

# Toward a Bright or Bleak Future in the South Caucasus

**T**he geopolitical situation in the South Caucasus has changed following the Second Karabakh War in 2020 and Russia's assault on Ukraine in 2022. The transformed regional and global landscape enabled Azerbaijan to liberate all its occupied territories, including Karabakh proper, in September 2023.

As Azerbaijan has restored its territorial integrity, Armenia has emerged as a defeated actor after the war. A new era has thus dawned in the South Caucasus, although the Armenia-Azerbaijan conflict has yet to be settled with a peace treaty. One result of these developments is that Russia's regional influence has considerably [diminished](#). This can be attributed to Russia's inability to control or influence developments due to its long-term engagement in Ukraine. The longer the Russian war in Ukraine lasts, the less Russian influence there will be in the South Caucasus.

Under such circumstances, non-regional actors have taken the stage to advance the peace pro-

cess between Azerbaijan and Armenia since 2022. Their aim is purportedly to downgrade the Russian influence in the South Caucasus and incentivize integration of the region into the Euro-Atlantic geopolitical space. At the same time, the regional heavyweights, namely Türkiye and Iran, aspire to shape the balance in their favor.

## Türkiye's Role in the Equation

Türkiye has had a prominent and decisive role in the South Caucasus since the collapse of the Soviet Union. Ankara's Western identity as a The North Atlantic Treaty Organization (NATO) member, the positive effects of evolving bilateral relations with Russia, and its regional initiatives built over 30 years provide leverage for Ankara. Since the independence of those states, Ankara's South Caucasus policy has tried consistently to tilt the regional geopolitical balance in its favor. This pragmatic approach aligned its interests, whether Western or Russian, to serve its own agenda. To attain its objectives, Ankara pursues a policy based on the two pillars of 'regional ownership' and 'regional



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cooperation.’ In this vein, Ankara has prioritized economic and commercial aspects of its policy, including regional connectivity, since the 1990s. Energy cooperation has visibly been the driving force in this quest.

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During the 2010s, Ankara launched security and military cooperation in tandem with economic-commercial ties with Georgia and Azerbaijan. Pursuing such a diversified policy could shape the region’s future in a way that is different from the current one. If this goal is attained, it could further counterbalance the diminishing Russian influence and create new circumstances, allowing it to sideline it. The natural question in this context is whether Ankara could shepherd this transformation.

## From Declarations of Independence to 2020s

Türkiye’s South Caucasus policy has always centered on Azerbaijan since the collapse of the Soviet Union. The motto behind it is “One Nation, Two States.” Ankara saw Baku as the key to its South Caucasus policy and, beyond that, to the Turkic world. The geographical limitation in reaching Azerbaijan makes Georgia a priority partner for Ankara and Baku. Tbilisi’s aspiration to become an EU and NATO member and keep its distance from Moscow also made Ankara a priority partner for Tbilisi. Thus, a trilateral regional setting comprising Türkiye, Azerbaijan, and Georgia flourished in the early 2000s. This prepared the ground for launching infrastructure projects such as the *Baku-Tbilisi-Ceyhan*, the *Baku-Tbilisi-Erzurum pipeline*, and the *Baku-Tbilisi-Kars railway* that deepened economic and commercial ties among the three actors and encouraged intensive political and economic relations.

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In that setting, Armenia had become the lesser child of God. Armenia's occupation of Azerbaijan's territories was the main reason for the lack of diplomatic relations between Ankara and Yerevan. The genocide allegations by Armenia against Türkiye and the challenge posed by the Armenian diaspora have also helped impede ameliorating relations and thus rendered the impasse chronic.

Although the three cooperating actors in the region declared that trilateral cooperation was open to Armenia, with the proviso that it respects borders and territorial integrity in the Caucasus, no step was taken toward normalizing Türkiye-Armenia relations. Despite Ankara's regional diplomatic initiatives, such as the [Caucasus Stability and Cooperation Platform](#) and [the 3+3 initiatives](#) after Russia invaded Georgian territories and Türkiye's much hyped-up rapprochement initiative with Armenia in 2009, there was no positive development between Yerevan and Ankara/Baku. Faced with this stalemate, Türkiye changed its rhetoric and actions in the South Caucasus after 2010 and suspended relations with Armenia. Ankara, in turn, elevated its relations with Baku and signed a '[Strategic Partnership and Mutual Assistance Agreement](#)' with Azerbaijan on 16 August 2010. On 15 September 2010, bilateral ties were raised to a "strategic level" following the initiation of the Türkiye-Azerbaijan High-Level Strategic Cooperation Council. The Mutual Assistance Agreement complemented this strategic level partnership under the headings of 'Military-Political and Security Issues' and 'Military and Military-Technical Cooperation Issues.' When the 44-Day War started on 27 September 2020, the bilateral cooperation arrangement between Türkiye and Azerbaijan already involved military and defense industries.

