
The Costs of Georgia's Self-Isolation¹

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Once considered a model for democratic reform in the post-Soviet space, Georgia now stands at a critical juncture. Decades of alignment with European and NATO integration have facilitated institutional reforms and strengthened Georgia's democratic framework. These accomplishments, however, are now severely threatened by democratic erosion amid the Georgian Dream government's recent authoritarian consolidation. The chilling reality of state capture is becoming increasingly apparent: Democratic institutions are being dismantled, public trust is eroding, and civil society and the independent media are under threat. Under the oligarchic rule of Bidzina Ivanishvili, Georgia today risks drifting into increasing isolation from the West without being fully trusted by its newfound authoritarian allies.

Recent sanctions imposed by the United States, the UK, and the European Union on the government, led by Georgian Dream (GD), coupled with Western diplomatic pressure, have further strained Georgia's relationship with its traditional Western allies. The ruling party has increasingly framed this as a move toward a "multi-vector foreign policy" – in other words, a balancing act between different geopolitical players, including Russia and China. The risk, as Tbilisi moves away from its once unquestioning commitment to democratization and alignment with the West, is a descent into instability and geopolitical marginalization, reminiscent of Georgia's early post-Soviet period. It could go from a potential EU candidate to a distant and peripheral neighbor.

¹ An earlier, shorter version of this memo was published as a [blog](#) for the Georgian Institute of Politics.

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Consequences of a 'Multi-Vector' Foreign Policy

Since gaining independence in 1991, Georgia has played a crucial role in the post-Soviet space, balancing between Eastern and Western influences while emphasizing its Euro-Atlantic aspirations. Recent political developments, such as state repression of protesters and the use of violence and intimidation tactics against political opponents, indicate a departure from democratic norms, distancing Georgia from its Western allies. As the ongoing political crisis in Georgia deepens, GD looks set to pursue a course of self-isolation from the West, which would jeopardize the country's economic prospects and strategic security. This strategic shift in policy, characterized by the abandonment of Western integration and growing dependence on authoritarian regimes like China and Russia, along with Central Asian and Gulf states, has fundamental implications for Georgia's future.

Tbilisi seems to be not simply changing alliances but redefining its position within the geopolitical arena, where alignment decisions have enduring consequences. At the same time, GD is finalized its capture of the state with the installation of Mikheil Kavelashvili as president by a group of GD-affiliated MPs and local councilors in December 2024—a move that further deepened Georgia's diplomatic isolation. No Western leader extended their congratulations, and the EU, NATO, and the U.S. expressed concern over the legitimacy of the vote. This diplomatic boycott signals Georgia's growing detachment from the international democratic community, further pushing it into the orbit of illiberal regimes like Russia.

The consequences of this shift could be dire. The U.S.-Georgia Charter on Strategic Partnership, once a cornerstone of bilateral relations, has been effectively suspended. The European Parliament's "[Resolution on the Further Deterioration of the Political Situation in Georgia](#)," the [UK-Georgia Wardrop Strategic Dialogue](#), and [Sweden's parliamentary cooperation agreements](#) have also been frozen due to concerns over democratic backsliding. Meanwhile, Georgia has [withdrawn](#) from PACE. In addition, recently a [Czech Senate resolution](#) strongly condemned the October parliamentary election in Georgia and called for new one under international supervision. As relations with Western democracies erode, Georgia's leadership is doubling down on engagement with authoritarian and authoritarian-leaning regimes, actively strengthening political, ideological, and economic ties with Azerbaijan, Turkey, China, and the UAE.

Now, the EU is on the verge of taking the most decisive step yet: suspending visa-free travel with Georgia. Although a final decision has yet to be reached in Brussels, GD has reportedly begun preparing for this outcome, which could be justified, from the standpoint of European law, under newly proposed [changes](#) to the EU's visa suspension mechanism for "serious human rights violations and abuses" and "serious breaches of international law and standards, including human rights law and noncompliance with international court decisions and rulings." This prospect has explosive domestic implications in Georgia. It could exacerbate discontent and trigger more anti-government

protests, while creating a psychological divide between the Georgian populace and its European aspirations. Instead of engaging in diplomatic de-escalation, GD officials have adopted a deliberately confrontational stance. European concerns have been publicly dismissed as exaggerated, and the benefits of visa-free travel rhetorically minimized—[some party figures](#) have gone as far as to call the visa-free regime ideologically incompatible with national values and “anti-Christian,” leaning into narratives of patriotism.

