

Marabda-Kartsakhi Railway's Geo-Economical Commitments and Their Implications for Georgia's European Integration

მარაბდა–კარწახის რკინიგზის გეოეკონომიკური ვალდებულებები და მათი გავლენა საქართველოს ევროპულ ინტეგრაციაზე

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Abstract

Introduction: The Baku–Tbilisi–Kars (BTK) railway and its Georgian section, the Marabda–Kartsakhi railway, represent an important case for examining the relationship between infrastructure financing, external dependency, strategic autonomy, and European integration. This study assesses whether the project’s debt and governance structure may create conditions for structural dependency and potential external leverage affecting Georgia’s strategic autonomy and its broader European integration trajectory. **Methods:** The study employs content analysis, case-study analysis, and comparative analysis. Documents were selected purposively from three categories: primary institutional and financial sources, secondary academic and policy literature, and relevant European legal and policy documents. The analysis covers the period 2007–2026 and applies six analytical dimensions: financial asymmetry, governance control, normative compatibility, structural leverage potential, temporal convergence, and comparative configuration. Moldova, Armenia, and Georgia were compared using purposive case selection informed by Most Similar Systems and Most Different Systems approaches. The interpretation was guided by Critical Geopolitical Economy, Neo-Dependency Theory, and the External Governance approach to Europeanisation. **Results:** The analysis identifies a substantial financial asymmetry arising from the USD 775 million Azerbaijani loan and an evolution in governance from creditor supervision toward direct institutional co-management following the establishment of BTKI Railways LLC in 2024. These developments indicate the emergence of conditions for structural dependency and potential external leverage. However, the available evidence does not demonstrate that such leverage has been actively used to influence specific political decisions. The comparative analysis suggests three distinct configurations: inherited dependency in Moldova, geographically constrained dependency in Armenia, and a form of politically mediated or “elective” dependency in Georgia. The temporal concurrence between the deepening of BTK governance integration and the slowdown of Georgia’s European integration is analytically significant but insufficient to establish causality. **Conclusion:** The Marabda–Kartsakhi case demonstrates how long-term infrastructure financing and governance arrangements can shape the strategic choices available to a state without necessarily constituting direct political coercion. The study concludes that Georgia’s BTK-related obligations create a structural vulnerability that warrants greater transparency, institutional scrutiny, and periodic assessment against EU accession-related governance standards. The findings support interpreting infrastructure dependency as a dynamic political-economic condition rather than as a deterministic obstacle to European integration.

Keywords: Marabda–Kartsakhi railway; Baku–Tbilisi–Kars; European integration; structural dependency; geopolitical economy; strategic autonomy; external governance.



აბსტრაქტი

შესავალი: ბაქო–თბილისი–ყარსის (BTK) სარკინიგზო ხაზი და მისი ქართული მონაკვეთი - მარაბდა–კარწახის რკინიგზა - მნიშვნელოვან შემთხვევას წარმოადგენს ინფრასტრუქტურის დაფინანსებას, საგარეო დამოკიდებულებას, სტრატეგიულ ავტონომიასა და ევროპულ ინტეგრაციას შორის ურთიერთკავშირის შესასწავლად. კვლევის მიზანია შეაფასოს, ქმნის თუ არა პროექტის ვალისა და მმართველობის სტრუქტურა ისეთი სტრუქტურული დამოკიდებულებისა და პოტენციური საგარეო ზემოქმედების პირობებს, რომლებმაც შესაძლოა გავლენა მოახდინოს საქართველოს სტრატეგიულ ავტონომიასა და ევროპული ინტეგრაციის ფართო ტრაექტორიაზე.

მეთოდები: კვლევაში გამოყენებულია კონტენტ-ანალიზი, შემთხვევის შესწავლა და შედარებითი ანალიზი. დოკუმენტები მიზნობრივი შერჩევის პრინციპით შეირჩა სამი კატეგორიიდან: პირველადი ინსტიტუციური და ფინანსური წყაროები, მეორეული აკადემიური და პოლიტიკის ლიტერატურა და ევროკავშირის შესაბამისი სამართლებრივი და პოლიტიკის დოკუმენტები. ანალიზი მოიცავს 2007–2026 წლებს და ეფუძნება ექვს ძირითად განზომილებას: ფინანსურ ასიმეტრიას, მმართველობით კონტროლს, ნორმატიულ შესაბამისობას, სტრუქტურული ზემოქმედების პოტენციალს, დროით თანხვედრასა და შედარებით კონფიგურაციას. მოლდოვის, სომხეთისა და საქართველოს შემთხვევები შედარებულია მიზნობრივი შერჩევის საფუძველზე, Most Similar Systems და Most Different Systems მიდგომების გამოყენებით. თეორიულ ჩარჩოდ გამოყენებულია კრიტიკული გეოპოლიტიკური ეკონომიკა, ნეოდამოკიდებულების თეორია და ევროპეიზაციის საგარეო მმართველობის მიდგომა.

