

Armenia and Türkiye Weighing Normalization Steps

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Current status of Armenia-Türkiye "normalization"

The process of diplomatic engagement between Armenia and Türkiye continues following the re-election of the incumbent administration in Armenia. This encourages the Turkish side to move faster and to go further in fulfilling expectations for re-opening the border between the two countries and for the establishment of diplomatic relations.

In the broader context, the recent positive momentum in Armenian-Azerbaijan diplomacy has only accelerated the opening for Armenia-Türkiye normalization. Since the initialing of the bilateral treaty and the breakthrough agreement on the "Trump Route for International Peace and Prosperity" (TRIPP) in August, Azerbaijan has unilaterally lifted restrictions on trade and transit with Armenia, has restarted talks on border demarcation and has further demonstrated a new position seriously more moderate than its previous maximalist stance.

Since November 2025, Azerbaijan began to allow Armenian imports of grain from Russia and Kazakhstan to pass through Azerbaijani territory, which was followed by an initial shipment of gasoline to Armenia in December 2025. Against that backdrop, the outlook for normalization between Armenia and Türkiye has now entered a new stage that is much more conducive to normalization. This is matched by political will and political cover for Türkiye. Azerbaijan still holds considerable leverage over Türkiye's options, but Baku has provided tentative support for a partial border reopening.

The current Turkish offer to Armenia is to reopen the closed border, but only as a partial measure, open initially to third-country nationals and diplomatic passport holders. This is also part of the broader second context of regional trade and transport that includes the reopening of the closed border between Türkiye and Armenia, and the restoration of the Soviet-era railway line between Kars and Gyumri. While it is crucial to sustain the momentum, there are grounds for optimism, and Armenia-Türkiye normalization stands out as a rare positive "game changer" for the troubled South Caucasus.

It is important to note that the normalization of relations is much more modest than rapprochement or reconciliation, but also a much more practical and modest approach than earlier rounds of engagement. The complicated course of Armenia-Türkiye "normalization" has never been easy and has always been a process of progress and setback. The breakthrough agreement setting the foundation for regional transit now provides Ankara with a new opportunity to fulfill its own "normalization" with Yerevan. This progress between Armenia and Azerbaijan is not only the "political cover" sought by the Erdogan government to move forward, but it also removes any justification for Ankara to continue to keep the border with Armenia closed and to deny diplomatic relations with Yerevan.

Türkiye-Azerbaijan Relations

The relationship between Türkiye and Azerbaijan has long been defined by a deep bond between two fraternal partners. Hailed by the slogan "one nation, two states," the national interests of Türkiye and Azerbaijan have been publicly perceived as virtually identical. But in both practice and policy, relations between Ankara and Baku are much more complicated than any slogan or public perception.

Much of this Azerbaijani leverage over Türkiye is financial, as official sources reveal that Azerbaijani investment in Türkiye is roughly $19.5 billion for the period from 2002-2020, while Turkish investment in Azerbaijan has reached around $12 billion for the same period.[1]

Moreover, Azerbaijan's state-owned national oil and gas company SOCAR stands as Türkiye's largest foreign investor, with total investment of $18.5 billion over the past 17 years. And with plans to invest a further $7 billion in the Turkish energy sector over the coming few years, Azerbaijani influence in Türkiye will only increase.

Even with that economic power and financial influence, Azerbaijan's position in Türkiye is far from guaranteed. In fact, the divergence between Türkiye and Azerbaijan has been widening in recent years, most notably demonstrated by a significant dispute over Azerbaijan's close ties and robust support for Israel. This difference in fundamental foreign policy between the two countries also centers on the issue of Armenia-Türkiye normalization.

