

Georgia at a Crossroads

Georgia stands at a crossroads. Once a beacon of democratic reforms in the post-Soviet space, the country has grown increasingly authoritarian under its current government and distanced itself from the West. The parliamentary elections on 26 October 2024 will be a defining moment.

By Jeronim Perović

In the spring of 2024, peaceful protests took place over several weeks in the Georgian capital Tbilisi and in other cities across the country. Tens of thousands of mainly young people took to the streets to protest against a bill requiring organizations that receive more than 20 per cent of their funding from abroad to register as agents «pursuing the interest of a foreign power». The ruling «Georgian Dream» party argued that the bill it had drafted and presented to parliament was modeled on the US Foreign Agents Registration Act. Critics, on the other hand, saw it as inspired by a Russian law used by the Kremlin to clamp down on political opponents and suppress dissenting voices.

Despite massive protests, the Georgian parliament passed the [Law on Transparency of Foreign Influence](#) on 14 May 2024 by a huge majority, with the opposition parties abstaining from voting. Even though Georgia's President Salome Zourabichvili subsequently vetoed the bill, thus openly signaling her support for the protesters, the legislation entered into force. Parliament chose to ignore the opinions of the Council of Europe's [Venice Commission](#), issued on 21 May, and of the OSCE Office for Democratic Institutions and Human Rights (ODIHR), issued on 30 May, both of which urgently recommended that the law be repealed.



Demonstration on 24 May 2024 in the Georgian capital Tbilisi against the new «transparency law». Irakli Gedenidze / Reuters

[Washington](#) responded to the bill's adoption by ordering a comprehensive review of its bilateral relations with Georgia and putting financial assistance on hold. The EU followed suit and warned that if the Georgian government continued to pursue its current course of action the EU would introduce sanctions against individuals, cut economic aid and possibly even reintroduce a visa requirement for Georgian citi-

zens. For the first time since 2008, NATO omitted any reference to Georgia as a potential future member in one of its communiques.

Amidst these tensions, all eyes are now on the parliamentary elections of 26 October 2024. While the ruling party is hoping to see its majority confirmed, the opposition is framing the elections as a vote for

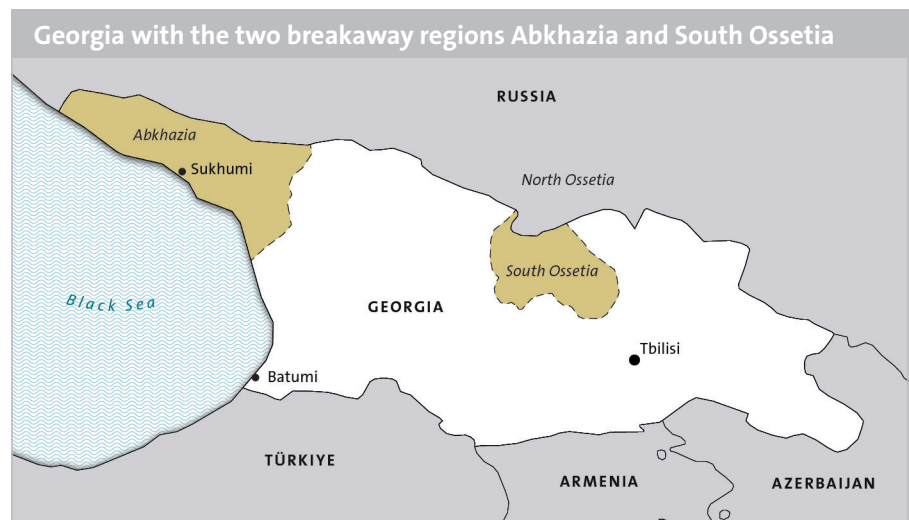
Europe. An overwhelming majority of the Georgian people is in favor of EU and NATO membership. And even though the government has not formally abandoned its orientation towards the West, there has nevertheless been a significant shift in the country's foreign policy in the last few years. While trade and economic relations with Russia have improved, Georgia has also stepped up its cooperation with China, Türkiye, the Gulf states and Iran.

