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Peacemaking as Leverage: Private Interests, Geopolitical Risk, and the Limits of US Diplomacy in the South Caucasus

By Linda Gayle

EXECUTIVE SUMMARY

Under the Trump administration, unilateral peacemaking has increasingly emerged as a tool of U.S. foreign policy, and the 2025 U.S.-brokered peace deal between Armenia and Azerbaijan offers a key example of these dynamics and possible consequences for U.S. national interests. The South Caucasus, though often regarded as the periphery of U.S. national interest, sits at the intersection of Russian, Chinese, Turkish, and Iranian influence and is strategically positioned as a key transit point for critical minerals and energy. Therefore, understanding whether the recent peace deal supports U.S. national interests in this context or increases risk carries major implications for changing approaches to U.S. diplomacy overall.

This paper argues that the Trump administration's approach to peacemaking in the South Caucasus — marked by a shift toward unilateral, transactional diplomacy — offers some possible benefits to U.S. interests, mainly in critical mineral access and technological development opportunities, but risks strategic geopolitical overextension and unnecessary friction with regional powers. The more explicitly interest-aligned diplomacy behind this peace deal could potentially advance U.S. interests in opening transit routes for critical minerals essential to national security and leveraging opportunities in the South Caucasus for semiconductor supply chain resilience in the AI race, but other interests promoted in the peace deal are more closely aligned with private economic priorities rather than national security strategy. Further, among the intersecting interests of regional actors, emerging U.S. bilateral leadership in these peace negotiations creates the greatest tension with Iran, which perceives development in U.S. interests in the South Caucasus as a direct security threat, adding tension to an already charged relationship with a major rival.

Linda Gayle is an undergraduate student at the University of Pennsylvania studying international relations and Russian & Eastern European studies, with particular interests in peacemaking processes and conflict resolution, as well as challenges of democratic development. Previously, Linda interned as a research assistant at a public policy advocacy organization in Argentina and studied abroad at Kazakh National University.

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From this stage in implementing the peace deal, the United States can position itself to take advantage of the potential benefits, especially on critical minerals and AI, and mitigate potential risks, particularly for overextension and increasing geopolitical tensions with regional actors. A return to managed multilateralism that strategically incorporates European and regional partners, combined with clear, transparent planning and timelines, means that peace can be supported in the South Caucasus in a way that is complementary to U.S. national interest.

In his second administration, President Trump has promoted his reputation as a “peacemaker and unifier,” which has occurred in tandem with shifts in the practice and meaning of U.S.-led peacemaking on the world stage.¹ As articulated by the concept of “realignment through peace” outlined in the 2025 National Security Strategy, the Trump administration has shifted to applying diplomacy and conflict resolution as more explicitly interest-aligned tools of American foreign policy.² The National Security Strategy claims Trump’s success in eight conflicts throughout the world, including in Armenia and Azerbaijan, which this policy analysis will adopt as a case study for how new trends in U.S. peacemaking create opportunities and risks for U.S. national interests.

The U.S.-brokered peace deal between Armenia and Azerbaijan merits particular attention because it elevates U.S. focus on a region that previously received little priority in diplomatic efforts. In fact, in the context of this agreement, in February 2026 Vice President J.D. Vance visited Armenia and Azerbaijan, which no sitting U.S. vice president or president had ever done before.³ The South Caucasus is relatively peripheral to U.S. national interests; however, it is geographically positioned as a strategic transit corridor between Europe and Asia and is historically an area of competition between the interests and influence of regional powers like Russia, Türkiye, Iran, and more recently, China.⁴ From the perspective of these interests, the Trump administration’s approach to peacemaking in the South Caucasus — marked by a shift toward unilateral, explicitly transactional diplomacy — offers some possible benefits to U.S. interests, mainly in critical mineral transport and

technological development opportunities, but risks strategic overextension and unnecessary friction with regional powers. This policy paper instead recommends an approach that prioritizes measured engagement to and incorporating regional partners to maintain stable opportunities for U.S. security.

