FROM THE MIDDLE CORRIDOR TO REVISIONIST LAND BRIDGE?

STRATEGIC CONNECTIVITY OF GEORGIA AMID SHIFTING AXES OF INFLUENCE IN THE BLACK SEA REGION

KEY FINDINGS

- Authoritarian Consolidation: The primary driver of Georgia's shifting strategic position is not external factors nor a dramatic reconfiguration of the country's geopolitical environment, but a deliberate and systemic, top-down autocratization of its domestic political architecture;

- Georgia's relations with the West at historic lows: EU negotiations unilaterally suspended; Georgian Dream party leaders, judges and officials sanctioned by the US, UK and the EU; Western cooperation and assistance programs on hold; The US suspended the US-Georgia Strategic agreement;

- Emergence of Regional Bypasses (TRIPP and the Western Realignment): Georgia's historical transit monopoly across the South Caucasus is being actively challenged. Both Washington and Brussels are actively engaged in the structural shifts in regional connectivity projects;

- Middle Corridor Chokepoints and Domestic Infrastructure Failures: Although post-2022 security dynamics supercharged traffic along the Georgian section of Trans-Caspian International Transport Route (Middle Corridor), the pathway remains constrained by infrastructural underdevelopment, lack of progress in flagship projects as Anaklia deep sea port;

- Unless addressed, these negative external and internal dynamics risk transforming Georgia from a secure land bridge between East and West into a high-risk geoeconomic bottleneck.

- Georgia still retains its key strengths, which, in the case of a return to democratic governance and the restoration of its traditionally close relations with the West, will give new impetus to the development of strategic connectivity in the region, reduce the Russian and Iranian influence and will serve to reinforce the Western presence in a pivotal area for East-West connectivity.

EXECUTIVE SUMMARY

This paper evaluates the strategic connectivity of Georgia within a highly volatile and rapidly shifting global and local security environment. Historically positioned as the default transit corridor and free access point connecting the Caspian Basin and Central Asia to Europe, Georgia is facing an existential crisis. This crisis is defined by rapid domestic autocratization.

Simultaneously, external pressures, including the protracted military aggression of Ukraine, naval insecurity in the Black Sea, the outbreak of conflict in Iran, and the ensuing Strait of Hormuz crisis, have altered global trade and energy routing. While these conflicts have theoretically supercharged the strategic value of the Trans-Caspian International Transport Route (the Middle Corridor), Georgia's domestic trajectory has severely compromised its ability to leverage this opportunity.

Furthermore, the emergence of the U.S.-brokered Trump Route for International Peace and Prosperity (TRIPP) between Azerbaijan and Armenia, and the European Union's articulated readiness to support the enhancement of the connectivity between these two countries, poses a significant threat to Georgia's position as a key node of the region's strategic connectivity infrastructure. This occurs at a time when relations between Tbilisi, the European Union, and the United States have reached an all-time low. Of particular note is the geoeconomic implications of the July 2026 high-level EU visits to Baku and Yerevan, which serve as a critical signal of Georgia's loss of strategic importance to the West as alternative transport infrastructure is actively routed around it.

INTRODUCTION

For more than three decades following the collapse of the Soviet Union, the geopolitical identity of Georgia was anchored in a singular, powerful narrative: that of an indispensable, pro-Western transit hub on the eastern shores of the Black Sea. This geographical positioning allowed Georgia, a small state with limited natural resources and occupied territories of Abkhazia and Tskhinvali region, to punch far above its weight in international affairs. Every major pipeline, railway, and fiber-optic cable linking the energy-rich Caspian Basin to Western markets had to traverse Georgian soil. Tbilisi did not need to be wealthy or militarily dominant; it simply needed to be there, serving as the secure terminus that bypassed both the Russian Federation to the north and the Islamic Republic of Iran to the south.

However, in 2026, this strategic advantage is rapidly evaporating, largely due to self-inflicted domestic choices and a sweeping regional realignment. Under the control of the ruling Georgian Dream (GD) party, Georgia has undergone a profound political metamorphosis. The country has transitioned from a democratic "frontrunner" of the European Union's Eastern Partnership into a consolidated hybrid regime characterized by systemic state capture, the criminalization of independent civil society, and a strategic reorientation from the Westward Euro-Atlantic integration toward Moscow and Beijing.

This domestic regression is occurring amid unprecedented global and regional upheaval. The ongoing War in Ukraine has turned the Black Sea into a highly contested naval theater, disrupting traditional maritime logistics and injecting severe security premiums into shipping. To the south, the expansion of military hostilities in Iran and the accompanying shipping crisis in the Strait of Hormuz have paralyzed Middle Eastern transit corridors, forcing global supply chains to seek alternative overland routes across Eurasia. While these disruptions have elevated the theoretical importance of the Middle Corridor, they have also exposed its physical and political bottlenecks.

The ultimate validation of the growing strategic marginalization of Georgia occurred in July 2026, when European Commission President Ursula von der Leyen and Enlargement Commissioner Marta Kos bypassed Tbilisi entirely during a high-stakes, consecutive diplomatic blitz to Baku and Yerevan. This visit signaled

a profound shift: the West is no longer merely planning alternatives; it is actively funding and building a physical corridor architecture designed to route Eurasian trade around a politically unreliable Georgia.

The "Georgian Dream" government dealt a near-fatal blow to Georgia's prospects for European integration by unilaterally suspending negotiations with the EU until 2028, and has driven relations with Washington and Brussels to their lowest point in decades. This break with a long-standing policy of Western integration has significantly weakened the country's strategic position, which was founded on its close ties with the West.

Rather than acting as a reliable gateway for Western-oriented trade, Georgia has increasingly emerged as an important corridor for Russian sanctions and trade restriction evasion, a repository for Russian capital, and a facilitator of opaque authoritarian logistics.

This paper provides a comprehensive, multi-dimensional geopolitical analysis of Georgia's strategic connectivity in the light of these latest developments. Notably, it examines the interplay of domestic state capture, stalled infrastructural development, new corridor initiatives, regional warfare and the deteriorating relations between Tbilisi and the West.

Chapter 1: DEMOCRATIC COLLAPSE AND THE DOMESTIC CRISIS IN GEORGIA

The primary driver of Georgia's shifting strategic posture is neither external military aggression nor a dramatic reconfiguration of the country's geopolitical environment, but rather a deliberate and systemic, top-down restructuring of its domestic political architecture.

Over the past several years, and with marked acceleration following the highly contested October 2024 parliamentary elections, the Georgian Dream party has dismantled the country's democratic institutional safeguards. This shift has led the V-Dem Institute, in its ***2025 Democracy Report***, to officially reclassify Georgia from a "democracy in transition" to an "electoral autocracy," marking the steepest single-year democratic decline in the country's post-Soviet history.[1]

At the core of this democratic decay is the phenomenon of oligarchic state capture. Real political authority in Georgia does not reside within formal constitutional offices, but within the network of Bidzina Ivanishvili, that exercises near-absolute control over the executive, legislative, and judicial branches of the Georgian state.

This informal governance model operates by rewarding personal loyalty over professional competence, turning state institutions into instruments for the protection of oligarchic power and the suppression of political rivals.

THE LEGISLATIVE AND JUDICIAL MACHINERY OF SUPPRESSION

The transition to a consolidated authoritarian regime has been codified through a series of highly illiberal legislative acts, modeled closely on Russian authoritarian practices:

1. **The "Foreign Influence" Legislation:** Originally passed in August 2024 despite historic domestic protests, this law mandates that non-governmental organizations (NGOs) and independent media outlets receiving more than 20% of their funding from abroad register as "agents of foreign influence." By 2026, the enforcement of this law has effec-

1 V-Dem Institute, "Democracy Reports," Varieties of Democracy, accessed July 21, 2026, https://www.v-dem.net/publications/democracy-reports/

tively paralyzed Georgia's vibrant civil society sector.

2. **The "Grants Law" Amendment (2025):** This legislation further restricted the financial viability of independent watchdogs by giving the state the authority to vet, block, or redirect international philanthropic grants.
3. **The Criminalization of Foreign Expertise (March 2026):** In a dramatic escalation, the Georgian Dream parliament passed a law making it a criminal offense to provide professional services, consulting, or technical expertise to foreign individuals, organizations, or agencies with a "presumed political purpose" without prior state authorization. This measure has effectively outlawed international policy cooperation and forced many Western think tanks and development agencies to halt operations in the country.
4. **The Banning of the Opposition:** Parallel to these measures, the GD-controlled Ministry of Justice initiated a constitutional court proceeding aimed at outlawing a number of the principal opposition parties accusing them of "anti-state activities" and "instigating global war."

