



Commentary

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Historic U.S. Engagement in the South Caucasus - strategic partnership with Armenia and Azerbaijan, and missed opportunities for Georgia

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Historic U.S. Engagement in the South Caucasus - strategic partnership with Armenia and Azerbaijan, and missed opportunities for Georgia

Preamble

The South Caucasus is gaining a new role in global policy, among others in global economic policy. It is experiencing both strategic realignment and geopolitical competition. Just a few days ago, U.S. Vice President J.D. Vance conducted a historic visit to Armenia and Azerbaijan aimed at advancing peace, expanding trade and investment, and promoting connectivity. It is symbolic and speaks about U.S. confidence in the region. The U.S. Vice-President visited the region with his family members, underlining stability and peace in the region, and especially, countries targeted by the US government as strategic points. The developments represent a substantive shift in U.S. engagement in the region and they raise important questions as well about where or how Georgia fits into this evolving order.

General overview

Vice President Vance's trip to Armenia and Azerbaijan, the first of its kind by a sitting U.S. vice president in over a decade, carries several signals. Washington is now actively consolidating its policy towards the region, and a peace framework forged in August 2025 between Armenia and Azerbaijan that ended decades of conflict over Nagorno-Karabakh and opened pathways for economic cooperation. This includes promoting the so-called *Trump Route for International Peace and Prosperity* (TRIPP), a proposed transit corridor connecting Azerbaijan's Nakhchivan exclave via Armenia to Turkey, a strategic partner of Azerbaijan and NATO member state, intended to stimulate trade, transport, and logistics links across the region.

Experts see Vance's engagement not simply as a diplomatic gesture, but as a strategy to deepen U.S. economic and strategic footprints in the South Caucasus and in the wider region, by promoting infrastructure, trade, peace, and access to critical supply chains that bypass Russia and Iran. The corridor concept could tie into broader geopolitical and economic initiatives, including trade routes from Central Asia to Europe.

Beyond transport, Vance's visit also encompassed civil nuclear cooperation and potential energy investments, signalling Washington's willingness to compete economically in a region where Russia has historically held influence. An agreement enabling significant U.S. exports to Armenia in the nuclear sector further underscores the strategic depth of U.S. - Armenia relations.

The absence of Georgia from this high-level U.S. diplomatic itinerary has drawn commentary from observers and experts. Laura Thornton of the McCain Institute characterises it as an indicator of Georgia's reduced political significance in Washington's calculus compared with Armenia and Azerbaijan, a reflection of strained ties with the current Georgian government.

Tbilisi's muted presence contrasts sharply with the robust engagement the United States is fostering with its neighbours. Analysts suggest that this shift stems partly from perceived democratic backsliding in Georgia and policy choices by the ruling Georgian Dream party that are seen as distancing Tbilisi from Western partners. Reports have highlighted deepening ties between Georgian authorities and regional actors, including Iran and Russia, which Washington and Brussels view with concern.

The Georgian government itself has downplayed the omission. Prime Minister Irakli Kobakhidze framed the U.S. visit as focused on those states directly involved in the TRIPP project, implicitly sidestepping Tbilisi's real diplomatic and strategic concerns.

Regional Realignments: Armenia, Azerbaijan - Strategic Value, Beyond Politics to Real Business

High-level U.S. engagement in the South Caucasus has moved beyond politics into commercial and strategic investment commitments, signalling a deeper economic footprint. This includes investment frameworks, corporate delegations, and specific multi-billion-dollar agreements.

Armenia

Armenia's pivot toward the United States and the West represents a profound foreign policy shift. The 2025 peace deal with Azerbaijan, brokered by Washington, and the subsequent visit by the U.S. vice president mark the most significant U.S. - Armenia engagement in history. Armenia, previously a Russian security partner, has

increasingly distanced itself from Moscow, reinforcing ties with Western capitals and welcoming U.S. economic and security cooperation.

Signed in January 2025, Armenia-U.S. the Strategic Partnership Charter establishes a formal cooperation platform covering economic, trade, transport, and energy initiatives. It commits both sides to expand trade, investment, infrastructure connectivity, market access, energy cooperation, and export control dialogues.

U.S. planning has included initial funding commitments for the development of the TRIPP corridor, earlier statements referenced allocations such as \$145 million to start implementation work on transit infrastructure, which underpins broader commercial scaling. The US companies have expressed their interest in the region and concretely in Armenia, among them are: NVIDIA (AI and computing infrastructure) and Dell Technologies (support hardware for AI facilities). This reflects the U.S. tech sector integration in Armenia's emerging tech economy.