Ankara ensured Baku had a well-trained army with high military capabilities and skills to act [independently](#). The Azerbaijani army has been equipped with various military hardware, including [UAVs](#). At the High-Level Strategic Council meeting in Baku in February 2020, President Ilham Aliyev defined the nature of bilateral relations with [these words](#): "...the Azerbaijani state and people stand by the Turkish state and people in every issue at the regional and global levels." President Erdoğan responded to this assessment with "Karabakh is Azerbaijan!" and by uttering this remark, he green-lighted Türkiye's support for Azerbaijan's policy to liberate Karabakh. The most tangible outcome was [the Azerbaijan-Türkiye joint military exercises](#) between 29 July and 11 August 2020 in parallel with Russian-Armenian exercises. Following the liberation of Azerbaijan's occupied territories, bilateral relations between the two countries have further strengthened.

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The military and security dimension of bilateral relations became more prominent in the post-war period. The most noteworthy step for Ankara was deploying a Turkish military contingency in Azerbaijan. Turkish troops started patrolling the liberated districts within [the Joint Turkish-Russian Monitoring Center](#), established together with Moscow. There were other significant developments in the military, defense, and economic fields between Ankara and Baku after the war. In the first four months of 2021, four joint exercises were held. These exercises aimed not only to coordinate joint action but also to remodel the Azerbaijani army so that it would emulate the structures and procedures of the Turkish armed forces. Accordingly, a roadmap for the modernization of the Azerbaijani army was initiated. In line with that, President Erdoğan approved the defense industry coopera-

tion with Azerbaijan on 6 April 2021. However, the crown in the jewel was the signing of the [Shusha Declaration](#) on 15 June 2021.

This Declaration is the document that has defined Türkiye and Azerbaijan as allies. It is a declaration of intent by the two parties to fully support each other on issues of common interest at all international platforms, including regional organizations and initiatives. It is considered a solidification of the “one nation-two states” narrative adopted by Ankara and Baku in the early 1990s. The declaration also transcends bilateral relations and expands into the South Caucasus. The parties have declared that their primary aim was normalizing ties among the regional states, consolidating regional stability and security, restoring all relations in the fields of economy and transportation with other regional actors, and ensuring long-term peace. This can be read as a reflection of Ankara’s desire to play a more active and constructive role in shaping the future of the South Caucasus. Azerbaijan remains the pivot of this objective. In this context, the pertinent question is how to position Georgia and Armenia in Ankara’s new South Caucasus policy.

## The Search for Post-War Order and Ankara’s Priorities

As of 2024 and beyond, Ankara’s goals and priorities for the region are as follows:

- Establishing permanent regional peace;
- Further improving political relations with the entire Caucasus within the framework of Regional Ownership;
- Developing connectivity projects to deepen economic and trade relations throughout the Caucasus;
- Energizing security-oriented regional initiatives/institutions to develop mutual confidence-building measures for sustained regional security and stability;

- Further access to the Turkic world through diversified and enduring networks.

***As in the case of Ukraine, Ankara places its interests, expectations, and priorities at the center of its policies and thus attempts to balance all other non-regional actors accordingly.***

Achieving these goals necessitates developing a carefully balanced and pragmatic strategy. Demonstrating the degree of pragmatism means acting as a Western actor while keeping Russia and Iran in the loop as necessary. Such a calibrated approach has sometimes drawn harsh criticism from Türkiye’s Western allies. Still, Ankara has been assertive in presenting it as a renewed vision for the region. [As in the case of Ukraine](#), Ankara places its interests, expectations, and priorities at the center of its policies and thus attempts to balance all other non-regional actors accordingly. This is a challenging effort that requires pursuing prudent, rational, and dynamic policies.

## Utmost Interest: Establishing Lasting Regional Peace

Regarding its political position in the post-war environment, Ankara is not a neutral actor. Ankara’s approach, in line with Baku’s expectations, is to achieve lasting peace through comprehensive negotiations between Azerbaijan and Armenia. To that end, Türkiye has welcomed the ‘Armenia-Azerbaijan Commission on Delimitation and Demarcation.’

In the immediate aftermath of the war, expectations were for a simultaneous Türkiye-Armenia rapprochement and an Azerbaijan-Armenia Peace Treaty. For Ankara, this policy morphed into ‘Azerbaijan-Armenia peace first, followed by Turkish-Armenian rapprochement.’ This may be due to

Azerbaijan's desire to push Yerevan to first focus on signing a lasting peace agreement with Azerbaijan. The Azerbaijani side sees the current impasse in Turkish-Armenian relations as leverage against Yerevan and seeks not to lose this leverage before signing a deal with Yerevan.

On the other hand, Ankara closely follows the initiatives undertaken by the US, the EU, and Russia in the peace process. A "Baku-first" preference again shapes Türkiye's approach towards these initiatives. Ankara openly criticizes any initiative of the EU and the US that focuses solely on Armenia, leaving Azerbaijan outside. That explains why Türkiye has criticized the outcome of the trilateral meeting between Armenia, the US, and the EU on 5 April in Brussels. [On that note](#), Ankara has characterized this meeting as incompatible with neutrality, which could delay or impede lasting peace. It, therefore, urged a dialogue that includes Azerbaijan.

