

GEORGIA'S GEOPOLITICAL CROSSROADS: ADAPTING TO NEW REALITIES IN THE AFTERMATH OF THE RUSSO-UKRAINIAN CONFLICT

The impact of the protracted conflict in Ukraine deeply affected not only Ukraine but also the geopolitical and security environment of the whole Black Sea region. The Republic of Georgia, as a country that already has parts of its territory under the Russian military occupation, Abkhazia and South Ossetia, has handled the newly arisen security challenges with a new, unexpected approach, applying the 'Finlandisation policy.'

Tamara Urošević

International Security Manager

Non Resident Associate, Center for Geostrategic research and terrorism (CeGRT), Belgrade, Serbia

In the aftermath of the escalation of the Russo-Ukrainian War in 2022, the attention of the Great Powers shifted towards the South Caucasus Region. The newly created situation arising from the Russian invasion of Ukraine and the European Union's economic sanctions on the Russian Federation gave geopolitical and strategical advantage to the Caucasian countries, Azerbaijan, Armenia, and Georgia, but at the same time exposed them to further security threats and risks, both internal and external ones.

The impact of the protracted conflict in Ukraine deeply affected not only Ukraine but also the geopolitical and security environment of the whole Black Sea region. The Republic of Georgia, as a country that already has parts of its territory under the Russian military occupation, Abkhazia and South Ossetia, has handled the newly arisen security challenges with a new, unexpected approach, applying the 'Finlandisation policy.' Fear of the spill-over effect on its territories has endangered its domestic and foreign policies, and it has deepened the polarization within the society. With the newly developed situation, the question of Georgia's future foreign policy orientation arises.

Pro-Western Narrative or the Finlandisation Policy

Since the secession from the Soviet Union in 1991 and the Rose Revolution in 2003, the Republic of Georgia has been vocal and decisive in its pro-western foreign policy.¹ In its National Security Concept of 2011, Georgia defined itself "as a Black Sea and Southeast European country, Georgia is part of Europe geographically, politically, and culturally; yet it was cut off from its natural course of development by historical cataclysms."² From 1994, since it joined Partnership for Peace, Georgia has been one of the few North Atlantic Treaty Organization (NATO) aspiring countries, and currently it remains in line with Bosnia and Herzegovina and Ukraine.

Tbilisi's foreign policy efforts, which were completely directed towards distancing this former Soviet Republic from the neighboring Russian Federation, led to rising tensions in the Black Sea region and interruption of air travel between the two countries. Finally, the tensions have escalated in the aftermath of the Bucharest NATO Summit, in April 2008, when the United States and Poland called for Georgia, and Ukraine, to be allowed to join the Membership Action Plan. As France and

Germany feared, Moscow perceived the allies' support for Georgia's membership as the existential threat of NATO's eastward expansion, and four months later, the Russian response followed.

Russian military invasion of the Georgian territories of Abkhazia and South Ossetia in August 2008, even though lasted only five days, reshaped the geopolitical environment of the Black Sea Region and South Caucasus. And it led to the drastic severance of the diplomatic relations between these two countries.

By occupying the strategically positioned Abkhazia, which represents the largest part of the coastal area of Georgia, Russia secured a significant foothold on the Black Sea. But, at the same time, recognizing the independence of Abkhazia and South Ossetia, which occupy about 20% of the entire Georgian territory, the Russian Federation, on the one hand, left its geostrategic footprint in the South Caucasus and Black Sea Region and, on the other hand, assured itself from the potential spill over conflicts and their potentially damaging effects in domestic and security affairs in the Northern Caucasus.³

Russian support to secessionism in Georgian territories and growing support for the secessionism in the Eastern Ukrainian territories - Luhansk and Donetsk - in the years following the Russo-Georgian War, made NATO and EU countries rethink their approach towards the South Caucasus and the possibility of Republic of Georgia's accession to the Alliance and membership to the European Union.

Russia's reaction to NATO's expansion into the South Caucasus posed a threat to Georgia's standing in the Western world. This led key supporters of Ukraine and Georgia within Western circles to withdraw their support, thereby impeding Georgia's progress towards NATO and EU membership due to concerns over further Russian encroachment.

