



Eastern Neighbourhood

Only a Region-Wide Strategy Can Solve the EU's Pipeline Chokepoint in the Caucasus

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In actively diversifying its energy and infrastructure since 2022, the EU has, in effect, pooled its operational risk into three partners in the South Caucasus, even as their political paths head in starkly different directions. While Brussels handles the strategic relationship with each bilaterally, the dependency exposure it faces is anything but. What is at stake is not only regional connectivity but the structural coherence of the EU's post-2022 energy security agenda, which rests on assumptions about corridor stability that have not yet undergone an actual stress test.

Executive Summary

Following the 2022 Russia-Ukraine gas crisis, the EU has committed to extracting up to 20 billion cubic metres of pipeline gas yearly from Azerbaijan via the Southern Gas Corridor, has strengthened its commercial and logistical ties with the Georgian Middle Corridor supply chain infrastructure, and most recently signed a first-ever connectivity partnership with Armenia. Yet, each regional relation has been treated separately, without recognizing the structural interconnectivity and interdependence of all three: the EU's engagement with Azerbaijan is principally conditional upon stable Georgian vital transit nodes, as the Georgian Middle Corridor route has no other functional EU-supported substitute at present; and even a limited alternative, the land passage through Armenia, has remained contested and undeveloped.

This strategic and operational dilemma, however, has created a notable blind spot in EU foreign policy. Without an integrated response mechanism, a single disturbance to any link generates an acute vulnerability in the entire chain. All of this is compounded by the region's dynamic geopolitical context: from Georgia's strategic ambiguity and expanding Chinese capital-driven investments to Azerbaijan's downstream involvement in EU Member States' energy sectors through SOCAR and the uncertain nature of Armenia's participation in EU-sponsored connectivity frameworks.

To abate yet another energy crisis, the EU needs to swiftly adopt a coordinated, competitive, and long-term strategy regarding South Caucasus connectivity, rather than three separate yet overlapping agendas.

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Key Recommendations

Corridor Strategy and Governance

1. Adopt a South Caucasus Corridor Strategy, establishing a unified framework that treats the Azerbaijan supply relationship, Georgian transit infrastructure, and the Armenian redundancy corridor as a single strategic system with shared contingency protocols and minimum redundancy requirements across all three nodes.
2. Employ existing EU foreign investment screening tools to conduct a formal review of SOCAR's downstream asset positions across Member States and establish clear transparency requirements for state-owned energy companies with significant supply leverage before any further acquisitions are approved.
3. Operationalize the [May 2026 EU-Armenia Connectivity Partnership](#) with binding investment timelines and capital commitments under the Global Gateway framework, moving it from a declaration to a funded programme with measurable targets.

Investment and Redundancy

4. Seek EU observer or co-investment status in the TRIPP corridor process to ensure Brussels is not structurally absent from a US-led infrastructure initiative.
5. Establish a focused EU-Georgia infrastructure governance dialogue, decoupled from the stalled accession process, with conditionality tied specifically to pipeline and corridor operational transparency.
6. Build on the EU's existing [Black Sea Synergy](#) framework by adding a dedicated Middle Corridor maritime security and continuity component, addressing its current limitations in scope and resources relative to the strategic presence of China, Turkey, and Russia in the region.

Geopolitical Risk Management

7. Implement EU-level contingency SOP for Middle Corridor disruption, specifying alternative routing options, minimum response timelines, and emergency procurement mechanisms.

Azerbaijan's Transition from Supply Partner to Critical Infrastructure Actor

The EU's 2022 Strategic Partnership with Azerbaijan set out a doubling of EU gas imports via the Southern Gas Corridor, from 10 to approximately 20 billion cubic metres (bcm) annually by 2027. Azerbaijan has substantially progressed toward that target, supplying approximately 12.9 bcm to EU member states in 2024, a nearly 60 percent increase on 2021 volumes, and by 2026, ranking among Europe's top seven gas suppliers. SOCAR, Azerbaijan's state-owned oil company, now provides gas to eight EU member states.

The dependency has expanded beyond supply contracts in ways that EU policy has yet to systematically tackle. For instance, in early 2026, the European Commission approved SOCAR's acquisition of Italiana Petroli, granting an Azerbaijani state company a 99.82 percent stake in a downstream platform covering two Italian refineries with combined processing capacity of approximately 200,000 barrels per day, over 4,500 fuel stations, and a nationwide logistics network, in a deal valued at approximately EUR 3 billion. As a result, SOCAR now accounts for 10% to 12% of Italy's crude refining capacity, up from 7% pre-acquisition, along with access to Italiana Petroli's roughly 22%

ownership of the country's entire retail fuel station network.

The Southern Gas Corridor was conceived explicitly to reduce dependence on a single dominant supplier following the 2022 disruption of Russian pipeline gas, though the selective mechanism employed to achieve that diversification has reproduced a similar concentration risk configuration with a different counterpart. Azerbaijan's downstream integration into the European energy infrastructure mirrors, in miniature, the pattern of supplier embeddedness that made disentangling from Russian gas so costly and slow. The EU's institutional memory of that experience has not yet transformed into a comparable model for monitoring or limiting equivalent exposure to Azerbaijan. Without such an operational and oversight framework, Brussels risks discovering the scale of its new dependency only at the point where reversing it becomes politically and economically expensive, precisely the dynamic the 2022 diversification strategy was designed to avoid in the first place.

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The combined effect is a structural shift, with Azerbaijan now acting simultaneously as a contracted gas supplier and a growing owner of downstream energy infrastructure within EU territory, a position that gives Baku powerful leverage in any future renegotiation of supply terms or bilateral conditionality.

