

## Georgia and Iran: Opportunities and Constraints for Co-operation

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## Georgia and Iran: Opportunities and Constraints for Co-operation

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### Abstract

This paper examines the main characteristics of Georgian–Iranian relations since 1991. The following issues are discussed: incompatibility in the perception of historical interactions; Iranian policies towards the South Caucasus states after the dissolution of the Soviet empire and the place of Georgia within it; the influence of political issues on the economic interactions of the two countries; the effect of the Russian factor on Georgian–Iranian relations; and the impact of the Russia–Ukraine war and Armenia–Azerbaijan conflict on Georgian–Iranian relations. It is stressed that the incompatibility of political interests rules out the possibility of rapprochement between these countries.

### Introduction

Today, Georgia has no common border with Iran. Still, historically and geopolitically, these two countries can be considered neighbours. For example, though it enjoyed significant autonomy, Eastern Georgia was part of the Safavid state from the 16<sup>th</sup> to the beginning of the 18<sup>th</sup> century. Today, relations are normal—although, unlike in the cases of Armenia and Azerbaijan, high-level visits between the representatives of the two countries are infrequent because of Georgia's pro-

Western and anti-Russian orientation, which is not in line with Iran's political course. Ultimately, the incompatibility of political interests rules out the possibility of the rapprochement of these countries.

Some main characteristics of today's Georgian politics hinder the two countries from growing closer: (1) the 'cold war' between Russia and Georgia, (2) close relations between Georgia and Turkey, and problems in Iran–Turkey relations, and (3) Georgia's pro-Western aspirations and close ties with the North Atlantic

Treaty Organization (NATO), which contradicts Iran's anti-Western stance.

The following questions are discussed in this paper: Does the incompatibility in the perception of historical interactions affect today's relations between the two countries? What is the place of Georgia in Iranian policies towards the South Caucasus states after the dissolution of the Soviet empire? How do political issues influence the economic interactions of the two countries? What is the effect of the Russian factor on Georgian–Iranian relations? And what impact does the Russia–Ukraine war and the Armenia–Azerbaijan conflict have on Georgian–Iranian relations?

### Incompatibility in the Perception of Historical Interactions

Historically, until the annexation of the Georgian kingdom in 1801 by the Russian Empire, Georgia always had very close relations with Persia/Iran and was often under the direct or indirect control of different Persian states. Generally, the perception of historical interactions does not affect the contemporary political relations of the two countries. However, a different approach to understanding history is explicit. Interactions with Iran are often seen in Georgia as relations between the 'invaded' and 'invader'. At the same time, it is always highlighted that Georgia maintained at least partial independence; Georgian kingdoms and principalities managed to keep a system of local governance under the hegemony of Iran, particularly in the Safavid era (1501–1722).

The Iranian perception is the opposite: historically, Georgia was part of Iran. Even in school textbooks, it is noted that the eastern Caucasus belonged to Iran, but due to the weakening of the Iranian Shahs, the Russian emperors took these lands away from them. Georgia's capital city, Tbilisi, is perceived as a part of the Persianate world (Moradi, 2006–2007, pp. 68, 83; Rondeli, 2014, p. 3).

### 'Cold Good Neighbourhood'

Iran's policy in the South Caucasus is based on a pragmatic approach and, above all, considers Russia's interests. Milani and Mankoff (2016, p. 7) note that 'Iran's policies in the region have been more pragmatic, more business-oriented, and considerably less ideological than its policies toward immediate neighbours in other regions'. At the same time, Georgia's pro-Western politics and complicated relations with Russia make this country far less attractive to Iran than Armenia and Azerbaijan.

Thus, relations between the two countries are much less intense than Iran's ties with Armenia and Azerbai-

jan. The present Georgia–Iran relations can be described as a 'cold good neighbourhood'. In Georgia's National Security Strategy of 2011, Iran is mentioned only once among the many countries with which Georgia pursues economic cooperation. Generally, 'Georgian–Iranian relations are not simply determined by bilateral decisions but exist in the context of Iran's and Georgia's relationship with the West' (Sanikidze, 2022, p. 159).

