

Stability and resilience in the South Caucasus: a strategic imperative for the EU

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The South Caucasus stands at a defining moment. Following decades of violent conflict and geopolitical stasis, a new reality is taking shape, offering a rare opportunity for the European Union to assert its strategic interests and solidify its role as a key regional actor. The recent peace efforts between Azerbaijan and Armenia, culminating in the initialing of a peace treaty, have created a window for deepened engagement.

A strategic imperative for the EU is to guarantee the long-term stability and resilience of the region. This cannot be achieved through a "one-size-fits-all" approach focused on rapid integration, but rather through a carefully calibrated strategy centered on stabilization, leveraging targeted investment synergies, enhancing connectivity, and formally integrating the region into Europe's evolving security architecture. A comprehensive approach must also clearly weigh trade-offs, particularly between immediate energy security and long-term decarbonization, as well as political and reputational costs associated with hydrocarbon financing.

The costs of neglecting this frontline are profound, threatening Europe's energy security, trade routes, and geopolitical credibility.

A proactive, multi-faceted approach—combining diplomacy, investment, and cooperative security engagement with regional partners—is not merely desirable but essential for both the South Caucasus and Europe as a whole.

This requires the EU to coordinate closely with local actors, co-finance initiatives with international partners, and prioritize projects that yield tangible stabilization and connectivity benefits.

The New Geopolitical Landscape: A Window of Opportunity

For years, the EU's engagement with the South Caucasus was [constrained](#) by a complex web of unresolved conflicts and external interference. The EU's primary policy frameworks, the European Neighbourhood Policy (ENP) and the Eastern Partnership (EaP), were designed to foster cooperation and integration but often struggled to gain traction amidst persistent tensions. However, the current geopolitical climate has created a significant opening. While Russia's influence remains a critical factor, it has seen its diplomatic and military resources redirected toward the conflict in Ukraine, creating space for other actors. Simultaneously, the [United States](#) has turned its attention to the South Caucasus, providing crucial momentum to the peace process.

This shift presents the EU with a unique chance to move from aspiration to implementation. The EU is one of the actors who have the most at stake in the region's trajectory. Its long-term security, energy diversification goals, decarbonization commitments, and trade interests are all directly impacted by the stability of the South Caucasus. The emerging environment, characterized by a growing potential for amity between Armenia and Azerbaijan, offers a foundation for cooperative arrangements and, in the longer term, the potential establishment of a security community. The EU's deeper engagement is therefore not just a matter of regional policy but an important component of its own strategic autonomy and credibility on the global stage.

Reassessing Past EU Efforts and the Fragility of Neutrality

The EU's role as a [mediator](#) between Armenia and Azerbaijan has been important in the post-2020 landscape. A cornerstone of this effort was the EU's facilitation of mutual recognition of each other's territorial integrity, which paved the way for the creation of the Joint Border Commission (JBC) in 2022. The JBC added significant value by enabling continued work toward border demarcation and delimitation, and setting the stage for key events that ultimately led to the [Washington summit](#), where the peace treaty was initialed. This demonstrated the EU's capacity to deliver tangible results through patient, persistent diplomacy.

However, the EU's credibility as a neutral facilitator is a delicate asset that must be actively maintained. Azerbaijan has expressed significant reservations regarding the European Union Monitoring Mission (EUMA) on the Armenian side of the border, questioning its [impartiality](#) and the scope of its authority. These concerns reflect broader sensitivities about external oversight and the perception of taking sides. High-level meetings, including sessions with French President Emmanuel Macron, underscored Baku's unease, which was further [highlighted](#) by President Ilham Aliyev's decision to skip some engagements.

These developments demonstrate that institutions alone are not sufficient. Trust must be earned through a carefully balanced approach that avoids political alignment—particularly from member states whose bilateral relations with one party are perceived as biased—and focuses on stability and credible border management.

The EU's foreign policy is not a monolithic entity but a collection of member states with divergent interests. This structural weakness makes a truly unified, impartial approach difficult to sustain.

Stabilization and Security Cooperation in the South Caucasus

The countries of the South Caucasus are at varying stages of engagement with the European Union, making a strategy of rapid integration both premature and potentially provocative. Georgia has [suspended](#) accession talks until 2028, Armenia has yet to submit a formal membership bid, and Azerbaijan continues to negotiate a new framework. In this context, the shared priority for all regional actors is stability—a goal consistent with the EU’s original commitment under the European Neighbourhood Policy (ENP) to avoid new dividing lines.

Recognizing this, the EU seems begun to shift its approach from enlargement-driven integration to stabilization through regional coordination. [The Black Sea Strategy](#) announced on May 25, 2025, reflects this adjustment and highlights the importance of pragmatic partnerships, including with Turkey, whose regional influence is expanding. Joint Statement by the EU MEPs calls for the constructive engagement of [Türkiye](#) to reach the full potential of recent advancements. In the South Caucasus, Turkey already serves as a critical partner in energy and connectivity: the Southern Gas Corridor channels Caspian energy to European markets, the Baku–Tbilisi–Kars railway links the region directly to Europe, and the Middle Corridor strengthens East–West trade resilience by reducing reliance on Russian-controlled transit routes.

