

International Corridors and Iran's Geo-economic Isolation

Mehdi Mohammad Nia¹  | Sahar khosravi Vahid² 

Received Date: 2025/11/16

Accept Date: 2026/06/22

Cite: Mohammad Nia, M and khosravivahid, S. (2026). International Corridors and Iran's Geo-economic Isolation. *Crisis Studies of the Islamic World*, 12(5), 51-80.

DOI: 10.27834/CSIW.2511.1625.4.40.3

Abstract

The development of integrated, multimodal transport corridors represents the modern equivalent of building empires and spheres of influence. The emergence of corridors such as the China–Pakistan Economic Corridor, the Middle Corridor, the Zangezur Corridor, the India–Middle East–Europe Corridor, and the Lapis Lazuli Corridor poses a serious challenge to Iran’s regional role and geopolitical standing, leaving the country increasingly vulnerable to geopolitical isolation. By being excluded from these emerging corridors, Iran risks transforming from a strategic crossroads into a geopolitical cul-de-sac, resulting in a diminished regional role, reduced influence, increasing isolation, and a shift in the regional balance of power in favor of its rivals. Despite its advantageous geographical position as a natural hub for regional transit, Iran has been systematically excluded from several key international trade corridors. This marginalization is largely attributable to persistent international sanctions and ineffective policymaking that has failed to capitalize on the country’s geopolitical and geoeconomic potential. The central research question of this study is how Iran’s geoeconomic isolation, resulting from the expansion of alternative international corridors, may affect the country’s national security. In response, this study advances the following hypothesis: The development of alternative corridors in Iran’s peripheral regions, as a significant geopolitical challenge, may alter the regional balance of power by weakening Iran’s geopolitical role, reducing its regional influence, and contributing to its geoeconomic and geopolitical isolation within regional trade and security dynamics. This study employs a descriptive-analytical research design and draws upon statistical evidence and documentary sources.

Keywords: Iran, corridors, geopolitics, geoeconomics, isolation

¹. Associate Professor, Department of Political Science, Faculty of Humanities, Ayatollah Borujerdi University, Borujerd, Iran. mahdi.mnia@yahoo.com (Corresponding author)

². Master of Political Science, Faculty of Humanities, Ayatollah Borujerdi University, Borujerd, Iran. saharkhosravi125@gmail.com



Introduction

The signing of the Zangezur Corridor agreement between Armenia and Azerbaijan, mediated by the United States, has once again placed Iran's corridor policy at the center of scholarly and policy debates. The agreement also serves as a warning for Iran to reassess its corridor strategy in order to preserve the country's geoeconomic position within global value chains. The success or failure of these alternative corridors is likely to shape the geopolitical landscape of the Middle East for decades to come.

Today, geoeconomic competition and the strategic reconfiguration of global trade routes constitute one of the most significant dimensions of great-power rivalry, extending well beyond traditional military competition. A central aspect of this competition is the effort by major powers to establish and control international trade corridors as instruments for shaping and dominating global value chains. In the contemporary globalized economy, these transportation networks have become critical drivers of economic growth and national competitiveness. Functioning as integrated logistical systems, they facilitate the large-scale movement of goods, people, information, and energy across national borders. Their strategic importance derives from their ability to connect major economic centers through harmonized customs procedures and transportation standards, thereby substantially improving transit efficiency. Beyond their economic value, these corridors are increasingly employed as instruments of geopolitical influence and geoeconomic power projection.

Accordingly, the establishment, control, and security of these corridors have become major arenas of interstate competition. For countries located along these routes, successful integration offers exceptional opportunities for economic growth and deeper integration into global value chains. Ultimately, the strategic development of international trade corridors is essential for promoting economic growth, optimizing global supply chains, and supporting sustainable prosperity within an increasingly interconnected global economy. Iran occupies a particularly strategic position within this geoeconomic framework. In addition to its vast hydrocarbon resources, the country serves as a natural bridge between the Northern Axis—linking Russia, Northern and Eastern Europe, Central Asia, the Caucasus, and the Caspian region—and the Southern Axis, connecting South Asia, Southeast Asia, the Far East, Oceania, and the Persian Gulf states (Noorali & Ahmadi, 2021, p. 1169).

This bridging role provides Iran with significant potential to facilitate both East–West and North–South connectivity. Nevertheless, as the following analysis demonstrates, this latent advantage has not translated into commensurate geoeconomic influence because of a range of structural and political constraints. Endowed with a unique geographical location as a natural transit hub, Iran has historically occupied a position of considerable geopolitical and economic importance. However, in recent years, a

combination of external pressures—including international sanctions—and internal shortcomings, such as ineffective policymaking and missed geopolitical opportunities, has steadily eroded the country's transit potential. Consequently, regional and international trade flows have increasingly shifted toward alternative transport corridors. This process is gradually transforming Iran from a pivotal crossroads into a bypassed periphery. The development of alternative corridors, particularly the Zangezur Corridor, is both a manifestation and an accelerator of this trend, threatening to exclude Iran from Eurasia's emerging connectivity architecture.

The competitiveness of any transit corridor depends primarily on three factors: cost, time, and security. However, available evidence indicates that routes passing through Iran suffer from significant inefficiencies, particularly with respect to the two most critical variables in modern global supply chains: cost and transit time. These structural challenges are further compounded by Iran's narrow and largely one-dimensional approach to transit policy. At the core of this stagnation lies an excessive reliance on the country's geographical advantages, which has substituted for proactive strategic planning. Without substantial investment in infrastructure modernization, logistical efficiency, and competitive positioning relative to emerging rival corridors, Iran risks losing its role as a regional logistics hub. The resulting decline in economic opportunities and geopolitical leverage would extend well beyond the transportation sector. Between 2013 and 2024, Iran missed several critical opportunities to strengthen its role within both the East–West and North–South trade corridors despite its exceptional geographical advantages. Key infrastructure projects, including the Rasht–Astara railway—a crucial component of the International North–South Transport Corridor (INSTC)—and the expansion of Chabahar Port, remain incomplete because of persistent structural and administrative constraints. At the same time, Iran's limited participation in China's Belt and Road Initiative (BRI) has significantly reduced its access to major infrastructure investment, contributing further to its marginalization within one of the twenty-first century's most ambitious connectivity initiatives.

Despite Iran's enduring geopolitical importance and its historical role as a continental crossroads, advances in transportation technologies and digital infrastructure have made the strategic bypassing of Iran an increasingly realistic possibility. This trend risks relegating the country to the margins of emerging transport, digital, and energy networks, effectively excluding it from the evolving architecture of twenty-first-century regional integration. Iran currently faces competitive pressure from multiple directions:

- **The Caspian Bypass:** The Middle Corridor (Kazakhstan–Azerbaijan–Georgia–Turkey) currently transports goods between China and Europe significantly faster than the Iranian route of the International North–South Transport Corridor (INSTC).

- **The Southern Corridor:** The India–Middle East–Europe Economic Corridor (IMEC), supported by the G7, bypasses Iran by prioritizing ports in the United Arab Emirates and Saudi Arabia.
- **Energy Diversification:** The TAPI Pipeline (Turkmenistan–Afghanistan–Pakistan–India) and the Lapis Lazuli Corridor are increasingly redirecting Central Asian energy exports and commercial flows away from Iranian territory.

