

Iran and Georgia relations in the contemporary Caucasian dynamics

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Abstract in English

While Iran and Georgia maintain diplomatic relations, there are several challenges that have limited their ability to develop a stronger and more cooperative relationship. On the one hand, Iran and Georgia have had historical cultural and economic ties, and both countries have expressed interest in developing closer relations. On the other hand, Georgia's close relationship with the United States, which has imposed economic sanctions on Iran, and Tbilisi's confrontation with Moscow, which is a strategic partner for Tehran, have undermined the Iranian-Georgian relations. This paper wants to examine the current status of Tehran-Tbilisi relations and assess possible future geopolitical scenarios concerning these two actors and the regional Caucasian dynamics.

Keywords: Iran, Georgia, geopolitics, Caucasus, United States, Russia

Abstract in Italiano

Anche se Iran e Georgia mantengono e loro relazioni diplomatiche, sono diverse le sfide che limitano le possibilità che i due paesi sviluppino una cooperazione maggiore. Da un lato, infatti, Iran e Georgia hanno per secoli avuto rapporti economici e culturali ed entrambe le parti hanno espresso la volontà e interesse nello sviluppare una cooperazione maggiore. Dall'altro lato, invece, la collaborazione e vicinanza della Georgia con gli Stati Uniti, attore che ha imposto le sanzioni ai danni dell'Iran, e lo scontro esistente tra Tbilisi e Mosca (con cui invece Teheran ha rapporti strategici e privilegiati), hanno limitato e minato le relazioni iraniane-georgiane. Questo paper si prefigge come obiettivo quello di esaminare l'attuale situazione delle relazioni tra Teheran e Tbilisi e stimare possibili scenari futuri geopolitici inerenti questi due attori e in ottica regionale caucasica.

Parole chiave: Iran, Georgia, geopolitica, Caucaso, Stati Uniti, Russia

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Introduction

In the Eurasian geopolitical chessboard, Iran and Georgia are two countries that have experienced alternate relations, although the two nations share a history of cultural and commercial ties.

Georgia was once part of the large Persian Empire: Iran has played a significant role in the development of Georgia by contributing to its architecture, literature, poetry, and educational system. In response, Georgia has been an important gateway for the Persian world to Europe and beyond. The interconnection between Georgia and Iran is tangible in Tbilisi's Old Town where it is possible to appreciate the Persian influences in the city's architecture.

Periods of cooperation and enmity have characterised the relations between these two nations, while their geographical location has played a significant role in shaping their dynamics.

In the post-Soviet era, the two countries have witnessed fluctuations in their relations, from friendly to hostile, depending on their geopolitical priorities. As Georgia established closer ties with the West, its relations with Iran became more strained. Tbilisi challenge is balancing between the goal of becoming a European country and be part of the Euro-Atlantic structures and have good relations with the nearby Islamic Republic of Iran.

Territorial dispute over the autonomous region of South Ossetia has influenced Tehran-Tbilisi relations. Iran has supported the territorial integrity on this issue and has called for resolving the dispute through peaceful means. However, the relations between the two states have changed after the 2008 Russo-Georgian War, which led to Russia's recognition for South Ossetia's independence.

Considering the strategic role that the South Caucasus has in the Eurasian geopolitical chessboard and recent regional changes because of the 2020 Nagorno-Karabakh Conflict, the Ukraine conflict, and the affirmation of a multipolar world, this paper wants to assess the current status of Tehran-Tbilisi relations as well as possible future developments.

Indeed, even though less studied than the Armenian-Iranian or the Azerbaijani-Iranian relations, Tehran evaluates Georgia as an important South Caucasian actor because of its strategic position on the Black Sea.¹

Currently, Georgia is the focus of international attention and is perhaps facing the most perilous confrontation in its history as a small Caucasian state. In the last years, especially after the beginning of the Ukraine conflict and the rise of US-China confrontation, the Georgian territory has become a "geopolitical battleground" where different interests from regional

¹ Javad Heiran-Nia, Mahmood Monshipouri, «Raisi and Iran's Foreign Policy Toward the South Caucasus», *The Muslim World*, Vol. 113(1-2), 2023, pp. 120-139.