შედეგები: ანალიზმა გამოავლინა მნიშვნელოვანი ფინანსური ასიმეტრია, რომელიც უკავშირდება აზერბაიჯანის მიერ გამოყოფილ 775 მილიონ აშშ დოლარის მოცულობის სესხს, აგრეთვე მმართველობის მოდელის ევოლუცია კრედიტორის ზედამხედველობიდან პირდაპირ ინსტიტუციურ თანამმართველობამდე 2024 წელს BTKI Railways LLC-ის შექმნის შემდეგ. აღნიშნული ცვლილებები მიუთითებს სტრუქტურული დამოკიდებულებისა და პოტენციური საგარეო ზემოქმედების პირობების ჩამოყალიბებაზე. თუმცა არსებული მტკიცებულებები არ ადასტურებს, რომ ასეთი ბერკეტი კონკრეტულ პოლიტიკურ გადაწყვეტილებებზე ზემოქმედების მიზნით ფაქტობრივად იქნა გამოყენებული. შედარებითი ანალიზი გამოყოფს დამოკიდებულების სამ განსხვავებულ კონფიგურაციას: მემკვიდრეობით დამოკიდებულებას მოლდოვაში, გეოგრაფიულად შეზღუდულ დამოკიდებულებას სომხეთში და პოლიტიკურ-ეკონომიკური არჩევანით ჩამოყალიბებულ, ე.წ. „არჩევით დამოკიდებულებას“ საქართველოში. BTK-ის მმართველობის გაღრმავებასა და საქართველოს ევროპული ინტეგრაციის შენელებას შორის დროითი თანხვედრა ანალიტიკურად მნიშვნელოვანია, თუმცა მიზეზობრივი კავშირის დასადგენად არასაკმარისია.

დასკვნა: მარაბდა–კარწახის შემთხვევა აჩვენებს, რომ გრძელვადიან ინფრასტრუქტურულ დაფინანსებასა და მმართველობით მექანიზმებს შეუძლია გავლენა მოახდინოს სახელმწიფოსთვის ხელმისაწვდომ სტრატეგიულ არჩევანზე პირდაპირი პოლიტიკური იძულების არსებობის გარეშე. კვლევა ასკვნის, რომ BTK-სთან დაკავშირებული ვალდებულებები საქართველოსთვის ქმნის სტრუქტურულ მოწყვლადობას, რაც მოითხოვს უფრო მაღალ გამჭვირვალობას, ინსტიტუციურ ზედამხედველობასა და ევროკავშირში გაწევრიანებასთან დაკავშირებულ მმართველობით სტანდარტებთან პერიოდულ შეფასებას. შედეგები ასევე მიუთითებს, რომ ინფრასტრუქტურული დამოკიდებულება უფრო მართებულია განიხილებოდეს, როგორც დინამიკური პოლიტიკურ-ეკონომიკური მდგომარეობა და არა როგორც ევროპული ინტეგრაციის გარდაუვალი და დეტერმინისტული დაბრკოლება.

საკვანძო სიტყვები: მარაბდა–კარწახის რკინიგზა; ბაქო–თბილისი–ყარსი; ევროპული ინტეგრაცია; სტრუქტურული დამოკიდებულება; გეოპოლიტიკური ეკონომიკა; სტრატეგიული ავტონომია; საგარეო მმართველობა.

Introduction

In global geopolitics, infrastructure policy has emerged as a new strategic frontier. In this regard, the Baku-Tbilisi-Kars (BTK) railway corridor represents one of the most analytically significant empirical cases in the study of the relationship between infrastructure, debt, and state autonomy. From China's “Belt and Road Initiative” (BRI) to the European Union's “Global Gateway” strategy, transport corridors are increasingly employed as instruments of geopolitical influence. The South Caucasus, and Georgia in particular, has become the geographic epicenter of this competitive logic. A concrete manifestation of this dynamic is the Marabda-Kartsakhi railway line, which connects Georgia's southern border with Turkey. The project was financed through an Azerbaijani state loan in 2007, creating conditions of structural obligation for Georgia.

The paper aims to assess the geopolitical implications of the Baku-Tbilisi-Kars railway's financial structure for Georgia's Euro-Atlantic integration trajectory. Specifically, it seeks to identify the structural asymmetry of the BTK's bilateral debt model, to evaluate the geopolitical implications of the governance configuration of the “BTKI Railways LLC” joint venture established in 2024, and to determine the compatibility of the project's governance model with the European Union's Copenhagen criteria. The following research objectives derive from these aims: 1. Systematisation of BTK's financial structure and loan obligations, and assessment of their transparency; 2. Identification of the reasons for the non-involvement of international financial institutions in the project and assessment of their impact on the formation of the governance structure; 3. Analysis of the institutional configuration of the Baku-Tbilisi-Kars International Railway Joint Venture (BTKI Railways LLC) in terms of its structural leverage potential; 4. Determination of the compatibility of the Baku-Tbilisi-Kars railway line's (BTK) governance model with the Copenhagen criteria; 5. Comparative analysis of the cases of Armenia, Moldova and Georgia to identify the interaction between infrastructure dependency and European integration directions.

