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State of affairs in Georgia 2026

The escalation of aggressive Russian sabotage across EU member states and the UK, compounded by the conflict in Iran, has fundamentally recalibrated the strategic stakes in the Black Sea region, transforming Georgia from a localized democratic project into one of the most critical, yet highly vulnerable, chokepoints for Western security. In just 24 months, Georgia has undergone a lightning-fast de-sovereignization, evolving into a Russian proxy regime that now threatens to become a logistical appendage for the Russia-Iran revisionist axis. This is no longer merely a domestic crisis of democracy; it marks the impending closure of the sole viable corridor connecting the West to Central Asia that bypasses both Moscow and Tehran. Left unopposed, it threatens to transform the region into a new safe haven for actors explicitly hostile to Western democracies.

Under the unchecked rule of oligarch Bidzina Ivanishvili, Georgia has consolidated an authoritarian regime with a speed that outpaces even its mentors in the Kremlin. The collapse began in earnest following the fundamentally flawed parliamentary elections of November 2024, characterized by systemic fraud and violence. By unilaterally suspending EU accession until 2028, the "Georgian Dream" (GD) government effectively tore up Article 78 of its own Constitution, signaling a definitive pivot toward the Russian sphere of influence—a move publicly lauded by Vladimir Putin as a display of "courage."

The domestic cost has been staggering. For over 500 days, Georgian citizens have maintained a heroic daily resistance despite a campaign of state-sponsored violence and intimidation. More than 600 people have been arrested on administrative charges over the past year. Per Amnesty international, at least 300 of them were tortured or otherwise ill-treated during their detention, more than 80 people were hospitalized with serious injuries. 57 demonstrators and ordinary citizens were sentenced to lengthy prison terms. Since October 2025, a further 66 people have been arrested and are awaiting sentencing. As of early 2026, Georgia holds more political prisoners per capita than Russia. A number of major pro-Western opposition leaders are currently incarcerated on bogus charges. Reports, including a December 2025 BBC investigation into the use of military-grade chemical compounds against protesters, highlight a regime that has moved beyond standard riot control into the realm of war crimes against its own people. This led 24 OSCE member states to invoke the Moscow Mechanism in January 2026 to investigate these atrocities. The bipartisan leaders of the US Helsinki Commission have called on the US government and its democratic allies to verify the information revealed by the BBC investigation.

In its 24-page opinion published on 13 October 2026, The Venice Commission thoroughly dismantled the repressive legislation adopted by the ruling Georgian Dream party in 2025 (including amendments to the Law on Grants, Law on Political Associations, Criminal Code and Administrative Offenses Code, aka "foreign agents law"), rejecting the regime's official justification that the measures protect national sovereignty. Instead, the Council of Europe's constitutional law body characterizes the package as a disproportionate, systemic attack on democratic pluralism, fundamental freedoms, and the viable existence of an organized political opposition.

In a fatal blow to political pluralism, the Georgian Dream regime filed lawsuits with the Constitutional Court in September and October 2026 to systematically ban five major pro-Western opposition parties. This active attempt to establish a one-party state mirrors the political landscape of Belarus and effectively eliminates the democratic process in the country.

The current situation is also an existential threat to the Euro-Atlantic security architecture. More than 300 representatives of the Georgian Dream party, including Bidzina Ivanishvili & its associates have been sanctioned by US, UK, EU member states and other Western countries, but the consolidation of the autocracy continues. Without a decisive, pro-Western democratic restoration in Tbilisi, the EU and its allies will find themselves permanently locked out of the region they were invested for decades. A democratic Georgia is not just a moral preference; it is the sole strategic anchor capable of preventing a total Russo-Iranian monopoly over one of the world's most critical energy and transport corridors. The UK and the EU must acknowledge that the front lines of the defense of Western Strategic interests now also run through Georgia.

GEOPOLITICAL IMPLICATIONS OF AUTHORITARIAN CONSOLIDATION

As expected, the oligarchic State Capture and the resulting authoritarian shift did not escape the attention of Russia and other revisionist powers eager to grab hold of a country once considered a pillar of Western interests in the region. Moreover, the December 2024 suspension of the US-Georgia Strategic Partnership Charter and the sanctioning of *Bidzina Ivanishvili* by the U.S. Department of the Treasury's Office of Foreign Assets Control under the Russian Harmful Foreign Activities Sanctions for human rights abuses and undermining the democratic and European future of the Georgian people "for the benefit of the Russian Federation" revealed disturbing and alarming reality behind once declarative pro-western facade of the Georgian Dream.

