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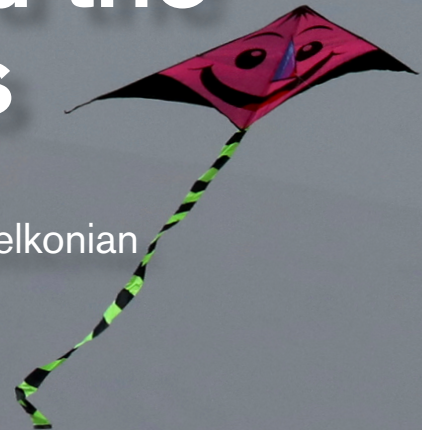
SCEEUS STOCKHOLM CENTRE FOR
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The Iran War and the South Caucasus

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Introduction

Jakob Hedenskog, Stockholm Centre for Eastern European Studies

The war against Iran, which began on 28 February 2026 with a joint US-Israeli offensive, has significantly increased the strategic importance of the South Caucasus – the region located just north of Iran which comprises Armenia, Azerbaijan and Georgia. The war has strengthened the region's transit potential but also created security risks, economic disruption and inflationary pressures. A continuing conflict could threaten the stability of the entire region, in particular by jeopardising the peace process between Armenia and Azerbaijan and implementation of regional projects.

After six weeks of heavy bombing of Iran, the warring parties entered a fragile ceasefire on 8 April, but negotiations that had begun in Pakistan were suspended after one day. Although US President Donald Trump frequently claims that Iran has been militarily defeated, it is obvious that the broad and partly contradictory military objectives of Washington and Tel Aviv, which span destroying Iran's nuclear infrastructure and stockpiles of highly enriched uranium to regime change in the Islamic Republic, have not been fully met. Furthermore, the Iranian blockade of the Strait of Hormuz, through which 20 percent of the world's fossil fuel needs is transported, has given the regime in Tehran a powerful weapon with which to pressure the outside world.

What immediate effect has the war had on the countries of the South Caucasus? What longer-term impacts would a more protracted war have on security and economies in, as well as mutual relations in the region? These questions are answered in three analyses in this report – one from each country in the region.

From Armenia, **Sergei Melkonian** of the Applied Policy Research Institute of Armenia (APRI Armenia) notes that the outbreak of war has made diplomatic balancing harder for Armenia, given Yerevan's good relations with both Tehran and Washington, and its economic reliance on Iran. Further risks for Armenia include disruption of a US-sponsored trade route on Armenian territory and the risks of humanitarian crises linked to an influx of Iranian refugees if the war continues or leads to the collapse of the Islamic Republic.

From the perspective of Azerbaijan, **Rusif Huseynov** of Topchubashov Center notes that Azerbaijan has already been affected by spillover from the war, when Iranian drones landed in its Nakhchivan exclave in early March. If the war in Iran continues, Azerbaijan, with its large ethnic minority in Iran and its developed military cooperation with Israel, might find itself in an uncomfortable and dangerous geopolitical position. For Baku, like Yerevan, this is not a distant Middle East conflict but a crisis unfolding directly across its southern border, with possible consequences for national security, ethnic politics and the broader balance of power in the South Caucasus.

From Georgia, **Teona Zurabashvili** and **Gia Japaridze**, representing the University of Georgia's Security, Policy & Nationalism Research Center (UGSPN), argue that the war will likely accelerate Tbilisi's reorientation and greater distancing from the West, and its growing convergence with authoritarian regimes. Iran's influence in Georgia operates through ideological, religious and social networks, increasing the risk of the radicalisation of certain religious minorities, intelligence penetration and political influence.

Together, these guest commentaries paint a detailed and complex picture of the challenges the three countries in the South Caucasus face as a result of being in Iran's neighbourhood. It is important to stress that each author is solely responsible for the content of their own text, and the opinions expressed may contradict one another.

The Iran War: Implications for Armenia and the South Caucasus

Sergei Melkonian, APRI Armenia

Executive summary

Armenia, one of Iran's two South Caucasus northern neighbours, has been able to manage the spillover effects of the war in Iran, at least until now. A greater concern lies in the long-term power play between Iran and the United States. If the Islamic Republic remains in power, it could become harder for Armenia and the other countries in the region to balance their relations with the US, with which they have been seeking closer ties, as Tehran is likely to take a position towards Washington and its allies harsher than it had before the ongoing war. Among other things, a longer war, together with likely increased internal instability in Iran, could create a humanitarian crisis in the region. In such an eventuality, the countries of the South Caucasus would face a common challenge for the first time, which could push them towards closer regional cooperation.

The early effects of the war

The US-Israeli war against Iran has made diplomatic manoeuvring much harder for the countries in the South Caucasus, including Armenia. Yerevan is balancing maintaining good relations with Iran with avoiding damaging its ties with the US, especially with President Donald Trump.