Major U.S. Investment Commitments (Civil Nuclear Sector - up to \$9 Billion)

During U.S. Vice President J.D. Vance's visit to Yerevan, the United States and Armenia finalised a civil nuclear cooperation agreement, which opens the door for U.S. companies to export technology and build significant infrastructure. Under this arrangement:

- **Up to \$5 billion** in initial U.S. exports (nuclear reactors, technology, equipment).
- **An additional \$4 billion** in long-term fuel, maintenance, and related contracts. Total **potential investment framework: \$9 billion.**

This is one of the largest declared U.S. economic engagements in the South Caucasus and directly links major U.S. industrial sectors to Armenia (nuclear, energy technology, infrastructure).

TRIPP Transit Corridor Investment Framework (74% U.S. Stake)

A landmark U.S.-Armenia initiative, the **Trump Route for International Peace and Prosperity (TRIPP)** corridor, aims to build an integrated transport and logistics corridor through southern Armenia, connecting Azerbaijan with Nakhchivan. Under the latest implementation framework:

- Armenia offers the United States **about a 74% stake** in the TRIPP Development Company.
- Armenia retains **26% initially**, with the potential to increase its share later.
- The project includes **road, rail, and energy infrastructure**, and is designed to unlock new transit and trade routes across the South Caucasus.

This represents **direct U.S. commercial involvement in regional logistics infrastructure**, with returns and management tied to U.S. investor participation.

Tech Sector and AI Infrastructure

There is also emerging U.S. investment in technology infrastructure in Armenia: **NVIDIA** and related partnerships have received approvals for exporting advanced **GPU** hardware to Armenia, supporting construction of an AI computing/data centre with an estimated scale in the hundreds of millions of dollars initially (around \$500 million in reported public-private technology partnerships). The AI ecosystem involvement is spearheaded by companies like Firebird AI, with support from NVIDIA and **Dell** Technologies, primarily for high-performance computing and local AI production, positioning Armenia as a regional tech hub.

In addition:

Armenian Prime Minister Nikol Pashinyan announced that **Armenia had purchased unmanned aerial vehicles (UAVs)** from the United States. The value of the sale was approximately **\$11 million in U.S.** reconnaissance drone technology under the U.S. Foreign Military Sales (FMS) program. Vice President Vance confirmed that the sale was approved by the United States and framed it as part of expanding bilateral cooperation.

Armenian side emphasised that the acquisition reflects progress in Armenia-U.S. defence and military cooperation, following three consecutive years of joint exercises known as "Eagle Partner." This purchase is the first major sale of U.S. military technology to Armenia, marking a shift from exercises and training toward actual capability development.

Azerbaijan

Azerbaijan, flush with large energy revenues and strategic significance as a transit hub, is likewise deepening relations with the United States and Europe. Prior to Vance's trip, President Ilham Aliyev highlighted new levels of foreign investment and growing cooperation with U.S. business delegation engagements, underscoring Baku's intent to diversify partnerships beyond traditional Russian ties.

This shift reflects both states' eagerness to attract Western capital, secure economic diversification, and leverage U.S. security backing against historical threats.

Azerbaijan - U.S. Corporate Footprint and Trade Momentum (U.S. Chamber of Commerce Business Delegation Visits)

Prior to J.D. Vance's visit, a high-level delegation from the **U.S. Chamber of Commerce**, led by senior vice presidents, visited Baku, meeting President Ilham Aliyev to boost economic ties. Corporate representatives included senior executives from major U.S. and global firms such as: **Apple, ExxonMobil, Boeing Global, Visa & Mastercard, Shell International, Honeywell, J.P. Morgan, Meta, and Motorola Solutions.**

Their participation highlights broad private-sector interest across multiple sectors: energy, tech, aerospace, finance, transport, and infrastructure.

U.S.–Azerbaijan Trade Growth (\$1.8 Billion)

Recent analysis indicates that U.S. - Azerbaijan trade is approaching \$1.8 billion, reflecting increased commercial exchange and deeper economic dialogue. Key strategic areas with U.S. interest include: **Energy and digital transformation, defence, transport, Agriculture, healthcare, Finance and investments.**

This transition is moving beyond traditional energy exports toward comprehensive economic engagement and suggests diversified U.S. corporate interest beyond extractive sectors.

New Chapter in U.S.–Azerbaijan Relations --- Strategic Charter

The **U.S. - Azerbaijan Strategic Partnership Charter** was signed during the visit, which institutionalises bilateral relations and signals Washington's intention to deepen long-term engagement in the South Caucasus. By reaffirming mutual support for sovereignty and territorial integrity, the charter establishes a political foundation for cooperation in a post-conflict regional environment.

The document prioritises **regional connectivity and energy security**, with a strong focus on the **Middle Corridor**, positioning Azerbaijan as a key transit and logistics hub linking Europe and Asia. Economically, it marks a shift toward **investment-driven cooperation**, including artificial intelligence, digital infrastructure, and advanced technologies, and emphasises the role of the **private sector** in delivering tangible outcomes.

From a security perspective, the charter frames **regional peace and stability** as a shared interest and introduces institutional mechanisms, through thematic working groups, to ensure sustained coordination across economic, technological, and defence domains.