The central research problem of this article is whether this infrastructural obligation can create a structural lever that objectively constrains both the pace and quality of Georgia's European integration. The problem became particularly acute in 2024-2025, as Georgia's European integration process effectively stalled. This gives rise to three core research questions within the article's research format: 1. What is the nature and level of transparency of the state obligations undertaken by Georgia toward Azerbaijan within the framework of the Marabda-Kartsakhi railway project? 2. Can the governance model of the Baku-Tbilisi-Kars railway line, and in particular the Baku-Tbilisi-Kars International Railway Joint Venture established in 2024, function as a structural geopolitical lever constraining Georgia's strategic autonomy? 3. To what extent is the BTK's infrastructural governance model compatible with the European Union's Copenhagen criteria in terms of transparency, competitive neutrality, and strategic autonomy? From these questions derive the corresponding hypothesis - The bilateral infrastructural governance structure of the Baku-Tbilisi-Kars railway may create conditions of structural dependency and potential external leverage; however, whether and how such dependency influences Georgia's European integration trajectory remains an empirical question. The subject of the research is the interaction between infrastructural debt obligations, governance asymmetry, and the normative requirements of Euro-Atlantic integration as they bear upon Georgia's European integration trajectory - specifically, the mechanisms through which structural dependency is formed and the question of their compatibility with the Copenhagen criteria. The object of the research is the Georgian section of the Baku-Tbilisi-Kars railway, the Marabda-Kartsakhi railway project - encompassing its financial, governance, and geopolitical dimensions.

Materials and Methods

Document selection was carried out in accordance with the principle of purposive sampling, on the basis of three categories. The category of primary sources comprised intergovernmental agreements, official reports of SOFAZ, presidential decrees of Azerbaijan, financial reporting materials of Marabda-Kartsakhi Railway LLC, public statements of ADY concerning the BTKI JV, and European Commission reports on Georgia. The category of secondary sources included academic articles on the geopolitics of the South Caucasus, debt diplomacy, and the theory of Europeanisation, as well as assessments produced by political analysis institutions and international financial institutions. The category of legal documents comprised conclusions of the Council of the European Union, the normative framework of the Copenhagen criteria, and TEN-T standards.

The study covers the period from 2007 to 2026, divided into three chronological phases: **Phase I (2007-2017)** - encompasses the formation of the BTK's legal architecture, the conclusion of the SOFAZ loans, and the project's construction period; **Phase II (2017-2023)** - covers the transfer of the Coordination Commission to ADY, the commencement of railway operations, and Georgia's acquisition of candidate status; **Phase III (2024-2026)** - encompasses the establishment of the BTKI JV, the de facto suspension of European integration, and the comparative analysis period (Moldova, Armenia).

The analytical categories employed in the study can be divided into six principal components: 1. Financial asymmetry - the analysis of loan terms, interest rates, and the distribution of currency risk in the creditor-debtor relationship; 2. Governance control - the evolution of institutional configuration from indirect supervision to direct co-ownership; 3. Normative compatibility - the assessment of the BTK model against the Copenhagen criteria (transparency, competitive neutrality, strategic autonomy); 4. Structural leverage potential - the structural, rather than confirmed, analysis of the creditor's possible leverage; 5. Temporal convergence - the parallel analysis of governance changes and the trajectory of European integration; 6. Comparative configuration - the comparison of three country cases: inherited dependency (Moldova), geographical constraint (Armenia), and elective dependency (Georgia).

Methodologically, the paper employs content analysis, case-study analysis, and comparative analysis. Content analysis comprised three stages: **1. Coding** - the selected documents were divided into four coding columns: a) financial terms and obligations; b) governance structure and control; c) normative requirements of European integration; d) geopolitical context and leverage. **2. Analysis** - each coded segment was analysed through the prism of three theoretical frameworks (CGE, Neo-Dependency, Europeanisation), and the thematic convergence and contradiction between documents was assessed. **3. Verification** - the analytical conclusions were cross-checked through the principle of triangulation. A minimum of two independent sources were employed to corroborate any given fact or tendency. Where verification was not possible, the study explicitly identifies the evidentiary gap, particularly in the assessment of the causal dimension of the hypothesis.

The selection of comparative cases was carried out through the principle of purposive case selection, combining the Most Similar Systems Design (MSSD) and Most Different Systems Design (MDSD) methods. All three cases share four mutually overlapping characteristics - Soviet institutional legacy, limited economic capacity, formal commitments to Euro-Atlantic integration, and intermediate geopolitical positioning between Russia and the West. These characteristics constitute controlled variables and provide the basis for comparison. What renders their comparison particularly analytically productive is the fact that, alongside their similarities, all three cases differ considerably from one another in terms of the key variables - Moldova represents a case of successful dismantlement, Armenia a case of geographical constraint, and Georgia a case of geographical advantage.

The theoretical framework of the present paper rests on three mutually complementary approaches, the mapping of which onto empirical evidence was conducted through deductive coding, whereby each theoretical framework predetermined the type of empirical evidence the study sought to identify: **1. Critical Geopolitical Economy (CGE)** - enabled the study to move beyond the confines of narrow economic analysis and examine the BTK's debt structure as a potential instrument for the formation of structural leverage. Specifically, this framework was employed to critically assess the „Georgian way“ narrative, with a view to determining the extent to which simultaneous regional and Euro-Atlantic commitments can be considered mutually compatible (Sparke, 2007); **2. Neo-Dependency Theory** - provided the study with an analytical instrument for examining financial obligations within the framework of an asymmetric creditor-debtor relationship, wherein a sovereign creditor, in combination with institutional control mechanisms, creates the conditions for the formation of structural dependency. Specifically, this framework was employed to establish the interconnection between the debt structure, the asymmetric distribution of currency risk, and the evolution of governance arrangements (Cardoso & Faletto, 1979); **3. External Governance approach to Europeanisation** - was employed to assess the compatibility of the BTK's governance model with the European Union's normative standards. This framework enabled the study to examine Azerbaijan not merely as a creditor, but as an alternative external governance source operating in competition with the European Union's conditionality mechanism. Specifically, this framework was employed for the systematic assessment of three dimensions of normative incompatibility with the Copenhagen criteria - transparency, competitive neutrality, and strategic autonomy (Lavenex & Schimmelfennig, 2009). The study constitutes the first systematic analysis of the Marabda-Kartsakhi project within the framework of integration theory, introduces the novel concept of Infrastructural and Geopolitical Lock-in, and advances the analytical category of Elective

Dependency, which distinguishes voluntarily constructed subordination from dependency inherited through structural legacies.

