 2024, Iran expressed interest in becoming an observer in the Eurasian Economic Union (EAEU), a move that was welcomed by Russia. If this proposal gains approval from other EAEU members, Iran could significantly enhance its interaction with this economic bloc by the end of the year. Iran's geographical location bestows it with unique transit potential, making it a valuable geostrategic and geoeconomic resource. Tehran is already actively participating in international logistics projects under the EAEU's umbrella, such as the Eurasian Agroexpress. This initiative focuses on organizing accelerated container rail and multimodal deliveries of agricultural products and food from EAEU member states to both domestic and international markets.

As part of the broader vision for a Greater Eurasian Partnership, efforts are underway to establish a unified transport framework across Greater Eurasia. This initiative aims for the synchronized development of international

transport corridors among EAEU and Shanghai Cooperation Organization (SCO) countries, complementing China's ambitious "One Belt – One Road" initiative. A key component of this planned transport framework is the International Transport Corridor "North-South" (ITC "North-South") which stands out as one of the most crucial parallel import routes for Russia. It provides direct access to markets in Iran and the Persian Gulf states, enhancing trade opportunities.

The Iranian leadership recognizes that by facilitating the transit potential of this transport corridor Iran not only reaps economic benefits but also bolsters its geostrategic positioning in Eurasia. The convergence of multiple transport flows within Iran's territory enhances its role as a central hub in regional trade networks.

Organizing transportation along the ITC "North-South" is currently one of the main areas of Russian-Iranian cooperation. The significance of this project extends beyond these two nations; it is also vital for India. For New Delhi, this corridor represents a gateway to Central Eurasia, facilitating access to new markets. In May 2024, India signed an agreement with Iran to modernize and operate a crucial transit hub located on the coast of the Gulf of Oman – the port of Shahid Beheshti in Chabahar. This agreement includes an investment exceeding 370 million USD aimed at reconstructing and upgrading port infrastructure. In addition, New Delhi can use the Trans-Caspian International Transport Route, sometimes called the Middle Corridor via the Western Route of the North-South Corridor, to access markets in Eastern Europe, the Caspian region, and beyond. Indian policymakers should consider investment in Chabahar Port and the North-South Corridor as a strategic counterweight to China's growing regional influence amid geopolitical rivalry. Moreover, Armenian authorities are offering to transfer Indian goods through the proposed Iran-Armenia-Georgia-Black Sea corridor.

Russia's investment in the ITC "North-South" highlights its strategic focus on enhancing connectivity and trade routes in Eurasia, particularly in light of deteriorating relations with the West. The planned investment of approximately 280 billion rubles (over 3 billion USD) from 2022 to 2030 aims to significantly increase cargo turnover, with ambitious targets of reaching at

least 35 million tons by 2030. This initiative is not merely an economic endeavor but also a geopolitical maneuver designed to assert Russia's influence over critical transport routes that connect it to the Caspian region, South and Southeast Asia, and the Persian Gulf.

The ITC "North-South" serves multiple purposes for Russia. It provides an alternative to Western-controlled transport routes, thereby enhancing Russia's strategic autonomy in the face of increasing geopolitical tensions. The corridor is particularly important for facilitating exports of high-tech services and technologies from Asian countries, especially India, which have become a priority for Russia post-February 2022. This shift underscores Russia's efforts to pivot towards the Global South, seeking new partnerships and trade opportunities as its relationships with Western countries become increasingly strained.

The collaboration between Russia, Kazakhstan, Turkmenistan, and Iran to establish uniform container kilometer rates for the Eastern route demonstrates a concerted effort to streamline logistics and enhance efficiency in transportation. The modernization of infrastructure in Turkmenistan by Russian Railways is another critical step in bolstering the corridor's capabilities. Furthermore, the establishment of a single logistics operator among these countries reflects a commitment to cohesive development and operational synergy within the ITC "North-South."

In the Western segment of the corridor, agreements between Russia and Azerbaijan to coordinate the development of checkpoints and transport routes are crucial for facilitating trade. These agreements not only enhance economic ties but also reinforce Russia's role as a mediator in regional conflicts, particularly following the second Nagorno-Karabakh War. Moscow's involvement in reopening transport routes between Armenia and Azerbaijan underscores its strategic interest in maintaining influence over these nations and ensuring connectivity with Türkiye through Nakhichevan.

