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The Caspian Region: Geopolitics, Challenges and Opportunities

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The Caspian region is undergoing a period of profound transformation. Two major conflicts on its periphery—the Russian-Ukrainian war and the American/Israeli-Iranian conflict - have had a significant impact on both the global landscape and the regional environment. While these conflicts have generated tensions and intensified geopolitical competition, they have also elevated the region's importance as a geoeconomic actor, particularly in the fields of energy and connectivity.

Historical Background and Modern Context

Historically, the region—an essential component of the Eurasian landmass - has been characterized by three enduring features. The first is geopolitical competition. From the early Hunnic Empire through major medieval state formations such as the Göktürks, the Mongol Empire, and the Timurid Empire, the region witnessed intense competition among neighboring empires and kingdoms, including the Romans and Franks in Europe, the Byzantines, Persians, and Ottomans in the Middle East, and various Chinese dynasties in Asia. In the nineteenth century, Central Asia became the arena of the "Great Game" between the British and Russian Empires.

This web of political competition also facilitated extensive economic and cultural exchange. At the same time, these vast continental empires moved people across enormous distances. This brings us to the second defining feature of the region: migration. Present-day Hungary, India, Pakistan, Egypt, and many other countries far from the core of Eurasia continue to bear traces of these historical migrations. Peoples originating from Eurasia established states and communities across Africa, Asia, and Europe, leaving a lasting imprint on global history.

The third feature relates to roads or, in modern terminology, transport corridors. Goods, ideas, technologies, and cultures moved along the Silk Road for centuries, and today we are witnessing the rise of the Middle Corridor as a renewed bridge connecting East and West. During the 1990s, the European Union introduced the TRACECA initiative (Transport Corridor Europe-Caucasus-Asia) to promote regional connectivity. However, the EU's inconsistent approach created opportunities for more proactive actors, most notably China through its Belt and Road Initiative (BRI).

More importantly, the countries of the region increasingly chose to take responsibility for their own economic development and connectivity. Azerbaijan worked closely with regional partners to establish alternative energy and transport routes. Projects represented by well-known acronyms such as BTC (the Baku-Tbilisi-Ceyhan oil pipeline) and BTK (the Baku-Tbilisi-Kars railway) have become symbols of multibillion-dollar investments that reshaped Eurasian connectivity.

An essential component of this cooperation is the Southern Gas Corridor, comprising the South Caucasus Pipeline (BTE), TANAP, and TAP. This ambitious project emerged under highly complex geopolitical circumstances. Today, Europe receives substantial volumes of Caspian oil and gas thanks to Azerbaijan's partnerships with international energy companies. The corridor passes through Georgia and Türkiye before reaching European markets, including Italy and, more recently, Germany. Although skeptics questioned the viability of these projects, recent conflicts in Eastern Europe and the Middle East have demonstrated that even relatively modest energy flows can become strategically vital during periods of crisis.

The same logic applies to the Middle Corridor. Critics argue that its multimodal structure and remaining infrastructure limitations prevent it from fully replacing traditional maritime routes. Nevertheless, recent developments have highlighted its growing strategic importance. During the recent conflict involving Iran, the Caspian region served as an indispensable air transit and cargo corridor, demonstrating the value of diversified transportation networks.

The growing significance of the Middle Corridor is reflected in its rapidly expanding trade volumes. Cargo transportation along the Trans-Caspian route increased from 2.76 million tons in 2023 to 4.48 million tons in 2024, while more than 4.1 million tons of cargo were transported in 2025. Container traffic reached approximately 77,000 TEU in 2025, with an ambitious target of increasing this figure to 300,000 TEU by 2029. These figures demonstrate that the corridor is already functioning as a major Eurasian trade artery rather than merely a prospective project.

At present, the corridor primarily operates through Kazakhstan, Azerbaijan, Georgia, and Türkiye. However, its geographic reach is expected to expand further. Recent agreements among Azerbaijan, Georgia, Turkmenistan, and Uzbekistan have focused on digitalization, data exchange, and the removal of logistical bottlenecks. Major infrastructure projects, such as the China-Kyrgyzstan-Uzbekistan railway, are expected to strengthen the southern branch of the Middle Corridor by reducing transit distances and enhancing competitiveness compared to traditional routes.