Results and Discussion

Geo-economical Configuration of the Marabda-Kartsakhi Railway Project

The history of the Marabda-Kartsakhi railway begins on 7 February 2007, when representatives of Azerbaijan, Georgia, and Turkey signed a trilateral agreement in Tbilisi on the establishment of the new Baku-Tbilisi-Kars railway line. On the same day, a bilateral agreement was concluded, which laid the legal foundation for the financing, rehabilitation, and operation of the Marabda-Kartsakhi section. The legal architecture of the project rested on three principal vectors: 1. An intergovernmental agreement - establishing political obligations; 2. A credit agreement - defining the financial terms between the Ministry of Transport of Azerbaijan and “Marabda-Kartsakhi Railway LLC”; 3. The exclusive mandate of the Coordination Council to oversee the utilisation of the credit (State Oil Fund of the Republic of Azerbaijan, 2007). Although the borrower was a separate legal entity, the Azerbaijan state retained direct supervisory leverage through the Coordination Council. While this structure formally conveys the impression of corporate debt, in terms of actual control it is effectively equivalent to a sovereign obligation.

Specifically, the financing of the Marabda-Kartsakhi section was carried out through the State Oil Fund of the Republic of Azerbaijan (SOFAZ) in two tranches: a) in 2007, USD 200 million at an annual interest rate of 1% over a 25 year term; b) in 2011, USD 575 million at an interest rate of 5%, likewise over a 25 year term. In total, a loan of USD 775 million was allocated for the project, significantly exceeding its initial cost estimate. The fivefold increase in the interest rate applied by Azerbaijan as creditor for the second tranche, relative to the concessional rate of the first, indicates both an upward reassessment of risk and a deepening strategic interest on the part of the creditor.

Instead of the planned three-year construction period, the project took more than eleven years to complete, owing to technical difficulties, the 2008 war, and various construction disputes. The burden of debt servicing became most visible in 2024, when the financial statements of “Marabda-Kartsakhi Railway LLC” recorded a deficit of 167 million GEL, nearly six times the 2023 figure (29 million GEL) attributable primarily to the effect of exchange rate fluctuations (+121 million GEL added to the outstanding debt). Furthermore, the company has accumulated a cumulative operational financial deficit of approximately 1 billion GEL, demonstrating that the project is not commercially self-sustaining, as the dollar-denominated debt creates a structural vulnerability relative to GEL denominated revenues that operates independently of operational efficiency.

Under the intergovernmental agreement, a Coordination Council functioned within the framework of the project from 2007 to 2017, holding exclusive supervisory authority over the credit. In 2017, on the basis of amendments introduced by the President of Azerbaijan to Presidential Decree No. 1974 of 21 February 2007, the chairmanship of the Coordination Commission of the Baku-Tbilisi-Kars railway project was transferred to the Chairman of Azerbaijan Railways (Azerbaijan Railways CJSC - ADY), thereby conferring upon the company a central role in the coordination and oversight of the project's implementation (Aliyev, 2021). This change may be interpreted as an increased concentration of governance authority in the hands of Azerbaijani state structures.

A fundamental change within the project's framework occurred in 2024, with the establishment of the “BTKI Railways” joint venture, founded by “Azerbaijan Railways” and a subsidiary of “Marabda-Kartsakhi Railway LLC”. The public statement of Azerbaijan Railways explicitly notes that the joint venture will also ensure “the full repayment of the loan extended by Azerbaijan to Georgia from the revenues generated” (Azerbaijan Railways, 2024). This provision is of pivotal significance, as the project's governance structure has been transformed into an instrument of debt recovery. The reform has further consolidated Azerbaijan's position with respect to the project, from indirect creditor it has become a direct co-manager, representing a qualitative intensification of structural dependency.

The overarching strategic purpose of the Baku-Tbilisi-Kars railway line was the creation of an alternative transport corridor bypassing both Russian and Armenian territory. It deliberately precluded the restoration of the historical railway connection with Turkey via the rehabilitable Kars-Gyumri-Tbilisi line, owing to the deterioration of Turkish-Armenian relations. The European Union, the United States, and

international financial institutions (including the World Bank, the EBRD, and the ADB) declined to participate in the financing of the project, a decision attributable to four interrelated concerns:

Political grounds (the bypassing of Armenia) - the United States Congress and the European Commission categorically opposed the allocation of financing on the grounds that the project served the purpose of isolating Armenia. In 2005, Congressmen Joe Knollenberg and Frank Pallone introduced legislation that would prohibit the provision of any American assistance to any railway project in the South Caucasus that excluded Armenia. The initiative was prompted by reports concerning the construction of the new Baku-Tbilisi-Kars railway line, which would connect Azerbaijan, Georgia, and Turkey while bypassing the existing railway line passing through Armenian territory (Knollenberg & Pallone, 2005).