The recent thawing of relations between Moscow and Tbilisi presents an additional opportunity for Russia to restore rail links with Armenia via Abkhazia. If successful, this would further solidify Russia's transportation network in the region, enhancing its access to Armenia and subsequently to Iran.

The ongoing negotiations regarding the Rasht-Astara railway section between Russia and Iran also reflect a broader strategy to strengthen regional connectivity.

Overall, Russia's initiatives in developing the ITC "North-South" underscore its dual focus on economic benefits and strategic geopolitical positioning. By enhancing connectivity with Central Asia, the South Caucasus, and beyond, Russia aims to secure its interests in a rapidly evolving geopolitical landscape while countering Western influence in the region.

Key Features of the ITC "North-South"

1. Length and Routes: The corridor spans approximately 7,200 kilometers from St. Petersburg in Russia to Mumbai in India. It features three main routes:

- Western Route: This route runs along the Western coast of the Caspian Sea through Russia and Azerbaijan, covering about 5,100 kilometres. It boasts the best connections to the railway and road networks in the South Caucasus.
- Trans-Caspian Route: Utilizing ferry and feeder container lines across the Caspian Sea, this route is approximately 4,900 kilometres long.
- Eastern Route: Stretching about 6,100 kilometres, this route traverses the Eastern coast of the Caspian Sea through Kazakhstan and Turkmenistan.

2. Strategic Importance: The ITC "North-South" corridor holds particular significance for Russia as it opens access to new international markets, enhancing trade opportunities with countries like India and those in the Persian Gulf. For Azerbaijan, its geographic location at the intersection of major transport corridors (North-South and West-East) positions it as a pivotal hub for regional logistics and trade.

3. Infrastructure Development: Significant investments in infrastructure are crucial for the successful realization of this corridor. Enhanced transport links will not only benefit Russia and Iran but also neighboring countries looking to expand their cooperation within this framework. In the current geopolitical climate, aligning infrastructure development efforts among South Caucasus nations can solidify their roles as indispensable participants in Eurasian mega-projects.

4. Multimodal Capabilities: The multimodal nature of the ITC allows cargo to be transported via land and sea, offering flexibility and efficiency in logistics. This aspect is particularly advantageous for countries involved in trade across diverse terrains and distances.

5. Regional Cooperation: For the countries of the South Caucasus to fully leverage the potential of the ITC “North-South,” they must coordinate closely and enhance their infrastructure collectively. This collaboration will not only strengthen their regional connectivity but also secure their position as key players in future Eurasian transport initiatives.

Currently, most cargo transportation along the ITC “North-South” is carried out by road. However, while road transport remains the dominant mode of cargo movement, there is a concerted effort underway to develop a comprehensive system that incorporates rail and sea transport as well. This initiative involves the creation of the necessary infrastructure to support this multimodal approach.

In parallel with these developments, work has begun on harmonizing the regulatory frameworks and transport tariffs among the countries participating in the ITC “North-South” project. This step is essential for ensuring that all nations involved can operate seamlessly and efficiently, as differing regulations can create significant barriers to trade. At present, it is premature to describe the ITC “North-South” as a fully integrated operating system; the three transport modes – road, rail, and sea – are not yet well connected logistically.

A significant challenge lies in completing the construction of a vital missing link along the Western route that traverses Iran. This link is the Rasht-Astara railway, which stretches 162 kilometers along the Iranian coastline of the Caspian Sea. In 2023, Russia and Iran took a significant step by signing a cooperation agreement aimed at constructing this railway section. They agreed to allocate an interstate loan of 1.3 billion euros for the project, with Russia covering 85% of this amount. However, despite these advancements, the completion of this railway is not expected until 2028, and the total cost of the project could estimate to around 20 billion USD.

In light of these challenges, discussions have emerged regarding the development of a new railway section that would connect Iran with Azerbaijan, subsequently linking to the extensive Russian railway network. The Western route of the ITC “North-South” is currently recognized as both the shortest and busiest route available. Although there are plans to commission a 37-kilometer railway section from Rasht to the Caspian port by June 2024, this development is unlikely to significantly alter the current situation. The new railway does not bring goods close enough to existing port infrastructure, which limits its effectiveness.

