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EVALUATION NOTE

FROM RELABELING TO REOPENING: THE NEXT STEPS IN TÜRKİYE–ARMENIA ECONOMIC NORMALIZATION

The land border between Türkiye and Armenia has been closed since 1993. Despite this, bilateral trade has not stopped but has been rerouted. Turkish goods destined for Armenia cross into Georgia, travel across Georgian territory, and enter Armenia from the north. The same happens in reverse. This detour adds cost, time, and bureaucratic burden to every shipment. And it distorts the trade statistics of both countries.

A recent step in the normalization process between the two countries has brought this issue into sharper focus. Türkiye's Ministry of Trade announced that Armenia will henceforth be recorded as the terminal country in Turkish export declarations. Until now, because goods physically crossed the Turkish-Georgian border, they were often labeled as exports to Georgia. This was a labeling issue rather than an absence of trade, because Turkish companies were already exporting to Armenia, although the official data did not capture it. The change is modest but meaningful: it is one of the most concrete outcomes of the diplomatic normalization process that has been underway since 2022.

Türkiye – Armenia Normalization Process

The normalization process between Türkiye and Armenia has been ongoing since the end of 2021 and gained momentum in 2022 with the mutual appointment of special representatives. Türkiye appointed Ambassador Serdar Kılıç, while Armenia appointed Ruben Rubinyan, Deputy Speaker of the National

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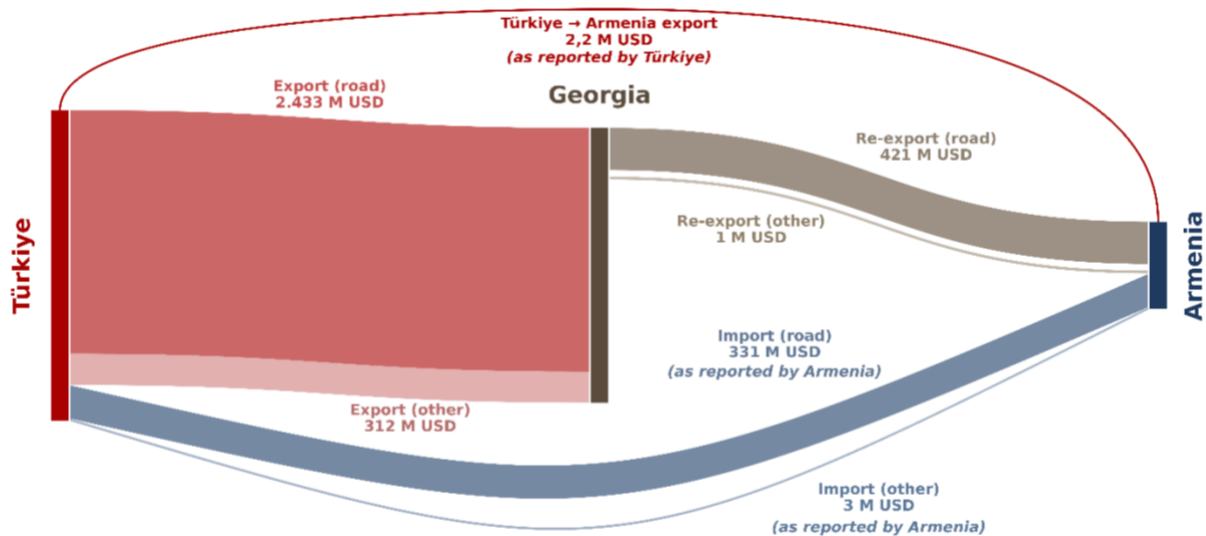
Assembly, and bilateral talks have continued as part of a gradual, confidence-building process. The two sides agreed in July 2022 to open the land border to third-country nationals and to commence direct air cargo trade; however, the implementation of these measures has remained gradual, and the land border has not yet been opened for regular crossings. Turkish Airlines launched direct flights between Istanbul and Yerevan in 2026, marking an important step in improving connectivity between the two countries. More recently, the normalization agenda has expanded beyond mobility to include infrastructure, connectivity and symbolic cooperation. In 2024 and 2025, the parties discussed the operationalization of the Akyaka/Akhurik railway border gate, the rehabilitation of the Kars-Gyumri railway and electricity interconnector, visa facilitation for diplomatic and official passport holders, and cooperation in culture and academia. In May 2026, Türkiye and Armenia also signed a memorandum of understanding on the joint restoration of the historic Ani Bridge, located on the border between the two countries.

