CIVIC IDEA

CRRC CARRIAGES IN THE TBILISI METRO: POSSIBLE RISKS AND CHALLENGES

2026

On July 10, 2025, Tbilisi Mayor Kakha Kaladze announced that the local company “G-T Group” had won the tender announced for the purchase of Tbilisi metro cars.

“Tbilisi Metro Modernazation Project”

NOVEMBER 2024
Procurement begins

€210 MILLION
Total project cost

€125 million
sovereign loan

Asian Infrastructure Investment Bank (AIIB)
Project donor

Endless Plans for Metro Modernization: Breakdown-Prone Metro Cars and Unfulfilled Promises from Tbilisi City Hall

The Tbilisi Metro is one of the most important components of the city’s public transport system, carrying thousands of passengers every day. Its safe, reliable, and uninterrupted operation is therefore essential both for the city’s transport system and for residents’ daily mobility. Against this backdrop, the technical condition of the Metro’s rolling stock and the need for its renewal have remained recurring issues of public concern. Technical malfunctions periodically disrupt metro services, highlighting the condition of the existing fleet and the long-delayed need for modernization.

On September 22, 2026, metro services on the first line experienced disruptions during the morning hours. One of the trains was stopped after smoke accumulated inside the train. The Tbilisi Transport Company later stated that the smoke was caused by a technical malfunction and that the train would be removed from service.

The September 22 incident was not an isolated case. In April–June 2026, metro services were also disrupted on two occasions due to technical malfunctions. As a result, passengers on the first line experienced interruptions to regular service.

The renewal of Tbilisi Metro’s rolling stock has been on the City Hall’s agenda for years. In 2017, shortly after being elected mayor, Kakha Kaladze pledged to renew the metro cars and introduce modern rolling stock. In the 2021 local elections, Kaladze again included the expansion of the metro fleet among his commitments, promising that 40 new metro cars would be added within two years, by 2023.

In December 2021, an EBRD-financed procurement process was launched for the supply of 44 metro cars. The tender was won by the Russian company Metrovagonmash, and a contract was subsequently signed for the supply of the cars. However, Tbilisi City Hall changed its position on the contract several times.

• In November 2022, Kakha Kaladze announced that the contract signed with Metrovagonmash would be terminated, as the company faced the risk of being subject to international sanctions.

• In February 2023, Kaladze announced that City Hall would purchase the metro cars from the Russian company after all and that the contract would not be terminated. According to Kaladze, following negotiations with the EBRD, the decision was made to amend the terms of the contract signed with the winning company.

Ultimately, on May 19, Metrovagonmash was sanctioned by the U.S. Department of the Treasury. Consequently, Tbilisi City Hall announced that it did not plan to "cooperate with a sanctioned company" and began the process of terminating the contract.

The cancellation of the Metrovagonmash contract once again delayed the renewal of Tbilisi Metro's rolling stock. In November 2024, Kaladze stated that the service life of some existing metro cars would expire in 2026, further emphasizing the need to replace them. A new tender for the purchase of metro cars was subsequently scheduled for January 15, 2025.

The company that won the tender and its connections to "Georgian Dream"

In February 2025, three companies submitted proposals in the tender:

 Limited Liability Partnership "Kamkor Locomotive";

 G-T Group;

 ŠKODA TRANSPORTATION a.s.;

Finally, the tender was won by "G-T Group." The failure to submit the full set of required documents was cited as the grounds for disqualifying the Czech company Skoda Transportation a.s., while non-compliance with technical requirements was given as the reason for rejecting the proposal from the Kazakh company Kamkor Locomotive.

Tbilisi City Hall established specific financial and technical qualification criteria for the bidders. According to the tender documentation, if the bidder represented the manufacturer directly:

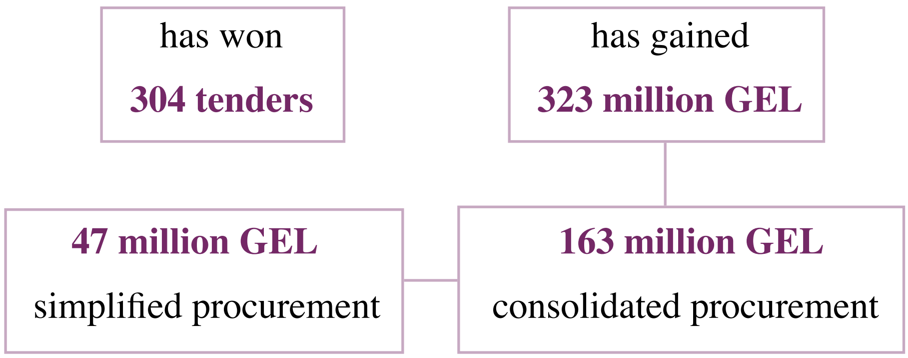
• It was required to have completed at least 3 contracts over the past 10 years, with each contract providing for the delivery of a minimum of ten metro train sets;

