

Shifting Gears: *Georgia's Persian gambit and the logic of regional geopolitics*

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Abstract

Over the two decades since it regained independence, Georgia as a small, weak state has developed close relations with regional and international powers, and has aligned with them in order to compensate for its weakness. Often considered to be “the darling of the West” in the post-Soviet space, enjoying significant western support, Georgia’s recent move to establish closer political and economic links with the Islamic republic of Iran has caused some bewilderment in Western capitals. Considering that Georgia is perceived as a close partner of the United States in the Caucasus, and has received roughly \$4.5 billion in Western aid over the past three years, these developments attracted intense scrutiny from policy-makers and regional analysts alike. The paper aims to examine Georgia’s Iran strategy, and attempts to identify the key causes and motivations pushing Tbilisi towards Tehran. It also examines Georgia’s international position in relation to pressing regional security issues, and the attendant risks.

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Despite more favorable trends in international and regional politics related to globalization, small states are still precariously dependent on their ability to maintain their newly acquired sovereignty, territorial unity and autonomy in policy-making. The geographic location of a small state is an important factor in its relations with great powers and other international actors. Proximity to world powers has always entailed vulnerability to pressure from these larger neighbors, while control of strategic routes and resources has enhanced the strategic position of small states. Most small states also face disturbing external threats and heightened tension from a variety of internal ethnic forces.¹ Strategies that are available to small states facing shifts in the distribution of power or increased threats to national security are an important part of international relations discourse.² Drawing on the balance of power theory associated with classical realism, structural realism has set the debate.

The conventional view of the Realist school conceives international relations as the arena for the interests and aspirations of the major powers.³

1 Gabriel Sheffer. *The Security of small ethnic states: A counter Neo-Realist Argument. In The National Security of Small States in a Changing World. Ed. EfraimInbar and Gabriel Sheffer. Franc Cass.p.9*

2 Lindell, U. &Persson, S. *The Paradox of Weak State Power: A Research and Literature Overview. Cooperation and Conflict. X,XI 1986, 79-97.*

3 See: Kenneth Waltz. *Theory of International Politics.* McGraw-Hill, 1979; Jack Donnelly. *Realism and International*

Smaller nations are treated as objects of policy, statistical units in categories of states classified in terms of their relationship to their respective protectors or oppressors, as ‘ours’ and ‘theirs’ - pawns to be gained or lost in conflicts or deals between the great powers. Yet the survival of small Caucasian nations has illustrated, not for the first time in history, that in a conflict between great power with international interests and commitments, and small nations with the single objective of survival, the balance of power cannot be calculated by simple arithmetic.⁴ As observed by Hans Morgenthau, the “protection of rights of a weak nation, that is threatened by strong one is then determined by balance of power as it operates in particular situation”.

Over the two decades since it regained independence, Georgia as a small, weak state has developed close relations with regional and international powers, and aligned with them in order to compensate for its weakness. Often considered to be “the darling of the West” in the post-Soviet space, enjoying significant western support, Georgia’s recent move to establish closer political and economic links with the Islamic republic of Iran has caused some bewilderment in Western capitals. Considering that Geor-

Relations. Cambridge University Press. 2000

4 For further details see: Svante Cornell. *Small Nations and Great Powers: A Study of Ethnopolitical Conflict in the Caucasus. Routledge 2000*

gia is perceived as a close partner of the United States in the Caucasus, and has received roughly \$4.5 billion in Western aid over the past three years, these developments attracted intense scrutiny from policy-makers and regional analysts alike. This paper⁵ aims to examine Georgia's Iran strategy, and attempts to identify the key causes and motivations pushing Tbilisi towards Tehran. It also examines Georgia's international position in relation to pressing regional security issues, and the attendant risks.

