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

Jim Nichol

Analyst in Russian and Eurasian Affairs
Foreign Affairs, Defense, and Trade Division

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, including military training and equipment transfers to help Georgia's anti-terrorism efforts. 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

A stable Georgia plays a "key role in furthering U.S. interests" in the South Caucasus and in the global war on terror. Requested FY2005 funding will aim to enhance Georgia's territorial integrity; support law enforcement and market-based economic reforms; strengthen civil society; and help relieve human suffering. Security-related assistance aims to improve Georgia's counter-terrorism efforts, ability to prevent trafficking in weapons of mass destruction (WMD), and military capabilities. Border security assistance aims to help reduce the risk of conflict in the region and to block terrorist infiltration into and out of Russia's North Caucasus area. Georgia is becoming a pipeline transit state for Caspian Basin oil and natural gas shipments to the West, facilitating the diversification of energy sources for the United States and Europe (*Congressional Presentation for Foreign Operations for*



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

¹ Sources include Foreign Broadcast Information Service, *Daily Report: Central Eurasia*; *RFE/RL Newswire*; *Eurasia Insight*; Economist Intelligence Unit; the State Department's *Washington File*; and Reuters and Associated Press (AP) newswires.

FY2005). Meeting with newly elected Georgian President Mikheil Saakashvili in the White House in February 2004, President Bush stated that he was “impressed by his vision” of democratization and human rights in Georgia, and that “we have ... a strong friend, a friend with whom we share values.”

The United States has been Georgia’s largest bilateral aid donor, budgeting cumulative aid of \$1.304 billion in FY1992-FY2003. 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 foreign investment in the energy sector, and providing NATO-compatible defense equipment so Georgia can more fully participate in NATO’s Partnership for Peace (PFP) activities.

Estimated U.S. aid to Georgia for FY2004 was \$85.93 million and the Administration requested \$108.06 million for FY2005 (FREEDOM Support Act and other foreign assistance, not including Defense and Energy Department funds). Georgia has been designated as a candidate country for enhanced U.S. development aid from the newly established Millennium Challenge Corporation. The United States also contributes to International Monetary Fund and World Bank programs that aid Georgia.

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 one week later offered Georgian “airspace and territory” for use by U.S. troops. On February 27, 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. These troops returned to Georgia in March 2004, and reportedly were replaced by 159 others trained under the U.S. Georgia Train and Equip Program (GTEP).

The \$64 million GTEP, one of several U.S. security programs in Georgia, began in May 2002 with the deployment of 70 Army special forces trainers (later, Marines took over). They provided training in light infantry airmobile, mechanized, and mountain tactics, and medical and logistical methods to 200 military, security, and border officers,

Georgia: Basic Facts

Area and Population: 26,872 sq. mi., slightly larger than West Virginia. The population is 4.3 million (*Economist Intelligence Unit*, 2003 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: \$3.9 billion in 2003; per capita GDP is about \$907 (*EIU*, current prices).

Political Leaders: President: Mikhail Saakashvili; Prime Minister: Zurab Zhvania; Speaker of the Parliament: Nino Burdzhnashvili; Defense Minister: Gela Bezhushvili; 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.

some 2,000 soldiers (over 10% of the armed forces), 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 plans follow-on training programs. According to the State Department’s *Patterns of Global Terrorism 2003*, Georgia is still used to a limited degree as a transit state for terrorists and funding to support rebels in Chechnya, although much less so since Georgia tightened security in the Pankisi Gorge in late 2002. 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 French President Jacques Chirac to permit French Ambassador to Georgia Salome Zourabichvili-Kachia to be appointed foreign minister and to be granted dual citizenship. She has stated that Georgia will build ties to southern Europe as its first priority.

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 and nearby areas. After 9/11, Russia stepped up its claims that Georgia was harboring Chechen terrorists. Saakashvili in 2001 had criticized Shevardnadze’s toleration of supposedly “unarmed” Chechen rebel groups in Georgia. 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.”

At Shevardnadze’s request 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, located in Abkhazia, but announced that 320 troops would remain to support Russian

“peacekeepers” in Abkhazia. The OSCE at its December 2003 ministerial meeting strongly criticized Russia’s failure to resolve the basing issue. During his January 2004 Moscow visit, Secretary Powell reportedly pressed for closing the bases. 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.” The Russian Defense Ministry announced at the end of March 2004 that over the past year it had reduced its troops to about 1,000 at the Batumi and Akhalkalaki bases. Some Georgian media raised concerns in May 2004 that troops at the Batumi base, as well as Russian-assisted paramilitary elements, were helping Ajarian President Aslan Abashidze to defy the central Georgian government.

According to *The Military Balance 2003-2004*, Georgia’s ground forces and a small navy and air force number 17,500. There are also 5,400 border guards and 6,300 interior (police) troops. 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. In February 2004, Saakashvili proposed eliminating many surplus officers and otherwise modernizing the military according to NATO standards so that “all our enemies [and] all possible separatists ... will fear” it. To assert greater civilian control over the military, he appointed Harvard University graduate and diplomat Gela Bezhushvili as defense minister. Georgian troops have participated in NATO peacekeeping in Kosovo and rebuilding efforts in Iraq. Georgia has hosted NATO PFP exercises annually since 2001.