To enhance collaboration along the Transcaspian route, Russia and Iran have been actively modernizing their port facilities in recent years. This modernization includes expanding container berth areas to accommodate growing cargo volumes and improve operational efficiency. Nevertheless, several critical issues remain that require concerted efforts from all stakeholders involved. These include underdeveloped transport infrastructure – particularly on the Iranian segment of the route – a multitude of border crossings that are ill-equipped to handle international transportation, and the urgent need for standardized transit tariffs.

Moreover, there is a pressing requirement for digitalization at all stages of transportation and service delivery, as well as agreements on establishing a single corridor operator to streamline operations. Addressing these challenges is crucial for maximizing the potential of the ITC “North-South”.

If most of these problems are successfully resolved, experts predict that the total volume of freight traffic could reach 20 million tons in the short term. Looking further ahead, there are ambitious plans to increase this capacity to between 30–35 million tons by 2030. Such growth would not only enhance trade efficiency but also strengthen economic ties among the participating countries in this vital corridor.

The ITC “North-South” represents a transformative opportunity for regional economies by facilitating trade and fostering economic ties among participant countries. By capitalizing on Azerbaijan’s strategic location and investing in necessary infrastructure, South Caucasus nations can emerge as central hubs that facilitate seamless connections between various transport corridors, ultimately contributing to enhanced regional stability and economic growth.

Epilogue

Frederic Labarre

The post-Cold War neo-liberal agenda heralded an approach to international relations that privileged individual freedoms and choice as the measure which would enable an increase in material wealth and peace through the interdependence that would be created. It is striking to note that the regions of the world that have been resisting this paradigm struggle, to this day, with their socio-economic development. Conversely, it must be recognized that the inclusive values that saw much of the developed world accept (if reluctantly) the disenfranchised migrants washing up on their shores have been lost on many a migrant who has refused to integrate into the welcoming society. Predictably, that has fueled the resurgence of the Right in many countries, and Russia has leveraged the fears on which this rise was based to skew the humanist narrative that makes the Euro-Atlantic world attractive.

Humanist values seem forever locked in battle with “statist” values. The latter have the rights of the state prevail over that of the individual. They also herald a paradigm shift in international relations away from individual/minority rights, and towards the right of Might. This would not be an adverse outcome if the mighty – whomever they may be – harbour some responsibility in increasing the level of welfare (the greater Good) as understood since the Enlightenment. There are no such guarantees in the present circumstances.

It is precisely with this in mind that the co-chairs held the 28th RSSC SG workshop in Reichenau, from 7–10 November 2024. This was the latest attempt at treating “connectivity” as a binding regional principle which would simultaneously further economic and structural integration. Only a few years ago, the Study Group felt that the region was “running out” of time. There were no empirical indicators – just a “sense” – to support this feeling. With the Russian military debacle spreading to the contact line between Armenia and Azerbaijan after the latter’s restoration of its sovereignty, this feeling seemed unwarranted only a year prior.

In the wake of Russia's travails in Ukraine, Georgia has resisted the urge to take advantage of weakness and reclaim its renegade territories. Instead, Georgia has shown the fortitude of having its elections in October 2024 despite the increasing risks of state capture. Similarly, Armenia has demonstrated the courage needed to at least begin to leave the past where it belongs – behind – by agreeing to a border demarcation commission with Azerbaijan in April 2024. These developments must be celebrated, encouraged, and rewarded, despite the frictions borne out of the unfamiliarity of these new approaches. The current reversal in the strategic environment is the harbinger of a paradigm shift which threatens those achievements. Europe and Canada may be momentarily unavailable to effect meaningful support. This means that the region must step up if it is to have a chance at freedom and independence.

The evidence abounds that the world – and by extension the South Caucasus – is becoming unstable. If the South Caucasus is to step up to this challenge, it must do so in a way to secure regional stability. The stability which connectivity (broadly defined) could bring – through interdependence – remains within reach for all South Caucasus countries, but the courage required to make that last fateful step may be lacking. It may be onerous politically. It may fail because of its unfamiliar nature. The aim of the RSSC SG is to make the unfamiliar seem possible. Never in the last twelve years since its re-inception has its work been more essential.

The plausibility of seeing whole regions crushed under hegemonic depredation – either by military or economic means – is too real to ignore. We have seen how preys are overwhelmed, and we are seeing large swathes of Eastern and Central Europe being absorbed into the sphere of Russia's civilizational values. There is no denying that this process has been fueled by the revulsion that has taken over the Right at luxurious (if not frivolous) Leftist identity politics in countries where the eventuality of state capture would have seemed treasonous only a few months prior. Our old certainties are gone. Only the assurance that the evil times are upon us once again remains. This is why the South Caucasus needs to step up; not only for its own sake, but for the promise of a better world after.

