

Georgia's Anti-Western Drift, Anaklia Port, and Lessons for the West

Georgia's shift from the West to the Russian axis is clearly visible in the Georgian Dream's anti-democratic steps, the adoption of Russian-inspired legislation, anti-Western rhetoric, disregard for NATO, severing of relations with the EU, frequent anti-Ukrainian rhetoric, blaming the West for wanting to drag Georgia into the war with Russia, constant reference to a mythical "[global war party](#)" and recent high-level visits to Iran.

However, the most notable illustration of the anti-Western drift is in the unfolding story of the Anaklia deep-sea port, which, eight years ago, was poised as the single most significant infrastructure project with Western participation. Today, however, the development of the Anaklia port is in the [hands](#) of the Chinese state-owned company - China Communication Construction Company Limited (CCCC), symbolically marking the substitution of Western presence with Chinese.

Strategically located at the crossroads of Europe and Asia, Georgia has long been attempting to leverage its geographic position by developing a deep-sea port in Anaklia. This project envisioned transforming Georgia into a major transport hub bypassing Russia and was considered a cornerstone for the country's economic development and security. Thus, the idea of the port was not only about economic growth, exploring transit potential, and creating new jobs but also a geopolitical choice - a significant port backed by Western financial institutions and economic actors on the Black Sea would have created a substantial point of political interest for the US and the EU.

Anaklia stands out among all possible port locations in Georgia because it is the only site suitable for a deep-water port. It can accommodate 10,000 TEU container ships with 16-meter depths, facilitating efficient cargo transit through the region. Additionally, Anaklia is the only location in Georgia



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that can support a large Special Economic Zone, boosting the port's value by enabling manufacturing, logistics, warehousing, and other activities, thereby addressing the country's balance of payments and unemployment issues. This makes the port extremely important not only for Georgia's national interests but also for the collective West.

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In this context, the Anaklia deep-sea port project could be compared to the Baku-Tbilisi-Ceyhan (BTC) pipeline. Both illustrate the alignment

of Georgian and Western interests in enhancing regional connectivity and economic independence from Russia. The BTC pipeline, completed in 2006 with solid Western support, successfully bypassed Russian-controlled routes, demonstrating a strategic commitment to diversifying energy supplies and strengthening the South Caucasus' geopolitical importance. However, unlike Shevardnadze, who put all his geopolitical weight behind the BTC pipeline, Ivanishvili chose to accommodate Russia's interests.

The idea of building a port in Anaklia has existed since the late 1960s. The first attempt saw the construction of a pier, but it did not progress further. In the last two decades of the Soviet Union, scientific argumentation was developed, and the first ideas for the project were drafted. In the 1990s, the Georgian government attempted to build an oil terminal. In the early 2000s, another project was designed, but the government never had the audacity, finances, or the capacity to implement

the idea. Finally, in 2010, Mikheil Saakashvili [declared](#) that he planned to build the Lazika port and a free city in the place of Anaklia. Lazika became a central talking point before the 2012 elections, exemplifying Saakashvili's grand vision for Georgia's economic potential. Lazika was even [mentioned](#) in the changed Constitution of Georgia.

After the Georgian Dream came to power in 2012, the idea of Lazika was [demonized](#) as absurd, exemplifying Saakashvili's loony ideas. But after the electoral debris settled, during Prime Minister Giorgi Kvirikashvili's tenure, the shelved idea was dusted off. In 2013-2014, the Georgian Dream conducted a [feasibility study](#) of the project and decided to call for a tender to construct the port. Moreover, Anaklia once again became a major pre-election talking point, this time for the Georgian Dream before the 2016 Parliamentary elections.

