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Georgia [Republic]: Recent Developments and U.S. Interests

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Summary

This report examines Georgia's efforts to surmount economic problems, civil war, separatism, crime, corruption, and human rights problems. It discusses U.S. policy and assistance. Basic facts and biographical information are provided. This report may be updated. Related products include CRS Issue Brief IB95024, *Armenia, Azerbaijan, and Georgia*, updated regularly.

U.S. Policy¹

According to the Administration, "Georgia continues to play a key role in furthering U.S. interests and has been a strong supporter in the Global War on Terrorism." The United States is providing aid to help Georgia block the transit of terrorists and weapons across its borders and into and out of Russia's North Caucasus area. Georgia also is becoming "a key conduit through which Caspian Basin energy resources will flow to the West, facilitating diversification of energy sources for the United States and Europe" (*Congressional Presentation for Foreign Operations for FY2006*). In a "Global Message" delivered in Slovakia in late February 2005, President Bush praised Georgia's 2003 peaceful "rose revolution" as part of a long-term march of freedom "to every people and every nation."

The United States has been Georgia's largest bilateral aid donor, budgeting cumulative aid of \$1.4 billion in FY1992-FY2004 (by comparison, European Union grants and loans amounted to \$490 million). Georgia has regularly ranked among the top world states in terms of per capita U.S. aid, indicating the high level of concern for its fate within the Administration and Congress. Other U.S. aid has been used for training judicial, law enforcement, and military personnel, enhancing border and export controls, privatization, reforming the tax code and budgetary process, building the legal basis for

¹ Sources include Foreign Broadcast Information Service, *Daily Report: Central Eurasia*; *RFE/RL Newslines*; *Eurasia Insight*; *Central Asia-Caucasus Analyst*, and *Reuters*, *Associated Press*, and *Agence France Presse* newswires.

foreign investment in the energy sector, and providing NATO-compatible training and equipment so Georgia can more fully participate in NATO's Partnership for Peace (PFP) activities. Budgeted aid to Georgia for FY2005 was an estimated \$103.7 million and the Administration has requested \$85.3 million for FY2006 (FREEDOM Support Act and other foreign assistance, not including Defense and Energy Department funds). Georgia was one of sixteen countries deemed eligible to apply for Millennium Challenge Account (MCA) development aid in FY2004 and FY2005. The United States also contributes to International Monetary Fund and World Bank programs that aid Georgia.



Source: Map Resources. Adapted by CRS. (08/02 M.Chin)

Contributions to the Campaign Against Terrorism. Then-President of Georgia Eduard Shevardnadze immediately condemned the “scum” who attacked the United States on September 11, 2001, and offered “airspace and territory” for use by U.S. troops. In February 2002, President Bush announced that the United States would provide equipment and training to help Georgia combat several dozen al Qaeda and other terrorists who had fled to the Caucasus from Afghanistan. Some had relocated to Georgia’s Pankisi Gorge area bordering Russia’s breakaway Chechnya region, where they maintained links with Chechen terrorists. Georgia was among the countries in 2003 that openly pledged to support the U.S.-led Operation Iraqi Freedom — offering the use of airbases — and to assist the United States in rebuilding Iraq. In August 2003, Georgia dispatched 69 troops to Iraq and boosted them to over 850 in March 2005, making Georgia among the top ten countries providing coalition forces.

A \$64 million Georgia Train and Equip Program (GTEP), one of several U.S. security programs in Georgia, began in May 2002. U.S. troops provided training in light infantry airmobile, mechanized, and mountain tactics, and medical and logistical methods to 200 military, security, and border officers, some 2,000 soldiers, and a small number of Interior (police) Ministry troops and border guards. According to the U.S. Defense Department, the GTEP aimed to help Georgia “to resist pressure to allow the Russian military to pursue Chechen rebels” into Georgia, to help it combat terrorists who are hiding in the Pankisi Gorge, and to otherwise help it to prevent terrorists from entering the country. Small arms, communications and medical gear, uniforms, and construction materials for some base refurbishment were provided. The program formally ended in April 2004 but the Defense Department launched a follow-on 16-month Sustainment and Stability Operations Program (SSOP) in early 2005. Funded at \$64 million, SSOP is providing training for four battalions (2,000 troops), in part to support U.S.-led coalition operations. When completed, the United States will have provided training to a major portion of Georgia’s armed forces. On March 3, 2005, NATO and Georgia signed an accord formalizing NATO’s transport of equipment and personnel through Georgia to Afghanistan. Georgia’s breakaway Abkhazia region has rejected reports that it might host

terrorists and warned that U.S. training could increase Georgia's revanchism.