[1] Official statistics from the Turkish Ministry of Foreign Affairs, https://www.mfa.gov.tr/economic-relations-between-turkey-and-azerbaijan.en.mfa

The divergence over Israel now carries a Washington dimension. Armenia has built warmer ties with the pro-Christian coalition that holds influence in the White House. Azerbaijan has responded by working to counter claims that Armenian Christians face persecution, aiming to compete with Armenia for standing in Washington. Türkiye's own unresolved tensions with Israel make Azerbaijan's close relationship with Israel an added complication for its ties with Ankara, which surfaces later in the dispute over Azerbaijan's school dress code.

In fact, it is precisely this issue of normalization with Armenia that has revealed how much Azerbaijan holds the upper hand over Türkiye. The power of Azerbaijan's influence and pressure over Türkiye's options toward Armenia has now become a relationship of embarrassing weakness for Türkiye. The Turkish government has repeatedly said that Ankara would never undermine its relationship with Baku, yet on matters touching Armenia directly, Türkiye has moved from the position of patron state to one of a partner constrained by Azerbaijan's preferences. That constraint does not extend to every part of the relationship, as the hijab dispute discussed below shows, where Ankara's own political base has pushed the Turkish government to criticize Baku in public.

This asymmetry in power was confirmed by Azerbaijan's rare public criticism of Türkiye over its moves toward normalization with Armenia. More specifically, Azerbaijan's negative reaction was triggered by Türkiye's decision to reopen its closed border with Armenia to allow a shipment of humanitarian assistance to Syria through the Margara checkpoint. That move had precedent, as it followed an earlier reopening that allowed Armenian aid immediately after the earthquake in February 2023.[2]

For the second time, however, Türkiye agreed to reopen the border for a full ten days, from 21-31 March 2025. In turn, this prompted an angry reaction by the Azerbaijani news agency APA, which accused Ankara of "hastily normalizing relations with Armenia" and noting that Baku "is naturally very disappointed and worried about the recent events."[3]

Azerbaijan's criticism of Türkiye did not go unanswered, as Türkiye's Directorate of Communications' Center for Countering Disinformation published a response defending the reopening of the border crossing point and adding that the Azerbaijani Ambassador to Türkiye was informed on 24 February, while Azerbaijani Presidential Advisor Hikmet Hajiyev was also informed during his visit to Türkiye on 26 February 2025.

The border opened again in June 2026, this time for Armenia to send humanitarian aid to Lebanon. The Armenian government approved the measure at a Cabinet meeting, and the Margara-Alican checkpoint operated from 12-22 June 2026 for the transport of humanitarian cargo to Lebanon, including assistance for members of the Armenian community there affected by Israeli strikes. As with the earlier two openings, the crossing remained closed to regular commercial and passenger traffic and reverted to its closed status once the shipment concluded.

Azerbaijan's underlying calculus toward any peace agreement is shaped above all by economic interest. Baku has spent large sums over roughly two decades building a coalition aligned against Armenia and reversing that course would take time and carry real costs. Azerbaijan is increasingly pursuing deeper integration with the United States on its own terms. This shift adds uncertainty to how far Türkiye's policy toward Armenia can move without Baku's consent. A separate dispute

[2] Giragosian, Richard, "Turkey's Seismic Shift," Agos, 18 February 2023. https://www.agos.com.tr/en/article/28208/turkey-s-seismic-shift

[3] "Ankara-Iravan rapprochement: Türkiye's steps that disappoint Azerbaijan," APA news agency, 21 March 2025. https://en.apa.az/political/ankara-iravan-rapprochement-turkiyes-steps-that-disappoint-azerbaijan-463408

over religion and dress has tested the relationship on different terms, with Türkiye's own domestic politics.

In mid-September 2026, Azerbaijan issued a decree restricting religious dress in state schools. The rules ban clothing that contradicts the principle of secularism in education in state schools and do not mention the hijab by name. Protests followed inside the country with at least 37 people being arrested in connection with the ban according to the Azerbaijani Interior Ministry.