Prior to the outbreak of the prolonged conflict in Ukraine, Georgia's diplomatic efforts with Western nations have seen no substantive progress, and Tbilisi was met with an ambivalent response from the NATO and EU member states. Even though they stayed close to Georgia, their reluctance to take decisive action toward Georgia's admittance was evident.

In the wake of the Russian-Ukrainian conflict and the tepid response from NATO and EU members, the Georgian government, amid domestic political considerations, began to re-engage with Russia to forestall potential invasion fears. Despite initial reservations, Georgia gradually adjusted to the shifting landscape, initiating more extensive economic cooperation with Russia.

Russian military invasion of the Georgian territories of Abkhazia and South Ossetia in August 2008, even though lasted only five days, reshaped the geopolitical environment of the Black Sea Region and South Caucasus. And it led to the drastic severance of the diplomatic relations between these two countries.

Since the outbreak of the protracted conflict in Ukraine in 2022, Georgia's economic dependence on Russia increased compared to the previous years. Considering the income received from the same trade sources, Tbilisi has received around 3,6 billion USD amounting to 14,6% of Georgia's GDP, which is almost 3 times more than in 2021 when it amounted to 6.3% of the GDP of the country.

In 2022, Georgia experienced a significant influx of Russian businesses, about 15,000 companies were registered, which represents 66% increase since the onset of the Ukraine Conflict. Additionally, in the same timeframe, the imports from Georgia surged by 79% to 1.8 billion USD, representing the highest percentage in the previous sixteen years. The increase in imports has also been noted in petroleum products, natural gas, primary food, carbon steel, and coal. Even though the imports of petroleum products and natural gas have taken a big share of the market, we cannot say the same for the import of energy resources. Even though the import of energy from the Russian Federation has seen an increase of 46% since before the war, it does not make a big difference in Georgia's energy market.

This increased economic dependence on Russia diverges from Georgia's foreign policy trajectory of the past three decades, and at the same time, it is the best indicator of Tbilisi's pertinence to the new policy of 'Finlandization'. The newly found path for Georgia might pose a threat to its independence and security, considering the well-known *modus operandi* of the Russian Federation: strengthening economic relations to gain political leverage on independent countries and threaten their macroeconomics, as was the case in Azerbaijan and Armenia, which have been under Russian dependence for many years through the import of Russian natural gas.

Additionally, Russia's ongoing war effort in the Black Sea Region and the plan to construct a new naval base in Abkhazia further endanger the security of Georgia, as well as, the interests of NATO and the European Union in the South Caucasus.

Table 3. Import of goods from Russia with the highest increase since the start of the war in Ukraine, USD million

Goods	Mar-Dec, 2021	Mar-Dec, 2022	increase
petroleum products (fuel)	118	600	482
groceries	305	442	138
bars and rods of iron or non-alloy steel	7	55	48
coal and coke	27	70	43
natural gases	59	93	34

Image 1, Georgia's Economic Dependence on Russia: Impact of the Russia-Ukraine war, February 22, 2023

South Caucasus: A New Geopolitical Hotspot

Russia's continuous interest in the geostrategic position of Abkhazia, even sixteen years after the Russo-Georgian war, once again poses a threat to Georgian security, but also to the security and trade interests of NATO and EU. In October 2023, the Russian Federation announced its plans to construct a new permanent "point of deployment" for Russia's Black Sea fleet. Even though Russian military forces have had a historical presence in Georgia's territory, the construction of a new base undermines its territorial integrity and reestablishes the power and influence of the Russian Federation in the South Caucasus Region.⁴

Tbilisi until now has not been as implicated in the war in Ukraine as with the construction of the naval base in Ochamchire, Abkhazia. The threat of the spillover of this prolonged conflict to its territories has not been as probable as it is now since the construction of the base started. President of Ukraine, Volodymyr Zelensky on 24 October 2023, responded to the news about the new military base, stating that Ukraine would not refrain from attacking Russian military ships in Abkhazia.