The judiciary offers the clearest illustration of this captured state. A small, highly consolidated group of influential judges exercises absolute control over judicial appointments, disciplinary mechanisms, and case assignments. This closed judicial system ensures that political cases, such as the arbitrary arrests and prolonged administrative detentions of pro-European protesters, are met with swift, rubber-stamped convictions.

According to reports from the Georgian Young Lawyers' Association (GYLA), between November 2024 and early 2026, administrative and criminal proceedings were initiated against over 2,000 peaceful demonstrators, with administrative fines being systematically replaced by mandatory prison sentences for first-time offenses. Transparency International Georgia, currently lists 91 citizens of Georgia as "Political Prisoners" under PACE criteria.[2] The list was compiled based on PACE Resolution 1900 (2012), which sets out five criteria under which a person deprived of their liberty is to be regarded as a "political prisoner."

THE STATE BUREAUCRATIC RETALIATION

State capture has also thoroughly penetrated the civil service. Since December 2024, approximately 700 civil servants, including diplomats, ministry staff, and university professors, have been summarily dismissed for signing petitions or participating in protests supporting Georgia's European integration. This systematic purge has stripped the Georgian state of its most competent, Western-educated bureaucratic class, replacing them with political loyalists who lack the capacity to manage complex transnational infrastructure projects.

By prioritizing regime survival and oligarchic preservation over institutional development, the Georgian Dream government has compromised the country's international reputation as a predictable and rule-of-law-based partner. This domestic crisis forms the baseline for evaluating Georgia's strategic connectivity: a state compromised by political capture and opaque interests cannot serve as a reliable, neutral custodian of critical trade and energy routes.

2 TI-Georgia Lists 91 People as 'Political Prisoners' Under PACE Criteria, civil.ge 21.07.2026. accessed 22 july 2026. https://civil.ge/archives/745274

Chapter 2: RISING RUSSIAN ECONOMIC INTEGRATION

While the Georgian Dream government maintains the formal rhetoric of European integration, its concrete policy decisions since the 2022 invasion of Ukraine have systematically aligned Georgia's economic, energy, and logistical institutions with the interests of the Russian

Federation. This realignment has transformed Georgia from a Western-aligned reformer into a critical facilitator of Russian sanctions evasion and economic integration.

THE STATISTICS OF ECONOMIC REORIENTATION

By H1 2026, Georgia's economic dependence on Russia has reached considerable levels across multiple strategic sectors. Russia maintained its position as a major, second largest trading partner (USD 1 527.6 million, 11.8% share in the total external trade turnover). Imports from Russia reached USD 1 195.5 million (+25.6% YoY), making it Georgia's second-largest supplier with 13.2% share of total imports.[3]

- **Strategic Energy Dependence:**
    - **Petroleum and Crude:** Crude Petroleum (100.0% Share): Russia accounted for 100% of all crude petroleum imports into Georgia during January-May 2026 period (390,402 tons valued at $161.43 million). Refined Petroleum (34.61% Share): Russia served as Georgia's primary supplier of refined petroleum products (309,414 tons valued at $219.95 million), making up over a third of total refined fuel imports ($635.53 million) in the same period.
    - **Liquefied Petroleum Gas (LPG):** Russia has established a virtual monopoly over Georgia's LPG market, supplying 99% of all imports by early 2026.
    - **Natural Gas:** In January 2026, Russia's state-owned energy giant Gazprom reported that it had supplied 40.4% more gas to Georgia in 2025 than in the previous year, with Georgian payments to Russia for gas reaching $111.6 million (a 26% increase YoY), while imports from Azerbaijan fell by 6%.
- **The Business Invasion:** As of November 2025, the number of Russian-owned companies registered in Georgia reached an all-time high of 46,385, representing a staggering 640% increase compared to 2021. This influx of Russian capital has effectively penetrated key sectors of the domestic economy, including real estate, hospitality, and retail.
- **The Tourism and Remittance Anchor:** In the two first quarters of 2026, Georgia earned $1.93 billion from foreign tourism, with Russia serving as the top source country, representing 17% of the total. Remittances from Russia increased by 14% year-on-year during the first six months of 2026. Russia remained the third-largest source of financial transfers to the country, injecting $250 million between January and June 2026.
- **Banking and Capital Flows:** As of April 2025, foreign citizen deposits in Georgian commercial banks totaled 9.3 billion lari ($3.3 billion). Of this total, 3.44 billion lari (or 37%) belonged to citizens of the Russian Federation, providing them with significant leverage over Georgia's financial stability.

The Surge in Iranian Re-exports:

- Georgia's trade turnover with Iran increased significantly in the first half of 2026, mainly due to a sharp rise in exports linked to the growing re-export of passenger cars. Bilateral trade between Georgia and Iran reached $231.4 million in January-June 2026, compared with $139 million in the same period last year.
- Although Georgia's trade balance with Iran remains negative, exports to the country surged by 629% year-on-year, reaching $106.8 million. For comparison, exports amounted to only $14.6 million in the first six months of 2025. As a result of this increase, Iran became Georgia's 9th-largest export destination, accounting for 2.8% of Georgia's total exports.

THE KULEVI REFINERY AND OIL LAUNDERING SCANDAL

Historically a modest port facility on the Black Sea coast, Kulevi's strategic significance was transformed in late 2025 with the launch of

3 External Merchandise Trade, National Statistics Office of Georgia (Geostat),20.07.2026., https://www.geostat.ge/media/81249/External-Merchandise-Trade-of-Georgia---January-June-2026.pdf

Georgia's first major private oil refinery, heavily supported by state funding:

- **The State Subsidy:** In December 2025, Georgian Dream Prime Minister Irakli Kobakhidze signed a decree allocating $8.2 million from the state-controlled Georgia's Development Fund directly to the Kulevi refinery.
- **The Surge in Russian Crude:** The 885% YoY Explosion: According to Geostat's official preliminary statistics published for the period January–May 2026, Georgia's domestic exports of petroleum and petroleum oils claimed a second place in the list of top domestic export items. These exports totaled an impressive USD 366.6 million, accounting for 11.8% of Georgia's total domestic exports (Georgia's annual domestic oil production remaining minimal).
- **The Laundering Mechanism:** Media reports documented Russian oil products being processed or simply blended at the Kulevi facility, where their certificates of origin were systematically changed to "Georgian", suggesting that Russian fuel may be reaching Europe via Georgia, including pointing to a mismatch between the Georgian official oil export-import data with the data provided by other international authoritative databases.[4]
- **The EU Sanctions Response:** In early February 2026, the European Commission introduced its 20th sanctions package against Russia, which in its initial proposal, for the first time explicitly targeted the Kulevi port for accepting the sanctioned Russian shadow-tankers. However, the port of Kulevi was excluded at the last minute from the 20th round of sanctions, with the European Commission citing the "positive commitments" made by the authorities of "Georgian Dream" and the port operator, as well as by the State Oil Company of the Republic of Azerbaijan (SOCAR), during the reassessment of the initial proposal.[5] Despite this temporary agreement, the European Union included the Kulevi refinery in its 21st Russian sanctions package on July 23, 2026—a move that underscores a fundamental loss of trust in Georgian officials and the refinery's management. The measure includes an unprecedented six-month suspension clause to ensure the Georgian side fulfills its commitments. Should violations persist, the full transaction ban will immediately take effect.[6] The commitments specifically include: ***Barring Vessels:*** A pledge from the Georgian government that no "shadow fleet" tankers or EU-sanctioned vessels will be allowed to enter the Kulevi port or receive services. ***Sanctions Compliance:*** Commitments to comply with the EU ban on importing Russian crude and petroleum products, as well as respecting the price cap on Russian crude oil. ***Refinery Adjustments:*** The operating company (Black Sea Petroleum) pledged to phase out Russian crude entirely (from August-September 2026), shifting to alternative supplies.

THE PARALLEL CAR TRADE

Another highly lucrative sanctions-evasion channel is the re-export of passenger vehicles. Following the implementation of Western export bans on luxury and high-capacity vehicles to Russia, Georgia emerged as a key transit hub:

- **The Grey Channels:** While Georgia formally implemented a ban on the direct export of sanctioned vehicles to Russia in mid-2023, the trade did not stop; it simply adjust-

4 June 2026 — Monthly analysis of Russian fossil fuel exports and sanctions, Centre for Research on Energy and Clean Air (CREA) 10.07. 2026, accessed July 21, 2026, https://energyandcleanair.org/june-2026-monthly-analysis-of-russian-fossil-fuel-exports-and-sanctions/
iFact: Russian Oil Products May Be Reaching Netherlands, Switzerland, Greece via Georgia, Civil.ge, 24.12.2025, accessed July 21, 2026, https://civil.ge/archives/715367
Russia ships first oil to new refinery in Georgia, Reuters, 21.10.2025, accessed July 21,2026 https://www.reuters.com/business/energy/russia-ships-first-oil-new-refinery-georgia-2025-10-21/

5 EU Drops Kulevi Port Sanctions, Citing 'Commitments' from Georgia, SOCAR, Civil.ge, 10.03.2026, accessed July 21, 2026, https://civil.ge/archives/724386

6 Council of the EU, Press release, 23.07. 2026, accessed July 21, 2026, https://www.consilium.europa.eu/en/press/press-releases/2026/07/23/21st-package-of-sanctions-eu-hits-russian-energy-financial-services-and-crypto-hard/

ed. Georgia utilized its membership in the Eurasian Economic Union (EAEU) customs framework to redirect these vehicle flows.