Limits of U.S. Power and Geopolitical Reality Check

If geography determines the numerous aspects of state behavior and political options in countries or regions, so it does in Georgia too. Historical analysis of Georgian foreign relations since its independence reveals a trend.⁶ Over the last two thousand years, Georgia has acted as a buffer state between various empires and invaders⁷: the Romans, the pagan Persians, the Muslim Arabs, the Mongols, the Turk Seljuk's, the Byzantines, the Muslim Persians, the Ottoman Turks, as well as pre-revolutionary, post-revolutionary and post-Soviet Russia. At various points, Georgia

has struggled, fought, and eventually evicted invading forces from its area of the Caucasus; it could not otherwise have survived as a nation. In order to vanquish its more powerful enemies, Georgia historically was forced to form alliances with the enemies of its enemies, and such al-

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liances almost always transcended religious boundaries.⁸ As a result of these aforementioned factors, Georgia's foreign policy emerged as a classic product of geopolitical factors, where geographic location remains one of the central features of a country's political development. In order to examine the management of security in the South Caucasus and the nature of Georgia's policies towards Iran, the defining factors at play should be clearly understood.⁹

⁵ A shortened version of this paper was published as PONARS Eurasia Policy Memo in September 2011

⁶ see: David Marshall Lang. *A Modern History of Georgia*. London: Weidenfeld and Nicolson, 1962

⁷ On detailed account on Georgia as a buffer state see: TornikeTurmanidze. *Buffer States: Power Policies, Foreign Policies and Concepts (Global Political Studies)*. Nova Science Pub Inc. 2009

⁸ LashaTchanturidze. *It does not take a prophet: War and Peace in the Caucasus. Central Asia and the Caucasus*. *Journal of Social and Political Studies* No. 1(55), 2009. p.10

⁹ GochaLordkipanidze. *The Main Actors in the South Caucasus-Introduction in: Security Identity and the Southern Caucasus The Role of the EU, the US and Russia*. Michael Geistlinger / Francesca Longo / GochaLordkipanidze YunisNasibli (Eds.) *Vien-Graz* 2008. p. 86

Georgia's problems have been aggravated by Moscow's policies, which have weakened and fragmented the country, aiming to curtail Georgia's Euro-Atlantic integration, or at least push it in the direction of "Finlandization".

Georgia has been a small and weak state since it declared independence from the Soviet Union in 1991.¹⁰ Its location - nestled between the Black Sea, Russia, and Turkey - gives it strategic importance far beyond its size, Georgia has had to rely on foreign policy as a means of establishing its presence on the international stage. Soon after independence, Georgia faced serious domestic and international problems that endangered its sovereignty. Georgia's fragile state structure and Russia's repeated attempts to subjugate and manipulate weaknesses of its small neighbor constituted the biggest challenge to national security. Georgia's problems have been aggravated by Moscow's policies, which have weakened and fragmented the country, aiming to curtail Georgia's Euro-Atlantic integration, or at least push it in the direction of "Finlandization."¹¹ When

¹⁰ Alexander Rondeli. *The choice of independent Georgia in: The security of the Caspian Sea Region* / edited by Gennady Chufrin. Oxford : Oxford University Press, 2001 p. 195

¹¹ Finlandization or "the policy of silence" has been defined as a process by which a democratic nation living in the shadow of a militarily powerful totalitarian state gradually submits to the political domination of its neighbor, and finally loses its

states are faced with an external threat, they tend to align with others in order to oppose the states that pose the threat. Thus Georgia's foreign policy has been driven by a desire to ally with external powers, a strategy that appears either as *balancing* (checking the rising Russian power) or *bandwagoning* (i.e., joining with West and seeking the patronage of the United States). It has also made great efforts to court NATO, as well as other regional powers, including Iran. From the early nineties, Georgia had no choice but to engage in a matrix of alliances, involving key regional powers, smaller powers within the region, and key international players.

Following the August 2008 war with Russia, part of Moscow's attempts to weaken and isolate Georgia¹², Tbilisi was eager to expand and deepen its relationships abroad. The rapidly shifting power balance and new developments stemming from Russia's unilateral recognition of Abkhazia and South Ossetia have forced Georgia to re-evaluate and reshape its foreign policy strategy in the region. The war also demonstrated that the Western guarantees for Georgia lacked substance, and that the integrity of

internal freedom. For Georgians, Finlandization is believed to reveal a limitation of sovereignty, an abdication of the pursuit of national interests.

