

The Black Sea's Evolving Geopolitical and Economic Role for Russia Post-Ukraine Invasion

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Contents

Introduction	2
Russia and the Black Sea Geopolitics - Unchanged Ends, Changed Means	3
Changing Patterns for the Trade with Key Commodities	4
Gas Import from Russia.....	5
Petroleum imports from Russia.....	6
Import of food commodities from Russia	7
Adjusting Still? Redirection of Supply Chains in Response to the War and Sanctions	8
Conclusion and Implications for Russia’s Strategic Objectives and Intentions in the Black Sea	10
Appendix A.....	11

Introduction

This paper aims to provide an overview of Russia's strategic interests in the Black Sea region and examine how its geopolitical and geoeconomic positioning in the area has evolved following the invasion of Ukraine. It focuses on the region's historical importance as a conduit for economic flows, the transformations in this role after the invasion, and the ways the war has reshaped the Black Sea's strategic and economic significance for Russia. While primarily centered on the Black Sea countries and the EU, this analysis also considers the wider Black Sea area—including the South Caucasus and Central Asia—where relevant, to offer a comprehensive understanding of the region's interconnected trade dynamics.

This paper argues that Russia's longstanding strategy to expand its influence and limit Western presence in the Black Sea region has faced significant setbacks in the wake of its 2022 invasion of Ukraine. Despite tactical adjustments to the post-war geopolitical and geoeconomic landscape, Russia's overall leverage in the region has weakened. This decline is evident in its growing dependence on regional powers like Turkey and Azerbaijan, its diminishing influence over traditional allies such as Armenia, and rising competition from actors such as China and the European Union.

Significant changes in the global geopolitical and geoeconomic landscape have substantially weakened Russia's trade relations with traditional partners, particularly the European Union. While the Black Sea has long served as a crucial node in trade routes for Russian exports to the EU, its role has diminished considerably due to sanctions and widespread boycotts of Russian goods. The decline in European markets for Russian strategic exports has been offset by increased trade with alternative partners such as China, Turkey, and India. Within the wider Black Sea region, countries have responded to these shifts in diverse ways: some have reduced their dependence on Russia (e.g., Romania); others have deepened their reliance due to rising prices of alternative suppliers during this turbulent period (e.g., Georgia); and still others have positioned themselves within emerging trade routes, enhancing their geoeconomic influence (e.g., Turkey).

Although the Black Sea region's role as a trade route connecting Russia to Europe has diminished, it has assumed a new role within Russia's evolving trade strategies. Two key mechanisms of trade adaptation have emerged. First, for exports, Russia has increasingly relied on intermediary countries, such as Turkey, to facilitate re-exports and maintain indirect access to restricted markets. Second, for imports, the Black Sea region has become a vital link in transit trade routes targeting Central Asia, with Russia often acting as a concealed recipient of goods channelled through these networks.

The paper structure is as follows: it first reviews the geopolitics of Russia and the Black Sea region, highlighting how its objectives and instruments have evolved over recent years. The paper then examines the changing trade dynamics in the Black Sea region, with a particular focus on key commodities—oil, gas, and food—often leveraged by Russia as tools of geopolitical influence. The analysis also includes how trade flows of these goods have shifted since Russia's invasion of Ukraine. The next section explores the patterns in the redirection of supply chains and the broader role of the Black Sea region in enabling Russia to bypass direct

trade with Western nations and, in some cases, evade international sanctions. The paper concludes with suggesting some policy implications.

Russia and the Black Sea Geopolitics - Unchanged Ends, Changed Means

Over the last decades, Russia has primarily sought to increase its leverage and influence—and to reduce that of the West—over Ukraine, Georgia, and other states in the wider Black Sea region. Russia's decision to wage a total war against Ukraine in 2022 showed the failure of an array of military, political, and economic measures Moscow used to achieve its objectives in the Black Sea region. Failing also in its immediate goals in Ukraine, Russia's war brought new geopolitical and geoeconomic realities. Moscow now seeks to realize its strategic objectives amidst declining military and economic capabilities and waning geopolitical influence.