- **The Surge in Central Asian Re-exports:** Following the ban, car re-exports from Georgia to Kazakhstan, Kyrgyzstan, and Armenia surged by 1,240% compared to 2021 levels. The scale of this diversion is clearly reflected in Geostat's January–May 2026 trade data. Kyrgyzstan has emerged as Georgia's absolute top trading partner by exports, importing USD 355.2 million in goods. This outpaces China (USD 327.5 million), Azerbaijan (USD 269.3 million), and Russia (USD 248.8 million).[7]

7 Geostat, 20.07.2026.

Chapter 3: THE MIDDLE CORRIDOR, THE PINNACLE OF GEORGIA'S STRATEGIC CONNECTIVITY: CONSTRAINTS, CHOKEPOINTS, AND THE BYPASS OF GEORGIA

The Trans-Caspian International Transport Route (TITR), popularly known as the Middle Corridor, connects China and Central Asia to Europe via the Caspian Sea, Azerbaijan, Georgia, and Turkey. The Russian invasion of Ukraine in 2022, which significantly undermined the credibility and reliability of the Northern Corridor, shifted the focus of the logistics industry towards the Middle Corridor as a viable alternative route for Europe-Asia land freight.

Consequently, in the wake of economic sanctions and trade restrictions imposed on Moscow following the launch of the full-scale military invasion of Ukraine, the Middle Corridor has experienced a massive surge in political attention and cargo volume. In 2024, cargo volume along the Middle Corridor across the Caspian Sea increased by more than 63 % year on year, reaching 4.1 million tons (compared with 500,000 tons before Russia's full-scale invasion). In the first half of 2025, container traffic through the corridor grew by 173% year-on-year, with the Baku-Tbilisi-Kars (BTK) railway carrying 59 times more containers than in the same period of 2024.

However, despite this impressive short-term growth, the Middle Corridor faces severe physical, environmental, and geopolitical bottlenecks that threaten its long-term viability, including the emergence of alternative routes that completely bypass Georgia.

Metric / Corridor Element	Middle Corridor (Georgia Gateway)	Northern Route (via Russia)	TRIPP Corridor (Armenia Bypass)
Annual Capacity (2025/2026)	~6 million tons (approx. 6% of Northern Route)	~100 million tons	Under Construction (Target: 2028)
Average Container Crossing Cost[8]	$275 per 40-ft container (at Poti)	$150–$180 per 40-ft container	Projected: 25% cheaper than BTK
Environmental Vulnerabilities	Moderate (Caspian Sea drying30cm/ year)	Low	Low (Overland mountain terrain)
Geopolitical Risk Profile	Moderate-High (State capture in Georgia)	Extremely High (Sanctions, War)	High (Proximity to Iranian border)

8 These numbers reflect node-level terminal handling/border-crossing charges per 40-ft container (FEU), rather than total end-to-end shipping freight rates (which run $3,000–$6,000+ across these routes).

PHYSICAL, INFRASTRUCTURAL AND ENVIRONMENTAL BOTTLENECKS OF THE MIDDLE CORRIDOR

As of early 2026, the Middle Corridor remains an expensive, multi-modal transport route that is still far from competitive with the Northern (Russian) or Southern (Maritime) routes:

1. **The Multimodal Transshipment Penalty:** The corridor requires goods to be repeatedly transferred from rail to ship and back to rail across two bodies of water (the Caspian and Black Seas). This process introduces significant delay, cargo damage risks, and administrative friction due to unaligned customs regimes.
2. **Track Gauge Incompatibility:** Cargo must transition between standard gauge (1,435 mm) in China, Turkey, and Europe and broad gauge (1,520 mm) across Central Asia and the South Caucasus. These dual break-of-gauge points require labor-intensive bogie swaps or container re-loading at border terminals, creating severe transit friction.
3. **Single-Track & Un-Electrified Rail Links:** Key rail corridors, particularly bottlenecks in western Kazakhstan, eastern Georgia, and cross-border points into Turkey, remain single-tracked or un-electrified. This limits daily train frequency and creates severe localized bottlenecks.
4. **Port & Terminal Throughput Capacities:** Major Caspian and Black Sea ports, including Aktau/Kuryk (Kazakhstan), Baku/Alat (Azerbaijan), and Poti/Batumi (Georgia), face shortages of modern container-handling cranes, automated yard management systems, and deep-water berths, leading to frequent vessel queuing.
5. **Topographical & Terrain Limits:** Steep gradients and mountainous terrain through the South Caucasus (Georgia) and eastern

Anatolia (Turkey) restrict train lengths, maximum axle loads, and operational speeds, preventing the deployment of high-capacity double-stack container trains.

6. **The Drying of the Caspian Sea:** Driven by global temperature increases and Russia's extensive damming of the Volga River, which accounts for 80% of the Caspian's water inflow, the sea level is dropping by an average of 30 centimeters annually. This decline has already reduced rail tank car ferry transport on the Baku–Kuryk route by 22% and wagon transport by 10% due to shallower harbor approaches. Oceanographic projections suggest that a sea-level drop of up to 6.5 meters by 2045 could leave the Kazakh ports of Aktau and Kuryk completely landlocked, necessitating billions of dollars in continuous dredging and the construction of offshore deep-water terminals.[9]
7. **The Ganja Gap Vulnerability:** All existing infrastructure, including the Baku-Tbilisi-Kars railway, the Baku-Tbilisi-Ceyhan oil pipeline, and the South Caucasus gas pipeline, is concentrated within a narrow, 100-kilometer-wide strip of land in western Azerbaijan known as the Ganja Gap. This geographic chokepoint is highly vulnerable to military disruption or hybrid sabotage.

GEORGIA AS A PROBLEMATIC LINK OF THE CORRIDOR

Beyond its operational vulnerabilities, Georgia's transition from a Western-aligned reformer into an authoritarian system and an increasingly important node for Russian sanctions evasion and geopolitical hedging, introduces a major risk factor to the Middle Corridor's competitiveness.

In addition to its pressing need for modern transport and logistical infrastructure, Georgia's position within the corridor is threatened by the rapid deterioration of its political standing and its worsening relations with Western partners, most notably the European Union. Sanctions imposed on key figures within the ruling Georgian Dream regime, including Bidzina Ivanishvili, for promoting Russian interests have shattered the long-standing assumption that Georgia is a reliable regional partner for Western democracies. This erosion of trust extends beyond the US, UK, and EU to encompass other corridor participants. Given that the primary rationale for the Middle Corridor is to bypass territory under Moscow's control, expanding Russian influence in Tbilisi undermines the core premise of Georgia's involvement in the project.

Consequently, Georgia's appeal as a destination for further infrastructure investment is bound to decline.

The European Union's stance is particularly critical here, as it has historically served as a vital funding source for Georgian transport infrastructure, largely through the European Investment Bank (EIB). Moving forward, Tbilisi's continued drift away from the West will make securing capital for new projects far more difficult, while simultaneously increasing the EU's willingness to leverage financial aid to exert political pressure. Over time, this will not only weaken Georgia's current standing within the TITR, but will also delay the modernization of domestic transit routes, reducing overall corridor efficiency and accelerating the search for alternative routes that bypass the country.

This shifting political orientation will also recalibrate the strategic calculations of Turkey and Azerbaijan. Both nations share a vital interest in maintaining an efficient East–West overland link free from Russian control, which may compel them to hedge against their dependence on the Georgian transit segment.

Recent developments, including Armenia-Azerbaijan's accelerated rapprochement, high-level EU visits to Baku and Yerevan, Washington's expanding engagement in Armenia, and shifting regional dynamics, indicate that this diversification process is already

9 United Nations Environment Programme (2024). *Caspian Sea Fluctuations and Climate Change: Coordinated research is needed to understand how climate change is impacting Caspian Sea levels.* Nairobi. Tom Wilke and Matthias Prange, *The Caspian Sea Must Not Die,* Springer Nature Research Communities, December 23, 2020, https://communities.springernature.com/posts/the-caspian-sea-must-not-die.

underway. While physical infrastructure and logistical constraints mean these alternatives cannot immediately replace the Georgian transit route, the process of developing transit paths that bypass Georgia has clearly been launched.