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Another critical step that would radically reshape the overall landscape in the South Caucasus would be the normalization of Türkiye-Armenia relations. Eventually, this is essential for contributing to lasting peace between Azerbaijan and Armenia that suits Turkish interests. Some modest steps were taken to this effect after the 44-day war. [Special envoys were appointed](#), and routine bilateral talks were revived. Türkiye lifted the ban on direct air cargo flights and resumed civilian flights between Armenia and Türkiye in 2022. Pashinyan attended Erdoğan's presidential inauguration ceremony. Armenia's foreign minister attended the Diplomacy Forum in Antalya. In February 2023, the Turkish-Armenian border, which remained closed for 30 years, was opened for humanitarian aid following the earthquake that hit Southeast-

ern Anatolia. Although these positive steps raised expectations, Türkiye-Armenia normalization has not yet been achieved. As things stand now, normalization seems to hinge on the signing of the Azerbaijan-Armenia peace deal. In that respect, Azerbaijan should rapidly reach an agreement with Armenia to safeguard the interests of its Turkish partner. The current impasse in normalizing Turkish-Armenian relations will not be helpful for Azerbaijan or Türkiye in the near future.

## Establishing Complex Regional Political Networks

Against this backdrop, Ankara's primary concern is avoiding another potential instability in the Caucasus due to the spillover effects of the Russian invasion of Ukraine. Ankara should take the initiative to build an all-Caucasian regional enterprise, in which Georgia, Azerbaijan, and Armenia, are able to find refuge. The idea to relaunch the Caucasus Stability and Cooperation Platform, like the Black Sea Economic Cooperation Organization (BSEC), should be conceived under different parameters in its current situation. Such a structure will ensure that regional issues are addressed primarily by the parties to the current disputes so that they can be resolved over time based on regional cooperation. Finally, exploring the means of incorporating the Turkic world into this inclusive structure could be a long-term challenge to address.

## Increasing Connectivity: Economic and Trade Relations

Trade and economic relations are essential to achieve political and security-oriented objectives. The South Caucasus already has a basic infrastructure built in the last decade. Overhauling and renewing the Soviet-era infrastructure in connectivity projects would give a critical impulse to peace and prosperity in the whole region. The extensive

land (railways, highways), sea (Caspian, Black Sea, and Aegean-Mediterranean), air, digital, and energy connectivity between Türkiye, Georgia, and Azerbaijan must include Armenia. Taking concrete steps in this direction, whether under the name of the Zangezur, the Aras, or the Yerevan proposed Crossroads for Peace project, would contribute to regional cooperation and stability. Such connectivity projects should be designed to be integral components of the Middle Corridor, thereby linking the region to European markets via Türkiye. They would ultimately serve as alternative and transit channels to already established connectivity projects controlled by Russia or Iran.

President [Erdogan's positive statement](#) on the Aras Corridor linking Nakhchivan and Azerbaijan through Iran could reflect such a perspective. An integrated web of connectivity projects would also provide access to Central and Asian markets via the Trans-Caspian International Transport Route.

[The EU has recently announced the allocation](#) of EUR 10 billion to develop this massive connectivity construct, which would circumvent Russian infrastructure. With this EU investment initiative, 33 infrastructure projects focusing on railroads are earmarked for financing. It must be kept in mind that Azerbaijan, with Ankara's support, has become an essential actor in European energy markets since the mid-2000s with projects such as TANAP and TAP. Despite political problems, Baku already has strategic partnership agreements with almost a third of the EU members. It sells natural gas to Bulgaria, Italy, and Greece, albeit in smaller

quantities. Agreements with Romania and Hungary have opened new vistas for the future.

The interconnection of regional infrastructures, the establishment of free trade zones, priority, and tax-free trade areas (especially in light of Armenia's agreements with the US and Türkiye and Georgia's agreements with the EU), and the launch of logistics centers through the signing of free trade agreements would firmly anchor the Caucasus to the global system and bring peace and prosperity to the region.

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In short, a clear window of opportunity has already opened in front of Türkiye, especially amid the uncertainty created by Russia's invasion of Ukraine. [Russian political influence is at the lowest level in this equation](#), and Moscow is politically ineffective in the South Caucasus. Russia's role is up for debate even in Armenia. Ankara can turn this into an advantage by bringing the Caucasus trio around the tangible all-regional projects and promoting lasting peace. This requires taking comprehensive and balanced steps and shaping a visionary and participatory South Caucasus policy. Ankara can only move in this direction if Armenia joins as a constructive and equal partner as Baku and Tbilisi have been over the last 30 years. Otherwise, the open window of opportunity may close and never be reopened ■