First Attempt: Western Engagement and the ADC

In 2016, the Anaklia Development Consortium (ADC), led by Mamuka Khazaradze, founder of TBC Bank in collaboration with the American Conti Group, [was awarded](#) the project. The consortium managed to mobilize USD 620 million for the first phase of construction, with substantial financing commitments from international financial institutions, including the European Bank for Reconstruction and Development (EBRD), the Overseas Private Investment Corporation (OPIC), the Asian Development Bank (ADB), and the Asian Infrastructure Investment Bank (AIIB). The project, estimated to cost around USD 2.5 billion, was expected to bolster Georgia's role in the alternative transit route known as the "middle corridor," which would facilitate trade between Asia and Europe while bypassing Russian and Iranian territories.

After being awarded the project in 2016, the Anaklia Development Consortium (ADC) forged strate-

gic partnerships with key ports along the Middle Corridor, integrated into the Trans-Caspian International Transport Route, and secured commitments for new bulk cargo from Central Asia. The ADC [established](#) links with the port of Constantza in Romania to enhance connectivity with the European Union and signed mandate letters with four international financial institutions for a USD 400 million debt funding.

The ADC [selected](#) Eiffage, a major European construction company, as the general contractor for the first construction phase, alongside partners Dutch ABB and Georgian CRP. SSA Marine, a leading US-based port operator, was appointed as the terminal operator. The project also [involved](#) equipment suppliers ZPMC of China and Hyundai Samho Heavy Industries of South Korea. Additionally, the ADC engaged in extensive cooperation with the Japanese government and business sector, focusing on developing the Anaklia Special Enterprise Zone.

Site development at Anaklia included dredging 5 million cubic meters of sand, constructing drainage systems, a 2.5 km irrigation channel, inner roads, transferring communication lines, geodetic surveying, and waste removal. Van Oord Dredging and Marine Contractors BV of The Netherlands carried out these efforts.

From 2016 to 2019, the ADC actively sought additional Western investors who showed considerable interest. However, most investors were looking for guarantees from the Georgian state, which the Georgian Dream government [did not provide](#). Because of the high-risk investment, major Western companies, which primarily think in terms of material gain rather than geopolitics, did not risk investing without proper insurance.

By 2018, however, the Georgian Dream government, which was no longer led by Kvirikashvili, who had fallen out of Ivanishvili's favor, made it

clear that it would not insure the commercial risks associated with cargo turnover, a common practice in strategic infrastructure projects. In January 2020, the Georgian government [terminated](#) its investment agreement with the ADC, citing the consortium's failure to meet financial obligations. This decision effectively halted the Anaklia port project. The consortium, which had already invested USD 75 million in preparatory work, filed for international arbitration, seeking that the government reimburse the damages. However, in July 2024, international arbitration [ruled](#) that the government's severing the contract with the ADC happened legally and not in breach of its legal obligations.

As predicted, the Georgian Dream leaders [jubilated](#) over the international arbitration's decision. However, the court's finding that the termination of the contract was legal does not contradict the fact that the Georgian government did not proactively seek the continuation of the Western-backed Anaklia port and did everything to hamper new investors' interests.

The success of any large-scale infrastructure project hinges on the active support of the host government, a principle especially true for port projects. In Georgia, harbors are constitutionally state-owned, and the necessary land and infrastructure connections, such as roads and railroads, are also under state jurisdiction. Thus, the government's backing was crucial for securing additional investors, financing, and project permitting. The mere perception of government opposition can be enough to derail such endeavors. This is precisely what the Georgian Dream government did, even if its actions were not illegal per se.

Shift to China

With the termination of the ADC's contract, Georgia turned towards China to revive the Anaklia port project. But this turn happened against the

background of geopolitical shifts. In 2022, after the Russian invasion of Ukraine, the Ministry of Economy and Sustainable Development announced a new international tender to find a private partner, with the state [retaining](#) a 51% controlling stake. This move was justified as a measure to protect Georgia's interests and prevent any single state from dominating the project.

In 2023, China Communication Construction Company Limited (CCCC), a state-owned conglomerate, [emerged](#) as the frontrunner in this new phase. The CCCC, through its subsidiary China Harbor Investment Ltd., was the only company to submit a viable proposal, effectively making it the winner by default, even though another company was also shortlisted. Despite concerns over the CCCC's involvement in corruption and environmental violations globally, as highlighted by the US Department of State and the World Bank, Georgia proceeded with the partnership.