This study examines Iran's growing encirclement by competing international transport corridors and explores how this process weakens Iran's traditional transit advantages, accelerates its geoeconomic isolation, and reshapes regional power dynamics through infrastructure-based exclusion. The principal research question is: How does the geopolitical encirclement of Iran by alternative international corridors affect the country's national security? Using a descriptive-analytical approach and drawing upon statistical evidence and documentary sources, this study tests the hypothesis that Iran's geopolitical isolation, driven by the emergence of alternative international corridors, the erosion of its geopolitical and geoeconomic advantages, and its limited integration into global value chains, will shift the regional balance of power in favor of its rivals while reducing Iran's influence over regional political and economic developments.

1. Literature Review

A number of recent studies have explored Iran's role in international transport corridors, the emergence of competing routes, and the resulting geopolitical and economic implications. The most relevant works include :

Arash and Arsham Reisinezhad (2025), argue that the expansion of economic corridors in the Middle East is placing the region on the brink of profound transformation. However, while such corridors are often seen as drivers of economic prosperity and political unity, they frequently deepen existing divides and exacerbate geopolitical tensions in the area. By introducing the concept of the "geopolitics of corridors" and its implications for regional order, this article explores the possibility that competition among Middle Eastern states for strategic control over these routes may give rise to "corridor wars".

Noorali and Ahmadi (2022) in their article "Analysis of Iran's Geopolitical Role in International Corridors and Presentation of the Model 'Iran, the Heartland of the World Corridor,'" examine Iran's strategic position within the global geopolitical order and its potential role as the "heartland" of international corridors. Their study aims to identify Iran's strengths and weaknesses as the "corridor heartland of the world" and to address overlooked theories in the country's geopolitical scholarship.

Faraji Nasiri et al. (2023), in their article "Arab-Mode Corridor and its Role in the New Architecture of Trans-Regional Connection" analyze the

economic and geopolitical dimensions of a new corridor linking India to Europe. Conceived as a counterbalance to China's Belt and Road Initiative (BRI), the project offers India expanded trade and energy opportunities while potentially fostering the normalization of relations between Saudi Arabia and Israel.

Jafari and Kazemi (2023) in their article "Examining the Position of the North-South Corridor among its Rival Regional Corridors," analyze the challenges and opportunities for strengthening Iran's role in global trade via this strategic route. They assess the North-South Corridor as a pivotal pathway for Iran amid competing global corridors, examining its economic and political benefits and considering its implications for national security and international cooperation.

Vasa and Barkanyi (2023) in their article "The Geographical and Economic Importance of the Middle Corridor: A Comprehensive Review", examine the rising geopolitical and geo-economic importance of the Middle Corridor. They highlight its potential as an alternative trade route for China–Europe commerce.

Moshfegh (2022) in her article "The Weakening of Iran's Position in International Corridors," analyzes Iran's challenges and opportunities in trade and goods transit via international transport corridors. The study underscores the urgent need for strategic programs to strengthen regional interactions and cooperation with neighboring countries.

Ghaderi Hajat et al. (2024) in their article "The Impact of the Zangezur Corridor on the Geopolitical Weight of Iran" analyze the implications of this corridor's development for Iran. They argue that its establishment could result in regional isolation for Iran, diminish its transit, economic, and security advantages, and increase the presence of competing extra-regional forces in the South Caucasus region.

The innovative contribution of this research lies in highlighting how Iran's geopolitical isolation has eroded the regional balance of power. This isolation has enabled Iran's rivals to position themselves as regional transit hubs, thereby strengthening their geopolitical standing and maximizing economic and military gains through integration into global value chains.

2. Conceptual Framework: The Geopolitics of Connectivity

The emergence of connectivity as a central concept in international political economy reflects the transformation of geopolitical competition in the twenty-first century. As power has become increasingly dispersed among both state and non-state actors, geographical location alone no longer guarantees strategic influence. Instead, the ability to establish, control, and participate in networks of transportation, energy, digital infrastructure, and trade has become a critical determinant of national power. Consequently,

contemporary geopolitics has evolved from a competition over territorial control toward a competition over connectivity.

From a geopolitical perspective, connectivity refers to the networks of physical and institutional linkages that facilitate the movement of goods, services, capital, information, energy, and people across national borders. These networks influence the distribution of economic opportunities, political influence, and strategic power among states. Accordingly, countries that occupy central positions within regional and global connectivity networks generally enjoy greater economic resilience, stronger bargaining power, and enhanced geopolitical influence.

Kacperek (2020) argues that a state's economic potential is increasingly determined by the quality of its international connections. This potential depends on three interrelated dimensions: diversity, referring to the number and variety of international partners and transport routes; density, reflecting the frequency and intensity of economic interactions; and discretion, which denotes the degree of strategic autonomy a country possesses in shaping the terms of its international engagement. Together, these dimensions determine the extent to which a state can convert geographical location into sustainable geopolitical and economic advantages.

Although connectivity is not a new phenomenon, globalization, technological innovation, and expanding international economic interdependence have substantially broadened its scope. Contemporary connectivity extends beyond physical transportation infrastructure to encompass institutional, technological, financial, and social linkages that facilitate cross-border interaction. As Ries (2019) notes, connectivity has become a defining characteristic of the international system, with governments and international organizations actively promoting deeper regional and global integration.

The literature commonly distinguishes between hard connectivity and soft connectivity. Hard connectivity comprises tangible infrastructure, including highways, railways, ports, airports, energy pipelines, electricity grids, and digital communication networks. Soft connectivity, by contrast, includes institutional and regulatory arrangements such as customs harmonization, trade facilitation, legal frameworks, financial cooperation, educational exchange, technological collaboration, and cultural interaction (ASEM Pathfinder Group on Connectivity, 2017). Effective integration into international transport corridors requires the simultaneous development of both dimensions.

Connectivity also possesses an important strategic dimension. Samerer and Tallberg (2019) argue that connectivity enhances states' capacity to pursue geopolitical objectives by expanding their economic reach, strengthening regional influence, and improving their ability to anticipate and manage emerging security challenges. Similarly, Gaens and Vogt (2023) emphasize that contemporary connectivity initiatives increasingly combine

infrastructure development with broader political, developmental, and security objectives. Consequently, investments in transport infrastructure have become instruments of geoeconomic competition as well as tools of strategic influence.

Against this backdrop, major powers have adopted connectivity as a central pillar of their foreign and economic policies. The United States, China, the European Union, Japan, and India have each launched large-scale infrastructure and connectivity initiatives designed to strengthen regional integration, diversify supply chains, secure strategic trade routes, and expand their geopolitical influence.

Among these initiatives, China's Belt and Road Initiative (BRI) represents the most ambitious contemporary connectivity strategy. Announced by President Xi Jinping in 2013, the BRI seeks to strengthen economic integration across Asia, Europe, and Africa through extensive investments in transportation infrastructure, logistics, industrial cooperation, and digital connectivity (Hu, 2017; Hu, 2019). The initiative consists of two complementary components—the Silk Road Economic Belt and the 21st-Century Maritime Silk Road—which collectively seek to enhance China's long-term economic and geopolitical influence through expanded regional connectivity.

Within this evolving connectivity architecture, Iran occupies a geographically advantageous position at the intersection of major East–West and North–South transport routes. From a purely geographical perspective, the country possesses considerable potential to function as a regional transit hub linking Central Asia, the Caucasus, the Persian Gulf, South Asia, and Europe. However, connectivity theory suggests that geographical location alone is insufficient to generate strategic influence. Rather, geopolitical advantages can only be realized when supported by efficient infrastructure, stable political relations, effective institutions, competitive logistics, and sustained international economic integration.

