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14. ABSTRACT The Chinese Belt and Road Initiative is a global infrastructure development strategy involving one hundred forty countries across Europe, Asia, and Africa, including their adjacent seas. China advertises the grand project as a golden opportunity to ensure a prosperous future, increase interconnectivity, deepen political trust, enhance cultural exchanges, and promote peace among nations. The ambitious plan allows China to become a central economic hub in the world and achieve global primacy. Georgia, as a bridge between Europe and Asia, joined the BRI as a participating economy with several infrastructure projects to include the Baku-Tbilisi-Kars railway, the East-West highway, and the Anaklia Deep Sea Port. In this regard, Chinese construction companies have already begun to work on some infrastructure development projects in Georgia. In addition to its unique geographical location, Georgia has an open economy and multiple Free Trade Agreements with a number of states, which further attracts many external actors. Indeed, the small country has a significant potential to become a transit hub between Europe and Asia, which is an opportunity to boost the economy, strengthen deterrence, and advance US interest in the region. However, the BRI may pose a threat to the participant states by putting them into the Chinese economic debt trap in an attempt to develop required infrastructure. In this respect, Georgia is a vulnerable state due to its poor economy. Thus, American and European companies should take the lead in developing key infrastructure in Georgia to transform the country into a regional transit hub and counterweigh China's expanding influence.						
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Marine Corps University
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Marine Corps Combat Development Command
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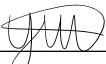
**Opportunity to Strengthen Deterrence and Advance US Interests:
Georgia as a Transit Hub between Europe and Asia**

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**AUTHOR:
Major Ilia Mosashvili**

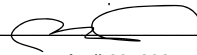
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Mentor and Oral Defense Committee Member: Dr. Yuval Weber, the Bren Chair of Russian
Military and Political Strategy

Approved:  _____

Date: _____ April 28, 2021

Oral Defense Committee Member: Michael Hikari Cecire, a non-resident scholar for Frontier
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Executive Summary

Title: Opportunity to Strengthen Deterrence and Advance US Interests: Georgia as a Transit Hub between Europe and Asia

Author: Major Ilia Mosashvili, Georgian Special Operations Forces

Thesis: Considering the strategic geopolitical significance of Georgia, the US and Europe should make an effort to transform the country into an important transit hub between Europe and Asia by developing its key infrastructure, which will improve economic attractiveness and national security, reduce China's expanding influence, and advance western interests in the South Caucasus and the Black Sea region.

Discussion: The Chinese Belt and Road Initiative is a global infrastructure development strategy involving one hundred forty countries across Europe, Asia, and Africa, including their adjacent seas. China advertises the grand project as a golden opportunity to ensure a prosperous future, increase interconnectivity, deepen political trust, enhance cultural exchanges, and promote peace among nations. The ambitious plan allows China to become a central economic hub in the world and achieve global primacy. Georgia, as a bridge between Europe and Asia, joined the BRI as a participating economy with several infrastructure projects to include the Baku-Tbilisi-Kars railway, the East-West highway, and the Anaklia Deep Sea Port. In this regard, Chinese construction companies have already begun to work on some infrastructure development projects in Georgia. In addition to its unique geographical location, Georgia has an open economy and multiple Free Trade Agreements with a number of states, which further attracts many external actors. Indeed, the small country has a significant potential to become a transit hub between Europe and Asia, which is an opportunity to boost the economy, strengthen deterrence, and advance US interest in the region. However, the BRI may pose a threat to the participant states by putting them into the Chinese economic debt trap in an attempt to develop required infrastructure. In this respect, Georgia is a vulnerable state due to its poor economy. Thus, American and European companies should take the lead in developing key infrastructure in Georgia to transform the country into a regional transit hub and counterweigh China's expanding influence.

Conclusion: As the main gateway between Europe and Asia, Georgia has a significant potential to become an important transit hub in the region by western investment in strategic infrastructure development. Constructed and modernized key infrastructure along the well-developed transport routes and corridors will allow Georgia to handle crucial international trade between Europe and Asia, which will significantly improve the economy. At the same time, America's effort to preserve its vital economic interests in Georgia will strengthen deterrence and improve national security. American and European investments in strategic infrastructure can protect Georgia's sovereignty by preventing the vulnerable nation from becoming a victim of potential Chinese debt trap. Having control of key infrastructure in Georgia, the US can limit China's further expansion toward the Black Sea. Europe can benefit from international trade with Asia through Georgia as a transit hub. Lastly, Western domination in Georgia will influence democratization process and advance US interests in the South Caucasus and the Black Sea region.

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List of Acronyms

ADC – Anaklia Development Consortium
ADSP – Anaklia Deep Sea Port
AGT – Azerbaijan, Georgia, Turkey
AIIB – Asian Infrastructure Investment Bank
BTC – Baku-Tbilisi-Ceyhan
BTE – Baku-Tbilisi-Erzurum
BRI – Belt and Road Initiative
BTK – Baku-Tbilisi-Kars
CIS – Commonwealth of Independent States
DCFTA – Deep and Comprehensive Free Trade Agreement
EFTA – European Free Trade Association
EU – European Union
EWH – East-West Highway
FIZ – Foreign Direct Investment
FIZ – Free Industrial Zone
FTA – Free Trade Agreement
GDP – Gross Domestic Product
MC – Middle Corridor
MSR – Maritime Silk Road
NATO – North Atlantic Treaty Organization
PBTC – Persian Gulf-Black Sea Transport Corridor
PRC – People’s Republic of China
SREB – Silk Road Economic Belt
TEU – Twenty-foot Equivalent Unit
TITR – Trans-Caspian International Transport Route
TRACECA – Transport Corridor Europe-Caucasus-Asia
TSR – Trans-Siberian Railway
US – United States
ZPMC – Zhenhua Port Machinery Company

Preface

“I am Georgian, and therefore I am European.” These words belong to the former Georgian Prime Minister, Zurab Zhvania, who gave an historic speech at the Council of Europe on January 27, 1999.¹ This moment crystallized Georgia’s Euro-Atlantic aspirations and the chosen course of the country’s foreign policy. I am proud to be born in Georgia, which is a small country with big history, unique culture, and traditional people distinguished by loyalty, dignity, and hospitality. However, decades of hardship have greatly affected the living standards of the Georgian population. The dissolution of the Soviet Union and declaration of independence of Georgia resulted in frozen conflicts and partial occupation of the country, which constantly challenge Georgia’s security and its economic and social development. For more than three decades, I have witnessed Georgia’s struggle to defend its sovereignty, restore territorial integrity, and endure an ongoing contest for regional hegemony in order to survive as an independent state. Nowadays, the small country is still facing a series of significant challenges on its path to Euro-Atlantic integration.

As a close strategic partner, the United States continues to provide extensive political, economic, and military support for Georgia. However, frozen conflicts and a poor economy encouraged the Georgian government to accept the China’s offer to become a participating economy of the BRI, which was viewed as an opportunity to improve security and economic environment in the country. At the present time, Georgia faces greater challenges as security issues remain unresolved, the economy is still weak, and the government’s attempt to maintain a balance among great powers is further complicated. Georgia gradually becomes fragile and more vulnerable to foreign interference.