Economical fragility: “geopolitical rather than economic” - financial institutions were unable to obtain a credible debt repayment plan from the project's organisers. By the standard criteria applied by international financial institutions, the project failed to meet numerous benchmarks (Nazaretyan, 2024). The new line was parallel to the already existing railway network passing through Armenia, the projected freight flows at the initial stage were speculative, and the resulting debt was anticipated to constitute a substantial burden for Georgia's small economy. These concerns ultimately proved well-founded, as the 2024 financial statements recorded a negative financial result of 167 million GEL, while the accumulated operational deficit exceeded 1 billion GEL (The Caspian Post, 2025).

The question of incompatibility with the principles of international law - in 2008, Armenia's former Ambassador Ara Papian stated at a seminar held in Canada that the BTK railway line was unlawful under international law, on the grounds that it constituted a route parallel to the Baku-Tbilisi-Ceyhan pipeline, passing through historically Armenian territory (Railway Technology, 2012). Nevertheless, no formal ruling on the legality of the BTK railway has been issued by international judicial bodies to date. While Armenian-Azerbaijan legal disputes do exist before the International Court of Justice (ICJ) and within the framework of the International Convention on the Elimination of All Forms of Racial Discrimination (CERD), these concern matters of war crimes, ethnic discrimination, and related issues. Accordingly, Papian's argument remained at the level of a declaration of a politico-legal position. It must nonetheless be noted that international financial institutions generally avoid projects exposed to the risk of litigation or sanctions. Consequently, their withdrawal from the project created a certain financial vacuum, which was ultimately filled by Azerbaijan's financial capital.

Technical and environmental concerns - construction of the railway was temporarily halted in 2008 by the conflict between Georgia and the so-called South Ossetia, further compounded by difficulties relating to environmental and social standards in connection with the project. The Asian Development Bank (ADB) had stipulated in a separate railway project that Azerbaijan Railways would have to implement a series of measures before signing the contract, regarding environmental protection, personnel safety, infrastructure, and site selection. The BTK project failed to meet these conditions (Israfilbayova, 2018).

At present, the BTK railway line functions as the logistical backbone of the Middle Corridor between China and Europe, bypassing Russia. Following modernisation, its throughput capacity has increased from 1 to 5 million tonnes, with a projected ultimate capacity of 15 to 17 million tonnes (Karimli, 2024). These figures confirm that the significance of the line extends beyond a bilateral geopolitical framework and forms part of a broader Eurasian transport and transit connectivity and regional integration strategy, within which the Georgian section functions as an indispensable yet financially dependent link.

Infrastructure Dependency and the Normative Constraints of European Integration

Georgia's European integration was formally anchored by the Association Agreement with the European Union, which entered into force in July 2016. In March 2022, following Russia's invasion of Ukraine, Georgia submitted its application for European Union membership, which was followed in December 2023 by the granting of candidate country status. The decision was conditional upon the fulfilment of nine priority steps (distinct from the twelve priorities identified in June 2022) which are directly linked to the political component of the Copenhagen criteria (European Commission, 2023, pp. 25-26).

The divergence between formal commitments and the actual political trajectory became particularly pronounced in 2024. On 27 June, the Council of the European Union concluded that the regression with respect to the nine priority steps was effectively suspending Georgia's accession process. This assessment coincided with the parliamentary elections of 26 October 2024, following which Georgia deviated still further from the European path, marked by large-scale electoral violations and repressive measures against protest participants, civil society, the media, and the opposition. The process reached its culmination in November

2024, when the decision to suspend negotiations with the European Union until 2028 was announced, provoking an even more powerful and widespread wave of protests (Georgian Public Broadcaster, 2024).

In its November 2025 report, the European Commission described the situation in still more stringent terms than previously - during the reporting period, Georgia was moving further away from the path of European integration, with systematic regression in the field of human rights rather than the implementation of necessary reforms. A qualitative deepening of this trend was recorded at the end of 2025, when a document prepared by the Council of the European Union and endorsed by 26 member states noted that the process had “effectively come to a halt” (European Commission, 2025, pp. 2-4). This formulation indicates that the freezing of relations is no longer regarded as a temporary phenomenon, but is rather perceived as a structural reality. According to the Commission's assessment, Georgia is currently considered a candidate country in formal terms only. Against this backdrop, the following section applies the theoretical and analytical framework of the study to analyse and assess the context of the Marabda-Kartsakhi railway project:

According to the theory of Europeanisation the European Union's normative governance operates on the principle of the conditionality mechanism, according to which any form of benefit (whether financing, the opening of negotiations, visa liberalisation, or otherwise) is conditional (Schimmelfennig & Sedelmeier, 2004). Its receipt is contingent upon whether the beneficiary party fulfils the pre-established conditions and requirements. This approach implies that a candidate country receives assistance, benefits, or progression to the next stage of negotiations only if it implements specific reforms (including ensuring judicial independence, combating corruption, and protecting human rights). Should the conditions remain unfulfilled or regression be observed with respect to the implementation of particular reforms, assistance may be suspended or withdrawn entirely. In the context of the de facto suspension of 2024-2025, wherein alternative external governance sources are gaining greater weight in the formation of national policy, the European Union's response is consistent with this logic. The Marabda-Kartsakhi case is itself a manifestation of this conditionality principle, insofar as Azerbaijan functions precisely as such an alternative actor. It must nonetheless be noted that, unlike the influence strategies characteristic of China or Russia, Azerbaijan does not represent a values-based alternative. It constitutes a purely financial partner that imposes no political conditions, yet at the present moment possesses greater leverage for the development of this dimension.