Yerevan did not condemn the US-Israeli attacks on Iran or the killing of Ayatollah Khamenei, but the Armenian [deputy prime minister, the secretary of the security council, the minister of defence and the deputy foreign minister](#) personally expressed their condolences at the Iranian embassy. Armenia was also among the first countries to [congratulate](#) Iran on the election of its new Supreme Leader and has been one of the few to send humanitarian aid to Tehran.

Thus far, the economic impact of the war on Armenia has been limited, although there are some signs of supply chain disruption. Around [20–25%](#) of Armenia's foreign trade moves through Iran, which serves as an important link between the South Caucasus and the markets of the Persian Gulf and Asia. If this route is cut off, many imported goods will become more expensive because alternative transport corridors are longer and more costly. For instance, a container shipped from China through Iran used to take 45–60 days to reach Armenia, while delivery through Georgia might take as long as [three months](#). In 2025, Armenia's imports through Iran were estimated to be worth roughly [\\$1.5 billion, 42%](#) of which was Chinese goods, such as cars and solar panels. Prices are expected to rise not only because of delays, transport problems and fuel costs, but also because Armenia relies heavily on Iran for some products, such as [bitumen, chalk and cement](#), and imports from other suppliers cost more. At the same time, the border with Türkiye is still closed, so Armenia will face serious limits on exporting its own goods to the Middle East.

Despite the limited impact to date, the war in Iran could have major negative spillover effects on Armenia's economy. For instance, the supply shock triggered by the war could drag down global economic growth, leading to a contraction in the economies of Armenia's largest trading partners, which would lead to a contraction in Armenia's foreign trade. The war has also disrupted global oil and gas flows, resulting in large price hikes for both commodities. As an energy importer, Armenia is likely to face higher prices for oil, and most likely for its gas imports. This would put upward pressure on domestic inflation.

Three main risks for Armenia and the region

The main challenge for any country neighbouring Iran, including those in the South Caucasus, will be the future of their relationship with the USA. For Armenia, two major projects are especially important: the announced Firebird AI data centre and the Trump Route for International Peace and Prosperity (TRIPP).

Armenia–US relations: AI data centre and TRIPP

The Armenia–USA–Azerbaijan [summit](#) on 8 August 2025, which partially built on the strategic partnership [signed](#) in January 2025, has paved the way for further cooperation between Yerevan and Washington. The two sides signed [three memoranda](#) of understanding on connectivity, AI and energy security in August. Back in June 2025, was [announced](#) that Armenia would host the only [AI data centre](#) in the South Caucasus, later reinforced with [subsequent announcements](#). The project establishes a public-private partnership between the Armenian government and Firebird, a US- and Armenia-based AI cloud company, with support from NVIDIA and Dell Technologies, among others. This places Armenia in the top five largest AI high-performance chip clusters with leading US technology. The US administration's involvement was crucial to securing export licences and regulatory approval for the sale and delivery of NVIDIA chips to Armenia.

Similar US-linked infrastructure in the Persian Gulf has been [targeted](#) by Iran, as Tehran [considers](#) that such facilities are assisting enemy military and intelligence activities. The Firebird data centre, once built, could be a target. To mitigate this concern, which would harm Armenia's strategic economic development as well as the efforts of the US government, Armenia should proactively engage with Iran to emphasise that the planned infrastructure is intended only for civilian use and has no relation to the US administration apart from the early regulatory approvals.

The Washington Declaration announcing the TRIPP in August 2025 was a turning point for regional stability. By persuading Armenia and Azerbaijan to agree on a land route connecting mainland Azerbaijan with its exclave, Nakhchivan, passing through Armenian sovereign territory, the US achieved what no other country had. The US's vision for the TRIPP is to form [a section of the wider Trans-Caspian International Transport Route](#), also known as the “Middle Corridor”, linking Central Asia to Europe. A planned railway line will run directly along the Iranian border. [Tehran's initial reaction was mixed](#): While it welcomed the opening of transport links, it signalled that any security-related US presence near the Iranian border would cross a red line. The [TRIPP Implementation Framework](#), published in January 2026, establishes a front office/back office model for operating the TRIPP, whereby foreign, rather than Armenian, personnel would manage the day-to-day passage and the Armenian authorities handle final customs decisions and clearances, security screening and enforcement, immigration control, law enforcement actions, permits and authorisations, and inspection and examination. This approach combines the exercise of Armenia's sovereignty and jurisdiction with [Baku's demand](#) that its cargo and citizens do not come into contact with Armenian border services. If the Islamic Republic remains in place after the war, and as developments around TRIPP continue, Tehran is likely to react more sharply to any possible foreign presence directly along its border, particularly for a project named after President Trump.