THE TRIPP CORRIDOR: BYPASSING THE GEORGIAN MONOPOLY

The most significant geopolitical challenge to Georgia's strategic connectivity is the emergence of the Trump Route for International Peace and Prosperity (TRIPP). Brokered by the United States during a historic trilateral summit at the White House on August 8, 2025, hosted by President Donald Trump with Armenian Prime Minister Nikol Pashinyan and Azerbaijani President Ilham Aliyev, the TRIPP project aims to construct a direct transport, energy, and digital corridor through southern Armenia, connecting mainland Azerbaijan to its Nakhchivan exclave and onward to Turkey.[10] The TRIPP agreement represents a fundamental restructuring of South Caucasus geopolitics:

- **The Ownership and Operational Structure:** In January 2026, Washington and Yerevan finalized the TRIPP Implementation Framework (TIF). This framework establishes the TRIPP Development Company (TDC), structured as a joint venture in which a private U.S. partner holds a 74% controlling stake and the Armenian government holds a 26% stake for an initial 49-year period. While Armenia retains legislative and judicial sovereignty over the 27-mile corridor running through the town of Meghri, the U.S.-backed company holds exclusive operational and development rights.
- **The "Front Office-Back Office" Model:** To resolve the highly sensitive issue of "unimpeded access" for Azerbaijani traffic without violating Armenian sovereignty, the agreement utilizes a unique operational model. Customer-facing services, ticket sales, and cargo clearance are handled on the ground by third-party private operators ("the front office"), while overall systemic security, regulatory management, and strategic control remain under Armenian authority ("the back office"), with the option to employ licensed private security contractors.
- **The Marginalization of Russia:** Crucially, the TRIPP agreement nullifies the connectivity provisions of the November 2020 trilateral cease-fire brokered by Vladimir Putin, which had placed the Russian Federal Security Service (FSB) Border Guard Service in charge of monitoring transport links across Armenia. By placing the corridor under U.S.-Armenian commercial control, Yerevan and Baku have successfully sidelined Moscow.
- **The Economic Impact on Georgia:** If completed by the target date of 2028, the TRIPP corridor will offer an alternative Trans-Caucasus rail route that is projected to cut travel times to Turkey by up to 25% compared to the existing Baku-Tbilisi-Kars railway. For the first time in its modern history, Georgia will face direct competition for transit, permanently breaking its monopoly on East-West trade.

To further support this alternative routing, the EU and Azerbaijan, in cooperation with the EBRD, launched a major feasibility study in January 2026 under the Global Gateway initiative to upgrade and restore the Nakhichevan railway segment. This project serves as a crucial infrastructural link in the broader Trans-Caspian Trade Route, cementing a second trans-Caucasus trade option that allows cargo to bypass Georgia's politically volatile network.

10 2025 Armenia–Azerbaijan Joint Declaration, U.S. State department, 08.08.2025., accessed July 21, 2026 https://www.state.gov/wp-content/uploads/2026/01/TRIPP-Implementation-Framework.pdf

Transit Corridor / Security Parameters	Comparative Advantages & Economic Opportunities	Core Vulnerabilities & Strategic Risks	Impact on Georgia's Monopolistic Transit Model
The TRIPP Rail Segment	Restores the historic 43-km Soviet-era rail link along the Arax River; estimated construction cost of $250–$400 million.	Highly contingent on the stabilization of neighboring Iran; exposed to potential cross-border military escalation.	Directly challenges the Baku-Tbilisi-Kars railway, cutting travel times to Turkey by up to 25%.
The Parallel Road Highway	Aims to build a multilane highway matching the newly constructed corridor on the Azerbaijani border.	High mountainous terrain of the Meghri region requires expensive, unfunded tunneling operations.	Diverts high-volume truck traffic away from Georgia's East-West Highway, reducing domestic transit toll revenues.
Energy & Digital Pipelines	Host state fiber-optic cables, electricity transmission grids, and a natural-gas pipeline into Nakhchivan.	High vulnerability to physical sabotage or drone strikes due to its proximity to the Iranian border.	Limits Georgia's role as the primary energy corridor, creating direct competition with the Southern Gas Corridor.
The TDC Corporate Structure	Joint Venture with a U.S. partner (74%) and Armenia (26%), managing a multibillion-dollar TRIPP Fund.	Highly exposed to shifting political priorities in Washington; lacks long-term institutional guarantees.	Shifts structural ownership from regional states to Western private actors, isolating captured Georgian state networks.
Confidence-Building Initiatives	Facilitated Azerbaijani fuel shipments to Armenia, breaking Russia's energy monopoly.	Azerbaijan demands Armenia amend its constitutional preamble regarding territorial claims before final execution.	Encourages regional bilateral integration that bypasses the need for Georgian administrative mediation.

THE ULTIMATE SIGNAL OF MARGINALIZATION: THE JULY 2026 BAKU-YEREVAN DIPLOMATIC BLITZ

The physical bypass of Georgia is no longer a prospective risk; it has become the explicit policy of the Western alliance, as demonstrated by the back-to-back, high-level diplomatic visits of European Commission President Ursula von der Leyen and Commissioner for Enlargement Marta Kos on July 1–2, 2026. Bypassing Tbilisi entirely, the EU leadership delivered a powerful geoeconomic signal of Georgia's erosion of strategic leverage:

1. **The Baku Summit (July 1, 2026):** In Azerbaijan, von der Leyen and Kos met with President Ilham Aliyev to launch the **EU-Azerbaijan Connectivity Partnership**. Backed by the **"Connectivity for Peace" investment package of up to €200 million** (designed to leverage up to €2 billion in public and private investments), the framework focuses directly on completing the Nakhchivan railway project. By financing this line, the EU is establishing a physical corridor that transports goods from Baku to Turkey via the Nakhchivan exclave, successfully bypassing Georgian territory altogether.
2. **The Yerevan Summit (July 2, 2026):** The delegation immediately proceeded to Armenia to meet with Prime Minister Nikol Pashinyan. This visit finalized the EU-Armenia Connectivity Partnership (originally signed at the historic first-ever EU-Armenia Summit in Yerevan on May 5, 2026). Under this agreement, the EU is funding major overland transit projects, including the Crossroads of Peace initiative and the TRIPP corridor. Crucially, the EU also announced Autonomous Trade Measures to liberalize 80% of Armenian exports to the EU, actively providing Yerevan with a financial cushion against Russian economic retaliation and trade bans.
3. **The Sidelining of Tbilisi:** By channeling billions in Global Gateway funding directly into Armenia and Azerbaijan, the EU is constructing a new cross-regional transit spine. This diplomatic tour proves that the West is actively routing its infrastructure around Georgia's captured institutions. For Tbilisi, the message is clear: democratic backsliding and alignment with the Kremlin have turned the country from an indispensable gateway into a geoeconomic bottleneck that must be bypassed.
4. **Aliyev in Berlin:** In July 2026, Azerbaijani President Ilham Aliyev paid an official visit to Berlin to meet with German Chancellor Friedrich Merz. The high-level bilateral talks took place at the German Chancellery, where the two leaders signed a landmark Joint Declaration on a Strategic Agenda for Bilateral Partnership. The visit focused heavily on expanding energy cooperation, specifically increasing Azerbaijani natural gas exports to Germany and Southern Europe to enhance European energy security, as well as formalizing trade along the Middle Corridor transport route. Beyond economic ties, the meeting carried significant geopolitical weight: Chancellor Merz welcomed progress on the Armenia–Azerbaijan peace process. Ultimately, the summit underscored Baku's growing role as a crucial strategic and energy partner for Germany and the European Union amid shifting regional dynamics.

As it stands, Georgia remains a crucial transit state along the Caucasus section of the Trans-Caspian International Transport Route (TITR), without which the corridor cannot function, but the ground starts to shift.

Chapter 4: THE RECONCEPTUALIZATION OF ANAKLIA: THE COLLAPSE AND THE SHIFT TO THE LANDLORD MODEL

The volatile security environment has coincided with a near-total paralysis of Georgia's domestic port development, centered around the stalled Anaklia Deep-Sea Port project, a critical nod in the Middle Corridor. Designed to be Georgia's first deep-water port capable of accommodating Panamax and Post-Panamax container vessels, Anaklia was envisioned as a transformative maritime hub that would dramatically reduce transshipment costs and bypass the shallower, congested ports of Poti and Batumi.