The most recent step came on 11 May 2026, when the bureaucratic preparations for the initiation of direct trade between the two countries were completed. Under this new arrangement, goods transiting from Türkiye to Armenia (or vice versa) through a third country may now be labeled with 'Armenia/Türkiye' as the final destination or point of origin. On 13 May 2026, Ministry of Foreign Affairs Spokesperson Öncü Keçeli described these measures as part of a broader effort to strengthen lasting peace and prosperity in the South Caucasus, noting that technical and bureaucratic work on the opening of the common land border continues. The relabeling of trade declarations is a continuation of these incremental confidence-building steps, framed by Ankara as part of a broader effort to create conditions for fuller diplomatic and economic engagement.

The Gap in Trade Declarations

UN Comtrade contains the trade figures declared by both Türkiye and Armenia, which allows a direct comparison of each country's reported exports and imports. The data shows that the trade volume reported by Armenia as imports from Türkiye (334 M USD) is significantly higher than the volume reported by Türkiye (2,2 M USD) as exports to Armenia for the same period. This gap reflects the structural effect of trade routing under the current border regime. As Georgia is the country through which goods (422 M USD) physically exit Turkish territory, Turkish customs authorities record the destination of shipments sent abroad as Georgia, whilst Armenian customs authorities record the country of origin as Türkiye based on the place of production. 'Mirror statistics', defined as the side-by-side comparison of one country's reported export figures with another country's reported import figures, therefore provide a more accurate picture of the true scale of bilateral trade than an analysis of each country's national statistics taken in isolation.

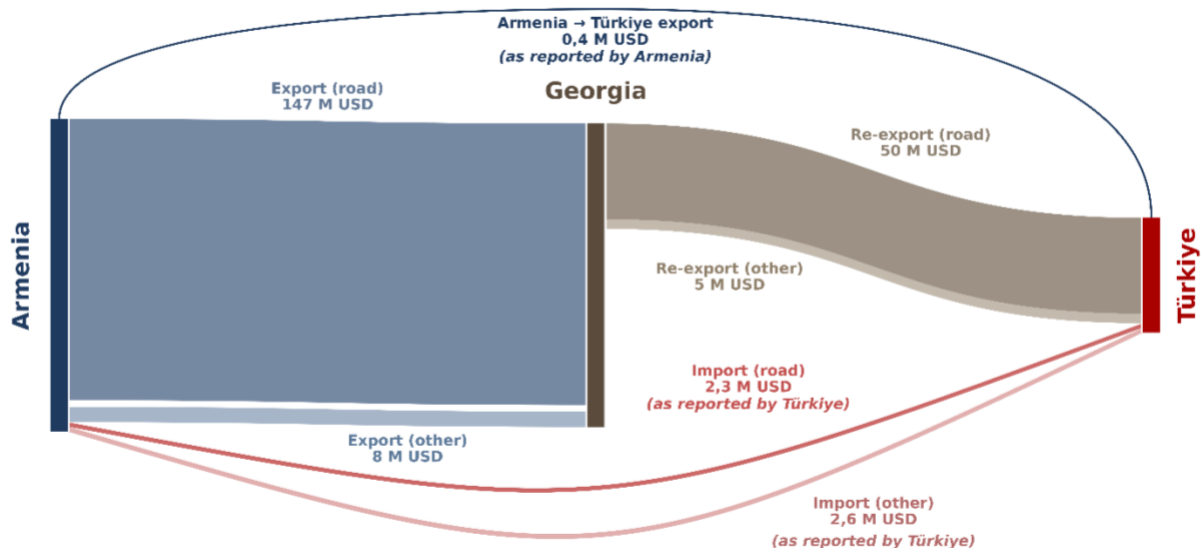
Figure 1: Türkiye’s export to Armenia with direct and indirect trade via Georgia, Million USD, 2024



Source: UN Comtrade, TÜİK, Statistical Committee of Armenia, TEPAV calculations

The same pattern appears in the reverse direction, though at a much smaller scale. Armenia declared exports to Türkiye of only USD 0.4 million in 2024, while Türkiye reported imports from Armenia worth USD 4.9 million. Armenian goods headed for the Turkish market also transit through Georgia: Armenian exporters record the shipment as going to Georgia, while Turkish customs capture the true country of origin.

Figure 2: Armenia’s export to Türkiye with direct and indirect trade via Georgia, Million USD, 2024



Source: UN Comtrade, TÜİK, Statistical Committee of Armenia, TEPAV calculations

Both the fact that Georgia’s intermediary exports are of a quantitative magnitude sufficient to account for the difference, and the fact that they correspond in nature (98% of Armenia’s imports from Türkiye are transported by land; Georgia’s intermediary exports to Armenia also

exhibit a similar nature, at 99%), serves as evidence that Georgia has assumed an intermediary role in trade between Türkiye and Armenia.

