

Goeconomic Transformation of the Black Sea Region: Impact on Georgia's Economic Security

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Abstract. The paper analyzes the ongoing goeconomic transformations in the Black Sea region and their impact on Georgia's economic security. It demonstrates that the region constitutes a vital strategic space connecting Europe, Asia, and the Middle East, playing a significant role in international trade and energy transit. The study relies on the analysis of both international and national data to assess the impact of geopolitical processes on trade routes, energy corridors, and economic relations. Particular attention is paid to the goeconomic role of Georgia as a transit state. The findings reveal that current changes in the region simultaneously create opportunities for economic development and increase exposure to external risks. Consequently, to ensure Georgia's economic security, diversification, strengthening the transit function, and effective risk management mechanisms acquire paramount importance. © 2026 Bull. Georg. Natl. Acad. Sci.

Keywords: goeconomics, Black Sea region, economic security, transit corridor, energy corridors

Introduction

In the modern international economic system, goeconomics plays an increasingly important role in shaping states' strategic behavior. The Black Sea region is central to these dynamics, historically connecting Europe and Asia and serving as a key corridor for trade, energy, and logistics. Recent geopolitical developments, especially the Russo-Ukrainian war, have disrupted traditional trade and transport routes, increased the significance of alternative corridors, and intensified competition among global economic actors. These changes carry not only economic, but also security implications, particularly for small and open economies. Rising

global tensions, including developments in the Middle East and disputes among major powers such as the United States, Iran, and Israel, have further destabilized energy markets and affected international trade flows. The Black Sea region is a space of not only regional, but also global goeconomic competition.

Georgia's strategic geographic location makes it an important transit and energy hub. Consequently, regional goeconomic transformations directly influence its economic security. This study employs both qualitative and quantitative analysis, drawing on international and national data, to assess Georgia's role in the Black Sea region. It examines competition between transit corridors,

energy security challenges, trade and financial volatility, and the broader impact of geopolitical conflicts. The analysis highlights that while Georgia's geoeconomic position creates opportunities for development, it also exposes the country to structural risks that must be managed to maintain economic stability.

Geoeconomic transformation of the Black Sea region. Geoeconomics combines geographical and economic factors, through which states employ various economic instruments to achieve geopolitical and strategic objectives (Blackwill & Harris, 2016). Geoeconomic transformation refers to structural changes in economic power at both regional and global levels, typically linked to globalization, technological advancement, energy transitions, and the reorganization of supply chains (Quitow & Zabanova, 2025).

The Black Sea region constitutes a key geoeconomic space connecting Europe, Central Asia, the Caucasus and the Middle East. Its significance stems not only from its strategic location, but also from its functional role in global trade, energy transportation, and regional economy. The region serves as an intersection of interests, where the European Union, Russia, Turkey, and China are actively operating.

In recent years, the region has undergone significant geoeconomic transformations. The Russo-Ukrainian war has significantly disrupted traditional trade and logistics routes, including the functioning of Black Sea ports and grain export corridors, which has also affected global supply chains (World Bank, 2022).

Before the conflict, cargo movement in Ukraine's main ports – Odessa, Chornomorsk, and Yuzhny – was unrestricted. The Black Sea and the Bosphorus Strait ensured uninterrupted grain supplies to the markets of the Middle East and Africa. These ports accounted for approximately 10% of global grain exports, with Ukraine contributing 8-9% of world wheat exports. Russian military actions temporarily constrained port opera-

tions, increased insurance and transport costs, and necessitated the development of alternative logistics corridors (World Bank, 2022; FAO, 2022; United Nations, 2023).

The importance of so-called "Solidarity Corridors" grew, allowing Ukrainian goods to be transported via land routes through Poland and Romania. Danube ports also became active alternative outlets (European Commission, 2022). The Middle Corridor linking China, Central Asia, the Caucasus, and Europe through the Black Sea gained prominence, enhancing the transit role of Georgia and Azerbaijan (ADB, 2021).