However, the geostrategic architecture of the project might be thrown into complete disarray in mid-2026:

- **The ICSID Arbitration Loss:** The original project developer, the Georgian-American Anaklia Development Consortium (ADC) formally concluded its long-running legal battle against the Georgian government. In 2025, the World Bank's International Centre for Settlement of Investment Disputes (ICSID) in Washington ruled in favor of the Georgian state, dismissing the consortium's multi-million dollar compensation claims.[11] While this legally cleared the path for the state to proceed, it marked the definitive end of direct Western-investor equity leadership in the port.
- **The Failure and Collapse of the Chinese Tender:** Following the 2024 tender relaunch, the Georgian government had identified a state-backed Chinese-Singaporean consortium, led by the sanctioned China Communications Construction Company (CCCC) and China Harbour Investment, as the preferred partner to acquire a 49% stake in the port. Yet, despite repeated official statements about the deal's imminent signing, negotiations quietly broke down. Confronted with Western pressure, the risk of triggering sweeping U.S. sanctions, and internal disagreements, the investment agreement with the Chinese consortium was never signed. By late 2025, rumors of a quiet Chinese withdrawal began circulating, and the 2024 tender framework officially collapsed.
- **The State Takeover and the "Landlord Port" Pivot:** On July 6, 2026, Ministry of Economy formally announced a fundamental restructuring of the project. The government has completely abandoned the single-concession investor model (the 49/51% private-public joint venture). Instead, Georgia will build Anaklia under a "landlord port model". Under this framework, the Georgian state will retain 100% ownership of the port's core infrastructure, including the land, water basin, breakwaters, access channels, and surrounding road/rail networks. Specialized international operators will then be invited to lease and manage individual container and bulk terminals under long-term agreements.
- **The $200 Million Sovereign Debt Risk:** While the government presented the landlord model as a triumph of "national interest" that allows Georgia to retain absolute ownership of its strategic gateway, the shift has introduced severe fiscal liabilities. The total project cost remains estimated at $1.1 billion. However, because the state is losing the projected $600 million in direct foreign equity investment from the Chinese consortium, the government must now find an additional $200 million in public funds to finance the construction of berths, quays, and engineering networks. Although the Ministry claimed that negotiations with international financial

11 Dutch Investor Loses Anaklia Port Arbitration Case, Civil.ge, 31.07.2025, accessed July 21, 2026 https://civil.ge/archives/695251

institutions (IFIs) had begun, critics and watchdogs warned that given Georgia's stalled relations with Western development banks, Tbilisi is highly likely to turn to Chinese state-owned policy banks. This would effectively transform the project's financial risk from private investor capital into sovereign Georgian public debt.

- **The Phase 1 Timeline and Backdoor Chinese Re-entry:** The Georgian Dream government has established a revised timeline, declaring that the first phase of the Anaklia port must be operational by 2029 (shifted forward from 2032). By shifting from an equity partnership to a terminal lease model, the government can lease individual terminals directly to CCCC or other sanctioned Chinese enterprises. Such lease arrangements are discretionary, opaque, and avoid the intense public and international scrutiny that selling a 49% equity stake would attract. This potential backdoor mechanism was welcomed by Chinese Ambassador Zhou Qian, who expressed Beijing's strong desire to see Chinese firms actively participate as terminal operators and contractors under the new landlord model.[12]

While Anaklia undergoes chaotic structural pivots, the existing ports of Poti[13] and Batumi[14] remain heavily congested, operating at maximum capacity. The $300 million Poti Port expansion project, under discussion between APM Terminals and the government since 2018, is still unresolved. Moreover, both ports operate with shallow draft restrictions (roughly 8.5 to 12.5 meters), preventing larger container vessels (Panamax or larger) from calling directly.

In 2025, the combined cargo turnover of Georgian ports and terminals (Poti, Batumi, Kulevi Supsa) reached 16.6 million tonnes, representing a 6.8% annual increase.

The operational inefficiencies and uncompetitive tariff structures, leaves the Middle Corridor's maritime leg physically constrained and highly vulnerable to manipulation.[15]

Despite being identified as a central priority for the Middle Corridor development by both the World Bank and the European Union's Trans-European Transport Network plan, the Georgian Dream appeared uninterested in furthering this priority, making little to no effort to improve Georgia's maritime and seaport capabilities.

12 Chinese Ambassador welcomes government's decision, hopes Chinese companies will be involved in projects, economic development, 1tv.ge, 06.07.2026, accessed July 21, 2026, https://1tv.ge/lang/en/news/chinese-ambassador-welcomes-governments-decision-hopes-chinese-companies-will-be-involved-in-projects-economic-development/

13 Owned and managed by APM Terminals, subsidiary of global shipping giant Maersk, handles roughly 80% of Georgia's container traffic.

14 State-owned, operations leased for 49 years since 2006 to Kazakhstan's sovereign wealth fund owned KazTransOil, a subsidiary of Kazakhstan's national oil and gas company, KazMunayGas, operates at strong capacity for dry bulk and petroleum

15 World Bank (2023). "Middle Trade and Transport Corridor: Policies and Investments to Triple Freight Volumes and Halve Travel Time by 2030". Washington, DC: World Bank.

Chapter 5: STRATEGIC CONNECTIVITY PROJECTS WITH THE EU: THE BLACK SEA SUBMARINE CABLE, EAST-WEST HIGHWAY, AND THE GREAT FUNDING FREEZE

The relationship between the European Union and Georgia regarding strategic connectivity is characterized by a profound geopolitical paradox. On one hand, the EU is deeply invested in developing infrastructure that links Europe to the Caspian and Central Asia via Georgia, viewing these projects as vital for its own energy security and supply chain diversification un-

der its €300 billion Global Gateway strategy.[16] The Global Gateway operates on six core principles: promoting democratic values and high standards, building equal partnerships, maintaining a security-focused approach, ensuring good governance and transparency, supporting green and clean transitions, and prioritizing the mobilization of private sector investments to narrow the global infrastructure investment gap.

This strategic connectivity vision was formalized under the EU's Cross-Regional Connectivity Agenda, launched at the Luxembourg Ministerial Meeting on October 20, 2025, to build resilient digital, energy, and transport connections linking Central Asia to the Southern Caucasus and onwards to the EU. To coordinate these investments and align regulatory and policy frameworks, in June 2026, the European Commission established the Connectivity Agenda Platform. The Connectivity Agenda Platform will provide a framework to link ongoing projects, fill infrastructural gaps, and streamline the Trans-Caspian Transport Corridor, where cargo trade is projected to increase fivefold over the next 15 years. To support the implementation of the agenda, the Commission has concluded statements of intent with international financial institutions to mobilize up to €2 billion for investments in transport infrastructure, border crossing points and trade facilitation across the Black Sea region and the South Caucasus. Notably, no representative of Georgia was present at this meeting of crucial importance for the country.

Yet, because of Georgia's rapid democratic backsliding and anti-Western pivot, the EU has had to balance its geoeconomic objectives with its normative values. Following European Council conclusions in late 2024, the European Commission suspended all bilateral financial assistance directly benefiting the Georgian authorities, while placing regional connectivity projects under strict, case-by-case assessment.

This friction between geoeconomic ambition and democratic conditionality has driven the strategic pivot in European planning analyzed in Chapter 3, culminating in initiatives that physically bypass Tbilisi. The launch of the "Peace through Connectivity Package" in Baku on July 1, 2026, represents the institutionalization of this bypass strategy.[17] Backed by up to €200 million in grant funding and designed to leverage up to €2 billion in total regional investments, the package establishes the EU-Azerbaijan Connectivity Partnership.[18]

A central pillar of this package is the EU's direct commitment to developing the Nakhchivan railway project, for which a feasibility study was launched in January 2026 in cooperation with the EBRD. By linking Nakhchivan directly to mainland Azerbaijan and onward to Turkey, this project physically integrates the Middle Corridor while bypassing Georgia's highly congested and politically captured logistics lines.

To consolidate these efforts, President von der Leyen announced that Baku will host a major Ministerial Regional Connectivity Investment Conference by the end of 2026 to showcase projects and mobilize private capital. Additionally, the package dedicates €20 million in "Peace Dividends" directly to border communities in Armenia and Azerbaijan for healthcare, demining, skills development, and local businesses, demonstrating how the EU is actively seeking to translate diplomatic peace on paper into practical, overland connectivity in the field.