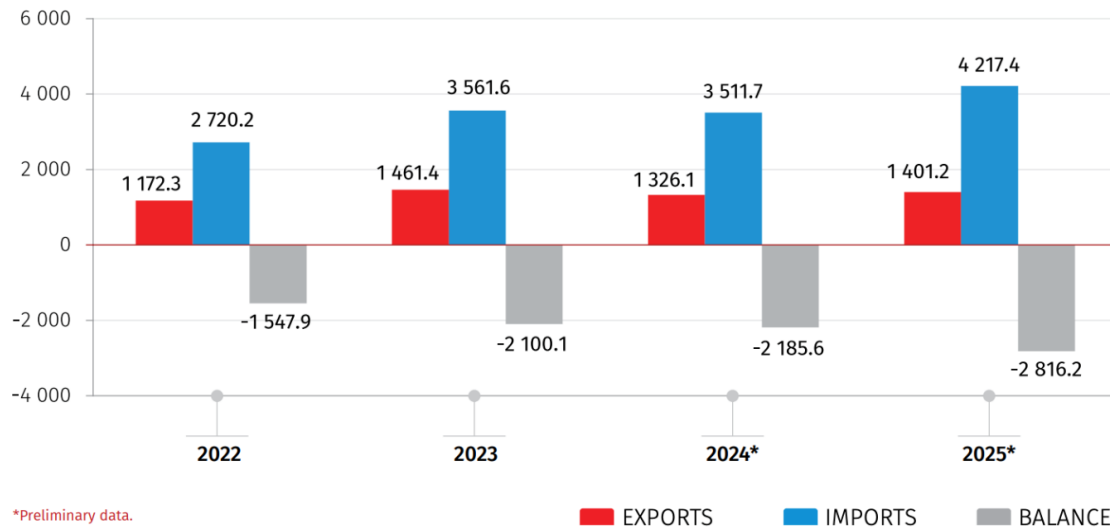
By deviating from the European integration path, Georgia could sever its long-time connection to Western security and economic frameworks. The denial of EU candidate status in 2022 amid growing concerns about democratic backsliding and anti-Western statements from public officials; the lack of progress toward fulfilling the [9-step reform criteria](#) established by Brussels in 2023; and the GD government’s anti-Western rhetoric indicate a deliberate shift away from Georgia’s European ambitions. Such a shift has historical precedent: Belarus, previously a state with ambitions for European integration, has effectively become a Russian vassal, losing its economic sovereignty and strategic autonomy. Georgia, if it continues on its current trajectory, may face similar consequences.

Decreased FDI and Increased Economic Vulnerability

Amid growing concerns inside Georgia about the government’s alignment with Moscow and authoritarian consolidation, the country’s political isolation has already had profound economic repercussions. In the third quarter of 2024, foreign direct investment [plummeted](#) 55.2% year over year, reflecting sinking investor confidence. Meanwhile, the [trade data](#) from the first quarter of 2025 presents a paradox: Overall foreign trade in goods was up 16.1% year over year at \$5.62 billion, with exports growing a modest 5.7% to \$1.4 billion and imports surging 20.1% to \$4.22 billion—leading to a record trade deficit of \$2.82 billion, over 50% of total trade.

GENERAL DATA ON EXTERNAL TRADE OF GEORGIA IN JANUARY-MARCH 2022-2025

(MILLION US DOLLARS)



Source: [Geostat](#)

This economic expansion masks an underlying structural and geopolitical realignment. Georgia's top export markets are now primarily non-Western, led by Kyrgyzstan, Kazakhstan, and Azerbaijan, while key Western partners are either scaling back or disengaging. The U.S. remains Georgia's top source of imports (\$654.4 million in the first quarter), closely followed by Russia (\$587.3 million) and Turkey (\$512.9 million). This is indicative of strengthening economic [ties](#) with authoritarian and authoritarian-leaning neighbors. More strikingly, Germany, once one of Georgia's most significant development partners, has [suspended](#) EUR237 million (\$244 million) in infrastructure projects in response to the political crisis in the country, including green hydrogen, energy, and water initiatives. The EU has also frozen EUR121 million in [development assistance](#) and an additional EUR30 million in [military aid](#) under the European Peace Facility. Georgia's economic engagement with nondemocratic partners, combined with plummeting FDI and stalled Western investment, further signals a shift away from Euro-Atlantic integration and toward a transactional regionalism that risks locking the country into strategic and economic dependencies.

The growth of Russia's economic influence in Georgia is happening at an unprecedented pace. In 2023, [Russian nationals](#) established a record number of enterprises in Georgia, taking advantage of the country's relatively liberal business environment and tax structure. This has led to an economic landscape where Moscow essentially wields increasing [leverage](#) over Georgia's financial and commercial sectors. In 2024, at the Southern Gate of Russia economic forum, Russian officials [emphasized](#) the importance of revitalizing and strengthening economic and sociocultural ties with Georgia, including the creation of new transit corridors and improved cross-border cooperation. Overall, the inflow of Russian money into Georgia could result in heightened economic reliance on

Moscow, consequently reducing Tbilisi's ability to make independent policy choices when those are seen as contradicting Russian interests.

