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Geostrategic Analysis of the Zangezur Corridor: Azerbaijan, Armenia and Georgia

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Abstract

The Zangezur Corridor, as known as Trump Route for International Peace and Prosperity (TRIPP) is a transport link through Armenia connecting Azerbaijan to its Nakhchivan exclave and further to Georgia and Turkey. It represents a transformative development for regional trade and cooperation. Using recent trade and transport data (2019–2025) and policy analyses, this study examines the corridor's impact on Armenia, Azerbaijan, and Georgia. There are myriad articles that support multiple arguments and many different perspectives on the new corridor. However, this paper will focus on how these countries can get the maximum benefit from this new change in their regional area.

Key words: Zangezur Corridor, Armenia, Azerbaijan, Georgia, Geostrategy, International Trade

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Introduction

The Zangezur Corridor has become a key development in the South Caucasus area. Under a U.S.-facilitated 2025 peace declaration between Armenia and Azerbaijan, a "Trump Route" linking the bulk of Azerbaijan to its Nakhchivan exclave via Armenia was proposed. Proponents frame it as a transformative Eurasian transit link, complementing existing East–West routes. Critics, including Yerevan warn it threatens Armenian sovereignty and could undercut alternative routes. This paper examines how the Corridor would affect each of the three key countries: Armenia, Azerbaijan, and Georgia. This article will focus on their strategic and economic interests, using the latest data to assess trade patterns and transport flows. It will draw on official statistics (EU trade data, Georgian Railway reports, Azerbaijan's transport statistics) and recent scholarly and media analyses. The aim of this article is an in-depth, balanced evaluation of the Corridor's potential impact.

Literature Review

Many scholars and analysts have noted their worries upon Corridor's possible risks and limitations. Although, these arguments have some basis in reality, they remain contradictory. When deeper research is done regarding the topic and other advanced sources published by scholars are considered, it is proven that there is more room to significant development and change for many countries rather than risks and limitations (Murad Aghayev 2025; ADBI 2024; Piotr Gawliczek, Khayal Iskandarov 2023; Bayramov, V., Safarova, G., Garajayev, M. 2023).

Transport corridors more broadly are recognized as policy instruments for enhancing trade efficiency and regional integration. They usually combine hard infrastructure (railways, highways, pipelines and ports) with institutional measures (such as customs harmonization, transit guarantees, and investments) to reduce trade costs and facilitate flows (World Customs organization 2017). Globally, the North–South Transport Corridor (INSTC) linking India, Iran, Russia, and Europe, and the Middle Corridor connecting China and Central Asia with the Black Sea and Europe, are prominent examples (Evgeny Vinokurov 2022). Within the South Caucasus, existing projects like Baku-Tbilisi-Kars railway demonstrate how corridors not only facilitate cargo movement but also shape patterns of cooperation and competition. Against this backdrop, the Zangezur Corridor should be understood as part of a wider set of initiatives positioning the region as a bridge between Europe and Asia (Clare Nutall 2025).

Given the existence of established oil and gas pipelines, as well as a highly developed rail infrastructure, the construction of new pipelines along this route appears neither necessary nor efficient particularly in the context of a green energy transition (Clare Nutall 2025). This indicates that the corridor is more likely to be utilized for non-oil exports. However, based on Azerbaijan's current non-oil export geography, more than 50% of such exports are unlikely to be routed through the corridor, even if it becomes operational. This is a significant proof that there must be broader regional cooperation. To maximize the corridor's potential, Azerbaijan must strengthen its non-oil industrial production and ensure that its goods meet international standards (J. Rentschler, A. Reinhardt, R. Elbert, D. Hummel 2025; Murad Agayev 2025).

On the downside, regional observers stress Georgia's predicament. A TRACECA analysis warned that "except for Georgia, everyone has a certain economic dividend", and that Zangezur's launch "will only harm Georgia economically," diverting cargo flows from Georgian railways and ports. Literature suggests that Azerbaijan and Türkiye will benefit from enhanced connectivity and expanded trade routes, while Armenia gains opportunities for greater integration and new transit revenues (A. R. Chedia 2024). Georgia, though facing adjustments in cargo distribution, is also well-positioned to benefit through complementary flows that strengthen its role in East–West transport. Experts note that with continued investment in infrastructure and stronger cooperation among neighbors, Georgia can use the corridor as an additional link rather than a competing route. In sum, the literature increasingly points to the corridor as a project that, if managed through regional coordination, can create mutual economic dividends. Our study builds on these insights by adding updated 2022–2025 data and transport metrics to show how benefits can be maximized for all three countries.

Although this paper focuses more on the South Caucasus countries, a country that its literature should be considered is Iran, which has concerns about its biggest Azerbaijani minority and its influence on Nachchivan. Even though Iran has not articulated its intentions against the territorial integrity of Azerbaijan, it has been a staunch supporter of Armenia. For the first time in the last couple of centuries, Iran and Russia share common interests in the South Caucasus region which have developed into a strategic partnership. Iran is also inclined to prevent the presence of Türkiye in the region by referring to it as a linchpin of NATO (Paul Goble 2021).