Understanding the Conflict and the Peace Agreement

Evaluating how foreign policy under the Trump administration attempts to leverage peacemaking efforts in the South Caucasus to serve U.S. interests requires first understanding the underlying conflict between Armenia and Azerbaijan, especially because any benefit to U.S. interests depends on the enduring success of a peace agreement.

The 2025 U.S.-brokered peace agreement comes in a longstanding history of tension between ethnic Armenians as Christians and ethnic Azeris as Turkic Muslims, which have generally manifested as conflict over territorial issues, especially triggered by the Nagorno-Karabakh region.⁵ This region was established within the Azerbaijani Soviet Socialist Republic in 1923 by the Soviet Union as the Nagorno-Karabakh Autonomous Oblast, with a 95% ethnically Armenian population.⁶ The First Nagorno-Karabakh War began in 1988, when the regional legislature of Nagorno-Karabakh passed a resolution declaring its intention to join the Republic of Armenia and armed fighting followed, though at this time, this was contained internally within the Soviet Union. The dissolution of the Soviet Union in 1991, however, transformed the conflict into an interstate war, which would lead to over 30,000 casualties. Peace attempts mediated by France, the United States, and Russia under the OSCE Minsk Group, though in practice mainly negotiated by Russia, brought an end to this conflict, but it broke out again in 2020 with the Second Nagorno-Karabakh War and intensified moments of conflict continued in 2022.⁷ In 2023, the conflict ended with Azerbaijan establishing control over Nagorno-Karabakh and the forced expulsion of nearly all the local Armenian population to Armenia.⁸ This deeply violent conflict thus remains unresolved, and American peacemaking efforts are thus the latest

step in diplomatic negotiations seeking to end it.

The new peace deal, initialed by the leaders of Armenia and Azerbaijan in Washington, D.C. on August 8, 2025, marks the first major agreement between the two countries since the ceasefire in 1994 ending the First Nagorno-Karabakh War.⁹ Its key provisions include the establishment of official diplomatic relations between Armenia and Azerbaijan, a clear delineation of borders, and the creation of a transport route called the “Trump Route for International Peace and Prosperity” (TRIPP) to connect Azerbaijan with its exclave Nakhchivan in Armenia. The peace agreement was also accompanied by multiple bilateral Memoranda of Understanding (MoUs) between the U.S. government and the governments of Armenia and Azerbaijan, notably an “AI and Semiconductor Innovation Partnership” and “Energy Security Partnership” with Armenia.¹⁰ The comparatively shorter MoU with Azerbaijan established a plan to develop a Charter on Strategic Partnership between the United States and Azerbaijan, which was then released in February 2026 and outlined priorities on regional connectivity, economic investment, including developing AI and digital infrastructure, and security cooperation.¹¹ These provisions establish important progress in a framework for peace in the region, but also clearly mark a shift to a more engaged U.S. presence in the South Caucasus.

Currently, the peace process is still ongoing, as the agreement was only initialed by Armenian and Azerbaijani leaders and not yet signed, and the countries still have yet to establish official bilateral diplomatic relations.¹² The main obstacle is that Azerbaijan refuses to sign the agreement unless Armenia removes a clause from its constitution which calls for Armenian “unification” with Nagorno-Karabakh, and Armenia has planned the necessary constitutional referendum on this clause, but it is controversial among voters.¹³ This is one of the greatest weaknesses in the status of the peace negotiations, since Azerbaijan’s hardline stance has pushed the peace agreement out of the diplomatic sphere into Armenian domestic politics, and the United States has committed itself to engagement in a region that may return to conflict. A second key unresolved tension that destabilizes the peace

agreement and thereby U.S. interests in the South Caucasus is the Nagorno-Karabakh region: by agreeing on each other’s borders, Armenia essentially accepts Nagorno-Karabakh as part of Azerbaijan. Though the 2023 Armenian exodus from the exclave means that one of the major fault lines for violence has disappeared, the 150,000 ethnic Armenian refugees from Nagorno-Karabakh are still advocating for the right of return, and their status is unaddressed by the peace deal.^{14 15} This suggests that the peace agreement, while promising, is fragile, meaning that there is an uncertain foundation beneath Trump’s attempts to pursue U.S. interests in the region through involvement in peacemaking. If the peace cannot hold, then U.S. investments in the region, whether diplomatic or economic, are lost, and the durability of the peace agreement becomes a binding constraint. The United States will likely need to continue in external mediation to sustain these advances, prompting questions about the possibilities for U.S. engagement that this policy analysis seeks to answer.