According to the theory of Critical Geopolitical Economy, the recently consolidated narratives (“Georgian way”, “strategic neutrality”) rest on the assertion that Georgia is capable of simultaneously maintaining ties with regional partners while formally fulfilling its commitments to European integration without these objectives coming into conflict. However, the Marabda-Kartsakhi case exposes precisely the contradiction embedded at the foundation of this narrative, insofar as the 2024 joint venture reform, which granted Azerbaijan the capacity for direct institutional control over the project, coincides exactly with the period in which Georgia's formal relations with the European Union reached their historic low point. This convergence, even in the absence of explicitly established causal links, carries unmistakable symbolic weight.

From the perspective of Dependency Theory, what is significant is not merely the existence of the debt, but rather its structural characteristics - the creditor is a sovereign state, the borrower is a wholly state-owned company, and the governance structure (following the 2024 reform) confers upon the creditor direct institutional co-ownership. This combination theoretically creates conditions under which the creditor state may exert influence over the borrower's political decisions, even where such influence is not formally codified. In this regard, methodological caution is essential, as the available open sources do not contain direct evidence that Azerbaijan has ever employed this obligation as an instrument of direct leverage. Accordingly, the argument of the study describes only the structural potential of the risk that has emerged, rather than established facts.

With regard to the Copenhagen criteria, the requirements contained therein enter into normative incompatibility with the project and directly conflict with the governance model of Marabda-Kartsakhi: 1. Standards of transparency and accountability - the full terms of the credit are not accessible for independent audit; 2. Competitive neutrality in public procurement - the construction contracts were not subjected to tender procedures in accordance with European standards; 3. National autonomy in the management of strategic assets - the 2024 reform raises legitimate questions regarding third-country control over critical infrastructure, which is equally relevant with respect to the standards of the European Union's Trans-European Transport Network (TEN-T).

As noted above, the actual trajectory of Georgia's European integration, from the “de facto suspension” of 2024 to the “effective halt” recorded at the end of 2025, temporally coincides with the deepening of the

Marabda-Kartsakhi governance model in favour of Azerbaijan. The theoretical framework presented here converges in indicating that the infrastructural obligation does not constitute a formal obstacle, yet functions as a structural condition that lends legitimacy to an alternative, non-Western developmental orientation, which Georgia is effectively choosing at the expense of its formal European commitments.

Comparative Analysis of Structural Dependency (Armenia, Moldova, Georgia)

In order to analyse more thoroughly the extent to which the dynamics identified in the case of the Marabda-Kartsakhi project are specific to Georgia, and whether they constitute a systemic pattern within the post-Soviet space, the method of comparative strategic analysis is employed. The cases of Moldova and Armenia are selected for comparison, as both share common structural characteristics with Georgia - a Soviet past, limited economic capacity, an intermediate status in relation to the West, and formal commitments to European integration. At the same time, significant differences exist among all three countries, and it is precisely these differences that render their comparison analytically valuable.

Moldova: A Successful Case of Dependency Dismantlement

Prior to 2022, Moldova was deeply dependent on Russian energy infrastructure. Approximately 70% of the country's electricity consumption was generated by the Cuciurgan power station located in separatist Transnistria, which until 2022 was 100% supplied with Russian gas (Runde et al., 2025). Formally, the station remains to this day the property of the Russian company "Inter-RAO", and its operation is closely linked to Gazprom.

In March 2022, Moldova synchronised its electricity system with the European network (ENTSO-E), which was followed by the diversification of electricity supplies from Romania. By December 2024, Moldova had reduced its dependence on the Cuciurgan station for the right bank of the Dniester from 70% to 37%, while the establishment of the vertical gas corridor provided it with the capacity to entirely forgo Russian energy resources. By 2025, Moldova had ceased imports altogether, and its electricity supply is now predominantly dependent on Romania, its own sources (Termoelectrica, CET Nord), and renewable energy producers (Global Energy Monitor, 2026).

In 2025, Russia suspended gas supplies to the Cuciurgan power station, which sharply reduced the station's capacity. Subsequently, in February, gas supplies were partially resumed. On 23 July 2026, "Inter RAO UES" was included in the 21st package of European Union sanctions, further complicating the station's supply situation (Council of the European Union, 2026a). It continues to operate to this day in a limited capacity, though oriented exclusively towards Transnistria's internal supply. Its gas supply likewise remains unstable.

This energy system structure met the criteria of the classical dependency model, wherein historically inherited infrastructure was transformed into an instrument of geopolitical leverage. However, following Russia's full-scale invasion of Ukraine, Moldova succeeded in practically implementing the dismantlement of its Russia-based energy dependency system, which had been consolidated over many years. This case reveals an important theoretical principle: that structural dependency is neither immutable nor inevitable, but is also contingent upon the choices made by a country's political system; overcoming it requires the consistent and strategic utilisation of geopolitical opportunities (in Moldova's case, its proximity to Romania, a European Union member state).

Armenia: Geographic Landlockedness and Gradual Distancing

Geographically, Armenia is enclosed between Azerbaijan, Georgia, Iran, and Turkey, with two of which (Azerbaijan and Turkey) it has no diplomatic relations. This isolation means that Armenia's only land corridor to the West passes through Georgian territory. Historically, Russia has remained Armenia's principal provider of security and energy, whose structural legacy encompassed a military-political dimension as well (Russian military base in Gyumri, membership of the Eurasian Economic Union).