The European Union has positioned itself as an important actor in the discussion on the Zangezur Corridor, aligning the project with its broader agenda of connectivity and regional integration. Since the Comprehensive and Enhanced Partnership Agreement (CEPA) with Armenia entered into force in 2021, trade flows between Yerevan and Brussels have grown significantly. European Commission figures show that Armenian exports to the EU exceeded significantly in 2024, underscoring the EU's role as a reliable and expanding market for Armenian producers. For Brussels, initiatives such as the corridor are viewed not only through an economic perspective but also as instruments of peacebuilding and cooperation. EU representatives have repeatedly stressed that improved transport links can strengthen trust among neighbors while embedding the South Caucasus more firmly in European economic networks (European External Action Service, 2022).

The opening of the Zangezur corridor will change the transit map of the entire region. The connection between Azerbaijan and Türkiye will be ensured, and a railway line will be built between Armenia and Russia through Azerbaijan. In other words, the Zangezur corridor will connect both Azerbaijan and Türkiye as well as Armenia and Russia, which benefits all countries in that region. In addition, for the first time in modern history, Russia and Türkiye will have a railway connection (Piotr Gawliczek, Khayal Iskandarov 2023).

Russia also remains an essential stakeholder in the future of regional transit. As one of the guarantors of the November 2020 ceasefire agreement, Moscow has been central in discussions on the security of new transport corridors (Elguja Kavtaradze 2024; Nasirov Iskandarov 2017). Although its influence in the South Caucasus has been tested by events elsewhere, analysts note that the Zangezur Corridor provides Russia with indirect strategic advantages. By linking east–west and north–south routes, the project complements existing frameworks such as the International North–South Transport Corridor (INSTC). In this respect, the corridor is often described not as a rival initiative, but as an additional channel that allows Russia, Türkiye, the EU, and other actors to benefit from more efficient trade connection (Cutler, Robert M 2024).

International financial institutions and policy experts further highlight the Zangezur Corridor's potential as part of the wider "Middle Corridor" strategy that connects Central Asia and China with Europe (World Bank 2023). Embedding the South Caucasus within this network would transform the region into a vital transit hub, with direct gains from shorter transport times and lower shipping costs. Reports by the Asian Development Bank and the World Bank argue that upgraded rail and road links could stimulate investment, particularly in non-oil sectors, and create new opportunities for Armenia and Azerbaijan to expand their export base (Azghaliyeva Dina, Roman Mogilevskii, Akbar Riznaldi 2024). Framed in this way, the corridor is increasingly seen as a driver of shared growth and stability, contributing to a vision of Eurasia as an interconnected economic space rather than a fragmented one.

Methodology

This research integrates quantitative trade and transport data with qualitative policy analysis. Recent statistics from official sources are collected: European Commission trade fact sheets for 2021–2024 EU–Armenia trade, Georgian Railway annual reports (2022) for revenue categories, and Azerbaijan's State Statistical Committee publications for 2019–2023 rail freight volumes. Chart illustrations were generated from these primary data.

This study uses a mixed-methods approach combining timeline of trade and transport data with qualitative policy analysis and document review. The central dependent variables are annual transit tonnage, bilateral trade volumes for Armenia, Azerbaijan and Georgia, and estimated transit revenue. The main independent variables are operational status of the

Zangezur Corridor, infrastructure investment levels, and policy measures e.g., customs facilitation, transit guarantees.

From these we derive two hypothesis:

1. The opening and sustained operation of the Zangezur corridor, combined with supporting infrastructure investments and facilitative policies, generates a statistically significant increase in regional transit tonnage, trade balance and bilateral trade volumes across all three countries (Azerbaijan, Armenia, and Georgia), reinforicing their mutual trade interdependence.
2. The Zangezur Corridor contributes not only to higher trade volumes but also to diversified connectivity and increasing market access for Armenia, Azerbaijan, and Georgia, thereby strengthening their collective role as a transit bridge between the EU and Asia.

Empirical strategy: for the quantitative part: annual and quarterly series (2019–2025) of transit tonnage, bilateral trade flows, revenue and other crucial factors for the necessary comparison, from official sources.

We use a complementary technique: difference-in-differences (DiD) where a suitable "treatment" timing exists to compare pre/post changes across the three countries.

Model for difference-in-differences:

$$Y_{it} = \alpha + \beta(Treat_i \times Post_t) + \gamma_i + \delta_t + X_{it}\theta + \varepsilon_{it}$$

For the qualitative part we perform policy document analysis (peace agreements, CEPA implementation reports, TRACECA analyses) and combine with media reporting.

