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ANALYSIS

Western engagement across the South Caucasus and Central Asia: Interests and Opportunities

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Key takeaways

- The growing strategic importance of the South Caucasus and Central Asian regions amid rising global instability is increasingly recognized by leading Western actors.
- Closer ties between Azerbaijan and Central Asian states, alongside the rapid development of the Middle Corridor, are intensifying regional cooperation, which is supported by external engagement.
- The three actors (United States, European Union, United Kingdom) considered in the analysis pursue distinct strategies in their engagement with the broader region. However, these approaches should be treated as complementary rather than competing.
- The United States continues to support normalization in the South Caucasus and is expanding economic ties across both regions; the European Union is developing a more coherent engagement strategy, leaving behind previous inconsistencies; the United Kingdom is continuing its dual strategy of consistent investment and political dialogue, helping boost economic interaction across both regions.
- The increasing autonomy with which states like Azerbaijan, Kazakhstan and Uzbekistan operate is fundamentally redefining the role of external engagement in the broader region. The extent to which external actors recognize this reality will determine the effectiveness of their strategies.

Introduction

When addressing the media in Uzbekistan during his visit to participate in the C5+1 ministerial meeting, U.S. Secretary of State Marco Rubio was asked to comment on Washington's priorities in the Central Asian region. The answer was short but highly significant – "competition". This is an important recognition that the Central Asia region, which is increasingly viewed within a much broader regional framework, has become too strategically important for the world's leading powers to ignore. The same applies to the South Caucasus, which serves as a critical gateway enabling the connection between Asia and Europe at a time when traditional maritime routes are under unprecedented pressure. In recent times, Central Asia and the South Caucasus have been described by many as being part of a shared strategic space. This is reflected in several ways, including through high-level political coordination after

Azerbaijan joined the Consultative Meeting of the Heads of State of Central Asia, transforming the C5 mechanism into C6. For various reasons, global actors are no longer engaging with these regions sporadically. There is a clear emphasis on a broader strategy, where engagement with one region must take into consideration the broader geopolitical configuration. Hence, the link between the South Caucasus and Central Asia is becoming increasingly prominent for different actors around the world, all of which have their individual approaches and priorities. With the Middle Corridor acting as an important source of interest, the two regions, as well as the Black Sea region, have witnessed a significant increase in engagement from Western actors.

Within this context, this analysis enquires into the engagement approaches of three key Western actors – the US, EU, and the UK. Crucially, the aim is not to portray these three actors as competing against one another. In fact, their contributions, as will be shown, are considerably different. Instead, **the underlying proposition is that the concept of 'Western engagement', shaped considerably by these three actors, is becoming increasingly decisive for the development of these regions.** If carried out consistently and with the correct strategic anticipation, it could significantly advance economic development and enhance regional interconnectivity. For this to be possible, however, Western actors must ensure they remain consistent partners of the states of the region. Above all, they must contribute positively to the long-term interests of these states. This is done by helping uphold regional stability and supporting the independence and growing strategic autonomy of the countries of the region. If possible, Western engagement can play a decisive role in the shaping of the new broader region.

Understanding the present moment

In previous periods of history, the Central Asian region has already experienced considerable external engagement. This developed in the form of intense geopolitical competition, a contest referred to as the 'Great Game' between the British and Russian empires in the 19th century. Today, external engagement across both Central Asia and the South Caucasus may be illustrative of a similar contest, albeit by less confrontational and still-evolving means. The evolving geopolitical landscape in the world is undoubtedly complicating this process, with direct implications for both regions. War between Russia and Ukraine and in the Middle East has considerably impacted international trade. In the first case, diversification by European states away from Russian energy sources and transport corridors passing through Russian

territory has increased interest in the Middle Corridor. The route, which runs between China and Europe, passes through critical transit hubs in Central Asia (such as Kazakhstan) and the South Caucasus (Azerbaijan), demonstrating the increasing interconnectedness between the regions. Key states along the Middle Corridor have worked closely to overcome existing logistical and capacity challenges, increasing its attractiveness for shippers and companies. This includes pivotal states Azerbaijan and Kazakhstan, which recently signed an agreement on cooperation for the development of the Middle Corridor. In the second case, the conflict in Iran has also boosted the relevance of the Middle Corridor, with severe disruptions and closures in the Strait of Hormuz in March 2026 causing the demand for container transportation on the transport route to surge by 450-500 percent within a single week. Even if the degree of hostility has fluctuated, the existence of unsafe zones has attracted additional investment into the Middle Corridor as an increasingly vital supply route. This magnifies the interconnectedness between the South Caucasus and Central Asia, serving as a vital layer through which external actors can cooperate with both regions.