After the 2008 Russia–Georgia war, relations between Iran and Georgia, except for minor incidents, thawed to a certain extent (fostered by both sides). For example, in May 2010, Georgia supported a nuclear agreement with Iran initiated by Brazil and Turkey regarding the exchange of enriched uranium, which Washington opposed (Barrionuevo and Arsu, 2010). The visa regime was abolished between Iran and Georgia in January 2011. As a result, Georgia became one of the favourite destinations for Iranian tourists. The visa-free regime also helped intensify economic relations; unlike other Western and Western-oriented states, Georgia has been relatively open to Iran regarding the free movement of people and capital (Nakhutsrishvili and Sanikidze, 2016).

Surprisingly, in 2012, Georgia invited Iran's military attaché to the joint military exercises of US marines and Georgian troops. The Ministry of Defence of Georgia stated that this invitation had followed standard procedure (Corso, 2012). But in the context of that period, when there were signs of warming relations between Iran and the West and when contours for reaching a nuclear deal were visible, this kind of action from the Georgian side seems to have been quite pragmatic—an attempt to mediate between the US and Iran.

However, the unconditional pro-American position of Georgia was illustrated by the fact that Georgia was the only country in the region to openly support the American operation of the liquidation of Iranian General Qasem Soleimani. According to an official statement, Washington has the right to protect its citizens anywhere in the world.<sup>1</sup> At the same time, Armenia and Azerbaijan officially expressed condolences to Iran for the death of the general (Kucera, 2020).

Another issue that analysts often discuss is the potential transformation of US–Iranian tensions to an open military confrontation, and the place of the South Caucasus in this possible confrontation. There is a certain fear from the side of Iran that Georgia could be used as a staging ground by the West in the case of military action against Iran. According to analysts, scenarios for Iranian counter-measures in this context could include targeting US embassies or entities in the South Cau-

1 'Georgian FM condemns attack on US Embassy in Iraq', Agenda.ge, 2 January 2020, <https://agenda.ge/en/news/2020/12> (accessed 9 January 2020).

casus, threats to pipelines, or large-scale attacks with accompanying refugee flows and humanitarian crises.

### Iran and the Conflicts in the South Caucasus

Iran has no territorial claims over its neighbours. According to the Iranian policy towards the South Caucasus, any issue should be decided by all countries of the region, which, apart from the South Caucasus countries, also includes Iran, Russia, and Turkey. According to Iran's official position, external actors—above all, the United States—should not interfere in the region's internal affairs. Thus, without openly condemning the aggression of Russia in Georgia in 2008, Iran officially declared its support for the sovereignty and territorial integrity of all states and upholding all international agreements. Consequently, Iran has also refused to recognise the separatist regions of Georgia supported by Russia (Sanikidze, 2011).

In general, Tehran has been presenting the August 2008 war as a lesson to the countries of the wider region, including the Persian Gulf: Georgia made a mistake in taking US security promises for granted, and now it has to pay an immense price for its naivety. Therefore, from the Iranian point of view, the countries of the South Caucasus would be better off establishing closer links with Iran in the security sphere rather than looking towards untrustworthy America.

After the 2020 Azerbaijan–Armenia war, Turkish President Erdoğan proposed a new '3+3' platform for collaboration in the South Caucasus, including the three South Caucasus countries and three neighbouring powers (Russia, Turkey, and Iran). Platforms with such aims existed earlier, but with no real impact because Iran was not included in 2008, and Georgia refused to join it. Iran needs to become a member of such regional projects. However, this particular 3+3 platform is unacceptable for Georgia due to Russian involvement and could be problematic for Armenia due to the complexity of interactions with the Turkey–Azerbaijan tandem and some cooling of relations with Russia.

### Economic Interactions and the Impact of Sanctions on Iran

Economic relations between Iran and Georgia, compared to other neighbours in the Caucasus, are modest. From 2006 to 2018, the total amount of Iranian investments in Georgia was \$26.8 million (Statistical Yearbook of Georgia, 2019, p. 230). If in 2017 Georgian exports to Iran were equal to \$76.7 million, by 2022, this figure had dropped to \$25.6 million. On the contrary, imports from Iran in 2017 were equivalent to \$105.1 million,

increasing to \$145.8 million in 2022 (Statistical Yearbook of Georgia, 2022, pp. 256, 260).

