The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

# Georgian Car Sales to Russia Surge Despite Tightening Sanctions

March 31, 2023



The Upper Lars border crossing where goods flow between Georgia and Russia. **Zurab Tsertsvadze / AP / TASS**

Georgia has more than tripled its exports of automobiles to Russia in the first months of 2023 amid claims that Tbilisi is helping Moscow skirt Western sanctions, the Kommersant business daily reported Friday.

The former Soviet republic in the South Caucasus delivered 978 passenger vehicles to Russia between January and February, worth a total value of $13.5 million. During the same period last year, Georgia exported just 209 vehicles to its northern neighbor.

Automobile exports from Georgia also skyrocketed to nearby Armenia (2,800 this year compared to 365 between January and February 2022), Kazakhstan (2,600 compared to 935), and Kyrgyzstan (1,300 compared to 423).

All three countries are members of a Moscow-led customs union and are believed to be re-exporting Georgian vehicles to Russia.

“Professional sellers and intermediaries see an opportunity to make money with these shipments,” said automotive expert Vladimir Bespalov.

**Related article**: Georgian Authorities Face Backlash Over Russian Purchases

In response to Moscow’s invasion of Ukraine, Western countries have imposed export restrictions on luxury goods to Russia, including cars.

By exporting vehicles to third countries such as Armenia and Kazakhstan, Georgia is not technically violating these sanctions, David Avalishvili, an analyst with the independent news agency Nation.ge, told Kommersant.

But both Avalishvili and an unnamed Russian car dealer quoted by Kommersant said it is an open secret that Georgian cars are being re-exported to Russia.

Responding to accusations that Georgia was breaching sanctions on Russia, Georgia’s Finance Ministry stressed that its customs agency was working closely with its Western partners to ensure sanctions compliance.

Georgian passenger car re-exports hit a 10-year high of 13,500 vehicles between January and February, worth almost $240 million, Kommersant said, citing government data.

While Georgia has no auto industry of its own, it is a major regional importer of vehicles, having received some 8,200 worth $97 million from the United States in the first two months of this year alone.

Original url:
https://www.themoscowtimes.com/2023/03/31/georgian-car-sales-to-russia-surge-despite-tightening-sanctions-a80669