The South Caucasus has also witnessed historic turning points which now facilitate broader interaction in the wider region. Azerbaijan's full restoration of its territorial integrity and sovereignty between 2020 and 2023, and the initiation of the normalization of relations with Armenia have unveiled unprecedented opportunities for economic interaction. As part of normalization, the development of transport routes, including the Trump Route for Peace and Prosperity (TRIPP), is expected to make key contributions to the Middle Corridor. Therefore, the region is making steps towards becoming one of cooperation, rather than confrontation. Moreover, Azerbaijan's deepening ties with Central Asia, including through the newly established C6 mechanism, are further strengthening the link between the two regions, but also facilitating the connection between Asia and Europe. This is, undoubtedly, influencing external engagement and how the actors develop their approaches.

The United States: political and economic momentum

US Secretary of State Marco Rubio's visit to Central Asia can be categorized as an important milestone in Washington's engagement with the broader region. First, it demonstrates the Trump Administration's genuine interest in further developing ties with the countries. The signing of 54 trade, investment and technological agreements between the United States and Uzbekistan at a value of $12 billion represents the

American business community's steadily growing interest in the region, with the Business Council between the countries already acting as an effective coordination mechanism. In addition to specific bilateral agreements, the emphasis placed by Secretary Rubio on engagement with Central Asian states through the established C5+1 framework points at Washington's recognition of Central Asia's growing strategic value. The Joint Statement released by the six sides at the conclusion of the meeting labels the region as the "crossroads of connectivity", with the United States expressing hope that it can serve a crucial role within the global economy. With Washington also stressing the importance of trade ties but also cooperation in cultural and societal dimensions, the statement is a clear signal of intent vis-à-vis the future of the region. It appears that the White House no longer views Central Asia as a distant region beyond its immediate foreign policy priorities. Instead, it is a space of opportunity for both American and Central Asian interests. Cooperation on natural resources is a particularly important direction and is bound to shape economic cooperation between the United States and Central Asian countries in the near future. The recent summit in Uzbekistan was an important continuation of the White House Summit in November 2025, when President Trump hosted the leaders of the five Central Asian states. As a result, agreements worth more than $25 billion were generated, including both commercial deals and concrete commitments in the transport, energy and finance sectors. Hence, Washington has taken concrete steps to demonstrate its commitment in the region and ensure that cooperation adopts a long-term perspective. In addition to institutional dialogue and diplomatic contacts, concrete efforts are underway to boost investment and ensure the region's untapped potential is recognized consistently and across the board.

In the neighbouring South Caucasus, the United States has played an instrumental role in helping shape the new regional architecture. In addition to supporting Azerbaijan and Armenia during their peace process, of which the Washington Summit in August 2025 is a crucial part, the U.S. has been equally active on the economic and investment track. Its relations with Azerbaijan, which in the 1990s were anchored in energy cooperation, are diversifying and spanning an increasingly broad range of areas. The importance of investment from the United States for Azerbaijan's economy is also increasing – in the first half of 2026, a 47% increase in foreign direct investment from the United States was recorded in comparison to the same period in 2025. Cooperation between SOCAR and various American companies, such as ExxonMobil, promises to unlock new sources of economic growth and employment for the country. Another example is SOCAR's cooperation with U.S.-based Comstock Resources, with the sides signing a letter of intent and announcing SOCAR's acquisition of a 20% interest in Comstock's upstream assets. The total value of the

deal is reported to be nearly $1.7 billion. This demonstrates that the partnership is evolving on the basis of mutual benefit. The Charter on the strategic partnership, signed in February 2026, identifies several new areas of cooperation. These include artificial intelligence, with the US expressing interest in supporting the development of data centers in Azerbaijan. Combined with deepening economic interaction with Armenia, it is evident that the United States also views the South Caucasus as a region of opportunity. Moreover, within the Charter the importance of connectivity and the Middle Corridor is acknowledged, unveiling another set of opportunities for the bilateral relationship with Azerbaijan.