Since June 2021, China Communications Construction Company Limited (CCCC) has been under US [restrictions](#) due to its inclusion in the Chinese military-industrial complex. Although not wholly barred from financial transactions, the CCCC is subject to specific limitations. American companies must obtain government permission for certain exports and technology transfers involving the CCCC. This means Georgia does not violate US sanctions by working with the CCCC, but the Chinese company cannot purchase US components without permission.

The CCCC, one of China's largest state-owned companies, focuses on large infrastructure projects like ports and airports. It has [faced](#) multiple corruption allegations. In 2009, the World Bank [banned](#) the CCCC from projects for eight years due to corruption in a Philippines tender. The company also [faced](#) accusations of bribery in Equatorial Guinea and structural failures in an Ecuador project. In 2018, the CCCC's subsidiaries were banned

or suspended in Bangladesh and Malaysia for corruption. The CCCC has been active in Georgia since 2018 and is involved in major construction projects funded by international banks.

The US Embassy in Georgia and the US Department of State have [criticized](#) the CCCC for sub-standard construction, labor abuses, environmental harm, and unsustainable debt in developing countries. They emphasized the importance of ensuring Georgia's security and sovereignty are not compromised. Bringing a US-sanctioned Chinese company into the Anaklia port project aligns with Georgia's shift in external orientation and raises corruption risks. This is especially concerning given the Georgian government's repressive actions against NGOs, which are crucial in preventing corruption.

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Georgia's pivot towards China significantly departed from its previously Western-aligned geopolitical stance. The Anaklia port project, initially seen as a means to strengthen ties with the West and reduce dependency on Russia, now potentially serves to increase Chinese and, effectively, Russian influence in the region.

By partnering with China, Georgia risks increasing its dependency on a major global power known for leveraging infrastructure projects to extend its geopolitical influence. The Anaklia port, part of China's Belt and Road Initiative (BRI), could become a strategic asset for Beijing, potentially aligning Georgia more closely with Chinese economic and political interests. The involvement of a Chinese state-owned company in such a significant proj-

ect will also inevitably deter Western investors and financial institutions, which are wary of the risks associated with Chinese state influence and potential corruption. Moreover, US sanctions over the CCCC will also serve as a chilling factor for possible Western engagement.

What Business Do Americans Have in the Black Sea?

This is not a rhetorical question. [According to](#) Mamuka Khazaradze, this is exactly what Bidzina Ivanishvili, an oligarch who informally runs the ruling party and, hence, the country, asked him in a private meeting in 2017. During that encounter, Ivanishvili, as Khazaradze claims, stated that geopolitics was important and that instead of the Anaklia port, Georgia should have focused on a Poti port. The problem was, however, that the tender had already been won, and the work had started. And Ivanishvili, at that time, held no official position to make decisions on such issues. In January 2020, Roman Kakulia, then Chair of the Economic Committee of Parliament and a Georgian Dream Party MP, [confirmed](#) that Ivanishvili indeed saw the project as threatening relations with Russia.

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It is unsurprising that Russia opposed Georgia's Anaklia deep-sea port project because of economic and strategic considerations. The proposal threatened to become a significant competitor to Russia's Novorossiysk port on the Black Sea. Novorossiysk has long been a vital maritime hub for Russia, facilitating substantial cargo traffic between Asia and Europe. The development of Anak-

lia would have provided an alternative route for this traffic, potentially diverting trade away from Russian ports and thereby diminishing their economic importance and revenue.

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Strategically, the Anaklia port, backed by Western interests, would have represented a further alignment of Georgia with NATO and the European Union. This was particularly concerning for Russia, which has viewed the expansion of Western influence in the region as a direct threat to its own geopolitical interests. The potential for the Anaklia port to host NATO exercises and Western warships would have curbed Russia's dominance in the Black Sea.