The enhancement of economic relations was quite visible from the beginning of the 21<sup>st</sup> century. Between 2005 and 2013, bilateral trade with Iran grew by more than 20% yearly. However, the overall trade value remained comparatively low (Kuchins et al., 2016, p. 21). The abolition of the visa regime significantly facilitated the deepening of economic relations. Iranian business became quite active in Georgia; several Iranian companies opened Georgian branches. Free immigration of Iranians to Georgia and the increase in the number of Iranian companies operating in the country caused certain discontent among Georgia's Western partners. They had suspicions that the Islamic Republic was avoiding Western economic and banking sanctions and engaging in money-laundering activities via certain companies registered in Georgia. Iran's Islamic Revolutionary Guard Corps alone was reported to own 150 front organisations in Georgia (Faucon et al., 2013). The visa-free regime was withdrawn in 2013 because of pressure from the United States, though it was reinstated in 2015.

Between 2015 and 2019, 42% of the real estate sold in Georgia was bought by Iranian citizens. The Joint Comprehensive Plan of Action in 2015 (in which Iran agreed to roll back parts of its nuclear program in exchange for the lifting of some sanctions) created new perspectives for trade and transit between Iran and Georgia. However, despite this progress, significant obstacles for trade remain between the two countries. One of these is the difficulty of bank transfers. Another is the tightening of entry rules into Georgia for Iranian citizens despite the visa-free regime: for example, in the first half of 2019, 13,165 people were denied entry into Georgia, 5,656 (42%) of whom were Iranian citizens. This attitude towards Iranian citizens is connected with the obligation of Georgia to comply with Western sanctions. In 2018, the US left the deal with Iran and reimposed suspended sanctions. This decision had negative consequences for Georgia–Iran relations.

It is worth noting that, in 2019, Armenian and Georgian companies were affected by the sanctions imposed on Iran. The Bureau of Industry and Security (BIS) of the US Department of Commerce imposed sanctions on the companies Petrochemical and Aviatech registered in Georgia over unlawfully attempting 'to procure and divert export-controlled aluminium tubing via Malaysia to Iran' (Istrate, 2019).

In addition, three Georgian entities faced US-imposed sanctions in 2021 over alleged unlawful technology transfers to the Iranian military.<sup>2</sup>

2 'აშშ-მ სამ ქართულ კომპანიას სანქციები დაუწესა და ე.წ. შავ სიაში შეიყვანა [The US blacklisted three Georgian companies and imposed sanctions on them]', Tabula.ge, 16 December 2021, <https://tabula.ge/ge/news/677693-ashsh-m-sam-kartul-kompanias-sanktsiebi-daucesa> (accessed 16 December 2021).

The COVID-19 pandemic had even more far-reaching effects. This primarily refers to Georgia and Armenia, where tourism is one of the leading spheres of the economy and where the share of Iranian tourists was significant. For instance, in 2017, 252,984 Iranians visited Georgia; in 2021, this figure was a mere 12,079 (Statistical Yearbook of Georgia, 2022, p. 223).

### Iranian Soft Power in Georgia

One of the objectives of Tehran in Georgia is to gain influence over its Azerbaijani citizens—who number around 250,000, representing 6.5% of the country's population—and thereby weaken Baku's position in that context. The common bond of Shi'a Islam should bring Iran and Azerbaijan closer in principle. Yet, in practice this has been a source of estrangement between them, as the secular government of Azerbaijan has been wary of Iran's influence among the more religious segments of its population (Hunter, 2010, p. 171). This obstacle is far less relevant in the Georgian context, and consequently, there is much more possibility for Iranians to propagate the values of the Islamic Republic there.