Connectivity in infrastructure is more than a symbol of interdependence; it is the physical embodiment of socio-economic integration. We have attempted to show, through this latest workshop, that a pipeline is not an instrument of influence, but only an instrument of commerce. We have attempted to show that commerce – although it does not resolve the animosity among peoples – nevertheless increases their well-being. It creates in the short-term what has been called by Johan Galtung “negative peace” while waiting for the unfamiliarity to wear off, and yield “positive peace” that permits greater integration. As the reader may well guess, I am referring to the example of the EU. However, the creation of the EU benefited from the stability of the post-War years. The South Caucasus does not have this luxury. Thus, interconnectivity must be promoted for its own sake, for the sake of creating an island of mutually imposed (but mutually beneficial) stability *at any price*. The links must be forged *before* predatory influences begin seeping into the respective leadership spheres. Fortunately, there is no time to wait. Because there is no time left. Georgian society – apparently jettisoned by the Euro-Atlantic powers – knows what it needs to do. Armenia and Azerbaijan must not be distracted from their aim of concluding a lasting peace. They know their task, and seeking external assistance has never felt riskier.

In November 2024, the RSSC SG has undergone a transformation of its own. It has welcomed two new co-chairs and created the function of senior advisor to the RSSC SG. The senior advisor’s role will be to support the activities as well as the work of the Study Group. For the upcoming 29th RSSC workshop in April 2025, the co-chairs have accepted the invitation of Bahçeşehir University in Istanbul to host a workshop on digital integrity. It is hoped that together we may continue to tread our way towards a stable South Caucasus. For now, *any* sort of stability would be better than nothing, or better than what is to come. The South Caucasus may yet show the world the way.

PART IV: Policy Recommendations

Policy Recommendations

Regional Stability in the South Caucasus Study Group

Executive Summary of Recommendations

- **All stakeholders:** Increase awareness of existing humanitarian programmes, especially successful smaller projects which might be threatened by cuts in funding.
- **EU/NATO:** Adjust EU and NATO policies in the South Caucasus region in accordance with the ongoing regional geopolitical shifts.
- **EU/NATO/US:** Continue to support Armenia-Azerbaijan economic cooperation dialogue by providing funding and external facilitation.
- **EU/NATO/US:** Implement a “Marshall Plan” focused on infrastructure and security, allowing other countries to benefit and participate.
- **All South Caucasus countries:** Increase cooperation on trans-national topics (e.g. human security) and create an expert network in each country to share risk assessments and identify regional paths to building resilience against common risks and threats.
- **Georgia:** Focus on internal projects concerning Georgia’s breakaway regions to reduce hardships of conflict-affected communities and build trust through cross-border projects.
- **Armenia/Azerbaijan:** Emphasize the need for a comprehensive, international security framework to prevent future issues. National leaderships should engage in political discussions with their societies around border demarcation and mutual recognition.

Situation Analysis

(De)Connecting the South Caucasus During a Geopolitical Shift

The 28th workshop of the “Regional Stability in the South Caucasus” Study Group came on the heels of the recent US elections, which saw Donald Trump elected for a second term in office. This political shift has heralded significant changes in US foreign policy, with the South Caucasus region likely to lose its strategic importance against Trump’s “America First” approach. The US is expected to further pivot towards the Pacific. A potential Trump-Putin deal over Ukraine could even further isolate the South Caucasus. Relieving pressure on Russia will free resources for the Kremlin to expand its control over the South Caucasus, if it chooses so.

About two weeks prior to the workshop, the Georgian Parliamentary Elections exacerbated tensions between the Georgian government and some European Union (EU) member states, the EU Commission, and the US. This political alienation underscores the growing complexity of regional dynamics. Georgia drifting towards authoritarian rule, however, will likely affect the entire region. Especially Armenia, which is actively seeking closer ties with the EU, will lose the “role model” in its neighbourhood. However, recent statements from Armenia have been contradictory, expressing a desire to follow a pro-EU path while simultaneously reassuring Moscow that Yerevan will not abandon the Eurasian Economic Union. This dual approach highlights Armenia’s delicate balancing act between East and West. There has also been no visible progress towards an Armenian-Azerbaijani peace deal since the end of the workshop. The recent COP29 climate conference in Baku was a missed opportunity for the regularization of relations between Armenia and Azerbaijan, thus minimizing the chances of reaching an agreement for the signature of a peace treaty in the near future. On the contrary, Baku’s remaining demands, including the withdrawal of the European Union Mission in Armenia (EUMA), seem to make a peace deal still a rather distant future.