This theoretical perspective provides the analytical foundation for the present study. It argues that the expansion of competing international transport corridors has reduced Iran's relative centrality within emerging regional connectivity networks. As alternative transit routes become increasingly efficient and politically attractive, Iran's exclusion from these evolving networks may weaken its geoeconomic position, diminish its geopolitical influence, and alter the regional balance of power in favor of competing states. Consequently, connectivity is conceptualized in this study not merely as a transportation issue but as a multidimensional determinant of geopolitical influence, economic resilience, and national security.

3. Iran Encircled by International Corridors

Despite its historical role as a pivotal hub in global transit networks, Iran now faces mounting economic and political challenges arising from the rapid

development of competing international transport corridors along its borders. The emergence of these bypass corridors undermines Iran's transit economy, diverts trade and energy flows, and deprives the country of crucial transit revenues and geoeconomic relevance. This section evaluates the major international transit corridors and demonstrates how their expansion has intensified Iran's marginalization from key regional and global trade networks.

3.1. China–Pakistan Economic Corridor (CPEC)

The China–Pakistan Economic Corridor (CPEC) (see Map 1), a flagship component of China's Belt and Road Initiative (BRI), is a comprehensive development framework aimed at deepening the economic and strategic ties between China and Pakistan. By fostering bilateral cooperation, CPEC has become a symbol of the geopolitical and geoeconomic partnership between Beijing and Islamabad within the evolving Asian order (Butt & Butt, 2015, p. 23).

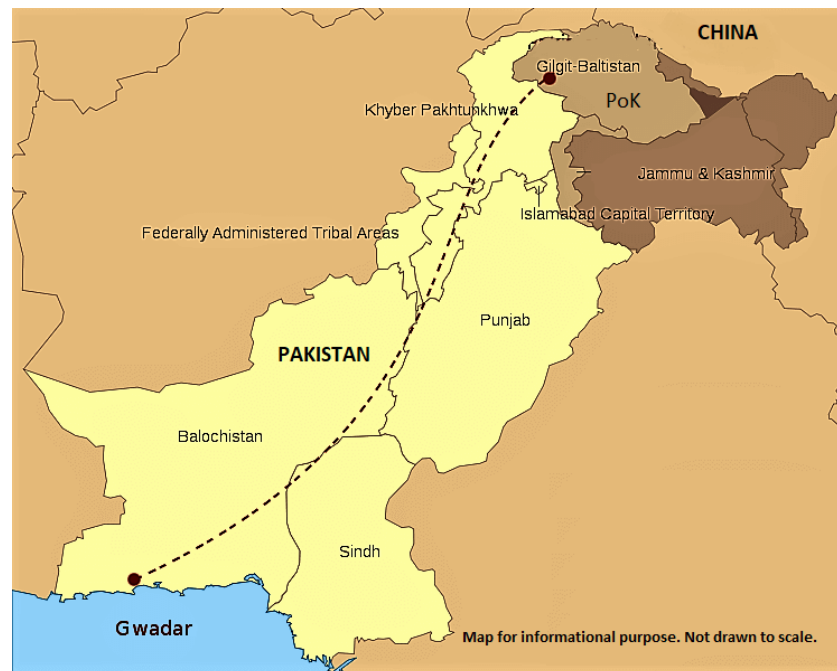
Spanning approximately 3,000 kilometers and valued at an estimated USD 62 billion, CPEC is designed to promote economic integration across Asia, Europe, and Africa. Its objectives include improving living standards in both China and Pakistan through the establishment of an economic corridor for bilateral cooperation, infrastructure development, investment promotion, joint trade and industrial projects, the facilitation of goods transit, and the enhancement of people-to-people exchanges (Haji Mina & Mahmoudi Yamin, 2023, p. 289).

At the heart of CPEC lies Gwadar Port, a strategically important maritime hub located on Pakistan's southwestern coast along the Gulf of Gwadar in the Sea of Oman. Situated only 62 kilometers from Iran's Chabahar Port, Gwadar has the potential to compete directly with the trilateral Iran–India–Afghanistan initiative centered on Chabahar. Located 460 kilometers from Karachi, Gwadar is envisioned not only as a means of alleviating Pakistan's trade constraints but also as an alternative to the ports of the Persian Gulf. Historical experience demonstrates that competition between strategically located ports can significantly reshape regional trade dynamics. Just as the rise of Dubai reduced the commercial importance of Iranian ports in the Persian Gulf, the development of Gwadar could undermine the economic viability of Iran's Makran coast and adversely affect southern Iran's economy.

Pakistani analysts argue that continued Chinese investment in Gwadar could eventually surpass Chabahar's regional role, given Gwadar's capacity to accommodate large cargo vessels and oil tankers through its modern port infrastructure (Mahmoudi Yamin, 2024, p. 291). Such developments could further erode Iran's geoeconomic leverage. The principal threats posed to Iran by the expansion of Gwadar include:

- **Transit competition:** Rapid infrastructure development at Gwadar places significant competitive pressure on Chabahar in attracting transit traffic from Central Asia and Afghanistan and in establishing itself as a major commercial hub in the Sea of Oman. China's operational control of Gwadar could reduce Iran's share of regional transit, customs revenues, and maritime trade.
- **Erosion of strategic advantage:** Gwadar provides China with a shorter and more efficient route to Afghanistan and Central Asia, thereby reducing Iran's role as a key transit corridor for energy and goods. This development may also facilitate the transportation of Caspian energy resources to China through Afghanistan and Pakistan.

Security concerns: The growing presence of Pakistani and Chinese naval and air assets near Iran's land and maritime borders raises new regional security sensitivities (Asadi et al., 2018, p. 17).



Map 1- China-Pakistan Economic Corridor (CPEC); (Clearias, 2023)

3.2. The Middle Corridor

The Trans Caspian International Transport Route (TITR) (see Map 2), commonly referred to as the Middle Corridor (MC), constitutes a key component of China's Belt and Road Initiative (BRI). Launched in 2013 through cooperation between China and Turkey, the project establishes a multimodal transport network—integrating land, sea, and rail routes—to strengthen multilateral economic and transit cooperation among the countries

along its route, including Azerbaijan, Turkey, Kazakhstan, Turkmenistan, China, and several European states (Vasa & Barkanyi, 2023, p. 21).

Turkey seeks to leverage its strategic geopolitical position to counterbalance the influence of Iran and Russia. In this context, the Middle Corridor serves as a key transport route linking China to Europe via Central Asia, Azerbaijan (Baku), and Turkish territory. By aligning the Middle Corridor with the BRI, Turkey is able to enhance its regional role and geopolitical autonomy without becoming dependent on any single partner. Beyond its rivalry with Iran and Russia, Ankara's motivation for accelerating the Middle Corridor project also stems from broader strategic and economic ambitions (Mousavi et al., 2021, p. 137).

The integration of Asia, Europe, and Africa within the framework of the BRI represents a potential turning point for Turkey's position in West Asia. Official policy documents identify Turkey's ambition to become one of the world's ten largest economies by 2023. China's support for Turkey's economic development through BRI related investments could contribute directly to achieving this objective. Accordingly, the synergy between the BRI and the Middle Corridor can be viewed as a mutually beneficial strategy that serves the long term interests of both countries (Mousavi et al., 2021, pp. 133–134).