¹² For the analysis to back up this judgment, see: Kakachia, Kornely K., "Between Russian Assertiveness and Insecurity: Georgia's Political Challenges and Prospect after the Conflict", *Uluslararası İlişkiler*, Volume 7, No 26 (Summer 2010), p. 87-104.

the oil and gas corridor was essentially dependent on Russia's good will.¹³ The geopolitical dynamic become even more challenging as Obama's administration downgraded¹⁴ security ties with Georgia after initiating the "reset" policy with Russia, under which rapprochement with Moscow was made a key foreign policy goal.¹⁵ Moreover, although Georgia has closely allied itself with the U.S., and considers close relations with the United States and European Union as crucial to its future development, some US foreign policy makers have questioned the importance of United States interests in this region, arguing that developments there are largely marginal to U.S. national interests.¹⁶ As argued by Zbigniew Brzezinski, "with the decline of America's global preeminence, weaker countries will be more susceptible to the assertive influence of major regional powers [...] American decline would leave this tiny Caucasian state [Georgia]

13 Sergey Blagov, "Georgia: Pipeline Routes on a Powder Keg," *ISN Security Watch*, August 20, 2008, <http://www.isn.ethz.ch/isn/Current-Affairs/Security-Watch/Detail/?ois591=4888CAA0-B3DB-1461-98B9-E20E7B9C13D4&lng=en&iid=90265>.

14 For detailed account see: Jim Nichol, *Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests*. Congressional Research Service, April 15, 2011. Available at: <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA543388>

15 *The Economist*. My friend's enemy is...my neighbor: Georgia, Geopolitics and Iran. November 8, 2010. Available at: http://www.economist.com/blogs/easternapproaches/2010/11/georgia_geopolitics_and_iran

16 Owen Matthews. *The Tbilisi Squeeze*. Washington's new friendship with Moscow has one very clear casualty: Georgia. *The Newsweek*. June 29, 2010. Available at: <http://www.thedailybeast.com/newsweek/2010/06/30/the-tbilisi-squeeze.html>

vulnerable to Russian political intimidation and military aggression [...] America's decline would put new limitations on U.S. capabilities, and could by itself stir Russian desires to reclaim its old sphere of influence."¹⁷ According to him, as India and China are gaining ground on the international stage, Russia is becoming increasingly imperially-minded, while the Middle East is growing ever more unstable. The potential for regional conflict in the absence of an internationally active America is serious. "Get ready for a global reality characterized by the survival of the strongest," concludes Brzezinski. While this critical re-evaluation of Georgia's role of in regional geopolitics is not major determinant of US policy towards region, and while cooperating with Russia does not necessarily entail condoning its policy in Georgia,¹⁸ it seems that Tbilisi has certainly taken note of these shifts, and adjusted its geostrategic calculations accordingly.

The perceived decline of the role of Georgia specifically and the region in general within American foreign policy has given rise to a situation when it seems clear that Georgia cannot

17 Zbigniew Brzezinski. 8 Geopolitically Endangered Species; Meet the weaker countries that will suffer from American decline. *Foreign Policy Magazine*. January/February 2012 Available at: http://www.foreignpolicy.com/articles/2012/01/03/8_geopolitically_endangered_species?page=0,0

18 Zbigniew Brzezinski, *From Hope to Audacity, appraising Obama's Foreign Policy*. *Foreign Affairs*. January/February 2010 Available at: <http://www.foreignaffairs.com/articles/65720/zbigniew-brzezinski/from-hope-to-audacity>

In the wake of the conflict with Russia there was also a strong realization in Tbilisi that while close strategic links with Washington provide some legitimate security and defense needs, the U.S. cannot always protect Georgia's vital security interests vis-à-vis Russia

rely exclusively on western backing to guarantee its security, and that it is essential to develop relations with neighboring countries.¹⁹ In the wake of the conflict with Russia there was also a strong realization in Tbilisi that while close strategic links with Washington provide some legitimate security and defense needs, the US cannot always protect Georgia's vital security interests vis-à-vis Russia. In some cases, it may have the opposite effect, limiting Tbilisi's bargaining power with rising regional powers to counter Russia's bellicose diplomacy. As a consequence of this, in the current political climate, the goal of Georgian diplomacy has been to promote of sustainable balance of power in the region, and to diversify its foreign policy portfolio, including by enhancing relations with non-bordering Iran. At this point, it seems as if the Georgian knock on Iran's door has been welcomed.