Risks of delay

Another risk for Armenia and the region could involve delays, which it may not be able to afford. Indeed, the announcement of the TRIPP back in August 2025 significantly helped decrease the risk of territorial aggression by Azerbaijan against Armenia. But the current embroilment between the US, Iran and Israel raises question about the smooth realization of the TRIPP. Armenia's prime minister has [stated](#) that Yerevan has no intention or reason to delay implementation. He has also [acknowledged](#) that recent developments are likely to affect the timeline.

A delay may lead to pressure from Azerbaijan, which [expects](#) the project to move forward as quickly as possible. Iran [was the only real factor on the ground](#) that restrained Azerbaijan from using force to open a corridor through Armenia, but Tehran is now tied down in what it sees as an existential battle against the US and Israel. Russia is similarly preoccupied in Ukraine and in no position to be a proactive, engaged actor on additional fronts. The route, starting with the construction of the railway, has yet to take shape. Should the US lower its momentum to support the steady progress of the TRIPP, this can result in a weakening of its deterrent effect vis-à-vis Azerbaijan. It is also worth considering that if Tehran begins to resist the project more openly, Washington might be less willing to spend resources and political capital on a sensitive project so close to Iran. Taken together, this could lead to a situation in which none of the main deterring factors restraining Azerbaijan's impatience remain effective.

Humanitarian crisis

The third risk to Armenia and the region is a possible influx of Iranian refugees. At present, the South Caucasus serves mainly as a route for evacuating diplomatic staff and the employees of foreign companies working in Iran. No large-scale movement of Iranian residents has been recorded thus far; but a significant refugee influx to Armenia would be likely if the Islamic Republic lost the ability to guarantee basic security and meet its population's basic humanitarian needs. So far, the Iranian government has been able to do both.

There were no significant refugee flows during or after the 12-day war, throughout 2025 when Iran was dealing with a severe economic and energy crisis, or after the violent suppression of protest in January 2026. This suggests that a large refugee influx to Armenia is likely only in case of state collapse or if the authorities are unable to contain the humanitarian crisis, which could become the main challenge in the post-war period.

Armenia has already faced several waves of migration, notably almost [22,000 refugees](#) after the 2020 Nagorno-Karabakh War, more than [40,000 relocated](#) from Russia since 2022 and more than [115,000 forcibly displaced Armenians](#) from Nagorno-Karabakh in 2023. These episodes show that the country is capable of responding to such challenges, but also that Armenia's housing, public services and social capacity are already under some strain. It would be best for Armenia to avoid further strain on its resources.

A flow of refugees from Iran might create a different problem for Yerevan. Even a small number of Iranian refugees of Azerbaijani ethnicity living in provinces bordering Armenia could lead to unease with the local population. Either rightly or wrongly, their presence in Armenia can be perceived by Armenians as a conduit for Baku to support the state-sponsored Western Azerbaijan narrative.

Conclusions and policy recommendations: Where do we go from here?

If the South Caucasus is to remain resilient and stable amid instability both in the north, in Russia, and in the south, in Iran, two steps will be important: first, the peace process between Armenia and Azerbaijan needs to be institutionalised. This means ending Türkiye's [procrastination policy](#) towards Armenia, including implementing the [agreement](#) of 2022, and Baku dropping its preconditions for signing a peace agreement. The institutionalisation of peace would help to ensure its long-term durability, reduce its dependence on both internal and external factors, and promote the development of regional transport connectivity. In this context, lifting the blockade of Armenia by Türkiye and Azerbaijan would signal their genuine commitment to peace, thereby mitigating mutual mistrust, and enhance the region's resilience to external shocks.

Second, the countries of the region need to cooperate in responding to common challenges, such as a humanitarian crisis or harm to regional connectivity routes. Cooperation with the support of foreign partners would bring about more effective crisis management, and Armenia and Azerbaijan can take steps in this direction now. This would give them experience of acting together as an important step towards bilateral cooperation and the practice of peace. Such efforts could serve as a first attempt to give the South Caucasus a sense of regional agency.

The War in Iran and Its Implications: The view from Azerbaijan

Rusif Huseynov, Topchubashov Center

Executive summary

As the war in Iran continues, Azerbaijan finds itself in a precarious geopolitical position. Baku's cautious and at times seemingly contradictory response to the war in Iran can only be understood against the backdrop of the deep-rooted structural mistrust that has long shaped its relations with Tehran. The conflict – and especially its eventual outcome – has the potential to significantly alter the geopolitical balance in the South Caucasus. A weakened Iran might become more unpredictable, a humiliated Iran more aggressive and an Iran that perceives itself as having withstood great-power pressure, more assertive. None of these trajectories offer reassurance for the small- and medium-sized states of the region.

Fundamental differences between Azerbaijan and Iran

To understand Baku's cautious and sometimes contradictory reaction to the war, it is important to understand the deep structural mistrust that has long defined relations between Azerbaijan and Iran.