Illiberal Turn

Georgia's first few years of independence were difficult. Following the collapse of the Soviet Union in 1991, the country became embroiled in separatist conflicts and a civil war. At the same time, Tbilisi sought to establish deeper ties with the West without unnecessarily straining its relations with Russia. The Rose Revolution of 2003 marked a turning point, with people taking to the streets in protest against electoral fraud, corruption and economic misery, ultimately forcing Eduard Shevardnadze's government to resign. Mikheil Saakashvili, one of the leaders of the United National Movement (UNM) opposition party, which had played a key role in the protests, emerged as the new president. Under Saakashvili's leadership, the government introduced reforms aimed at curbing corruption, liberalizing the economy and strengthening democracy.

In the years that followed, Georgia became a democratic model for other post-Soviet states. Its foreign policy prioritized integration into Western structures, in particular the EU and NATO. However, this led to tensions with Russia, which still considered Georgia part of its sphere of influence. When the Georgian government attempted to reestablish control over the breakaway region of South Ossetia by military means in August 2008, Russian troops marched into Georgia. The ensuing five-day war ended with victory for Russia. Although Moscow subsequently withdrew its troops from the Georgian heartlands, it also increased its military presence in Abkhazia and South Ossetia, recognizing them shortly thereafter as independent states.

In view of the defeat by Russia and Saakashvili's increasingly authoritarian tendencies, «Georgian Dream», a coalition founded by oligarch Bidzina Ivanishvili, came to power in the 2012 parliamentary elections. The new government, in which Ivanishvili served as prime minister until



November 2013, initially pursued a program of liberal reforms and sought to strengthen ties with the West. These policies bolstered the coalition's success in the 2020 parliamentary elections.

Milestones on Georgia's path to Western integration since «Georgian Dream» assumed power have included an association agreement with the EU signed in 2014, which opened the door to the establishment of a free trade area, and Georgian citizens being granted visa-free entry to the Schengen area the following year. In 2018, Georgia enshrined integration into the EU and NATO as a foreign-policy priority in its constitution. In the wake of Russia's

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full-scale invasion of Ukraine, Georgia joined Ukraine and the Republic of Moldova in applying for EU membership in March 2022.

Amidst growing concerns over the government's authoritarian tendencies, the EU granted Georgia candidate status in December 2023. However, it did so only on the understanding that Georgia was to take the following nine steps before accession negotiations could begin: fight disinformation, improve alignment with EU foreign policy, reduce political polarization, ensure fairer elections, further improve parliamentary oversight, reform the justice system, combat corruption, turning away from oligarchy and protect human rights.

The ruling party has undeniably adopted an increasingly illiberal and populist stance in recent years. It now emphasizes «national sovereignty», Georgian traditions and conservative values, claiming they must be protected against Western influence. The narratives voiced in parliament by the members of Georgia's ruling party barely differ from the rhetoric embraced by other populist and authoritarian governments such as those of Hungarian Prime Minister Viktor Orbán or even of Vladimir Putin.

The «Transparency Law» adopted on 14 May 2024 is therefore expected to have far-reaching consequences: Organizations must register as «organizations pursuing the interests of a foreign power» and submit annual financial reports. The law goes even further, empowering the Ministry of Justice to conduct detailed investigations into the registered organizations. It also gives the authorities the right to request personal data relating to citizens, including sensitive information such as sexual orientation, political views and trade union memberships.

This legislation is deeply ingrained in the increasingly illiberal course being pursued. For example, the government has taken steps to tighten its grip on the electoral commission and strengthen its control of the media. On 17 September 2024, the Georgian parliament approved the third and final reading of a law that will impose sweeping curbs on LGBT rights, including bans on «propaganda» for same-sex relationships and on gender-affirming surgery along with censorship of LGBT books and films.