¹⁹ See: Alexander Cooley, "How the West Failed Georgia," *Current History*, vol. 107:711, (October 2008): 342-344

Tbilisi and Tehran: Shared Concerns vs. Conflicts of Interest

As both a source of opportunity and threat, the South Caucasus, occupies an important place in Iran's multiregional foreign policy agenda. Having ignored the Caucasus for decades, Iran has decided to re-enter the region's geopolitical chess game, first of all by cultivating a new relationships with Georgia, hoping to regain its once-potent role as a regional power.²⁰ Domestic political tensions - primarily the presence of a significant Azerbaijani minority in Iran - and national interests and confrontations beyond the region, including with the United States, also influence Iran's policies toward the region. While Georgia is not central to US-Iran strategic competition, its close alignment with the United States²¹ is a source of serious discomfort for Iran, plagued by western sanctions and with its domestic politics in turmoil. A Georgian analyst²² has identified four major characteristics of Iran's policy towards Georgia:

- Iran has no territorial dispute with Georgia and recognizes its territorial

²⁰ Herzig, Edmund, *The New Caucasus Armenia, Azerbaijan and Georgia*. Chatham House papers. Royal Institute of International Affairs. Pinter, 2000.

²¹ For detailed account see: Varun Vira and Erin Fitzgerald. *The United States and Iran: Competition Involving Turkey and the South Caucasus*. Center for Strategic and International Studies publication. August 2011. Available at: http://csis.org/files/publication/110804_iran_chapter_8_turkey_casp.pdf

²² Mamuka Kurasbediani. "Possibilities for reactivating bilateral relations between Georgia and Iran". *Policy paper series.GFSIS*. 2010 p.33

integrity;

- Iran opposes the United States, NATO and Israel strengthening their positions in Georgia and in the Southern Caucasus, and supports Russian interests;

- Building gas and oil pipelines which bypass Iran runs counter to Iran's economic interest, as it would reduce its importance as a transit corridor for gas and oil from the Caspian;

- Iran is interested in transit routes through Georgia towards the Black Sea and Europe.

Given Georgia's pro-West orientation Iran perceives Tbilisi as "Westoxicated" regime, subservient to US global and regional interests. Although it has not brought this into public discourse, it is nonetheless true that Iran is anxious about the US-Georgia strategic partnership. Tehran fears in particular that Georgia could be used as a staging post for the West in the event of a military operation against Iran. The Iranian leadership has regularly raised its concern over the US-Georgia security partnership with Tbilisi, claiming that "strengthening NATO's position in the region is not good for the region's population."²³ Recognizing the limitations of its ability to influence Georgia, however, Tehran has increasingly adopted a pragmatic

²³ *Ibid.* p.34

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policy toward Tbilisi that better suits its limited political resources.²⁴

Due to its geographical proximity and important political and geostrategic implications, the current Russia-Georgia conflict is being closely watched by Tehran. Given that the perceived Russian threat is top of Georgia's foreign policy agenda, and has to date posed a major challenge to its sovereignty, Tehran has essentially tried to present itself as a protector of the weaker states in the region, and to promote anti-hegemonic policies. A good case in point is the statement by Iran's ambassador to Georgia, Majid Saber on May 21, 2010. Speaking to Georgian journalists and questioning whether the United States was a reliable strategic partner for Georgia during the Russo-Georgian war, he said: "No U.S. help was there when you [Georgia] needed it most...Real friendship is demonstrated in hard times."²⁵ He hinted that only Tehran could be a reliable friend to Georgia.

²⁴ Michael Cecire. *Iran's Georgia Play*. Available at [Evolutsia.net](http://www.evolutsia.net/irans-georgia-play/).
<http://www.evolutsia.net/irans-georgia-play/>

²⁵ Salome Modebadze. *Georgia deepens cooperation with Iran, despite objections*. *The Messenger*. May 25, 2010. Available at: http://www.messenger.com.ge/issues/2113_may_25_2010/2113_salome.html

It is also worth pointing out that Tehran's diplomatic activity in the Caucasus is by no means limited to Georgia. Iran has removed visa requirements for Azerbaijani citizens (November 2009), has been involved in key energy security projects in Armenia, and is planning to create a railway link with both countries. Iranian officials have also offered to help mediate the 24 year old Nagorno-Karabakh dispute between Azerbaijan and Armenia.²⁶

At the same time, in order to maintain its tactical friendship with Moscow - to counterbalance US influence in Caucasus - Tehran has been careful not to antagonize Russia's security interests in the region. In addition to cooperating on energy deals, Iran has already proven an effective regional ally for Russia. It also recognizes that Russia's nuclear cooperation provides the Kremlin with leverage over Tehran. However, over the past few years, Tehran has also hinted that it may prioritize its own national interests. The cooling of relations between Tehran and Moscow over Russia's support for sanctions against Iran has further contributed to this belief. Under such circumstances, it seems that Tehran's policy is not aimed at forestalling the westernization of the region, but is rather intended to keep the South Caucasus from becoming a

base for U.S. military power. Overall, Iran seems to be pursuing a stability-based foreign policy, in order to promote its economic and strategic objectives, and to expand its regional influence.