EU-Georgia relations at the lowest: As of October 2026, the relationship between Georgia and the EU regarding travel has reached its most critical point since visa liberalization began in 2017. While the general population can still travel visa-free, the EU has begun taking targeted steps that signal a potential total suspension. In a major shift, the EU member states voted on February 11, 2026, to suspend visa-free travel for holders of Georgian diplomatic passports. The European Commission's December 2025 report explicitly warned that if democratic backsliding continues, the suspension could be extended to the entire population. The EU has cited "systemic and deliberate" backsliding on the benchmarks that originally granted Georgia visa-free access. In July 2026, marking another negative milestone in the EU-Georgia relations, the EU included Kulevi oil refinery in its 21st sanctions package against Russia following concerns over its handling of Russian crude oil & potential role in sanctions evasion. Under the measures, the EU introduced a transaction ban targeting the entity, accompanied by a six-month grace period before full restrictions take effect to allow operators to cease processing Russian crude and align with compliance standards. In her intervention at the EU Foreign Affairs Council meeting on October 12, 2026, EU High Representative Kaja Kallas stated that democratic backsliding in Georgia is worsening, accusing the ruling party of systematically depriving its citizens of a European future. She also admitted that the EU's current policy toward Tbilisi is ineffective and announced that foreign ministers will hold an in-depth debate on the matter in January.

Moscow is keen to reap the rewards of its efforts and the resources invested in establishing effective political control over its once pro-Western southern neighbor. The change in the status quo also attracted Iran and China, eager to exploit the long-awaited opening in this strategically important area for Tehran and Beijing.

RUSSIA: FROM INFLUENCE TO CONTROL

Based on the geographical, cultural, and historical specifics of Georgia, Russia has traditionally used security, economic/ trade, ideological, and religious issues to leverage its influence on Georgian politics. Since the Georgian Dream came to power in 2012, Moscow has achieved significant results in all of these areas, but this trend has accelerated considerably since Putin's Russia's full-scale invasion of Ukraine.

The Georgian Dream's readiness to exacerbate this phenomenon became particularly apparent after February 2022, when Georgian Dream openly departed from the Western approach of isolating Moscow for its criminal actions, instead choosing to increase trade and restore flights to Russia. At the same time, Georgian Dream and propaganda outlets started to actively promote conspiracy theories, claiming that the West was attempting to drag Georgia into a war with Putin and was pushing Tbilisi to open the "second front".

The alarming level of Russian multifaceted influence was evidenced by the unprecedented *sanctions imposed by the US State Department on Bidzina Ivanishvili* himself and his closest confidant and former Prosecutor General of Georgia, *Otar Partskhaladze (as of 2026, Partskhaladze is wanted by Georgian justice for a criminal investigation.)*. Both were designated by the US as people enabling and aiding Russian interests in Georgia. *The US named an FSB officer handling Partskhaladze*, further lifting the veil on the dealings between the Georgian Dream regime and Russian special services.

KEY ASPECTS OF GEORGIA'S ECONOMIC DEPENDENCE ON RUSSIA

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. Additionally, Russia remains the largest grain supplier to Georgia. **Tourism & Remittances:** 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. **Russian Business Presence:** As of November 2025, the number of Russian-owned companies in Georgia reached a historical maximum of 46385, 640% increase in 2021-2025. In 2024, Georgia was ranked 2nd after Thailand in the ranking of real estate purchases by Russians abroad. Foreign citizen deposits in Georgian banks as of April 2025 total GEL 9.3B ($3.3B), with GEL 3.44B or 37% of those belonging to Russians.

ENERGY DEPENDENCE

Natural Gas: Russia is also an important provider of natural gas, with Georgia sourcing its gas exclusively from Azerbaijan and Russia, with noticeable shifts in supply dynamics. 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%. **LPG:** Georgia is highly dependent on Russia for liquefied petroleum gas (LPG), with Russia supplying virtually all of Georgia's LPG imports in recent years. This dependency has increased sharply in recent years attaining 99% of all imports by early 2026, making Russia the dominant, and almost exclusive, external source of LPG for Georgia. **Oil:** 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. **Electricity:** While Russia remains a significant electricity supplier to parts of Georgia, especially Abkhazia, Georgia's overall dependence on Russian electricity imports for its domestic consumption is marginal, and the country maintains a substantial degree of energy independence in electricity.

Although the Georgian Dream is now more open about its pro-Russian policies and inclinations, Moscow still regards the GD as a vassal rather than a partner. While the Kremlin periodically acknowledges the GD's implementation of Russia-friendly policies or adoption of Putin-style legislation, it offers little or nothing in return.