Perspective and Interests of South Caucasus

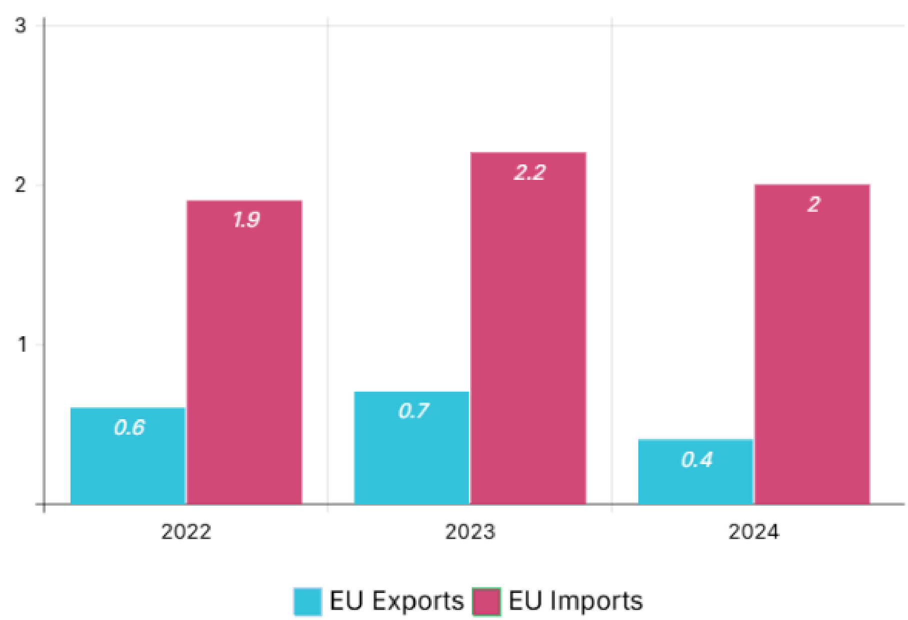
Armenia

Armenia finds itself in a limited economic position. It depends heavily on Eastern (Iran) and Western (EU) markets for trade and energy. Its economy is mainly based on re-import and re-export mostly from Russia. Records show that their rates have significantly increased in recent years but there is no assurance that it is a permanent growth. Specially after Russia-Ukraine war, the rates have not been stable. For Armenia, the Zangezur Corridor opens a new chapter of economic opportunity. Landlocked and traditionally reliant on limited trade routes, Armenia can use the corridor to diversify connections with the EU, Türkiye, and regional partners (Piotr Gawliczek, Khayal Iskandarov 2023; Murad Aghayev 2025).

In 2024 the EU accounted for about 7.5% of Armenia's total trade. Crucially, Armenia's exports to the EU far exceed its imports approximately €2.00 billion vs. €0.41 billion in 2024, giving Armenia a significant trade growth with Europe (see Figure 1). In 2021–2022 both imports and exports surged; exports jumped to €1.586 bn in 2022 and €2.159 bn in 2023 before settling at €2.004 bn in 2024. This volatility reflects factors like rising global commodity prices and the tailwinds of the EU–Armenia CEPA trade agreement. Armenia's top exports to the EU suggest a manufacturing and resource-export base. Meanwhile the EU supplies nearly 10% of Armenia's imports. (Embassy of Switzerland in Armenia 2024; Parsyan 2024; European Commission 2025)

Figure 1.

Trade in Goods of EU with Armenia (billion USD)



Note: Trade in Goods of EU with Armenia (billion USD) graph is created by the author using data from European Commission report 2025,1.

These statistics could be considered as a major development for Armenia. However, it shouldn't be disregarded that most of these export rates show data from re-exports. Research shows that in 2024, about 50% of Armenia's exports were gold re-exports. This is a very high amount when their economy's size and GDP are considered. According to global economic indicators, in 2024, 76.35% of GDP comes from exports in Armenia (see Table 1). This is the highest record ever seen in their GDP history.

Table 1.

International Trade Data 2024	Armenia
Exports (% of GDP)	76.35%
Exports in billion (USD)	14.32 billion
Imports (% of GDP)	75.79%
Imports in billion (USD)	14.51 billion
Trade balance (% of GDP)	0.55%
Trade openness (exports + imports)	119.71%

Note: Data by The Global Economy, International Trade Data from 2024 for Armenia.

To conclude, international transport is a crucial element for Armenia's economic stability, especially in recent years. In the current situation, the only transport routes that Armenia is using for its exports are through Iran and Georgia (they have high transit costs due to their length). After the Russian-Ukranian war in 2022, Armenian trade with EEU and Russia has increased significantly, mainly due to western sanctions. Consequently, Armenia became a hub to re-import and re-exports in recent years (ARKA 2022). The Zangezur corridor has the potential to enhance Armenia's trade even further with a shorter and more efficient route.