The 2023 Karabakh crisis convinced the Armenian government that Russia's status as a security guarantor had become functionally nominal in character, which provided the basis for a process of gradual political distancing from Russia. The Armenian parliament initiated procedures for accession negotiations with the European Union, while 72-75% of the population expressed readiness to vote in favour of European Union membership. On 26 March 2025, the National Assembly adopted at its final reading the law "On the Initiation of the Process of Armenia's Accession to the European Union" (64 votes in favour, 7 against), which

entered into force on 4 April (Fornusek, 2025). The entry into force of the law was followed by several concrete, interrelated developments over the course of the past year:

The freezing of relations with the Collective Security Treaty Organization (CSTO) - On 1 April 2026, a meeting between Putin and Pashinyan took place at the Kremlin, during which Putin emphasised that Russia supplies gas to Armenia at a preferential price and indicated the possibility of a price increase. Subsequently, on 4 April, the Speaker of the Armenian Parliament, Alen Simonyan, stated that in case Russia raises the gas price, Armenia would withdraw entirely from both the CSTO and the Eurasian Economic Union. Notwithstanding this statement, Armenia formally remains a member of the organisation to date (Meduza, 2026).

Cooperation with the European Union in the field of defence - During the visit of European Commissioner Kaja Kallas to Armenia on 29-30 June 2025, the following concrete steps were taken: 1. The launch of a bilateral “Security and Defence Consultations” format, representing the first formal mechanism through which the European Union and Armenia regularly discuss defence matters; 2. The signing of a Framework Participation Agreement, which provides Armenia with a legal basis to participate in European Union military and civilian crisis management operations, in a manner analogous to other partner countries that are not NATO members; 3. A political agreement on a new EU-Armenia Partnership Agenda and the adoption of a draft Visa Liberalisation Action Plan (Council of the European Union, 2025).

European Peace Facility funding for the strengthening of the logistical capabilities of the Armenian Armed Forces - was implemented in two stages: Stage 1 - on 22 July 2024, Armenia received 10 million euros, which was allocated to the provision of equipment for the establishment of a fully functional deployable camp for a battalion-sized unit (Council of the European Union, 2024); Stage 2 - an additional 20 million euros was allocated on 29 January 2026, enabling the expansion of the deployable camp from battalion to brigade size. Furthermore, this funding serves to accelerate the interoperability of the Armenian Armed Forces with European Union standards in preparation for potential participation in future peacekeeping missions (Council of the European Union, 2026b). In total, Armenia has received 30 million euros in funding from the European Union, a considerably modest figure compared to similar assistance provided to Moldova (88 million euros) and Georgia (62.75 million euros), indicating that cooperation between Armenia and the European Union remains at an early stage.

In November 2025, Armenia received its first consignment of Kazakhstan wheat via Azerbaijan - On 8 November, a consignment of Kazakhstan wheat arrived at Armenia's Ayrum station bypassing the Russian route, representing a symbolically significant step toward the diversification of food dependency. This was the first instance in more than 30 years in which Armenia received a cargo shipment via Azerbaijan territory, as the borders had remained closed since the early 1990s due to the Armenian-Azerbaijan conflict. This symbolic gesture was followed by a sustained and gradually increasing volume of freight exchange between the countries - in December, fuel (from SOCAR), as well as regular consignments of wheat and fertilisers from Russia as well. Should shipments reach the planned monthly volumes (180000-240000 tonnes per year), this would cover a significant portion of Armenia's annual wheat requirements (JAMnews, 2025).

Visa liberalisation negotiations with the European Union - The EU-Armenia Visa Liberalisation Dialogue was officially launched in September 2024. Subsequently, in February-April 2025, the European Commission conducted two assessment visits to Armenia with the support of member state experts in order to prepare the action plan. On 5 November, the completed Visa Liberalisation Action Plan (VLAP) was formally transmitted to Armenia, comprising 74 specific requirements to be fulfilled in two stages: 1. the establishment of the legislative framework; 2. practical implementation (Directorate-General for Migration and Home Affairs, 2025). On 5 May 2026, the European Commission published its first assessment report on Armenia's progress in implementing the action plan, on the basis of which the commencement of the issuance of biometric passports was announced for the second half of 2026 (Public Radio of Armenia, 2026).

Notwithstanding these changes implemented by Armenia, its dependency on Russia has not been entirely severed. Russia continues to cover 80-82% of Armenia's natural gas requirements, while bilateral trade turnover increased from 2.5 billion dollars to 12.4 billion dollars between 2021 and 2024. Accordingly, political distancing from Russia does not yet imply the complete severance of channels of economic cooperation. It is nonetheless evident that the political will for full distancing from Russia exists and is developing within Armenian society and political circles, notwithstanding the geographical constraints.

Georgia within the Comparative Analytical Framework: Elective Dependency

A comparison of Georgia's case with those of Moldova and Armenia reveals a contrasting configuration. From a geographical standpoint, Georgia, like Moldova, benefits from a comparative advantage - it has direct access to the Black Sea, constitutes a central link in the Middle Corridor, possesses alternative energy connections, and is not characterised by the geographic “landlockedness” of Armenia. At the same time, in terms of political will, Georgia's trajectory has sharply deviated from its formal European commitments since 2024. Classical dependency models suggest that dependency is primarily the result of structural and geographical constraints (Kuzemko et al., 2025) (Caroline Kuzemko, Mathieu Blondeel, Michael Bradshaw, Gavin Bridge, Erika Faigen & Louis Fletcher, 2025).