Foreign Policy and Defense

In his inaugural address on January 25, 2004, Saakashvili proclaimed that Georgia hoped to become the first former Soviet republic to successfully integrate with Western institutions, including the European Union. Reflecting his Western orientation, Saakashvili reached agreement with France to permit its Ambassador to Georgia Salome Zourabichvili-Kachia to be appointed foreign minister and to be granted dual citizenship.

Among its neighbors, Georgia has good — though not problem-free — relations with Armenia and Azerbaijan. Georgia has an ongoing interest in ties with about one million Georgians residing in Turkey and about 50,000 Georgians residing in Iran. Though Saakashvili has pledged to establish “very good” relations with Russia, the new government seeks countervailing ties with the West to maximize Georgia's independence.

Russia's objectives toward Georgia focus on retaining influence in the South Caucasus. In 1999, Russia launched new military attacks against its breakaway Chechnya region, which borders Georgia. Georgia accepted thousands of Chechen refugees, mainly because many ethnic Chechens, termed Kists, live in Georgia's Pankisi Gorge area. In December 1999, the OSCE sent observers to monitor Georgia's border with Chechnya (later expanded to nearby borders). In February 2004, Saakashvili granted some credence to continued Russian complaints that Chechen terrorists were seeking refuge in Georgia and pledged to make Georgia “a zone free of terrorism.” In December 2004, Russia withheld its approval to extend the OSCE observer mandate, terming their help “ineffective.” Some observers view this stance as puzzling, since Russia also stepped up its allegations that terrorists are crossing the border. A few European Union (EU) members have supported a Georgian request to send some EU border monitors if the OSCE deadlock continues. Russia has criticized this request, as well as another for troops from OSCE member states to train Georgian border guards.

At Shevardnadze's behest in 1993, Russia's military helped defeat an insurgency aimed at overthrowing him, and in return, Georgia entered the Commonwealth of Independent States (CIS), signed a CIS Collective Security Treaty, and in 1995 reluctantly granted Russia rights to four military bases through the year 2020. The OSCE approved an adapted Conventional Armed Forces in Europe Treaty in Istanbul in November 1999, with Russia (after reported heavy U.S. lobbying) declaring that it would close its Georgian military bases at Gudauta and Vaziani by July 1, 2001, and that Georgia and Russia would agree by the end of 2000 on the disposition of two other bases. Russia turned over the Vaziani base by the deadline. It reported in June 2002 that it had closed its Gudauta base,

Georgia: Basic Facts

Area and Population: 26,872 sq. mi., slightly larger than West Virginia. The population is 4.6 million (*Georgian Statistics Department*, 2004 est.). Administrative subdivisions include the Abkhazian and Ajarian Autonomous Republics.

Ethnicity: 70% are Georgian; 8% Armenian; 6% Russian; 6% Azerbaijani; 3% Ossetian; 2% Abkhazian; and others (1989 census; a 2002 census did not include breakaway Abkhazia and South Ossetia).

GDP: \$5.4 billion in 2004; per capita GDP is about \$1,200 (*Georgian Statistics Department*, current prices).

Political Leaders: President: Mikhail Saakashvili; Prime Minister: Zurab Noghaideli; Speaker of the Parliament: Nino Burjanadze; Defense Minister: Irakli Okruashvili; Foreign Minister: Salome Zourabichvili-Kachia.

Biography: Saakashvili, born in 1967, received his Master's at Columbia Univ. and his Ph.D. at George Washington Univ. He was elected to the legislature in 1995 and 1999, where he chaired the Constitutional Committee and headed the ruling party's faction. In 2000, he became Minister of Justice, but resigned in September 2001, accusing the government of corruption and forming the National Movement party bloc. In 2002-2003, he chaired the Tbilisi city council.

located in Abkhazia, but announced that 320 troops would remain to support Russian “peacekeepers” in Abkhazia. The OSCE in December 2003 strongly criticized Russia’s failure to resolve the basing issue. Saakashvili in Moscow in February 2004 assured Russia that after it pulled its troops out, Georgia would not permit basing rights to “any third country” or take other steps “aimed against ... interests of Russia.”