Center for Political and Economic Strategic Studies in Armenia admits that in relation to the North–South transport corridor, Azerbaijan constructed a railway which goes up to the Iranian border town of Astara, and Iran completed the construction of the Qazvin–Rasht section (Poghosyan 2021). The only missing part is the Rasht–Astara section, which is approximately 150 km. As Poghosyan mentioned, it would be better to be realistic, and Armenia should not lose an opportunity to benefit from this corridor and abstain from any wishful thinking.

Armenia seeks to expand trade and connectivity. Yerevan has promoted the *"Crossroads of Peace"* initiative, aiming to build railway and road links with Iran, Georgia, and Türkiye as its own regional integration strategy. The Corridor could open Armenia to Azerbaijani transit and foreign investment, generating customs revenues and infrastructure upgrades. The TRACECA analysis notes potential benefits for Armenia: new rail links to Iran and an alternative to Georgia for reaching Russia, both vital given Armenia's large trade with Russia. With guarantees of sovereignty and transparent trade mechanisms, the Zangezur Corridor could help Armenia achieve sustainable integration and economic growth (Blank 2022).

Azerbaijan

For Azerbaijan, the Corridor is a strategic opportunity. It directly connects Azerbaijan's industrial heartland to the Turkish border via Nakhchivan, shortening the existing Asia–Europe route (Piotr Gawliczek, Khayal Iskandarov 2023). Officials emphasize economic gains: President Aliyev forecasts an initial transit capacity of roughly 15 million tons per year. Indeed, Azerbaijan's rail network is already gearing up: by 2024 ADY (Azerbaijan Railways) carried ~18.5 million tons of freight and reported 7.3 million tons as transit, a 5.7% rise from 2023. According to to dailysabah news 2019–2023 surge: rail transit tonnage grew from ~3.8 to ~7.5 million, before a modest dip to ~6.9 million in 2023. This trend highlights Azerbaijan's transition into a transit hub (see Figure 2).

Figure 2.

Transit Tonnage in Azerbaijan 2019-2024

Note: Transit Tonnage in Azerbaijan 2019-2024 graph is created by the author using data from Cavid Aliyev 2024.

Transit flows more than doubled between 2019 (3,796) and 2022 (7,478). In 2023 they remained high 6,871 thousand tons, reflecting ongoing use of alternative routes e.g. via Iran and preparations for Zangezur. Parallel to rail, Azerbaijan is upgrading highways to Nakhchivan and plans to run oil and gas pipelines and power lines along the corridor. Azerbaijani analysts note these multimodal links will reduce shipping costs and time: currently goods move through Georgia or Iran, but the direct route will become shorter and transit will take place entirely through Azerbaijani territory, cutting costs (ADY Express 2025).

In terms of international trade, Azerbaijan is globally recognized for exports of its local products such as oil and gas. The country is more focused on advertising and selling its own products rather than re-export or re-importing other countries' goods. It may have the lowest rate of import and export among the South Caucasus (see Table 2); however, it has globally recognized products, a strong reputation and less competition, as many of its neighbors' exports are based on transits. However, Azerbaijan's heavy reliance on oil, might eventually cause some challenges in the long-term. There are resources that state that the country's current oil reserve is 7 billion barrels. This is more than enough for the current trade, but it will start to challenge exporting it in the long-term. Therefore, to obtain a sustainable strategy, the country might start developing non-oil resources as (see also Bayramov and Abbas, 2017�).

Furthermore, the country has a positive trade balance due to its matching export and import rates. The average trade openness in the world for 2024 was 97.3%, which means it is significantly low. However, this is due to low rates of re-export and re-imports, the beneficiaries of them and non-oil domestic product exports.

Table 2.

International Trade Data from 2024 for Azerbaijan

International Trade Data 2024	Azerbaijan
Exports (% of GDP)	45.59%
Exports in billion (USD)	35.5 billion
Imports (% of GDP)	36.79%
Imports in billion (USD)	25.02 billion
Trade balance (% of GDP)	9.12%
Trade openness (exports + imports)	83.54%

Note: Data for International Trade Data from 2024 for Azerbaijan was gathered from The Global Economy.

Economically, the corridor strengthens Azerbaijan's trade diversification. It provides a direct land bridge to Türkiye's economy and thence to Europe, bolstering agriculture and manufacturing exports. The route also supports Azerbaijan's goal to position itself as a Central Eurasian energy and logistics hub; plans for a renewable "energy corridor" such as wind and solar power grids to Turkey, further underline its ambitions. With infrastructure build-out well under way on Azerbaijan's side with 85 km of railway completed to the Armenian border, modern highways, new gas pipelines, Baku's strategic aim is clear: to integrate Nakhchivan and beyond into its economy, opening new transit revenues in non-oil sectors (Murad Aghayev 2025).