Being a witness and a victim of the hardship in Georgia, I decided to identify a different approach to the economic and national security issues in the country. Thus, I began to speak to Dr. Yuval Weber, who suggested considering Georgia’s unique location in the region and how the small country can use its geography in its favor. Through discussions with Dr. Weber, he provided effective recommendations that helped me understand and visualize the big picture of great power competition, the significance of Georgia as a transit hub, and a potential threat of Chinese expanding influence through the BRI. I would like to extend my appreciation to several individuals for their support and advice with the following acknowledgements:

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Introduction

Throughout history, the South Caucasus region has always been an epicenter of great power competition. As a victim of numerous invasions by the Persian, Ottoman, Russian, and other empires, the region now experiences complex ethnical and cultural diversity. After the dissolution of the Soviet Union in 1991, the independent South Caucasus states—Georgia, Armenia, and Azerbaijan—became increasingly sensitive to external influence. The strategic geopolitical significance of the region has drawn the attention of powerful countries, such as the United States (US), Russia, and China, which consistently compete for global influence and primacy. While great powers try to advance their national interests in the South Caucasus, the region is facing various unresolved conflicts, such as Abkhazia and South Ossetia in Georgia, and Nagorno-Karabakh in Azerbaijan. Even though Georgia remains strongly committed to Euro-Atlantic aspiration and receives extensive political, economic, and military support from the US, frozen conflicts and ongoing occupation pose a threat to safety of all Georgian citizens and create obstacles to the economic and social development of the country. Georgia cannot change its geographical position to resolve existing security issues, nor does it have rich natural resources of oil or gas to improve the economy. However, Georgia has a significant geopolitical and geostrategic location within the Caucasus as it is situated at the crossroads of Western Asia and Eastern Europe between the Black and Caspian Seas.

The location of Georgia on the shortest route between China and Europe and its free trade access to markets of a large number of populations increased China's interest in the South Caucasus in the past few years. After launching the Belt and Road Initiative (BRI) in 2013, Beijing identified Georgia's territory as a key geography for its ambitious plan. The Georgian government viewed China's proposal for the BRI membership as an opportunity to improve the

poor economy and strengthen deterrence against Russia. As a result, Georgia officially became a participating economy of the BRI with several important infrastructure projects, which envision the modernization of Georgia's railway network to include the Baku-Tbilisi-Kars (BTK) railway, the expansion of the East-West Highway (EWH), and the construction of the Anaklia Deep Sea Port (ADSP) on the Black Sea coast.² Georgian leadership hosted a series of BRI forums to further advertise the benefits of this ambitious project, signed a Free Trade Agreement (FTA) with China, and launched multiple infrastructure projects supported by Chinese companies. For example, a Chinese-led Asian Infrastructure Investment Bank (AIIB) has provided \$114 million loan for the Batumi Bypass Road Project to improve regional connectivity in Georgia and efficiency for road transport along the East-West highway.³ The project aims to construct not only highway, but also tunnels and bridges over rivers and valleys. At the present time, Georgia is still facing serious security and economic challenges, and deeper engagement with China has made it more difficult for the Georgian government to maintain a balance among great powers such as the US, China, and Russia.

Thus, the purpose of this paper is to examine the current state of Georgia-China relations, evaluate Georgia's potential to become a transit hub between Europe and Asia, and assess the geopolitical impact of the BRI through analyzing both the opportunities and risks created by the ambitious plan and closer economic engagement with China. This paper is divided into several sections. First, it provides a brief overview of the BRI to better understand its aim, scope, and scale. Next, it provides information about the history and chronology of Georgia-China relations, Georgia's involvement in the BRI, and Chinese expanded presence in Georgia. Then, the paper focuses on how Georgia's unique location and key infrastructure projects (railway, road, and seaport) can transform the country into a regional hub as an opportunity to improve economic

attractiveness and resolve national security issues. Last, the paper identifies potential risks and challenges that the BRI can pose in the absence of deeper engagement with the West and its commitments to strategic infrastructure development in Georgia. Finally, this paper provides recommendations about how to develop infrastructure, improve economic attractiveness and transport connectivity, and increase competitiveness to transform Georgia into an important transit hub in the region.

The BRI allows China to expand its influence across the eastern hemisphere of the planet. The ambitious project has reached the South Caucasus and the Black Sea through Central Asia and the Caspian Sea. Now, it is slowly advancing toward the West and targeting Europe. The US sees this project as a threat to the West, but America has not offered an alternative global economic project that would replace the BRI. Consequently, the US needs to counterweigh further expansion of Chinese presence by investing in strategic infrastructure development that are crucial for the BRI. In this regard, Chinese construction companies are already leading some important projects in Georgia. The West needs to counterbalance this process. Considering the strategic geopolitical significance of Georgia, the US and Europe should make an effort to transform the country into an important transit hub between Europe and Asia by developing its key infrastructure, which will improve economic attractiveness and national security, reduce China's expanding influence, and advance western interests in the South Caucasus and the Black Sea region.

The Belt and Road Initiative (BRI)

In 2013, China's President Xi Jinping initiated a global infrastructure development strategy called the Belt and Road Initiative, which currently involves one hundred forty countries across the Asia-Pacific area, Africa, and Central and Eastern Europe to include their adjacent

seas.⁴ This ambitious plan is a historic revival of the ancient Silk Road, which began with the establishment of trade networks throughout modern-day Central Asian countries (Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan), India, and Pakistan during the westward expansion of China's Han Dynasty.⁵ Later, an extension of the routes to Europe made Central Asia the epicenter of globalization connecting eastern and western markets to build wealth and exchange cultural traditions. Use of the ancient Silk Road reached its peak during the Roman Empire, the Byzantine Empire, and the Tang Dynasty in China in the first millennium; however, the Crusades and the Mongols' advances in Central Asia impeded trade.⁶ Nowadays, Beijing intends to accomplish the ambitious project by the 100th anniversary of the People's Republic of China (PRC) in 2049, which will allow China to become the largest hub of global trade and expand its influence across the world. Beijing promotes an idea that the initiative represents the common heritage of all nations along the road to ensure a prosperous future, promote peace and cooperation, increase interconnectivity, deepen political trust, and enhance cultural exchanges. These objectives increase the attractiveness of the ambitious plan and more countries express enthusiasm for it. Economic development in many BRI countries requires infrastructure connectivity, but poor states are unable to develop the required infrastructure on their own. Since China has resources, experience, and modern technologies, it has already launched a series of infrastructure projects in many countries to build extensive networks of sea and land transportation such as railways, seaports, highways, tunnels, as well as oil and gas pipelines, power grids, and telecommunication facilities.

The BRI combines the Silk Road Economic Belt (SREB) and 21st Century Maritime Silk Road (MSR). SREB aims to build railway and road infrastructure along overland route linking China to Europe through Central Asia, Russia, and South Caucasus. MSR focuses on ports and

shipping lanes connecting China to Africa and Europe through Southeast Asia, the Indian Ocean, the Persian Gulf, and the Mediterranean Sea. SREB comprises six main economic corridors: I) the China - Mongolia - Russia Corridor; II) the New Eurasian Land Bridge Corridor; III) the China - Central Asia - West Asia Corridor; IV) the China - Pakistan Economic Corridor (CPEC); V) the Bangladesh - China - India - Myanmar (BCIM) Corridor; VI) the China - Indochina Peninsula Corridor. MSR envisions two maritime routes: I) The first route crosses the South China Sea through the Malacca strait to the Indian Ocean and extends to Europe; II) The second route crosses the South China Sea and extends to the South Pacific.⁷ The project encompasses the eastern hemisphere of the globe to include important seaports along the maritime routes and railway networks along the overland routes (See Figure 1: Belt and Road Initiative).

