

## POLICY RECOMMENDATIONS

### Study Group Regional Stability in the South Caucasus (RSSC SG)

# “Connectivity Risks and Opportunities in the South Caucasus”

**28<sup>th</sup> RSSC SG Workshop**  
**07 – 10 November 2024**  
**Reichenau/Rax, Austria**

PfP Consortium of Defense  
Academies and Security  
Studies Institutes



### 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.

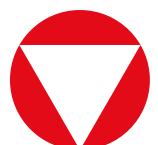
### Situation Analysis:

#### **(De)Connecting the South Caucasus During a Geopolitical Shift**

The 28<sup>th</sup> 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 27<sup>th</sup> 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.



### **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.



These policy recommendations reflect the findings of the 28<sup>th</sup> RSSC workshop on “Connectivity Risks and Opportunities in the South Caucasus”, convened by the PfP Consortium Study Group “Regional Stability in the South Caucasus” in Reichenau/Rax, Austria, 07 – 10 November 2025. They were prepared by Christoph Bilban (Austrian National Defence Academy, Vienna), Dr. Elena Mandalenakis (Independent Researcher and Lecturer, Heraklion) and by Dr. George Vlad Niculescu (European Geopolitical Forum, Brussels) on the basis of the proposals submitted by the participants. Valuable support in proofreading and page-setting came from Julia Dullnig (Austrian National Defence Academy, Vienna).