Does Interest-Aligned Diplomacy Support US Interests?

One of the most significant shifts in the Trump administration’s approach to peacemaking efforts in this region is from norms-based mediation to transparently transactional diplomacy along his vision of U.S. national interests. This distinction is clear in the change in the rhetoric and language on this issue from the Biden administration in 2020, which emphasized humanitarian issues and the aim for “a lasting and sustainable peaceful settlement of the conflict,” to the Trump administration, which promoted the outcome of the peace negotiations as “unlocking the great potential of the South Caucasus region in trade, transit, energy, infrastructure, and technology, and creating new opportunities for the American people and American businesses.”¹⁶ Clearly, the Trump administration has distanced peacemaking efforts from ideals, but there are limits to how this approach to peace in the South Caucasus can actually support the national security interests of the American people compared to the commercial interests of private businesses. Distinguishing between truly strategic interests, such as critical mineral access

and semiconductor development, and commercial interests, such as in trade and the energy industry, the peace agreement and the associated MoUs bring some advantages, despite the risk of overextending U.S. power, but are fundamentally weakened by conflating public and private interests in U.S. foreign policy strategy.

TRIPP, which is directly incorporated into the peace agreement, functions not just as a solution for one of the territorial issues underlying the Armenia-Azerbaijan conflict, but also as the potentially beneficial mechanism for advancing U.S. strategic interests in the South Caucasus through a transit route. At the immediate regional level, TRIPP resolves the problem of Azerbaijan's connection with its exclave Nakhchivan in Armenia, while maintaining Armenian control and sovereignty over the route itself.¹⁷

From the perspective of U.S. interests, TRIPP brings the greatest advantages as a method for transporting critical minerals coming out of Central Asia, though its potential as an energy route is of lesser importance to U.S. national security.¹⁸ Ensuring access to minerals essential for national security is a key part of U.S. strategy and is one of the major fields of competition with China, and the United States has begun efforts in building partnerships with Central Asia to benefit from reserves of uranium, chromite, copper, titanium, gold, antimony, and other rare earth metals.¹⁹ However, transporting these minerals out of Central Asia proves a challenge, since most transit routes rely on the "Northern Corridor" of Soviet-era infrastructure that goes through Russia.²⁰ This dependence on an adversarial power, in addition to the general logistical risk of the lack of transportation diversification, means that the Middle Corridor, stretching from Asia to Europe through Central Asia, the Caspian Sea, the South Caucasus, the Black Sea, and Türkiye, has received increased policy attention from the United States and European partners as an option for critical mineral access.²¹ Due to the conflicts and closed borders between Armenia and Azerbaijan, the Middle Corridor relied on Georgian ports that were approaching capacity at only 6% of the transit potential of the Northern Corridor, but TRIPP now offers potential for a new, secure transit route.

This route could significantly improve U.S. access to minerals of strategic importance, but this significance should not be overstated: even if TRIPP were successfully developed, the expansion of the Middle Corridor faces major infrastructure challenges, environmental obstacles like the drying of the Caspian Sea, and is unlikely to be scalable to replace the Northern Corridor.²² As such, TRIPP should be regarded as a useful step toward diversifying U.S. critical mineral access, but not the absolute solution, which means U.S. engagement and investment should only be proportional to the size of possible returns. Strengthening the Middle Corridor through TRIPP could also improve energy transport, particularly for resources like liquefied natural gas (LNG), natural gas, oil, green electricity, and renewable hydrogen from Central Asia and the South Caucasus itself.²³ However, as a net energy exporter, the United States does not find great relevance in this potential, which is instead a greater advantage for Europe, especially in the context of its attempts to diversify away from Russian gas.²⁴ Thus, the transit potential established by U.S. peacemaking efforts in the South Caucasus offer important opportunities mainly for U.S. strategic interests in critical minerals and rare earth, but these benefits are realistically limited and should be measured against further risks brought by geopolitical overextension.