As some Azerbaijani analysts claim, Iran [views](#) its northern neighbour in a similar way to how Russia has traditionally viewed Ukraine – not entirely as a fully separate nation, but as part of its historical and geopolitical domain. This perception is reinforced by Tehran's political rhetoric, in which officials allegedly avoid using the toponym “Azerbaijan” and instead refer to the country simply as “Baku”, reflecting a belief among some Iranian elites that the “real Azerbaijan” is located in north-western Iran rather than in the independent Republic of Azerbaijan.

Moreover, Iran has historically been highly sensitive to the concept of Azerbaijani irredentism, particularly due to the large ethnic Azerbaijani population living in northern Iran. Any increase in Azerbaijani nationalism, economic success or military victory tends to be interpreted in Tehran through the prism of territorial integrity and internal stability. From Iran's perspective, a strong and confident Azerbaijan could influence identity politics among Iranian Azerbaijanis.

In addition, this perception has shaped Iran's regional policy, especially during the Armenia–Azerbaijan conflict. From the Azerbaijani perspective, the Islamic Republic often [appeared to tilt towards Armenia](#) despite religious differences – Armenia being a Christian country and Azerbaijan a Shia-majority country. Even though Tehran officially recognises Karabakh as part of Azerbaijan, some in Baku believe that Iran preferred the conflict to remain unresolved, as it constrained Azerbaijan's regional ambitions and absorbed its political and economic resources.

One allegation during the 2020 Karabakh War that reinforced this perception in Azerbaijani society [was](#) that Iranian military units crossed the internationally recognised border along the Aras River to halt advancing Azerbaijani forces near the southern front close to the Iranian border. This temporary stand-off reportedly slowed Azerbaijan's rapid advance and provided the Armenian side with time to regroup.

Fourth, Azerbaijan's victory in the 2020 war significantly increased Azerbaijan's popularity and symbolic importance among ethnic Azerbaijanis in Iran, which further heightened Tehran's concerns about nationalism and cross-border identity politics.

Finally, [Iran has long been uncomfortable](#) with Azerbaijan's close strategic relationship with Israel. From Tehran's perspective, Israeli security and intelligence cooperation with Azerbaijan represents a direct strategic concern along Iran's northern border.

It is also important to recall that in the 1990s Iran [attempted to export](#) its revolutionary Islamic model to Azerbaijan. These efforts largely failed due to the Azerbaijani government's strict control over religious institutions and the generally secular orientation of Azerbaijani society.

Although certain political leaders, including Iranian President Masoud Pezeshkian, himself of ethnic Azerbaijani background, have [taken steps to improve relations](#), the broader relationship remains problematic. Hardliners within the Iranian political and security establishment, particularly the Islamic Revolutionary Guard Corps (IRGC), maintain persistent mistrust of Baku, creating a [duality in Iran's foreign policy](#) that limits the impact of diplomatic gestures.

Thus, despite some positive trends, such as growing bilateral trade, relations between the two states continue to be defined by mutual suspicion and strategic anxiety rather than stable cooperation. These underlying perceptions are so entrenched that some in Azerbaijan describe Iran not merely as a geopolitical rival, but as a security threat, while a few even frame the relationship in terms of mutual existential concern.

Azerbaijan's dilemma

As the war in Iran escalated, the initial reaction in Azerbaijan was cautious, as political circles in Baku are deeply concerned about the scope and implications of the conflict.

A closed expert discussion in Baku in early 2025 had produced a striking consensus: despite the fact that Iran was undergoing a profound internal crisis, and its political system might eventually transform from within, any external military intervention might actually prolong the regime's survival rather than weaken it. Indeed, the present war tends to strengthen hardline factions, particularly the IRGC, while either mobilising public opinion around nationalism, sovereignty and resistance or preventing any room for alternative voices. In other words, external pressure could unify a system that might otherwise gradually fragment.

The immediate concern in Azerbaijan following the outbreak of the conflict covers potential regional spillover, instability in northern Iran, refugee flows, economic disruption and the possibility that war could make Iran's leadership more aggressive and unpredictable.

These concerns became much more concrete after Iranian-made drones [struck](#) an airport and landed near a school in Azerbaijan's Nakhchivan exclave in early March. The incident marked one of the most serious escalations in Azerbaijan–Iran relations in recent years as the leadership in Baku condemned the episode as a terrorist attack and responded with unusually [harsh rhetoric](#). Iran denied responsibility and the situation de-escalated relatively quickly, because Azerbaijan generally tries to [remain outside](#) this geopolitical confrontation.

One possible explanation for the Nakhchivan drone incident lies in the structure of Iran's military decision-making. Iran has increasingly relied on a [decentralised "mosaic defence" doctrine](#), which disperses authority across multiple regional commands, particularly within the IRGC. This system is designed to ensure military resilience in the event of foreign attack, but it also creates a situation in which diplomatic messages from Tehran do not always translate into restraint on the ground. In such a system, political leadership and military units operate with different levels of information or different risk calculations. As mentioned above, Azerbaijan has encountered this duality – a gap between diplomatic language and military behaviour – in Iranian policy before.