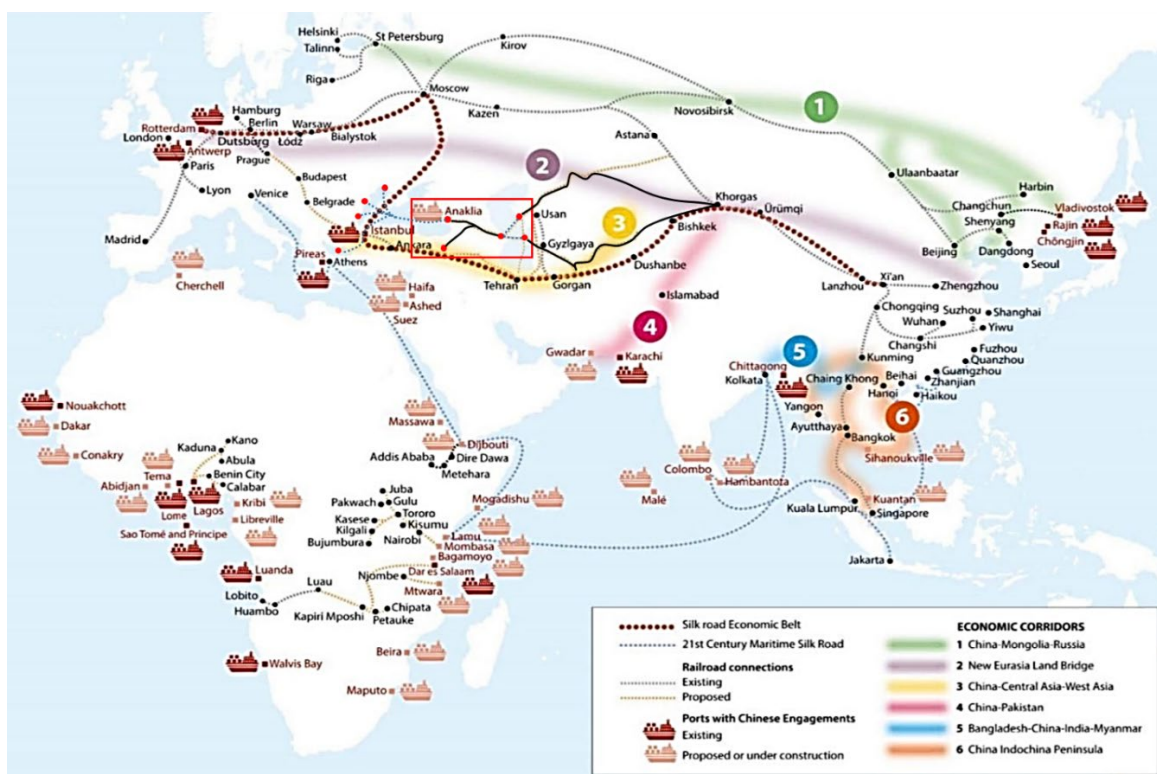


Figure 1: Belt and Road Initiative

Source: OECD (2018), "The Belt and Road Initiative in the global trade, investment and finance landscape" (Paris: OECD Publishing, OECD Business and Finance Outlook 2018), 11, <https://www.oecd.org/finance/Chinas-Belt-and-Road-Initiative-in-the-global-trade-investment-and-finance-landscape.pdf>

As the main gateway between Europe and Asia, Georgia has significant potential to become a transit hub under the BRI. Georgia already connects Azerbaijan to Turkey through the BTK railway as overland route. The ports on the Black Sea coast provide access to Balkan countries, the Ukraine, Mediterranean Sea, and ultimately Europe through maritime route. In order to handle crucial international trade flow, Georgia will require to modernize the BTK railway, expand the East-West highway, and construct the ADSP to increase movement speed and transit capacity along the economic corridor.

Chronology of Georgia-China Relations

Chronology of the bilateral engagements provides information about China's growing presence in Georgia, which marks the significance of Georgia's strategic location in the region. The relationship between China and Georgia was established in 1992 when Beijing officially recognized Georgia's independence. At that time, the PRC did not have a big interest in the South Caucasus, and the trading volume between the two countries was very low. Until 2000, for example, annual import from China was around \$3 million and Georgian exports to China was below \$1 million.⁸ After launching the enormous project, China carefully assessed a transit potential of the South Caucasus and decided to engage with the wider Black Sea region. In 2014, Georgia's Minister of Economy attended the World Economic Forum in China where he marked the potential of Georgia to become a logistics hub in South Caucasus and Central Asia. He also encouraged international leaders to strengthen cooperation with Georgia to explore greater opportunities.⁹ In September 2015, the Georgian Prime Minister met his counterpart in China and began negotiation on FTA between the two countries, which would allow Chinese companies to benefit by easy and low-cost access to regional and international markets. He also marked the Georgia's strategic location and readiness to become the part of the project.¹⁰ In an

op-ed for China Daily, the Georgian Prime Minister also mentioned that “Georgia is Europe’s natural gateway to Asia, as it is Europe’s eastern most point both by land and sea.”¹¹ Georgian leaders attempted to attract China and apparently expressed their desire to deepen cooperation under the BRI.

A month later, Georgia hosted the first BRI forum where the Georgian Prime Minister outlined following potential projects for BRI investments: a) Construction of a new Anaklia Deep Sea Port to handle 100 million tons of cargo per year with the capacity to receive large Panamax-type vessels; b) Modernization of Georgia’s railway network to increase rail speed by 50 percent and triple its transit capacity by constructing two large tunnels connecting Georgia’s east and west regions; c) Construction of a new BTK railway connecting Azerbaijan and Turkey through Georgia to allow 45 percent faster transport of 5 million tons of cargo and 1 million passengers annually from Asia to Europe; d) Expansion of the East-West Highway, which represents Georgia’s main transport road.¹² The first significant forum held outside of China indicated an increased involvement of Georgia in the BRI and China’s desire to invest in Georgia’s infrastructure development. In December 2015, Georgia officially launched the Silk Road Project by receiving the first cargo train from China, which went through Kazakhstan and Azerbaijan along the Trans-Caspian International Transport Route (TITR), and then it would pass by sea from Georgia to Turkey. The Georgian Prime Minister noted that the Silk Road was the cheapest and shortest road between Asia and Europe that would allow Georgia to receive goods in 8-10 days from China and send it to Europe in 3-5 days.¹³ The success of this event proved significance of Georgia as a transit country between China and Europe. In January 2016, the first container train from the Ukraine reached China in two weeks through the alternative transit route (Ukraine-Georgia-Azerbaijan-Kazakhstan-China via the Black and Caspian Seas) to

bypass Russia. Through a combination of railway network and seaports, Georgia demonstrated its transit potential to become a regional hub for cargo transportation from China to Turkey, Ukraine to China, and vice-versa. In February 2016, the Georgian government officially announced that the Anaklia Development Consortium (ADC) would launch construction of a new Anaklia Deep Sea Port by the end of 2016.¹⁴ The aim of the \$2.5 billion project was to establish a new maritime corridor between China and Europe to transform Georgia into a regional hub. In this regard, Chinese construction companies expressed their interests to invest in the seaport development project, which would allow China to gain access to the Black Sea by controlling the strategic infrastructure on its coast.

In 2017, the China-Georgia FTA was signed, which came into effect as of January 1, 2018, eliminating tariffs on 96.5 percent of Chinese exports and 93.9 percent of Georgian exports.¹⁵ As a result, bilateral trade volume noticeably increased to \$939 million in 2017.¹⁶ Georgian exports to China amounted to \$207 million and imports from China reached \$732 million, which was further increased up to \$833 million in 2018, making China the third largest source of imports after Turkey and Russia. Through the first four months of 2019, the PRC became the second-largest exporter to Georgia, which could pose a threat of Georgia's economic overdependence on China.¹⁷ In 2019, when the ADSP project was suspended and the western partners had to withdraw from its implementation, China's Foreign Minister visited Georgia to express China's interest in the port development as an important infrastructure for the BRI maritime route.¹⁸ His visit was an attempt to expand Chinese presence in the Black Sea and to explore opportunities presented by the ADSP via the TITR due to the limited shipping capacity of the Trans-Siberian Railway along the northern corridor. In the same year, Georgia hosted two more BRI forums in April and October. The last event, where the Georgian Prime Minister highlighted the

importance of economic integration and globalization through the BRI, attracted over 2000 delegates from 60 countries and draw significant attention of many potential Chinese investors, politicians, and the Chinese media.¹⁹ In 2020, the first Turkish cargo train arrived in China through the BTK railway along the middle corridor.²⁰ It reduced transport duration between Turkey and China to 12 days and proved Georgia's potential to become a transit hub between Europe and Asia.