Another important aspect of the geoeconomic transformation is the change in energy direction. The European Union's efforts to reduce its dependence on Russian energy resources have increased the importance of energy transportation from the Caspian region. The South Caucasus Energy Corridors (BTC and Southern Gas Corridor) are gaining more strategic importance for both Europe and the countries of the region (European Commission, 2022).

Global economic powers continue to compete actively in the region. The EU promotes regional integration and infrastructure development, China pursues the "One Belt, One Road" initiative, and Russia seeks to maintain influence over energy and transport sectors. This competition reshapes the geoeconomic landscape of the Black Sea and reinforces its strategic importance (EEAS, 2025).

These processes create both opportunities and risks for countries in the region, including Georgia, whose economic security is directly linked to these transformations.

Georgia's geoeconomics and its role in the Black Sea region. Georgia's geoeconomics is based on its unique geographical location, which makes the country a regional geoeconomic actor. One of Georgia's main functions is to provide connectivity between Europe and Asia. It plays an important role in energy geoeconomics as an oil and gas transit route and part of the energy infrastructure. At the

same time, it functions as a transit and logistics platform, which is especially noticeable through its Black Sea ports. The effectiveness of these functions depends significantly on external factors and tensions in the region.

Georgia's transit potential is demonstrated in the energy corridors of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the Baku-Tbilisi-Erzurum (BTE) gas pipeline. They provide significant transit revenue, energy diversity, and energy stability for the region.

The Baku-Tbilisi-Ceyhan (BTC) pipeline is one of the longest oil pipelines in the world, with a capacity to export one million barrels of oil per day. At the peak of the project's construction, 22,000 people were employed, 6,000 of whom were in Georgia (BP, n.d.). After the pipeline was put into operation, the Georgian state budget received \$50 million in direct transit fees (Georgian Oil and Gas Corporation, n.d.). In December 2025, oil flows through the BTC amounted to 17.319 million barrels, which is 13.6% less than in December 2024 (Anews, 2026). This downward trend shows that the efficiency of energy infrastructure is significantly dependent on global demand and regional stability.

Tensions in the region cause fluctuations in global oil and gas prices, which can have either positive or negative effects on the Georgian economy. The impact is only positive if demand is strong and transit is unhindered, but the real risk is transit disruption, which leads to a decrease in revenues. The recent threat to the pipeline is related to media sources reporting that Iran has hinted at a possible attack on the Baku-Tbilisi-Ceyhan pipeline, which supplies almost 30 percent of Israel's oil (Middle East Eye, 2026).

As for the Baku-Tbilisi-Erzurum pipeline, it is the main gas route from Azerbaijan's Shah Deniz field to the Turkish market via Georgia. According to the State Statistics Committee of Azerbaijan, in January-February 2026, Azerbaijan transported 7.45 billion cubic meters of gas through the main

pipelines, which is 4.8% more than in the same period in 2025 (Report.az, 2026). For Georgia, as a transit country, the fact that it has the right to receive 5% of the transit gas and additionally purchase natural gas at a preferential price is important, which plays an important role in ensuring the country's energy security.

An important project in the field of transport and logistics is the Baku-Tbilisi-Kars (BTK) railway, which connects Azerbaijan, Georgia, and Turkey and is an important component of the "Middle Corridor". Its initial capacity is 6.5 million tons and can be increased to 17 million tons in the future. This route reduces transportation time from China to Europe to approximately 12-15 days and increases the economic efficiency of Georgia's transit function. In addition, the BTK is an alternative route that reduces dependence on traditional, politically risky routes, which further increases its strategic importance.

Georgia's Black Sea ports are one of the main pillars of the country's geo-economic system. Poti Port is the largest maritime hub, with a cargo turnover of 10-11 million tons and handling more than 500,000 containers per year (GBC, 2025). Specializing primarily in oil and oil products, the Port of Batumi handles an annual cargo turnover of 6-7 million tons, the vast majority of which comprises energy resources (Ports Europe, 2026). Of particular strategic importance is the Anaklia deep-water port project, the initial throughput of which is 7-8 million tons and, if fully developed, may reach 100 million tons. Its advantage lies in the possibility of receiving large-tonnage vessels, which will significantly strengthen Georgia's position in international logistics networks (Commer-sant, 2025; Prime Minister of Georgia, 2026).