This systematic undercount means that policymakers relying on domestic trade data significantly underestimate the economic ties between the two countries. Türkiye is, in reality, a major trading partner for Armenia, with bilateral flows in the hundreds of millions of dollars.

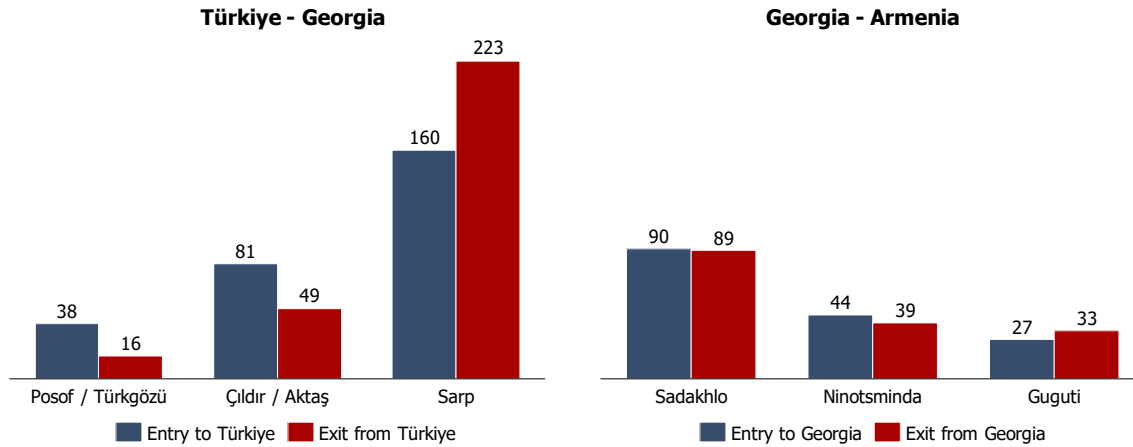
The Bottleneck at the Border

The detour through Georgia affects both official trade statistics and the logistics of bilateral trade. Despite the existence of three potential border gates between Türkiye and Armenia, all commercial traffic currently funnels through the Türkiye–Georgia crossings. The Sarp border gate on the Black Sea coast accounts for the largest share of this traffic, owing to its relatively modern infrastructure and processing capacity compared with the other two Türkiye–Georgia crossings. Its geographical setting, however, constrains further expansion, as the gate is situated on a narrow strip of land between the Black Sea shoreline and the surrounding mountains.

The truck traffic data makes the congestion visible. In 2025, the Sarp gate recorded approximately 160 thousand truck entries into Türkiye and 223 thousand exits. Posof/Türkgözü handled 38 thousand entries and 16 thousand exits, while Çıldır/Aktaş saw 81 thousand entries and 49 thousand exits.

On the Georgia–Armenia side, three crossings share the load: Sadakhlo (90 thousand entries, 89 thousand exits), Ninotsminda (44 thousand entries, 39 thousand exits), and Guguti (27 thousand entries, 33 thousand exits). In aggregate, truck traffic between Georgia and Armenia corresponds to approximately 57 percent of the truck traffic between Türkiye and Georgia. It should be noted, however, that the flows along these corridors serve multiple origin–destination combinations. Goods passing through the Türkiye–Georgia and Georgia–Armenia crossings include commodities destined for Georgia and Azerbaijan, as well as transit cargo originating from or bound for Russia, Iran, and the broader region. Türkiye–Armenia trade thus constitutes only one component of the wider South Caucasus transit network that operates through these crossings.

Figure 3: Total truck numbers passing through Georgia’s border gates with Türkiye and Armenia, thousands, 2025



Source: Turkish Ministry of Trade, GeoStat, Business Media Georgia, TEPAV calculations
*Georgia-Armenia values are estimated by TEPAV authors using first-quarter truck passage counts and annual trade data.

This reliance on the transit corridor entails significant logistical costs. The first of these relates to distance. Rather than travelling directly from eastern Türkiye to western Armenia, goods are transported northwards towards the Georgian border, transit through Georgia, and then back into Armenia, thereby covering a distance several times that of the closed direct route. The second factor relates to bureaucracy. Two border crossings mean two separate customs procedures, documentation requirements and waiting times; this increases transport costs per unit and disproportionately affects perishable and time-sensitive shipments such as fresh produce. The third factor relates to capacity competition. Lorries heading to Armenia share transit slots with goods bound for Georgia, Azerbaijan and the wider Caucasus region; this makes delivery schedules unpredictable and complicates supply chain planning.