Georgia's Transit Potential and Geostrategic Significance

Situated at the crossroads between Asia and Europe, the South Caucasus region is a geopolitically significant and politically complex area, which certainly comes under the focus on the BRI. Centuries ago, the Caucasus was an important region for the ancient Silk Road. In the VI century, Chinese silk delivery to Byzantium and other Mediterranean countries via Iran became risky and unprofitable due to increased tension between Byzantium and Persia.²¹ Thus, Central Asian merchants began to find an alternative trade route that would go to the north from the Caspian Sea, cross the Caucasus range and proceed to Byzantium via Georgia. The first caravan loaded with silk passed this route in 568.²² Moreover, archeological excavations in the North Caucasus proved that the most of the Chinese silk was delivered to Byzantium through Caucasus in the late VI century and the first half of the VII century.²³ At the present time, the region continues to attract great powers because of its significant geostrategic value. From an economic perspective, the South Caucasus region is a bridge between the Black and Caspian Seas, which enables international trade and cargo flows between East Asia and Western Europe. Apart from its transit potential, the existence of gas and oil reserves in the Caspian Basin and neighboring Central Asia makes the region more important. Armenia, Azerbaijan, and Georgia share many similarities as former Soviet republics. However, the conflict between Armenia and

Azerbaijan over Nagorno-Karabakh has resulted in the closing of borders between both Armenia and Azerbaijan and Armenia and Turkey. Since Georgia has good relationship with Azerbaijan and Turkey, as well as with Armenia, the country plays a pivotal role in regional connectivity and coordination. Georgia is the main country, which connects Azerbaijan to Turkey through overland routes and enables trade between east and west. Being isolated by Azerbaijan and Turkey, Armenia is highly dependent on Russia economically and politically. Thus, Georgia remains the only country in the region that enables Armenia's economic exchanges with Russia and Europe. Connectivity of Georgia and Armenia can play an important role to facilitate trade between Iran and Russia, which increases Georgia's potential as a transit hub not only between east and west, but also between north and south. As the east-west energy corridor, Georgia hosts important pipelines of oil and gas that make Europe independent from Russia and Iran. Thus, Georgia has a great significance for the West. Historically, the South Caucasus region was an important geographical area of defense for the Russian Empire to protect its border between the Black and Caspian Seas from the Ottoman and Persian Empires. Nowadays, Russia tries to create buffer zones along its border and gain control over the neighboring countries' territories in order to counter potential eastward expansion of the North Atlantic Treaty Organization (NATO). Consequently, Georgia in the South Caucasus, as well as the Ukraine play an important role in overall European security. Due to Georgia's Euro-Atlantic aspirations and its enhanced cooperation with NATO, the South Caucasus region represents an important geographical area for Russia to increase its influence within. Georgia borders the Black Sea, which is an area of competition for Russia, Turkey, and the NATO to achieve domination. Having direct access to the Black Sea, Georgia allows NATO and the US to extend their presence in the Black Sea region and further contribute to European security. Lastly, Georgia, as a democratic country and

close strategic partner of America, can advance US interests in the South Caucasus by promoting western values and democratic principles.

In addition to a strategic geopolitical location, Georgia has an open economy and multiple strategic trade agreements with many states that could potentially support export diversification and increase Foreign Direct Investment (FDI) flows into the country. For example, Georgia has an Association Agreement with the European Union (EU), which includes a preferential trade regime called the Deep and Comprehensive Free Trade Area (DCFTA).²⁴ It creates a closer economic integration and increases market access between Georgia and the EU. Georgia has an FTA with the European Free Trade Association (EFTA) that allows Georgia to promote trade and investment with non-EU European states Switzerland, Norway, Iceland, and Lichtenstein.²⁵ Georgia also has FTAs with Ukraine and its neighbors (Armenia, Azerbaijan, and Turkey), as well as with the Commonwealth of Independent States (CIS), such as Belarus, Moldova, Kazakhstan, Kirgizstan, Uzbekistan, Tajikistan, Turkmenistan.²⁶ Georgia also enjoys preferential trade rules with the US, Canada, and Japan. Overall, Georgia has a free trade access to markets of over two billion people and it can offer China access to a market of more than eight hundred million people.²⁷ Georgia is one of the top countries in the world in the ease of doing business with low crime rates, which offers investment-friendly tax policy and economic freedom. Considering all factors mentioned above, China views the primary value of Georgia not as a consumer or a producer, but as a regional transit hub for the BRI. However, transforming Georgia into a regional hub requires improvements of transit capacity by constructing and upgrading the BTK railway, the East-West highway, and the ADSP along the overland and maritime routes.

The Baku-Tbilisi-Kars (BTK) Railway

The BTK railway, as an important part of the middle corridor, represents critical infrastructure for Georgia, which has a huge geopolitical impact on not only the South Caucasus region, but also Central Asia, China, and Europe. International actors with vast interests in Georgia as a transit country always compete to take the lead in developing economic infrastructure in the country. In 1993, the EU launched a regional infrastructure initiative called the Transport Corridor Europe-Caucasus-Asia (TRACECA) involving fourteen countries to include Georgia.²⁸ The aim was to improve the economy and interconnectivity by developing the transport corridor from Europe to Central Asia through the Black Sea, Caucasus, and the Caspian Sea. The project, which indicates the importance of Georgia's location, also envisioned the extension of its infrastructure to China. In the same year, Turkey closed borders with Armenia to express its solidarity with Azerbaijan due to an Armenian occupation of Nagorno-Karabakh. Consequently, the Kars-Gyumri-Tbilisi railroad from Turkey to Georgia through Armenia was closed and the officials from Turkey and Azerbaijan began discussions to construct a new railroad through Georgia that would bypass Armenia.²⁹ However, the project was abandoned due to a lack of funding. During 2006-2007, after the implementation of two parallel pipelines, the Baku-Tbilisi-Ceyhan (BTC) pipeline—which provides crude oil from the Caspian Sea to the Mediterranean Sea through Georgia—and the Baku-Tbilisi-Erzurum (BTE) pipeline (natural gas from the Caspian Sea to Turkey through Georgia), the main topic of discussion among Azerbaijan, Georgia, and Turkey (AGT) was the construction of the BTK railway as a major transit corridor between Europe and Asia.³⁰ (See Figure 2: The BTK railway and Pipelines).

