

# MP-IDSA

## *Issue Brief*

# Contestation over Corridors in the South Caucasus

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## **S***ummary*

The South Caucasus is a strategic region from the point of view of regional transit and an arena of power-politics.. Armenia, still vulnerable to Baku's irredentist territorial claims and no longer able to count on its primary security provider Russia, is seeking new partnerships in the West and with India.

On 19 September 2023, Azerbaijan launched an ‘anti-terrorist operation’ in the then de facto Republic of Nagorno-Karabakh, which had been home to ethnic Armenians, but recognised internationally as part of Azerbaijan. After the enclave’s local government dissolved itself, Azerbaijani President Ilham Aliyev took a hard line on integrating the territory. As Baku established full control over the territory with no provisions for autonomy or any plans for a locally elected government, more than one lakh ethnic Armenians fled into Armenia. Armenian Prime Minister Nikol Pashinyan charged that the exodus amounted to “a direct act of an ethnic cleansing and depriving people of their motherland”.<sup>1</sup> However, given his priorities of a lasting peace settlement with Azerbaijan, including delimitation of border, he did not allow Karabakhi leaders to establish a government in exile.

One year later, Azerbaijan’s push to open an extra-territorial transport corridor to its exclave Nakhchivan, which is located between Iran, Armenia and Turkey, has become a thorny issue between the two neighbours. Armenia, still vulnerable to Baku’s irredentist territorial claims and no longer able to count on its primary security provider Russia, is seeking new partnerships in the West and has emerged as India’s top arms importer. South Caucasus, a strategic region from the point of view of regional transit and an arena of power-politics, is far from achieving peace. Also, it is of growing interest to India.

### **Baku’s Push for ‘Zangezur Corridor’**

Ilham Aliyev, who succeeded his father as President of Azerbaijan in 2003, used his country’s energy windfall to forge a burgeoning energy and security partnership with Turkey and Israel. Turkish and Israeli-made drones played a significant role in Baku’s military success in the Second Karabakh War in 2020. It was able to recapture seven Armenian-occupied districts surrounding Nagorno-Karabakh until Russia stepped in to broker a ceasefire that left a major part of Nagorno-Karabakh Republic intact.

Since the disintegration of the Soviet Union, Moscow has used its peacekeeping role and support for breakaway entities such as Karabakh, Abkhazia and South Ossetia in Georgia as ‘territorial levers’ to maintain its legacy influence in the Caucasus. The November 2020 tripartite ceasefire agreement included a provision that “all economic and transport links in the region shall be unblocked”, including those between the “western regions of the Republic of Azerbaijan and the Nakhchivan”.<sup>2</sup> It

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<sup>1</sup> [“Armenia Says More Than 100,000 People Fled Nagorno-Karabakh”](#), *Al Jazeera*, 30 September 2023.

<sup>2</sup> [“Statement by the Prime Minister of the Republic of Armenia, the President of the Republic of Azerbaijan and the President of the Russian Federation”](#), The Prime Minister of the Republic of Armenia, 10 November 2020.

also held that Russian border guards would be responsible for overseeing the transport connections.

However, a triumphant Azerbaijan, backed by Turkey, made new territorial claims on territorial pockets on the Armenian side of the international border under the guise of opening the so-called Zangezur corridor. Baku’s irredentist claims are visible in the revival of the historical, territorial designation of Zangezur as a lost Azerbaijani ethno-space.<sup>3</sup> During the brief period following the collapse of the Ottoman and Russian empires, the First Republics of Armenia and Azerbaijan had made competing claims on three districts of Nagorno-Karabakh, Zangezur and Nakhichevan.

Following the departure of the Turkish Army in late 1918, the British had established their supremacy in Transcaucasia. In January 1919, Britain had officially placed Karabakh and Zangezur under the Azerbaijan government, but the local Armenian council of Zangezur mounted rebellion, which was eventually pacified by the Bolsheviks in June–July 1921, and the region was allocated to Soviet Armenia.<sup>4</sup> In July 2021, Baku did an internal reorganisation of economic regions and named a new region bordering Syunik as Eastern Zangezur, implying there is a Western Zangezur in Armenia.

Turkey has backed the Zangezur corridor to realise its own vision of an unhindered trade and transit corridor stretching from Turkey to the Chinese Turkestan (officially called the Xinxiang). It would give a boost to its pan-Turkist project centred on Central Asia. In the wake of the Russia–Ukraine war, Moscow has taken a more accommodative stance towards Turkey and Azerbaijan. In September 2022, Azerbaijani military had targeted up to 23 locations and captured several strategic heights in Syunik province, in the south of Armenia.<sup>5</sup>

After Pashinyan’s appeal to the Collective Security Treaty Organization for taking effective collective steps to ensure its security yielded no results, Yerevan paved the way for an EU Monitoring Mission to be deployed on the Armenian side of the international border with Azerbaijan.<sup>6</sup> In July 2024, Aliyev also signed a strategic partnership agreement with China. Both seek to enhance the role of Trans-Caspian International Transport Route, also called the ‘middle corridor’ in China–Europe connectivity. This, in turn, has made Armenia, which brands itself as the only democracy in the South Caucasus, an important partner for European countries, especially France and the US.