The definition of the base as permanent transmits to the international community the message that the Russian military forces intend to maintain a dominant presence in the Black Sea Region on the opposite coast of NATO's base in Romania. It projects the Russian power

to all the NATO aspirant countries in the region, one of which is Georgia itself, or to the ones that are considering the application. The NATO Parliamentary Assembly on 9 October adopted a resolution that condemns Russia's declared intention for this base.⁵

According to the de facto president of Abkhazi, Aslan Bzhania, construction of the base at the Ochamchire port has been under consideration since the annexation of this Georgian territory. The plans to expand the capabilities of the port have started and the Russian forces have already begun to widen the entrance to the port and deepen the sea by dredging, so that the base can host ships with the displacement volume of up to 13,000 tones including cargo ships. The Russian naval base in Abkhazia not only plays into Georgian fears of the spillover of the conflict, but it also endangers Georgia's investment project of the Anaklia Deep Sea Port that distance only 35 km from Ochamchire, potential economic future and its role in the Middle Eastern Corridor.

The Middle Corridor: New Hope for Georgia and South Caucasus

Since the outbreak of the Russo-Ukrainian war and imposition of economic sanctions on Russia, almost all viable transport routes through the Northern Corridor have been suspended. The European Union needed to



Image 2, Location of the Ochamchire Russian Base, BBC

look for alternative routes to maintain safe and continuous trade with China and Central Asia, and they found the best solution in the Middle Eastern Corridor, whose central point is the Republic of Georgia.

The multimodal land and sea transport route, also known as the Central Asia-Caucasus route, stretches from China to the Black Sea. From the Eastern-most point, the route starts from China, passes through Kazakhstan, partly Uzbekistan and Turkmenistan, across the Caspian Sea, Azerbaijan, and ends in Georgian shore on the Black Sea connecting this route with the European continent. It consists of approximately 4,250 km of rail lines and about 500 km of maritime route.⁶ Additionally Middle Corridor connects with the European mainland through two points, a landlocked route that goes through Türkiye and the Balkans, and a sea route that goes across the Black Sea and Romanian port Constanta.

In comparison with the maritime route that connects Europe with China through the Red Sea, the Middle Corridor is a time and cost-saving choice. The current sea route through the highly volatile Red Sea is long approximately 16,000 km and the time required to

complete the passage can be from 35 to 45 days. On the other hand, the passage along the Middle Corridor lasts from 13 to 21 days.⁷ This route is about 2,000 km shorter than Russia's Northern Corridor. It facilitates the application of sanctions on the Russian Federation and provides access to the new market for European countries.⁸

The definition of the base as permanent transmits to the international community the message that the Russian military forces intend to maintain a dominant presence in the Black Sea Region on the opposite coast of NATO's base in Romania. It projects the Russian power to all the NATO aspirant countries in the region, one of which is Georgia itself, or to the ones that are considering the application.