The joint operation of ports increases the country's transit potential, reduces economic isolation, and promotes international economic integration. In 2025, Georgian ports and terminals processed 16,637.6 thousand tons of cargo, which is 6.8% more than in the previous year. In terms of cargo

structure, general cargo accounted for 47.7%, liquid bulk for 31.0%, and dry bulk for 21.3% (GeoStat, 2026).

Tourism is one of the fastest growing sectors of the Georgian economy, which contributes to Georgia's integration into the international space. In 2019 marking a pre-pandemic peak, the country received 9.3 million international visitors. In 2025, the number of international visits amounted to approximately 7.8 million, of which 5.5 million were tourist visits, and revenue reached \$4.69 billion, which is 35-40% higher than pre-pandemic indicators (GNTA.ge). These dynamics demonstrate the resilience of the sector and its importance in strengthening the country's economic ties.

Thus, Georgia's geoeconomic potential is determined by both its strategic location and the development of key sectors that ensure its competitive advantage in the Black Sea region.

Georgia's economic security. Economic security is a key component of a country's national security. It includes the ability of an economic system to ensure economic stability, resilience to external and internal shocks, and the well-being of its population (OECD, 2025). The concept of economic security includes infrastructural sustainability, energy security, financial stability, and trade diversification (OECD, 2025).

In modern conditions, especially for small open economies like Georgia, economic security significantly depends on external factors, including international trade, investment, and transit function (IMF, 2020; World Bank, 2024; OECD, 2025).

Georgia serves as a transit hub in the Black Sea region and a key connecting node between Europe and Asia. Consequently, the country's economic security depends significantly on regional geoeconomic processes (EEAS, 2025).

One of the main indicators of Georgia's economic security is economic growth and macroeconomic stability.

According to official data from the National Statistics Service of Georgia, real GDP growth in

Georgia was 10.5% in 2021, 11.0% in 2022, 7.5% in 2023 (preliminary data) and 9.4% in 2024 (preliminary data). According to the preliminary data for 2025, growth amounted to 7.5% (Geostat, 2022; Geostat, 2023; Geostat, 2024; Geostat, 2026). These indicators indicate a rapid recovery of the economy after the pandemic, but at the same time they reveal dependence on external factors, including regional conflicts and trading partners.

Foreign trade and dependence on imports are also worth noting. One of the challenges to Georgia's economic security is high import dependence. In 2024, Georgia's foreign trade turnover amounted to 23.4 billion USD, of which exports were 6.56 billion USD, imports were 16.87 billion USD, and the trade deficit was 10.3 billion USD. This indicates that Georgia is significantly dependent on foreign markets, which increases economic risks in the context of global crisis (Geostat, 2026).

Foreign direct investment is an important indicator of economic security, as it reflects the country's investment environment and external economic confidence. The volume of FDI in 2021 amounted to 1264.9 million USD, in 2022 – 2224.2 million USD, in 2023 – 1928.5 million USD, and in 2024 – 1569.3 million USD. According to the preliminary data for 2025, the volume of FDI is ~1688.7 million USD. These dynamics reflect a downward trend in investments after 2022, which is associated with global economic uncertainties and regional risks (Geostat, 2026).

One of the strong components of Georgia's economic security is its transit function, as the country is located at a strategic geographical hub. By transporting transit cargo, Georgia receives transportation fees, which are directly added to the state budget. 57-58% of cargo transported by rail is transit (Geostat, 2025). Transit income reduces the country's dependence on domestic economic factors.

At the same time, energy security remains a vulnerable area. Azerbaijan is the main supplier of natural gas, and a significant share of electricity

generation comes from hydropower (~70%). Despite the fact that hydropower reduces energy dependence, gas imports still represent a strategic risk (IEA, 2023). At the same time, in 2024, Georgia was both an exporter and importer of electricity, but with the right balance. Imports amounted to approximately 1.2 billion kWh, while exports were ~1.04 billion kWh. In the first half of 2025, electricity exports decreased by approximately 41.4%, while imports increased by 116.6% compared to the same period of the previous year (GBC, 2025). Export volumes are insufficient to significantly determine state budget revenues or seriously reduce energy dependence. The decrease in exports and increase in imports in 2025 showed that demand and price in the electricity market directly affect the volume of trade.