The dispute crossed quickly into Türkiye. Small demonstrations took place outside Azerbaijan's embassy in Ankara, organized by the Islamist movement Köklü Değişim, and outside its consulate in Istanbul, organized by the conservative Islamist group Özgür-Der. On 12 October, Oktay Saral, chief adviser to President Erdogan, escribed the hijab as a requirement of faith and called on Baku to reverse the decision, describing the measure as unacceptable. Other voices inside Erdogan's ruling party suggested the ban served Israeli interests tying the dispute back to the same question running through the rest of the relationship. Aliyev's New Azerbaijan Party said it had exercised restraint so as not to jeopardize the historic bonds of friendship between the two peoples, but warned that the involvement of Erdogan's chief adviser and ruling-party parliamentarians in what it called an increasingly aggressive and defamatory campaign made a public response necessary, and that continued criticism would damage bilateral ties.

For Türkiye, the episode exposes a real limit on how far Ankara can stay quiet for the sake of its alliance with Baku. Erdogan's own political base rests partly on expanding religious freedoms at home, so staying silent on a measure restricting the hijab carries a domestic cost, even toward Türkiye's closest regional partner. At the same time, Türkiye still needs Azerbaijan for energy supply, security cooperation and its position in the Caucasus. For that reason, the public criticism has come from presidential advisers and party figures, while the president and foreign ministry have stayed out of it directly.

For Azerbaijan, the expectation drawn from its own response is that the restriction will stay in place. Baku's government has long treated expressions of political Islam as a threat to its secular model, and its party statement framed the Turkish criticism as a coordinated information campaign rather than a legitimate concern. The open question is how far this dispute spreads. The dispute has already opened a second front with Iran around Azerbaijan's ties to Israel and its standing in the Muslim world. Both fronts now run alongside Baku's closer alignment with Washington and Israel, giving Ankara and Tehran their own separate reasons to keep up the pressure.

Thus, it seems painfully evident that both Armenia and Türkiye remain prisoners of Azerbaijan, with little room to maneuver and even less flexibility to engage each other. The humanitarian border openings, now three in number, have not changed the underlying dynamic on the Armenia track. Each time, the crossing reverted to full closure once the shipment concluded, and none of these openings changed Azerbaijan's leverage over Türkiye's options toward Armenia. This remains the core "abnormality" in desperate need of normalization.

Bilateral Trade and Transit Networks

For over three decades, the closed land border forced all trade between the two countries to route indirectly through Georgia. In order to bypass legal restrictions and customs barriers, businesses developed a process using separate paperwork and third-country intermediaries. Having two pre-stamped invoices, Turkish cargo trucks would use the first one made out to a Georgian proxy to enter the country formally declaring Georgia as their final destination. After crossing the Sarp border gate, transport agents would switch the documents to present the second invoice to re-route

the cargo to Armenia. Nevertheless, even with the additional administrative layers and transport fees of this system, the volume of the indirect import from Türkiye to Armenia reached approximately $367 million in 2025.[4]

This quasi-legal trade facilitates the movement of Turkish goods into Armenia, however, the transit in the opposite direction for Armenian transportation companies is still suppressed by administrative friction. For example, this asymmetry is reflected in the limited effectiveness of regional transport facilitation mechanisms such as the Black Sea Economic Cooperation (BSEC) permit system, which is meant to ease the international transit of road freight among member states. The transit permits, theoretically issued to Armenian drivers under the BSEC framework, are rendered "almost impossible to use."

However, on May 11, 2026, Türkiye's Ministry of Foreign Affairs and Armenia's State Revenue Committee finalized a mechanism for direct trade documentation to streamline these operations. Now, Turkish suppliers can legally list Armenia as the final destination on their customs documents. This administrative change removes the need for third-country processing, lowers transaction costs, and shortens delivery times for businesses.

Another point to consider is that unsealing the Armenian-Turkish border provides a logistical route westward, but it does not transform Armenia into a transit hub. Full integration into the East-West transit architecture depends on the simultaneous unblocking of the Armenian-Azerbaijani frontier. Within this context, the Armenian government has introduced the "Crossroads of Peace" initiative of rehabilitation of rail segments by establishing pragmatic relations with neighbouring countries through an incremental integration process.

