

The Role of the *Zangezur* Corridor in the Development of the Economic Cooperation in South Caucasus and its Neighbourhood

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Introduction

The idea of establishing Zangezur Corridor emerged as a result of the end of Armenia-Azerbaijan conflict and was envisioned in the November 10 statement that signed between the Azerbaijan, Russia and Armenia. Three-decade long Armenia-Azerbaijan conflict deteriorated the economic and political relations between two warring countries since then until today with sealing of Azerbaijan's borders with Armenia, and suspension of the highway and the railway links connecting Azerbaijan and Armenia through Meghri region of Armenia (historically known as Zangezur region for Azerbaijan). Historically the Zangezur corridor, located at the convergence of the Lesser Caucasus Mountains, the Anatolian Highlands, and the Zagros Mountains, played important role in establishment of the trade relations and the construction of road network between the countries of this region and beyond¹. Backed by this region's historical role, the opening of Zangezur Corridor will significantly affect the regional transportation architecture and economic cooperation between the regional countries (Map 1). The advantage of the new corridor for the region's countries is conditioned with its economic impact for the countries of South Caucasus and their relations with neighbouring countries and for the positioning the South Caucasus region as a transportation hub, as well as for the integration between the members of Organization of Turkic States (OTS).



Map1. The location of the Zangezur Corridor²(Azvision)

¹ Worldview.stratfor.com, The Caucasus' Zangezur Corridor, June 27, 2012, Available at: <https://worldview.stratfor.com/article/caucasus-zangezur-corridor> (Accessed February 28, 2022)

² Vahid. T., "If the Zangezur corridor is not opened, Lachin corridor can be closed", *Azvision*, November 18, 2021, Available at <https://en.azvision.az/news/151650/if-the-zangezur-corridor-is-not-opened,-lachin-corridor-can-be-closed-opinion.html> (Accessed March 1, 2022)

Importance of Zangezur Corridor for Azerbaijan

The occupation of Azerbaijani territories by Armenia left the Nakhchivan Autonomous Republic (NAR) of Azerbaijan in economic isolation with its transit communication links with Azerbaijan mainland was suspended for years.³ NAR does not have a direct border with Azerbaijan's mainland and the shortest land route connecting it with the mainland used to pass through the territory of Armenia before the conflict started. Thus, as the borders between Azerbaijan and Armenia closed, NAR became a land-locked exclave and the population of Nakhchivan found themselves in total isolation facing with significant food shortage and other humanitarian problems. This rendered Azerbaijan dependent on Iranian route of air and land transport, which is longer and indirect for the connection with NAR. Although Azerbaijani government was able to efficiently endorse the economic development of NAR, lack of the shorter connection came with security and economic concerns. The establishment of the Zangezur corridor will end the economic isolation and solve the security problems of NAR by restoring the land-transit connection of this exclave this Azerbaijan's western regions.

Meanwhile, this new corridor will also enable Azerbaijan to establish the alternative and shorter land connection with Turkey, one of its main economic partners. Azerbaijan is currently bordering Turkey via NAR only (11 km). The land transportation of cargos between Azerbaijan and Turkey were, therefore, carried out only through the territories of third countries such as Georgia and Iran⁴, which is relatively costly because of the longevity of the routes. According to preliminary calculations, the route from Azerbaijan to Turkey through the Zangezur Corridor will be 343 km shorter compared to Baku-Tbilisi-Kars (BTK) railway that connect the former with the latter through Georgia.⁵ Therefore, the Zangezur Corridor is believed to establish more efficient way of connection between these two countries and will stimulate their bilateral economic relations.