Additional states may also become involved in this emerging network. Armenia, following the normalization process with Azerbaijan after the 2020 war, may eventually participate through the proposed TRIPP corridor (Trump Routes for International Peace and Prosperity), potentially creating new opportunities for regional trade and connectivity.

Meanwhile, the European Union has announced a renewed commitment to transport connectivity through its Global Gateway initiative, pledging investments of approximately €10 billion. However, despite these financial commitments, the EU has yet to articulate a comprehensive vision supported by clear implementation mechanisms.

Russia continues to promote the North-South Transport Corridor but faces significant geopolitical challenges. First, its ongoing war in Ukraine has considerably reduced its influence in the Caspian region and beyond. Second, uncertainty surrounding Iran's political and economic environment continues to complicate the development of North-South connectivity projects. Even before the recent conflict, progress on key infrastructure initiatives involving Iran had been slow due to various political and economic obstacles.

As geopolitical competition intensifies and global supply chains become increasingly vulnerable, the strategic importance of the Caspian region will continue to grow. No longer merely a crossroads of empires, the region is emerging as a critical hub for energy security, transportation, and economic connectivity. The success of initiatives such as the Southern Gas Corridor and the Middle Corridor demonstrates that regional states are increasingly capable of shaping their own future and contributing to the evolving architecture of Eurasian cooperation.

Promoting Multilateralism and Regional Platforms

Azerbaijan's foreign policy is guided by a vision of regional connectivity, strategic cooperation, and economic integration. Alongside its active role in the Organization of Turkic States (OTS), one of the country's emerging priorities is the development of the [C6 framework](#), a practical coalition comprising Azerbaijan, Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan, and Tajikistan. This initiative seeks to transform the Caspian and Central Asian region into a highly integrated geoeconomic and geopolitical space capable of addressing common challenges and leveraging shared opportunities.

The strategic significance of the C6 format has increased amid growing geopolitical competition, disruptions in global supply chains, and evolving patterns of

international trade. In this context, regional unity has become essential for strengthening resilience and reducing vulnerabilities. Azerbaijan occupies a unique position within this framework as the natural western anchor of the region. Situated at the crossroads of Europe and Asia, the country serves as a reliable energy and transportation bridge connecting East and West. Its geographic location and well-developed infrastructure allow it to play a central role in facilitating regional cooperation and expanding economic connectivity.

A key objective of the C6 initiative is the enhancement of transport and transit links. Azerbaijan's maritime capabilities on the Caspian Sea, combined with its extensive railway, port, and logistics infrastructure, provide landlocked Central Asian states with diversified access to international markets. Through the Middle Corridor, countries of the region can strengthen trade connections with Türkiye, Europe, the Black Sea basin, and the Mediterranean, reducing dependence on traditional transit routes and creating new opportunities for economic growth.

The C6 framework also reflects a broader transformation in regional energy cooperation. While hydrocarbon resources remain important, cooperation is increasingly focused on sustainable energy development and green transition initiatives. A notable example is the trilateral agreement signed in January 2025 by Azerbaijan, Kazakhstan, and Uzbekistan, which aims to advance renewable energy cooperation, facilitate the transmission of green electricity, expand solar and wind energy capacity, and promote the exchange of innovative technologies. This demonstrates the region's commitment to diversifying energy partnerships and contributing to global sustainability goals.

Importantly, the C6 format is characterized by its pragmatic and results-oriented approach. Rather than emphasizing symbolic declarations, the framework focuses on practical cooperation, infrastructure development, trade facilitation, energy integration, and coordinated responses to shared regional challenges. This flexible and action-driven model enables participating states to achieve tangible outcomes while strengthening regional solidarity.

As the geopolitical and economic landscape of Eurasia continues to evolve, Azerbaijan's C6 vision represents a forward-looking strategy aimed at fostering regional integration, connectivity, and resilience. By bringing together the countries of the Caspian and Central Asian region around common interests and practical cooperation, the initiative has the potential to become an important pillar of stability and prosperity across a strategically significant part of the world.