Georgia

Georgia remains a vital player in Eurasian transit, and the Zangezur Corridor creates new possibilities for strengthening its role (Piotr Gawliczek, Khayal Iskandarov 2023). Unlike Armenia, its re-export rates are more balanced as it has local products as well, such as merchendise. Its total export rate in 2024 was 12.16 billion, above current global average. But not enough to perform well in terms of trade balance. When we compare all three countries, Georgia has the lowest trade balance. However, if the country focuses on its other strengths, it can recreate this balance. Georgia is geographically located at a very important zone; it borders both Black Sea and big transit hubs such as Russia and Turkey. When we think strategically, Azerbaijan and Armenia will tend to use rail transport more than sea transport. Thus, Georgia will have a unique opportunity to increase sea-transit, strengthen its ports and increase trade balance with its big export partners. However, this chance must be used carefully.

The opening of the Zangezur corridor is unlikely to eliminate maritime transport fully, because sea shipping retains large economies of scale and will remain preferable for many bulk and long-distance container flows due to high costs. However, together with growth in the Middle Corridor, Zangezur can redirect regional trade to land routes, especially under conditions of sea-route disruption or significant gains in land transit efficiency. For Georgia, the effect is slightly uncertain: some transit volumes may be diverted, but the country can still secure benefits by strengthening port capacity and intermodal connections, expanding customs and developing more valuable services at its ports.

Georgia has a wide range of products and transit flows. It has good trade relations with other countries and globally, it is above the average in terms of trade openness (see Table 3).

Table 3.

International Trade Data from 2024 for Georgia

International Trade Data 2024	Georgia
Exports (% of GDP)	48.36%
Exports in billion (USD)	12.16 billion
Imports (% of GDP)	55.97%
Imports in billion (USD)	17.82 billion
Trade balance (% of GDP)	-7.62%
Trade openness (exports + imports)	107.15%

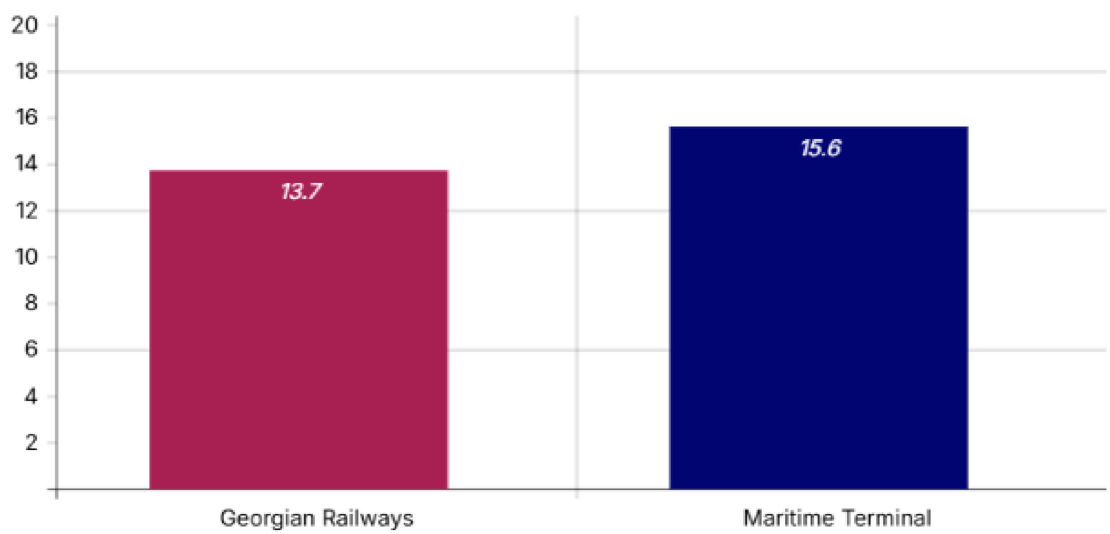
Note: Data for International Trade Data from 2024 for Georgia was gathered from The Global Economy.

Freight traffic has always been central to Georgia's railway revenues (58% in 2022), and while cargo flows are shifting globally, the corridor can complement existing Georgian routes such as the Baku–Tbilisi–Kars line. Although Zangezur corridor will benefit many countries' trades, it is not geographically beneficial for all. Instead of viewing it as competition, Georgia can benefit from increased volumes through regional cooperation, as more goods will flow across the South Caucasus as a whole. TRACECA and other experts highlight that investments in infrastructure will ensure Georgia continues to attract transit flows, while also benefiting from new partnerships linked to the corridor.[1] In this way, Georgia can consolidate its position as a diversified transit hub, connecting both traditional and emerging routes in Eurasia.

The figure below shows the cargo tonnage handled in ports in 2024 through Railway and Maritime. As shown, maritime handled slightly more cargo comparing to the railway and in 2024 it increased by %6, and it is expected to increase more in the upcoming years. This indicates a tangible starting advantage to begin shifting the transit to maritime.