Within the framework of the peace deal, the resulting bilateral agreements between the United States and each of the parties bring potential for U.S. national interests primarily in strategic technological development. Though similarly to the development of TRIPP, engagement should remain proportional to possible benefit in order to mitigate risk. Out of the three MoUs with Armenia that resulted alongside the peace agreement, of particular importance to U.S. national interests is the MoU on an "AI and Semiconductor Innovation Partnership."²⁵ Artificial intelligence is quickly becoming one of the most critical technologies for American national security and competitiveness, and this MoU aims to develop a "semiconductor ecosystem" in Armenia and improve the resilience of supply chains. Though Armenia is ranked relatively low on indices of global innovation, the country is aiming to transform itself into a "tech powerhouse," especially in semiconductors and AI.²⁶

There is substantial opportunity for Armenia to become part of a more diversified semiconductor supply chain for the United States, especially as Armenia's technology sector is quickly growing at a rate of 20-25% each year.²⁷ This would benefit U.S. national interests without requiring substantial strategic overextension or causing significant regional friction, but the plans are currently too vague to determine how the United States could realistically support the development of these critical technologies.

Any success would be dependent on maintaining U.S. engagement in the region: in this case, facilitating private investment could be a promising option because it would develop technologies and relationships complementary to U.S. interests without requiring an active foreign policy approach. Between the United States and Azerbaijan, the Charter of Strategic Partnership signed following the MoU also endorses partnerships in AI and cybersecurity in cooperation within the private sector. Despite ranking significantly lower than Armenia in technological innovation, Azerbaijan similarly seeks to grow its digital leadership and AI development, meaning that there is moderate potential for success in these ventures if the United States sustains engagement.²⁸ So, there is legitimate alignment between these agreements and the national interest of the United States, but benefits require significant investment that might overextend formal foreign policy capacity and will under the Trump administration.

Though critical minerals and technologies represent strategic interests of the United States, many of the other benefits that the Trump administration has emphasized from this transactional peacemaking approach are of limited importance to the general US public and are instead more likely to benefit private economic interests. The MoU on energy security with Armenia, for example, is entirely focused on the investment and development of Armenian critical energy infrastructure, and specifically notes that it will encourage investment from the U.S. private sector.²⁹ It is unsurprising, then, that the one of the few major groups outside of the immediate foreign policy sphere to comment on the Armenia-Azerbaijan peace agreements was the United States Energy Association, which represents the energy industry, and

praised the agreements as "opening new commercial opportunities for American companies."³⁰ While economic growth is an essential part of overall U.S. national security, many provisions emerging from this peace agreement thus do not benefit the public interests of U.S. citizens as much as private U.S. companies. The charter of partnership with Azerbaijan also highlights the "active participation of the private sector" in energy, transport, and digital infrastructure. The private sector can indeed be an important tool for the United States to pursue its foreign policy interests without requiring overextension, such as suggested earlier with the development of semiconductor supply chains in Armenia, but these investments into almost exclusively domestic sectors of the South Caucasus, which yield little national security benefit to the United States, show that the underlying interests are private and commercial.

The economic investment involved in constructing TRIPP illustrates this dynamic further: the peace deal gives exclusive development rights of the transit route to the TRIPP development company, which the United States will hold a 74% stake in for the next 50 years.³¹ The plan for the ongoing development of TRIPP specifically listed one of two main objectives as providing "economic benefits to the U.S. government or for U.S. companies," showing the significant extent that public and private interests have been conflated in U.S. strategy in the South Caucasus. Though more specific details of implementation are needed to evaluate these policies, this suggests that economic, and even possibly corporate, interests rather than legitimate security interests drive much of the engagement in peacemaking. For an enduring peace to be created, which would be a vital foundation for any further pursuit of U.S. interests, economic integration should be prioritized between the parties as a powerful tool in conflict resolution, whereas these agreements focus on bilateral economic ties between the United States and each country.³² This dynamic thus undermines the peace deals and further demonstrates the disconnect between the economic priorities underlying diplomatic efforts and the actual security interests of the United States.