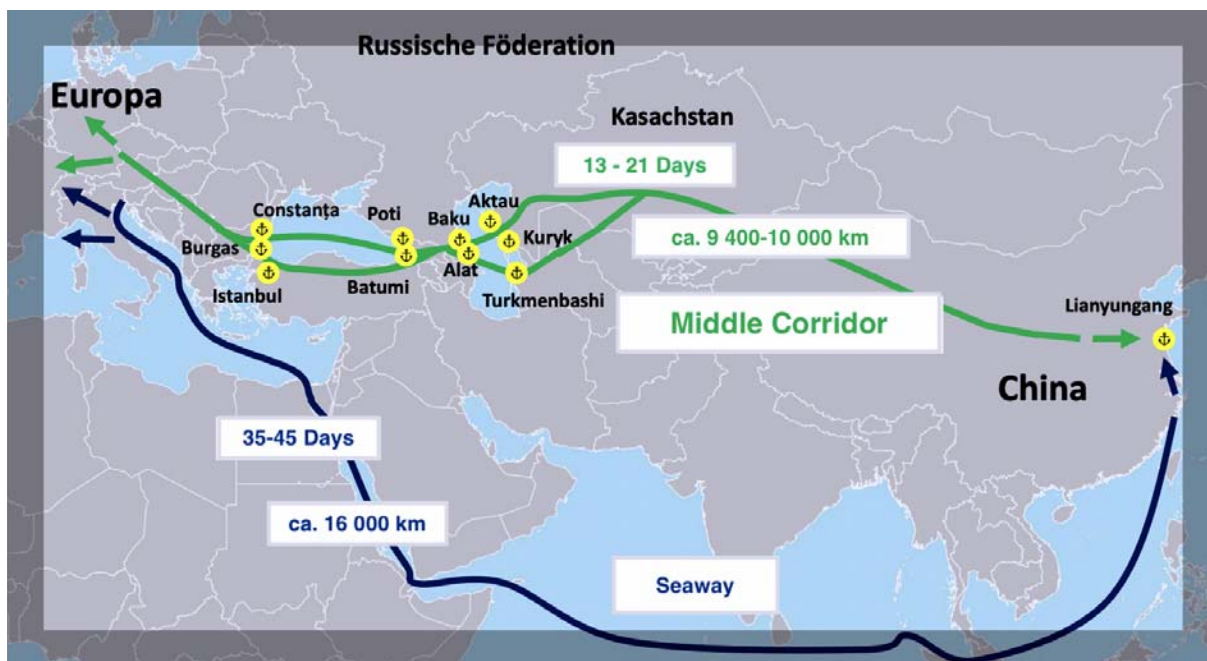


Image 3, Middle Corridor, source: Trains-Caspian International Transport Route (TITR)

International Interests in the Middle Corridor

Until the outbreak of the war in Ukraine, this transport route had not been in sufficient use due to the low transport capacities, infrastructures, and instability in the region, none of which presented a major problem compared to the Northern Route since 2022. In the past 2 years, the preference for the Middle Corridor could be seen in the increase in shipments. As per the German Economic Team, the volume of transportation increased by 3 times, to 970 400 tonnes, in the first eight months of the war, with the predicted rise, following this growth trend, to 15 and 18 million tones in 2030.⁹

Since the international shipping giants have introduced in their commerce the Central Asia Caucasus route, the new investments started to kick in and the infrastructure along the Route has been revamped.¹⁰ Danish logistics and shipping company, Maersk, one of the global leaders in the logistics and supply chain management introduced the Middle Corridor solution to its customers, as early as two months after the beginning of the war in Ukraine. The eco-friendly rail route that became operative on April 13th, 2022 starts from China's Xi'an and ends at Georgia's seaport Poti, where the goods reach the European continent through the maritime connection with the Romanian port Constanta. Overall time estimate of the whole route, according to Maersk managers, is approximately 40 days.¹¹ Also, another major European logistics company, Nurmien Logistics from Finland., was among the first companies that started operating along the Middle Corridor route, in May 2022.

Investments from the European Union partners, correlated with the Middle Corridor transport route, can be seen through various development projects. In 2022, South Caucasian Countries, Georgia and Azerbaijan, along with Romania and Hungary, signed the Black Sea Submarine Electricity cable deal, that gave Georgia important advantage on Russia.

The construction of the military base in Abkhazia, in the near vicinity of its most valuable port, seaport Poti, and the future planned deep seaport Anaklia, along the Middle Corridor, represents a great risk for Georgia and the future of this transport route, and its European and international supporters. The need for the Middle Corridor has augmented for European companies, in the light of the recent Houthi attacks on merchant vessels in the Red Sea region. The dedication of the European Union to the protection of the trade connection with China remains undoubtable and could be seen in the deployment of the EUNAVFOR operation Aspides, earlier in February of this year.

Besides the EU, other regional powers used the opportunity of the revival of the Middle Corridor to invest and position themselves in the region. Türkiye used the opportunity to establish itself as a regional power and trade center along the route and in the South Caucasus Region. It did so by calling for diplomacy and inter-regional trade, and by establishing various initiatives in the previous two years, one of which is the Black Sea Grain Corridor Initiative, that facilitated the transport of Ukrainian grain to international markets. Türkiye remains among the most important importers for the South

Caucasian Countries, Georgia, Turkmenistan, Armenia, and thus maintaining the soft power over the region.¹²