• It was required to have fulfilled at least 3 supply contracts over the past five years, each valued at no less than €150 million;

• It was required to have fulfilled at least 2 contracts over the past 5 years involving the supply of metro train sets with specific technical parameters.

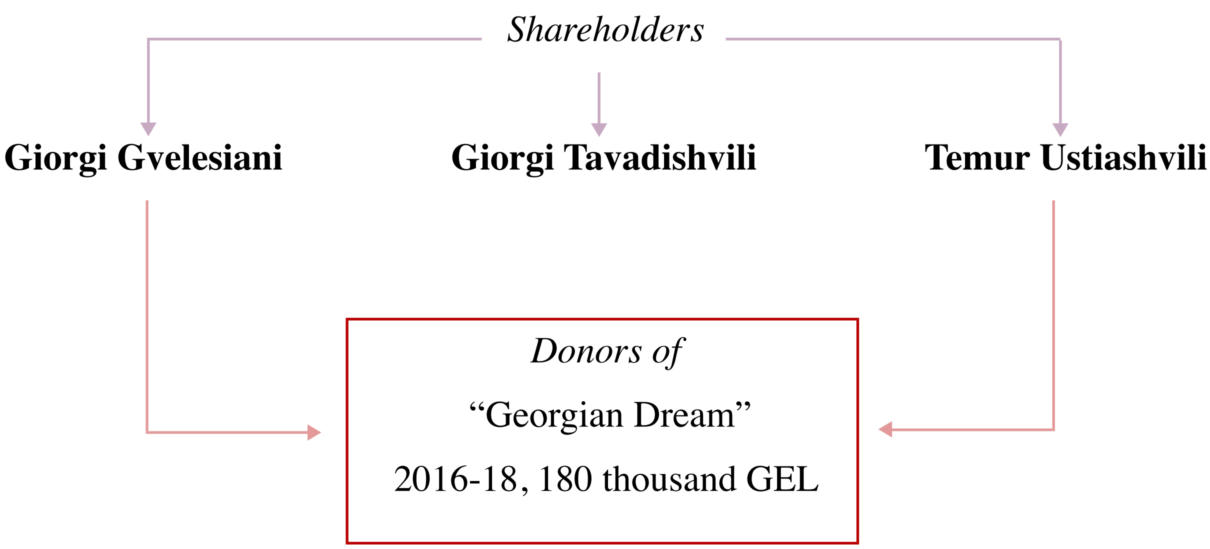
If the bidder was only a supplier, the manufacturer of the goods offered by that bidder had to confirm compliance with the specified technical and financial qualification criteria. Thus, bidders had to meet quite specific criteria, which made participation in the tender more difficult. According to BM.ge, the Czech company challenged the procurement process because it believed that the tender conditions had been designed to favor a Chinese company. Suspicions that the procurement conditions were tailored to a particular bidder are reinforced by similar allegations previously made against the winning bidder, G-T Group. Specifically, a journalistic investigation conducted by Radio Free Europe/Radio Liberty in 2020 found that Tbilisi City Hall had tailored a GEL 30 million tender to G-T Group

“G-T Group” in state procurements:



Suspicions of bias by state agencies toward G-T Group are further strengthened by the fact that individuals associated with the company support Georgian Dream.

“G-T” Group



“G-T” Group is owned by Giorgi Gvelesiani, Giorgi Tavadishvili, and Temur Ustiashvili. Both the company and its shareholders have business relationships with Georgian Dream donors. Company shareholders, Gvelesiani and Ustiashvili, in 2016-18, have given a total of 180 thousand GEL to “Georgian Dream”.

"G-T" Group

LLC Old City Group → *25% owned by* **Temur Bitsadze**

Donor of

"Georgian Dream"

2023-26, 205 thousand GEL

Shareholders of "G-T Group," Tavadishvili, Gvelesiani and Ustiashvili, are connected to "LLC Old City Group." 25% of the company is owned by Temur Bitsadze. In 2023-2026 he donated a total of 205 000 GEL to "Georgian Dream."