The significant rise in the number of Russian citizens living in Georgia following the 2022 invasion of Ukraine provides the Kremlin with an added strategic lever. Moscow has consistently asserted its prerogative to "protect" Russians abroad—a narrative that has historically [functioned](#) as a rationale for intervention—which could be used to justify future political or security measures in relation to Georgia.

Finally, the deterioration of Georgia's energy security is alarming. It was previously strengthened by EU-supported diversification efforts, but now Tbilisi is increasingly reliant on Russian gas imports, which makes it [vulnerable](#) to the sort of Russian energy blackmail used against Moldova and Ukraine. This threatens Georgia's long-term energy independence and reduces its standing in climate agreements and with regard to the EU's green transition.

Security Implications of Georgia's Worsening Strategic Position

The shift in Georgia's alignment away from Western alliances has significantly compromised its security. Cooperation with NATO, previously viewed as a critical deterrent against Russian aggression, is now deemed a lower priority by GD policymakers. Georgia's declining participation in NATO-led military exercises, coupled with the government's anti-NATO rhetoric, has alienated major allies.

Russia seems ready to exploit Georgia's diplomatic weakness: Russian Foreign Minister Sergei Lavrov recently recalled that Georgia has been invited to join the Russian-led regional 3+3 Format, which amplifies [concerns](#) about the Kremlin's intentions to integrate Georgia further into its sphere of influence. In addition, Russia's ongoing occupation of Abkhazia and South Ossetia makes Georgia more vulnerable. Amid the deterioration of Georgia's relations with the West, Russia is reinforcing its control of these regions, leading to a reduction in Tbilisi's leverage. While the GD government hopes that shifting geopolitical dynamics will lead Moscow to reconsider its stance on Georgian territorial integrity—it continues to tie the restoration of bilateral diplomatic relations to Russia's position on the two breakaway regions—the Kremlin, here in the person of Deputy Foreign Minister Mikhail Galuzin, has [made it clear](#) that "the decision to recognize the sovereignty and independence of Abkhazia and South Ossetia, adopted in August 2008, is not subject to revision." Meanwhile, the continued [exclusion of Georgia from key international security discussions](#) like the Davos Economic Forum and the Munich Security Conference considerably weakens its ability to counter Russian influence. As Western states concentrate on aiding Ukraine, the future role of Georgia as a significant contributor to Black Sea security is coming into question.

Conclusion

Georgia's rapid slide toward authoritarianism and self-isolation is no temporary political misstep, but rather a profound reconfiguration that could influence its trajectory for many years ahead. The government is alienating its traditional foreign policy partners, jeopardizing Georgia's economic integrity and weakening its security architecture while bolstering ties with external actors that do not align with its long-term strategic interests. The repercussions may not materialize immediately, but they will have a long-term impact. Georgian Dream frames its policies as a pursuit of "sovereign democracy" and independence, but historical evidence indicates that distancing from democratic allies promotes authoritarian tendencies, economic stagnation, and reliance and overdependence on nondemocratic actors.

The return of Donald Trump to the White House in 2025 was viewed by GD as a pivotal moment that would allow for a recalibration of Tbilisi-Washington relations thanks to mutual pragmatism and ideological affinity. Party leaders expressed significant optimism, predicting an end to the war in Ukraine and a decline in perceived Western pressure on Georgia to confront Russia. Georgian Dream adopted rhetoric reminiscent of Trump, criticizing the "deep state," advocating conservative values, and staking out their opposition what they term "liberal fascism." Despite this rhetorical alignment, the anticipated rapprochement has not occurred. The Trump administration has not recognized Georgia in its initial foreign policy agenda, nor lifted the financial support and strategic partnership freezes established during the Biden administration. Georgian officials did not managed to "reset" relations with US, and there has been a lack of high-level diplomatic engagement. This strategic miscalculation by GD further worsens Tbilisi's political position. Having bet on a transactional relationship with an uninterested ally, the party is now confronted with the undeniable fact that it can no longer attribute Georgia's increasing alienation from the West to external factors.

Georgia's democratic backsliding is part of a wider crisis of liberal democracy across the Euro-Atlantic region. The emergence of illiberal governments in Hungary and Slovakia, against the backdrop of Trump's "America First" policy in action globally, has diminished the moral authority of the West, offering hybrid regimes such as Georgia's a basis to challenge the importance of adherence to democratic norms. Whatever the justifications for this, they do not mitigate the associated risks. Economic resilience, diplomatic agency, and national security are more effectively promoted through proactive, values-driven engagement with Western states. Georgia finds itself on the edge of a precipice – not only geopolitically, but existentially – facing a strategic realignment and deeper isolation from the very international democratic order it has long aspired to join.