Overall, though recent U.S. diplomacy in the South Caucasus is positioned as explicitly interest-aligned, it

offers only moderate potential for strategic interests in transit for critical minerals and rare earths and development in semiconductors and AI. Instead, peacemaking under the Trump administration more significantly aligns with private economic interests rather than national interest, thereby suggesting a misapplication and overextension of U.S. foreign policy power.

Multilateral to Bilateral Conflict Resolution: Implications for Regional Friction

A second key shift observed in the U.S.-mediated peace efforts in the South Caucasus is from relying on a multilateral framework of negotiations to a bilateral framework, with important implications for U.S. relationships with other regional actors. Previously, the United States had engaged in conflict resolution in the South Caucasus through the OSCE Minsk Group, which was established in 1992 to resolve the conflict over Nagorno-Karabakh and co-chaired by France, the United States, and Russia.³³ Under this approach of multilateral negotiation, reaching a peace agreement was not a high diplomatic priority of the United States, and the OSCE group proved an ineffective route to peace since each member was more inclined to preserve the status quo and advance their own national interest.³⁴ In practice, Russia led and maintained the peace process, but its engagement in the war in Ukraine created a vacuum for the United States to step in as the exclusive third-party mediator.³⁵ Increased bilateralism is beneficial in allowing the United States greater flexibility to strategically maneuver and achieve our interests — it is unlikely that any of the benefits to U.S. national interests from the development of TRIPP or related MoUs would be possible under a multilateral framework. Evaluating from the perspective of regional actors like Russia, China, Turkiye, and Iran, however, this approach is marginally more dangerous than beneficial to U.S. interest, necessitating a restructuring of methods of engagement.

Historically, Russia has treated the South Caucasus as within its zone of influence, with its relationship with Armenia specifically a tool of leverage in the region, but given Russia's overall weakening

position, it has been unable to counter the shift toward U.S. leadership.³⁶ As the war in Ukraine absorbed Russia's capacity, breaks already began to occur in the relationship between Russia and Armenia: Armenia had effectively outsourced its security to Russia as a member of the Collective Security Treaty Organization, but Russia refused Yerevan's request for military assistance in the 2022 conflict, and Russian peacekeepers failed to act during the mass expulsion of ethnic Armenians from Karabakh in 2023.³⁷ Thus, U.S. mediation of the Armenia-Azerbaijan peace deal does not actively force Russia out of the region so much as insert itself into the space from which Russia passively withdrew, meaning there is a less substantial risk for regional friction. Regardless, the Russian Ministry of Foreign Affairs, in a press statement on the ongoing U.S.-led Armenia-Azerbaijan negotiations in July 2025, described U.S. efforts as a "purely opportunistic objective" that is part of the West's wider "subversive operations," emphasizing that regional powers like Russia, Iran, and Turkiye should instead have the most active role in conflict resolution processes.³⁸ These statements signal the increased tension caused by displacing Russia, but Russia's weaker position ultimately meant that it supported Armenia's decision to accept TRIPP "if Armenia believes that this is beneficial for them."³⁹ The Russian response thus suggests that the impact of the peace negotiations falls within the already contentious relationship with the United States, but also does not necessarily meaningfully exacerbate these tensions. There is little that Russia can do to counter this shift in the orientation of the South Caucasus as it continues to decline in influence, and as such, any friction caused by U.S. peacemaking does not significantly jeopardize U.S. national security.

In contrast to Russia, Turkiye, as a major power in the region and a nominal ally of the United States, has strongly supported the U.S.-mediated peace deal and receives a net positive benefit from the peace deal aligning with its interests, but U.S. engagement in the South Caucasus will still require active management of this relationship.⁴⁰ Since Azerbaijani independence, Turkiye and Azerbaijan have maintained a close relationship on the basis of shared Turkic ethnic identity and are allies: though Turkiye, unlike Russia, has not actively participated in any previous peace