SANCTION EVASION

Upon closer examination of the policies of the Georgian Dream regime during the three years since Russia's full-scale military aggression against Ukraine in the context of the subsequent economic sanctions and trade restrictions imposed on Moscow, it appears that they play a *multifaceted role in the broader sanctions evasion ecosystem* alongside China, Central Asian countries etc.: "Destination washing" for transit of goods which are ultimately bound for Russia (For example, in 2024, Georgia's exports to Kyrgyzstan reached USD 1.29B, an 86% increase year-on-year and more than 6900% increase between 2022 and 2025 since the start of the full scale war in Ukraine; The diversion of dual-use goods (for instance, microchip imports to Georgia increased by an extraordinary 33,725% in a single year, rising from just 375 units in 2021 to 130,140 units in 2022; relocations and hosting of Russian businesses (640% increase to 46385 Russian-owned companies in 2021-2025; 37% of all foreign deposits in Georgian banks are of Russian citizens.

From 2022 to 2026, there was a significant and sudden surge in re-exports of oil and oil products from Georgia. Following Russia's fulls-

cale invasion of Ukraine, exports of oil and oil products to European countries, including Spain, the Netherlands, and Greece, increased significantly, reaching 170,000 tonnes by the end of 2025. Georgia's annual domestic oil production remains minimal at 35,000–40,000 tonnes. A recent investigation by the Georgian independent media outlets revealed that Russian oil and petroleum products are reaching sanction-compliant countries through Georgia, where their origin is disguised. 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).

A recent development in the relationship between Russia and Georgia serves as an example of the nature of the relationship between Georgia's ruling regime and Putin's Russia. In October 2025, Russia officially began shipping oil to a newly built refinery in Georgia. The brand new Kulevi oil refinery, which was built with the participation of state investment funds, was inaugurated by the Georgian Dream prime minister, *Irakli Kobakhidze*. *Levan Davitashvili*, the former Georgian Dream deputy prime minister and minister of economy, is the chairman of the board. The refinery was constructed and is operated by Black Sea Petroleum, a company formed specifically for this project in 2022. Perhaps more troubling than the reception of Russian oil itself, was the information uncovered by investigative journalists shortly afterwards. According to media reports, the Georgian owners of Black Sea Petroleum have a close business relationship with the son of *Lieutenant-General Alexeyev, acting Deputy Chief of the GRU* (Russian Military Intelligence), through their joint ownership of the Russian oil transportation company CDO-Logistics. Alexeyev came to public attention during the so-called 'Prigozhin mutiny', when the infamous *Wagner Group* marched towards Moscow. Notably, the first shipment to the newly inaugurated refinery originated from RussNeft, a Russian oil company at which General Alexeyev's son was employed prior to establishing his own businesses. In December 2025, the Georgian Dream prime minister, *Irakli Kobakhidze* signed a decree allocating

$8.2M from the Georgia's Development Fund to the refinery. Finally, in July 2026, the Kulevi Oil Terminal was included in the EU's 21st sanctions package due to its role in transporting Russian oil and servicing "shadow fleet" tankers, but with a grace period of 6 months to cease sanction evasion activities, block sanctioned vessels and strictly adhere to international oil price caps.

The expansion of Russian-owned entities and the scale of capital flows, the structure of Georgian export-import, the statistical anomalies in dual-use product trade and the overall dynamics of the Georgian economic growth since February 2022 indicates Georgia's emerging role as a critical node in sanctions evasion ecosystem.

In January 2026, an investigation by the Finnish broadcaster Yle revealed that a key intermediary in a global network used by Russia to circumvent international sanctions was operating out of Tbilisi. Arnika Trade LLC had facilitated the shipment of engine spare parts manufactured by the Finnish company Wärtsilä to Russia. Arnika's only client is Elite Shipping, a Russian company with ties to Prime Shipping, one of Russia's major oil and petroleum product carriers. These components are used to maintain Russia's 'shadow fleet', which is crucial for transporting and exporting Russian oil despite global restrictions.

CHINA - NEW OPENING AT THE BLACK SEA

Since the mid-2010s, China and the Georgian Dream government have considerably widened their bilateral relationship, elevating it to a strategic partnership and broadening cooperation across political, economic, and cultural spheres. The Belt and Road Initiative emerged as a game-changer in this equation, generating greater Chinese interest in the Black Sea–Caspian Sea transit corridor. The strategic partnership agreement between Georgia and China, signed in 2023, appears to mark a turning point in the relationship, with the aim of significantly deepening cooperation. Previously, the Free Trade Agreement between the countries was signed in Beijing in 2017, Georgia being the 1st country in the region having signed such an agreement with China. Following the visa-free agreement and the expansion of direct flights by both countries, there was a noticeable rise in Chinese tourist arrivals (+83% in 2024) and an increase in Chinese business activity in Georgia (a record 291 new Chinese companies were registered in 2024 in Georgia). Furthermore, the central banks of both countries are actively working to strengthen ties, particularly in monetary policy collaboration.