Figure 3.

Total Cargo Tonnage in Georgian Ports (million ton)



Note: Total Cargo Tonnage in Georgian Ports (million ton) graph created by the author using data from BTU Georgia 2024.

Georgia is the only state for which the launch of the Zangezur corridor will lead to a switch of cargo flows from the Georgian railway, ports and Baku-Tbilisi-Kars branches to a new direction. In conclusion, Georgia is not at risk of losing cargo flows as a result of the launch of the Zangezur corridor in the next 5 years. Therefore, at the current stage, the country's

[1] TRACECA https://traceca.ge/en/news/interestsofthecountriesinvolvedinthezangezurcorridorproject

priority task should be to establish a sustainable and safe transport infrastructure on the Georgian section.

Results and Discussions

Difference-in-Differences (DiD) Model

To estimate the potential trade effect of the Zangezur Corridor, we apply a simple difference-in-differences (DiD) framework using export data from 2020–2024. Armenia and Azerbaijan are defined as the treatment group, as they are the primary beneficiaries of the corridor, while Georgia serves as a control group. By comparing the relative change in exports in these two groups after the treatment period begins, the model identifies how much of the observed increase can be linked to corridor-related factors rather than to general regional growth.

Although the Zangezur Corridor is expected to become operational in 2026 according to statements from Azerbaijani officials[2], this study designates 2022 as the beginning of the post-treatment period. This choice reflects the fact that trade patterns in the South Caucasus underwent a significant shift from that year onward. The outbreak of the Russia–Ukraine war and the wide-ranging sanctions imposed on Russia disrupted established trade routes and created new opportunities for re-export, particularly in Armenia where exports of gold and electronics expanded sharply. Azerbaijan was also influenced by these developments through adjustments in its external trade relations. At the same time, political and economic negotiations concerning new transport connections, including the Zangezur Corridor, intensified and began to influence expectations in the region. For these reasons, 2022 represents a structural break in the trade environment, and treating it as the onset of the post-treatment period allows the DiD model to capture both the effects of sanctions-driven rerouting and the anticipatory impact of the corridor itself.

Between 2020 and 2024, Armenia's exports rose from approximately 36% of GDP to 76%, a dramatic increase of nearly 40 percentage points. Azerbaijan's exports expanded from 35% to 45% of GDP, while Georgia, which is not directly included in the corridor project, saw a more modest rise from 36% to 48% of GDP (see Table 4).

[2] https://report.az/en/infrastructure/work-on-azerbaijani-section-of-zangazur-corridor-to-be-completed-in-2026

Table 4.

International Trade Data (% of GDP) for South Caucasus Countries

Year	Armenia (%)	Azerbaijan (%)	Georgia (%)
2020	39.2	42.8	43.5
2021	41.0	44.3	45.1
2022	55.6	46.2	47.0
2023	68.2	47.0	48.1
2024	76.35	45.59	48.36

Note: Data for International Trade Data (% of GDP) South Caucasus Countries was gathered from The Global Economy 2019-2024.

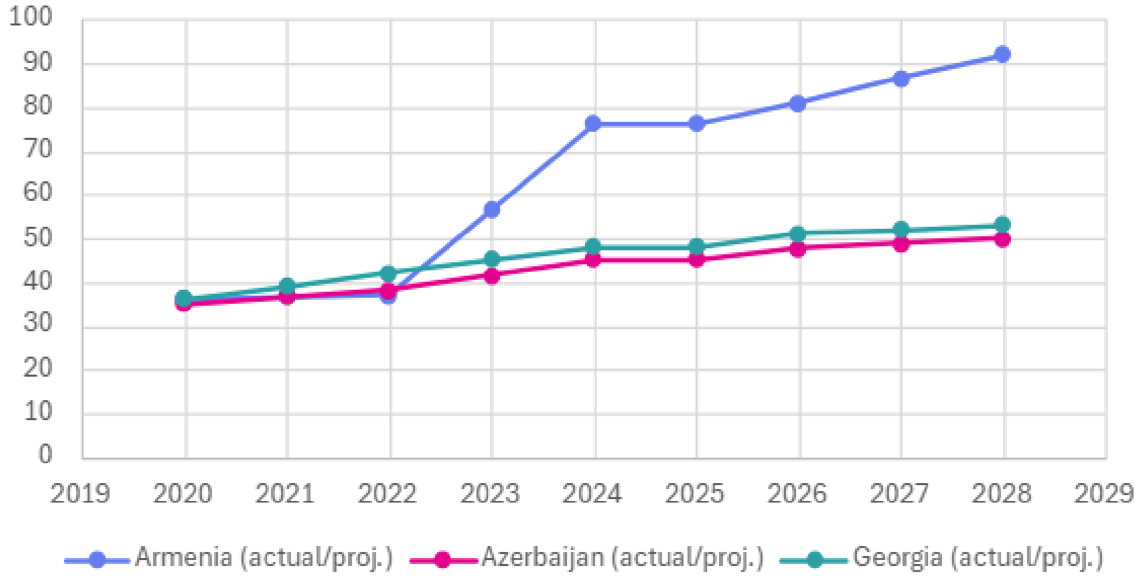
The estimated treatment effect (β) indicates that Armenia and Azerbaijan experienced an additional increase of about 25 percentage points (p.p.) in exports relative to Georgia in the post-2022 period. While these results should be interpreted with caution, given other external shocks such as EU–Russia sanctions and commodity price volatility, the comparison highlights that the countries anticipating the corridor have already experienced significantly faster export growth than the control country.