and international powers collide: indeed, the US-Russian and European-Russian confrontation, the Turkish-Russian's ambitions in the Caucasus, and the Chinese *Belt and Road Initiative* have influenced Tbilisi's domestic and foreign policies.²

Looking at the map, it is undeniable that Georgia is at the crossroads of Europe and Asia, bordering Russia to the north, Turkey and Armenia to the south, Azerbaijan to the east, and the Black Sea to the west. Its location makes it an important transit country for energy resources, as well as a strategic gateway for trade between Europe and Asia. The strategic position and its internal market have made Georgia an interesting market for foreign direct investments (FDIs) in energy, tourism, IT and communications, banking, health, and real estate.³

In addition, the geopolitical importance of Georgia is multifaceted and can be traced to its historical legacy as a former Soviet republic that has attempted to transit to democracy and a Western-oriented foreign policy. Although the country is still facing domestic problems related to democracy, freedom, and the acceptance of Western value, Georgia has the potential to serve as a partner for the United States and the European Union countering the Iranian and Russian strategy in the South Caucasus.

Iran and Georgia economic cooperation and trade volume

Over the past several years, Iran and Georgia have been steadily increasing their bilateral trade turnover. The Iran-Georgia Chamber of Commerce has played a key role in promoting and facilitating trade between the two countries.

As of 2021, the trade turnover between Iran and Georgia has exceeded 285 million dollars. This marks a significant increase from just a few years ago when the trade volume was much lower. In 2022, Georgia exports to Iran reached the total amount of 29.7 million dollars, a volume bigger than the previous year (25.6 million dollars).⁴

One of the main drivers of the increasing trade between Tehran and Tbilisi is the geographic location of the two states. Georgia serves as a crucial transit point for Iranian goods heading

² Taniel Putkaradze, «Some Aspects of the Geopolitical Strategy of Georgia (On Politicization of the Kartvelological Studies)», *Causes of War Prospects for Peace*, Georgian Orthodox Church & Konrad Adenauer Stiftung, 2009, pp. 182, https://www.kas.de/c/document_library/get_file?uuid=d911b177-5305-367c-4fca-b31edoaf249a&groupId=252038.

³ Kipiani Victor, «Georgia is an attractive location for doing business and investments», *Mgaloblishvili Kipiani Dzidziguri*, n.d., https://www.mkd.ge/pdfLnews/georgia_is_an_attractive_location_for_doing_business_and_investment.pdf.

⁴ Trading Economics, «Georgia Exports to Iran», 2023, <https://tradingeconomics.com/georgia/exports/iran>.

to Europe and beyond.⁵ This is especially important for Iran given the economic sanctions imposed on Tehran by the United States. Iranian companies have been increasingly turning to Georgia as a way to bypass these sanctions and reach European markets.

Moreover, Iran is negotiating with Georgia, Armenia, Azerbaijan, Bulgaria, and Greece to launch a new multimodal corridor: the Persian Gulf-Black Sea project.⁶ This corridor will connect Iran to Europe using rail and sea links. Specifically, it will connect Iran with Georgian Black Sea ports via Armenia and/or Azerbaijan. Cargo will then reach the Bulgarian ports of Varna and Burgas via Greece to wider Europe, helping increasing the trade turnover.

Another factor contributing to the growth in trade between the two regional players is the presence of a large Iranian community in Georgia. This community facilitate trade by acting as intermediaries between Iranian companies and Georgian traders.

According to the Observatory of Economic Complexity (OEC), Iran's exports to Georgia have increased at an annualised rate of 17.3 percent over the last 25 years, from 2.71 million dollars in 1996 to 146 million dollars in 2021.⁷ The main products that Iran exported to Georgia in 2021 were ethylene polymers, unglazed ceramics, and iron blocks. On the other hand, Georgia's exports to Iran have increased at an annualised rate of 10.3 percent over the last 25 years, from 2.22 million dollars in 1996 to 25.6 million dollars in 2021. The main products that Georgia exported to Iran in 2021 were sawn wood, ferroalloys, and packaged medications. In 2021, Iran had a large net trade with Georgia in the exports of metals, stone, glass, plastics and rubbers.⁸