processes, it has supported Azerbaijan throughout its conflict with Armenia.⁴¹ Azerbaijan is one of the top buyers of Turkish arms — with Türkiye effectively supplying its weapons for the wars over Nagorno-Karabakh — and Türkiye referred to the 2023 expulsion of Armenians, for example, as the “liberation of Karabakh.” Though the peace deal in the South Caucasus will change the dynamics of this military relationship, it is likely to offer Türkiye an opportunity to cultivate an even closer relationship with Azerbaijan, as the Nakhchivan exclave, which borders Türkiye, will now be connected with Azerbaijan itself. The importance of regional connectivity planned by the peace deal also extends beyond Türkiye’s influence over Azerbaijan to its greater strategic priorities. TRIPP would strengthen the transportation route of the Middle Corridor, and as a key stop on this route itself, Türkiye would gain economic opportunity and strategic leverage; in fact, achieving the full potential of the Middle Corridor is one of Türkiye’s priority policy issues.⁴²

Framing this from the perspective of U.S. interests, engagement in conflict resolution efforts in the South Caucasus has positively developed the U.S. relationship with Türkiye, but the increase in Türkiye’s regional leverage could have more complex implications for the occasionally competing foreign policy priorities of the United States and Türkiye. Overall, however, the expansion and security of transit routes in the South Caucasus represent aligned national interests of both Türkiye and the United States, which the United States could possibly maneuver to limit its direct engagement while still gaining benefits from regional connectivity. For instance, much of the management and security of TRIPP could be outsourced to Türkiye, reducing the overextension of U.S. power and also alleviating concerns of actors like Russia over external U.S. mediation.⁴³ So, the shift from a multilateral to bilateral approach to peacemaking in the South Caucasus does not displace or create tension with Türkiye, especially since Türkiye was not involved in prior multilateral peacemaking, but instead improves Türkiye’s regional position in a way that could be possibly leveraged to support U.S. interests.

Though China is a more distant actor from the

South Caucasus, the development and economic engagement outcomes of the peace agreement fall into the dynamic of wider U.S.-China competition, but do not uniquely enhance great-power friction. China has primarily engaged with the South Caucasus through development projects of the Belt and Road Initiative, and China is also one of the top trading partners of both Armenia and Azerbaijan.⁴⁴ The more long-term U.S. engagement in infrastructure development and other industries in the South Caucasus established by the peace deal challenges China’s position, especially in the context of investment in TRIPP and the Middle Corridor, which China had aimed to promote as a transit route itself.⁴⁵ Beijing did not directly comment on the U.S.-mediated peace agreement, but following its signing, offered both Armenia and Azerbaijan accession to the Shanghai Cooperation Organization if peace was maintained.⁴⁶ Further, rather than shifting the South Caucasus away from China, the peace agreement was followed by new milestones in relations: in August 2025, Armenia and China established a strategic partnership, and earlier in April 2025, China also established a strategic partnership with Azerbaijan, as well as accompanying bilateral MoUs.⁴⁷ These partnerships outline priorities similar to what the United States is pursuing in the South Caucasus, such as to “improve the efficiency of the Trans-Caspian International Transport Corridor [Middle Corridor], expand cooperation in traditional fields such as infrastructure, agriculture and energy, and foster new growth drivers in emerging sectors including the digital economy, green development and artificial intelligence.”⁴⁸ The United States is thus placed in competition with China over influence in the South Caucasus, which despite being a comparatively indirect and low-stakes form of competition, nonetheless increases tension and risks strategic overextension. This does not absolutely discourage any engagement in the region but instead suggests that the United States should adopt a more measured and cautious approach.

U.S. relations with Iran have seen the greatest tension resulting from the peace agreement, representing a concerning increase in geopolitical friction.⁴⁹ Iran sees the South Caucasus as part of its historical interests and has traditionally held significant geopolitical leverage in the region, particularly as much of