This configuration, geographical opportunity combined with weak political will, constitutes a theoretically distinct case. Marabda-Kartsakhi offers an alternative model of “Elective Dependency”, according to which dependency arose not from geographical necessity but from political-economic choice. In the present context, this implies that in 2007 Georgia possessed the theoretical possibility of seeking alternative financing for the project, including Western, multilateral, or private sources. Instead, the political leadership of the time opted for an Azerbaijan state loan, which over time gave rise to a structural dependency that becomes increasingly difficult to reverse in the long-term perspective. Whereas in Armenia's case overcoming dependency requires infrastructural investment, “Elective Dependency” demands a political decision. However, as discussed above, financing alternatives for Georgia, as indeed for the BTK project as a whole, existed only in formal terms. Consequently, Georgia had no option other than the concessional loan from the State Oil Fund of the Republic of Azerbaijan (SOFAZ), which leads to two mutually contradictory conclusions:

A. Georgia's choice was political-economical in nature rather than the result of pure geographical necessity, yet it did not constitute a free decision. The refusal of Western institutions to provide alternative financing rendered this choice effectively inevitable.

B. In reality, Georgia had no free choice between Western and Azerbaijan financing. This was not “Elective Dependency” but rather the only available option, which nonetheless resembles a structural constraint, geopolitical rather than geographical in nature.

This comparative analysis has demonstrated that all three countries, notwithstanding their differing mechanisms and configurations, remain under the systemic influence of infrastructural dependency. The case of Moldova demonstrates that “inherited dependency” is surmountable through a combination of political will and favourable geography. The case of Armenia makes clear that political will alone is insufficient under conditions of geographical constraint. As for Georgia, it presents a third, distinct configuration “Elective Dependency”, wherein the structural constraint is not unambiguously geographically determined, but rather constitutes the cumulative result of political-economic choices that becomes increasingly difficult to overcome over time.

Conclusion

The present research has conducted a thorough examination of the Marabda-Kartsakhi railway project as an analytical lens through which to explore the interaction between infrastructural obligations and the normative requirements of European integration. With regard to the nature and transparency of obligations, the study established that the state loan, by virtue of its two tranches with contrasting terms and its governance structure, confers upon the creditor direct institutional co-ownership following the establishment of the “BTKI Railways LLC” joint venture in 2024. Furthermore, with regard to transparency, the full terms of the credit and its repayment schedule remain inaccessible for independent audit. The theoretical framework of the paper converges in indicating, with respect to the potential for structural leverage, that the governance model as constituted creates, on the one hand, the potential for the formation of a systemic leverage instrument, while on the other hand the available open sources do not contain sufficient direct evidence of the active employment of such leverage. Accordingly, the arguments of the study are formulated so as to address the structural potential of the risk that has emerged, rather than confirmed instrumentalisation. With regard to the compatibility of the project's governance model with the Copenhagen criteria, the study established that it fails to conform to European Union normative standards in three fundamental respects - transparency and accountability, competitive neutrality, and strategic autonomy. Of particular significance is the fact that the deepening of this governance incompatibility coincides with the de facto suspension of European integration in 2024, which reflects the consistent strategic preferences of the governing elite.

The structural dependency dimension of the research hypothesis is empirically substantiated by three mutually reinforcing bodies of evidence: 1. the financial asymmetry of the 775 million dollar debt obligation, as documented by the 2024 financial statements; 2. the governance evolution facilitated through “BTKI Railways LLC”, from indirect supervision to direct institutional co-ownership; 3. the vacuum of a neutral institutional intermediary, as a direct consequence of the non-involvement of international financial institutions in the project. The theoretical framework of the paper indicates the potential for the formation of structural leverage, however, the causal dimension of the hypothesis, that the governing elite deliberately employs this dependency as an instrument for legitimising the deceleration of European integration remains unsubstantiated. The available open sources contain no direct evidence that the BTK's structure functions as a determining factor in specific political decisions. The suspension of European integration is explicable by numerous competing factors, among which the bilateral structure of the BTK represents one, but not the determining, variable in this configuration. Accordingly, the temporal convergence of the deepening of the governance component and the suspension of European integration is correlatively significant, but methodologically insufficient for establishing a causal relationship. The study therefore adheres to the principle of methodological caution in describing the potential of structural leverage, rather than its confirmed employment.

The comparative analysis confirms that in Moldova's case, structural dependency is surmountable through a combination of political will and favourable geography, while Armenia's case demonstrates that political will alone is insufficient under conditions of geographical and geopolitical constraint. As for the Marabda-Kartsakhi case, it does not represent a model of “inherited dependency” for Georgia, it is a form of „Elective Dependency“ that arose under conditions where alternatives existed, through ostensibly free political decisions. It is precisely for this reason that it augments the political responsibility of the governing elite. Ultimately, the Marabda-Kartsakhi railway project constitutes a symbolic manifestation of a broader structural dilemma, in which a choice is made between accelerated regional financing with less favourable terms and protracted yet normatively transformative Western integration. The 25 year loan terms of infrastructural decisions and the physical assets that function over decades mean that decisions taken in this domain define the space of strategic choices not only for the current administration, but for future generations as well, a particularly acute strategic challenge at a geopolitically decisive juncture in Euro-Atlantic integration.

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