Beyond infrastructure, Turkey’s political and security engagement adds a crucial dimension to stabilization. Its involvement in normalization talks with Armenia demonstrates Ankara’s capacity to influence reconciliation processes, opening avenues for dialogue that the EU also seeks to promote.

At the same time, Turkey’s role in regional security—where the EU lacks hard-power means—provides a complementary layer of stability that Brussels alone cannot ensure. Coordinated EU–Turkey support for peace-building, security, and economic recovery can therefore reinforce trust among regional actors while preventing renewed fragmentation.

Taken together, these dynamics reveal a convergence of interests around stabilization and security cooperation as pathways to durable trust. By working with Turkey to prioritize peace, recovery, and connectivity over rapid integration, the EU can foster confidence incrementally. This pragmatic approach not only strengthens stability but also compensates for Europe’s security limitations, offering the best prospect for a resilient and cooperative South Caucasus—one that secures peace today while laying the groundwork for future security arrangements.

Leveraging Synergies for Investment and Growth

Synergies must lie at the heart of the EU’s approach to investment and cooperation in the South Caucasus. By aligning financial tools with shared regional priorities in energy, transport, digital, and governance, the EU can maximize impact, ensure complementarity, and enhance the bankability of projects. This approach is not only the most efficient way to deliver results, but also the most realistic given the Union’s internal and external constraints. Major EU frameworks—from the Global Gateway strategy and [NDICI](#) to EFSD+ and the Black Sea regional strategy—already emphasize coordination and synergies as central to external engagement.

The urgency of such an approach is underscored by the EU’s tightening [budgetary](#) environment. The war in Ukraine, persistently high energy prices, and rising defence and security expenditures have placed unprecedented strain on the Union’s finances. These pressures are compounded by high inflation and uncertainty over the United States’ long-term security commitment. In this context, the EU cannot act as the sole driver of large-scale initiatives but must instead complement local priorities and co-finance projects with international and regional partners.

Concrete examples show the effectiveness of this model. EU investments through the EBRD and EIB in the Southern Gas Corridor have strengthened Europe's energy security, while Azerbaijan has [pledged](#) to double natural gas exports to 20 bcm annually by 2027. Achieving this requires long-term contracts and shared-risk financing, as underscored in the [Draghi Report](#). Report cautions the indispensable role of EU financial instruments in advancing both hydrocarbons and renewables. Yet, financing new hydrocarbon infrastructure carries significant political and reputational costs, as it runs directly against the EU's climate leadership and the goals of the European Green Deal. Here, the EU faces a hard choice: balancing the immediate need for secure energy supplies with its long-term decarbonization commitments. Operationally, this requires careful design of financing instruments, shared-risk agreements, and transparent communication with member states and external stakeholders to mitigate reputational consequences.

Beyond hydrocarbons, coordinated initiatives such as the Black Sea electricity interconnector, the Caspian–Black Sea–Europe Green Energy Corridor, renewable investments in Azerbaijan, solar and efficiency programs in [Armenia](#), and grid modernization in [Georgia](#) are accelerating regional integration.

Similarly, connectivity projects like the Baku–Tbilisi–Kars railway, Alat Port, and TEN-T upgrades in Georgia, along with EU-supported digital governance programs and two regional data centers in Azerbaijan, show how synergies can amplify impact across multiple sectors.

Taken together, these efforts demonstrate that synergy is both a fiscal necessity and a strategic advantage. By working in complement to local initiatives, leveraging private capital, and coordinating with international partners, the EU can foster stabilization, economic growth, and resilience in the South Caucasus—while avoiding overstretch in a period of severe budgetary and political constraint.

The Middle Corridor: A Central Pillar of Connectivity

The Middle Corridor is a central pillar of regional connectivity, linking trade routes between Europe and Asia. Originally initiated and funded by the EU in the 1990s as the TRACECA (Transport Corridor Europe–Caucasus–Asia) project, it represents a geopolitically informed and updated version of that vision. A key, yet unrealized, component of this vision is integrating Armenia through the missing Zangezur line. According to an EU/UK-funded study by [International Alert](#), this line is “more economical and could in the future prove to be an affordable alternative or addition to the existing transport routes of the South Caucasus.” TRACECA studies from the late 1990s had already considered reopening this route as a step toward full regional integration.

Protracted conflicts, however, prevented the full implementation of this vision. The EU also initially refrained from investing in the Baku–Tbilisi–Kars (BTK) railway, viewing it as a geopolitical project that could isolate Armenia. Today, however, the BTK line has become an essential element of EU [strategies](#) toward the South Caucasus and Central Asia. Following the Second Karabakh War, EU investment was initially cautious. The recent involvement of the U.S. in establishing the Zangezur line—promoted as the TRIPP project—provides both momentum and security, offering a deterrent against interference from external actors and creating a stimulus for renewed EU participation.