However, the geopolitical landscape changed dramatically after Russia invaded Ukraine in 2022. Western sanctions severely restricted Russia's ability to utilize its ports for international trade, particularly those routes that depended on European markets. Novorossiysk, a key port for Russian exports, became less viable under the pressure of these sanctions. This shift seemed to have forced Russia to reassess its strategy regarding the Black Sea's maritime logistics.

As Western sanctions isolated Russia, China emerged as a crucial economic partner willing to bypass these restrictions. Georgia's renewed interest in developing the Anaklia port, this time with Chinese involvement, aligned well with Russia's strategic interests under the new geopolitical reality. Thus, the Georgian government seems to have received Moscow's green light for building the deep sea port after the Russian invasion of Ukraine but without significant Western involvement.

Strategic Lesson for the West

The geopolitical maneuvering surrounding the Anaklia deep-sea port project serves as a stark illustration of the contrasting approaches between Western powers and Eastern giants, specifically Russia and China. Moscow and Beijing's strategic imperatives often override financial calculations and rational planning, whereas Washington and its Western allies tend to prioritize economic viability over geopolitical gains.

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For Russia and China, the pursuit of geopolitical influence frequently supersedes financial prudence. These nations are willing to absorb significant economic costs if the strategic benefits justify such investments. The Anaklia port project exemplifies this approach. Initially, Russia staunchly opposed the project, viewing it as a potential threat to its own Novorossiysk port and as a gateway for NATO presence in the Black Sea region. The strategic location of Anaklia, close to the Russian-occupied region of Abkhazia, added to Moscow's concerns about Western military and economic encroachment.

However, following the imposition of Western sanctions on Russia after its 2022 invasion of Ukraine, Moscow's stance evolved. The sanctions severely hampered Russia's ability to utilize Novorossiysk for international trade, forcing a strategic pivot. Supporting a Chinese-led development of the Anaklia port became a pragmatic choice. This alignment with China ensures that the port remains outside direct Western influence while bol-

stering an ally's strategic infrastructure under the BRI. For Russia, the partnership with China mitigates some of the economic losses incurred due to sanctions and maintains a semblance of influence in the region.

China's approach to Anaklia reflects its broader BRI strategy, where geopolitical gains often justify substantial investments and financial risks. Beijing's interest in Anaklia lies in its potential to enhance connectivity between Asia and Europe, bypassing Russia and Iran. The port fits into China's larger ambition of securing trade routes and extending its influence across Eurasia, often referred to as "debt trap diplomacy," where infrastructure investments are leveraged to gain strategic footholds.

In contrast, the Western approach, particularly that of the United States, places significant weight on financial viability and risk management. While strategic interests are acknowledged, they are frequently secondary to economic considerations. This pragmatism can undermine long-term strategic objectives, as demonstrated by the Anaklia port project.

Despite recognizing the strategic importance of Anaklia, Western financial institutions and companies were hesitant to fully commit without robust guarantees from the Georgian government. The US did advocate for the port's construction with then-Secretary of State, Mike Pompeo, [emphasizing](#) its significance in June 2019. Pompeo's support came too late as the Georgian government had already decided to halt the project by then. The lack

of early and decisive financial backing from Western entities allowed room for Moscow and Beijing to maneuver and fill the void.

The Anaklia port project offers a crucial lesson for Western powers: strategic interests should not be overshadowed by financial pragmatism. To effectively counterbalance Russia and China's geopolitical maneuvers, the West must be willing to embrace higher risks and make long-term investments in strategically significant projects.

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There is also a particular lesson for the West regarding Georgia. Currently, the US and the EU tandem face a Russia and China tandem, not only in Georgia but also in the wider Black Sea region. If the West does not take a strategic approach to this region and does not counter the increasing engagement of its rivals, its power of attraction, projection of interests, and role in the Black Sea region will inevitably be challenged to a greater extent, no matter how and when the war in Ukraine ends ■