In addition to bilateral partnerships, U.S. engagement in the region must be considered from a regional perspective. The Trump Administration's support in the summer of 2025 proved crucial in advancing peace between Armenia and Azerbaijan, providing an important platform for the initialing of the peace treaty text and the adoption of a joint declaration, with President Trump acting as a witness. U.S. involvement in the Trump Route for International Peace and Prosperity (TRIPP), or the Zangezur Corridor, has created an important institutional framework where concrete steps towards the operationalization of the Corridor are already being taken. Approaching the issue from the perspective of mutual benefit, both for itself and the region's countries, the United States' support for this vital connectivity project is an important signal for its recognition of the region's importance. If completed, the route will serve as an essential component of the Middle Corridor and will strengthen economic interaction between Baku and Yerevan, something which is already in flow after Azerbaijan began to export products to Armenia and lifted transit restrictions for goods headed to Armenia and transiting through Azerbaijani territory. TRIPP promises to establish a direct transport route between mainland Azerbaijan and Nakhchivan, reinforcing the South Caucasus' status as a bridge between Asia and Europe. Most importantly, it is a mechanism for long-term cooperation in the region, with clear economic incentives for both countries. American participation has so far accelerated this, with the remaining steps dependent on Armenia and the speed of infrastructure development on its territory.

It is clear that in both the South Caucasus and Central Asia, the United States has developed and is applying a new framework for engagement. In addition to developing relationships with individual states, some of which had stagnated under the previous administration, Washington has openly recognized the importance of the connection between the two regions. This is most visible from its contribution to regional connectivity through TRIPP. As the two portfolios advance, and Azerbaijan

steps up engagement through the C6, opportunities for US involvement in broader regional cooperation will only continue to grow.

The European Union: de-politicizing cooperation

The EU is another Western actor which has taken concrete steps to deepen its engagement with the countries of both regions. Over the years, Brussels' interaction with Central Asia has largely been carried out through the Global Gateway program, launched in 2021. The extension of the program to the region was a recognition of its growing strategic value, but also an attempt to ensure that Brussels did not fall behind the emerging regional dynamics increasingly shaped by competition between different actors. A €12 billion package was designated specifically for the region, announced at the first-ever EU-Central Asia summit held in April 2025. This helped kick-start direct EU support and investment in projects relating to transport and connectivity (via support for the Middle Corridor), renewable energy cooperation, and other areas such as human capital. Held under the motto "Investing in the Future", the summit was an important step in developing political coordination between the sides. Since then, the EU has sustained the momentum in relations. One example is the deepening of strategic partnerships with individual states, with the EU and Uzbekistan signing an Enhanced Partnership and Cooperation Agreement (ECPA) in October 2025. In addition to ECPAs with Kazakhstan and Kyrgyzstan, this highlights the strengthening economic nature of the EU's partnerships in the region. Institutions such as the European Investment Bank are actively deepening their investment portfolios, with the EIB focusing on projects in areas like climate resilience and sustainable transport. At the regional level, the EU-Central Asia Economic Forum has now been held three times, with the agenda of the latest forum spanning several different areas and the event featuring over 700 participants. This includes regional connectivity, with the EU's recently launched Connectivity Agenda Platform expected to serve as a platform of coordination. As part of the announcement, it was mentioned that the Commission is expecting to raise €2 billion in investment for the Black Sea and South Caucasus, both of which are integral for connectivity between European markets and Central Asia.