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<sup>3</sup> Laurence Broers, “[Augmented Azerbaijan? The Return of Azerbaijani Irredentism](#)”, *Eurasianet*, 5 August 2021.

<sup>4</sup> Lilit Hovhannisyan, “[Zangezur in U.S. State Department Documents \(1919-1920\)](#)”, *Historia I Świat*, No. 13, 2024, pp. 361–370.

<sup>5</sup> Natalia Konarzewska, “[What’s Behind the New Round of Clashes between Armenia and Azerbaijan](#)”, *New Eastern Europe*, 20 September 2022.

<sup>6</sup> “[About European Union Mission in Armenia](#)”, Official Website of the European Union, 11 April 2024.

## Armenia and Iran’s Regional Connectivity Alternatives

Reeling under military defeat and an unfavourable regional geopolitical environment, Armenian Prime Minister Nikol Pashinyan has staked his political capital to reach a comprehensive peace settlement with Azerbaijan, emphasising mutual recognition of territorial integrity, and delimitation of the 1000-km border with Azerbaijan. He has even initiated the process for a constitutional change formally renouncing all claims over Karabakh.<sup>7</sup> However, Azerbaijan’s interpretation of Zangezur Corridor demanding extraterritorial concessions in terms of no customs check and under control of Russian Border Guards is unacceptable to Armenia.

Notably, Baku has squarely rejected the alternative ‘Crossroads of Peace’ initiative articulated by Pashinyan in a speech at the European Parliament in October 2023. Pashinyan, in his speech at the Silk Road International Conference in Tbilisi in November 2023, linked the ‘Crossroads of Peace’ to his country’s peace agenda. It calls for “opening of all regional communications under the sovereign authority of the concerned parties”. The project aims to enhance communication between Armenia, Turkey, Azerbaijan and Iran through infrastructure development, including roads, railways, pipelines, cables and electricity lines.

In August 2024, Russian President Vladimir Putin made his first state visit to Azerbaijan. Subsequently, Foreign Minister Sergei Lavrov accused Pashinyan of “sabotaging” the agreement concerning transport routes via Armenia’s Syunik Province. Moscow’s public support for the Zangezur Corridor alarmed Yerevan, which maintains that any corridor under the agreement will be under Armenian jurisdiction. It also maintains that Moscow did not keep its commitment under the ceasefire agreement given that the Russian peacekeeping contingent in Nagorno-Karabakh did not fulfil its mandate.

In Tehran, Russian support for Zangezur corridor triggered renewed debates about Russia’s reliability as a strategic partner. Iranian officials have repeatedly warned that a corridor threatening Iran’s 44 km border with Armenia is a ‘redline’ for Iran. Armenia is the strategic bulwark separating Turkey from the Turkic-speaking Caucasus and Central Asia. The Zangezur Corridor will substantially limit Iran’s transit role in the region, while it will tilt the regional balance of power in favour of Azerbaijan and Turkey and embolden Ankara’s pan-Turkist aspirations.

As Iran tries to correct its strategic neglect of the South Caucasus, it is also careful not to securitise its northern borders. Instead, its strategy is focused on maintaining its traditional role in regional transit and securing its physical access to Armenia. As an alternative to Zangezur Corridor, Iran has offered to jointly develop with Azerbaijan a transit corridor along Aras River that marks the natural border between Iran and Azerbaijan. This 55-km highway and rail route passes through the Iranian

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<sup>7</sup> [“Azerbaijan Pauses ‘Zangezur Corridor’ Discussions Ahead of COP29”](#), *The Armenian Weekly*, 14 August 2024.

province of East Azerbaijan and connects Azerbaijan’s Zangilan District to the city of Ordubad in southern Nakhchivan.<sup>8</sup>

On 9 October 2023, Iranian Transport and Urban Development Minister Mehrdad Bazrpash visited Zangilan district reclaimed by Azerbaijan in 2020 on the Azerbaijan’s side of border with Iran. Together with Shahin Mustafayev, the deputy prime minister of Azerbaijan, he inaugurated the construction of a joint border bridge on the Aras River as part of the proposed corridor.<sup>9</sup>

To resolve the conflicting visions and interpretations of corridors and regional connectivity in the Caucasus, Iran has also backed the 3+3 framework, which includes the three southern Caucasus nations of Azerbaijan, Armenia and Georgia and their three neighbours, Russia, Iran and Turkey. For Iran, the format is built on its favoured “regional solutions to regional problems” approach. It is also useful to ensure that the power vacuum left by declining Russian influence does not transform the South Caucasus into a battlefield for great-power competition with increasing role of the NATO countries, including Turkey.

