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Changing South Caucasus: Time for EU Leadership

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Brussels, 28 October 2026 - The EU is a major economic partner of the South Caucasus, but its financial and economic presence has yet to translate into comparable strategic influence. A new ECIPE Policy Brief argues that Brussels needs a coherent regional strategy that brings together its political, financial and security instruments while recognising the different circumstances of Armenia, Azerbaijan and Georgia.

The EU accounts for more than 40 per cent of Azerbaijan's trade, half of the country's natural gas exports go to ten EU Member States, and recent EU support to Armenia totals €288 million. Yet initiatives such as the Eastern Partnership, Global Gateway and the Black Sea Strategy, alongside bilateral agreements, remain insufficiently coordinated. As a result, the EU is not making full use of its considerable resources to influence developments in the region.

"The EU's problem in the South Caucasus is not a lack of money or tools. It is the absence of a coherent strategy. Brussels needs to connect its investments and diplomatic engagement to clear regional objectives while recognising the different priorities of all three countries", says Ambassador Teimuraz Janjalia.

The need for a more coordinated European approach is becoming increasingly urgent. The United States is expanding its regional engagement through the Trump Route for International Peace and Prosperity (TRIPP) and its Strategic Partnership Charter with Azerbaijan, alongside more than US$8 billion in American commercial agreements reported in the paper. Meanwhile, Georgia remains an important link in the Middle Corridor, despite deteriorating relations between its government and the EU. These developments are reshaping the region and creating new challenges and opportunities for European engagement.

The Policy Brief proposes three practical measures to strengthen the EU's role:

- **An EU Regional Coordinator for the South Caucasus** to improve coordination between EU institutions, Member States and delegations in the region.

- **A Pooled Eurasian Connectivity Facility** bringing together Global Gateway grants, funding from the Neighbourhood, Development and International Cooperation instrument (NDICI), and European investment bank capital to support connectivity projects more efficiently.
- **A structured EU-US coordination mechanism** to strengthen cooperation on regional connectivity and stability, including TRIPP, while ensuring that European interests are taken into account.

The paper also argues that a common regional strategy should not mean treating all three countries in the same way. The EU should support Armenia's reforms and efforts to diversify its partnerships, strengthen pragmatic cooperation with Azerbaijan on energy and connectivity, and maintain its engagement with Georgia and its European aspirations despite the current political uncertainty.

"The South Caucasus is central to Europe's connectivity, energy diversification and supply-chain resilience. A more coordinated approach would help the EU translate its existing engagement into greater strategic influence while supporting regional stability", adds Janjalia.

The Policy Brief concludes that the EU needs to connect infrastructure investment with regional security, economic resilience and the sovereign choices of Armenia, Azerbaijan and Georgia. A more coherent approach would allow Brussels to make better use of its existing resources while contributing to a more stable and connected South Caucasus.

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