Georgia as the Strategic Transit Pivot

Notably, both the Baku-Tbilisi-Ceyhan oil pipeline and the South Caucasus Pipeline run through Georgia before entering the European market. Georgia's ports on the Black Sea, specifically the port of Poti, which handles about 80% of the country's containers, are key gateways for Middle Corridor shipments, where Caspian trade increased by 63% in recent years, totaling 4.1 million tons. Both the ports of Poti and Batumi are likely to operate near capacity, consequently reinforcing the rationale for an adequate alternative facility for exports to Europe.

The Commission's 2026 cross-regional connectivity meta-study names the long-discussed Anaklia deep-water port as a TEN-T extension project that, if realized, could significantly expand Georgia's maritime capacity beyond what Poti and Batumi can offer. Brussels has identified the right project on paper, but turning that political will and strategic effort into a financed, time-bound investment plan requires more applicable policy actions. There is a real and existing opportunity for the EU to advance a robust strategy for its Black Sea flank, one that would provide growing commercial, investment, and energy interests in the region with the continuity and security framework that is currently absent, while positioning Brussels as a credible long-term partner rather than merely a normative one.

The political environment for this infrastructural network has taken a turn for the worse.

While the European Council officially granted Georgia EU candidate status in 2023, the governing Georgian Dream party has shown an increasing Euroscepticism in recent years, marked by hostile official rhetoric toward Brussels, domestic anti-EU messaging, and a series of restrictive legislative measures widely viewed as undermining democratic standards, with this shift considered as the root cause of the bilateral tensions that followed. The EU has responded with both financial and diplomatic measures, halting direct financial aid to Georgian authorities since June 2024 and later restricting visa facilitation for Georgian diplomats, while the Georgian government has pushed back its own EU membership talks until at least 2028.

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The EU has dealt with Georgian backtracking primarily through political conditionality, which can somewhat address democratic decline but has never been devised to safeguard vital infrastructure under conditions of a major supply or transit disruption. EU-level contingency strategy for potential setbacks to Georgian transit and logistic resources remains limited, as that infrastructure has been absorbed into the broader accession process at the exact moment it may need to stand apart from it.

Armenia's European Aspirations and the Limits of Connectivity Framework

The overland corridor via Armenia and into Turkey, avoiding Russia and Azerbaijan-controlled territory, constitutes the only geographically realistic partial substitute to Georgia's corridor. The latter has only become a competitive element of EU investment in connectivity now, following Armenia's shift toward the EU, its democratization, and progress in the Armenia-Azerbaijan peace process. Brussels has also increased its strategic engagement to secure a stake in regional connectivity next to the US-brokered TRIPP framework agreed in 2025.

The first EU-Armenia Summit took place on 5 May 2026 in Yerevan with a resulting agreement on a connectivity partnership concerning transportation, energy and digital connections. In it, EU investments in Armenia are expected to amount to EUR 2.5 billion within the Global Gateway initiative.

Yet despite being the closest substitute to the SGC pipeline, Armenia's overland corridor remains an impractical alternative because there exists no pipeline infrastructure to enable route-bypassing via Armenian territory. Its principal value lies in ensuring partial Middle Corridor trade redundancy and in equipping

Brussels with functional negotiating leverage within the Georgian transit relationship. It is a practical risk-mitigation instrument rather than an at-the-ready replacement supply route, which is precisely why binding investment timelines and clear scope definitions are essential.

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There is still much room left for translating such potential into tangible projects. While the May 2026 connectivity partnership does account for Armenia as part of the transit network, it fails to address the obvious issue: the Zangezur transit route. Crossing through the Armenian-Azerbaijani contested territory, only a predictable and long-term dispute settlement that resolves the question of transit rights and sovereignty claims can turn it into a viable substitute for the SGC pipeline. Indeed, the Armenian alternative exists, both politically and diplomatically, but not yet in terms of operational EU foreign policy.

One Regional System, Three Policy Tracks

These three dependencies are interconnected structurally in such a way that fragmented bilateral approaches cannot comprehensively account for. Firstly, the EU's gas supply contract with Azerbaijan is essentially dependent on reliable Georgian transit lines. Secondly,

and notably, Georgia's route remains the only EU-backed option currently available for the corridor. Thirdly, the only partially redundant route (via Iran) has been underfunded and unmanageable due to the absence of the EU's proactive involvement, which implies that any vulnerability at any one node multiplies the risk of system-wide problems.

Currently, EU policy organizes the triangular chain as three discrete dependencies within separate strategic domains. The agreement with Azerbaijan in 2022 emphasizes the volume of supply and infrastructure objectives, with the Georgian corridor holding safety largely irrelevant for that particular treaty. In addition, recent EU policy toward Georgia largely consists of democratic conditionality, with a regional framework for infrastructure governance and disruption contingency arrangements receiving comparatively limited focus as distinct priorities. In turn, the agreement with Armenia (concluded in May 2026) lacks both measurable content and operational track record.

So far, no official EU document treats these three relationships as a single strategic system or provides a *modus operandi* for anticipating and navigating a potential crisis that spreads across them. In the face of this, the EU-Armenia summit in May 2026 represents a turning point in actionable policymaking from rhetoric towards substance. Whether it leads to feasible contingency-oriented infrastructure initiatives or merely acts as a superficial institutional signaling is yet to be seen. The EU's cumulative exposure has emerged within three separate, isolated relationships. Managing it now requires treating them as one system.

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About the Author

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