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 on November 20 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. Secretary 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 rebuild Georgia's political institutions and economy. He called for redoubled negotiations with Abkhazia and South Ossetia to end their separatism.

Constitutional amendments were approved by the legislature on February 5, 2004, that created the post of prime minister, who would be nominated by the president and confirmed by the legislature. Saakashvili had argued that a head of government was needed to coordinate ministerial activities. 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. He has envisaged regular cabinet meetings to make decisions.

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 marking democratization progress, although irregularities in Ajaria were troubling. Saakashvili stated that he backed Nino Burjanadze, the co-head of BD, to be legislative speaker.

According to the State Department's *Country Reports on Human Rights Practices for 2003*, the former Shevardnadze government's human rights record was poor. There were police abuses and "pervasive" corruption within law enforcement. About 200 independent newspapers and some free electronic media operated, though some harassment of media occurred. Freedom of assembly also was hampered. The State Department's *International Religious Freedom Report for 2003* avers that attacks on religious minorities continued, but the government took some steps to protect religious freedom. Defrocked Father Basili Mkalavishvili, whose followers violently attacked some religious minorities, fled sentencing in 2003 but was apprehended in March 2004. The *Trafficking in Persons Report* in June 2003 determined that the government of Georgia insufficiently combated trafficking for forced labor and prostitution, possibly making it subject to aid sanctions. However, the U.S. Administration determined in September 2003 that Georgia had taken some steps to address U.S. concerns.

The World Bank's *Georgia Country Brief 2003* reports that per capita income in Georgia plummeted by a greater percentage after its independence in 1991 than in any other former Soviet republic. Some progress has been made in recent years in trade liberalization, legal and regulatory reform, privatization, and banking restructuring, but crime, corruption, and poor governance retard economic growth more than in neighboring countries. About 40% of the population lives in poverty or on its edge. Ethnic conflict and poverty have contributed to the emigration of about one-fifth (one million) of the population since 1991. The paucity of most international private investment has provided an opening for Russian state-controlled firms to acquire major electricity and natural gas

assets. Saakashvili has endorsed World Bank advice to tighten fiscal discipline through better tax collection and lower budget expenditures, and to combat corruption, reduce bureaucratic hurdles to business, improve economic policy-making, and bolster social services. 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. Georgia is a transit state for a pipeline expected to be completed by late 2004 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. Saakashvili has proclaimed his intention to reintegrate these regions as parts of Georgia. South Ossetia in 1989 strove to join with North Ossetia in Russia or to gain independence. In June 1992, Russia brokered a cease-fire, and a predominantly Russian military "peacekeeping" force of about 530 has been stationed there. A coordinating commission composed of OSCE, Russian, Georgian, and North and South Ossetian emissaries has been unable to reach a peace settlement.

Abkhazia. In the early 1990s, the Abkhaz conflict resulted in about 10,000 deaths and about 270,000 refugees and displaced persons, mostly ethnic Georgians. In July 1992, Abkhazia declared independence, prompting an attack by Georgian national guardsmen. In October 1992, the U.N. Security Council approved the first U.N. observer mission to a former Soviet state, termed UNOMIG. In September 1993, Russian and North Caucasian "volunteer" troops that reportedly made up the bulk of Abkhaz separatist forces broke a cease-fire and quickly routed Georgian forces. In May 1994, Georgia and Abkhazia signed a cease-fire providing for Russian troops (acting as CIS "peacekeepers," current strength is about 1,600) to be deployed in a security zone dividing Abkhazia from the rest of Georgia. A U.S. Special Negotiator for Eurasian Conflicts works with the U.N. Secretary General and other Friends of Georgia (France, Germany, Russia, the United Kingdom, and Ukraine) to facilitate a peace settlement. Some U.S. personnel serve in the UNOMIG and OSCE missions. Saakashvili on February 10, 2004, pledged to set up a federal system that would grant Abkhazia "broader [autonomy] than that enjoyed by any of Russia's territories," and warned that "under no circumstances" would Georgia consent to Abkhazia's secession. Peace talks appear on hold pending the outcome of a proposed Abkhazian "presidential" election in late 2004.

Ajaria. Aslan Abashidze assumed power in Ajaria before Georgia's independence in 1991 and has ruled since. He was elected to the newly created post of executive head in 2001, running as the sole candidate. Abashidze's assertion of self-rule has included control over local politics and elections, the Batumi port, and local security and taxes. His regional Revival Party played a prominent role in the Georgian legislature during the Shevardnadze period. Saakashvili has vowed to reestablish central control over the region to eradicate crime and corruption, and has called for Abashidze to resign, while Abashidze has asserted that he will rule at least until his term expires in 2006. The standoff escalated in late April 2004 when Georgia held military exercises near Ajaria's borders, spurring Russian-led paramilitary forces belonging to Abashidze to destroy bridge and railway access to the region. Saakashvili called on paramilitary forces to disarm and on police and military units to pledge loyalty to the central government, causing schisms among these units. Amid the escalating tensions, Abashidze in early May forcibly broke up a demonstration against his authoritarian rule.