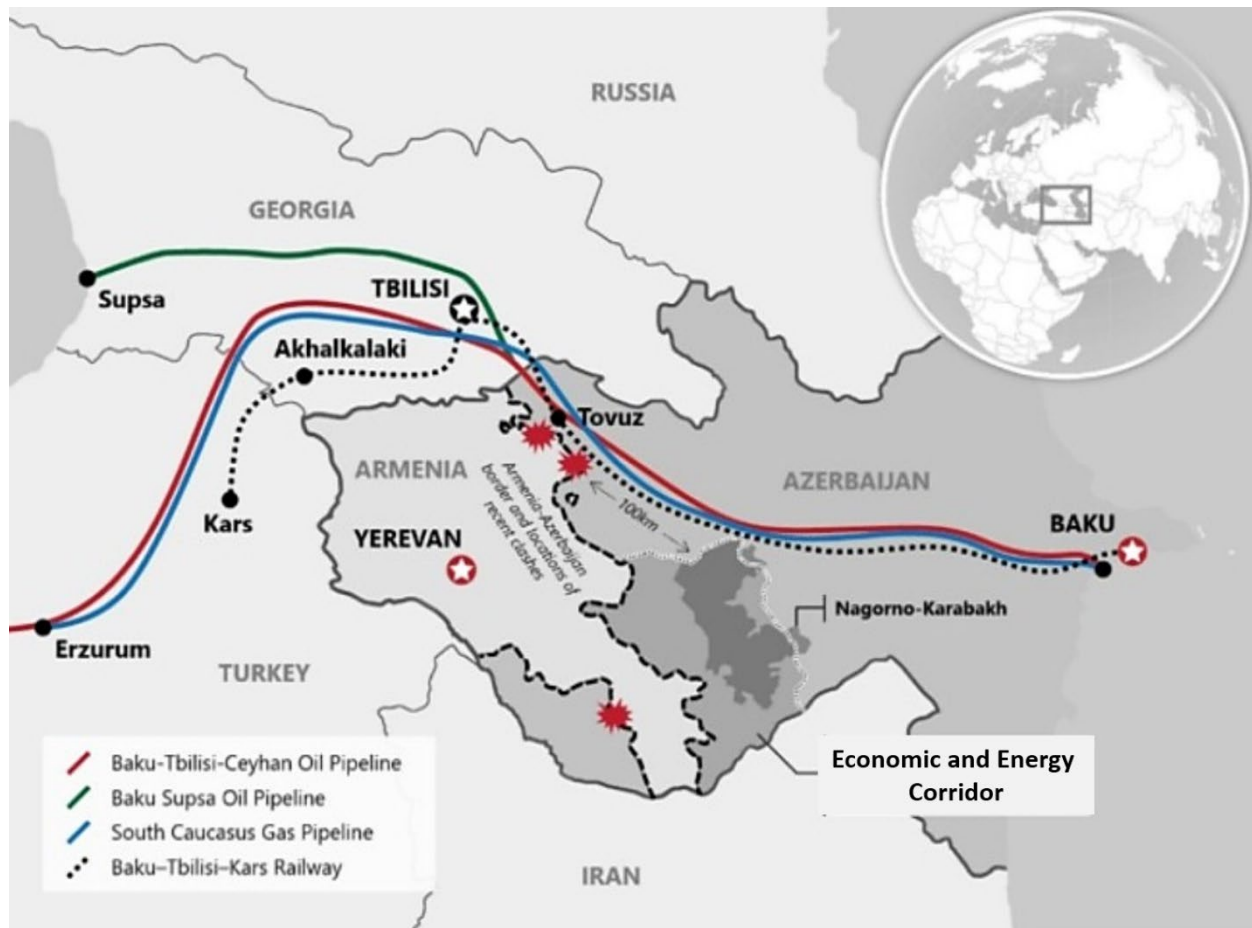


Figure 2: The BTK Railway and Pipelines

Source: James Dey, "The Military Flare-up along the Armenia-Azerbaijan Border Is a Modern-Day James Bond Film Plot," *Bne IntelliNews*, July 29, 2020, <https://www.intellinews.com/comment-the-military-flare-up-along-the-armenia-azerbaijan-border-is-a-modern-day-james-bond-film-plot-188497/>

In 2007, the three countries signed a trilateral agreement and launched the construction of a new railroad between Kars (Turkey) and Baku (Azerbaijan) via Tbilisi (Georgia) to increase the transportation capacity in the region and diversify the nature of the goods being transported through AGT. At the present time, the BTK railway is among the three most promising routes that can allow the trans-continental rail transportation of goods between Europe and Asia.

In 2016, Azerbaijan, Georgia, and Kazakhstan signed the agreement to create the Trans-Caspian International Transport Route (TITR) with the aim to improve transit potential and develop the countries of the Caspian region.³¹ The BTK railway is part of the TITR (the middle

corridor) that merges with the SREB along the BRI economic corridor and makes short, fast, and cheap route from China to Europe. More specifically, this route connects the China's railway to Kazakhstan's railway network. From there, it extends to Azerbaijan through a trans-Caspian roll-on/roll-off link. Then, the BTK railway connects this route to Turkey and ultimately Europe. (See Figure 3: The Middle Corridor or TITR).



Figure 3: The Middle Corridor (Trans-Caspian International Transport Route)

Source: Majorie van Leijen, “New Records Set on the Middle Corridor to Turkey,” *News about Rail Freight*, July 6, 2020, <https://www.railfreight.com/beltandroad/2020/07/06/new-records-set-on-the-middle-corridor-to-turkey/?gdpr=deny>

In fact, the middle corridor could compete with any alternative along the northern and southern corridors. For example, the northern corridor connects China to Europe through Russia via the Trans-Siberian Railway (TSR), which is a critical infrastructure for the BRI. However, it has to cover a long distance to reach the destination. Moreover, severe winter conditions and political problems relating to Russia may undermine the northern corridor's feasibility for Europe to reach China and East Asia. The second alternative would be the route along the

southern corridor that connects China to Europe through Kyrgyzstan, Uzbekistan, Turkmenistan, Iran, and Turkey. However, the US sanctions on Iran create an obstacle for China to depend on the southern corridor. Finally, a significant number of countries do not want to completely rely on Russia or Iran when it comes to strategic transport corridors that would serve as a gateway to the entire continent. In this case, the middle corridor may be the most reliable, short, and fast route between Europe and China that bypasses both Russia and Iran. Thus, the BTK railway as part of the middle corridor can limit dependence on Moscow and Tehran and become the main transit route on the continent.

In 2017, the role of the BTK railway further increased after Georgia joined the Lapis Lazuli Route project initiated by Afghanistan with the aim to enhance regional economic cooperation and connectivity among the countries along the corridor and expand economic and cultural links between Europe and Asia.³² The Lapis Lazuli Route, which connects with the middle corridor, begins in Afghanistan, continues to Turkmenistan, passes the Caspian Sea, continues to Azerbaijan, enters Georgia (here, the railway also connects with ports of Poti and Batumi), continues to Turkey and ultimately Europe. (See Figure 4: The Lapis Lazuli Route).



Figure 4: The Lapis Lazuli Route

Source: Mohamad Birakdar, “‘Middle Corridor’ to Connect Eurasia: Turkish Minister,” *Yeni Şafak*, May 23, 2019, <https://www.yenisafak.com/en/news/middle-corridor-to-connect-eurasia-turkish-minister-3481743>

It is expected that eighty percent of goods shipped from South Asia to Europe will travel through this route by rail as well as by ship when crossing the Caspian and Black Seas.³³

The Persian Gulf-Black Sea Transport Corridor (PBTC) project proposed by Iran can further increase Georgia's value as a transit country.³⁴ Involving Iran, Armenia, Georgia, Bulgaria, and Greece, the project aims to increase the speed of Asian trade with Europe. The PBTC allows Iran to reach Europe through South Caucasus and Black Sea and decrease its dependence on Turkey. (See Figure 5: The Persian Gulf and Black Sea Transport Corridor).



Figure 5: The Persian Gulf-Black Sea Transport Corridor

Through this project, Iran also aims to become a crucial transit country in the region for cargo transportation from India and Persian Gulf countries to Europe. Georgia plays a key role in the PBTC, because all routes from Armenia or Azerbaijan should go through Georgia in order to

reach the Black Sea and then Europe. It is also important that Georgia does not have any political problems with the participant countries. However, Georgia's western orientation and its close partnership with the US could create barrier for the country to join this project.