In recent years, Western sanctions on Iran have enabled Turkey to position itself as an alternative East–West transit hub. The Middle Corridor allows Ankara to bypass Iranian territory while providing a route approximately 3,000 km shorter than the Northern Corridor through Russia. A major milestone in this network is the Baku–Tbilisi–Kars (BTK) Railway, which strengthens transport connectivity among Azerbaijan, China, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan while avoiding transit through Iranian territory (Eldem, 2022, p. 2).

Originally, the BRI envisioned Iran as the principal East–West transit link through the Caucasus. However, the growing integration of the Middle Corridor into the BRI has brought Turkey and China into closer strategic alignment. This shift has weakened Iran's relative strategic advantages, thereby undermining its economic security, employment generation, tourism potential, and infrastructure development capacity (Mousavi et al., 2021, p. 137). If fully operationalized, the Middle Corridor could become the principal overland route connecting China and Europe within the framework of the China–Central Asia–West Asia Corridor, thereby marginalizing Iran's historical role as a Eurasian land bridge and limiting its rail connectivity with China. For both Europe and Turkey, the primary attraction of the Middle Corridor lies in its ability to bypass both Iran and Russia.

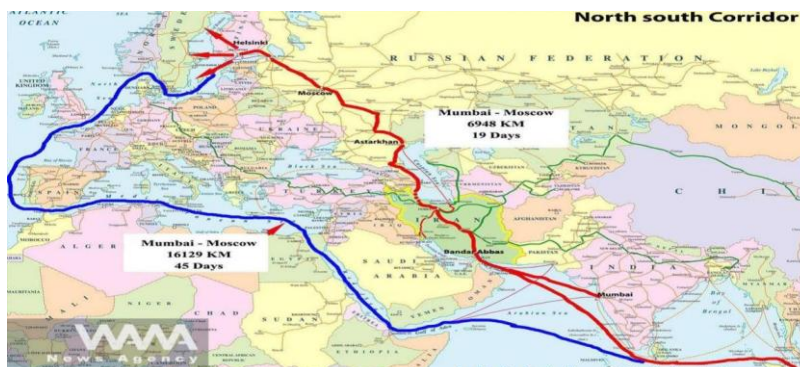
Azerbaijan occupies a pivotal position as the transit hub linking the Middle Corridor to the BRI. This role has been reinforced by China's growing investments in Azerbaijan's infrastructure and natural resources. Other participating countries—including Kazakhstan, Georgia, and

Azerbaijan—are also actively expanding their transport infrastructure, often with the involvement of international companies from Japan, the European Union, and the United Arab Emirates. These Azerbaijan centered projects pose significant geoeconomic challenges to Iran.

Consequently, the expansion of East–West transport corridors is likely to coincide with the weakening of Iran’s North–South Corridor (see Map 3). As the Middle Corridor continues to develop, Azerbaijan’s strategic position may hinder the operationalization of the North–South Corridor and obstruct the completion of the Rasht–Astara Railway Project through Azerbaijani territory.



Map 2- The Middle Corridor; (Avdaliani, E.,2022)



Map 3- North–South Corridor; (Avdaliani, E.,2022)

3.3. Zangezur Corridor

The restoration of historical transport routes and the development of new transportation corridors have become strategic priorities for many states in the contemporary international system. Located at the intersection of the North–South and East–West transport corridors, Azerbaijan is widely recognized as an emerging regional transport and logistics hub. The country has expanded its cooperation with the European Union in the fields of transportation and logistics infrastructure. Furthermore, the East–West and

North–South international transport corridors that pass through Azerbaijani territory provide highly efficient routes for cargo transportation in terms of both distance and transit time (Gawliczek & Iskandarov, 2023).

The Zangezur Corridor (see Figure 4), also referred to as the Syunik or Meghri Corridor and described in some Iranian sources as the Turanian Corridor, has emerged as one of the most strategically significant transportation projects in the South Caucasus. Owing to its considerable geopolitical and geoeconomic importance, the project has attracted increasing attention from both regional and extra regional powers. Proposed by the Republic of Azerbaijan and Türkiye and supported by the European Union and Israel (Chedia, 2024, p. 11), the corridor is expected to become the shortest overland route linking the Pacific and Atlantic regions while simultaneously serving as a major intersection of the North–South and East–West transport networks. Consequently, it has the potential to enhance regional connectivity, facilitate international trade, and strengthen transportation links between Europe and Asia (Laverina, 2022).

The project gained significant momentum following the Second Nagorno Karabakh War, which began on 27 September 2020 and concluded after 44 days with a Russian brokered ceasefire agreement signed on 10 November 2020 (Hedlund, 2023, pp. 3–6). The proposed Zangezur Corridor consists of an approximately 40 kilometer transport route traversing Armenia's southern Syunik Province, connecting mainland Azerbaijan with the Nakhchivan Autonomous Republic. Its primary objective is to facilitate uninterrupted overland transportation between Asia and Europe through Armenia, Russia, and Türkiye (Laverina, 2022), while simultaneously reducing dependence on Iran as a transit route for energy exports and commercial goods.

Historically, Iran's strategic geographic location has enabled it to function as a major transit hub linking Central Asia, the South Caucasus, and the Middle East. The implementation of the Zangezur Corridor, however, could generate substantial military, political, economic, and security challenges for Tehran over the medium and long term. By establishing a direct land connection between Nakhchivan and mainland Azerbaijan, the project could significantly reduce Iran's geopolitical leverage while increasing intelligence and security vulnerabilities along its northwestern border. Moreover, Iranian analysts argue that the corridor may alter existing patterns of regional connectivity and adversely affect Iran's strategic position within the South Caucasus (Ghaderi Hajat et al., 2024, p. 201).

Since the dissolution of the Soviet Union in 1991, Türkiye has pursued a foreign policy aimed at expanding its political, economic, and strategic influence across the Caucasus and Central Asia by capitalizing on its favorable geopolitical position. As a key NATO member, Ankara has sought to strengthen relations with the newly independent Turkic republics through economic integration, infrastructure development, and political cooperation. The establishment of the Zangezur Corridor would further reinforce direct

land connectivity among the member states of the Organization of Turkic States (OTS), strengthen geographical continuity across the Turkic world, and advance Türkiye's broader vision of enhanced Eurasian integration. From Iran's perspective, however, the corridor could also enable Ankara to capitalize on ethnic and cultural linkages that Tehran perceives as potentially affecting its territorial cohesion and regional influence (Moshfegh, 2022, p. 43). Consequently, the project could alter the regional balance of power by strengthening the strategic positions of both Türkiye and Azerbaijan while reducing Iran's bargaining power within the South Caucasus.

Iran also occupies an important position in regional energy transportation by supplying natural gas and facilitating energy exchanges with the Caucasus and Anatolia. Nevertheless, the implementation of the corridor could substantially reduce Tehran's revenues from existing gas swap agreements. Furthermore, given the deterioration of relations between Tehran and Baku in recent years, Iranian policymakers increasingly perceive Azerbaijan's geopolitical ambitions as challenging Iran's regional interests. Should Azerbaijan continue to regard Iran as a principal obstacle to its geopolitical objectives and national identity building, Baku may deepen its strategic cooperation with Israel as a means of counterbalancing Iranian influence. From Tehran's perspective, an expanded Israeli intelligence, security, and military presence along Iran's northern border would constitute a direct strategic challenge and further increase its national security vulnerabilities.

