

## THE POSSIBILITIES AND SOCIO-ECONOMIC RISKS ASSESSMENT FOR IMPLEMENTATION OF "TRIPP"

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**Abstract:** New regional routes form a latest toolkit for the interaction of forces and the restructuring of economic ties. In this context, the TRIPP (Transport Route for International Peace and Prosperity) initiative is key, the main goal of which is the integration of Armenia's transport system into Eurasian logistics networks. The possibility of railway connections in the Nakhichevan direction is also being used here. Due to the lack of sea access and being in conditions of regional cooperative blockade for quite some time, Armenia has low export competitiveness and transit opportunities that do not have a wide scope. In such conditions, it can be noted that the TRIPP road junction will bring great opportunities for economic activity to Armenia and reduce isolation in the region. At the same time, it carries significant economic and competitive risks.

**Keywords:** economic security, regional risks, TRIPP road junction, de-blockade.

**JEL code:** F18

**Introduction:** In recent years, the topic of reopening transport communications in the South Caucasus has moved from the economic dimension to the realm of strategic importance. New regional routes form a new toolkit for the interaction of forces and the restructuring of economic ties. In this context, the TRIPP (Transport Route for International Peace and Prosperity) initiative is key, the main goal of which is the integration of Armenia's transport system into Eurasian logistics networks. The possibility of railway connections in the direction of Nakhichevan is also used here.

Due to the lack of sea access and being in conditions of regional cooperative blockade for quite some time, Armenia has low export competitiveness and transit opportunities that do not have a wide scope. In such conditions, it can be noted that the TRIPP road junction will bring great opportunities for economic activity to Armenia and reduce isolation in the region. At the same time, it carries significant economic and competitive risks.

The main part of the TRIPP project is the restoration of road and railway connections through the territory of Nakhichevan. Considering this, we can note the economic interconnection, which will have a significant impact on Armenia and neighboring countries: Azerbaijan, Turkey, Iran, Georgia. From an economic point of view, such a road junction will change the structure of regional trade flows, as well as contribute to reducing transportation time and costs.

However, we cannot look at the issue from only one side: the opening of this road may have negative consequences, and on the other hand, it will increase economic activity - transportation costs will decrease, new trade routes will be created, and the negative side will be that goods from neighboring countries will enter Armenia more cheaply, as a result of which local producers will suffer.

### **Findings**

The operation of the road passing through Nakhichevan plays a significant role for Armenia, as thanks to it Turkey is connected to the Caspian Basin and Central Asia and a chain of economic communications is created.

That is why Armenia needs to create a proper management system so that it is not just a road through which goods are transported, but real income does not enter the country.

The purpose of this study is to identify the prospects and possible risks of the TRIPP node development for Armenia through economic analysis. The methods of qualitative analysis, comparative economics and scenario planning were used during the research (see Figure 1).

Quantitative characteristics of Armenia's foreign trade and the role of TRIPP. The dynamics of Armenia's foreign trade turnover proves the importance of the TRIPP project. According to the data of the Statistical Committee of the Republic of Armenia for 2024-2025, Armenia's foreign trade turnover has shown a sharp increase, but the limitation of logistics routes remains the main obstacle.

Trade turnover volumes.

According to the results of 2024, Armenia's foreign trade turnover amounted to about \$ 15-20 billion, which indicates the need to expand cargo transportation capacities.



**Figure 1.** The geographical axis of the TRIPP initiative, which shows the strategic role of the southern regions of Armenia in the restoration of regional transport and energy communications.

Dependence on transit routes.

Currently, a significant part of Armenia's land trade is carried out through the "Upper Lars" checkpoint, which is often closed due to climatic conditions. Establishing an alternative rail link to Nakhichevan through TRIPP can reduce transport costs by 15-20%.

Value chain analysis.

International logistics experience shows that the profitability of "transit only" in transport corridors is only 3-5% of the final value of the cargo, while in the case of logistics hubs it can reach 15-25%.

Let's consider the benefits of the TRIPP road junction for Armenia.

#### 1. Regional economic integration.

The TRIPP project will contribute to the activation of regional communications, as well as the development of activities. This is an opportunity to participate in the economic activities of the region. The process will contribute to the formation of economic cooperation with neighboring countries and the economies of the wider region.