The shift in Iran's threat perception of Azerbaijan was visible even before the US-Israeli strikes on Iran. Iranian hardline media increasingly argued that Azerbaijan was indirectly [contributing to Israel's security](#) through the Baku-Tbilisi-Ceyhan oil pipeline, suggesting that the pipeline could become a legitimate target if Azerbaijan did not reconsider its cooperation with Israel. As hardline figures gain influence, such narratives risk moving from ideological messaging into strategic thinking, raising the prospect of a more confrontational Iranian posture towards Azerbaijan.

Despite the harsh rhetoric that followed the drone incident, Azerbaijan ultimately chose de-escalation rather than confrontation. Diplomatic personnel were temporarily evacuated and military readiness increased, but Azerbaijan also [sent humanitarian aid](#) to Iran. This combination of deterrence and de-escalation reflects Azerbaijan's broader strategy towards Iran: prepare for the worst but avoid direct confrontation if at all possible.

The ethnic Azerbaijani factor

The most sensitive and potentially explosive dimension of Azerbaijan's view of the Iran war is not military or ideological, but demographic and ethnic. Millions of Azerbaijanis reside in Iran, primarily in the four northern provinces of West Azerbaijan, East Azerbaijan, Ardabil and Zanjan, but also in Tehran. Estimates of the Azerbaijani population in Iran vary widely, ranging from [15 to 40 million](#), but the exact number is uncertain due to intermarriage, migration and the absence of reliable statistics.

For many Azerbaijanis, this is not just a diaspora issue but a historical one. Azerbaijani lands were divided between the Russian Empire and Qajar-ruled Iran in the early nineteenth century, and this historical memory still shapes nationalist narratives today. Among some Azerbaijani nationalists, the Azerbaijani-populated regions of Iran are often referred to as "[South Azerbaijan](#)", reflecting the idea of a culturally and linguistically unified Azerbaijani space divided by borders.

Under normal circumstances, this issue remains largely symbolic. In the context of war and potential instability in Iran, however, it becomes a serious strategic concern. One scenario that caused particular concern in Baku was the possibility that Kurdish armed groups might be used as ground forces in northern Iran. Such a development could [trigger interethnic violence](#) between more organised Kurdish groups and largely unarmed Azerbaijani populations in Iran's West Azerbaijan province, potentially leading to large-scale violence and a humanitarian crisis along Azerbaijan's southern border.

In such a scenario, how Baku would, could or should respond – politically, militarily and normatively – remains an open and highly sensitive strategic question. Would Azerbaijan remain a passive observer, limit itself to diplomatic pressure; or consider some form of humanitarian or even military involvement?

[More hawkish voices](#) in the Azerbaijani expert community and certain [foreign observers](#) argue that if Iran were to descend into civil war or fragmentation, [Azerbaijan might eventually face pressure](#) to [protect ethnic Azerbaijanis](#) across the border. In this context, some draw comparisons with Türkiye's operations in northern Syria, suggesting that a [buffer zone](#) inside Iranian territory could theoretically serve multiple purposes – to control refugee flows, protect ethnic Azerbaijani populations and establish a secure land connection between mainland Azerbaijan and Nakhchivan.

Such a scenario would be extremely risky and is unlikely under current geopolitical conditions, especially if Azerbaijan were to act alone. Any such move would almost certainly only be conceivable [in coordination with Türkiye](#) and only under extraordinary regional circumstances (such as the civil war in and/or the fragmentation of Iran). Nonetheless, the fact that such scenarios are being discussed illustrates how closely the Iran war is linked to Azerbaijan's national security thinking.

Conclusions: Implications for the South Caucasus

The war in Iran will not only shape Iran's future but also have significant consequences for the South Caucasus. Iran has long maintained networks of both active and latent influence across the region, particularly in Azerbaijan and Georgia, using religious ties, economic engagement and [media platforms](#) as instruments of soft power.

In Azerbaijan, Iran's influence is relatively limited due to the government's strict control over religious institutions, media space and foreign-funded organisations. Nonetheless, Azerbaijani security analysts often warn of the existence of Iran-linked networks that could be activated in times of crisis.

[In Georgia](#), Iran's primary focus is on the ethnic Azerbaijani population. Iranian-linked companies, religious institutions and cultural organisations generally operate with greater freedom in Georgia than in Azerbaijan, allowing Iran to build a quiet but noticeable presence in certain communities and sectors.