Overall, the charter reflects a move from transactional engagement to a **structured strategic partnership**, integrating Azerbaijan more deeply into U.S. regional economic and security planning.

In addition to the mentioned, the U.S. is going to ship new boats to Azerbaijan to help with territorial waters protection. This is a new trend as well in bilateral relations of both countries, when practical military cooperation is promoted through delivering equipment and technologies.

Implications and Expert Views

Analysts see these investments and corporate engagement initiatives as part of a broader U.S. strategy to:

- Strengthen peace dividends through economic integration.
- Compete for influence with Russia, China, and Iran by anchoring U.S. industry participation in critical sectors (energy, transport, tech).
- Enhance regional connectivity that ties into larger global supply chains (e.g., Middle Corridor linking Europe and Asia).

The TRIPP project, for example, not only carries potential economic returns but is viewed as an instrument for expanding U.S. commerce and access to raw materials and critical minerals through new transit routes.

These developments illustrate increasingly institutionalised U.S. economic engagement in both Armenia and Azerbaijan, backed by high-level political support, strategic frameworks, and active participation by major U.S. companies. This represents a meaningful shift from purely political diplomacy to economic integration and private-sector entry, with clear implications for the region's investment landscape.

Need for Structural and Policy Changes - Georgia

Georgia has long been perceived as a key U.S. and EU partner in the South Caucasus, particularly during the early 2000s when high-level visits and strategic alignment placed Tbilisi at the forefront of Western engagement in the region. Yet in recent years, internal political developments have tempered that role. Democratic backsliding concerns, controversial legislative initiatives, and geopolitical ambiguity have strained relations with both Washington and Brussels.

This has had several effects:

- **Diplomatic Peripheralization:** Georgia's absence from major U.S. diplomatic tours reflects a reduced strategic priority.
- **Competing Deceptive Influence:** There is illusionary reflection that Russia, Iran, and China are actively courting Tbilisi, presenting alternative economic and political options that only complicate Georgia's alignment with Western partners from outside.
- **Economic Opportunities Missed:** As large infrastructure and supply-chain projects emerge around TRIPP and other corridors, Georgia risks being bypassed if it does not enhance its connectivity offerings.

Re-Establishing Leadership: Strategic Pathways

To reclaim its traditional leadership role in the South Caucasus as a reliable, strategic partner to the U.S. and EU, Georgia must act on multiple fronts:

1. Political and Institutional Alignment with the West

Demonstrating a credible commitment to democratic norms, the rule of law, and transparent governance is essential. Western capitals base strategic partnerships not just on geography and economics, but on shared values and institutional credibility. Georgia's alignment with EU accession aspirations and NATO standards remains a strong attractor when fully operationalised.

2. Regional Connectivity and Corridor Strategy

Georgia's geographic position makes it uniquely suited as a transit and logistics hub linking Europe, Central Asia, and the Middle East. Advocating for inclusion in emerging corridors such as the Middle Corridor and ensuring interoperability with TRIPP or similar infrastructure projects can reposition Georgia as a pivotal node in regional trade.

3. Economic Modernisation and Investment Promotion

Leveraging its strengths in transport, digital infrastructure, and value-added services to attract Western investment will demonstrate economic leadership. Specific sectors such as logistics, renewable energy, and IT services could become magnets for U.S. and EU investment if accompanied by robust policy incentives.

4. Strategic Diplomacy and Thought Leadership

Georgia should cultivate a strategic diplomacy platform that invites Western engagement not only as a beneficiary but as a constructive mediator in regional dynamics, including supporting peaceful integration across Caucasus divides.

Conclusion

The U.S. vice-presidential visit to Armenia and Azerbaijan highlights a strategic reengagement by Washington in the South Caucasus, rooted in trade, infrastructure, and peacebuilding. While this presents opportunities for economic growth and new partnerships, Georgia's absence from the itinerary is a stark reminder of shifting geopolitical priorities and internal policy consequences. To reposition itself as a regional leader and a preferred

Western partner, Tbilisi must reaffirm its commitment to democratic governance, align more closely with Western economic and security institutions, and present a coherent vision for regional connectivity and cooperation that complements broader U.S. and EU interests in the Caucasus.

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Ambassador Janjalia is a career diplomat and expert in international affairs, economic strategy, and European integration. Over more than 26 years in the Georgian public service, he rose from intern to Deputy Minister of Foreign Affairs, leading diplomacy, EU integration processes, and strategic negotiations. He has represented Georgia in key international organisations, including the EU, UN, OSCE, GUAM, TRACECA and BSEC, and served as Ambassador to Latvia. His leadership helped shape major regional infrastructure and trade projects such as the Baku–Tbilisi–Ceyhan pipeline and the Baku–Tbilisi–Kars railway. He has also designed institutional capacity-building programmes for public authorities and civil society. Before joining public service, he worked in the private sector, adding a pragmatic and results-oriented approach to his diplomatic career.