Prior to the 2022 war in Ukraine, Russia's strategic objective was to limit Western military, political, and economic influence in the Black Sea region while increasing its own. Russia's efforts were largely successful in strategic-military terms, as it managed to prevent NATO's eastern enlargement to Georgia and Ukraine. To contain Ukraine, Georgia, and Moldova's attempts to align with the West, Russia used various military, political, economic, and other pressure tactics, yet its record was mixed. Following its war with Georgia in 2008, Russia lost political influence and soft power appeal in the country, failing to affect Georgia's pro-Western foreign policy aspirations—a policy sustained even under the overly Russia-pragmatic Georgian Dream party. Similarly, following Russia's annexation of Crimea in 2014 and the war in Eastern Ukraine, Russia lost political leverage over Ukraine, resulting in deepening ties between Ukraine and the West. Although Russia sought to manufacture various crises, including the Azov Sea crisis in 2018, and employed coercive tactics, it failed to alter Ukraine's strategic behaviour. Moldova, while upholding military neutrality, also deepened its ties with the EU, particularly after signing association and free trade agreements. Moldova increasingly became subject to Russian energy pressures and its use of separatist conflicts as leverage points.

In the wider Black Sea region, Russia managed to keep close ties with both Armenia and Azerbaijan while using the Nagorno-Karabakh conflict as leverage on both states. However, following the 2020 Second Karabakh War, Russia increasingly sided with Azerbaijan, leaving its treaty ally Armenia vulnerable.

Amidst the war in Ukraine, Russia suffered military and geopolitical setbacks. Militarily, Russia faced major strategic hurdles in achieving its initial objectives thanks to Ukraine's resilience and Western military support. Even though Russia sought to disrupt Ukraine's transit potential through blockades of Ukrainian ports, its military failures are even more apparent in naval warfare, as Ukraine has successfully pushed Russian forces back.¹ Russia initiated a

¹ Flint, Colin. 2024. "Bottled up in the Black Sea: Russia is having a dreadful naval war, hindering its great power ambitions." *The Conversation*. October 3, 2024. <https://theconversation.com/bottled-up-in-the-black-sea-russia-is-having-a-dreadful-naval-war-hindering-its-great-power-ambitions-238195>

naval build-up in Georgia's Abkhazia to potentially shield its fleet from Ukrainian attacks, although its true strategic value remains unknown.

Geopolitically, Russia's war of aggression against Ukraine reignited EU enlargement debates, resulting in Georgia, Ukraine, and Moldova gaining EU candidate status. This development is contrary to Russia's interest in limiting EU influence in the Black Sea region. At the same time, changes stemming from the 2020 Second Karabakh War strengthened the regional positions of the Azerbaijan-Turkey duo, reducing Russia's leverage in the South Caucasus. Russia also seems to be losing its traditional ally Armenia, which is seeking fresh engagement with Western powers despite existing dependencies on Moscow. Conversely, Russia is gaining influence over Georgia's current ruling party, which, despite – or because of – Georgia's formal EU candidacy, has grown increasingly anti-democratic and anti-Western. In Moldova, Russia so far failed to realize its objectives as Moldova managed to maintain its EU trajectory after presidential elections and referendum in 2024. Last but not least, the rise of new actors has made the wider Black Sea region more geopolitically pluralistic, affecting Russia's calculus. China has become increasingly active, establishing strategic partnerships with Georgia and Azerbaijan in 2023 and 2024, respectively. In Georgia, a Chinese company was selected to build the Anaklia Deep Sea Port. While increasing Chinese presence currently aligns with Russia's interests, it signals Russia's waning influence as the region's sole power.

Overall, while Russia's geopolitical hand in the wider Black Sea region seems to be weakening, it seeks to make ad hoc adjustments to the post-war realities to support its war effort in Ukraine and mitigate the impact of the Western sanctions. The next section shows the changing patterns of Black Sea geoeconomics and the potential implications of these changes for Russia's overarching strategic objectives in the Black Sea region.

Changing Patterns for the Trade with Key Commodities

The Black Sea region has traditionally played a pivotal role in Russia's access to Western markets, serving as an integral link in its supply chains. These routes not only facilitated trade but also positioned the Black Sea countries as key nodes in Russia's economic network.

To maintain the stability of these supply chains, Russia deepened its engagement with the Black Sea countries by becoming a dominant supplier of strategically important commodities such as oil, gas, and food. This strategy was not purely economic; it also aimed to establish leverage and sustain influence within and over these countries by ensuring their reliance on Russian exports.