Along with the Zangezur Corridor Azerbaijan and Turkey is planning to strengthen the transportation connection by establishing new railway line in the eastern regions of the Turkey. According to Memorandum of Understanding signed between Baku and Ankara in February 2020, Turkey has announced the construction of the railway line (bifurcation of BTK railway) from its territories to NAR, which will enlarge the volume of the transportation, and increase the capacity of the BTK railroad.⁶ The new 230 km-long extension from BTK worth to \$200-270 million will connect Kars and Iğdır with NAR.⁷ The Zangezur corridor with BTK's new extension will form circular railway network and stimulate the economic relations between Azerbaijan and Turkey (Map 2). It will double the regional importance of the Zangezur Corridor as well.

³ Presidential Library, "Nakhchivan Autonomous Republic, From ancient times until today", 2019, Available at: https://nakhchivan.preslib.az/en_b1.html (Accessed March 1, 2022)

⁴ Konarzewska. N., "Armenia and Azerbaijan at odds over Planned Transport Link", *Cacianalyst*, June 7, 2021, Available at: <https://www.cacianalyst.org/publications/analytical-articles/item/13674-armenia-and-azerbaijan-at-odds-over-planned-transport-link.html> (Accessed March 1, 2022)

⁵ News.milli.az, *Regional nəqliyyat-kommunikasiya sisteminin yeni qovşağı - Naxçıvan MR*, November 14, 2020, Available at: <https://news.milli.az/economy/897251.html> (Accessed March 2, 2022)

⁶ Karimli. I., "Turkey Plans To Build Railway To Azerbaijan's Nakhchivan Exclave", *Caspiannews*, November 13, 2020, Available at: <https://caspiannews.com/news-detail/turkey-plans-to-build-railway-to-azerbajians-nakhchivan-exclave-2020-11-13-51/> (Accessed February 27, 2022)

⁷ Rayhaber.com, *Railway to Nakhchivan from Kars*, Available at: <https://en.rayhaber.com/2020/11/karstan-nahcivana-demiryolu-yapilacak/> (Accessed February 27, 2022)



Map 2. Turkey-Azerbaijan railway connection through Zangezur Corridor⁸ (Yenisafak)

Zangezur Corridor as a chance for Armenia to end economic blockade

Albeit Armenian society is against the establishment of the Zangezur Corridor⁹, what they believe as being a ‘threat to their national security’, it could create substantial advantages for Armenia too. Armenia suffered the most from its aggressive occupation against Azerbaijan, because of closed borders with Azerbaijan and Turkey (that makes more than 80% of Armenia’s international borders).¹⁰ Three decades of blockade created significant implications for Armenia’s economy, such severe emigration and widespread poverty¹¹ in this country. Consequently, between the 1991-2020, the total number of population of Armenia decreased from 3.57 million to 2.96 due to mass emigration.¹²

Despite the negative economic consequences, Armenia, under nationalist sentiments of its society, was not inclined to cease occupation that deprived it of forming effective economic relations with the neighbours. Thus, as the 44 Day War ended the Armenia-Azerbaijan conflict, new opportunities for ending the economic isolation have emerged for Armenia. From this point of view, Zangezur Corridor could play important role in neutralising Armenia’s sense of aggressive policy in return for economic integration with neighbouring countries. After the signing of the 10 November statement¹³ that stipulates opening of transport links between the Azerbaijan and Armenia, certain nationalist groups and experts in Armenia opposed their government’s inclination in establishment of “corridor” and they claimed that the opening of this corridor will lead Armenia to lose control over its sovereign territories (in Meghri region).¹⁴ However, the economic problems of Armenia due to isolation should incentivize their government to work on the establishing the corridor.