"G-T" Group

Levan Gogsadze

CEO from 2012 to 2020

Donor of

"Georgian Dream"

2016, 37 950 GEL

From 2012 to 2020, the CEO "G-T Group" was Levan Gogsadze, who in 2016 donated a total of 37 950 GEL to "Georgian Dream."

"G-T" Group

Giorgi Gvelesiani

shareholder

"LLC Ecomedika" → **Paata Mkheidze**

director from 2010 to 2014

Donor of

"Georgian Dream"

2016, 10,000 GEL

The name of company shareholder Giorgi Gvelesiani is linked to LLC Ecomedika, whose director from 2010 to 2014 was Paata Mkheidze. Mkheidze donated GEL 10,000 to Georgian Dream in 2016. According to the 2023 Public Registry extract, the company's current director is Giorgi Gvelesiani, while its shares are owned by G-T Group.

"LLC Molinvest Group"

Temur Ustiashvili
40% shareholder

"LLC Piazza Gudiashvili"
60% shareholder

Kakhaber Kobaivanov
CEO and sales owner

Donor of
"Georgian Dream"
2018-20, 20 000 GEL

Another shareholder of "G-T group" Temur Ustiashvili is connected to "LLC Molinvest Group." 40% of the shares of the company is owned by Ustiashvili and 60% by "LLC Piazza Gudiashvili." The CEO and sole owner of "LLC Piazza Gudiashvili" is Kakhaber Kobaivanov (Dual citizen of Georgia and Israel). Kobaivanov donated a total of 120 000 GEL to (Georgian Dream) from 2018-2020.

It is worth noting that until April 2026, GT Group owned a 44.45% stake in LLC Vertex Group. One of the shareholders of the same company was Levan Gogsadze, who donated a total of GEL 37,950 to "Georgian Dream" in 2016. As of April 1, 2026, the registration proceedings of LLC Vertex Group have been suspended.

Outside of its connections with the ruling party "G-T Group" is connected with an Iranian citizen. According to the Public Registry excerpt, the company "LLC ASEMAN" (406076348) merged with GT Group in 2025. "LLC ASEMAN" was founded in 2012 by an Iranian citizen, Seyedahmad Shusheni. As of September 24, 2024, the company was still owned by Seyedahmad Shusheni. However, in October 2024, Temur Ustiashvili became the company's director, and "G-T Group" became the owner.

Thus, the shareholders of "G-T Group," the supplier of Tbilisi metro carriages, are businessmen affiliated with "Georgian Dream." This circumstance can be assessed as one of the contributing factors to the company winning the tender.

What is CRRC, the Chinese company manufacturing metro cars?

G-T Group, the tender winner, will supply the City Hall with metro cars manufactured by CRRC, one of China's largest companies.

"the company enjoys very high credibility and very high quality."

Tbilisi Vice Mayor, Giorgi Tkemaladze, July 2025

Meanwhile, !

Chronology of Events Related to CRRC:

November 12, 2020:

US President Donald Trump signed an executive order prohibiting American citizens from investing in **"Communist Chinese military companies."** CRRC Corporation was named as one such company.

March 9, 2021:

South African logistics group Transnet and the Special Investigating Unit petitioned the High Court to **investigate transactions** executed with CRRC under the previous government.

October 5, 2022:

Under the National Defense Authorization Act for Fiscal Year 2021, the US Department of Defense designated CRRC as a **"military company."**

March 16, 2024:

The European Commission launched an **investigation** against CRRC's subsidiary, CRRC Qingdao Sifang, under the **Foreign Subsidies Regulation**.

March 26, 2024:

In response to the **investigation** initiated by the European Commission, CRRC Qingdao Sifang withdrew its bid from the Bulgarian tender.

June 2025:

US Customs and Border Protection officers seized CRRC goods due to the company's **involvement in Uyghur forced labor.**

November 5, 2025:

Under the Foreign Subsidies Regulation, the European Commission launched an **investigation** against CRRC's subsidiary in Portugal.

October 2025:

The High Court of South Africa ruled in favor of Transnet and ordered CRRC E-Loco to fulfill its **contractual obligations**.

March 2026:

Due to restrictions from the Trump administration, CRRC's railcar production process at the Springfield plant **faced disruptions**.