The analysis below presents trade data for key strategic commodities—such as gas, oil, and food—to examine the patterns of the region's trade dependence on Russia and to evaluate the nature and extent of Russia's geoeconomic clout amidst the war in Ukraine. This analysis helps assess Russia's position in the Black Sea region and draws implications for its strategic objectives and intentions there.

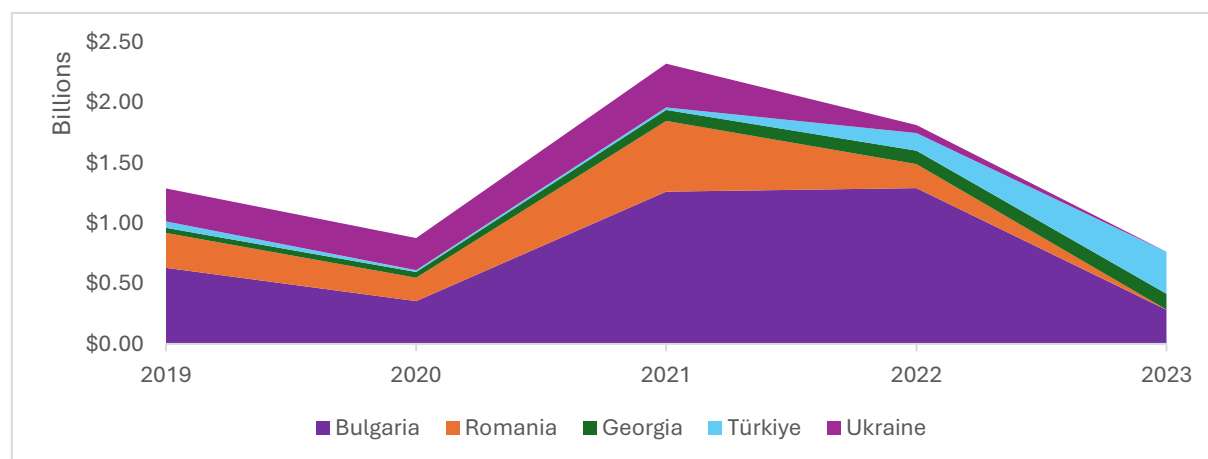
Gas Import from Russia²

Being a dominant supplier of natural gas provided Russia with significant geopolitical leverage over European states. The complex supply chain system required for the delivery of natural gas, along with its low substitutability, further strengthened Russia's position, enabling it to actively pursue the construction of new pipelines to Europe (e.g., Nord Stream 2).

The dynamics of Russian natural gas exports have shifted significantly since the onset of the war. The most dramatic change has been a steep decline in exports to the European Union, paired with a sharp increase in exports to China (Appendix A, figure A1). In 2022, during a period of heightened market uncertainty, the monetary value of the European Union's Russian gas imports rose by 81%, driven by price volatility, despite declining physical volumes. By 2023, European imports of Russian gas had fallen by 64% compared to 2022, amounting to an overall decline of 36% relative to 2021. In contrast, Russian gas exports to China surged by 81% in 2022. However, despite this significant increase, China's capacity to fully replace European demand remains constrained by insufficient infrastructure and a smaller market size compared to Europe.

Focusing on the Black Sea region, trade patterns reveal clear shifts (figure 1). Russian gas exports to the Black Sea countries decreased by 67% from 2021 to 2023. In particular, Bulgaria, Romania, and Ukraine reduced their imports by 78%, 100%, and 100%, respectively. Bulgaria's decline is particularly noteworthy, given its historical role as a re-exporter of Russian gas to the European Union. By contrast, trade with Georgia increased by 45% over the same period. Turkey experienced the most dramatic transformation, with imports from Russia surging nearly 17-fold in 2023 compared to 2021.

Figure 1 - Russian gas import in the Black Sea countries, 2019-2023



² Data includes HS 2711: Petroleum Gases and Other Gaseous Hydrocarbons, encompassing natural gas, liquefied natural gas (LNG), liquefied petroleum gas (LPG), and other gaseous hydrocarbons such as ethylene, propane, and butane.