On 8 August 2025, the leaders of Armenia and Azerbaijan signed a U.S. brokered peace agreement at the White House, marking a potentially historic step toward resolving decades of conflict, provided that the agreement is successfully implemented and sustained. One of its principal components is the establishment of a strategically significant international trade corridor traversing the territories of both Armenia and Azerbaijan. By creating substantial economic incentives for both parties, the agreement seeks to encourage long term compliance and regional stability. Under the agreement, the United States secured 99 year exclusive development rights for major infrastructure projects—including railways, oil and gas pipelines, and fiber optic communication networks—along the proposed route. The corridor, officially rebranded as the Trump Route for International Peace and Prosperity (TRIPP), will be developed and managed by American companies and is intended to serve as a major transportation and energy corridor connecting Europe and Asia (Kaylan, 2025).

This U.S. brokered initiative represents a significant geopolitical shift in the South Caucasus. Traditionally regarded as part of Russia's sphere of influence, the region has long been dominated by Moscow's political, military, and diplomatic presence. However, Russia's prolonged involvement in the war in Ukraine has substantially reduced its capacity to influence developments in the South Caucasus or effectively challenge the growing

American role in regional affairs. Consequently, the agreement has been widely interpreted as a strategic setback for Russia's longstanding regional dominance.

At the same time, the geopolitical positions of both Russia and Iran have been significantly reshaped by recent regional conflicts. Russia continues to devote considerable political, military, and economic resources to the conflict in Ukraine, while Iran's strategic calculations have been influenced by its 12 day military confrontation with Israel in June 2025. These developments have limited the ability of both countries to oppose the evolving geopolitical order in the South Caucasus. Consequently, the U.S. brokered agreement has further reduced Russia's traditional role as the principal security broker in the region (Campa et al., 2025).

Reflecting this evolving geopolitical reality, Alexey Overchuk, Russia's Deputy Prime Minister, emphasized Moscow's pragmatic approach by stating:

"We view this issue in the following context: Armenia is our strategic ally, and if Armenia believes that something is good for them, then, of course, we support Armenia" (Armenpress, 2025).

Similarly, although Iran has consistently opposed initiatives that could alter regional geopolitical balances, recent official statements suggest a more pragmatic assessment of the new circumstances. Iran's Foreign Minister stated:

"The corridor proposal is now obsolete. The current framework is limited to a transit road under Armenia's full sovereignty and legal jurisdiction, to be operated by a U.S.–Armenian company registered in Armenia" (Etemadonline, 2025).

These statements indicate that both Moscow and Tehran have gradually adapted to the emerging geopolitical realities, despite their reservations regarding the expanding role of the United States in the South Caucasus.

Had the original Zangezur Corridor proposal—promoted primarily by Azerbaijan and Türkiye—been implemented in its original form, it would effectively have eliminated the direct land border between Iran and Armenia, fundamentally transforming regional connectivity. Such a development would have significantly constrained Iran's strategic access to both Russia and Europe through Armenian territory while establishing an alternative international transport corridor that bypasses Iranian territory altogether. More broadly, any transportation corridor that excludes Iran weakens Tehran's long standing ambition to position itself as a major regional transit hub, an objective regarded as particularly important for stimulating economic growth and mitigating the impact of international sanctions (Campa et al., 2025).

The TRIPP agreement, however, differs substantially from the original Zangezur Corridor proposal. Rather than transferring operational control to Azerbaijan or Türkiye, the revised framework introduces a governance structure that attempts to balance the interests of all principal stakeholders while preserving Armenia's sovereignty and territorial integrity. The most significant differences between the original proposal and the new agreement can be summarized as follows:

- **Preservation of Armenian sovereignty:** Unlike the original proposal, which was widely perceived as granting Azerbaijan extensive control over the corridor, the new framework explicitly recognizes Armenia's sovereignty and places the route entirely under Armenian legal jurisdiction. This provision addresses one of Yerevan's principal objections to the earlier proposal.
- **American management instead of Azerbaijani control:** Operational responsibility for the corridor has been transferred to a joint U.S.–Armenian consortium, replacing the direct Azerbaijani management envisioned under the previous plan. This arrangement aims to enhance transparency while reducing political tensions surrounding the project.
- **Enhanced security guarantees:** Through American political, financial, and security involvement, the agreement provides stronger guarantees for Armenia's territorial security and is expected to reduce the likelihood of future military confrontations along the corridor. Consequently, the project seeks not only to improve regional connectivity but also to contribute to long term stability in the South Caucasus.

Before the conclusion of this agreement, Iran had consistently opposed any transportation initiative that could undermine Armenia's sovereignty or fundamentally alter the geopolitical balance of the South Caucasus. Tehran regarded such developments as a strategic red line, arguing that any disruption of the Armenia–Iran border would have significant consequences for regional security and Iran's national interests.

Iran's relations with Azerbaijan have remained strained in recent years, primarily because of Baku's close strategic cooperation with Israel and Türkiye. From Tehran's perspective, the proposed corridor represents more than a transportation project; it is viewed as a geopolitical initiative capable of expanding Turkish influence across Eurasia while simultaneously reducing Iran's regional significance. Historically, Azerbaijan has relied heavily on transit routes passing through Iranian territory to maintain access to its Nakhchivan exclave, providing Tehran with both economic benefits and political leverage. By reducing Azerbaijan's dependence on Iranian transit infrastructure, the new corridor is expected to diminish Iran's transit revenues and weaken its strategic influence over regional connectivity.

Moreover, the project could further constrain Iran's commercial and geopolitical options while significantly expanding those of Türkiye. By establishing an uninterrupted land connection with Central Asia, Ankara would be able to bypass Iranian territory in its trade with the Turkic republics and potentially gain more direct access to the Caspian Sea, India, and the People's Republic of China (PRC). In contrast, the agreement is expected to have a comparatively limited immediate economic impact on Russia, given Moscow's longstanding strategic partnerships with both Armenia and Azerbaijan. Furthermore, Russia has generally supported the construction of the Zangezur Corridor since 2024, considering it compatible with its broader regional transportation strategy (Campa et al., 2025).

From Iran's perspective, however, the Trump Route for International Peace and Prosperity (TRIPP) represents a compromise compared with the original Zangezur Corridor proposal. Unlike the earlier initiative, which Tehran viewed as fundamentally threatening Armenia's territorial integrity and Iran's strategic interests, the revised agreement preserves Armenia's sovereignty while incorporating American political and security guarantees intended to deter potential military escalation. Consequently, although the agreement does not eliminate all Iranian concerns, it addresses some of Tehran's principal objections regarding changes to internationally recognized borders and the legal status of the transportation route.

From an economic perspective, the corridor could generate substantial regional benefits. By shortening transportation distances and improving logistical efficiency, it is expected to reduce European energy transportation costs by approximately 10–15 percent while facilitating an estimated US\$50–100 billion in additional Eurasian trade. These anticipated gains have strengthened international support for the project despite continuing geopolitical disagreements among regional actors.

More broadly, the implementation of the agreement is expected to strengthen the strategic presence of the United States in the South Caucasus while gradually reducing the traditional influence of both Russia and Iran, which have long served as the region's principal geopolitical actors. Consequently, the project carries significant geopolitical, economic, and security implications for Tehran. By shifting the regional balance of power toward Azerbaijan and Türkiye, the corridor may reduce Iran's importance as a regional transit state and weaken its strategic relevance within Eurasian transportation networks. Furthermore, the expansion of American political and security involvement near Iran's northern borders could generate additional strategic challenges for Tehran, while also creating conditions that may strengthen Israel's regional strategic presence.