The estimates from the DiD model are then used to construct assumptions for future trade trends. Baseline scenario assumes that the post-2022 trade dynamics continue without additional corridor effects, reflecting ongoing adjustments from sanctions, rerouted trade flows, and other regional factors. The optimistic scenario incorporates the expected benefits from the eventual opening of the Zangezur Corridor in 2026, including increased transit efficiency, infrastructure upgrades, and expanded market access. These scenarios provide informed projections of exports for 2025–2028, showing potential divergences among the three countries (see Figure 4).

Armenia shows the strongest upward potential due to its heavy reliance on re-exports and the opportunity to deepen EU connectivity. Azerbaijan's exports stabilize under the baseline but grow moderately under the optimistic scenario, reflecting gains beyond the oil sector. Georgia's projections are more modest, but maritime and complementary transport flows provide resilience even if some railway traffic shifts to the corridor. These assumptions are not precise forecasts, but they allow us to explore likely trade impacts under different corridor outcomes.

Figure 4.

Modeled projections for 2024-2028



Note: Modeled projections for 2024-2028 graph was created by the author using data from The Global Economy 2020-2024. DiD model was used to create assumptions for 2024-2028 period, using previous data.

Comparative Analysis

Between 2020 and 2024, Armenia, Azerbaijan, and Georgia experienced differing trade dynamics that highlight the potential impact of the Zangezur Corridor. Armenia's exports rose sharply, reflecting both re-export activity and increasing EU connectivity. The difference-in-differences model suggests that corridor-related developments contributed to additional export growth relative to Georgia, indicating early structural shifts in trade patterns. Azerbaijan's exports grew moderately over the same period, supported by increasing transit flows and infrastructure investments, while Georgia's exports increased more steadily, reflecting the resilience of its existing transport and logistics networks.

Trade balances also diverge across the three countries. Armenia maintains a relatively neutral position, Azerbaijan enjoys a positive trade balance, and Georgia faces a deficit. These differences illustrate the corridor's differentiated economic impact: Azerbaijan benefits from enhanced transit revenues and strengthened export capacity, Armenia gains through broader connectivity and transit potential, and Georgia's gains are largely complementary, dependent on optimizing port throughput and intermodal services.

The corridor's infrastructure and transit implications further emphasize these contrasts. For Armenia, it offers an alternative to traditional routes through Iran and Georgia, potentially lowering transit costs and enhancing access to European markets. For Azerbaijan, the corridor provides a direct land bridge to Türkiye and Europe, reinforcing its role as a regional logistics hub and increasing its strategic influence. Georgia, while indirectly affected, can capture complementary flows and strengthen its established East–West transit networks, ensuring that regional interdependence translates into sustainable logistical advantages.

Overall, the corridor reshapes geostrategic relationships in the South Caucasus. Armenia gains economic leverage and improved EU integration, Azerbaijan consolidates its transit dominance and geopolitical influence, and Georgia benefits indirectly through complementary trade flows and strengthened regional connectivity. Policymakers should recognize these distinctions, with Armenia focusing on diversifying high-value exports, Azerbaijan leveraging corridor connectivity to expand non-oil trade, and Georgia integrating corridor flows into existing networks to maximize complementary advantages.

Table 5.

Transport data for all South Caucasus countries for comparison

Transport data	Armenia	Azerbaijan	Georgia
Exports (% of GDP)	76.35%	45.59%	48.36%
Trade Balance	Neutral 0.55%	Positive 9.12%	-7.62%
Trade Openness	High	Moderate	High

Note: Data for Transport data for all South Caucasus countries for comparison, was gathered from The Global Economy 2024.

Descriptive Analysis

The Zangezur Corridor has emerged as a key factor shaping trade and transit dynamics in the South Caucasus. Armenia, which has limited transport options, stands to gain new connectivity with regional and European partners. The corridor provides a strategic alternative to its existing reliance on routes through Iran and Georgia, offering both economic and political influence by integrating Armenia more directly into transcontinental trade flows.