Given these developments, the workshop’s theme, “Connectivity Risks and Opportunities in the South Caucasus,” was particularly timely. The broad interpretation of connectivity, encompassing infrastructure and human security-related approaches, provided a comprehensive framework for discussing

the region's future. The workshop served as a crucial platform for addressing the multifaceted challenges and opportunities facing connectivity in the South Caucasus in the wake of significant geopolitical shifts.

Following up on the 27th workshop's findings, Mr Markus Ritter, Head of Mission of EUMA, addressed the participants in Reichenau. In his keynote speech, he outlined the mandate of EUMA and its impact on stabilizing the situation for the local Armenian population. He highlighted EUMA's efforts to contribute to de-escalation and to support confidence building between Armenia and Azerbaijan. Increasing human and infrastructural connectivity is essential to create a lasting peace. However, he claimed that EUMA could contribute even more to the normalization of Armenia-Azerbaijan relations, if Azerbaijani authorities would engage with the mission and allow access on both sides of the border.

Infrastructural Connectivity

The workshop underlined the pivotal role of the South Caucasus region serving as a strategic bridge between Europe and Asia. A peace agreement between Armenia and Azerbaijan could significantly enhance regional stability and economic cooperation, facilitating the restoration of transportation networks and promoting joint energy initiatives and environmental management. This would not only improve trade and transportation but also attract foreign direct investment, fostering sustainable development and energy security. The region's strategic importance is further highlighted by already existing infrastructure projects such as the Baku-Tbilisi-Kars railway and the Southern Gas Corridor, which aim to enhance connectivity and bypass competing routes controlled by Russia and Iran.

Even though policymakers in Europe, and even participants, often consider the term "connectivity" as a catchphrase, many corridor projects are designed for the South Caucasus region. This is a way for multiple state actors, including India, China, Türkiye, and the EU, to influence the region. For example, India seeks to establish transport routes linking the Indian Ocean to Europe and Russia, while China focuses on its Belt and Road Initiative (BRI) to reduce maritime dependence. Türkiye promotes the Trans-Caspian International Transport Route, also known as the Middle Corridor, connecting East and West to lessen reliance on Russia and Iran. Therefore, Ankara

is lobbying to open the “Zangezur Corridor” through the South Armenian Syunik province despite the fact that Türkiye is no neutral actor due to its political and military support to Azerbaijan. The EU aims to diversify energy sources and boost trade with Central Asia via its Global Gateway Initiative. Russia and Iran are also pivotal players, working to integrate regional transport networks into north-south trade routes, notably through the International North-South Transport Corridor (INSTC). These interactions foster both cooperation and competition, shaping the geopolitical landscape of the South Caucasus.

The potential economic benefits for all parties involved seem obvious. Unfortunately, these are often overshadowed either by geopolitical concerns or by the efforts of the (still young) South Caucasus republics to maintain strict border controls without exceptions for the transit of goods. These interests are not obvious to external actors. In addition, Russia does not interpret competing connectivity projects as beneficial, but rather as exclusively serving its own interests, first and foremost Moscow’s self-perceived hegemonic status in the region.

Human Connectivity

Human connectivity in the South Caucasus is crucial for long-term peace and coexistence. Georgia’s dual approach of non-recognition and engagement with Abkhazia and South Ossetia/Tskhinvali Region aims to foster stability and reduce tensions in the conflict-affected communities. This human-centered strategy effectively tackled common challenges faced by the communities, including unemployment, poverty, and limited access to healthcare and education.

All the conflict-affected regions of the South Caucasus face severe economic challenges, with agriculture being the primary income source. However, cultivation is hindered by security concerns and restricted access to lands.

The workshop moreover highlighted the complex ethnic and political fragmentation in the South Caucasus, emphasizing the importance of mutual recognition of threats and interests to foster cooperation. The South Caucasus, particularly Armenia and Azerbaijan, faces risks of escalating conflicts and arms races. Promoting educational exchanges – including women – in

confidence building measures and regional cooperation forums were suggested to foster dialogue and reduce tensions. Overarching challenges like water distribution and the adaptation to the changing climate conditions could serve as a catalyst for deepening cooperation among Georgia, Armenia and Azerbaijan.