On February 12, 2026, the National Bank of Georgia (NBG) announced it had gained direct access to the China Interbank Bond Market (CIBM), marking the first time it can invest directly in Chinese yuan-denominated securities. This follows a memorandum of understanding NBG signed with the People's Bank of China (PBOC) in 2025. While the NBG frames this as a "standard diversification strategy," the timing and context suggest it is a signal of Georgia's shifting position, especially following the adoption of controversial legislation mirrored on Russian models. By deepening financial ties with Beijing, Georgia may be signaling a hedge against Western political pressure. If the EU or U.S. were to consider financial sanctions or conditionality on aid in the future, having reserves in a non-Western system (and a direct line to the People's Bank of China) provides a degree of "sanction-proofing." By joining the China Interbank Bond Market (CIBM) and opening accounts directly with the PBOC, the NBG is participating in a parallel financial infrastructure designed to bypass traditional Western-dominated rails like SWIFT or U.S. dollar clearing.

Infrastructure and Strategic Projects: Chinese companies, including state-owned enterprises, are particularly active in implementation of large-scale infrastructure projects in Georgia. As is typical for China in developing countries, its involvement in Georgia has been largely extractive, centered on implementing large-scale road infrastructure projects which are often funded by loans taken by the Georgian government (i.e., to be paid back by Georgian taxpayers) and often from China itself. The actual economic impact of Chinese investment in Georgia remains minimal.

Highways, Tunnels, Bridges: China Railway 23rd Bureau Group, subsidiary of China Railway Construction Corporation Ltd. (CRCC), is engaged in building a main highway in Georgia, part of the Middle Corridor international project, as well as in construction of North–South Corridor (Kvesheti–Kobi) Road Project. China Railway Construction Corporation Limited is included in the U.S. Treasury's NS-CMIC List, subjecting it to investment prohibitions. In 2020, the United States Department of Defense listed CRCC as a Chinese military company under Section 1260H, indicating its association with China's military-industrial complex. Another Chinese company involved in the construction of North–South Corridor (Kvesheti–Kobi) Road Project is the China Railway Tunnel Group (CRTG) is also blacklisted by the US DOD for its ties to the Chinese military and sanctioned by the World Bank in 2019. Other Chinese companies involved in major infrastructure projects in Georgia include Guizhou Highway Engineering Group Co, China State Construction Engineering Corporation, Hunan Roads and Bridges Construction Group LLC, Sinohydro LLC Corporation and others.

Surveillance Technologies: Georgian Dream government widely adopted and put in use Chinese surveillance technologies including surveillance cameras; an estimated 70–80% of Georgia's state institutions are equipped with them; majority of these cameras, operated under state control, are produced by two Chinese companies under international sanctions: Hikvision and Dahua Technology (subjects to Chinese laws, including the 2017 National Intelligence Law, which mandates companies to cooperate with the Chinese government). Out of the 46 procurements made between 2019 and 2024, 26 instances involved cameras procured by Georgian institutions manufactured by Hikvision.

Notwithstanding the assertive optimism, this fledgling relationship with China has been predominantly one-sided, with Beijing primarily employing it as a strategic instrument to augment its influence in the region.

IRAN – RAPIDLY EVOLVING RELATIONSHIP

As the war in Iran escalates Georgia might cease to be a mere observer and become a high-stakes logistical and intelligence sanctuary for the Russia-Iran revisionist axis.

The political alignment is no longer subtle. Prime Minister Irakli Kobakhidze's attendance at high-level ceremonies in Tehran alongside leaders of Hamas and Hezbollah, following the death of Ebrahim Raisi and the inauguration of Masoud Pezeshkian, signaled a powerful move toward the Iranian orbit. This rapprochement is underpinned by a 510% surge in Iranian company registrations since 2012, with over 12,800 firms now operating in Georgia. Investigators have noted a "clustering" pattern where hundreds of firms are registered at a single address, a classic hallmark of sanctions-evasion networks. Many of these entities, linked to the IRGC, serve as essential nodes for their illicit economy.