Georgia's foreign policy follows a general trajectory of seeking support from regional and international powers; its interest in Iran is purely geopolitical. From Tbilisi's perspective, Iran as a "pragmatic radical" within the region has the potential to play a constructive role in countering Russia's geopolitical ambitions. Cautiously accepting Tehran's recent overtures of friendship, Georgia's geostrategic calculations assume that due to its internal dynamics Iran could potentially advocate for Georgian territorial integrity. Politicians in Tbilisi are cognizant of the balanced position Iran took during the 2008 conflict between Russia and Georgia, when it refrained from taking sides though Iran's relations with Georgia were at their lowest point. Although Iran did not condemn Russia's aggression, Tehran officially supported the sovereignty and territorial integrity of all states, stressing the importance of respecting international norms and agreements. Subsequently, based on this policy, Iran also refused to recognize the Russian-backed separatist regions of Georgia, a move that was crucial to Tbilisi. In doing so, Iran seemed to be reinvesting in its image and prestige

26 See: Abdollah Ramezanzadeh, *Iran's Role as Mediator in the Nagorno-Karabakh Crisis*. In *Contested Borders in the Caucasus*, by Bruno Coppieters (ed.) 1996, VUB University Press

in Georgia, which somewhat boosted its declining regional influence.

Despite professed partnerships, Tbilisi's dealings with Tehran have not been easy. While repeatedly emphasizing that bilateral relations are exclusively about trade and tourism, Georgian officials have to consider a number of delicate international issues if they are to maintain strategic relations with Western countries, notably Iran's nuclear program. In 2008, Georgian-Iranian relations were frozen for nearly a year, after Georgia agreed to extradite an Iranian citizen²⁷ to Washington on charges of smuggling, money laundering, and conspiracy.²⁸ Washington failed to recognize that this was a matter of great sensitivity for Georgia, and took it for granted that Georgia would take such a risky step, and the whole incident raised hackles in Tehran. In order to stabilize the situation, Georgian Foreign Minister Grigol Vashadze visited Iran in January 2010 to meet with President Mahmoud Ahmadinejad.²⁹ It is not known whether Tbilisi apologized to Tehran for the extradition, or whether anything was

offered to pacify Tehran, but since then Georgia's policy towards Iran has been quite successful and bilateral relations have stabilized. Indeed, Iran, buoyed by the prospect of making friends in the region, offered a reciprocal visit by President Ahmadinejad to Tbilisi. So far, however, Georgian officials have held off for fear of antagonizing the United States and its European allies.³⁰

Economic cooperation, investment and bilateral projects

Many small states have recognized the need for economic diversification, and have attempted to achieve that objective by encouraging foreign investment.³¹ Iran is a potentially important trading partner for Georgia, and the economic relationship between the two countries has shown promise, notably in the energy sector.³² As Georgian and Iranian political contact has improved, both sides have sought to enhance economic cooperation as well. Desperately looking for a way to move away from its dependence on Russia, Georgia sees Iran as an alternative energy supplier, and both sides have renewed the drive for an energy partnership. One of the best examples

27 Carrie Johnson and Spencer S. Hsu. *Iranian to be sentenced in arms smuggling case*. *Washington Post*. December 3, 2009. Available at: <http://www.washingtonpost.com/wpdyn/content/article/2009/12/02/AR2009120203728.html>

28 *Los Angeles Times*. *Iran, Georgia: Washington wary of warming ties between Tehran and U.S. ally*. November 5, 2010. Available at: <http://latimesblogs.latimes.com/babylonbeyond/2010/11/iran-georgia-washington-wary-of-warming-ties-between-tehran-and-us-ally.html>