In Armenia, the key issue is less about influence networks and more about infrastructure and geopolitics, particularly the future of regional transport and connectivity projects. If Iran emerges weakened but undefeated – and especially if it believes it has successfully resisted great-power pressure – Tehran could adopt a more assertive regional policy and attempt to challenge western-backed initiatives in the South Caucasus, potentially in coordination with Russia.

In this sense, the outcome of the Iran war could reshape the geopolitical balance of the entire South Caucasus. A weakened Iran may become more unpredictable; a humiliated Iran may become more aggressive; and an Iran that believes it has survived great-power pressure may become more ambitious. None of these scenarios are particularly comfortable for the small and medium-sized states of the South Caucasus.

This scenario may coincide with a potential Russian return to the South Caucasus, where the two powers to the north and south could even find grounds for cooperation in reasserting their influence and constraining Western presence. In such a context, Azerbaijan may need to revisit its traditionally effective strategy of balancing relations with both Iran and Russia.

At the same time, a key policy priority for all three South Caucasus states should be to revive their long-absent cooperation and strengthen regional resilience within a highly volatile neighborhood. Relevant lessons can be drawn from European models of regional integration—such as the Baltic states and the Visegrád Group—as well as from Central Asian frameworks like the C5. These examples offer useful insights into developing functional cooperation mechanisms, setting a shared regional agenda, and enhancing collective stability.

Georgia at a Crossroads: The War Against Iran and the Reconfiguration of Political, Economic, and Security Risks

Teona Zurabashvili & Gia Japaridze, University of Georgia

Executive summary

The ongoing military escalation against Iran could be a critical juncture for Georgia that extends beyond a conventional security challenge. Politically, it risks accelerating Georgia's foreign policy reorientation and lending greater legitimacy to more repressive and nationalist-religious forms of rule. Economically, although Georgia is not directly dependent on Iran, expanding trade, Iranian-linked business activity and the country's logistical role suggest deeper exposure to opaque networks linked to sanctions evasion. In security terms, Iran's influence operates through ideological, religious and social networks, increasing the risk of radicalisation among some religious minorities, intelligence penetration and hybrid influence. At the same time, the conflict might also renew western attention on Georgia in the wider South Caucasus context. Whether this translates into meaningful engagement remains uncertain, but it may create limited openings for external leverage that could modestly temper Georgia's anti-Western shift.

Political dimension: Iran as an alternative partner to the west

Since 2022, against the backdrop of Russia's war against Ukraine, Georgia's pre-existing foreign policy drift has become more pronounced, reflected in greater distance from the West and a growing convergence with authoritarian regimes. Georgia's recent relations with Iran, and the possible implications of the war for Georgia, should be understood in the context of this broader shift.

Traditionally, Georgia's relationship with Iran has been characterised by a form of ["reserved good-neighbourliness"](#), reflecting historical legacies, regional balancing and divergent foreign policy orientations. However, following the annulment of the strategic agreement with the United States and the derailment of Georgia's EU accession process, Tbilisi's diplomatic rapprochement with Tehran creates the impression that relations with Iran are no longer limited to pragmatic neighbourhood diplomacy. Rather, they appear to form part of a broader foreign policy realignment in which ties with illiberal regimes are increasingly viewed as an alternative to the West.

Prime Minister Irakli Kobakhidze's two visits to Tehran in 2024, including his attendance at the presidential inauguration, where he [was seen alongside the leaders of Hamas and Islamic Jihad](#), could be interpreted as a signal of more pronounced anti-western political positioning. The Georgian authorities have sought to remain formally neutral in the war involving Iran. However, specific actions suggest a degree of asymmetry that appears to work slightly in Iran's favour.

A Georgian Dream spokesperson stated that ["the killing of a killer is not endorsed under the legislation of any country."](#) after Ayatollah Ali Khamenei was killed in the initial US bombing, contributing to a negative discourse on US actions. This position was accompanied by a notable lack of transparency in diplomatic affairs. [Information](#) released by the Iranian ambassador regarding the visit of a "high-ranking Georgian official" to sign the condolence book without disclosing the individual's identity suggests the existence of parallel and informal channels of communication. This is notable at a time when communication with western partners has been largely reduced to protest messages to ambassadors and broader diplomatic engagement has become increasingly limited.

The conflict has also affected domestic politics. Georgian Dream continues to frame its rule around “preserving peace” and “avoiding war”, while increasingly portraying the West as a source of escalation. In this context, the war involving Iran has strengthened anti-western and pro-Iranian narratives in Georgia’s information space and helped to justify its foreign policy course. [Media monitoring](#) also indicates that pro-Iranian and anti-western narratives are increasingly intersecting with already established anti-Western narratives in Georgia’s information space, contributing to the normalisation of critical, and at times openly hostile, messaging about the United States and Israel.