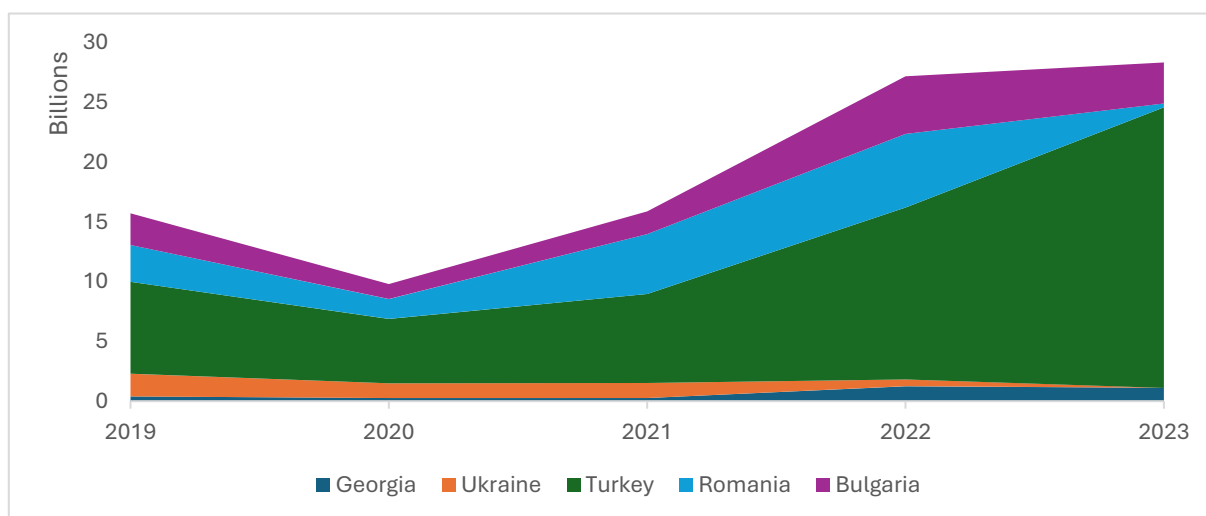
Petroleum import from Russia³

Unlike natural gas, petroleum is relatively easier to redirect to different trading partners due to its transportability and the flexibility of global markets.

Russia has capitalized on this flexibility by securing new trading partners that have fully replaced the European Union's share of its petroleum exports. While trade with the EU decreased by 84%, exports to China rose by 62%, more than doubled with Turkey, and surged 14-fold with India between 2021 and 2023 (Appendix A, Figure A2). To circumvent restrictions imposed by the G7 oil price cap, Russia increasingly relied on the so-called "shadow fleet."⁴

In the Black Sea region, trade volumes with Russia also saw notable shifts, with an overall increase of 78% between 2021 and 2023. However, this trend varied significantly across countries. Ukraine and Romania reduced their imports of Russian petroleum by 100% and 94%, respectively. In stark contrast, Georgia's imports surged by 310%, establishing Russia as the monopolistic supplier of petroleum in the country. Bulgaria's imports increased by 79%, while Turkey experienced a substantial rise of 215%. Despite Georgia's sharp increase in percentage terms, Turkey remains Russia's primary petroleum trade partner in the Black Sea region, accounting for 83% of the total trade volume in 2023 (figure 2).

Figure 2 - Russian petroleum import in Black Sea countries, 2019-2023



³ Petroleum is primarily traded in two forms: crude oil and refined products. For the purposes of this study, both forms are analyzed to provide a comprehensive understanding of the trends. Therefore, data includes HS 2709: Petroleum oils and oils obtained from bituminous minerals, crude, and HS 2710: Petroleum oils and oils obtained from bituminous minerals, other than crude.

⁴ Jensen, Benjamin. 2025. "How to Exorcise Russia's Ghost Fleet." CSIS. January 7, 2025. <https://www.csis.org/analysis/how-exorcise-russias-ghost-fleet>

Import of food commodities⁵ from Russia

Following the Russian invasion of Ukraine and the onset of the full-scale war, food security emerged as a critical challenge, as both Russia and Ukraine are major exporters of wheat to global markets. In 2021, the two countries jointly accounted for 24% of global wheat and meslin exports. The Black Sea Grain Initiative, international diplomatic effort in place during July 2022- July 2023, helped alleviate the global food crisis.⁶

After the outbreak of the war, the EU significantly reduced its imports of selected food products from Russia. Specifically, imports decreased by 20% in 2023 compared to 2021 (Appendix A, figure A3). However, this decline in demand from the EU was offset by increased demand from Turkey, India, and China, resulting in an overall 60% increase in the value of Russian exports to these markets in 2023 compared to 2021. While the EU reduced its purchases of these goods from Russia, it simultaneously increased imports from Ukraine by 133% over the same period.