⁸ Yenisafak.com, *US expert touts Azerbaijan’s efforts on Zangezur corridor, slamming Armenian apathy*, August 15, 2021, Available at: <https://www.yenisafak.com/en/news/us-expert-touts-azerbaijans-efforts-on-zangezur-corridor-slamming-armenian-apaty-3578428> (Accessed April 21, 2022)

⁹ Garen Nazarian, “The Meghri Corridor: A Viable Transport Link or Geopolitical Noose?”, *EVN Report*, March 22, 2021, Available at: <https://evnreport.com/politics/the-meghri-corridor-a-viable-transport-link-or-geopolitical-noose/> (Accessed February 27, 2022)

¹⁰ Armenianweekly.com, *Land-Locked: The Necessity of Open Borders in Armenia*, December 23, 2014, Available at: <https://armenianweekly.com/2014/12/23/land-locked-necessity-open-borders-armenia/> (Accessed February 28, 2022)

¹¹ Asian Development Bank, “Poverty Data: Armenia”, 2020, Available at: <https://www.adb.org/countries/armenia/poverty#:~:text=Poverty%20Data%3A%20Armenia,day%20in%202019%20was%200.3%25.> (Accessed February 25, 2022)

¹² Grigoryan. A., “Armenia’s Demographic Situation: Short- and Longer-Term Trends”, *Eurasia Daily Monitor*, September 21, 2020, Available at: <https://jamestown.org/program/armenias-demographic-situation-short-and-longer-term-trends/> (Accessed March 2, 2022)

¹³ Ibid

¹⁴ Ibid

The Zangezur Corridor will present several advantages for Armenia. First of all, Armenia will be able to get alternative land connection with its main economic partner Russia through the territories of Azerbaijan. After the war between Russia and Georgia in 2008, the main railway road connecting Russia and Armenia that passing through Georgia's Abkhazia region was closed and Upper Lars Highway, which is subject to frequent closures due to climate conditions, become the only road for land connection.¹⁵ Thus, Zangezur Corridor could solve this problem and can positively affect bilateral economic relations of Armenia with other members of Eurasian Economic Union including with Russia.

The opening of the Zangezur Corridor could also positively affect the bilateral relations between Armenia and Iran, as it will enable the parties to restore the previous railway connection that passed through NAR and was closed in early 1990s due to the Armenia-Azerbaijan conflict.¹⁶ It was the only railway connecting Armenia with Iran (Map 3). During the occupation Armenia and Iran attempted to build alternative rail connection through the Meghri region through the southern part of Armenia. However, due to high construction costs it was not finished¹⁷.



Map 3. Cross-Border Railways in the South Caucasus¹⁸ (*Ponars Eurasia*)

Despite the advantages of the corridor, Armenia prolongs the process of the establishment of the Zangezur Corridor and has not started construction of any roads, Azerbaijan works on alternatives to this corridor. Thus, Azerbaijan signed a memorandum of understanding with Iran on March 11, 2022, for the establishment of new communication lines connecting Azerbaijan's mainland with NAR via Iranian territory. According to the signed memorandum, the parties plan to build a new railway, highway, and energy supply lines between Azerbaijan's East Zangezur economic region

¹⁵ Iwpr.net, *Abkhazia's Railway Offers Vital Trade Link*, June 17, 2013, Available at: <https://iwpr.net/global-voices/abkhazias-railway-offers-vital-trade-link> (Accessed March 4, 2022)

¹⁶ Mehrnews.com, *Iran-Armenia railway to change Yerevan's economy*, December 5, 2020, Available at: <https://en.mehrnews.com/news/166776/Iran-Armenia-railway-to-change-Yerevan-s-economy> (Accessed March 5, 2022)

¹⁷ Jardine B., "Armenia shelves Iranian railway project as Azerbaijan steams ahead", *Eurasianet*, July 27, 2018 Available at: <https://eurasianet.org/armenia-shelves-iranian-railway-project-as-azerbaijan-steams-ahead> (Accessed March 6, 2022)

¹⁸ Dreyfus E., Hugot J., "Opening the Araxes Rail Link between Armenia and Azerbaijan: Why the EU Should Support the Connection", *Ponars Eurasia*, October 18, 2021, Available at: <https://www.ponarseurasia.org/opening-the-araxes-rail-link-between-armenia-and-azerbaijan-why-the-eu-should-support-the-connection/> (Accessed April 21, 2022)

and the NAR. The existence of the parallel road to the Zangezur Corridor is going to stimulate Armenia to accelerate the process of the establishment of the Zangezur Corridor to end its economic isolation as it will not be able to use the Zangezur Corridor as a political tool against Azerbaijan any more.