Symbolic politics has further reinforced this trend. In February 2026, a decision by Georgian Dream to illuminate the Tbilisi TV tower in the colours of the Iranian flag at a time when the Iranian regime was violently suppressing internal protests can hardly be interpreted as a neutral protocol gesture. The move prompted a [critical response](#) from the Israeli embassy, which asked: “What message does this send from Tbilisi to those who are fighting for freedom in Iran?” As the Georgian authorities [increasingly display repressive modes of governance](#), such actions create the impression that Tbilisi is expressing solidarity not only with the Iranian state, but also with the governing logic associated with its regime.

Current developments also suggest an increasingly close intersection between religious and political symbolism. At the funeral of the Patriarch of Georgia in March 2026 – an event where attendance became highly politicised and in which, apart from the ruling team, no other political actors were allowed to participate – the visible involvement of the Iran’s ambassador to Georgia, [including in the procession](#), appeared to go beyond the boundaries of formal diplomacy. Such actions could be interpreted not merely as political gestures, but as demonstrations of ideological and values-based affinity.

This issue is especially significant in the context of the war, as Georgian Dream is increasingly relying on nationalist-religious narratives to bolster domestic legitimacy. [Media reports](#) highlight discussions over strengthening the institutional role of Orthodoxy in Georgia. This issue may regain salience with the selection of a new Patriarch in May, particularly if the outcome strengthens more conservative tendencies within the Church.

In such a scenario, Iran’s continued presence as a regional model of religion-based governance acquires particular relevance. If the war leaves that model intact, Georgian Dream may find it easier to adapt elements of it to Georgian state practice without incurring major political costs, further consolidating power through the instrumentalisation of the country’s most influential religious institution.

Economic dimension: Sanctions-evasion infrastructure and systemic risks

The war is accelerating the consolidation of regional blocs, and Georgia’s role within this process is becoming clearer. Economic trends suggest that the country is emerging as a platform for sanctions circumvention for authoritarian regimes. Given the fragility of Georgia’s economy, particularly in a context where some members of the ruling elite are subject to western sanctions, this model could strengthen regime resilience through informal financial flows and opaque economic practices. The precedents are significant. Studies and reports have already indicated that [Georgia has been used as a transit space for sanctions evasion for Russia](#), particularly through the growth of re-exports and logistics. Similar mechanisms might also become relevant in the case of Iran.

[Trade turnover with Iran reached a historic high in 2024](#), amounting to US\$ 322 million, with imports accounting for the overwhelming majority. Iran is outside [Georgia's top ten trading partners](#), however, so the short-term macroeconomic effects of the war are likely to be limited. That said, the picture changes when Iran's role in the informal economy is taken into account.

The [expansion of Iranian business activity is one of the clearest trends](#). By 2025, approximately 13,000 Iranian companies were registered in Georgia, many under questionable conditions, including hundreds registered at a single address or in villages where no real economic activity appears to be taking place. This practice creates a de facto "hub" function, where Georgia is used as a transit and legal platform. The [repackaging](#) of Iranian goods and their re-export under Georgian labels is a common mechanism. Such schemes have already attracted international attention, including concern [in the British Parliament](#).

Logistical support is another concern. In late 2025 and early 2026, Russian military transport aircraft [transited](#) Georgian airspace en route to Iran. Although officially [described](#) as "standard transit", this suggests Georgia's involvement in a wider authoritarian regional logistical network. [Iranian-linked interests also involve critical infrastructure](#). "Kaprina" supplies video surveillance systems to Georgian institutions such as the National Bank, the courts and local self-government bodies, raising not only economic concerns but also security and data protection risks.

Although Georgia's economy is not directly dependent on Iran, the country is gradually emerging as an infrastructural and financial platform to circumvent sanctions. This increases both economic and reputational risks and reinforces the broader trend for Georgia's economic model to be partially integrated into the shadow economic space associated with authoritarian regimes.

Security dimension: Soft power, networks of influence, and hybrid risks

Iran's influence in Georgia in the security sphere is most clear in its systematic use of soft power instruments that are gradually taking shape as a multilayered ideological and social infrastructure. One of the central elements of this process is the branch of [Al-Mustafa International University](#), which operates in Georgia without accreditation and is sanctioned by western states. Its activities extend beyond the educational sphere and include the [dissemination of anti-western narratives and the cultivation of long-term networks of influence](#).

Developments in Kvemo Kartli, an administrative region in southeastern Georgia, illustrate the practical effects of this infrastructure particularly clearly. In Marneuli, a municipality populated largely by an ethnic Azerbaijani minority, the content of public demonstrations and the statements made by organisers [have included expressions of support for Hamas](#).

The politicisation of religious practices is another significant trend. The Tasua procession, [organised by local Shia Muslims](#) and traditionally religious in character, [acquired an overtly political dimension in 2025](#), as participants expressed solidarity with Iran. This suggests that religious space is increasingly being used as an instrument for political mobilisation.