Ivanishvili's Role

Much of the responsibility for Georgia's increasingly anti-Western stance lies with Bidzina Ivanishvili. With a net worth estimated at close to five billion USD, which is equivalent to around one sixth of Georgia's GDP, Ivanishvili is by far the richest person in Georgia. This wealth was mainly acquired through business ventures in Russia in the 1990s. On returning to Georgia, he founded the «Georgian Dream» coalition in 2011. The party triumphed in the 2012 parliamentary elections, and Ivanishvili briefly served as prime minister. Despite not holding public office since, he has continued to exert considerable influence on Georgian politics, pulling the strings from behind the scenes.

Observers interpret Ivanishvili's slide into authoritarianism primarily as a means of securing his own financial interests. Following Russia's attack on Ukraine in February 2022, Western sanctions targeted not only Russian oligarchs but also anyone suspected of having links to them. Ivanishvili, too, found himself in the firing line over suspected business dealings with Russia and assets he held abroad, including an account valued at around a billion USD at the Swiss bank Credit Suisse (CS). The US government imposed sanctions on members of his entourage. Although Ivanishvili's assets were at no point officially frozen, financial transactions and transfers of funds were delayed – which he believed to be politically motivated. After money from his accounts had been used in a fraudulent scheme by one of CS's wealth managers, Ivanishvili won court cases against the bank, which has since been taken over by UBS, in 2022 and 2023.

All of these events appear to have reinforced Ivanishvili's conviction that he is being targeted by Western-controlled forces, prompting him to slide even further into authoritarianism. His leadership style increasingly resembles that of other autocratic heads of state who make use of authoritarian practices to consolidate their grip on power and thus safeguard their economic interests. To lessen his dependency on the West, Ivanishvili is seeking to shift the focus away from the previous Euro-Atlantic path towards alternative trade and economic partnerships.

The new priorities for his party became apparent on 29 April 2024 when the normally publicity-shy Ivanishvili delivered a rare speech at a mass demonstration in Tbilisi. It was a keynote address in which he de-

fended the «Transparency Law» then being discussed in parliament as a means of keeping foreign influence in check. He accused a «global party of war», which he otherwise failed to identify, of attempting to control Georgia through «agents», and claimed that these forces had engineered the 2008 Georgian-Russian war as well as the 2014 and 2022 crises in Ukraine. Ivanishvili identified non-transparent NGO funding as the main tool used in this external manipulation.

Aware of the sizeable support within the country for Western integration, Ivanishvili reaffirmed his commitment to the goal of achieving EU membership for Georgia by 2030, thus echoing the position currently still being taken by the ruling party.

«Georgian Dream» has adopted an increasingly illiberal and populist stance – emphasizing «national sovereignty» and conservative values.

However, in reality, Georgia is increasingly turning away from the West and seeking closer ties with other authoritarian states, including Russia.

Russia's Role

The content of the Georgian «Transparency Law» is modeled so closely on that of the Law on Non-Commercial Organizations Acting as Foreign Agents, which came into force in Russia in 2012, that many suspect the Kremlin of being behind the drafting of the Georgian bill. The demonstrators who took to the streets of Georgia in the spring of 2024 protesting the introduction of the bill labeled it the «Russian Law» and accused the ruling party of seeking to restore the country's political ties with Russia. But the situation is more complicated than that. While the government undoubtedly took inspiration from the wording of the Russian legislation, which has since been copied in countries such as Hungary, Azerbaijan, Kyrgyzstan and Kazakhstan, the Georgian law is unlikely to have been dictated directly by Moscow.

Relations between Georgia and Russia continue to be marked by heightened tensions that no Georgian government can ignore. Tbilisi broke off diplomatic relations between the two following Russia's military intervention of August 2008 and Moscow's recognition of Abkhazia and South Ossetia as independent states. Rus-

sia still maintains large military bases in Abkhazia and South Ossetia. Any Georgian politician casting doubt on the European trajectory and officially calling for a rapprochement with Russia is likely to be jettisoning their political future. Consequently, Ivanishvili is exercising caution. Given the increasingly open anti-Western rhetoric and new legislative measures, his policy could be described as one of «appeasement» toward Russia; however, economic cooperation and trade are the priorities, not closer political ties.