According to *The Military Balance 2004-2005*, Georgia’s ground forces and a small navy and air force number 17,770. There are also 5,400 border guards and 6,300 interior (police) troops (the latter were subordinated to the defense ministry at the beginning of 2005 and are being downsized). Marking the shift toward more security ties with the West, Georgia withdrew from the CIS Collective Security Treaty in 1999. In January 1999, Georgia assumed full control over guarding its sea borders, and in October 1999, the last Russian border troops (except some liaison officers) left Georgia. Georgia pledged to modernize its armed forces in line with an Individual Partnership Action Plan signed with NATO in late 2004. Saakashvili appointed Irakli Okruashvili as defense minister at the end of 2004 (his third such appointment) to combat corruption in the military and prepare it for NATO candidacy, which Okruashvili hopes will occur in 2006. Georgian troops have participated in NATO peacekeeping in Kosovo and rebuilding efforts in Iraq. Georgia has hosted NATO PFP exercises annually since 2001. The government criticized a report issued in February 2005 by the Georgian NGO Justice and Freedom that alleged that there had been little progress over the past year in formulating a defense doctrine, creating a professional military, and combating corruption in the armed forces.

Political and Economic Developments

Following a period of civil war and turmoil, a new constitution was approved in August 1995 establishing a strong presidential executive and a unicameral, 235-member legislature elected in single-member districts (85 seats) and by party lists (150 seats). There was no prime ministerial post; instead, ministers were responsible to the president, who was assisted by a state minister. The legislature agreed that the constitution would be amended to create a federation after Georgia’s territorial integrity had been assured.

Increased political instability in the wake of a questionable November 2, 2003, legislative election culminated in Shevardnadze’s peaceful ouster. Exit polling during the race appeared to indicate that the opposition National Movement (NM) and the Burjanadze-Democrats (BD) had won the largest shares of seats in party list voting. Instead, posted results gave the largest share of seats to the pro-Shevardnadze “For a New Georgia” bloc and Ajarian leader Aslan Abashidze’s Revival Party. The U.S. State Department joined others in criticizing “massive vote fraud” in Ajaria and other irregularities. Mainly peaceful mass protests (termed by NM head Saakashvili a “revolution of roses”) led to Shevardnadze’s resignation on November 23. Russia and the United States appeared to cooperate diplomatically to urge Georgians to resolve their crisis peacefully (for background, see CRS Report RS21685, *Coup in Georgia*).

BD and NM agreed to endorse Saakashvili for a presidential election on January 4, 2004, where he received 96% of 2.2 million popular votes from a field of five candidates. OSCE monitors judged the vote as bringing Georgia closer to meeting democratic electoral standards. Then-Secretary of State Colin Powell attended Saakashvili’s inauguration on January 25 and then traveled to Russia, appearing to underline to Moscow

the U.S. interest in Georgia's fate. In his inaugural address, Saakashvili stated that a "new, energetic, and patriotic generation" had come to power to combat corruption and crime and to improve Georgia's political institutions, economy, and territorial integrity.

Constitutional amendments were approved by the legislature in February 2004 that created the post of prime minister, who would be nominated by the president and confirmed by the legislature. Some other amendments permit the president to dissolve the legislature if it fails three times to approve the budget or to confirm the prime minister-designate. Critics raised concerns that the amendments were hastily passed without widespread public input and that they gave too much power to the presidency. Other observers warn that the changes create triumvirs (the president, prime minister, and speaker) who may clash and prove unable to rule. Saakashvili has reduced the number of ministries and moved to downsize the civil service.

Legislative elections were held on March 28, 2004 involving the 150 party list seats (the November 2003 winners of 75 district seats retained them, as did ten deputies elected from Abkhazia before it broke away). NM and BD ran on a joint list and captured 67.2% of 1.53 million votes, giving the bloc a majority of seats, perhaps ensuring firm legislative backing for Saakashvili's policies. The New Rightist-Industrialist bloc won 7.6% of the vote. All other parties received less than 7% of the vote, the minimum required to win seats, including the Revival Party (6.1%). The OSCE judged the election as the most democratic since Georgia's independence, although irregularities in Ajaria were troubling. Saakashvili stated that he backed Nino Burjanadze, the co-head of BD, to be legislative speaker. Saakashvili's first prime minister, Zurab Zhvania, died in early 2005, and was replaced by Finance Minister Zurab Noghaideli, who pledged to continue Zhvania's reforms. According to the State Department's *Country Reports on Human Rights Practices for 2004*, the Georgian government's human rights record remained poor, although there were improvements in some areas. The government generally maintained effective control of its security forces, but there were some instances in which they committed serious human rights abuses. Non-governmental organizations (NGOs) reported that police continued to torture, beat, and otherwise abuse detainees, although public confidence in the police increased during the year due to a reduction in corruption. Arbitrary arrest and detention remained problems, as did lack of accountability. The judiciary system continued to lack independence. Compared to 2003, harassment of the media decreased, although self-censorship increased. While violence against religious minorities decreased, the government continued to tolerate harassment against some religious groups. Trafficking in persons remained a problem.