THE BLACK SEA SUBMARINE CABLE (BSSC): A HIGH-STAKES GREEN CORRIDOR

Despite these parallel bypasses, the EU continues to advance its core flagship project within

16 Global Gateway strategy, European Commission, accessed on 21 July, 2026 https://commission.europa.eu/topics/international-partnerships/global-gateway_en

17 EU launches connectivity and communities support programmes for peace in the South Caucasus, European Commission, 01.07.2026, accessed on 21 July, 2026. https://ec.europa.eu/commission/presscorner/detail/it/ip_26_1494

18 EU launches connectivity and communities support programmes for peace in the South Caucasus, EU Neighbours East, 02.07.2026, accessed 21 July, 2026, https://euneighbourseast.eu/news/latest-news/eu-launches-connectivity-and-communities-support-programmes-for-peace-in-the-south-caucasus/

Georgian territory: the Black Sea Submarine Cable (BSSC). Conceived under the 2022 Strategic Partnership Agreement on Green Energy signed by Azerbaijan, Georgia, Romania, and Hungary, the project aims to construct a direct, high-voltage direct current (HVDC) transmission link across the Black Sea:

- **Technical Parameters:** The proposed cable will run 1,195 kilometers from the historical town of Anaklia on Georgia's Black Sea coast to Constanța in Romania. Approximately 1,100 kilometers of this route will be underwater, making it the longest submarine power cable in the world once completed. Designed to operate at ±500 kV with a transmission capacity of 1,000–1,500 Megawatts (MW), the cable's primary purpose is to import green electricity—principally generated by Azerbaijani offshore wind and solar farms—directly into the European internal electricity market.
- **The Digital Dimension:** Crucially, a fiber-optic submarine telecommunications cable will be laid parallel to the power line, significantly enhancing digital and internet connectivity between the South Caucasus and the European mainland, bypassing Russian telecommunications networks.
- **The Feasibility and Survey Milestone:** In December 2025, the European Parliament and the Council of Europe formally granted the BSSC the status of Project of Mutual Interest (PMI), making it eligible for direct EU funding and accelerated environmental permitting. In February 2026, the Romanian national transmission operator Transelectrica and the Georgian State Electrosystem (GSE) signed a comprehensive Memorandum of Understanding in Bucharest to coordinate technical implementation. This was followed by a contract signing in Milan with the Italian energy consultancy CESI, backed by a $35 million World Bank loan under its ESPIRE (Enhancing Energy Security through Power Interconnection and Renewable Energy) program, to initiate geophysical and geotechnical seabed surveys.

THE EAST-WEST HIGHWAY (E60): THE PHYSICAL SPINE OF TRANSIT

Parallel to the energy cable, the European Investment Bank (EIB) has invested over €1 billion to €2 billion in modernizing Georgia's East-West Highway (E60/E70). Stretching 410 kilometers from the Turkish border at Sarpi, through the mountainous Rikoti Pass, to the Azerbaijani border, the highway carries over 60% of the country's international trade.

Despite diplomatic tensions, construction on key sections, such as the Shorapani-Argveta section (Sovereign Project active in 2025/2026), has continued under strict EIB and Asian Development Bank (ADB) oversight, though projects remain plagued by localized geological challenges and bureaucratic inefficiency.

THE PARADOX OF THE "GREAT FUNDING FREEZE"

The geopolitical crisis in Georgia has forced the European Union into an uncomfortable position, resulting in a dual-track policy that threatens the completion of these mega-projects and the advancement of the common interests of the Eu and Georgia:

1. **The Freeze on Bilateral Assistance:** Following the European Council conclusions of June, October, and December 2024, the European Commission suspended all bilateral financial assistance that directly benefits the Georgian authorities. This includes the freezing of €121 million in immediate budgetary support and the halting of funding under the European Peace Facility (EPF).
2. **The German and Polish Interventions:** Member states have taken unilateral punitive measures. In late 2025, the German Ministry for Economic Cooperation and Development (BMZ) announced the suspension of €237 million in planned development projects with Georgia—including green hydrogen initiatives, energy transmission infrastructure, and municipal water financing in Batumi—explicitly citing the

government's harsh crackdowns on pro-European protesters. Poland followed suit by imposing travel bans on several high-ranking Georgian Dream officials.

3. **The Case-by-Case Assessment of Connectivity:** Because the BSSC and the Middle Corridor are essential for Europe's own energy independence and geopolitical resilience against Russia, the European Commission has chosen to assess regional connectivity projects on a "case-by-case" basis. While pre-accession funds are frozen, the EU continues to support the BSSC and the East-West Highway, arguing that these projects serve the "long-term strategic interests of both the European and Georgian peoples."

The implementation of this dual-track policy has resulted in the emergence of substantial strategic ambiguity. The European Union's ongoing financial support for major energy and transportation infrastructure projects, which contribute to the stability of a political regime that is increasingly authoritarian and aligned with Russia, carries a significant risk of "rhetoric capture." The Georgian Dream party has a history of leveraging European investments to assert domestic legitimacy. They present themselves to the electorate as effective managers of European integration, even as they systematically dismantle the country's democratic institutions and the remaining prospects for EU membership.

Chapter 6: THE PIPELINE AND STORAGE NETWORK: GEORGIA'S ENERGY TRANSIT INFRASTRUCTURE, CAPACITY, AND STALLED PROJECTS

Beyond physical transport and maritime terminals, the geostrategic leverage of Georgia is fundamentally tied to its energy transit corridors. For decades, Western energy security policies in the Caspian Basin depended on Georgia's readiness to host the pipelines and terminals bypassing both Russia and Iran. In 2026, this infrastructure continues to serve as a vital commercial link between the Shah Deniz and Azeri-Chirag-Guneshli (ACG) fields in Azerbaijan and consumers in Turkey and Europe. However, the current operational state of these corridors, coupled with deep vulnerabilities in domestic storage and shifting management ownerships, illustrates how Georgia's role as a reliable energy custodian might be degraded.

NATURAL GAS TRANSIT: THE SOUTH CAUCASUS PIPELINE AND NORTH-SOUTH ASYMMETRY

Georgia's natural gas transit infrastructure is dominated by two primaries, yet geopolitically opposing, pipeline systems:

The South Caucasus Pipeline (SCP/SCPX): Running parallel to the BTC oil pipeline through Azerbaijan and Georgia into Turkey, the SCP is the backbone of the Southern Gas Corridor. The pipeline's transit volumes have grown dramatically, doubling from 11.1 billion cubic meters (bcm) in 2020 to 22.933 bcm in 2025, representing an increase of 103 million cubic meters over 2024. By the first quarter of 2026, average daily gas transportation through the Georgian section of the SCP reached 63.5 million cubic meters per day, up from 60.8 million cubic meters during the same period in 2025, operating under the management of BP. The system's capacity is bolstered by the Sangachal terminal in Azerbaijan, which processes up to 81 million standard cubic meters of Shah Deniz gas daily. While the SCP represents the primary Westward diversification route, Georgia relies on receiving a 5% in-kind transit fee of the gas pumped through its territory, a crucial component of its domestic energy mix.

The North-South Gas Pipeline (NSGP): This 234-kilometer pipeline system runs from the Russian border through Georgia to Armenia, carrying Russian gas to Yerevan. Operating with a design capacity of 12 bcm per year, the NSGP transported 2.229 bcm of Russian gas in 2025, slightly down from 2024 levels. The strategic hazard of the NSGP lies in how Tbilisi has increasingly used its pipeline link with Russia to replace Azerbaijani imports. In the winter of 2025 and early 2026, Georgia imported record levels of Gazprom natural gas to balance its seasonal domestic demand, paying USD 111.6 million to Russia (representing a 26% year-on-year increase) while imports from Azerbaijan fell by 6%. This reorientation exposes Georgia's domestic power grid to direct, asymmetrical coercion from Moscow.

OIL TRANSIT: BTC DOMINANCE AND THE JUNE 2026 SUPSA TRANSITION

The oil transit network traversing Georgia is split between the high-volume Baku-Tbilisi-Ceyhan (BTC) pipeline and the under-utilized Baku-Supsa western export pipeline:

The Baku-Tbilisi-Ceyhan (BTC) Pipeline[19]: Stretching 1,768 kilometers from the Caspian Sea to the Mediterranean coast of Turkey, the BTC remains the primary heavyweight energy corridor. Since its commissioning in 2006 through the first quarter of 2026, the pipeline has transported over 4.7 billion barrels (626 million tons) of crude oil to world markets. In the first half of the year 2026, BTC transported a total of 12.7 million tonnes of crude lifted at Ceyhan, maintaining its position as an irreplaceable node for Eurasian energy flows. Oil shipments through the Baku-Tbilisi-Ceyhan (BTC) pipeline decreased by around 100,000 tonnes in June 2026 compared to the previous month, reaching 2.1 million tonnes.[20]

The Baku-Supsa Pipeline and the SOCAR Midstream Takeover: In contrast to the BTC, the 837-kilometer The Western Route Export Pipeline (WREP) aka Baku-Supsa pipeline, possessing a diameter of 530 mm and a design capacity of 7.5 million tonnes (or 115,000 barrels per day) of crude oil per year, has operated at a fraction of its capacity due to maritime safety hazards and shifting shipping logistics in the Black Sea. Before the war in Ukraine, it transported around 4 million tons of crude annually. Since 2022, operations were suspended and later resumed at a reduced volume of 0.8–1 million tons per year.