Georgia's reaction to Russia's full-scale invasion of Ukraine in February 2022 reflects this stance: Although Georgia supported the UN resolution condemning the Russian invasion of Ukraine in March 2022,

Tbilisi subsequently refused to endorse the sanctions against Russia. This gave rise to allegations that Georgia was presenting itself as a transit hub to those wishing to circumvent Western sanctions. And, in actual fact, Georgia has significantly improved its economic

relations with Russia since then, as can be seen from the volume of trade, which increased by 47 per cent between 2021 and 2023. Gas imports from Russia now once again account for over 20 per cent of Georgia's total gas imports, equivalent to a year-on-year rise of 16.5 per cent – although most of the country's gas supplies still come from Azerbaijan. Two-thirds of wine exports, which play a major role in the Georgian economy, are once more destined for Russia – an important development given that a blanket ban on imports imposed by Russia in 2006 was only lifted in 2013.

The massive influx of predominantly young, well-educated Russians who have fled to Georgia since the start of the war in Ukraine has also inadvertently helped to intensify the exchange between the two countries and boost economic activities. According to a study by the independent Russian news portal The Bell, which draws on a number of data sources, close to half a million Russian citizens left their homeland between February 2022 and the end of that year, with 112,000 of them settling in Georgia. Tens of thousands more were to follow, some of whom have moved on to other destinations or returned to Russia. Transparency International Georgia reports that Russian citizens registered more than 26,000 companies in the country in 2022 and 2023. In the spring of 2023, di-

rect flights between the Russian and Georgian capitals resumed in the midst of massive anti-government protests in Georgia.

Nevertheless, Georgia is seeking to avoid becoming too economically dependent on Russia. Its main trading partner remains the EU, accounting for 20.9 per cent of the volume of trade, followed by Türkiye (13.8 per cent) and Russia (11.1 per cent). At the same time, China has considerably strengthened its presence in Georgia through partnership agreements and investments, particularly in infrastructure projects. The Georgian government announced in June 2024 that a Chinese firm had won the tender for the construction of a deep-sea port at Anaklia on Georgia's Black Sea coast. Georgia hopes that this project will consolidate its role as a transport route through the South Caucasus and as a trade hub between China and Europe. Iran has also recently expanded its trade relations with Georgia, specifically in the energy sector.

26 October as Watershed

Despite adhering to its goal of EU membership, Georgia has been distancing itself more and more from the West. Against this backdrop, the parliamentary elections of 26 October 2024 could determine the country's future political direction. Forecasts predict an extremely close-run race between the ruling party and the opposition. But the ruling party has an advantage in

that the various opposition parties, including the UNM, the second strongest party after «Georgian Dream», are not standing as a united front, although there have at least been some efforts to form alliances in recent months.

However, the biggest question mark hanging over the outcome of the elections is the large number of undecided voters. The new «Transparency Law» is pivotal in this regard. True, the protests against this legislation have mobilized the population against the government and its illiberal leanings. But the new law can now be used by the government to significantly undermine the influence of NGOs and independent media outlets, who play a key role in mobilizing precisely those undecided voters.

The political situation is extremely fraught. Confronted with a determined protest movement, the ruling party is adopting a more antagonistic rhetoric. Prime Minister Irakli Kobakhidze declared the upcoming parliamentary elections to be nothing less than a decisive referendum where statelessness and love of country, militant atheism and respect for the church, slavery and sovereignty are pitted against each other.

There is reason to fear that the ruling party could use its administrative and financial resources to manipulate the elections or even to buy votes. Doing so would reduce the chances of a peaceful and fair outcome

and increase the risk of violent protests or even revolution – not unheard of in more recent Georgian history.

This situation presents the EU in particular with a delicate challenge: On the one hand, Brussels must openly acknowledge the problems and impose appropriate sanctions whenever violations of human rights, freedom of expression or electoral fraud are detected. On the other, any intervention by the EU could unintentionally play into the ruling party's hands by reinforcing its current narrative of outside interference and Western «colonial» behavior.

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