The TRIPP framework adds another dimension to this process. Announced in 2025 and backed by the United States, the project would be developed under a long-term U.S. lease on a southern route through Armenia's Syunik region and would connect to railway projects, which are already underway in Azerbaijan (including Nakhichevan) and Türkiye. For Azerbaijan, this southern route would provide a direct connection to Nakhichevan, which has so far been reachable from the rest of the country only through long detours. Türkiye, for its part, treats the route as part of its wider Middle Corridor strategy, aimed at moving goods between China, Central Asia, and Europe through the South Caucasus.

Azerbaijan initially held ambitious expectations for TRIPP, underestimating the role Armenia would come to play within the route. This limits the tools Baku can use to shape the corridor's development which is a factor that also affects the pace of Türkiye's Middle Corridor plans.

Detailed economic impact studies on this southern route are still ongoing. In the meantime, a 2026 connectivity study published by the European Commission estimated that the establishment of a new direct route through Armenian territory would cut regional travel time "by up to 25 percent" compared to the existing Baku-Tbilisi-Kars (BTK) railway.[5] This would eventually position Armenia as a reliable bridge between East and West.

Despite these small steps towards the normalization process, the physical unsealing of the border remains in a complex holding pattern. Turkish officials attribute the delays to logistical challenges

[4] "Armenia Imports from Turkey," Trading Economics, 29 June 2026. https://tradingeconomics.com/armenia/imports/turkey

[5] "Meta Study - Advancing a Cross-Regional Connectivity Agenda," European Commission, 6 February 2026. https://enlargement.ec.europa.eu/meta-study-advancing-cross-regional-connectivity-agenda_en

rather than political stalling. Speaking at the Yerevan Dialogue 2026 forum, Turkish special envoy for the normalization of relations Serdar Kılıç stated that there was "no time limit for the opening of the border," citing "technical and bureaucratic problems" such as personnel appointments and establishing internet connections.

However, this account sits uneasily with the progress made on the physical infrastructure itself. The Margara checkpoint on the Armenian side has been fully renovated and modernized as the main land crossing to Türkiye's Alican gate. Armenian customs and security agencies have officially confirmed that the facility is fully staffed, fitted with modern cargo scanners, and structurally ready for immediate deployment. This indicates that the ongoing delays do not stem from a lack of technical readiness on Armenia's side.

With these technical excuses Ankara retains a political brake on the timeline. The failure to implement preliminary agreements such as opening the border for third-country citizens proves that Türkiye synchronizes its foreign policy with Azerbaijan. Consequently, the bilateral normalization process between Türkiye and Armenia functions not as an isolated track, but as an essential component of peace across the South Caucasus.

Economic Prospects and Limits

Armenia's economy is small compared to its neighbours, which shapes almost every trade question the country faces, including the one with Türkiye. Armenia's GDP (Gross Domestic Product) stood at about $29 billion compared with $1.6 trillion for Türkiye in 2025, meaning that the Armenian producers will be trading against an economy built on larger production volumes and cheaper industrial inputs. [6]

However, Türkiye brings its own economic weaknesses into the normalization process. The country has faced persistent inflation for years, with domestic prices generally rising faster than the lira has weakened against the dollar. However, this has not given Turkish producers a straightforward cost advantage, since rents, wages, and materials at home have been climbing just as fast. Turkish textile exporters, one of the sectors most relevant to Armenia, have been losing ground in their biggest market, the EU, despite the weaker currency. Put simply, the lira's decline has made things more expensive at home than it has made Turkish goods cheaper abroad.