Georgia's economic security significantly depends on the ongoing processes in the region, including geopolitical tensions (Russo-Ukrainian war, the ongoing Iran-Israel conflict in the Middle East). These events increase the risk of damage to energy infrastructure, disruption of transit flows, and the likelihood of reduced investments. Russia and Ukraine were Georgia's two largest trading partners. In 2021, Georgia's exports to the Russian market amounted to \$610 million, while those to Ukraine reached \$307 million; these two countries accounted for ~21% of total exports. After the outbreak of the war, Georgia's trade with Ukraine decreased to \$22.5 million, which is ~65.6% less than in the same period of the previous year (CBW.ge.).

Thus, Georgia's economic security is simultaneously based on its goeconomic capabilities and dependence on the external environment. Current trends show that the country's sustainable development needs strengthening the economic diversify-

cation, maintaining the effectiveness of the transit function, and improving external risk management mechanisms.

Conclusions

The goeconomic transformation of the Black Sea region is a complex and multidimensional process that significantly affects the economic stability and security of the states in the region. The analysis demonstrates that changes in global supply chains, the reconfiguration of energy flows, and increasing geopolitical tensions create both new opportunities and heightened economic risks. These dynamics are particularly relevant for Georgia, as for a small open economy whose development is largely dependent on external economic relations and its transit function.

Georgia's goeconomic role in the Black Sea region is expressed in its transport, energy, and logistics functions, which make the country an important link between Europe and Asia. In addition, ports, energy corridors and transport infrastructure create the basis for economic growth and international integration. However, this potential is accompanied by vulnerability to external factors, which increases the need to ensure economic security.

From a strategic perspective, it is important for Georgia to strengthen economic diversification, develop transit infrastructure, enhance energy security and expand external economic ties. It is also necessary to improve risk management mechanisms, which will contribute to the country's resilience in the face of global and regional challenges. Finally, an effective goeconomic policy is one of the main prerequisites for ensuring Georgia's economic security.

ეკონომიკა

შავი ზღვის რეგიონის გეოეკონომიკური ტრანსფორმაცია: გავლენა საქართველოს ეკონომიკურ უსაფრთხოებაზე

თათია სუთიძე

ივანე ჯავახიშვილის სახ. თბილისის სახელმწიფო უნივერსიტეტი, საქართველო

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ნაშრომში გაანალიზებულია შავი ზღვის რეგიონში მიმდინარე გეოეკონომიკური ტრანსფორმაციები და მათი გავლენა საქართველოს ეკონომიკურ უსაფრთხოებაზე. ნაჩვენებია, რომ რეგიონი წარმოადგენს მნიშვნელოვან სტრატეგიულ სივრცეს, რომელიც აკავშირებს ევროპას, აზიასა და ახლო აღმოსავლეთს და მნიშვნელოვან როლს ასრულებს საერთაშორისო ვაჭრობასა და ენერგეტიკულ ტრანზიტში. კვლევა ეფუძნება საერთაშორისო და ეროვნული მონაცემების ანალიზს და აფასებს გეოპოლიტიკური პროცესების გავლენას სავაჭრო მარშრუტებზე, ენერგეტიკულ დერეფნებსა და ეკონომიკურ ურთიერთობებზე. განსაკუთრებული ყურადღება ეთმობა საქართველოს, როგორც სატრანზიტო სახელმწიფოს, გეოეკონომიკურ როლს. დადგენილია, რომ რეგიონში მიმდინარე ცვლილებები ერთდროულად ქმნის ეკონომიკური განვითარების შესაძლებლობებს და ზრდის გარე რისკებზე დამოკიდებულებას. შესაბამისად, საქართველოს ეკონომიკური უსაფრთხოების უზრუნველსაყოფად განსაკუთრებულ მნიშვნელობას იძენს დივერსიფიკაცია, სატრანზიტო ფუნქციის გაძლიერება და რისკების მართვის ეფექტიანი მექანიზმები.

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