Rising [trade volumes](#) underscore the growing economic and strategic importance of the Zangezur/TRIPP route. Unlocking this link would enhance trade flows, strengthen regional integration, and fully realize the east–west potential of the Middle Corridor. Momentum was reinforced during the visit of the [EU Special Representative for the South Caucasus](#) to Azerbaijan in August, which included meetings with the Ministry of Foreign Affairs and the President's Special Representative in Nakhchivan. The visit signals a more confident and proactive EU role in supporting this strategically important corridor.

A significant constraint on this vision is opposition from regional actors, particularly Iran and Russia.

Iran fears losing its land connection with Armenia and being sidelined from regional trade routes, while Russia seeks to maintain influence over key transport and energy corridors. At the same time, Turkey and the United States play crucial supporting roles, offering both political backing and practical facilitation to advance regional connectivity. To ensure the long-term viability of the Middle Corridor, the EU must actively engage all relevant stakeholders, employing sustained diplomacy, confidence-building measures, and transparent trade facilitation agreements that balance competing interests while advancing Europe's strategic connectivity objectives.

Integrating the South Caucasus into Europe's Security Architecture

European security is indivisible. Instability in the South Caucasus cannot be treated as peripheral. Disruptions in energy supply, transport networks, or governance in this region quickly ripple across Europe, affecting economic stability, energy security, and broader geopolitical dynamics. The South Caucasus sits at the crossroads of Europe and Asia, making it both a strategic hub and a potential flashpoint. Any instability here has immediate and far-reaching consequences for European security, trade routes, and regional cooperation frameworks.

Today, ongoing negotiations over the future of Ukraine and associated security guarantees have heightened the need for a broader cooperative security approach. In this context, the EU might play a vital role in facilitating dialogue and building confidence across the South Caucasus. Instruments such as the [European Political Community](#) (EPC) and high-level cooperation meetings, where all three South Caucasus countries are invited, provide platforms for dialogue, coordination, and practical cooperation. These forums, along with individual security dialogues with regional countries emphasize the indivisibility of security—underscoring that the stability of one state is inseparable from the stability of its neighbors—and foster a culture of cooperative security that can mitigate risks from external spoilers.

Embedding the South Caucasus into the EU's evolving security architecture requires a tailored approach that addresses the unique circumstances of each state.

Georgia's vulnerabilities, including political fragility, territorial disputes, and dependence on external security guarantees, must be mitigated through targeted support, reforms, and integration into regional security mechanisms. Armenia's evolving orientation toward Europe presents both opportunities and challenges, particularly ongoing Russian influence and a slow, but not complete, decoupling from Moscow. Azerbaijan, in contrast, serves as a regional anchor with increasing sovereignty and strategic leverage, making its stability vital for the broader security and economic networks of the South Caucasus.

The common perception that Russia's influence is waning [oversimplifies](#) the situation. Despite setbacks in Ukraine and shifting regional dynamics, Moscow continues to exert significant leverage in the South Caucasus. It employs hybrid tactics such as disinformation, economic pressure, and strategic engagement with local actors to maintain its regional presence. Therefore, the EU must not only counter these threats but also deepen cooperation with regional actors, particularly Turkey, to integrate the South Caucasus more firmly into Europe's security and connectivity architecture. This entails coordinated defence dialogues, joint exercises, intelligence sharing, and investment in resilience measures, all aligned with the region's sovereign priorities.

While the new Black Sea Strategy is a step in the right direction, it has been [criticized](#) for focusing disproportionately on Ukraine and overlooking the interconnected security challenges of the South

Caucasus. Addressing this requires the EU to adopt a truly comprehensive approach that recognizes the region's strategic importance beyond crisis response.

Coordinated engagement—combining diplomacy, investment, and cooperative security frameworks with regional partners—can strengthen resilience, enhance integration, and showcase the tangible benefits of a stable, secure South Caucasus for Europe as a whole.

The South Caucasus is not Europe's periphery but a frontline where stability and credibility intersect. The EU's path forward lies in a practical, comprehensive strategy of stabilization, supported by coordinated investment in energy, connectivity, and governance. Leveraging synergies, cooperating with regional partners, and aligning projects with local priorities allows the EU to deliver results efficiently while avoiding overstretch.

Even if full integration remains distant, this approach preserves future options, strengthens resilience, and fosters trust among regional actors. Trade-offs—such as balancing short-term energy security with long-term decarbonization, or managing reputational risks associated with hydrocarbon projects—must be carefully managed through shared-risk arrangements, transparency, and proactive communication.

Failing to act decisively risks renewed conflict, disruptions to vital trade and energy routes, and diminished European influence. By committing to this strategic imperative, the EU can transform a volatile periphery into a stable, reliable partner, securing both the South Caucasus and Europe's own strategic interests. This requires sustained coordination with local governments, international financial institutions, and regional actors like Turkey, ensuring that all initiatives are mutually reinforcing and politically sustainable.

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