Another important platform is [the Organization of Turkic States](#). In an era marked by geopolitical uncertainty, growing fragmentation of the international system, and the declining effectiveness of some global institutions, regional organizations are increasingly assuming greater responsibility for promoting stability and cooperation. Among these emerging actors, the Organization of Turkic States (OTS) has gained prominence as a dynamic platform for political dialogue, economic collaboration, and cultural integration across the Turkic world. For Azerbaijan, the OTS represents not only a strategic partnership mechanism but also a cornerstone of its broader foreign policy vision.

The growing influence of the OTS stems from its ability to address practical challenges while filling functional gaps left by existing global governance structures. Built on the principles of sovereign equality, mutual respect, and consensus-based decision-making, the organization has established itself as a reliable contributor to regional peace, stability, and development. By fostering cooperation among its member states, the OTS provides an effective framework for addressing shared challenges and advancing common interests in an increasingly complex international environment.

The OTS as a critical shield against external "divide and rule" strategies and therefore, Azerbaijan attaches great significance to the organization. Azerbaijan attaches particular importance to the organization, viewing it as a key pillar of regional cooperation. President Ilham Aliyev has repeatedly emphasized that the Turkic world represents Azerbaijan's primary "family," reflecting the deep historical, cultural, and linguistic ties that unite the member states. This shared identity serves as a powerful foundation for enhanced political coordination and long-term strategic partnership.

The importance of unity within the Turkic world has become even more evident amid intensifying geopolitical competition. External actors with longstanding geopolitical ambitions often seek to exploit regional divisions to advance their own interests. In this context, the OTS serves as an important mechanism for strengthening solidarity and protecting the collective interests of its members. Through coordinated policies and institutional cooperation, the organization enhances the capacity of member states to respond to external pressures while preserving their strategic autonomy.

Connectivity remains another key dimension of the OTS agenda. Recent diplomatic progress and the normalization process between Azerbaijan and Armenia have created new opportunities for regional transportation and economic integration. In particular, the future realization of the [TRIPP-Zangezur Corridor](#) has the potential to significantly strengthen the broader Middle Corridor, creating a seamless transport network linking Central Asia, the South Caucasus, Türkiye, and Europe. Such

connectivity would not only facilitate trade and economic growth but also enhance energy security, transportation efficiency, and regional resilience across the Turkic world.

Beyond geopolitics and economics, the OTS plays a vital role in promoting humanitarian and cultural cooperation. Educational exchanges, youth programs, cultural initiatives, and people-to-people contacts contribute to strengthening mutual understanding and fostering a shared sense of community among Turkic nations. These initiatives reinforce the social foundations of regional integration and help transform political cooperation into lasting societal partnerships.

As global uncertainty continues to reshape international relations, the Organization of Turkic States is emerging as an increasingly influential regional actor. Through its commitment to solidarity, connectivity, and practical cooperation, the OTS is helping to build a more resilient and interconnected Turkic world while contributing to broader regional stability and prosperity.

Azerbaijan is considering seriously to upgrade its partnership status within the SCO. However, its drive towards the membership is currently blocked by India.

A Critical Juncture for Peace in the South Caucasus

The parliamentary elections held in Armenia on 7 June 2026 represent an important moment for the future of peace, stability, and regional cooperation in the South Caucasus. At a time when the region has a unique opportunity to move beyond decades of conflict, the outcome of Armenia's political process reinforced the normalization agenda between Armenia and Azerbaijan and for the broader prospects of regional integration. Yet, some further steps need to be undertaken to complete the process.

The South Caucasus has undergone a profound transformation in recent years. Following nearly thirty years of Armenian occupation of Azerbaijani territories, Azerbaijan restored its territorial integrity through the 2020 44-Days War and the 2023 anti-terror measures. The restoration of internationally recognized borders created new realities in the region and opened the door to a comprehensive peace process aimed at establishing long-term stability between the two neighboring states.