Given that the Middle Corridor serves as a crucial link between the European continent and China, the South Caucasian Countries, especially Georgia, have become a point of interest for the Chinese government. The revival of Tbilisi's long-disputed deep seaport project in Anaklia in 2022, following the China-Georgia Business Forum in Beijing, underlines the importance of infrastructure development. The lack of a deep seaport poses a significant obstacle to the further development of the Middle Corridor, particularly as Georgia is the only country along the Black Sea without such infrastructure. China's interest in the partial investment of Anaklia deep seaport is not surprising, considering that it is crucial for the expansion of the capacities of the Middle Corridor.¹³

Even though the work on the expansion of the infrastructure has already been underway, its capacities are struggling to maintain supply chain resilience. According to the Middle Corridor Logistics official, the capacity of this route equals to "3 to 5 percent of the total capacity of Northern Route." [14] The question is raised whether the Central Asia Caucasus Route manages to meet all the demands and expectations, partly from the infrastructure point of view and partly from the point of view of security concerns that arise from the geopolitical uncertainties caused by the latest Russian involvement in the South Caucasus Region.

Conclusion

The geopolitical landscape of the South Caucasus Region, particularly for Georgia, has undergone significant shifts in the aftermath of the prolonged Russo-Ukrainian conflict. With the rising importance of the Middle Corridor, the region became a geostrategic hotspot presenting both opportunities and challenges for the countries – Azerbaijan, Armenia, and Georgia.

Georgia, with its strategic location and historical ties, has found itself at a crossroads, between competing geopolitical interests while striving to maintain its sovereignty and security. The adoption of a 'Finlandisation policy' in response to heightened security threats reflects Georgia's pragmatic approach to safeguard its interests amidst geopolitical turbulence and a deeply polarized society from within. Georgia has been struggling to profit from the newly found geostrategic situation.

Comparing its position to before 2022, Georgia is now more valuable to Russia than it was previously. It allows safe transit to its Türkiye and Armenia, with whom Moscow still has trade relations. Improvement of diplomatic and economic relations helps Georgia's accession to EU. Yet, that also poses a threat, due to its strategic position in the Middle Corridor. Tbilisi can balance between multiple powers to diversify its trade portfolios and open its country for foreign investments. The question remains whether Georgia will pursue its new Finlandization policy or become once again a great advocate for the European Union and NATO.

Endnotes

- 1 Kandelaki, G. (2006), *Georgia's Rose Revolution: A Participant's Perspective*, United States Institute of Peace
- 2 MOD GEORGIA, 2011, *National Security Concept of Georgia*, accessed on 10 March 2024
- 3 Brill – Babak Rezvani, 2018, *Russia and the Georgian and Ukrainian Conflicts - Iran & the Caucasus*, Vol. 22, No. 4 (2018), pp. 408-417
- 4 Jones, P. N, 2024, *Russia's Tightening Abkhazian Stranglehold Threatens Western and Georgian Interests*, Harvard International Review 15 January 2024, accessed: March 10, 2024
- 5 Democracy Research Institute, (2023), *The authorities' response to the opening of the Russian naval base 4 kilometers from Anaklia is insufficient*, democracyresearch.org, accessed: March 17, 2024.
- 6 Woldermar, W, (2022), *Challenges and opportunities of the Middle Corridor*, German Economic Team, accessed: March 7, 2024
- 7 Idem, 2022
- 8 Ozat, M. & Nelson, H. (2023), *The Middle Corridor: The Beginning of the End for Russia's Northern Corridor?*, Caspian Policy Center, accessed: March 20, 2024
- 9 Woldermar, W, (2022), *Challenges and opportunities of the Middle Corridor*, German Economic Team, accessed: March 7, 2024
- 10 Gabritchidze, N, (2022), *Georgia, Azerbaijan see surge in transit demand amid Russia's isolation*, euroasianet.org, accessed on: March 15, 2024
- 11 Maersk, (2022), *Maersk launches a revamped Middle Corridor rail service*, maersk.com, accessed: March 17, 2024
- 12 OECD, (2023), *Realising the Potential of the Middle Corridor*
- 13 Mandaria, T., (2024), *Planned Russian base in Abkhazia could threaten Georgia's Middle Corridor dreams*, euroasianet.org, accessed: March 25, 2024
- 14 Euroasian Rail Alliance Index (2022), *Middle Corridor unable to absorb northern volumes, opportunities still there*, index1520.com, accessed on: March 20, 2024.