CRRC was established in 2014 under the direct supervision of the People's Republic of China through the merger of two major state-owned enterprises: China South Locomotive & Rolling Stock Corporation and China North Locomotive & Rolling Stock Corporation. According to its official website, the company is 'the world's largest supplier of rail transit equipment.'

As of December 2024, the controlling stake in the company is held by the state-owned Chinese enterprise CRRC Group. The company is subject to the control of SASAC (the State-owned Assets Supervision and Administration Commission of the State Council). Thus, the ultimate governing body of CRRC is the Chinese Communist Party.

Although Georgian Dream asserts the company's competence based on its international experience, CRRC's name is associated with a series of controversial cases and schemes. Below are the key challenges and risks related to the company's operations:[1]

Security-Related Risks

Close ties with the Chinese Communist Party make CRRC a dangerous actor from a national security perspective. In this regard, in recent years, the company has been the target of criticism from American officials.

According to the National Defense Authorization Act for Fiscal Year 2021, several entities operating in America were designated as 'Chinese military companies.' A series of legal and practical restrictions apply against these corporations. CRRC Corporation Limited was also included in this list of 'Chinese military companies.' As of 2025, CRRC continues to figure on the list.

1. CRRC Corporation Limited, 2025, "2024 Annual Report", https://www.crrcgc.cc/en/attachDir/2025/09/2025090619083362374.pdf

According to the US Department of State, state ownership and the lack of leadership independence in companies like CRRC turn them into de facto government structures. As a result, these companies are vulnerable to the directions and interference of the Communist Party. CRRC's executive directors and leaders are not only corporate executives, but also party leaders who are often appointed to their positions based on political motives.

> "Most of these railcars will be equipped with or connected to Wi-Fi systems, automatic train controls, automated passenger counting systems, surveillance cameras, and other Internet of Things technologies fully integrated into the transit agencies' IT and telecommunications infrastructure. These systems and technologies are entirely designed and produced by companies controlled by the Chinese Communist Party and the Chinese Government."
>
> Hearing before the U.S. Senate Committee on Banking, Housing, and Urban Affairs, March 5, 2020.

At the Senate hearing on March 20, 2020, the risk of technology and data transfer was identified among the risks associated with CRRC's activities. The hearing also highlighted the view of national security experts that technology installed in CRRC rail vehicles could be used for espionage or other illegal activities.

Labor and Human Rights-Related Risks

In addition to security risks, CRRC's name is associated with violations of labor standards and human rights. In a report published in 2020, the Australian Strategic Policy Institute (ASPI) named CRRC as one of the Chinese companies that benefits, directly or indirectly, from Uyghur forced labor. It is because of this fact that the company's activities in the United States have faced increasing restrictions in recent years.

In May 2025, US Customs and Border Protection officers seized a shipment sent by CRRC Corp. The goods were being sent to the Chinese company's facility in Massachusetts, where metro cars for the Boston transit system are manufactured. US officials stated that the detention of the goods resulted from CRRC's possible violation of the Uyghur Forced Labor Prevention Act. The company denied the allegation. However, as of 2026, US Customs continued to hold the company's imports from China, disrupting production at the Springfield facility.

Boston's transit authority initially contracted CRRC in 2014, establishing the Springfield facility to assemble trains using imported Chinese components. However, US media reports confirm that the project was beset by constant delays and deferrals leading up to 2025. Boston failed to receive its scheduled allotment of metro cars by 2023, while total contract costs expanded from an initial $567 million to nearly $1 billion over the 11-year period.

As noted, Tbilisi City Hall explains its decision to purchase CRRC railcars partly by citing the company's experience and international reputation. However, the US experience indicates that contracts signed with the company have involved significant problems and violations.

Corruption-Related Risks

CRRC's global portfolio has also drawn scrutiny over international corruption allegations.

In 2021, South African judicial authorities froze 4.2 billion rand ($296.84 million) in assets belonging to a CRRC Corp subsidiary. The asset freeze stemmed from an ongoing investigation into illicit deals between the Chinese state manufacturer and South African state logistics firm Transnet.

Between 2011 and 2014, Transnet executed three procurement contracts with CRRC totaling 25.4 billion rand. However, these contractual terms were fulfilled only in part: South Africa never received the full consignment of locomotives, and CRRC routinely breached delivery timelines.