However, a major structural shift occurred on June 8, 2026, when the long-standing operating contract with BP plc expired. Operational control over the pipeline and its corresponding Supsa terminal was transferred directly to SOCAR Midstream Operations, a subsidiary of Azerbaijan's state oil company, under an agreement reached with the Georgian Oil and Gas Corporation (GOGC). The Supsa terminal, located on Georgia's Black Sea coast in the Lanchkhuti district, possesses four storage tanks with a total capacity of 160,000 tonnes. As of June 2026, the Baku-Supsa pipeline remained suspended.

In May and June 2026, strategic intergovernmental agreements were signed in Baku between Georgian and Azerbaijani officials to secure the continued transit of oil from Central Asia (specifically Kazakhstan and Turkmenistan) through the Supsa terminal to European markets.[21][22] While this transfer designed to by-

19 BTC's current shareholders include SOCAR (32.97%), BP (30.10%), MOL (8.90%), TPAO (6.53%), Eni (5%), TotalEnergies (5%), ITOCHU (3.4%), ONGC Videsh (3.1%), ExxonMobil (2.5%), and INPEX (2.5%).

20 According to the Georgian Oil and Gas Corporation.

21 According to the official press release, a package of agreements in the energy and transport sector includes "a 20-year intergovernmental agreement on the main terms of electricity supply and transit between Georgia and Azerbaijan" and "a 20-year extension of the 2003 agreement on the purchase and sale of gas from Azerbaijan," which "guarantees the security of social gas supply." In addition, the press release said the sides also signed "a protocol of the bilateral coordination council," under which "the new section of the Baku-Tbilisi-Kars (BTK) railway will become fully operational" and "daily passenger railway service between Tbilisi and Baku will resume from May 26 after a six-year pause."

22 New Operating Agreement Signed in Azerbaijan for the Georgian Section of the Baku-Supsa Oil Pipeline, 19.05.2026, accessed July 21, 2026 https://www.gogc.ge/en/article/new-operating-agreement-signed-in-azerbaijan-for-the-georgian-section-of-the-baku-supsa-oil-pipeline/642

pass Russian maritime routes could boost transit revenues, it also places the physical control of Georgia's western oil export terminal directly in the hands of SOCAR, deepening Tbilisi's geo-economic reliance on Baku.

AN EXAMPLE OF SYSTEMIC VULNERABILITY: THE STALLED SAMGORI UNDERGROUND GAS STORAGE (UGS) PROJECT

The most significant structural weakness of Georgia's domestic energy architecture is its complete lack of natural gas storage facilities. Georgia remains the only major transit state in the region unable to store natural gas to buffer seasonal demand spikes. During winter, the seasonal drop in hydropower requires massive "thermal backup" generation, with gas-fired Thermal Power Plants (TPPs) providing 19% to 20% of domestic electricity.

This creates a severe vulnerability: without storage, Georgia must buy expensive, immediate balancing gas during peak winter months, often forcing it to turn to Russian suppliers.

To address this challenge, the Georgian Oil and Gas Corporation (GOGC) initiated the Samgori Underground Gas Storage (UGS) Project. The project aimed to convert the depleted Samgori South Dome oilfield, located in the Block XI concession area 30 kilometers east of Tbilisi, into a high-pressure UGS facility.

Technical Specifications

The Samgori UGS was designed to store approximately 300 million to 400 million cubic meters of natural gas, representing 10% to 15% of Georgia's annual consumption. The project involves constructing a Central Gas Processing Station (CGPS), a dual-function compressor station, a gas metering facility, and drilling 13 new wells (including 6 for injection/withdrawal) while plugging 15 inactive oil wells. Parallel 5-kilometer twin pipelines would connect the facility to the national main gas network.

The Financing and Construction Paralysis

According to the corporation's plan, the development of engineering, design, and construction documentation was scheduled for completion by 2018, with actual construction work planned to commence immediately thereafter. The Oil and Gas Corporation's 2019 report similarly indicated that the engineering, procurement, and selection of a construction contractor for the underground gas storage facility were to occur in 2020, with project completion projected for 2024. However, the project never reached the construction phase. It subsequently emerged that out of the €150 million allocated for the gas storage facility by the German Credit Institute for Reconstruction (KfW), €120 million was reallocated by the government to fund COVID-19 response measures. In 2022 and 2024, representatives of "Georgian Dream" ultimately announced that the project had been abandoned, citing various and at times contradictory factors, ranging from financial feasibility issues to seismic risks, among others, which led to its effective cancellation even before implementation had begun. Consequently, the project, announced in 2014, costing €30 million in feasibility studies, and intended to significantly enhance energy security and independence, will no longer be realized.

Chapter 7: THE BLACK SEA THEATER: THE WAR IN UKRAINE AND THE RESTRUCTURING OF MARITIME SECURITY

The Black Sea has historically served as Georgia's primary maritime gateway, connecting its overland corridors to the European mainland. However, Russia's full-scale invasion of Ukraine in 2022, and the intense naval warfare that has persisted through 2026, have fundamentally restructured the maritime security architecture of the region. The sea has transitioned

from a shared commercial basin into a highly contested, militarized zone, injecting security risks and possible physical bottlenecks into Georgia's transit infrastructure.

THE NAVAL WAR AND SHIPPING VULNERABILITIES

The ongoing warfare in the Northern Black Sea has demonstrated the extreme vulnerability of civilian maritime logistics to modern asymmetric warfare:

- **The Drone and Missile Threat:** The deployment of Ukrainian uncrewed surface vessels (USVs) and middle-strike drones has successfully forced the Russian Black Sea Fleet to retreat from its bases in Crimea to Novorossiysk. On the other hand, Russia escalated aerial bombardments of Ukrainian port infrastructure in Odesa and Chornomorsk, while deploying floating naval mines throughout the western and eastern basins.
- **Strikes on Tankers and Caspian Pipeline Consortium (CPC) Terminal:** Following several attacks on ships carrying Kazakh oil transported via CPC to the Black Sea, on July 21, 2026, Astana announced that Kazakhstan will suspend oil shipments via pipeline to the Caspian Pipeline Consortium (CPC) terminal in the Russian port of Novorossiysk pending a full assessment of the situation. The route handles more than 1% of global oil supply and around 80% of Kazakhstan's oil exports, making it a critical artery for the country's economy.
- **Ochamchire Military Base:** Following their forced withdrawal from Crimea, Russian forces began establishing new bases for their Black Sea Fleet, whose ranks have been decimated. One of the new bases Russia is currently building is located in Ochamchire, in the occupied part of Georgia. This new base is situated in the immediate vicinity of the occupation line and various infrastructure facilities. The completion of this base will significantly alter Georgia's security architecture, seriously damaging the country's attractiveness to Western businesses, investors and developers.
- **The Mine Threat:** The Black Sea Memorandum of Understanding (MoU) on Port State Control, in its May 2026 annual report, highlighted that floating mines remain a persistent threat to commercial shipping, with several merchant vessels suffering hull damage in the Romanian and Bulgarian exclusive economic zones (EEZs). Although Turkey, Romania, and Bulgaria have established a joint Mine Countermeasures (MCM Black Sea) task force, their operations are limited in scope and cannot fully secure the eastern shipping lanes connecting Georgia's ports to Europe.
- **The Threat to Odesa:** Any potential Russian military advance that threatens to bring the port of Odesa under direct control or permanent blockade would grant Moscow complete dominance over the northern and eastern maritime trade routes, effectively turning the Black Sea into a "Russian lake" and cutting Georgia off from its principal European maritime destinations.

THE GEOPOLITICAL IMPASSE OF THE MONTREUX CONVENTION

A critical factor shaping Black Sea naval dynamics is Turkey's strict implementation of the 1936 Montreux Convention. Since the outbreak of the war, Ankara has barred the transit of all non-littoral military vessels through the Bosphorus and Dardanelles Straits. While this measure has successfully prevented a major naval international escalation, it has also restricted the ability of Western powers to provide direct maritime security escorts for commercial vessels operating in the eastern Black Sea.

Consequently, Georgia's ports are isolated from direct Western naval protection, leaving them highly exposed to potential Russian naval intimidation and hybrid operations. This isolation has prompted the European Union to pursue alternative security frameworks for the maritime basin. During the Cross-Regional Security and Connectivity Ministerial Meeting

in Luxembourg on October 20, 2025, co-chairs from the EU, Black Sea littoral states (including Romania, Bulgaria, Moldova, Turkey, and Ukraine), and Central Asian partners discussed deep maritime resilience.[23] Chief among the proposals was the establishment of a dedicated Black Sea Maritime Security Hub designed to enhance monitoring, expand coast-guard cooperation, support demining initiatives, and address the acute risks associated with the Russian shadow fleet.