Risks of a Disconnected South Caucasus

The risks of a disconnected South Caucasus region are significant, due to unresolved conflicts, shifting geopolitical alliances, and external pressures from actors like Russia, Iran, Türkiye, as well as the collective West. China, which is no longer a “new” actor to the region, is intensely investing in both infrastructure and secure alternative trade routes to Europe, bypassing traditional maritime paths.

The EU’s approach to the Eastern Partnership countries, particularly in the South Caucasus, focuses on political and technical cooperation in areas like trade and energy but lacks a security dimension, thus leaving countries vulnerable to Russian pressure. This vulnerability hinders democratic consolidation and permits their destabilization through hybrid warfare tools. Enhancing interconnectivity with the EU and promoting shared interests in the fields of economy, trade, and education could counter Russian influence and ensure the region’s stability and development. Efforts like the “Peace Fund” in Georgia aim to support economic ties and joint business projects to foster dialogue and trust, while educational programs offer opportunities to the affected youth to study abroad and build international connections.

In conclusion, the future of the South Caucasus depends on its ability to navigate the complex geopolitical dynamics. This will be crucial for ensuring economic growth, political stability, and the region’s strategic importance in global trade. Effective regional cooperation and infrastructure development are essential for realizing the region’s economic and strategic potential, thus transforming it from a contested periphery into a cohesive and influential regional bloc. The EU, as articulated during the workshop, might represent the only impartial actor to support more cooperation in the South Caucasus.

Policy Recommendations

For all stakeholders:

- **Increase awareness of existing humanitarian programmes:** There are many successful but not widely known humanitarian programmes helping people in the conflict-affected areas of the South Caucasus. Increasing the awareness for such activities will become even more relevant against the background of potential cuts in funding from Western donors.

For EU, NATO and US:

- **Adjust EU and NATO policies in the South Caucasus region in accordance with the ongoing regional geopolitical shifts:** Both the EU and NATO should continue to support stability and democracy in the South Caucasus. However, Euro-Atlantic (EU/NATO and the US) attempts at deterring the capture of Georgia by Russian-friendly parties through the withdrawal of economic/security support may have an opposite effect, as they may be seen as lack of stakeholder credibility. Therefore, stronger cooperation with Türkiye could mutually reinforce regional influence and help to establish viable security formats and mechanisms in the South Caucasus.
- **Implement a “Marshall Plan” focused on infrastructure and security, allowing other countries to benefit and participate:** Connectivity promotes security and creates opportunities. A multilateral approach to support and secure transit and trade across the South Caucasus could be a starting point. Türkiye could play a larger role as a facilitator here.
- **Continue to support Armenia-Azerbaijan economic cooperation dialogue by providing funding and external facilitation.**

For Armenia, Azerbaijan and Georgia:

- **Focus on internal projects concerning Georgia’s breakaway regions:** To reduce hardships in conflict-affected communities and build trust, projects should focus on human rights, aiming to prevent unlawful

surveillance and persecution. Initiatives facilitating cross-border procedures and expanding medical outreach and educational initiatives (e.g. status-neutral scholarships, certification of diplomas...) would be beneficial.

- **Promote cooperation in the energy sector:** Energy transit is benefiting the South Caucasus. Energy markets and efforts for sustainable and green energy should be harmonized on the model of EU energy internal market, therefore incentivizing foreign investments. Existing infrastructure should be protected through multinational cooperation. Sharing energy-related public information across borders could be the first step towards this goal. In addition, the possibility of water/electricity for gas exchange programmes between Armenia and Azerbaijan should be studied.
- **Emphasize the need for a comprehensive international security framework to prevent future issues:** Any border agreement between Armenia and Azerbaijan should be embedded into a security framework. National leaderships should engage in political discussions with their societies around border demarcation and mutual recognition. On a local level, finding ways to support the establishment of joint agricultural zones in bordering villages would facilitate confidence building and community-level interconnectivity between Armenian and Azerbaijani villages.
- **Clarify the role of external security guarantees:** Security guarantees are a recurring topic in the Armenian-Azerbaijani peace talks. The two countries should discuss potential guarantors and collaborate with them to determine which guarantees are realistic and achievable. For security guarantees to be effective, they should support intra-regional and inter-regional connectivity.
- **Increase cooperation on trans-national topics:** Raise awareness of key issues in human security and create an expert network in each country to share risk assessments and identify regional paths to building resilience against common risks and threats. Potential areas of interest might

include climate change, water management, human trafficking, environmental degradation, cyber security, economic fragmentation and trade disruptions, food, demography, and health security.