Armenia's trade and energy infrastructure depends on Iran and Azerbaijan relies on transit routes through Iran to reach Nakchivan.⁵⁰ U.S. investment in trade and energy, and reduced transportation reliance from TRIPP especially, will newly limit Iran's ability to exert influence over its neighbors, contributing to Iran's opposition to the settlement. Iran is further concerned that these projects will lead to a long-term U.S. presence on its border that poses a security threat and shifts away the geopolitical and geoeconomic balance of power.⁵¹ In fact, an Iranian representative called the deal a way for NATO to position itself like a "viper" between Iran and Russia, showing the current dynamics of U.S. leadership and transactionalism in peace agreements could escalate security dilemmas with Iran.⁵² Thus, the transparent instrumentalization of a bilateral peace process to achieve U.S. goals under the Trump administration has contributed to the wider landscape of strained relations with Iran. Though certainly not one of the major factors in U.S.-Iran tension and conflict, this form of peacemaking in Armenia-Azerbaijan nonetheless dangerously increases hostility from a major adversary.

Weighed against the moderate potential that U.S. engagement offers for strategic interests in critical mineral transit and supply chain development, the geopolitical consequences of a shift to bilateralism in the South Caucasus do not call for complete withdrawal of the United States but suggest a more restrained engagement is needed. The U.S. role in peace processes has not substantially shifted relations with any regional power, but it has intensified existing conflictual dynamics in many cases. The impact on relations with Russia is minimal, given its preoccupation with the war in Ukraine, so this overall adds negligible risk, and the impact on relations with Turkiye is mainly positive. Brushing up against Chinese interests in the South Caucasus, though, despite being contained within the sphere of "soft power" and economic influence, risks contributing to the ongoing security dilemma between the two countries. The changed U.S. position in the region most significantly increases hostility with Iran, though it is possible that the potential for U.S. drawback from the South Caucasus could be part of bargaining in negotiations to end the conflict. Evaluated holistically, nevertheless, the geopolitical risks of the peace deal

are not disproportionate to the potential strategic benefits to the United States, but the United States is committing itself to a region where a misstep can easily disturb regional powers, threatening long-term stability. The United States should thus prioritize working off the peace agreement as a framework to achieve its interests in the South Caucasus but pursue more indirect manners of execution to reduce risks of geopolitical friction and overcommitment to a peripheral region.

Policy Recommendations

Given that the United States has already invested diplomatic capital into the current Armenia-Azerbaijan peace deal, any policy recommendations must consider a path from this starting point that can minimize concerns about only serving private economic interests and increasing regional friction, while maximizing opportunities for critical mineral access and AI development, all while avoiding strategic overextension. The peace deal and resulting memoranda should form a framework for achieving priority U.S. national interests in the region but return to elements of a moderate multilateral approach by incorporating relevant partners like European allies and Turkiye to reduce strain on U.S. foreign policy capacity and alleviate tension with other regional players. This will require some measured diplomatic engagement, especially in continuing the needed development planning, but it should ultimately be proportional to the potential benefit for U.S. interests and contingent on the sustainability of peace.

Many of the benefits to U.S. involvement in the peace deal do not necessarily depend on a high level of continued involvement; development of TRIPP, for example, does not need to exclusively be a project of the U.S. government but could include EU partners and Turkiye on the basis of complementary interests, and the United States should encourage this multilateral alternative. Stabilizing the South Caucasus is more geographically relevant to the EU, and greater access to energy from TRIPP is more important to EU security than to the United States. Therefore, the United States should empower European countries to act on their national interests and support projects initiated and outlined in this peace deal, and increased

multilateralism could also help reduce some regional tension. From the perspective of Iran specifically, engaging other Western countries in Armenia and Azerbaijan does not necessarily assuage concerns about NATO, but does reduce the key perceived danger of U.S. domination in the region. Since the EU has specific energy security interests in the execution of the peace plans, they should be included in TRIPP's development consortium, reducing the United States' 74% stake, and a commitment of infrastructure funds. Similar benefits can be achieved by collaborating with Turkiye to execute the planned projects. This would require more diplomatic caution than involving EU partners, since Turkiye's traditional military ties with Azerbaijan and tense relations with Armenia might lead Armenia to view Turkish involvement as a security concern, but there is significant potential for including Turkish investment to achieve goals set forth in the bilateral MoU with Azerbaijan or for Turkiye to commit to collaborating on the Azerbaijani side of TRIPP development. Multilateral maintenance of peace, based on complimentary interests, would relieve geopolitical pressure on the United States and other actors, while still allowing the United States to benefit from positive outcomes like increased connectivity for critical minerals and development in key technology sectors.