As shown on figure 3, trade in these food products in the Black Sea region was not negatively impacted by the outbreak of the war in Russia; in fact, it increased further. Not only did the overall trade volume in the region grow, but sea transport-based trade also saw an increase. Notably, Turkey boosted its imports of these products from Russia by 38% in 2022 compared to 2021, with a further 10% increase in 2023. This suggests that Turkey expanded its partnership with Russia across all modes of transportation, as the change in sea-based imports mirrored these figures, with increases of 37% in 2022 and 11% in 2023. Nevertheless, trade volume decreased with other Black Sea countries, but the overall effect remained positive due to increased demand from Turkey.

Figure 3 - Import of Russian food commodities in Black Sea countries, 2019-2023

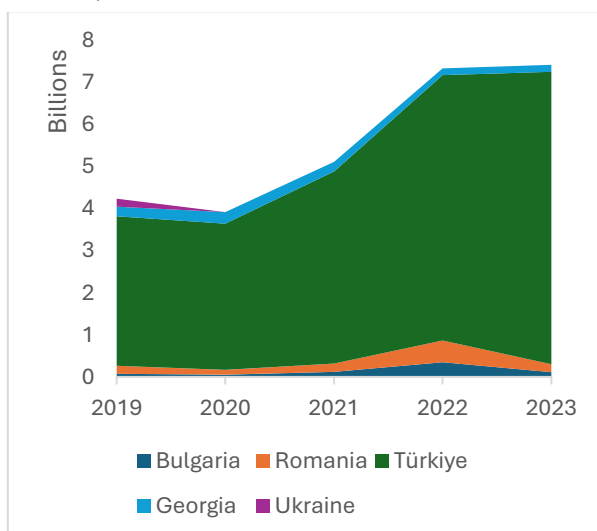
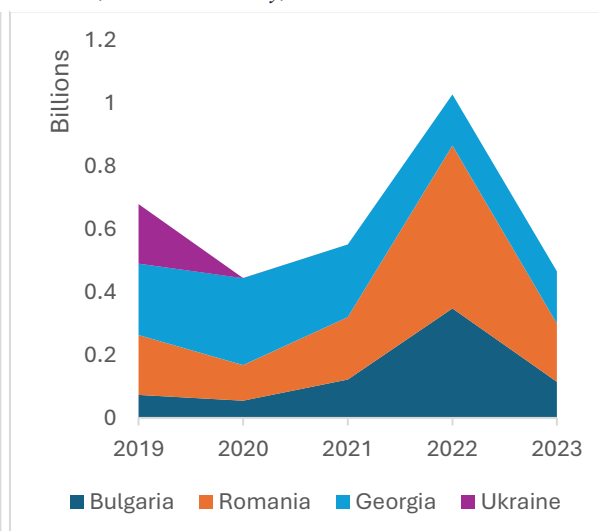


Figure 4 - Import of Russian food commodities in Black Sea countries, other than Turkey, 2019-2023



⁵ Data includes information about fertilizers, soybeans, maize, and wheat.

⁶ United Nations. n.d. "Black Sea Grain Initiative: Joint Coordination Centre". <https://www.un.org/en/black-sea-grain-initiative>

Adjusting Still? Redirection of Supply Chains in Response to the War and Sanctions

Although the Black Sea region seems to be losing its primary role in facilitating Russia's international trade, the new geopolitical and geoeconomic shift granted the wider Black Sea area—including South Caucasian and Central Asian countries—a new role for Russia: serving as a route for accessing markets for sanctioned or boycotted goods.

The outbreak of war presented significant economic challenges for the region. Western sanctions and a general boycott of Russian products disrupted established markets. Yet, this disruption also created opportunities for certain countries in the wider Black Sea area, where the private sector quickly adapted to the new economic realities. Governments in many of these countries chose not to intervene, enabling private sector activity to thrive. This likely facilitated the redirection of supply chains and stimulated economic growth through increased resource flows. On the other hand, for some Western suppliers, it became an opportunity to maintain access to the Russian market.