- **Avoid identity-based conflicts which can be exploited by external powers:** Establish a commission to engage the public effectively, addressing the lack of tactical expertise and resources.
- **Promote regional cooperation on climate change:** Establish early warning systems against disruptive effects of climate change (floods, storms, wildfires, etc.). Develop water management strategies and cooperation, including building new water storage infrastructure. Enhance the readiness of the health systems to deal with the effects of global warming. Establish common research projects on climate change.

List of Abbreviations

ABL	Administrative Boundary Line
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China, South Africa
BTC	Baku-Tbilisi Ceyhan
BTk	Baku-Tbilisi-Kars
CCAWEc	China-Central Asia-West Asia Corridor
CEC	Central Election Commission
CMPC	Confederation of Mountain Peoples of the Caucasus
COP	Conference of the Parties
COP29	29 th Conference of the Parties
CPC	Caspian Pipeline Consortium
CRS	Congressional Research Service
CSTO	Collective Security Treaty Organization
DEEP	Defence Education Enhancement Programme
EAEU	Eurasian Economic Union
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
ECHR	European Convention for the Protection of Human Rights and Fundamental Freedoms
EEAS	European External Action Service
EU	European Union
EUMA	European Union Mission in Armenia
FDI	Foreign direct investment
FM	Foreign Minister
FSB	Federal Security Service of the Russian Federation
FTZ	Free Trade Zone
GCRT	Georgian Center for Psychosocial and Medical Rehabilitation of Torture Victims
GD	Georgian Dream
GDP	Gross Domestic Product
GER	Germany
GHG	Greenhouse Gas
GIP-T	Georgian Initiative on Psychiatry, Tbilisi
GPE	Global Partnership for Education
GRU	Military Intelligence Service of the Russian Federation

HRC	Human Rights Center
ICC	International Criminal Court
ID	Identification
IDPs	Internally Displaced Persons
IMEC	India-Middle East-Europe Economic Corridor
IMF	International Monetary Fund
INSTC	International North-South Transport Corridors
IRGC	Iranian Revolutionary Guards Corps
ITC	International Transport Corridor
LGBT	Lesbian, Gay, Bisexual and Transgender
MAD	Mutual Assured Destruction
MFA-level	Ministry of Foreign Affairs-level
MP	Member(s) of Parliament
MW	Megawatt
NATO	North Atlantic Treaty Organization
NDCs	Nationally Determined Contributions
NEABLEC	Northern Corridor connecting China and Europe via Russia
NGOs	Non-governmental Organizations
OBOR	One Belt, One Road
OPEC	Organization of the Petroleum Exporting Countries
OSCE	Organization for Security and Co-operation in Europe
PM	Prime Minister
POWs	Prisoner of Wars
RF	Russian Federation
SCO	Shanghai Cooperation Organization
SGB	State Security Service of Abkhazia
SNID	Neutral Identity Card
SNTD	Neutral Travel Document
SO	South Ossetia
TANAP	Trans Anatolian Natural Gas Pipeline
TFV	Trust Fund for Victims
TTTR	Trans-Caspian International Transport Corridor
TRACECA	Transport Corridor Europe-Caucasus-Asia
TUR	Turkey
TUV	Technischer Überwachungsverein
UAE	United Arab Emirates
UK	United Kingdom

UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNHCR	United Nations High Commissioner for Refugees
U.S./US	United States of America
USAID	United States Agency for International Development
USD	United States Dollar
WHO	World Health Organization
WMD	Weapons of Mass Destruction
WW II	World War II

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This booklet covers the changing influences over infrastructural and human connectivity in the South Caucasus, and how they could contribute to shaping the emerging arrangements. Contributors outlined how connectivity would play a critical role in fostering regional stability and how the lack of it might exacerbate tensions. They have generally agreed that the future of the region would depend on its ability to navigate in line with the complex geopolitical dynamic. Effective regional cooperation and infrastructure development would be essential for realizing the region's economic and strategic potential transforming it from a contested periphery into a cohesive and influential regional bloc.

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