



GEOPOLITICAL RISK MONITORING

Armenia-Azerbaijan

Rapid assessment of people, assets, priority risks, decision triggers, disruption exposure, and accountability.

LOCATION / AREA OF CONCERN	WHY IT MATTERS	STATUS	LAST REVIEWED
South Caucasus: Azerbaijan, Armenia, Georgian transit, and the Caspian to Black Sea energy and rail corridors	Export infrastructure runs Azerbaijan to Georgia to Turkey and bypasses Armenia, so conflict risk reaches it through proximity and spillover rather than transit. The live commercial question is execution risk on the TRIPP corridor, where construction in Armenia has slipped to late 2026 or early 2027.	Elevated	01 September 2026

PEOPLE AND ASSETS EXPOSED

PERSONNEL	FACILITIES / EQUIPMENT	SUPPLY CHAIN / DATA	CUSTOMERS / COMMITMENTS
Employees, contractors, rail and pipeline crews, security teams	BTC oil pipeline, Southern Gas Corridor (BTE, TANAP, TAP), rail, terminals, Caspian ferries, refineries and control systems	Middle Corridor rail and Caspian ferry capacity, pipeline throughput, transit agreements, insurance and fuel supply	Commodity stakeholders, cargo owners, manufacturers, retailers, logistics providers and consumers

PRIORITY RISK AND BUSINESS EXPOSURE

#	RISK EVENT	WHO ABSORBS IMPACT	LIKELIHOOD	IMPACT	DISRUPTION COST	OPERATIONAL EFFECT
1	Ceasefire violations continue during an unsigned peace process	Border communities and forces first; operators, insurers and customers later	M	M-H	High \$250K-\$1M+	The treaty text was concluded in Mar 2025 and initialed at the White House on 8 Aug 2025. It remains unsigned pending an Armenian constitutional change, with a referendum slated for 2027. Both sides report cross-border gunfire, with no border fatalities reported since 2025.
2	Spillover or overreach damages export infrastructure that bypasses Armenia	Employees first; producers, exporters, customers and households later	M	H	Severe \$1M+	BTC and the Southern Gas Corridor run Azerbaijan to Georgia to Turkey and cross neither Armenia nor Nagorno-Karabakh. Exposure runs through proximity of the routes to the border, drone or missile overreach, and Georgian transit stability.
3	Caspian and Middle Corridor capacity constraints cause delay and rerouting	Crews, owners, port and rail operators, insurers and contract counterparties	M	M-H	Moderate-High	The corridor is rail, pipeline and Caspian ferry rather than deep-sea container. Constraints appear as berth and ferry scheduling, transshipment delay and demurrage rather than as carrier corridor suspension.
4	TRIPP construction slips further, delaying planned corridor capacity	Shippers planning route dependency, investors, Armenia and Azerbaijan	M-H	M	Moderate-High	Aliyev said on 23 Aug 2026 that work on the Armenian section begins in late 2026 or early 2027, having previously been expected in late 2026. Azerbaijani sections are underway, about 400 km from Baku to the Armenian border and nearly 200 km in Nakhchivan. Initial rail throughput is planned at 15 million tons.

DECISION TRIGGERS

#	OBSERVABLE TRIGGER	THRESHOLD / SOURCE	REQUIRED ACTION
1	Confirmed damage to BTC, the Southern Gas Corridor, or Georgian transit infrastructure	Operator notices from BP and SOCAR, Georgian and Turkish authorities, EIA and IEA reporting	Identify alternate supply, hold adequate inventory and secure flexible contracts. Confirm whether any alternate route depends on Russian or Iranian territory.
2	Armenian constitutional referendum is scheduled, or the peace agreement is signed	Armenian government announcements and Azerbaijani foreign ministry statements	Reassess corridor dependency assumptions. Signature would open the TRIPP timeline and change route planning. A further referendum delay extends the current unsigned state and holds the timeline where it is.
3	TRIPP construction start moves again, or a segment milestone is missed	Azerbaijani and Armenian government statements and project announcements	Do not book capacity against an unbuilt corridor. Re-baseline lead times on existing Middle Corridor rail and ferry and confirm who bears delay cost if planned capacity arrives late.

ANALYST ASSESSMENT / COST BASIS / KEY GAP

Assessment: Verified facts: The peace agreement text was concluded in Mar 2025 and initialed alongside a joint declaration at the White House on 8 Aug 2025. It remains unsigned, with Azerbaijan conditioning signature on removal of territorial references from Armenia’s constitution and the referendum slated for 2027. BTC and the Southern Gas Corridor run Azerbaijan to Georgia to Turkey and do not cross Armenia. Aliyev said on 23 Aug 2026 that TRIPP construction on the Armenian section begins in late 2026 or early 2027. Judgment: first-order exposure is proximity and spillover to infrastructure that bypasses the conflict zone; second order is Georgian transit, since every westbound route funnels through Georgia and alternatives run through Russia or Iran; third-order is planning risk against corridor capacity that does not yet exist.

Cost basis: High exposure (\$250K to \$1M+) assumes 14 to 60 days of partial disruption to one westbound route. Included: rail and ferry rerouting, transshipment and storage, additional transit days, inventory carrying cost, missed delivery or production windows, and contract penalties. Assumption: Georgian transit remains open. The tier rises above \$1M quickly for energy buyers with no alternate supply, and rises sharply if Georgian transit is interrupted, because the remaining routes run through Russia or Iran. It falls where cargo is flexible or contractually protected.

So what: The export routes bypass Armenia, so a return to fighting is not the pathway to loss. The pathways are Georgian transit, proximity of the BTC and Southern Gas Corridor routes to the border and planning against corridor capacity that is not built. Firms building a Middle Corridor dependency should treat the TRIPP start date as a forecast and confirm who carries delay cost if it moves again.

Key gap: Unresolved: current energy exposure, supplier concentration, fuel switching, hedge price exposure, carrier and rail routing policy, cargo criticality, inventory tolerance, alternate capacity, contractual responsibility for delay costs, Georgian transit dependency, and whether any plan assumes TRIPP capacity before it exists.

Sources: Armenia-Azerbaijan joint declaration and initialed agreement, 8 Aug 2025. Foreign ministry statements concluding the draft text, 13 Mar 2025. International Crisis Group briefings on the peace process, 2026. Aliyev remarks in Tashkent on TRIPP construction timing, 23 Aug 2026. EIA Caspian Sea region report, 6 Feb 2025, used as background only since it predates the peace process. Council of the European Union South Caucasus conclusions, 2026.