29 *Civil Georgia*. *Iranian President Meets Georgian FM*. January 19, 2010. Available at: <http://www.civil.ge/eng/article.php?id=21899>

30 Giorgi Lomsadze. *Tbilisi Woos Iran While Washington Watches*. *Eurasianet.org*. May 28, 2010. Available at: <http://www.eurasianet.org/node/61179>

31 *A Future for Small States: Overcoming Vulnerability*. Commonwealth Secretariat, 1997 p.57

32 Helena Bedwell, "Iran Plans Georgian Hydro Plant, Seeks to Import Electricity," *Business Week* (21 May 2010).

of energy cooperation is the support Tehran provided to Tbilisi during the winter of 2006, when Russia cut off gas supplies to Georgia. Despite major pressure from its erstwhile ally in Moscow, Iran supplied energy at a low price to Georgia. To accept cooperation with Iran was not easy for Georgia; it was warned by the U.S. that a long-term strategic partnership with Tehran was “unacceptable” to the United States.³³ The Georgian political class certainly did not forget this, and learned a useful lesson regarding the political reality: Iran, which has the world’s second largest gas reserves³⁴ after Russia, is eager to find a new customer for its energy exports, and to expand its economic ties, even at the expense of straining relations with Russia. Georgia is also interested in Iran’s rich experience in alternative energy source, namely wind power, and has tried to encourage Iranian investment in this field.

Over the past decade, underlining long-standing historical and cultural ties between the two nations, Tehran has also signed agreements with Tbilisi on the elimination of double taxation, encouraging investment, air, surface and sea transportation, and customs and trade cooperation. The volume of trade transactions between the two countries has been go-

ing up steadily. Seeking to diversify transit routes for its cargo shipments, Iran is interested in Georgia’s transit capacity, and considers the country to be a viable alternative for freight shipments to Europe. It is expected that the visa-free regime between Georgia and Iran, which entered into force on January 26 2011, would help increase trade turnover even more.³⁵ As a result of this agreement, Tehran has offered to help Tbilisi build a new hydroelectric plant, made good on a plan to reopen a long-abandoned Iranian consulate in western Georgia³⁶, and sent thousands of Iranian tourists on chartered planes to Georgia’s Black Sea resorts.³⁷

In comments on the 2011 visa liberalization, Moscow has expressed hopes that cooperation between Tbilisi and Tehran will not be directed against a “third party”. An official Representative of the Russian Foreign Ministry, Andrey Nesterenko, declared that Georgia and Iran are located in a “complicated region”. “I hope that the tightening of relations between these two countries will not be directed against any third country”, he said, without specifying which third

33 US ambassador warns Georgia against Iran gas deal. *Jerusalem Post*. November 26, 2006. Available at: <http://www.jpost.com/International/Article.aspx?id=42722>

34 See: Table posted by Energy Information Administration. March 3, 2009. Available at: <http://www.eia.gov/international/reserves.html>

35 Mzia Kupunia. *Georgia and Iran sign visa free travel agreement*. *The Messenger*. November 5, 2010. Available at: http://www.messenger.com.ge/issues/2229_november_5_2010/2229_mzia.html

36 Incidentally, Iran had a consular service operating in Batumi since 1883 under the Russian empire which was open even during the Soviet era, until 1927.

37 According to statistical data, in 2009, Adjara was visited by 250 Iranian tourists. In 2010, there were more than 5000 Iranian tourists. Altogether, Georgia has been visited by more than 18 000 Iran citizens; presumably the visa free regime will further increase the number of Iranian tourists.

country he meant.³⁸ Given that Moscow seems indifferent towards the Georgian-Iranian rapprochement, Washington has made no comment on the Tbilisi-Tehran love-in, stating that Georgia's economic relations

is that Iran might fill the power vacuum in the South Caucasus.