According to findings published by the investigative organization OpenSecrets, Transnet and CRRC artificially inflated procurement costs by intentionally manipulating currency exchange rate provisions. Investigations established that CRRC entities channeled approximately one-fifth of contract revenue as kickbacks to the Gupta family.[2]

The dispute between Transnet and CRRC also concerned the fulfillment of contractual obligations. Specifically, in 2023, Transnet stated that 161 locomotives supplied by CRRC E-Loco were not operational because the Chinese company did not provide the necessary spare parts and technical services. This situation negatively affected Transnet's rail operations. As a result, Transnet went to court. In July 2025, the court ruled in Transnet's favor. CRRC E-Loco was ultimately ordered to supply Transnet with spare parts and provide the relevant technical services.

Thus, the activities of CRRC's subsidiary in South Africa raise several significant questions. Criticism of the company concerns not only allegations related to corruption and possible covert deals, but also its failure to fulfill contractual obligations.

Unfair Competition Risks

CRRC receives substantial state subsidies and financial backstopping from the Chinese Communist Party, allowing it to systematically distort competition on international markets. Thus, CRRC subsidiaries face regulatory enforcement across the European Union.

In February 2024, the European Commission launched an investigation into CRRC subsidiary CRRC Qingdao Sifang Locomotive Co., Ltd. The case concerned a €610 million tender announced by Bulgaria's Ministry of Transport and Communications for the procurement of several push-pull electric trains and related services. The investigation was based on suspicion that the CRRC subsidiary had received a foreign subsidy that distorted competition in the EU internal market. As a result, on March 26, 2024, the Chinese company withdrew its bid from the Bulgarian public tender.

2. During the administration of former South African President Jacob Zuma, the Guptas influenced both domestic policy and major state contracts through close ties with the president. The Guptas are considered the main faces of corruption during the Zuma era. Following President Zuma's resignation, an arrest warrant was issued for them in South Africa.

Subsequently, in November 2025, the European Commission initiated another FSR investigation targeting CRRC subsidiary CRRC Tangshan Rolling Stock Unipessoal regarding allegations of market-distorting foreign subsidies in a Portuguese public passenger rail tender.

The European Union's experience confirms that large companies linked to the Chinese Communist Party use state subsidies in ways that disrupt fair competition in the market. In the case of the Tbilisi Metro Modernization Project, purchasing goods from a company subsidized by the Communist Party raises additional questions about whether equal conditions were ensured for the companies participating in the tender.

Metro Modernization and China's Growing Influence in Georgia;

Recent technical malfunctions affecting metro cars and the resulting repeated service disruptions once again highlight the need to modernize Tbilisi Metro's rolling stock. As one of the capital's most important public transport systems, its reliable and uninterrupted operation is critically important for the daily mobility of the city's population.

However, as noted above, City Hall has made numerous commitments to modernize the Metro since 2017. As of 2026, the service life of some Tbilisi Metro trains has expired, yet new cars have still not been delivered.

Against this backdrop, the repeated postponement of rolling stock renewal and the prolonged implementation of the modernization project raise questions about both its timely completion and the fulfillment of the commitments made by City Hall over the years.

The victory of a local company in the tender for the Tbilisi Metro Modernization Project might appear to be a positive development at first glance. However, a structural analysis of tender conditions, combined with the extensive financial ties between the winning firm's owners and the ruling party, raises fundamental questions regarding the fairness and competitiveness of the procurement process. Furthermore, while Georgian firm G-T Group acts as the primary contractor, the physical equipment is manufactured by Chinese state enterprise CRRC Corp.

Examples of the Chinese railcar manufacturer CRRC's activities show that the company's involvement in public procurement is often accompanied by risks related to transparency, corruption, and the fulfillment of contractual obligations. In this context, the fact that CRRC is controlled by the Chinese Communist Party is particularly noteworthy. The use of railcars produced by a company controlled by the Communist Party in critical transport infrastructure such as the metro may pose national security risks. Potential threats include cyberattacks by external actors against transport systems or manipulation of technical parameters.

The change in the donor for the Tbilisi Metro Modernization Project may also be considered in a broader geopolitical context. Under the original plan, the project was to be implemented with support from the European Bank for Reconstruction and Development (EBRD), but in 2024 its donor became the Asian Infrastructure Investment Bank (AIIB), whose largest shareholder is China. This fact indicates that Ivanishvili's foreign policy course is placing the country within China's sphere of influence.