Whatever competitive pressure does materialize, Armenia has limited room to manage it on its own terms. Russia is still the main trade partner for the country. It accounted for around 35% of Armenia's foreign trade last year, compared with roughly 11% for the European Union.[7] Besides that, Armenia remains a full member of the EaEU, and its customs policy is still bound by the bloc's rules rather than by Yerevan alone, which is one reason Armenia cannot simply negotiate its own tariff deals with Türkiye even once the border reopens. This means that the country's economic vulnerability comes more from how exposed the exporters are to a single dominant market to the north.

That exposure became concrete in May 2026, when Moscow banned imports of Armenian fish and restricted flowers and other agricultural products. Moreover, as a response to Yerevan's attempts

[6] GDP (current US$) - Armenia, Türkiye, World Bank, 5 July 2026. https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2025&locations=AM-TR&start=2025&view=bar

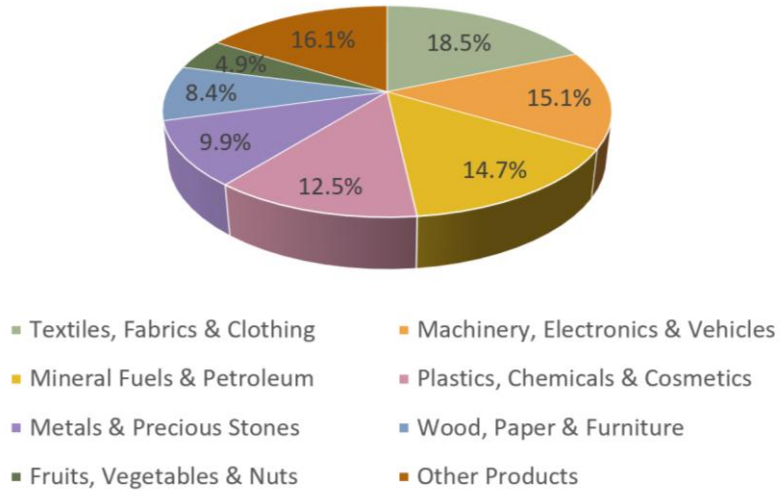
[7] "Russia Ups the Pressure on Armenia Ahead of Sunday's Election," Reuters news agency, 1 June 2026. https://www.reuters.com/business/russia-ups-pressure-armenia-ahead-sundays-election-2026-06-01/

to build closer ties with Europe, Russia threatened to unilaterally halt supplies of natural gas, petroleum products, and diamonds to Armenia. The European Union has stepped in to absorb some of that shock by proposing Autonomous Trade Measures that would liberalize almost 80% of Armenian exports to the EU, paired with a €52 million support package.[8]

For Türkiye, however, the appeal of normalization has more to do with regional development than national trade totals. Most of the country's eastern provinces, including Kars, Iğdır and Ağrı, have long lagged behind the western industrial centers. A normalized border with Armenia would revitalize the economy in these areas by integrating local enterprises and agricultural producers into the regional supply chain.

What stands out about the trade between the two countries is its sheer variety. Turkish goods exported to Armenia range from home appliances and furniture to cleaning products, building materials, and even fresh produce (Figure 1), which means the competitive pressure would not be limited to one or two exposed industries. It would touch several everyday parts of the economy at once. Producers who make the same goods domestically may face a substitution risk, since a wider range of their products will compete directly with cheaper Turkish alternatives. Retailers and importers, however, are not exposed in the same way; their business depends on sourcing goods rather than manufacturing them, so cheaper, more varied Turkish stock is more an opportunity than a threat.

Figure 1. Armenia's imports from Türkiye by product category, 2025



Data source: Trading Economics.

Taken together, the economic side of normalization is really a question of preparation and sequencing, and not diplomacy alone. For Armenia, economic diversification is no longer optional, whereas for Türkiye, this remains just one piece of a much larger regional strategy.

[8] "Von der Leyen opens EU market access for Armenia to counter 'Russian coercion'," Eunews, 2 July 2026. https://www.eunews.it/en/2026/07/02/von-der-leyen-opens-eu-market-access-for-armenia-to-counter-russian-coercion/