In practical terms, the establishment of the corridor could substantially restrict Iran's participation in emerging Eurasian transportation networks. Should tensions between Tehran and Washington intensify in the future, Iran's ability to benefit from regional transit initiatives could become

increasingly constrained. In addition, the growing political and security presence of the United States in the South Caucasus may transform Iran's northwestern frontier into an area of heightened strategic competition involving both the United States and Israel.

Consequently, Iran could become increasingly dependent on transportation networks operating under arrangements in which American political and economic influence is considerably greater than before. Such a development would reduce Tehran's strategic autonomy in regional transit affairs while increasing economic and geopolitical pressures. As several analysts argue, the cumulative effect of these developments could contribute to a gradual process of strategic isolation, limiting Iran's capacity to shape regional transportation networks and diminishing its geopolitical leverage in the South Caucasus (Shahsavari, 2025).

From Türkiye's perspective, by contrast, the Zangezur Corridor represents a major strategic opportunity. Most importantly, it would provide Ankara with direct overland access to Central Asia without relying on transit through Iranian territory. Accordingly, the Turkish Ministry of Foreign Affairs welcomed the agreements reached between Armenia and Azerbaijan, stating:

"We welcome the progress achieved towards establishing a lasting peace between Azerbaijan and Armenia, and the commitment recorded in Washington today (8 August) in this regard" (Report, 2025).

For Türkiye, the project is viewed as a transformative initiative capable of significantly enhancing regional connectivity while strengthening economic integration across the Turkic world. Through an integrated network of railways, highways, pipelines, and digital communication infrastructure, the corridor is expected to facilitate more efficient trade with Central Asia and China while reinforcing Türkiye's role as a strategic Eurasian transit hub.

At the same time, the project has become an important source of geopolitical tension in Turkish–Iranian relations. From Tehran's perspective, the corridor threatens to undermine Iran's trade connectivity by weakening its only direct land link with Armenia and reducing the volume of bilateral commercial exchanges. Conversely, Türkiye views the initiative as an opportunity to consolidate its geopolitical position across Eurasia by exercising greater influence over one of the region's most important transportation corridors. If successfully implemented, the project would not only strengthen Türkiye's economic and logistical role but also enhance its strategic influence within the evolving geopolitical architecture of the South Caucasus and the broader Eurasian region.



Map 4- The Zangezur Corridor; (Caspiannews, 2025)

3.4. India–Middle East–Europe Corridor (IMEC)

India, as one of the world's major emerging economic powers, initially sought to cooperate with Iran and Russia in developing the International North–South Transport Corridor (INSTC) and expanding Chabahar Port to establish a reliable transportation network connecting India with Central Asia and Europe. However, a combination of geopolitical and economic developments—including the instability in Afghanistan, the Russia–Ukraine war, the continuation of international sanctions against Iran, delays in India's investment and development of Chabahar Port, and Iran's growing strategic partnership with China, one of India's principal regional competitors—has considerably slowed progress on these initiatives (Faraji Nasiri et al., 2023, p. 65). Consequently, the North–South Corridor has gradually lost much of its strategic appeal for India and is increasingly viewed primarily as a route for accessing Afghanistan and parts of Central Asia rather than as a comprehensive trade corridor to Europe. As a result, New Delhi has shifted its strategic focus toward the India–Middle East–Europe Corridor (IMEC)—also referred to as the Arab–Mediterranean Corridor (Arab–Med) (see Figure 5)—as an alternative route for expanding trade with Europe. This strategic reorientation has the potential to reshape regional transportation networks and alter existing patterns of international trade.

The India–Middle East–Europe Corridor (IMEC) is an emerging multimodal connectivity initiative that combines maritime, rail, digital, and energy infrastructure through extensive cooperation among regional and extra-regional actors (Faraji Nasiri et al., 2023, p. 65). The project was officially announced during the G20 Summit held in New Delhi in September 2023, shortly before the outbreak of the Operation Al-Aqsa Flood conflict. The initiative was endorsed by India, the United States, Saudi Arabia, the United Arab Emirates (UAE), the European Union, Italy, France, and Germany. IMEC was introduced as one of the flagship initiatives under the Partnership for Global Infrastructure and Investment (PGII), with the

objective of promoting economic development through enhanced connectivity and deeper economic integration among Asia, the Persian Gulf, and Europe (Yagyavalk & Jitendra, 2023, p. 3; Moti, 2023). Beyond its economic objectives, the project is widely viewed as serving broader geopolitical purposes, including providing an alternative to China's Belt and Road Initiative (BRI) and reducing Iran's strategic importance within regional and global transportation networks (Abdo, 2023).

Owing to its strategic geographical location and broader geopolitical implications, IMEC gained additional significance following the signing of the Abraham Accords in 2020 and the establishment of the I2U2 grouping in October 2021, which brought together India, Israel, the United Arab Emirates, and the United States within a new framework for economic and strategic cooperation (Suri et al., 2024). From a broader geopolitical perspective, both India and the United States have sought to develop alternative connectivity initiatives in response to China's expanding influence through the Belt and Road Initiative. Accordingly, IMEC can be understood as part of a wider strategy aimed at promoting diversified regional connectivity while reducing dependence on Chinese-led infrastructure networks. In this context, the formation of the I2U2 partnership may be regarded as an important institutional precursor to the development and future expansion of IMEC.

Widely regarded as one of the most ambitious geoeconomic infrastructure projects currently under consideration, IMEC is designed to connect the Indian ports of Mumbai and Jawaharlal Nehru Port with Jebel Ali Port in the United Arab Emirates, Haifa Port in Israel, and Piraeus Port in Greece. The corridor is therefore expected to have significant implications for regional transportation networks and to influence the geopolitical and economic interests of neighboring countries, particularly Iran. Furthermore, multilateral cooperation among India, the UAE, Saudi Arabia, and Israel within the broader IMEC framework has facilitated the development of the proposed India–Middle East Food Corridor initiative. This complementary project seeks to strengthen regional food security by connecting India—currently one of the world's largest wheat producers—with Middle Eastern markets. Through this initiative, India aims to establish itself as a reliable supplier of agricultural products to the region, while the UAE and Saudi Arabia have committed substantial investments to India's agricultural modernization, irrigation technologies, and water management systems (Varij Kazemi, 2024).

The proposed corridor extends approximately 4,800 kilometers and consists of two principal segments. The Eastern Corridor links India with the Persian Gulf and the broader Middle East through maritime transportation, while the Northern Corridor connects the Gulf states to Jordan and Israel before extending to the southern European coast, particularly France and Italy (Khan, 2024, p. 78). Given its anticipated economic and logistical

benefits for participating countries, alongside its potential to reduce Iran's role in regional transit and international trade, Iranian policymakers increasingly perceive IMEC as a strategic competitor to transportation corridors that occupy a central position in Iran's economic and geopolitical strategy, most notably the International North–South Transport Corridor (INSTC) and the East–West Corridor.

From Israel's perspective, support for IMEC is driven largely by the objective of expanding regional economic interdependence while strengthening its role within emerging regional supply chains. Israeli policymakers view enhanced economic integration as a means of increasing regional cooperation, reducing strategic vulnerabilities, and reinforcing the country's long-term economic and geopolitical position. Likewise, India's growing support for IMEC reflects its reassessment of earlier transportation initiatives involving Iran. The continuation of international sanctions against Tehran and persistent delays in the development of Chabahar Port have reduced the attractiveness of the Iranian route from New Delhi's perspective, thereby increasing India's interest in alternative connectivity frameworks.