In 2017, Azerbaijan hosted representatives from Iran, Georgia, Ukraine, and Poland to discuss expanding cooperation opportunities along the South-West Transport Corridor in order to optimize cargo transportation and increase transit capacity.³⁵ This route begins in Iran, continues to Azerbaijan, enters Georgia where railway route connects with port and crosses the Black Sea to Ukraine and finally to Poland. (See Figure 6: The South-West Corridor). Estimated time for cargo delivery through this route is 15 days. The project also involves India, Pakistan, Southeast Asia, and the Persian Gulf. Currently, the project is on hold due to lack of funding, significant economic uncertainty, and the unprecedented impacts of COVID-19. However, it highlights the importance of Georgia's geostrategic location in the South Caucasus region.

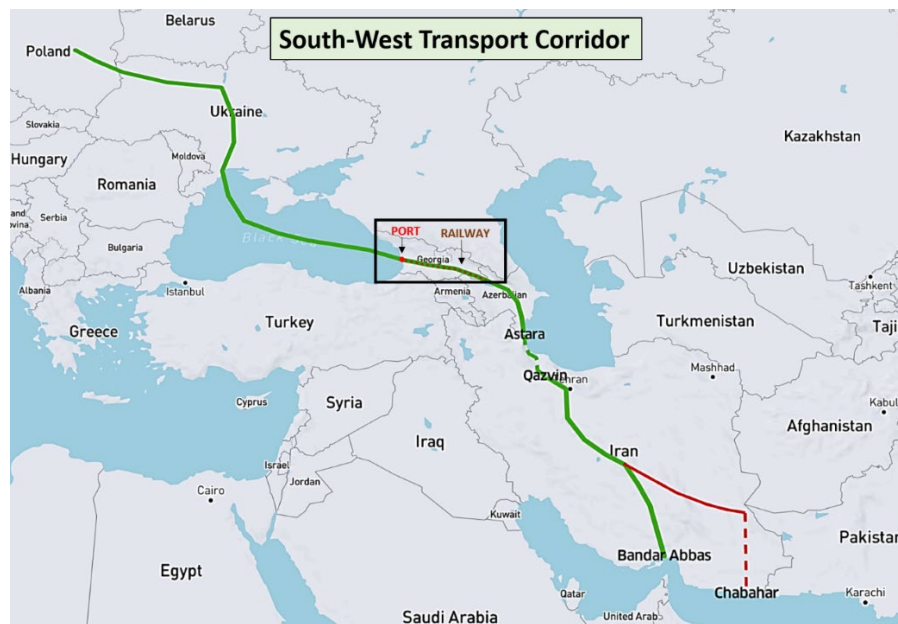


Figure 6: The South-West Transport Corridor

Source: Fuad Shahbazov, "The South-West Transport Corridor Project and the Geopolitical Reshaping of the South Caucasus," *Jamestown*, July 17 2017, <https://jamestown.org/program/the-south-west-transport-corridor-project-and-the-geopolitical-reshaping-of-the-south-caucasus/>

Currently, the BTK railway has the capacity to transport one million passengers and over seven million tons of cargo annually. When it becomes fully operational, it is expected to carry over three million passengers and seventeenth million tons of cargo.³⁶ The BTK railway along with the east-west energy corridor (oil and gas pipelines) increases economic and political ties among AGT and deepens the integration of the region into Europe. All factors mentioned above indicate that Georgia has a significant role as a central transit country in the South Caucasus. It can become a regional transit hub, which will allow international trade and transportation of goods, oil, gas, freight, and passenger along the north-south and east-west corridors.

The East-West Highway (EWH)

Georgia's East-West Highway (EWH) is an important part of the TRACECA, which allows for transit flows that connect western trade with Caucasian and Central Asian regions. Consequently, its expansion and modernization is critical to increase Georgia's transit potential. By improving its transport corridors, Georgia can enhance competitiveness as the transit hub for regional trade and passenger movements. The Georgian government continues to work closely with international donor organizations, which support Georgia's road network development. For example, Asian Development Bank (ADB) has provided \$500 million since 2009 to upgrade subregional roads and improve road safety.³⁷ In addition, ADB has co-financed Georgia's road projects with Asian Infrastructure Investment Bank (AIIB) and the European Bank for Reconstruction and Development (EBRD). The World Bank has provided \$886 million since 1996 to finance a number of road improvement projects along the East–West highway.³⁸ The European Investment Bank's (EIB) engagement amounts to \$859 million since 2012 and the Japan International Cooperation Agency's (JICA) contribution to the development of the East–West Highway reaches \$237 million since 2009, while the Millennium Challenge Corporation

(MCC) has provided \$223 million financing for road rehabilitation.³⁹ (See Table 1: Major Development Partners).

Major Development Partners			
Development Partner	Project Name	Duration	Amount (\$ million)*
Transport			
ADB	Road Corridor Investment Program–Tranche 1	2009–2017	118.0
ADB	Road Corridor Investment Program–Tranche 3	2012–2017	140.0
ADB	Sustainable Urban Transport Investment Program–Tranche 1	2010–2018	85.0
ADB	Sustainable Urban Transport Investment Program–Tranche 2	2012–2018	64.9
ADB	Sustainable Urban Transport Investment Program–Tranche 3	2013–2018	73.0
ADB	Sustainable Urban Transport Investment Program–Tranche 4	2015–2020	20.0
ADB	Batumi Bypass Road	2017–2023	114.0
AIIB	Batumi Bypass Road	2017–2023	114.0
EIB	East–West Highway Project	2012–2017	216.0
EIB	East–West Highway Project	2013–2017	40.0
EIB	East–West Highway Project 2	2016–2020	54.0
EIB	Georgia Transport Connectivity	2016–2020	264.0
EIB	Georgia Transport Connectivity	2017–2020	285.0
JICA	East–West Highway Improvement Project	2009–2013	198.0
JICA	East–West Highway Improvement Project	2016–2017	39.0
Kuwait Fund	Roads Rehabilitation	2000–2004	20.0
Kuwait Fund	Roads Rehabilitation	2006–2009	14.7
Kuwait Fund	Batumi-Akhaltzikhe Road	2017–2020	27.2
MCC	Samtshke–Javakheti Road Project	2009–2011	223.4
World Bank	Transport Rehabilitation Project	1996–1999	12.0
World Bank	Transport Ministry Restructuring Project	1998–2003	2.3
World Bank	Roads Project	2000–2005	40.0
World Bank	Secondary and Local Roads Project	2004–2012	90.0
World Bank	First East–West Highway Improvement Project	2006–2013	47.0
World Bank	Second East–West Highway Improvement Project	2007–2012	55.0
World Bank	East–West Highway Improvement Project 3	2009–2016	147.0
World Bank	Kakheti Regional Roads Improvement Project	2009–2015	30.0
World Bank	Second Secondary and Local Roads Project	2012–2019	70.0
World Bank	Third East–West Highway Improvement Project	2012–2017	43.0
World Bank	Fourth East–West Highway Improvement Project	2013–2018	75.0
World Bank	Third Secondary and Local Roads Project	2014–2018	75.0
World Bank	East–West Highway Corridor Improvement Project	2015–2020	140.0
World Bank	Secondary Road Asset Management Project	2016–2021	40.0
World Bank	East–West Highway Corridor Improvement Project Additional Financing	2017–2023	19.8

Table 1: Major Development Partners

Source: ADB, “East–West Highway (Khevi–Ubisa Section) Improvement Project,” *Asian Development Bank*, April 1, 2021, 1–2,
<https://www.adb.org/sites/default/files/linked-documents/49257-001-dc.pdf>

Georgia’s road network carries more than forty percent of the freight transportation and ninety percent of the passenger transportation.⁴⁰ The construction and rehabilitation of the East–West highway in accordance with international standards will influence the sustainability of the economy and national security. It is expected that upgraded road to a new four-lane concrete

highway will reduce traveling and transportation time and costs, ensure ease of transit, and meet the road safety standards. Currently, some infrastructure development projects are underway, which aim to construct not only roads, but also bridges, bypasses, and tunnels. For instance, under the Rikoti pass rehabilitation project, it is planned to construct a modern road, 96 bridges, and 53 tunnels.⁴¹ The main section of the road will be completed by 2022, which will become fully operational by 2023.