The peace agreement also needs clearly defined and transparent project planning to ensure feasible engagement, alignment with U.S. interests, and particularly delineation from private commercial interests. The main priority area for planning should be TRIPP, since this centrally bridges both the peace agreement and national interests of the United States. The specific procedure for public-private partnerships in development should be explicitly defined to avoid blurring U.S. public interest with corporate interests. Ideally, the U.S. government's stake in TRIPP should be structured so that returns from investment flow to public benefit rather than private profit. There should also be requirements that the route be designed to support critical mineral transit capacity over commercial freight considerations.

AI and semiconductor supply chain development also requires more than a vague commitment to be useful to U.S. interests; a solution to achieve these

aims without overextending U.S. capabilities is through encouraging partnerships between local South Caucasus and U.S. academic institutions. U.S. research institutions and laboratories with semiconductor expertise could establish formal collaboration programs with Armenian institutions, thereby facilitating knowledge sharing and technological development without requiring as much direct involvement of U.S. government foreign policy mechanisms. Defining clear goals and procedures will be essential for a restrained approach that yields benefits to the American public, and this should be the next step of diplomatic efforts.

These recommendations should be flexible and contingent on progress, with the durability of the peace process as the first condition. While the constitutional referendum is unresolved and diplomatic relations are still not yet established, the United States should continue planning to demonstrate commitment to the process but avoid starting infrastructure projects on the ground. Beyond diplomatic monitoring, the peace process at this point should be led by Armenia and Azerbaijan themselves, since sustaining peace will require their self-sufficient leadership, and they have demonstrated this capability in developing the original text of the peace agreement before official U.S. involvement.⁵³ Once diplomatic relations are established and peace looks to be enduring, the United States can begin to carry through on TRIPP and priorities of the MoUs, in conjunction with EU and Turkish partners, with deeper engagement justified in proportion to demonstrated returns.

Overall, the appropriate level of U.S. engagement in the South Caucasus following this peace agreement is light but sustained facilitation, focusing on engaging regional powers in a framework complementary and proportionate to U.S. interests. An ideal strategy for the United States should focus on active coordination with the EU and Turkiye on TRIPP and other development projects, as well as academic institutional partnerships, rather than an intensely sustained bilateral approach. The South Caucasus is unlikely to become a core U.S. national security priority, and U.S. strategy should reflect this reality and treat the peace agreement as a structure to achieve its interests but not an indefinite commitment.

Conclusion

The Armenia-Azerbaijan peace deal illustrates both the opportunities and limits of explicitly transactional, increasingly bilateral diplomacy under the foreign policy of the second Trump administration. The settlement brings legitimate value to U.S. national interests through a modest but meaningful framework for diversified critical mineral access and semiconductor supply chains. However, these peacemaking efforts often treat U.S. interests as extending beyond these security priorities, and most concerningly, conflate national strategic interests with private commercial interests. Deploying foreign policy capability to profit private actors rather than protect the security of the American public leads to overcommitment to a region that remains peripheral to core interests and places the United States in friction with other regional actors. Russia's existing displacement from the South Caucasus means U.S. bilateral leadership creates negligible risk to this relationship, and Turkiye's benefits from the deal bring positive burdensharing opportunities, but other relationships see more increased tension. Increased competition with China may be lower-stakes, but the strategic benefits of engagement in a peripheral region do not warrant the friction. Intensifying tension with Iran is a direct consequence of the expanded U.S. role in the South Caucasus, and it is a cost difficult to justify compared to the moderate strategic returns. Though not catastrophic, these geopolitical consequences are substantial enough to suggest a recalibration and reduction of active U.S. engagement in the South Caucasus. Transactional logic does not need to be fully rejected from peacemaking, but it must be measured: the interests pursued must be genuinely strategic and relevant to the average U.S. citizen, and engagement should only be proportionate to the possible returns. This, ideally, can be the path forward in U.S. diplomacy in Armenia and Azerbaijan, and across the world more widely.

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