Role of Zangezur Corridor for the Organization of Turkic States

The opening of the Zangezur Corridor will also play significant role in deepening of the integration between the member states of the Organization of Turkic States (OTS) composed of Turkey, Azerbaijan and three Central Asian countries (Kazakhstan, Kyrgyzstan and Uzbekistan).¹⁹ Hungary and Turkmenistan hold an observer status in this organization. The Caspian Sea geographically separate, as well as connects these countries with Azerbaijan and Turkey that lays to its western side and the Central Asian countries to the eastern side. While Azerbaijan had no issue with connection to the Central Asia through the Caspian Sea, the Armenian occupation rendered it physically problematic for Turkey to establish shorter land connection with members of OTS. Therefore, the establishment of the Zangezur Corridor will offer effective alternative for Turkey in establishment of shorter transit connection with the Central Asian states. The Zangezur Corridor, by becoming the bridge between the OTS's members, will contribute to the economic potential, development and integration of these countries with total Gross Domestic Product (GDP) volume of \$1.5 trillion and total population of 150 million.²⁰



Map 4. Organization of Turkic States²¹ (Turkkon)

By bridging the two sides of the Caspian Sea, the Zangezur Corridor will become one of the extensions of the Middle Corridor linking the Asia to Europe. The evolving global geopolitical situation, including Russia-Ukraine military confrontation and the increasing rivalry between China and the USA on direction of some portion of the cargo transportation through the maritime

¹⁹ Organization of Turkic States, "Organization of Turkic States", 2021, Available at: <https://www.turkkon.org/en/turk-konseyi-hakkinda> (Accessed March 8, 2022)

²⁰ Organization of Turkic States, "Economic Cooperation", 2019, Available at: https://www.turkkon.org/en/isbirligi-olanlari/economic-cooperation_2 (Accessed March 8, 2022)

²¹ Silkroadbriefing.com, *The-Turkish-Council-2019*, September 27, 2019, Available at: <https://www.silkroadbriefing.com/news/2019/09/27/uzbekistan-joins-turkic-council/the-turkish-council-2019/>, (Accessed April 21, 2022)

routes to the ground routes, will possibly increase the importance of the land routes within the Eurasia including that of the Middle Corridor and Zangezur Corridor in the upcoming years.

Conclusion

All the analysed factors on advantages of the Zangezur Corridor demonstrate that, when opened, it will become one of the main routes for connecting neighbouring countries with each other and other regions such as Europe, Asia and China. Azerbaijan will be one of the main beneficiaries of the opening of Zangezur Corridor, as it will enable Azerbaijan to end the economic blockade and positively affect social development of NAR, which has been in isolation because of the closure of the borders during the Armenian occupation. Another advantage of the Zangezur Corridor for Azerbaijan is the formation of the shorter and alternative land-transit link with Turkey which will play important role in development of the bilateral trade and tourism relations between them. The construction of the 230 km long Kars-Ighdir-Nakhchivan railway by Turkey and its linkage to the Zangezur Corridor will form circular railway network with Azerbaijan and will further strengthen the economic relations between two countries. The Zangezur Corridor also advantageous for Armenia in freeing itself from economic blockade and joining regional integration. By using the new corridor Armenia can get shorter and sustainable connection with Russia and other members of the EEU. It will also contribute to the development of Armenia's bilateral relations with Iran with restoration of the old railway between them. Zangezur Corridor will also bridge the OTS's member states through deepening the transport integration between them. In past decades, because of the Armenian occupation, Turkey was not able to establish shorter land-transit connection with Azerbaijan and other members of this organization in the Central Asia. Thus, Zangezur Corridor can eliminate this barrier, stimulate the development of trade and transport relations among the member states and also will play important role in maintaining the stability and peace in the South Caucasus region.