The security implications are catastrophic for the US and NATO, especially after the start of the war in Iran and crisis in the strait of Hormuz. In March 2026, the detention of a Georgian national in Crete for spying on a critical U.S. naval base—linked back to operatives in Dmanisi, Georgia—exposes how the country is being used as a platform for hostile intelligence. Meanwhile, Georgia's State Security Service has opened a probe into public statements by experts, critics, and opposition figures about alleged recruitment practices by Iran in Georgia, saying it is examining the "contents" and "motives" of those allegations. The agency has summoned several politicians and public figures—including the former Chief of the Joint Staff of the Georgian Armed Forces—for questioning as part of the probe, once again highlighting the depth of Iranian influence within the Georgian state apparatus.

Recent revelations regarding Iran's multifaceted influence underscore how aggressive regional powers are rapidly filling the strategic void left by receding Western interests in this pivotal region.

Tehran's "soft power" further cements this grip. The continued operation of the Al-Mustafa International University in Georgia, a U.S.-sanctioned institution used for recruitment and radicalization, provides the ideological infrastructure for this projection.

The growth of Iranian influence is often viewed as a "package deal" with Russia. As Georgian Dream's relations with the West have soured, Tbilisi has sought security and economic guarantees within a Moscow-Tehran framework, moving away from the Black Sea security architecture previously anchored by the US and NATO.

With the onset of the war in Iran, what was long suspected has become undeniable: Tehran has exploited Georgia's increasingly permissive environment to embed a sophisticated infrastructure of influence. This hybrid apparatus seamlessly merges religious indoctrination and political cooptation with systemic economic penetration and media propaganda, effectively weaponizing Georgia's strategic geography to serve Iranian interests and undermine Western region al capabilities.

CONCLUSION

It is of utmost importance for allies of Georgian people and democracy to correctly identify the disturbing processes underway in Georgia. The rapid consolidation of autocracy, confrontation with Western allies, and rapprochement with Russia, Iran and other anti-Western powers should not be misidentified for a policy misstep or a political manoeuvre to claw onto power. The 2024–2026 period made it abundantly clear that Georgia's rapid descent into authoritarianism and self-imposed confrontation with its Western allies is rather a profound reconfiguration of its domestic and international policies, which will affect its future trajectory and regional geopolitics for many years to come. An isolated Georgia, left in the hands of the authoritarian regime and pro-Russian forces, will be compelled to fully submit to Moscow and become a vital part of Russia and Iran's strategy to exclude Western interests from the Black Sea region and transform it into an area under the exclusive influence of aggressive revisionist powers. This would effectively suppress the last remaining East-West corridor beyond their control. Georgia is not only on the brink of a geopolitical precipice; it is also facing an existential threat under an authoritarian regime. A democratic restoration in Georgia is now a prerequisite for U.S. national security. Without a pro-Western government in Tbilisi to shutter the "shadow fleet," close the intelligence loopholes, and secure the energy corridors, the U.S. effort to neutralize the Iranian threat will be systematically undermined from within the Caucasus. The frontlines of the defense of American strategic interests are not confined to the Gulf; they are also being contested on the streets of Tbilisi and in the ports of the Black Sea.

WHAT SHOULD BE DONE?

Against a backdrop of rapidly escalating geopolitical confrontation, the EU and the UK must project decisive resolve. Brussels and London must demonstrate that actors orchestrating the dismantling of Georgian democracy and its conversion into a Russian proxy state will face severe, tangible penalties. Recent precedents confirm that precisely targeted, calibrated sanctions exert a powerful chilling effect on regime actors, effectively constraining the state's repressive apparatus and raising the personal cost of authoritarian compliance.

The EU Council must rapidly implement (and the UK Foreign, Commonwealth & Development Office (FCDO) should follow up) the October 8, 2026 European Parliament Resolution (RC-B10-0443/2026). This requires imposing comprehensive asset freezes, financial embargoes, and travel restrictions on the key architects driving Georgia's authoritarian consolidation.

The UK and the EU must leverage their regulatory authority over offshore financial jurisdictions (the British Virgin Islands, the Cayman Islands etc.) to identify and freeze corporate holdings, shell companies, and trust funds controlled by regime elites and their associates. Expanding upon the UK's 2025 sanctions against regime officials to explicitly target their financial lifeblood is vital to dismantling the oligarchy's structural power.

Western authorities must institute aggressive secondary sanctions against any logistical, commercial, and financial entities in Georgia actively facilitating Russian sanctions evasion. Closing these illicit corridors will sever vital revenue streams and isolate complicit actors.

While freezing official ties with GD leadership, the EU and UK must establish emergency support mechanisms to directly sustain Georgia's embattled civil society, human rights defenders, and independent media. Constructing this parallel support system is essential to reinforcing democratic resistance against attempts to institutionalize a Kremlin-aligned, one-party dictatorship.

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