#### 2. Expansion of export and import flows.

The project assumes that the operation of the railway line passing through Nakhichevan can contribute to the activation of trade flows.

- It can be assumed that new export directions will be formed to the CIS countries, some regional markets.

- It is necessary to consider that there will be a reduction in the costs of transporting imported goods. The transportation and distribution of those goods, raw materials will be organized in a faster, more flexible way.

3. Possibilities of forming a transit logistics hub.

The project assumes that the progress of the transport system in the region is one of the necessary directions. By implementing it, it is possible to support the growth of cargo transportation volumes.

4. Strengthening the international economic and logistical position.

The TRIPP direction has potential, of which I have highlighted three:

- Connecting the Persian Gulf with the Caspian and Black Sea trade flows. It will also provide an opportunity to create new transit routes.

- Expanding economic cooperation by focusing the direction on Central Asia and Europe.

- The TRIPP project will expand transport links with the countries of the Eurasian region.

5. Formation of investment opportunities.

The TRIPP project will create new opportunities in the field of infrastructure. It mainly concerns the attraction of international investors to Armenia. It will stimulate the inflow of foreign investments.

6. Arguing for international support.

2026 Following the results of a high-level conference held in Yerevan in January, the TRIPP project received broad international support as a guarantee of regional peace and economic stability. This reduces the risk of political instability and increases the likelihood of foreign investment.

The assessment of the strengths and weaknesses of the TRIPP road junction for the Republic of Armenia is emphasized (see table 1).

Table 1. Comprehensive assessment of opportunities and risks (SWOT) for RA

Strengths	Weaknesses
Availability of alternative and short logistics routes	Lack of own logistics operators.
Integration into the regional transport system	. Low competitiveness of local producers.

Analysis of significant risks for the development of the TRIPP road junction. The significant risk for the development of the TRIPP road junction for Armenia is that it will be limited to a purely transit function, as a result of which our income will be limited only by the presence of transit fees. As a

result, the economic impact will remain weak, job creation will be limited. The stimulation of overall economic growth will be unsatisfactory.

An important risk arises during the outflow of value, since if the main part of logistics services is implemented by foreign companies, it can be assumed that a significant part of the created economic value will flow from the Armenian economy. As a result, the country's share in the value chain is assumed to be limited to 10-15 percent.

The implementation of TRIPP will facilitate the entry of Turkish and Azerbaijani products into Armenia, strengthening competitive pressure within the market. Under these conditions, the position of manufacturers in Armenia will weaken and the volume of product imports will increase relatively.

Ineffective exploitation of communication channels of this size will cause some problems, one of which is incorrect price limitation. As a result, investment uncertainty will follow and this may cause the project to be ineffective, and on the other hand, reduce investor confidence.

At the same time, the operation of the road will not bring equal income to everyone, the country that will produce the most will mainly benefit. It will cause the economic benefit to remain small.

There may also be a risk that Armenia will undergo from the expected income if:

1. Political problems arise.
2. If the project is stopped.
3. If tensions arise in the region.

Finally, if TRIPP acts only as a road, but does not have an economic policy, Armenia will face a number of risks, which are of a profound nature:

- It will receive only a short-term insignificant benefit
- The development that was planned during the project will not be long-term.
- Will not be an economic center.

Let's take a conditional example, where the unit scale will be 100. Consider the units indicated in the Table 2 as a simplified example of modeling.

This example clearly shows, that under the conditions of the TRIPP route, when Armenia acts exclusively as a transit territory, only 10 percent of the final value remains in the country's economy. Such a structure does not ensure the formation of added value, does not create sufficient jobs and cannot be considered as a sustainable tool for economic development. As a result, the TRIPP road junction in such a scenario brings more benefits to countries with manufacturing and logistical advantages than to Armenia.

Table 2. If Armenia is only a transit country with a conditional unit system.