The redirected supply chains and its functioning – a result of market disruptions caused by the war – benefitted some countries. The two new mechanisms of bypassing restrictions and boycott to Russian market appeared: the first – Russia utilizing third countries as intermediaries to maintain trade with the rest of the world. The second – Russia acting as an unacknowledged receiver of products under the guise of transit trade.

The cases of Turkey (food and petroleum trade) and Azerbaijan (gas trade) show the work of the first mechanism. Turkey significantly increased imports of food products from Russia and subsequently exported these goods, either in their original form or after processing into secondary products. Trade data supports this trend. In 2022, Turkey's food imports surged by \$5.4 billion USD, while food exports increased by only \$1.4 billion USD. This discrepancy cannot be explained solely by increased domestic consumption. However, when accounting for flour production—a secondary product derived from imported wheat—the data suggests that Turkey either re-exports Russian products directly or processes them for export to other markets. Azerbaijan's gas trade also highlights the work of the first mechanism. In 2022, Azerbaijan's imports of Russian gas skyrocketed, increasing by a factor of 138 compared to 2021, and grew a further 8-fold in 2023. During the same period, Azerbaijan's gas exports to the global market expanded dramatically, reaching a 170% growth rate in 2022 alone. Notably, Azerbaijan's exports far exceeded its gas imports from Russia. This imbalance suggests that Azerbaijan's increased global exports were, at least partially, indirectly facilitated by Russian supplies.

Kyrgyzstan as well as Turkey and South Caucasian states show the work of the second mechanism in practice. In this model, trade routes directed toward Central Asia, which largely pass through Russia, play a critical role. Goods intended for Central Asian countries often enter Russia but do not leave its borders, effectively diverting supplies to the Russian market.

Following the outbreak of the war, exports from European Union countries to Kyrgyzstan increased substantially. EU-reported data shows a 297% increase in exports to Kyrgyzstan in 2022, followed by a further 139% rise in 2023. However, Kyrgyzstan's own import data paints a different picture, reporting an 82% increase in 2022 and an 81% rise in 2023. This discrepancy amounted to \$708 million USD in 2022 and surged to nearly \$2 billion USD in 2023 (figure 5). Similar patterns of mismatched trade data are observed in Georgia (figure 6), Azerbaijan (figure 7), Armenia (figure 8) and Turkey underscoring the widespread use of this evasion mechanism.