Azerbaijan considers the corridor as a strategic opportunity to strengthen its regional influence and transform its transport network into a central logistics hub. The corridor enhances Azerbaijan's connectivity with iNachivan, Türkiye and Europe, allowing the country to expand beyond its traditional energy exports and reinforce its role in regional transit. The DiD analysis highlights that anticipated corridor-related developments have already influenced trade patterns, indicating early shifts in economic flows and strategic positioning as see in the assumptions data.

Georgia, while not a direct corridor participant, is affected indirectly through adjustments in cargo flows and regional trade integration. The corridor can complement Georgia's existing East–West transport networks and ports, which offers opportunities to strengthen its logistics services and maintain competitiveness. Geostrategically, Georgia benefits by being part of a more interconnected regional network, positioning itself as a key partner in facilitating trade while mitigating potential disruptions to its existing infrastructure.

To conclude, the descriptive analysis illustrates that the corridor does not simply impact trade volumes; it reshapes regional interdependencies and strategic dynamics. Armenia gains potential economic leverage and broader access to EU markets, Azerbaijan strengthens its transit and geopolitical influence, and Georgia can secure complementary benefits while maintaining its established transport role.

Recommendations

The analysis of trade patterns, transit flows, and the projected impacts of the Zangezur Corridor from 2020 to 2024 suggests several strategic steps to maximize the outcomes for Armenia, Azerbaijan, and Georgia while fostering regional cooperation. Each country should prioritize diversification of its export base to ensure sustainable growth. For Armenia, this means reducing reliance on re-exports, particularly gold, and expanding manufacturing. Azerbaijan, while benefiting from its energy sector, should actively develop non-oil industries such as agriculture, light manufacturing, and processed goods to complement its traditional exports and develop sustainability. Georgia can leverage its established logistics networks and ports to attract transit goods while strengthening its domestic production and export diversity.

Regular monitoring of trade volumes, transit tonnage, and corridor-related flows will be critical for all three countries. By integrating descriptive metrics with difference-in-differences analysis, policymakers can track both general trends and causal effects of corridor operations, allowing for timely adjustments to maximize economic outcomes. Close regional coordination is also essential. Armenia, Azerbaijan, and Georgia should harmonize customs procedures, transit regulations, and trade facilitation measures, while establishing joint monitoring mechanisms to ensure smooth corridor operations and equitable distribution of transit benefits.

External risks, such as geopolitical tensions, fluctuations in commodity prices, or potential trade disruptions, are important factors that should not underestimated for corridor's stability. Contingency planning, including alternative routing strategies and flexible logistics arrangements, can lower the effects of such shocks. At the same time, the corridor presents complementary opportunities. Georgia's ports and intermodal transport capabilities can efficiently handle additional cargo flows, while Armenia and Azerbaijan can use coordinated planning to enhance regional interdependence rather than compete for transit traffic. By aligning corridor operations with broader economic strategies such as non-oil industrial development, EU market integration, and sustainable trade growth, the South Caucasus can ensure that the Zangezur Corridor delivers long-term benefits to all three countries.

Conclusion

The Zangezur Corridor is more than a transport project. It is a test of whether the South Caucasus can transform geography into a foundation for cooperation. This research aimed to evaluate its likely economic and political impacts, using both descriptive data and a difference-in-differences model to separate broader regional shifts from corridor effects. The model played a crucial role in showing that changes in trade patterns cannot be explained by external shocks alone. Anticipation of the corridor itself has already begun shaping expectations, investments, and policies, which reinforces the study's central finding. The corridor will significantly influence trade flows and interdependence among Armenia, Azerbaijan, and Georgia.

The assumptions graph is an important indicator to describe what to expect in the future. It is also a solid data for further research, as it relies on actual quantitative data. The graph highlights not just immediate outcomes but also the different futures that each country might face. Armenia's prospects are tied to reducing its dependence on re-exports and turning connectivity into real industrial growth. Azerbaijan can use the corridor to diversify beyond hydrocarbons and strengthen its position as a logistics hub. Georgia, though sometimes seen as vulnerable, has the chance to expand its maritime role and develop valuable services that keep it central in regional trade.

The recommendations outlined greater diversification, stronger coordination, and developing the transit hubs such as ports, which are practical measures that can help each country prepare for the changes ahead. For Armenia, this means stabilizing its fragile trade base; for Azerbaijan, ensuring a balanced transition away from oil; and for Georgia, using complementary flows to secure long-term advantages. The corridor's success will depend not only on the construction of new routes but also on whether these three states can build trust and share the benefits fairly.

In conclusion, the Zangezur Corridor has the potential to become a turning point for the South Caucasus. Beyond simply facilitating trade, it can strengthen economic interdependence, improve regional connectivity, and support the development of more diversified and resilient economies. Contrary to some discussions related to the topic, if the three countries identify their strengths and maximize them, they will all benefit from this new change. Overall, the study underscores that the Zangezur Corridor is not only a transport project but also a catalyst for reshaping regional dynamics in a way that could enable long-term stability and shared prosperity.

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