Importantly, Azerbaijan has not limited its efforts to restoring territorial integrity. Following the end of the conflict, Baku actively promoted a peace agenda and played a leading role in formulating the core principles of a future peace treaty. These

principles are grounded in international law and focus on the mutual recognition of sovereignty, territorial integrity, and the inviolability of internationally recognized borders. As a result, Azerbaijan has emerged as a key driver and guarantor of the normalization process.

At the same time, the success of the peace process depends on several critical factors. One of the most important developments was the initialing of a peace treaty in Washington on 8 August 2025. However, for the agreement to achieve lasting effectiveness, further steps are necessary. In particular, amendments to Armenia's Constitution remain essential to remove provisions that could be interpreted as containing territorial claims against Azerbaijan. Addressing this issue would strengthen confidence between the parties and eliminate one of the major political obstacles to a durable settlement.

Another key element of normalization is the development of regional connectivity. The establishment of a transport corridor linking Azerbaijan's mainland with the Nakhchivan Autonomous Republic, often referred to as the Trans-Regional Integrated Passage Project (TRIPP), has the potential to transform the economic landscape of the South Caucasus. Such a route would not only facilitate transportation between different parts of Azerbaijan but also create new opportunities for Armenia, Türkiye, and other regional actors by expanding trade, investment, and transit connectivity. Enhanced transport networks could serve as a powerful incentive for cooperation and economic interdependence throughout the region.

Progress is also being made in the process of border delimitation and demarcation. The ongoing work of bilateral commissions contributes to the establishment of clearly defined interstate borders and reduces the risk of future misunderstandings or disputes. The successful completion of this process would represent another important step toward sustainable peace.

Beyond official negotiations, Track II diplomacy is increasingly contributing to the normalization process. Academic exchanges, expert dialogues, civil society initiatives, and people-to-people contacts can help build trust where political disagreements have historically dominated. Such engagement is essential for fostering reconciliation and creating a social foundation for lasting peace.

The coming months will therefore be critical for the future of the South Caucasus. While opportunities for peace have never been greater, the process remains sensitive and requires sustained commitment from all parties. Constructive political decisions, respect for sovereignty, expanded regional connectivity, and the

avoidance of external interference will be essential for transforming the current momentum into a stable and prosperous regional order. The Armenian parliamentary elections may prove to be a decisive step in determining whether this historic opportunity is fully realized.

Conclusion

The Caspian region is being significantly affected by ongoing global conflicts and broader geopolitical transformations. The wars in Eastern Europe and the Middle East, together with increasing competition among major powers, have created new challenges for regional stability and economic development. These developments have altered traditional trade routes, disrupted supply chains, and heightened concerns about energy security. At the same time, they have underscored the strategic importance of the Caspian region as a bridge connecting Europe and Asia.

In response to these challenges, the countries of the region have sought to strengthen their resilience through regional cooperation platforms, balanced foreign policies, and closer coordination on issues of common interest. Rather than aligning exclusively with any single geopolitical bloc, many regional states have pursued pragmatic and multi-vector foreign policies designed to preserve strategic autonomy while expanding economic and political partnerships. This approach has enabled them to navigate an increasingly complex international environment while safeguarding their national interests.

At the same time, the region has an opportunity to benefit from the uncertainties reshaping the global order. The growing demand for diversified energy supplies and alternative transportation routes has increased the significance of geoeconomic initiatives across the Caspian basin. Major projects in the fields of energy, transport, and logistics, including the Southern Gas Corridor and the Middle Corridor, have enhanced the region's role in facilitating trade and connectivity between East and West. These initiatives contribute not only to economic growth but also to regional stability and interdependence.

Against this backdrop, Azerbaijan is increasingly positioned to assume the role of a middle power at the regional level. Leveraging its strategic geographic location, energy resources, and diplomatic engagement, Azerbaijan actively promotes peace, connectivity, and economic cooperation throughout the South Caucasus and the wider Caspian region. At the same time, it maintains a balanced approach toward different geopolitical and geographical vectors, allowing it to engage constructively with a diverse range of partners. Through this strategy, Azerbaijan seeks to

contribute to regional stability while strengthening its position as an influential actor in the evolving Eurasian landscape.

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