Figure 5 - Trade Data Mismatch Between Kyrgyzstan and the EU

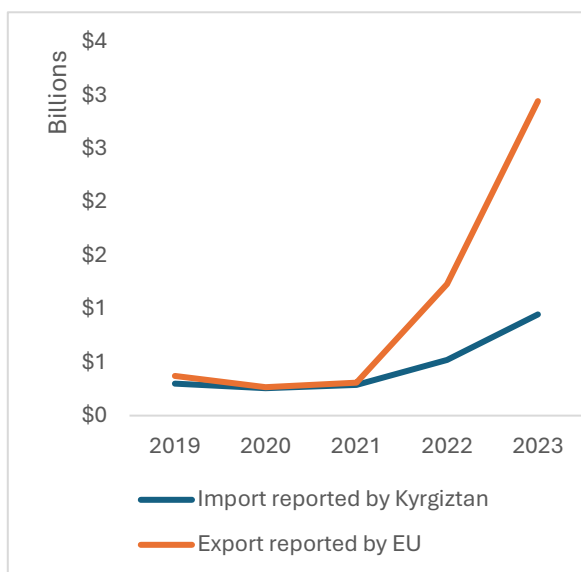


Figure 6 - Trade Data Mismatch Between Kyrgyzstan and Georgia

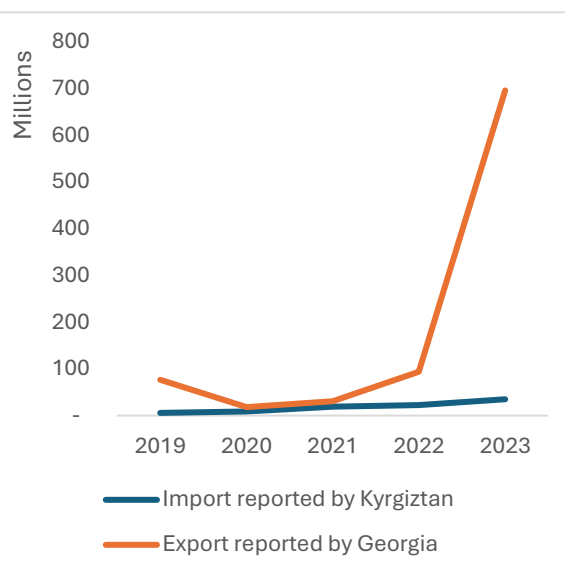


Figure 7 - Trade Data Mismatch Between Kyrgyzstan and Azerbaijan

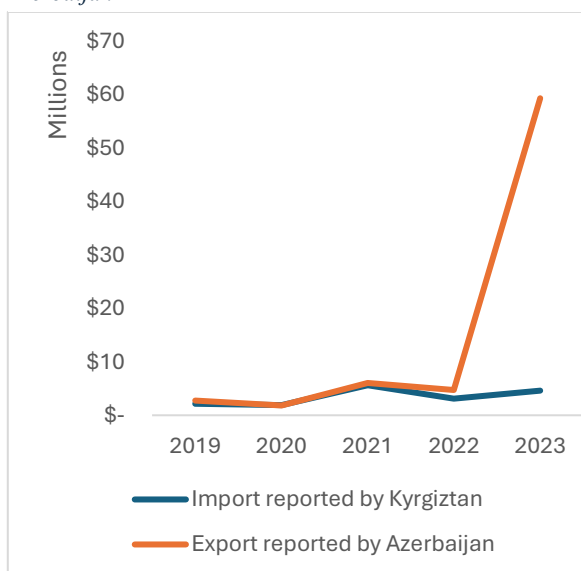
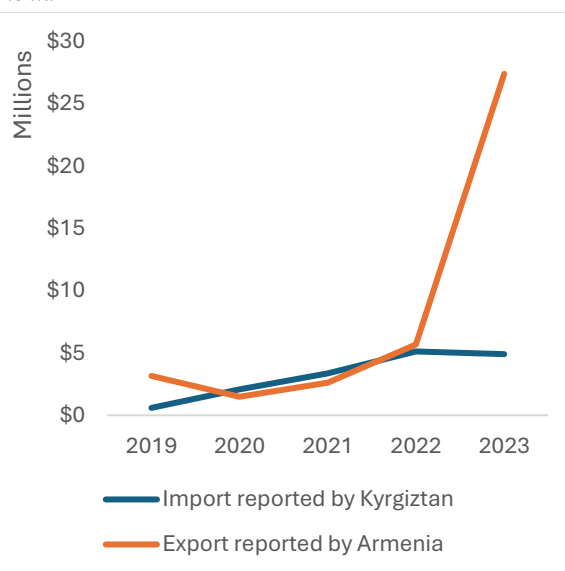


Figure 8 - Trade Data Mismatch Between Kyrgyzstan and Armenia



Conclusion and Implications for Russia's Strategic Objectives and Intentions in the Black Sea

With the war against Ukraine, Russia as a major regional power fights its war of last resort. Its outcome will define Russia's ability to mark the non-NATO/EU member wider Black Sea area as its sphere of influence. The war is also a realization by Russia that it exhausted all other means of bringing change in Ukraine's or other Black Sea states' strategic Western orientation.

With the war now in its third year, Russia's story is one of relative geopolitical setbacks but also that of its ability to adjust to changing geopolitical and geoeconomic realities in support of its war efforts.

Geopolitically, Russia is now no longer the strongest one in town. As the wider Black Sea region is getting geopolitically crowded, including with the entrance of China, Russia's influence is poised to decline relative to other powers. Some of its leverage over countries such as Azerbaijan, Turkey, Moldova and Armenia are weakening, while increasing over others such as Georgia. However, the domestic political developments – namely change of power in Armenia or Georgia, or the victory of pro-Russian opposition in Moldova's upcoming parliamentary elections – might work in Russia's favour or against it.