Tehran's trade turnover with Tbilisi amounted to 138,000 tons worth 78.2 million dollars during the first five months of 2021. The Islamic Republic of Iran exported about 124,000 tons of goods worth 46.7 million dollars to Georgia in 5 months, which is an increase of 200 percent in terms of value and 144 percent in terms of volume, compared to the same period in the previous Iranian year. Meanwhile, Iran's trade turnover with Georgia, which

⁵ Caucasus-Asia Center, «Georgia-India relationship turning into a “strategic-economic partnership”», *Medium*, 2022, <https://medium.com/@caucasusasiacenter/georgia-india-relationship-turning-into-a-strategic-economic-partnership-741949be9d32>

⁶ Nikos Papatolios, «Persian Gulf-Black Sea corridor: why does Iran need a new gateway?», *RailFreight*, 2022, <https://www.railfreight.com/corridors/2022/02/09/persian-gulf-black-sea-corridor-why-does-iran-need-a-new-gateway/>.

⁷ «Iran / Georgia», *OEC*, s.d., <https://oec.world/en/profile/bilateral-country/irn/partner/geo>.

⁸ «Georgia and Iran Trade», *OEC*, 21d.C., <https://oec.world/en/profile/bilateral-country/geo/partner/irn>.

amounted to 78,200 tons worth 44.4 million dollars, increased by 76 percent in terms of value and 76.7 percent in terms of volume in the first five months of 2021.⁹

Despite the growing trade ties, there are still some challenges that need to be addressed. For example, there have been issues with trade tariffs, which have slowed the pace of trade between the two countries.¹⁰ Furthermore, both Iran and Georgia still face economic challenges, including currency fluctuations and inflation. Finally, tensions between Armenia and Azerbaijan reflect on Tehran-Tbilisi exchange possibilities.

Nevertheless, the overall trend in the Iran-Georgia trade is positive, and with continued cooperation, the two countries can continue to benefit from each other's markets.

Tehran-Tbilisi cooperation in transit projects

Iran is interested in using Georgia's strategic location to diversify its transit routes. The South Caucasian state is an important transport hub for Iran as an alternative route to Russia and Europe. Tehran and Tbilisi are working together within the framework of the international transport corridors Persian Gulf-Black Sea and the International North-South Transport Corridor (INSTC).¹¹

Georgia is a key link in the Persian Gulf-Black Sea corridor: the corridor provides that cargo from the Persian Gulf countries and India will be delivered to Georgia through the territory of Iran, then Armenia or Azerbaijan, and from Georgian ports to Bulgaria and Greece. The project was put forward by Iran in 2016 with the main goal of creating an alternative to the Turkish route to Europe.¹²

Delegations from Armenia, Iran, Georgia, Bulgaria, and Greece agreed on the text for the creation of the corridor in April 2022.¹³

In November 2021, Iran, Azerbaijan, and Georgia held separate negotiations on this project and agreed on a trial launch of the route. The reason was Azerbaijan's efforts to delay the

⁹ Elnur Baghishov, «IRICA unveils details of Iran's trade turnover with Georgia», *Trend.az*, 2021, <https://en.trend.az/business/economy/3493748.html>.

¹⁰ Iran Press Agency, «Iran calls for lifting tariffs on export to Georgia», 2020, <https://iranpress.com/content/22372/iran-calls-for-lifting-tariffs-exports-georgia>.

¹¹ Silvia Boltuc, «Geopolitics of INSTC: an interview with Aleksandr Sharov», *SpecialEurasia*, 2023, <https://www.specialeurasia.com/2023/03/17/geopolitics-instc-sharov/>.

¹² Nikos Papatolios, «Persian Gulf-Black Sea corridor: wh does Iran need a new gateway?», *RailFreight*, 2022, <https://www.railfreight.com/corridors/2022/02/09/persian-gulf-black-sea-corridor-why-does-iran-need-a-new-gateway/>.

¹³ Hasmik Meliksetyan, Zhanna Vardanyan, «Relations between Georgia and Iran in the context of geopolitics», *Orbeli Center*, 2022, <https://orbeli.am/en/post/1058/2022-12-14/Relations+between+Georgia+and+Iran+in+the+Context+of+Geopolitics>.

agreement and boycott a possible passage through Armenia, and Georgia siding with Baku's claims. Iran tried to balance between Yerevan and Baku's requests and conducted separate meetings.