These initiatives, of which there are several further examples, underline Brussels' concrete decision – it is determined to play an active role in the ongoing connectivity processes which currently unite Central Asia with the South Caucasus, the Black Sea region and European markets. This particularly concerns the South Caucasus, a vital gateway along the Middle Corridor without which the realization of its full potential

is simply not possible. The EU has also been active in working with both Armenia and Azerbaijan in the South Caucasus, a region currently witnessing the establishment of a new regional order. With Azerbaijan, the relationship is best described as pragmatic and mutually beneficial, but not without its difficulties. Some European institutions continue to treat the country unfairly, turning a blind eye to its recent history and the suffering endured during the occupation of its territories by neighbouring Armenia. However, the actions of the European Parliament do not stand for the rest of the European Union, a large supra-national institution with its own political leadership. There is considerable momentum in Azerbaijan's relations with the European Commission, with President Ursula von der Leyen's trip to Baku in July 2026 reinforcing this positive stage as well as the visit of Italian Prime Minister Giorgia Meloni in the same month. President von der Leyen announced a support package of 200 million euros from the EU to help connectivity projects exclusively in the South Caucasus, with potential for these figures to rise considerably in the future. A proposal to establish a Connectivity Partnership with Azerbaijan was also voiced. Moreover, the sides are established trade and energy partners, with more than half of Azerbaijan's exports heading to the European Union in the first half of 2026. Azerbaijan's supply of gas to the European market is growing steadily, with 10 member states now receiving gas from Baku.

Given the abundant practical evidence of mutually beneficial cooperation, the evolution of the European Union's role in the South Caucasus will depend almost entirely on its ability to act in recognition of regional realities. Its deepening partnership with Armenia must also be highlighted, with the first-ever EU-Armenia summit held in July 2025 pointing to growing political contacts between the sides. However, with several steps still pending to ensure the peace process between Armenia and Azerbaijan is complete, namely the modification of the Armenian Constitution, the EU must ensure its engagement with the region does not interfere with these crucial processes. It must, as has been the case in recent months, focus on supporting the newly developing regional environment of interaction, both economic and societal. Azerbaijan and Armenia have already initiated economic contacts, with Azerbaijan exporting $23 million worth of goods to Armenia between January and September 2026.

Projects related to transport, logistics and connectivity provide Brussels with a unique opportunity to support the region through long-term investment attraction. The Commission's interest in supporting the development of the Nakhchivan railway, which is crucial for other ongoing projects, is a step in the right direction. Moreover, at the recent EU-Azerbaijan Business Forum, institutions such as the European

Investment Bank expressed concrete interest in financing and supporting regional transport infrastructure projects, including the Caspian-Black Sea-Europe Green Energy Corridor (also known as the Black Sea Submarine Cable). Studies carried out this year suggest that around €14.3 billion will be needed to develop the necessary electricity transmission infrastructure, expected to transmit renewable electricity from Azerbaijan to Southeastern Europe. Cooperation between the sides will help some of these projects advance beyond the stage of feasibility studies. The fact that European businesses generally view the economic situation in Azerbaijan as 'positive', as revealed by the recent EU-funded Business Climate Report on Azerbaijan, further emphasizes the potential for closer engagement.

Together with a renewed momentum in bilateral relations, with Azerbaijan and the EU expected to update their Partnership Priorities in the near future, the EU has sufficient room for manoeuvre in the region. In recent months, it has demonstrated genuine political interest in establishing itself as one of the key external actors in the wider region. The EU's political leadership's ability to finally engage with local actors such as Azerbaijan on equal terms and within the spirit of mutually beneficial partnership is a welcome development. Nevertheless, its effectiveness as an external actor will depend entirely on its ability to maintain this approach in the long run. De-politicizing cooperation and sidelining practices which previously contributed to dividing lines will prove to be the EU's ultimate test. If successful, its contribution can support long-term prosperity in both the South Caucasus and Central Asia.

The United Kingdom: investment and future opportunities

In addition to the United States and the European Union, the United Kingdom is another actor which has recently intensified engagement with both Central Asia and the South Caucasus. London already has well-established bilateral ties with several of the region's actors. This includes Azerbaijan, with the UK consistently ranking as the country's largest source of foreign direct investment. Over $39 billion have been invested to date, with the sides working towards finalizing their strategic partnership agreement through an extremely active bilateral agenda spanning numerous sectors. Another example is Kazakhstan, with more than 500 British companies operating in the country and UK-Kazakhstan bilateral trade increasing by 83% in 2025 from the previous year.