While partner countries have actively engaged with this hub to protect critical subsea and surface infrastructure, Georgia's systemic and fundamental political decay has hindered its integration into these security architectures, leaving its maritime networks vulnerable and the infrastructure underdeveloped.

23 Council of the EU, Co-Chairs Conclusions on Strengthening Cross-Regional Security and Connectivity, 20 October 2025, accessed July 21, 2026 https://www.consilium.europa.eu/en/press/press-releases/2025/10/20/co-chairs-conclusions-on-strengthening-cross-regional-security-and-connectivity/

Chapter 8: THE WAR IN IRAN, THE STRAIT OF HORMUZ CRISIS, AND THE GEOPOLITICAL REPERCUSSIONS FOR THE CAUCASUS

The outbreak of military conflict in Iran, large-scale, lengthy campaign kinetic strikes on Iranian transport and energy infrastructure and the accompanying shipping crisis in the Strait of Hormuz have sent geopolitical shockwaves across the whole region, simultaneously supercharging the strategic demand for the Middle Corridor while injecting extreme volatility into the Southern Caucasus.

THE STRAIT OF HORMUZ PARALYSIS AND TRANSIT DIVERSION

The escalation of hostilities between Israel, the United States, and the Iranian regime has resulted in the de facto closure of the Strait of Hormuz, a maritime chokepoint through which roughly 20% of global petroleum and a significant portion of liquefied natural gas (LNG) and nitrogen fertilizers pass. For Georgia, still the primary Black Sea outlet for the Trans-Caspian transit network, this scenario creates an intense combination of strategic indispensability, operational overcapacity, and heightened security vulnerability. The enforcement of aggressive transit regulations by Iran, combined with drone and missile strikes on commercial shipping, has forced global logistics to seek overland alternatives:

- The Fertilizer and Energy Shock: With 25–35% of the global fertilizer supply blocked in the Gulf, international agricultural markets have faced severe pricing shocks. To mitigate this risk, multinational corporations and regional powers have rushed to diversify their supply chains, viewing the Middle Corridor as one of the key alternative pathways.
- A paralyzed Strait of Hormuz renders the International North-South Transport Corridor (INSTC), which links Russia to India via Iran, functionally useless for maritime trade. Goods previously shipped via Iranian ports (like Bandar Abbas) are redirected north and west toward Black Sea ports. Georgia might be compelled to absorb redirected transit demand from neighboring trade ecosystems seeking access to European and Mediterranean markets.
- The abrupt surge in transshipment demand places immense strain on Georgia's transport infrastructure. Railway throughput along the Baku–Tbilisi–Kars (BTK) line,

capacity limits at the ports of Poti and Batumi, and delayed developments around deep-water port capacity (such as Anaklia) shift from minor regional logistics concerns to immediate global supply chain bottlenecks.

- As Persian Gulf oil and Qatari LNG face severe maritime export barriers, alternative non-Gulf energy corridors gain significant premium status. Georgia's existing transit infrastructure, such as the Baku–Tbilisi–Ceyhan (BTC) oil pipeline and the South Caucasus Gas Pipeline, becomes even more central to European energy security, increasing Georgia's diplomatic leverage with Western energy importers.
- The Aviation Rerouting: The skies over Iran and the Persian Gulf have become active combat zones. A glance at global aviation tracking databases reveals a massive concentration of civilian flights being diverted away from Iranian airspace, rerouting instead through the secure airspace of the South Caucasus and over the Caspian Sea. This dramatic shift has elevated the strategic importance of the airspace managed by Azerbaijan, Armenia, and Georgia.

THE PARADOX OF EXPOSURE

While the Iranian crisis has elevated the value of the Middle Corridor, it has also exposed the acute physical vulnerabilities of the regional states:

1. **The Humanitarian and Evacuation Pressure:** During the initial phases of the military strikes on Iran in early 2026, the South Caucasus emerged as a vital humanitarian escape route. Azerbaijan and Armenia facilitated the overland evacuation of thousands of foreign nationals escaping the conflict zone. The Astara border crossing between Iran and Azerbaijan alone processed hundreds of evacuees daily, highlighting the region's role as a frontline border zone.
2. **The Direct Threat to the TRIPP Corridor:** The primary geopolitical casualty of the Iranian conflict might be the TRIPP corridor itself. The planned 27-mile rail and road link runs directly along the Arax River, in immediate physical proximity (often 30–40 meters) to the Iranian border. Geopolitical analysts note that the war in Iran has made physical construction along this border highly dangerous. Iran has repeatedly threatened to target Western-backed infrastructure on its northern frontier, with senior advisers to the Iranian leadership warning that the TRIPP corridor would become a "graveyard" for Western operators. Consequently, while the crisis has increased the demand for TRIPP, it has simultaneously paralyzed its physical implementation, keeping the project in a state of suspended animation.
3. **Authoritarian Air Corridor:** While Georgia is not directly contiguous with Iran, its strategic position might be further exploited. In late 2025 and early 2026, independent military analysts documented several transits of Russian transport aircraft through Georgian airspace en route to Iran. These transits suggest that Georgia's airspace might be utilized to sustain an authoritarian military supply chain linking Moscow and Tehran.

The protracted paralysis of Hormuz might transform Georgia from a regional transit player into a primary regional transit bottleneck. Its long-term strategic benefit will depend entirely on how rapidly it can expand port and rail capacity while maintaining geopolitical stability along its corridor.

The War in Iran has thus created a complex geopolitical paradox for Georgia: it has supercharged the demand for alternative East-West transit, but it has also elevated the security risks of the entire region, making it a potential target for spillover violence.

CONCLUSION

The strategic connectivity of Georgia has evolved from an asset of global commerce and economic development to a primary arena of geopolitical competition and authoritarian consolidation. The nation of Georgia has undergone a substantial deterioration in its domestic political environment under the rule

of the "Georgian Dream" regime. The present regime's actions, which include the systematic capture of state institutions, the criminalization of civil society, and the suppression of political opposition, indicate a clear breach of the historical covenant with the Euro-Atlantic community.

This domestic drift is occurring concurrently with a period of heightened regional volatility. The ongoing war in Ukraine and its naval component in the Black Sea have disrupted traditional maritime routes, while the war in Iran and the Strait of Hormuz crisis have led to a significant increase in demand for alternative transit routes between Europe and Asia. However, the political alignment and stagnant infrastructure of Georgia have impeded the nation's capacity to function as a secure and reliable custodian of these flows.

The pivotal factor in Georgia's appeal as a critical node in strategic connectivity pertains to its function as an alternative to existing corridors through Russia, while ensuring the safeguarding and privileging of Western interests. This assertion is particularly salient in the context of projects and capabilities within the domains of logistics, energy, and transportation. At present, no objective advantages exist in Georgia that would make it an indispensable and unrivaled destination, due to economic and geographic factors. In this context, it is imperative for Georgia to maintain its complete geopolitical autonomy from Russia and re-establish its role as a critical stakeholder in Western interests within the region. Absent these factors, both Central Asian and Western countries will be compelled to seek alternative solutions. The development of the TRIPP project and Brussels' active engagement with Baku and Yerevan demonstrate that this process has already begun. The implementation of these initiatives demonstrates that Georgia's Western partners are actively exploring new and alternative ways to connect the resource-rich Central Asia and the Caspian basin as well as global transport corridors directly to European markets (via Armenia and Turkey), rather than relying solely on Tbilisi, which has proven to be an unreliable and unpredictable partner.

It will be imperative for any democratic political force in power in Tbilisi to reverse the current anti-Western dynamic as quickly as possible and to reaffirm itself without delay as a safe democratic haven, shielded from any autocratic influence—whether Russian, Iranian, Chinese, or otherwise. Failure to do so will result in the country's inability to effectively integrate into the global economy and its definitive absorption by the region's assertive revisionist powers.

Concurrently, the preservation of Georgia's status as a democratic, pro-Western anchor of the region is in the vital interest of its European and American allies. This would ensure the re-establishment of reliable and profitable transport and energy East-West corridors, while concurrently establishing an effective control on the north-south axis of direct connection between Russia and Iran. Furthermore, enhanced collaboration between the Caspian Basin countries and the West would reroute these resources toward global and European markets. This would prevent Russia and China from acquiring those resources in an exploitative manner, thereby conferring upon them an additional advantage over the West in the acute and persistent geopolitical competition.

Friends and allies of Georgian democracy and its European future should therefore support and assist the country's democratic, pro-Western forces to help them survive and prevail against authoritarian challenges. The timeframe for averting the consolidation of a resilient Kremlin client state along the Black Sea is rapidly diminishing. A common success would serve to protect long-term Western interests in this crucial region of global connectivity, uphold the European Union's credibility in its own neighborhood, and provide Georgia's pro-Western citizens with a pathway back to the democratic family of nations.

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