The International Monetary Fund (IMF) reported in early 2005 that Georgia's economy performed very well in 2004. GDP grew 8.4% in 2004, despite agricultural problems, and consumer price inflation was 5.7%. Some progress was reported in tax collection, trade liberalization, legal and regulatory reform, privatization, and banking restructuring, but crime and corruption continue to retard economic growth. The IMF encouraged Georgia to develop its agriculture, food processing, tourism and transit trade sectors to enhance future GDP growth. About 50% of the population lives in poverty (income of less than \$30 a month). Ethnic conflict and poverty have contributed to the emigration of about one-fifth (one million) of the population since 1991. Hopes for Georgia's reforms were marked by its admission to the World Trade Organization in 1999. Georgia depends mainly on Russia for imports of oil and natural gas. The paucity of most international private investment has provided an opening for Russian state-

controlled firms to acquire major electricity and natural gas assets. Georgia is a transit state for a pipeline expected to be completed in 2005 to carry one million barrels per day of Azerbaijani oil to the Turkish port of Ceyhan.

Ethnic and Regional Tensions. Several of Georgia's ethnic minorities stepped up their dissidence in the late 1980s and early 1990s, resulting in the loss of central government control over the regions of South Ossetia and Abkhazia. The Ajaria region also asserted substantial self-rule under the authoritarian leadership of Aslan Abashidze. Saakashvili in early 2004 successfully appealed for the allegiance of many Georgian military and police elements in Ajaria, and they abandoned loyalty to Abashidze. Russia offered sanctuary to Abashidze and flew him to Moscow in May 2004.

South Ossetia. In 1989, the region lobbied for joining its territory with North Ossetia in Russia or for independence. Separatist conflict beginning in 1990 reportedly led to about 1,500 deaths. In June 1992, Russia brokered a cease-fire, and a "peacekeeping" force is stationed there, composed of Russian, Georgian, and Ossetian troops. According to some estimates, some 25,000 ethnic Ossetians and 20,000 ethnic Georgians reside in the now largely vacant region. Saakashvili increased pressure on the region in 2004 by tightening border controls and reportedly sending several hundred police, military, and intelligence personnel into the region. Georgian- and Russian-backed guerrilla forces also reportedly entered the region. Georgia's efforts to win control of the region stalled, and by late 2004 both sides ostensibly had pulled back most of the undeclared forces. Saakashvili announced a new peace plan for South Ossetia in January 2005 that provides substantial autonomy. South Ossetia has rejected the plan, on the grounds that it is already independent.

Abkhazia. In July 1992, Abkhazia's legislature declared the region's effective independence from Georgia, prompting a Georgian attack. In October 1992, the U.N. Security Council (UNSC) approved the first U.N. observer mission to a Eurasian state, termed UNOMIG, to help the parties reach a settlement. Russian and North Caucasian "volunteer" troops that reportedly made up the bulk of Abkhaz separatist forces routed Georgian forces, leading in April 1994 to agreement by the two sides on a framework for a political settlement and the return of refugees. Russian troops (acting as CIS "peacekeepers") were deployed in a security zone along the Inguri River that divides Abkhazia from the rest of Georgia. The conflict resulted in about 10,000 deaths and over 200,000 displaced persons, mostly ethnic Georgians.

A U.S. Special Negotiator for NK and Eurasian Conflicts works with the U.N. Secretary General, his Special Representative, and other Friends of Georgia (France, Germany, Russia, the United Kingdom, and Ukraine) to facilitate a peace settlement. A "New Friends of Georgia" group was formed by Bulgaria, Estonia, Latvia, Lithuania, Poland, and Romania in early 2005 to advocate increased EU and NATO involvement in Georgia, including in settling conflicts. Sticking points between Abkhazia and Georgia have including the latter's demand that displaced persons be allowed to return to the region before an agreement on its status is reached. Abkhazia has insisted upon recognition of its effective independence as a precondition to large-scale repatriation. Perhaps alarmed by Russia's growing control, voters in a late 2004 Abkhaz "presidential" election apparently rejected the candidate preferred by Moscow. Russia orchestrated a power-sharing arrangement in which the two previously vying candidates ran and won on the same ticket in a new election held in early 2005.