However, in the UK's recent steps, one can also observe a desire to contribute to broader regional processes which continue to bring these two distinct but increasingly interconnected regions closer together. The most recent visit by Anas

Sarwar, the UK Minister of State for Business, Innovation, Science and Trade, featured trips to Azerbaijan, Kazakhstan and Uzbekistan, with the trip's agenda concluding with the Minister chairing the UK-Uzbekistan Joint Economic Committee. This can be interpreted as a signal of the UK's interest in becoming more active in issues which concern all three countries and their respective regions. In several of his speeches, the Minister referred to the importance of advancing cooperation on several critical areas which are becoming more decisive in shaping the common future. These include critical minerals, artificial intelligence, transport, logistics and clean energy. In fact, during the 8th meeting of the Azerbaijan-UK Intergovernmental Commission, the growing interconnectedness of the regions, which also includes the Black Sea region, was highlighted. British companies were invited to actively participate in the financing of several projects, with British company Xlinks in particular viewed as a potential contributor. Within the framework of the meeting, various agreements and cooperation memorandums were signed, including between Xlinks-Green Corridor Alliance and Xlinks-Green Line Shipping. The primary aim of these agreements is to explore the Central Asia-Azerbaijan Green Energy Corridor, a transnational infrastructure project designed to link the renewable energy sources of countries in the two regions. Coincidentally, it is precisely companies from Azerbaijan, Kazakhstan and Uzbekistan, the three countries visited by Anas Sarwar, that serve as the key drivers of the project. This demonstrates that the presence of British business in the region is expanding. In addition to the long-term role played by BP, other British companies are deepening contacts. Most interestingly, the range of spheres this cooperation touches upon is extensive. From clean energy to construction, British firms are cooperating with Azerbaijan across the full project lifecycle – from planning and financing to actual implementation. The role played by Taylor Chapman in the development of master plans for Azerbaijani cities, including Shusha, is among the most noteworthy examples.

The UK government is open in its recognition of the economic potential of both regions. Arguably, its long-term investment relationship with Azerbaijan serves as the backbone of its engagement with the broader region. It is also advancing on a strategic partnership with Armenia and has consistently voiced support for the normalization process between the two countries. The UK's record of sustained investment and support for crucial principles such as the territorial integrity of states under successive governments magnifies the prospects for and value of its future engagement. The country is acting in growing awareness of regional realities in both regions, with the first C5+1 engagement taking place at the level of foreign ministers in April 2026. Going forward, opportunities to boost the role played by British businesses will only increase further, especially as key actors in both regions take

steps to operate as a single strategic geography. The UK, therefore, is extremely well-positioned to continue attracting investment and driving economic development in the wider region. The country is clear about its intentions and priorities for the region and is determined to use its resources to contribute in its own way.

Conclusion

This analysis has assessed the individual approaches of the United States, the European Union and the United Kingdom in the broader region encompassing the South Caucasus and Central Asia. By reflecting on each actor's individual priorities and approaches, one can conclude that the three separate tracks should be viewed as complementary as opposed to competing with one another. This approach enables 'Western engagement' to serve the interests of both regions, preventing competition from spilling over into a geopolitical contest. Moreover, the three actors are currently at different stages in their individual foreign policy agendas. It would therefore be premature to view their engagement in the region as direct competition, especially given the evident differences in their approaches. Furthermore, the increasing autonomy with which states like Azerbaijan, Kazakhstan and Uzbekistan operate is fundamentally redefining the role of external engagement in the region. These actors are increasingly shaping the regional agenda, which is why Western participation must continue to exist 'in support' of ongoing regional processes.

Looking ahead, the broader region would benefit from the continuation of the support provided by the three actors. The United States should continue investing in the mechanisms it has helped establish, including the normalization agenda between Azerbaijan and Armenia and its cooperation with Central Asian states. The European Union should make the most of existing opportunities to help direct much-needed investment and ensure some of its institutions do not 'spoil' the peace process. The United Kingdom's expertise in investment and its track record of upholding political dialogue in the region can help facilitate the de-politicization of regional processes, especially in the age of disinformation. This combination can help the South Caucasus reach lasting peace but also strengthen its growing link with Central Asia. Western engagement, therefore, is crucial in helping build a new regional status quo, a process which began after Azerbaijan restored its territorial integrity and put the broader region on the path to long-term stability.

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