The Anaklia Deep Sea Port (ADSP)

Georgia's first deep sea port on the Black Sea is the largest infrastructure project in Georgia's history that can change the reality in the region and give a birth to a new Georgia. Existing ports at Poti and Batumi capable of handling only 1,500 TEU vessels are very old and do not meet modern maritime requirements. Consequently, inbound and outbound freight has to be transferred to other ships in Turkey or Romania, which delays cargo transit. Extra costs in the exchange of goods and the logistics cost significantly diminish Georgia's competitive advantages as a transit corridor. After official entry to the BRI, the Georgian government decided to construct new ADSP to increase transit potential and transform the country into a regional hub capable of handling international trade between Europe and China. The ADC made up of the Georgian investment group TBC Holding and American engineering firm Conti Group was awarded the tender to build and manage a world class port complex. When constructed, the ADSP will handle 100 million tons of cargo annually, contributing 0.5 percent to Georgia's GDP each year.⁴² Anaklia has the deepest canyon in the Black Sea basin and the port will have a depth of 16 meters, enough to receive 10,000 TEU Panamax-type vessels that are the largest ships currently transiting the Black Sea.⁴³ The ADSP has the perspective of extension and a potential to develop a free industrial zone (FIZ) on adjacent land that allows tax-free production of goods

for export. The primary market will include Caucasus countries (Georgia, Armenia, and Azerbaijan) covering over 17 million people and annual nominal GDP of \$102 billion. The secondary market will include Central Asian countries (Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan, and Tajikistan) and Northwest Iran covering over 146 million people and annual nominal GDP of \$759 billion.⁴⁴ (See Figure 7: The ADSP Potential).

Figure 7: The Anaklia Deep Sea Port Potential

The ADSP sits on the shortest route from China to Europe and represents the key maritime infrastructure for the BRI. Since overland transport is more costly than sea, the maritime route through the ADSP can compete with any other alternatives. The port could serve as a transit corridor for both rail and container traffic and transform Georgia into a regional economic hub connecting Europe and Asia. It is expected that the new port will fundamentally revolutionize Anaklia and transform the place to an epicenter of international trade and commerce, which could improve the economy and create jobs for 8,000 local workers.⁴⁵

the new port could compete with the nearest Russian deep water port Novorossiysk. Thus, there is suspicion of Russian pressure to stop the project, which finally led to a withdrawal of the western investors. However, China still has vast economic interests in this port project, because it provides a direct access to the Black Sea and significantly impacts on the trade between China and Europe. For example, a Chinese state-owned Zhenhua Port Machinery Company (ZPMC) is committed to invest \$50 million to develop the ADSP and provide the latest, modern standard container cranes and other equipment to control the container terminal.⁴⁶ In addition, Georgia is a member of AIIB, which provides funds annually to finance Belt and Road projects. Through this bank, China intends to build a series of mountain tunnels, bypasses, and road and rail infrastructure connecting the ports to the regions of Georgia.⁴⁷ The US effort to keep both China and Russia out of the ADSP project resulted in a temporal chill in Georgia-China relations, but it does not mean that Beijing is no longer interested in building a new port. Thus, the West needs to pay significant attention to this project and make an effort to reinitiate construction of the ADSP on the Black Sea coast, which is an opportunity to limit China's expansion toward the Black Sea. Overall, Georgia can increase its transit potential and capacity under the BRI, but China's deeper involvement in Georgia's strategic infrastructure development could pose a potential threat to Georgia's sovereignty, which will be discussed in the following paragraph.

Risks of Georgian Involvement in the BRI

Georgia's strategic geopolitical location, its key infrastructure development projects, and economic attractiveness prove Georgia's potential to become a transit hub between Europe and Asia under the BRI. However, China's constant efforts to develop strategic infrastructure in Georgia and gain access to the overland and maritime routes in the South Caucasus and the Black Sea region may pull Georgia into China's geo-economic orbit and threaten European

security. While Georgian officials view the ambitious plan as an opportunity to improve economic attractiveness and resolve various security issues, there is a risk that the BRI could be inspired by ulterior economic, political, and military motives. The following sections will address the issues, which potentially bring significant challenges to the BRI countries.

China tends to put its junior partners into the economic debt trap. In the beginning, the ambitious plan seems attractive as it aims to build or modernize key infrastructure, create jobs, solve the unemployment problems, and boost the economy. Consequently, many countries welcome Chinese investments in infrastructure development. However, poor states are unable to handle an unsustainable debt burden that they take on to build projects under the initiative. Thus, the states simply give up strategic infrastructure projects, which are turned over to Chinese management and ownership. For example, the Sri Lanka failed to repay sovereign debt of over \$8 billion to Chinese construction firms building the port of Hambantota and the government had to grant China a 99-year lease on the facility at the end of 2017.⁴⁸ Another example is Pakistan, when the government asked to reconsider \$62 billion in Chinese investments in 2018, because the involvement in the BRI was creating an unsustainable debt burden.⁴⁹ In this regard, Georgia is a vulnerable state because of its poor economy. Thus, there are raised concerns that Georgia could become a victim of Chinese debt trap that will allow the PRC to gain control of the ports, highways, and railway network, threatening Georgia's sovereignty and independence.

There are also concerns about potential corruption of Chinese firms responsible for infrastructure development and the possible impact on the environment since some of the BRI projects travel across ecologically important areas with lack of adequate protection. For instance, Chinese company Sinohydro with a long record of corruption in Georgia and abroad for environmental degradation and low quality work keeps winning the tenders to build roads,

bypasses, and highways.⁵⁰ Cooperation with Chinese companies with corrupt background could threaten environment and damage reputation of the state government.

Close bilateral ties with China could hinder democratic development of the country. Georgia continues to serve as a model for democratization and shows its progress in building and strengthening democratic institutions. However, democracy is fragile and the process of democratic reforms may face a number of setbacks due to a close cooperation with an authoritarian country. Since China frequently gets criticized for human rights violations and lack of democracy, its expanding influence in Georgia may threaten western values and democratization process. Up to this time, China has not threatened Georgia's democracy as the bilateral relations is economic by nature. However, Georgia could begin deeper political engagement with the PRC under the BRI, which may pose a threat to democracy and undermine western interests in the region.

There is a threat that Beijing could weaponize the BRI. When poor states become the victims of Chinese debt trap, Beijing will be able to manage a large number of key infrastructure along the multiple economic corridors and gain control over sea lanes and overland routes across Eurasia, Africa, and adjacent seas. Having access to strategic infrastructure and ground-sea lines of communication, China can easily project power and increase its military presence within the eastern hemisphere of the globe. The ports can accommodate Chinese military ships, and railroads and highways allow transportation of weapon systems, troops, and equipment. For example, a Chinese military center in Tajikistan and the establishment of the Chinese military base in Djibouti reveal Beijing's desire to strengthen its military presence in Africa and Central Asia along the BRI.⁵¹ Under the ambitious plan, Beijing can explain and justify the process of militarization by the importance of preserving vital commercial interests and protecting of key

infrastructure from potential threat. Up to this time, China has not militarized its relationships with Georgia, but after developing strategic infrastructure by Chinese companies, Beijing could have a similar approach toward Georgia and the South Caucasus region.