Nevertheless, the outbreak of the Gaza conflict on 7 October 2023 and its broader regional repercussions have created significant uncertainty regarding the implementation and long-term viability of IMEC. Escalating regional instability, combined with growing geopolitical tensions, has complicated the political environment necessary for advancing such an ambitious multinational infrastructure project. Despite these uncertainties, should IMEC be successfully implemented, it is likely to reshape regional trade patterns, strengthen connectivity between Asia and Europe, and significantly reduce Iran's geopolitical leverage and strategic importance within emerging Eurasian transportation and global value chains (Shankar, P. R., 2023).



Map-5: India–Middle East–Europe Corridor (IMEC); (Shankar, P. R., 2023)

3.5. Lapis Lazuli Corridor

The Lapis Lazuli Corridor (see Figure 6) is an international multimodal transit corridor connecting Afghanistan to Türkiye through Turkmenistan, Azerbaijan, and Georgia. Officially inaugurated in 2018, the corridor derives its name from the historic Lapis Lazuli Route, through which Afghanistan exported its valuable lapis lazuli gemstones to international markets for centuries. The modern initiative aims to promote Afghanistan's national development priorities by improving transport infrastructure, strengthening regional connectivity, expanding the energy sector, and encouraging private-sector investment. As a multimodal transportation network, the corridor integrates road, rail, and maritime transport to facilitate the movement of goods across Eurasia.

The legal foundation of the initiative was established on 15 November 2017, when Afghanistan, Turkmenistan, Azerbaijan, Georgia, and Türkiye signed the Lapis Lazuli Corridor Agreement in Ashgabat, Turkmenistan. The agreement institutionalized regional cooperation on the project, which became operational the following year (Salehi, 2024). As one of Central Asia's most significant transportation initiatives, the corridor provides one of the shortest and most cost-effective routes connecting landlocked Central Asian countries to international seaports and the warm-water ports of the Arabian Sea through Afghanistan and Pakistan. Its broader objective is to facilitate trade, improve market access, and strengthen regional economic integration by connecting Central Asia with the Persian Gulf and, ultimately, establishing a transportation network extending from China to the United Kingdom.

The corridor includes a 537-kilometer railway segment, with an estimated investment of approximately US\$7 billion and a projected annual freight capacity of 20 million tons. According to available estimates, the completed network could reduce transportation time between Beijing and London by as much as 21 days, thereby significantly improving the efficiency of Eurasian trade (Ahmad Rahim, 2017). The route connects Aqina in northern Faryab Province and Torghundi in western Herat Province to Turkmenbashi Port on the Caspian Sea through an integrated network of highways and railways. Freight is then transported across the Caspian Sea to Baku, before continuing through Tbilisi and the Georgian Black Sea ports of Poti and Batumi, ultimately entering Europe through the Turkish cities of Kars, Mersin, and Istanbul (Mahrogh & Naeimnejad, 2024, p. 340).

From a geopolitical perspective, the Lapis Lazuli Corridor constitutes an important component of the broader Middle Corridor and is increasingly viewed as a competitor to the International North–South Transport Corridor (INSTC). Türkiye, in close cooperation with Azerbaijan, has invested heavily in railway infrastructure, port modernization, and regional logistics networks to position itself as the principal transit hub connecting Central Asia with Europe. Through projects such as the Lapis Lazuli Corridor,

Ankara seeks to strengthen its geoeconomic influence across Eurasia while reducing the relative importance of alternative transportation routes that pass through Iranian territory.

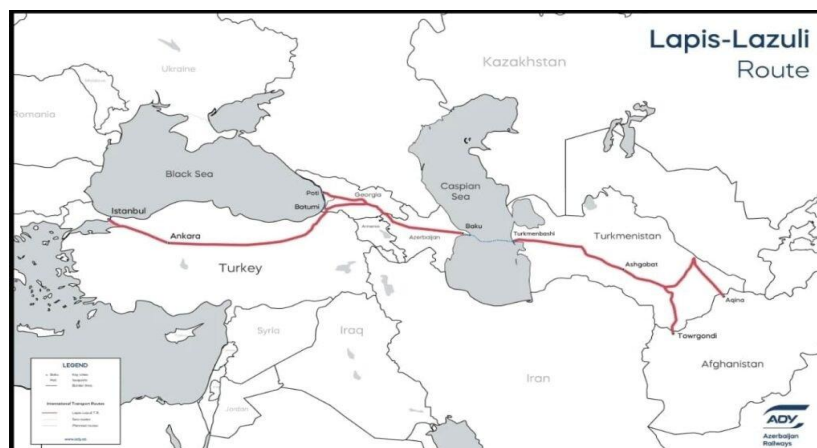
For Iran, the corridor presents several strategic, economic, and geopolitical challenges. By providing an alternative route that bypasses Iranian territory, it could reduce Tehran's role as a regional transit state, diminish its strategic influence within Eurasian transportation networks, and increase the geopolitical importance of both Türkiye and Azerbaijan. In addition, the diversion of regional trade flows toward competing corridors may weaken the utilization of Iran's existing transportation infrastructure and reduce opportunities for future investment in its logistics sector (Entekhab, 2024).

More specifically, the implementation of the Lapis Lazuli Corridor may generate several consequences for Iran:

- **Declining transit revenues:** A greater volume of regional trade may be redirected toward the Lapis Lazuli Corridor, reducing the use of Iran's established transportation routes and associated transit income.
- **Reduced geopolitical influence:** As Afghanistan and other regional actors become less dependent on Iranian transit infrastructure, Tehran's strategic leverage in regional economic and political affairs could gradually decline.
- **Growing influence of Türkiye and Azerbaijan:** Their central geographical positions along the corridor are likely to enhance their economic, political, and logistical importance within the South Caucasus and Central Asia.
- **Underutilization of transportation infrastructure:** Existing Iranian investments in ports, railways, highways, and logistics facilities may experience lower utilization rates if regional cargo flows increasingly shift toward competing corridors.
- **Greater strategic vulnerability:** Reduced regional dependence on Iranian transportation routes may weaken Tehran's bargaining power and increase its exposure to political and economic pressure, particularly in the context of continuing international sanctions.

Taken together, these developments illustrate the broader geopolitical challenges facing Iran within the evolving architecture of Eurasian connectivity. To mitigate the risk of strategic marginalization, Tehran may need to pursue a comprehensive strategy aimed at enhancing the competitiveness of its transportation corridors through infrastructure modernization, improved regional connectivity, and greater integration into international trade networks. In addition, the normalization of relations with Western countries and the easing of international sanctions could facilitate increased foreign investment in Iran's transportation sector and strengthen the country's ability to capitalize on its unique geostrategic location. By adopting such measures, Iran could enhance the competitiveness of its transit

corridors, reinforce its role within Eurasian supply chains, and re-establish itself as a key transportation hub linking Asia with Europe.



Map 6- Lapis Lazuli Corridor; (Turkic World.,2024)

3.6. The Development Road Corridor

Despite its vast energy reserves, Iraq continues to face persistent economic challenges resulting from its limited maritime access. Since the U.S.-led invasion in 2003, prolonged conflict and governmental neglect have contributed to the deterioration of Iraq's aging ports, leaving much of its transport infrastructure in disrepair. In response, Iraq has sought to develop alternative trade corridors through neighboring countries while simultaneously expanding its road and railway networks (Hashimi, 2015) (see Map 7). These initiatives have the potential to significantly reshape Iraq's position in regional and global trade.