Yet despite further investment deals on transport and energy projects on the table and its location just over 300 kilometers to the south, Iran currently holds only a modest share of Georgia's imports. Notwithstanding the declared partnership, there re-

Figure 1. Trade turnover between Georgia and the Islamic Republic of Iran (2000 - 2011)³⁹

Year	Export	Import	Trade turnover
2000	6,801.5	5,879.8	12,681.3
2001	4,311.4	6,315.3	10,626.7
2002	3,316.4	8,096.8	11,413.2
2003	3,426.3	6,995.7	10,422.0
2004	4,500.7	15,157.9	19,658.6
2005	4,681.2	25,999.8	30,681.0
2006	2,699.4	40,301.8	43,001.2
2007	6,050.0	51,732.9	57,782.9
2008	10,060.0	52,080.0	62,140.0
2009	6,425.8	29,895.0	36,320.8
2010	12,140.7	55,079.5	67220.2
2011 January-May	5,219.3	21,122.5	26341.8

are its own business. It is not entirely clear, however, whether or not the Georgian initiative had Washington's full support. But amid heightened global tension stemming from Iran's controversial nuclear program, the announcements coming out of Tbilisi have apparently caught Western observers off-guard; the concern there

mains a huge gap between the actual and potential economic relationship between the two countries. Iran is not on the list of Georgia's key trading partners. According to official Georgian statistics, trade turnover between Georgia and Iran declined by 41.5 percent in 2009, to \$36.3 million. The figure climbed again to \$67.2 million in 2010, but in spite of this increase, trade between the two nations still accounts for less than 1 percent of Georgian imports.

³⁸ *Itv.ge. Andrei Nesterenko talks about Georgia-Iran Ties. July 2, 2010. Available at: <http://www.Itv.ge/News-View.aspx?Location=7223&LangID=2>*

³⁹ Source: website of Georgian Ministry of Foreign Affairs and Geostat-National Statistics office of Georgia

Conclusion

The nature of existing threats and challenges, and the difficulty of anticipating new ones, requires Georgia to seek close security cooperation within the international community. Given that some observers are suspicious of the visa-free regime between Georgia and Iran, and anxious about its possible implications for the West, Georgia's current cooperative policy towards Iran is not irrational. Closer relations with Iran, despite the extremely tense relations between Washington and Tehran, are an indication of Tbilisi's disillusionment with what it sees as the West's weakening interest in Georgia, as well as its desire to expand the space for political maneuvering in the region. Though Georgia remains tied to the West due to the strong financial and political support it receives, the lack of a decisive US and NATO response to the Russian invasion in 2008 has not been forgotten. It will color the extent to which Georgia believes it can rely on the US for its security, and how far it will go in offering Iran an opening to expand its influence. However, while Georgia might be playing a shrewd game of Realpolitik in the region, with Tehran and Tbilisi's apparent newfound closeness, it seems unlikely that we will see Iran playing a major role in the region anytime soon.

With its unstable relations with Azerbaijan and strategic links with Armenia, the real economic and geopolitical dividends of Iranian diplomacy in the South Caucasus are largely theoretical at this point, as Iran's ability to become an influential actor in Georgia is limited by geography (there is no direct border between the two countries) along with other key geopolitical factors such as the dominant Western and Turkish influence. Heavy dependence on Western economic and political support precludes allow Tbilisi crossing certain red lines in its dealings with Tehran. Policy-makers in Tbilisi are likely to continue to see ties with the United States as the best bet against Russian aggression, which makes it unlikely that they will support Iran in any major security disputes with Washington. Consequently, Georgia, as a NATO-aspirant, country, is unlikely to endanger its strategic relations with the United States or its prospects of Euro-Atlantic integration for the sake of improving relations with Iran.

On the whole, in terms of maintaining a balancing act, Georgia's new foreign policy towards Iran seems unequivocally pragmatic, driven by economic and to some extent security concerns. With its "small state" reflex, Georgia assessed the changing international political environment and determined that political dialogue with Iran would help strengthen mutual confidence between the

two countries. While trying to maintain a high level of strategic cooperation with the West and simultaneously to profit by trading with Iran, the Georgian political leadership is aware that as a small state, Georgia's room for maneuver and ability to formulate foreign policy are relatively limited. From the Iranian perspective, the advantage of Georgian-Iranian rapprochement is that Tehran can assert itself more strongly in the neighborhood, particularly when Iran does not have unlimited outlets for trade. Within this context, also taking into consideration Russia's significantly weakened role in Georgia and Washington's cooling relations with Tbilisi, Iranian diplomacy has room for maneuver in the region. All this suggests that Iran's presence on the Caucasian chessboard could end up serving as a stabilizing force in the volatile South Caucasus. As bilateral relations between Iran and Georgia enter a deep stage, it remains to be seen how far Iran and Georgia will benefit from their declared friendship.