Geoeconomically, although Western sanctions and the loss of the European energy market affected Russia economically, it still managed to adjust to changing realities by cultivating mutually beneficial trade ties with Turkey, South Caucasus and Central Asian states. As the data above shows, Russia largely suffered setbacks in its trade with Ukraine, Romania and Bulgaria while managing to expand trade ties with other Black Sea and wider Black Sea states despite the sanctions. However, these expanding economic ties need not be seen as Russia gaining influence over these states. Rather, it can be a sign of Russia's increasing dependence on these states to sustain its war effort and hence weakening Russian hand when it comes to using economic ties as a means of changing the behaviour of target states. Russia's energy position is likely to be further undermined by the most recent US sanctions of Russian oil companies as well as the 'shadow fleet' Russia deployed to evade sanctions.

Overall, Russia seems to be losing its geopolitical leverage while showing some resilience to changing geoeconomic realities. However, the course of the war in Ukraine and the approach toward the use of sanctions as a pressure tool against Russia by the incoming Trump administration is likely to define the nature of strategic competition in the Black Sea region.

Appendix A

Figure A1 – Import of Russian Gas

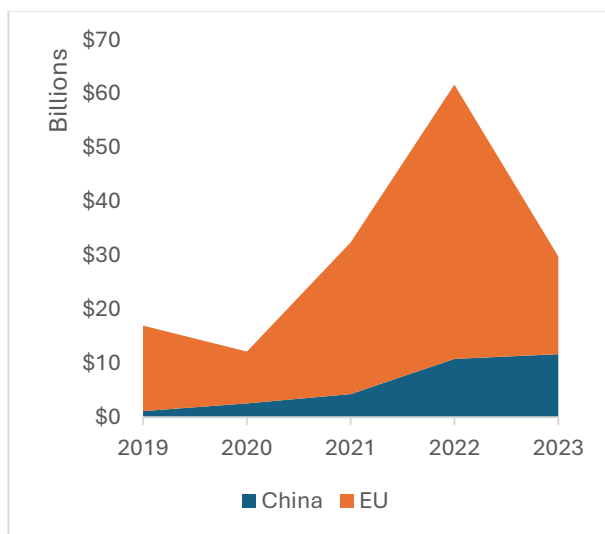


Figure A2 – Import of Russian Petroleum

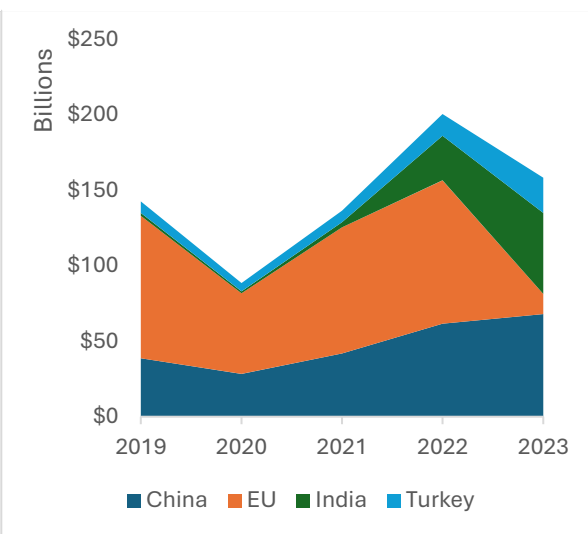


Figure A3 - Import of food commodities from Russia

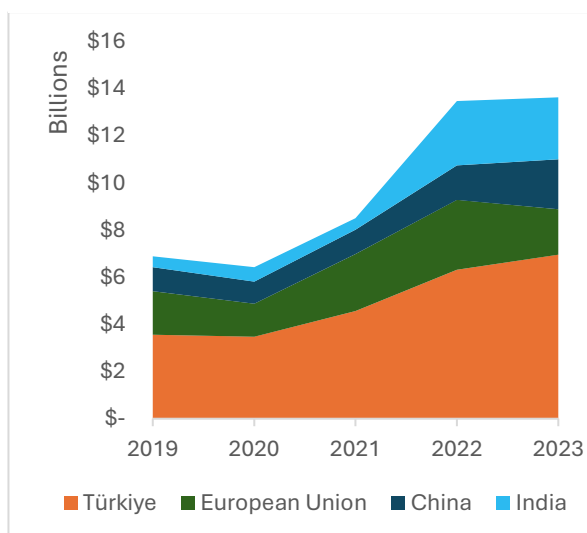


Figure A4 - Import of food commodities from Ukraine