Closer engagement with China has not strengthened Georgia's deterrence as security issues remain unresolved and Russia still continues its malign activities in the country. After joining the BRI, the Georgian government expected that extensive Chinese economic interests in Georgia would prevent Russia from using military aggression against its small neighbor not to endanger Chinese investments. However, China and Russia seek to cooperate to counter America's influence in Eurasia. This goal is far more important than the South Caucasus and Georgia within. China borders Russia and both great powers are potential competitors due to their geographical proximity. However, the US pressure on China within the Indo-Pacific region and the US support to NATO's potential eastward expansion toward Russian border have resulted in consolidation of Chinese and Russian efforts against the US. Thus, Beijing will not make such moves in favor of Georgia that can be sensitive to Moscow. That is why China tends to remain unsupportive in solving Georgia's critical diplomatic issues. For example, China stays neutral or remains silent when discussion pertains to Russian aggression, cyber-attacks, and ongoing "borderization" in South Ossetia. In 2020, China participated in Russian-led military exercise "Kavkaz-2020", which aims to involve military personnel from Abkhazia and South Ossetia (Occupied territories of Georgia).⁵² Overall, establishment of closer economic ties with China and its investments in strategic infrastructure development in Georgia serve Chinese national interests and create potential burden for the host country.

Recommendations

As Georgia aspires to become an important transit hub, it needs to consider regional connectivity, infrastructure development, trade facilitation, and investment encouragement in order to fully realize its own economic potential. However, existing conflicts in politically complex region create connectivity and harmonization challenges. For example, Armenia has closed its borders with Azerbaijan and Turkey due to the conflict over Nagorno-Karabakh. Georgia's ongoing tensions with Russia negatively impact on the investment climate.

Having good relations with most regional powers, Georgia should position itself at the heart of Eurasian economic connectivity and take a leadership role in Caucasus and Central Asian connectivity projects. It will help to establish Georgia as a regional power and increase investment into the country. Georgia should take advantage of its unique location at a geographical crossroads and encourage regional connectivity that stretches east–west from China to Europe, and south–north from Iran and the Gulf to Russia. Currently, Georgia tries to maintain stable trade relations with Russia despite the absence of diplomatic ties. However, it is more important for Georgia to be proactive and encourage greater external investment into the country from large powers such as the US, Europe, and others. Having the best connectivity among the South Caucasus countries, Georgia should encourage its neighbors to seek better coordination and harmonization in order to improve the attractiveness of the region and increase the competitiveness of the trade routes passing through it.

Georgia's potential to become a transit hub will greatly depend on the development of coordinated hard and soft infrastructure. Upgraded hard infrastructure such as railways, roads, and seaports without soft infrastructure will not automatically transform Georgia into a transit hub. Since Georgia is part of the Trans-Caspian International Transport Route (TITR), regional

partners along this trade corridor should focus on improved transport connectivity and competitiveness to make the route shorter, faster, cheaper, and safer than its rivals. The first step is to expand rail, road, and sea transport by modernizing and constructing new infrastructure. The next step is to make the route economically competitive. It requires the simplification and mutual recognition of customs clearances and border-crossing procedures; harmonization of standards; minimization of cargo delays and theft risk; reduction of tariffs volatility, the paperwork, and bureaucracy; improved logistic performance; and creation of a soft infrastructure tool at the regional level such as a unified tracking and tracing system to manage an efficient electronic data flow and run scheduled train operations. All mentioned above will reduce border delays, decrease the number of bilateral permits required for trucks travelling across the Eurasian region, and increase overall competitiveness of the trade route. Georgia should establish working groups involving key public and private stakeholders to discuss and establish a common vision. The working groups should examine the strengths and weaknesses of each corridor and future actions should be based on the advantages of the TITR compared to its rivals.

From a long-term perspective, the ADSP could boost the overall competitiveness of Georgia as a transit hub. To achieve the full potential, it is important to construct a new port, modernize old infrastructure, and develop soft infrastructure. To make ports efficient, reliable, and attractive, a modern railway network should be built and connected to the ports.

The private sector seems to have low interest to invest in projects, which can be explained by a lack of clarity on its benefits in the long-term perspective and relatively unstable environment for the project. Since future success of the BRI depends on interest from the private sector, the Georgian government should identify opportunities for greater public–private partnerships and encourage private sector involvement by advertising potential economic gains.

Georgia should aspire to become both a regional transit hub and a producer of goods that can take advantage of these routes. In this regard, Georgia should introduce a Free Industrial Zone, develop a domestic manufacturing base, and export its products to neighboring countries in order to boost its own exports. The Georgian government should ensure that Georgians benefit from employment and training opportunities, and local human capital development is properly integrated into BRI-related processes. The next step will be how to attract foreign investment to these Free Economic Zones to further boost Georgia's economy.

Conclusion

In conclusion, China gradually expands its influence across the eastern hemisphere of the globe and aspires to become the largest economic hub in the world. Having a unique geographical location and significant transit potential, Georgia joined the BRI as a golden opportunity to boost the economy and strengthen deterrence against Russia. The Georgian government decided to modernize railway network to include the BTK railway, expand the EWH, and construct the ADSP in order to improve economic attractiveness and increase transit potential of Georgia. A number of international partners and donor organizations with vast economic interests in Georgia as a transit country have already invested in infrastructure development and many projects are underway. To speed up a transformation process, the Georgian government needs to improve the investment climate in the country and continue to attract more foreign investments in infrastructure development. After the development of coordinated hard and soft infrastructure, the Georgian government needs to promote regional connectivity and ensure trade facilitation to improve economic attractiveness and increase competitiveness of the trade routes passing through Georgia. The BRI itself could increase Georgia's role as a transit hub by diversifying economic activities, attracting more investments,

and improving coordination and harmonization among countries under one umbrella. When it comes to strategic infrastructure development, Georgia should attempt to mainly focus on American and European investments to avoid potential risks of Chinese economic debt trap and ensure effective deterrence against Russia. Western investment in the ADSP could limit Chinese growing influence toward the Black Sea, promote western domination, and protect vulnerable Georgia from potential risks of the BRI. Thus, it is important for the US and Georgia to reinstate construction of a new port in Anaklia, which sits on the shortest route between Europe and China. By combination of the BTK railway, the EWH, and the ADSP, Georgia could be transformed into a regional transit hub capable of handling crucial international trade along east-west and north-south economic corridors. Western investments in strategic infrastructure will encourage America and Europe to pay significant attention to Georgia in order to preserve their vital economic interests in the country. Being a host of strategic infrastructure built by western investment and a host of crucial international trade between Europe and Asia, Georgia could significantly improve the economy and strengthen deterrence against potential adversary.

Georgia, as a democratic state in the South Caucasus, continues to pursue a democratic path despite its challenging geopolitical reality. The small nation has proven to be a reliable partner and committed ally to strengthen democratic institutions and advance western values. Thus, America and Europe should continue to support Georgia's economic and democratic development in order to make Georgia more resilient and less vulnerable to coercion from outside powers. Western investments in key economic infrastructure in Georgia could transform the country into a transit hub, which will improve economic attractiveness, strengthen deterrence against Russia, and counterweigh China's growing influence in the South Caucasus and the Black Sea region.

Endnotes

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