Iran and Armenia have been keen seeking to engage India within the framework of the International North-South Transport Corridor (INSTC) as well as Persian Gulf-Black Sea Transit and Transport Corridor. These efforts culminated into the first India–Iran–Armenia trilateral consultation in Yerevan in April 2023. The discussions focused on furthering cooperation in the military-technical sector as well as trade and transit. Iran is keen to enhance Armenia’s participation in international transport routes passing through Iranian territory and looks at Armenia as a key gateway to the Eurasian Economic Union (EAEU), with which Iran signed a Free Trade Agreement in December 2023.

Armenia for its part is seeking greater access to India and the Persian Gulf countries within the framework of the ‘Crossroads of Peace’ project. In June 2024, Armenian Deputy Foreign Minister Vahan Kostanyan noted in the National Assembly that “as for the Chabahar port integration project, at the moment, this issue has moved to a practical stage”.<sup>10</sup> He stated that Armenia attaches great importance to its participation in the Chabahar project and a working group headed by the Minister of Economy is undertaking studies on whether Armenia needs a separate customs post in Chabahar or it can use the existing Indian one, among other related issues. After India and Iran signed a 10-year bilateral contract concerning operations of Chabahar Port in May 2024, a key goal for India is to advance its connectivity with

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<sup>8</sup> Vali Kaleji, [“Is the Aras Corridor an Alternative to Zangezur?”](#), *The Central Asia-Caucasus Analyst*, 6 February 2024.

<sup>9</sup> [“Iranian Minister in Azerbaijan to Follow Up Implementation of Joint Projects”](#), *Tehran Times*, 6 October 2023.

<sup>10</sup> [“Foreign Ministry: Armenia is at the Practical Stage of Joining the Chabahar Port Project”](#), *NEWS.AM*, 4 June 2024.

broader Eurasia beyond Iran. Undoubtedly, India has interest in diversifying the Western branch of the INSTC, which as of now is routed through Azerbaijan.

## A Growing Role for India

India has to be alert to the fast-changing geopolitics of the region. Since the 2020 Karabakh War, Turkey, Pakistan and Azerbaijan, which have long extended political support to each other in international forums regarding their territorial claims in Cyprus, Jammu and Kashmir and Nagorno-Karabakh respectively, have strengthened their trilateral cooperation. During a visit to Pakistan in July 2024, Aliyev reaffirmed support for Pakistan’s stance on Kashmir.<sup>11</sup> In this context, some analysts have argued that the emergent India–Iran–Armenia trilateral cooperation on regional connectivity is a soft balancing strategy to frustrate plans for Zangezur Corridor while avoiding direct confrontation with any regional actor.<sup>12</sup> Over the years, India has emerged as a strong votary for a connectivity paradigm respecting the territorial integrity and sovereignty of nations.

During the Second Karabakh War, Azerbaijan’s use of Turkish and Israeli drones had significantly exposed gaps in Armenian air defence. As Yerevan seeks to enhance its air defence capabilities and diversify its defence procurement strategy, it has reached out to countries such as France and India. It has acquired Indian systems including Pinaka multi-barrel rocket launcher system, Akash medium-range surface-to-air missile system and radars.<sup>13</sup> In September 2024, Armenian Air Force participated in the multilateral Tarang Shakti 2024 air combat drills hosted by India.

Armenia has emerged as the top destination for India’s arms exports, with its total arms imports from India reaching US\$ 600 million by the beginning of the current fiscal year. Armenian side also sought India’s help in upgrading its small fleet of Russia-built Su-30SM fighter aircraft.<sup>14</sup> The two countries also had their first defence consultations at the level of senior officials from their Ministries of Defence on May 2024 in Yerevan, where they agreed to create a joint working group on the issues of bilateral defence cooperation.<sup>15</sup> As India seeks to deepen its ties with Armenia, New Delhi’s friendly ties with Russia, Iran, and other key Western countries make it uniquely placed to cultivate various partnerships that will help shape a balanced and stable regional order in the South Caucasus.

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<sup>11</sup> [“President Ilham Aliyev: Azerbaijan and Pakistan Support Each Other on Every International Case”](#), *The Azerbaijan State News Agency*, 12 July 2024.

<sup>12</sup> Vali Kaleji, [“New Trilateral Cooperation for Iran, Armenia and India in the South Caucasus: From ‘Soft Balancing’ to Regional Transit Balance”](#), *The Jamestown Foundation*, 21 June 2023.

<sup>13</sup> [“Armenia Emerges as India’s Top Arms Importer”](#), *Indian Defence Research Wing*, 24 July 2024.

<sup>14</sup> Rahul Singh, [“Armenia Seeks India’s Help to Upgrade its Su-30 Fighters”](#), *Hindustan Times*, 14 September 2024.

<sup>15</sup> [“The First Defence Consultations between the Ministries of Defence of Armenia and India Were Held”](#), *Ministry of Defence of the Republic of Armenia*, 14 May 2024.

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