In addition, [Shiite youth are being financed to study in Iran](#), contributing to the formation of a new ideological elite that can later operate as agents of influence at the local level. The slogan "[Khamenei, I am ready to carry out your orders!](#)", chanted outside the Iranian embassy in Tbilisi on 7 March 2026, illustrates the reach of Iran's ideological influence into parts of Georgia's Muslim population. An additional security risk is linked to possible connections with Iran's security structures. According to existing [assessments](#), the Islamic Revolutionary Guard Corps uses religious pilgrimages for recruitment, indoctrination and intelligence spotting.

These ideological and social processes are now being accompanied by more explicit security indicators. The [arrest in Greece of a Georgian citizen of Azerbaijani ethnicity](#) on charges related to intelligence activity connected to Iran suggests that such influence may also be developing at the operational level. The case indicates that Georgian citizens could be drawn into broader intelligence and hybrid operations.

These developments raise questions about the degree of Georgian state's ability or willingness to oversee foreign-linked ideological, social and operational networks operating on its territory. The problem may reflect either limited institutional capacity or political tolerance. In either case, Georgia is increasingly becoming a conduit for influence where ideological, social and operational networks intersect. While this may serve short-term geopolitical balancing and regime security interests, in the longer term it increases the country's vulnerability and the risk of it becoming a space where hybrid influence and competing security interests converge.

Georgia between regional contestation and western attention

Although the Georgian authorities currently appear to be moving closer to an authoritarian bloc, the war could also increase Georgia's strategic relevance for the US. This is particularly visible in the context of TRIPP, the US-backed framework for regional trade, connectivity and stability in the South Caucasus. Although Georgia is not formally included, the logic of regional connectivity makes it unlikely that it will remain outside the attention of Washington. [Secretary of State Marco Rubio's call with Kobakhidze on 30 March 2026](#), after a prolonged diplomatic pause, could already point in that direction. The following day, Iran's ambassador to Georgia [wrote on social media](#) that states that allow "external adventurists to use their territory would ultimately pay the price within their own borders", a message [widely interpreted](#) in Georgia as a veiled threat. Taken together, these developments suggest that Georgia is becoming a more contested space, potentially renewing western attention to its role in broader regional dynamics. Whether this results in meaningful engagement, however, will depend on western willingness to act and the choices made by the Georgian authorities.

Conclusions and policy recommendations

The war involving Iran has intensified trends already visible in Georgia's domestic and foreign policy trajectory. Its significance lies less in the risk of direct military spillover than in its potential to reinforce Georgia's political distancing from the West, deepen its exposure to opaque regional networks and heighten its vulnerability to ideological and hybrid forms of foreign influence. At the same time, the conflict could increase Georgia's strategic relevance for western actors in the wider South Caucasus, creating at least some scope for diplomatic, economic and security engagement. The war thus sharpens both the risks facing Georgia and the possibility, however limited, of renewed Western engagement.

In this context, given the Georgian authorities' limited willingness to cooperate with Western partners, Western engagement should move beyond routine policy dialogue and rely more clearly on targeted pressure and security resilience. The EU should increase its leverage through targeted financial and travel restrictions against members of the ruling elite and associated networks that enable repression, sanctions evasion or authoritarian influence. The change of government in Hungary may also create somewhat more favourable conditions for stronger EU-level measures, although the scope for a coordinated response will still depend on political will across the Union.

At the same time, Georgia's candidate status should be accompanied by more concrete security and resilience mechanisms. In the short term, the EU should support hybrid-threat assessment, responses to foreign information manipulation, scrutiny of illicit financial flows and monitoring of hostile intelligence activity. This could include a dedicated EU support presence or specialized office focused on hybrid threats and counter-intelligence support, broadly modelled on recent EU engagement in Armenia. Such a mechanism would create an external channel for assessing asymmetric threats and hostile intelligence activities more independently.

The United States and the United Kingdom should apply a similar logic through existing sanctions, visa-restriction and financial-accountability tools, targeting individuals and networks that derive concrete political or economic benefits from Georgia's vulnerability to hybrid threats. These measures should aim to raise the costs for individuals and networks driving Georgia's deeper integration into authoritarian structures, without isolating Georgian society or closing the remaining channels for democratic and Euro-Atlantic resilience.



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The Stockholm Centre for Eastern European Studies (SCEEUS) at the Swedish Institute of International Affairs (UI) is an independent Centre, funded by the Swedish Government, established in 2021. The Centre conducts policy relevant analysis on Russia and Eastern Europe and serves as a platform and meeting place for national and international discussions and exchanges on Russia and Eastern Europe. Any views expressed in this publication are those of the author.

Cover image: Kites float over a park during the ancient festival of Sizdeh Bedar, an annual public picnic day on the 13th and last day of the Iranian New Year, or Nowruz, at a park in Tehran, Iran. Image rights: AP/ Vahid Salemi.

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