To capitalize on this opportunity, the Iraqi government, in cooperation with Turkey, the United Arab Emirates (UAE), and Qatar, has launched the Development Road Project. The initiative complements broader regional connectivity frameworks, including China's Belt and Road Initiative (BRI) and the India–Middle East–Europe Corridor (IMEC). By integrating modern railway and highway infrastructure, the project seeks to increase Iraq's transit revenues, reduce its economic dependence on Iran, and improve access to international markets. Some analysts even argue that, once fully operational, the Development Road could emerge as a viable competitor to established global trade routes such as the Suez Canal and the route around the Cape of Good Hope (Jafarinia et al., 2023, p. 366).

As part of its broader economic diversification and sustainable development strategy, Iraq is also constructing Al-Faw Grand Port, a major deep-water port located in the country's oil-rich southern region. Designed to accommodate large container vessels and serve as a gateway connecting Iraq to Turkey and, ultimately, Europe, the port represents a cornerstone of Iraq's

maritime development strategy. Construction officially commenced in April 2018 (Al-Samarrai, 2013), marking a significant milestone in Iraq's efforts to expand its maritime capabilities.

However, the emergence of Al-Faw Port presents substantial geoeconomic challenges for Iran. Owing to its strategic location, the port has the potential to divert regional trade flows away from Iranian ports, reduce investment in Khuzestan Province, weaken the economic role of the Arvand Free Zone, and undermine commercial activity in Abadan and Khorramshahr, particularly if Iran fails to implement effective countermeasures. Furthermore, delays in dredging the Arvand River, combined with Iraq's large-scale investment in Al-Faw, further threaten the competitiveness of Iran's traditional regional transit routes.

The implementation of the Development Road Project could therefore have far-reaching implications for Iran's regional position. Once fully operational, Al-Faw Port may significantly diminish Iran's role in regional maritime transportation, much as the expansion of the Jebel Ali and Fujairah ports previously reduced the strategic importance of Chabahar, Bandar Abbas, and Khorramshahr. Such a shift could render several Iranian port development projects economically less viable, resulting in the loss of employment opportunities and reduced investment in the maritime sector. Moreover, accelerated economic growth in southeastern Iraq could intensify social and cultural pressures in Iran's border provinces, potentially encouraging opposition movements and increasing domestic security concerns (Jafarinia et al., 2023, pp. 373–374). Without a comprehensive and coordinated strategic response, Iran risks facing significant long-term economic, geopolitical, and geostrategic setbacks.



Map 7- The Development Road Corridor; (Japan Cooperation Center for the Middle East.,2024)

Conclusion

This article has examined Iran's current geopolitical position and the impact of emerging multimodal transport corridors on the country's growing geopolitical and geoeconomic isolation. Situated at the crossroads of several major transit routes, Iran possesses a unique geostrategic location that could have served as a significant driver of its economic and political development. However, the emergence of alternative transport corridors in Iran's surrounding regions—including the Zangezur Corridor, India–Middle East–Europe Corridor (IMEC), Lapis Lazuli Corridor, Development Road Corridor, and the Trans-Caspian (Middle) Corridor—has created substantial strategic challenges for the country. This study argues that these corridors collectively contribute to a causal process whereby the strategic bypassing of Iranian territory reduces the country's central geopolitical role, gradually weakens its regional influence, and ultimately intensifies its geopolitical and geoeconomic isolation. Consequently, the reconfiguration of regional connectivity is shifting the regional balance of power in ways that increasingly undermine Iran's strategic interests.

Over the past decade, the redistribution of power within the international system, the emergence of new regional actors, the rapid development of alternative connectivity projects, and the continuation of U.S. and Western sanctions have significantly reduced Iran's ability to capitalize on its geographical advantages. Rather than becoming a central hub within Eurasian transport networks, Iran has gradually lost ground to competing transit routes. This shift has altered regional trade patterns in favor of neighboring states while placing Iran in an increasingly vulnerable geopolitical position. Persistent deficiencies in transport infrastructure, limited diplomatic engagement, and inadequate long-term strategic planning have prevented Iran from realizing its potential as a pivotal transit state. For example, delays in completing the Iranian section of the International North–South Transport Corridor (INSTC) have redirected cargo toward competing routes, while the Middle Corridor (Trans-Caspian Route) has experienced a remarkable increase in freight volumes since 2020. Likewise, Chabahar Port, once envisioned as India's principal gateway to Central Asia, continues to operate well below its projected capacity because of international sanctions, investment uncertainty, and administrative inefficiencies.

At the same time, Iran's regional competitors have actively consolidated their positions through bilateral and multilateral connectivity initiatives. The U.S.-brokered agreement between Armenia and Azerbaijan regarding the Zangezur transport route represents a significant geopolitical development that further reduces Iran's transit importance by providing an alternative land connection between Europe and Central Asia. Similarly, Pakistan has substantially strengthened its strategic position through the China–Pakistan Economic Corridor (CPEC), attracting approximately USD 62 billion in Chinese investment for transport and energy infrastructure. Meanwhile,

projects such as IMEC have created alternative trade routes connecting India, the Persian Gulf, and Europe while largely bypassing Iranian territory. These developments demonstrate that excessive reliance on geographical advantages, without corresponding diplomatic engagement, infrastructure modernization, and economic integration, has allowed competing states to dominate emerging regional supply chains.

To avoid further marginalization, Iran must adopt a comprehensive long-term strategy aimed at restoring its regional relevance. Priority should be given to completing the Rasht–Astara railway as the missing link of the INSTC through greater cooperation with Russia and India. At the same time, Iran should move beyond its traditional focus on physical transit corridors by participating in emerging digital infrastructure, fiber-optic networks, renewable energy corridors, and hydrogen transport projects. Equally important is the pursuit of active diplomacy to reduce the impact of international sanctions and secure exemptions for strategic infrastructure projects, similar to previous U.S. waivers granted for Chabahar Port.

More broadly, the current situation reflects Iran's limited adaptation to the rapidly evolving geopolitics of regional connectivity. Without substantial reforms, the country risks becoming increasingly marginalized despite its exceptional geographic advantages. Such marginalization carries profound economic and political consequences. Exclusion from emerging regional transit networks reduces foreign direct investment, limits access to international markets, weakens participation in global value chains, and diminishes Iran's capacity to shape regional political developments. Collectively, these factors undermine both the country's economic resilience and its geopolitical influence.

Conversely, Iran's regional competitors have strengthened their geopolitical positions by transforming themselves into indispensable transit hubs within Eurasian trade networks. Their integration into global value chains has generated substantial economic benefits while simultaneously enhancing their strategic and military influence. To reverse this trend, Iran requires a comprehensive strategy based on long-term planning, infrastructure modernization, pragmatic diplomacy, and constructive regional engagement. A sustained process of de-escalation with Western countries, closer cooperation with neighboring states, and gradual reintegration into the global economy would significantly improve Iran's prospects for attracting foreign investment and restoring its position within international transport networks. Leveraging its abundant natural resources together with its exceptional geographic location could once again enable Iran to become a major transit hub connecting East and West.

Nevertheless, such opportunities will remain difficult to realize as long as Iran's international environment continues to be characterized by persistent sanctions, foreign policy uncertainty, and limited investor confidence. Without a fundamental transformation in its foreign policy and meaningful

progress in international negotiations, Iran risks facing a future in which it is geographically surrounded by interconnected regional competitors while remaining strategically isolated—a classic example of a state gradually forfeiting the geopolitical advantages that its geography would otherwise provide.

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