The competition between Turkish and Iranian organisations is most noticeable among the Azerbaijani population of Eastern Georgia, primarily through humanitarian bodies funded by Tehran and Ankara, respectively. Two main Iranian foundations function in Eastern Georgia, including Tbilisi: one connected with the Great Ayatollah of the Shi'a world, Ali al-Sistani, and one tied to the Supreme Leader of the Islamic Republic, Ali Khamenei (Sanikidze, 2022, p. 109). There are Shi'a *madrassas* and mosques run by both foundations in towns and villages of Eastern Georgia inhabited by Azerbaijanis. In addition, centres for the propagation of Iranian culture have been opened there with the material and technical support of the Iranian embassy.

### The Impact of Regional and Global Issues on the Prospects of Future Interactions

Today, Iran and Georgia have mutually exclusive positions regarding the Russian invasion in Ukraine and the conflicts in the Middle East. Iran's support of Russia in its war with Ukraine and of Hamas against Israel is opposed to the positions held by Georgia. Even if the ruling Georgian Dream Party is highly cautious and refrains from directly criticising Moscow, Russia remains largely perceived as an enemy that continues occupying Georgia's regions. Moreover, Georgia has very close and friendly relations with Israel (Yellinek, 2020).<sup>3</sup>

These conflicts, as well as the situation created in the South Caucasus after the Azerbaijan–Armenia war of 2020, have no direct impact on Georgian–Iranian rela-

tions. Still, some issues could affect could affect interactions between the two countries in the mid- to long term between the two countries.

For example, it is in neither Iran's nor Georgia's interest to open the 'Zangezur Corridor' through Armenian territory, which would connect Azerbaijan with its exclave Nakhichevan and, via this territory, with Turkey. In this case, Iran will lose its status as the only link between Azerbaijan and its exclave, and Georgia will lose its status as a link for Azerbaijan to Turkey via its railway and Black Sea ports. Although there is, in principle, an initial agreement, several obstacles still exist to implementing this project. In 2011, Azerbaijan and Iran even agreed to construct a railway connecting Azerbaijan with Nakhichevan via Iran, which might make redundant the entire proposal (Isayev, 2013). This project was revived in 2023, and the two countries signed an agreement regarding the construction of the relevant infrastructure (Hajiyeva, 2023).

Together with Russia and India, Iran has also been promoting a project to build an 'International North–South Transport Corridor'. But this project became unrealistic after Russia's full-scale invasion of Ukraine in February 2022—European countries will not use Russian territories as a transit route for trade.

The railway connection from Iran to Georgian Black Sea ports via Azerbaijan can be considered an offshoot of this North–South corridor. It might yet obtain a vital and independent place in trade interactions of Iran with European countries, bypassing Russia. Unlike Armenia and Azerbaijan, Georgia has access to the Black Sea, therefore representing a significant transit route for the Caucasus and Central Asia. Shaffer (2009, p. 136) calls this strategic position of Georgia 'a central geopolitical prize'. Another transit route project aims to connect Iranian ports in the Persian Gulf with the Georgian Black Sea ports via Armenia. The implementation of such projects, however, depends on the position of Iran on the world stage, and especially on the lifting of sanctions.

### Conclusion

Georgian–Iranian relations are determined by the following factors: (1) Iran has no territorial ambitions towards its neighbours, including Georgia, (2) Iran does not want the United States and NATO to gain influence in the Caucasus, so it supports Russia as a counterweight in the region, (3) wider and deeper infrastructure between Azerbaijan, Turkey, and Georgia, especially in terms of oil and gas, does not correspond to Iranian economic interests and diminishes the importance of Iran as a transit route, (4) Iran is interested

3 'Israeli president visits Georgia', Civil.ge, 9 January 2017, <https://old.civil.ge/eng/article.php?id=29754> (accessed 7 October 2023).



instead in Georgian transit routes to the Black Sea and Europe, and (5) Iran reaches out to the Muslim minorities of Georgia, which leads to competition with Turkey. Considering Georgia's favourable geographical position and Iran's rich energy resources and economic potential, in the case of the complete lifting of sanctions and the

planning and realisation of new vital projects in the mid- and long-term perspective, Georgia can bridge Europe and Iran, in addition to itself acting as a market for business and investments as well as serving as a substantial partner in tourism.

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