The International North-South Transport Corridor (INSTC) is designed to connect India with Russia and Northern Europe, replacing the Suez Canal. Azerbaijan is already part of the project, and thanks to the North-South Highway, Armenia may also apply to become an active part of the corridor connecting Iran to Georgia.¹⁴

Conclusion

On April 29th, 2023, during the meeting between the Iranian ambassador to Georgia, Mahmoud Adib, and the President of Georgia's Caucasus University, Kakha Shengelia, the parties discussed expanding bilateral cultural cooperation, as well as promoting joint educational and research projects.¹⁵ The meeting highlighted that both Tehran and Tbilisi are interested in developing cooperation and ties in different fields despite their different agenda in foreign policy.

Iran and Georgia have a complex history of relations, which have been shaped by multiple factors, including their geographic location, religion, and external influences. The two countries have experienced periods of cooperation and enmity, but despite the challenges, they have maintained cultural and economic ties over the years. With increasing cooperation in areas such as transportation, energy, and tourism, Tehran and Tbilisi have the potential to develop a lasting partnership, which can benefit both countries.

Sanctions and lack of a new nuclear pact reduce cooperation possibilities between Tehran and Tbilisi. In 2011, for example, Georgia implemented a bilateral visa-free policy with Iran, which led to a fourfold increase in the number of Iranians visiting Georgia. However, Georgia unilaterally cancelled the visa-free agreement with Iran in July 2013 and strictly complied with the sanctions imposed on Tehran by freezing 150 Iranian bank accounts, following which Iranians visiting Georgia decreased by 72 percent.¹⁶

¹⁴ Dzhonni Melikjam, «Vzaimootnosheniya Gruzija-Iran i Koridor Sever-Jug», *Fond Norabank*, http://www.noravank.am/rus/articles/detail.php?ELEMENT_ID=14948.

¹⁵ Mehr News Agency, «Iran, Georgia stress developing cultural, scientific coop.», 2023, <https://en.mehrnews.com/news/200020/Iran-Georgia-stress-developing-cultural-scientific-coop>.

¹⁶ Tawheed Verstan, « Iran-Georgia economic relations; From the rose revolution to the embargo. The high wall of the Euro-Atlantic Approach », 2022, <https://www.tahlilbazaar.com/news/151933/>-روابط-اقتصادی-ایران-

گرجستان-از-انقلاب-گل-رز-تا-تحریم-دیوار

Tbilisi multiple times in the last decades showed interests for the Iranian oil and gas sector, which might reduce its dependence on Turkey. The signing of a new nuclear agreement might be a significant boost in the cooperation between the two players.

For Iran, the role of the Caucasus region increased after the collapse of the Soviet Union, when each of the republics of the South Caucasus began to pursue independent policies. Although Georgia is not a neighbouring country, it could be a gateway to Europe as it has been under the Persian Empire.

The increasing cooperation between Tehran and Tbilisi might alarm the neighbouring Baku: in November 2022, the Azeri TV channel *Xəzər* broadcasted a report titled “Iran’s secret activities in Georgia” that highlighted the role of an Iranian religious cells established in the Georgian territory.¹⁷ Despite most of the Georgian citizens practice Orthodox Christianity, approximately 10,7 percent of Georgians are Muslim (mainly in the Autonomous Republic of Adjara, Kvemo Kartli and Kakheti regions): therefore, Iran might exploit the religious element to promote its strategy and increase its presence locally.¹⁸

¹⁷ Report, «Iran vedet tajnuju dejatel'nost' v Gruzii pod prikrytiem religii», 2022, <https://report.az/ru/media/iran-vedet-tajnyu-deyatelnost-v-gruzii-pod-prikrytiem-religii-video/>.

¹⁸ Radio Free Europe/Radio Liberty, «Who Are Georgia’s Muslims?», 2013, <https://www.rferl.org/a/georgia-muslim-population/25090162.html>; George Sanikidze, Edward W. Walker, «Islam and Islamic Practices in Georgia», *Berkeley Program in Soviet and Post-Soviet Studies Working Paper Series*, 2004.