Participant	Income (units)	Economic importance for Armenia
Country of Origin	70	The main profit remains in the producing country.
Transport Companies	20	Income is mainly outside of Armenia
Armenia	10	Transit fees and border services
<b>Total</b>	<b>100</b>	

Through targeted economic policies, localization of logistics services and the use of value-added tools, it is possible to increase Armenia's share in the 100-unit value chain to at least 20–25 percent, as a result of which the TRIPP road junction can turn not into a mere transit corridor, but into a real development factor.

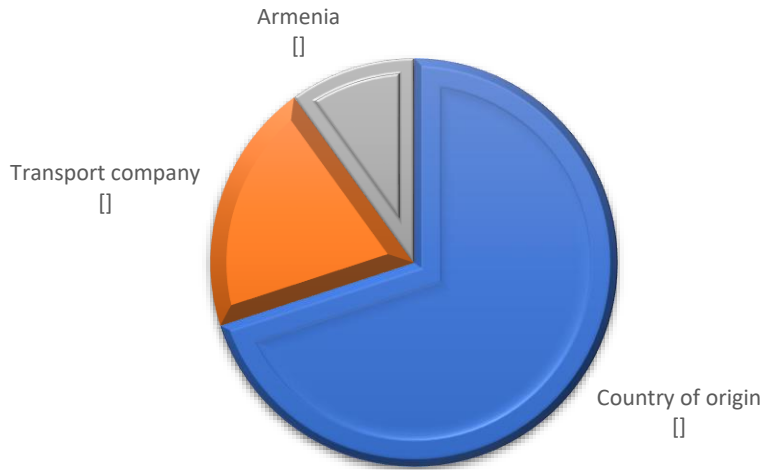


Figure 2. Armenia's income scarcity. Value chain distribution model (Quantitative justification).

The quantitative data presented in Table 3 substantiate the thesis that within the framework of the TRIPP project, the provision of transport routes alone or “Passive transit” will provide only 5-10% of the total value created for Armenia. A study of international experience shows that such a low share is typical for countries that do not carry out additional cargo servicing or processing.

In order for the project to become a real stimulus for the development of the RA economy, it is necessary to make a strategic transition to the “Logistics Service” (15-20%) and “Active Processing” (25% and more) models. The formation of logistics hubs and the creation of added value in them will allow not only to increase tax revenues, but also to ensure Armenia’s sustainable involvement in global supply chains. This implies the establishment of production zones near transport corridors, which, due to the economic multiplier effect, will lead to a stable growth of GDP.

Table 3. The degree of economic participation of Armenia and profitability scenarios in the TRIPP project (the conditional example serves to more clearly demonstrate international trends.):

Type of activity	Share in value (%)	Economic impact for the Republic of Armenia
Passive Transit	5-10%	Low tax revenues, minimal jobs.
Logistics Service Value	15-20%	Average wages, development of a storage economy.
Added Value (Recycling)	25%+	High economic growth, export promotion, new factories.

**Conclusion:**

The TRIPP road junction contains both significant risks and opportunities for economic development, if implemented correctly. It particularly contributes to the development of regional communications and the strengthening of Armenia's logistical role. At the same time, trade flows will increase, but Armenia must pursue a sensible policy in order to receive economic benefits, as well as not to remain in the shadows.

The study shows that if Armenia remains a transit area, a small financial part will remain within the country and the consequence will be the lack of job creation, which is also a reason for reducing economic growth. In such a situation, the producing country will receive greater profits. At the same time, a country with a developed logistics system will also receive more profits.

As a result, if Armenia develops logistics services, it can increase the level of Armenia's participation in the value chain. Under these conditions, the TRIPP project can become not just a transit route, but a real factor in the country's economic development.

Practical recommendations:

1. Localization of logistics infrastructure. Armenia should form its own network of logistics operators so that there is no outflow of income through foreign companies.

2. Creation of free economic zones. It is necessary to establish production and processing zones at the junctions of Nakhichevan and other border directions, ensuring at least 25% added value.

3. State support for local producers. To alleviate import pressure, apply tax incentives for producers that will use the new raw material opportunities provided by TRIPP.

4. The idea of a "digital corridor". Taking into account the latest developments in the project, it is necessary to introduce the "Digital Transport Corridor" model, which will allow for real-time tracking of cargo shipments and reduce administrative hassles at border points.

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