What Border Opening Would Change

Opening the Türkiye-Armenia border would have substantial effects on bilateral trade. The most immediate effect would be a reduction in trade costs. Eliminating the Georgian detour would shorten transportation distances, reduce fuel expenses, and halve the number of border crossings required for goods moving between the two countries. Small and medium-sized enterprises, which are disproportionately affected by high trade costs, would benefit most from this change, as bilateral commerce would become significantly more accessible to them.

For Armenia, the potential benefits extend beyond cost savings. Armenian trade currently depends heavily on the Georgian port of Poti as its principal maritime terminal. An open border with Türkiye would diversify Armenia's port options, potentially providing access to Turkish ports on the eastern Black Sea such as Trabzon and Rize. This would reduce Armenia's dependence on a single transit country and a single port, thereby strengthening supply chain resilience. From the perspective of road transport, the entry of Armenian-registered trucks into Türkiye does not constitute a direct crossing regime associated with the opening of the Türkiye–Armenia land border. Rather, it remains a limited practice operating mainly within the framework of transit transport and, in most cases, through third-country routes. In this context, the Black Sea Economic Cooperation (BSEC) permit functions as a multilateral authorization

mechanism that can facilitate transit passage for international road freight transport among member states of the Organization of the BSEC. The 2026 BSEC Permit User Guide indicates that the permit may be used for transit and/or bilateral road transport operations; however, it does not, on its own, override other national procedures related to cabotage, customs, visas, or special cargo permits. Accordingly, Armenian carriers may transit through Türkiye to third countries when they hold the relevant documents and authorizations. At the same time, as the normalization process advances, it would be important to place technical preparations for a bilateral road transport agreement/protocol between the two countries on the agenda, with a view to making existing transit practices more predictable and institutionalized. Such an arrangement could clarify the legal framework for direct road transport and reduce dependence on indirect routes.

The opening of the Türkiye-Armenia border has the potential to create significant economic, tourism-related, and regional development opportunities for Türkiye's eastern provinces. In particular, the revival of border trade, the strengthening of transport connections, and increased cross-border mobility could support the economic dynamism of the Eastern Anatolia Region. Since provinces such as Kars, Iğdır, Ağrı, and Van have more limited economic diversification compared to Türkiye's western regions, the opening of the border could create new opportunities in trade, services, tourism, and employment. Increased visitor mobility could particularly stimulate sectors such as accommodation, food and beverage, tour guiding, transportation, and local products in cities with strong historical and cultural tourism potential, especially Kars and Van. In this sense, the process could contribute to the development of local businesses, logistics companies, and the broader tourism ecosystem, while making Türkiye's border provinces more visible within the regional development agenda.

The opening of the Türkiye-Armenia border should be considered not only as a bilateral normalization step, but also as part of a broader regional connectivity agenda linking the South Caucasus with Türkiye, Europe, and Central Asia. In this context, the relabeling of trade declarations constitutes an important first step, but it should be followed by intensified efforts to physically open the border. Activating the three dormant crossing points between Türkiye and Armenia would deepen economic integration in the South Caucasus, relieve pressure on the Türkiye-Georgia gates, create new economic corridors in the border regions, and align official trade statistics more closely with the actual scale of bilateral exchange. For Armenia, improved connectivity to Turkish and European markets, supported by appropriate industrial policies, could serve as a catalyst for economic development and diversification. At the same time, further work on easing bottlenecks along the Caspian crossing will be particularly important, as improvements in this segment could substantially shorten transportation times and enhance the effectiveness and competitiveness of broader regional connectivity initiatives.

Conclusion

The closure of the Türkiye-Armenia border has not halted trade between the two countries. It has, however, rendered such trade more expensive and slower, and has obscured its actual scale in official statistics. Türkiye's recorded exports to Armenia represent only a small fraction of the imports that Armenia records as originating from Türkiye. This discrepancy is explained by the Georgian detour, under which Turkish customs records Georgia as the destination of outgoing shipments, while Armenian customs records Türkiye as the country of origin. Truck traffic data show that flows between Georgia and Armenia correspond to approximately 57 percent of the flows between Türkiye and Georgia, indicating the significant volume of overland commerce that traverses this corridor.

The normalization process has produced promising though incremental steps. These include the appointment of special envoys, successive rounds of bilateral talks, the agreement to open the border for third-country nationals, and most recently the relabeling of trade declarations. The most consequential step remains ahead, namely the full opening of the border. Its implementation would reduce trade costs, improve the accuracy of official statistics, diversify Armenia's access to global markets, and advance the economic integration of the South Caucasus.

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