



CRS Report for Congress

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

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Summary

This report examines Georgia's efforts to democratize and bolster its free market economy, while surmounting separatism, crime, corruption, and other problems. U.S. policy and assistance are discussed. Basic facts and biographical information are provided. This report may be updated. Related products include CRS Report RL33453, *Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests*, by Jim Nichol.

U.S. Policy

According to the Administration, "sustained development" is necessary in order for Georgia to serve "as the beacon of reform President Bush identified it as in 2005 (see below)" that will link Europe, Eurasia, and the Middle East. Georgia's transition to a free market democracy "will increase the appeal for residents of the separatist regions of Abkhazia and South Ossetia to re-integrate with Georgia," which will enhance regional stability. However, the peaceful resolution of these separatist conflicts is "hindered" by Russia, which also threatens Georgia's deepening Euro-Atlantic ties and its development as a transit corridor for Caspian region energy to international markets.¹



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

President Bush visited Georgia in May 2005 and praised its 2003 peaceful rose revolution for "inspiring democratic reformers" and freedom "from the Black Sea to the

¹ Department of State. *Congressional Budget Presentation for Foreign Operations, FY2008*.

Caspian and to the Persian Gulf and beyond.” He cautioned Georgians that it might take them “generations” to fully establish democracy, but praised their progress in creating free media, fighting corruption, respecting minority rights, permitting diverse political parties, and setting up an independent judiciary. He urged that Georgia stick to peaceful means to settle separatist conflicts. He offered unspecified U.S. aid so that Georgia could qualify to join NATO. Saakashvili emphasized that the U.S.-Georgian “partnership” was based on “our shared belief in freedom,” and was the reason Georgia had sent troops to Iraq to end “enslavement” there.²

The United States has been Georgia’s largest bilateral aid donor, budgeting cumulative aid of \$1.76 billion in fiscal years 1992 through 2006 (FREEDOM Support Act and agency funds). 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. Estimated budgeted aid to Georgia for FY2007 was \$84.55 million (FREEDOM Support Act and agency funds) and the Administration requested \$66.4 million for FY2008 (FREEDOM Support Act and other foreign assistance, not including Defense and Energy Department funds). The Administration has stressed that a major new assistance program — the Millennium Challenge Account (Section D of P.L. 108-199) — will bolster U.S. support for Georgia’s development and poverty alleviation. A newly established Millennium Challenge Corporation (MCC) announced in May 2004 that Georgia met required democratic and economic reform criteria and would be one of the first states invited to apply for aid. In August 2005, the MCC approved a five-year, \$295.3 million agreement (termed a “compact”) with Georgia to improve roads, repair a gas pipeline, create a small business investment fund, set up agricultural grants, and improve water supplies, sanitation, and irrigation. As of November 2007, \$35.69 million had been disbursed by the MCC to Georgia.

Contributions to the Campaign Against Terrorism. The former President of Georgia, Eduard Shevardnadze, immediately condemned the attacks on the United States on September 11, 2001, and offered “airspace and territory” for use by U.S. troops for coalition operations in Afghanistan. In February 2002, President Bush announced that the United States would help Georgia combat several dozen al Qaeda and other terrorists who had fled from Afghanistan, some of whom had sought refuge in Georgia’s Pankisi Gorge area. Georgia was among the countries in 2003 that openly pledged to support the

Georgia: Basic Facts

Area and Population: 26,872 sq. mi., slightly larger than West Virginia. The population is 4.65 million (*The World Factbook*, mid-2007 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: \$19.65 billion in 2007; per capita income is about \$4,200 (*World Factbook* est., purchasing power parity).

Political Leaders: President: Mikhail Saakashvili; Prime Minister: Lado Gurgenzidze; Speaker of the Parliament: Nino Burjanadze; Defense Minister: Davit Kezerashvili; Foreign Minister: David Bakradze.

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. He was elected president in 2004 and re-elected in January 2007.

² The White House. Office of the Press Secretary. *President Addresses and Thanks Citizens in Tbilisi*; and *President and President Saakashvili Discuss NATO, Democracy*, May 10, 2005.

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. In September 2007, Georgia boosted troop deployments to Iraq to 2,000 (making it the third largest contributor), but indicated that they would be drawn down to 500 during 2008. Georgia also has pledged to deploy 200-400 troops to assist NATO forces in Afghanistan.

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 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, help it combat terrorists inside the country, and block those trying to infiltrate Georgia. The program formally ended in April 2004 but a follow-on 16-month Sustainment and Stability Operations Program (SSOP) was launched in early 2005, funded at \$64 million. SSOP provided training for 2,000 troops, in part to support U.S.-led coalition operations, along with advisory assistance for defense reforms and maintenance for previously supplied helicopters. In July 2006, the United States announced that the SSOP would be extended another year and funded at \$30 million.

Foreign Policy and Defense

Among its neighbors, Georgia has developed close ties with Azerbaijan and maintains good relations with Armenia. Georgia has an ongoing interest in ties with about one million Georgians residing in Turkey and about 50,000 Georgians residing in Iran. Georgia’s relations with Russia deteriorated sharply in 2006, particularly after Russia imposed economic sanctions on Georgia. Poor relations continued in 2007, including reported violations of Georgian airspace and an alleged Russian short-range missile launch. Nonetheless, in his January 20, 2008, inaugural address, President Saakashvili stated that Georgia was “again extending the hand of friendship” to Russia, even though Georgia intended to integrate with the West and join NATO. Russian Foreign Minister Sergey Lavrov attended the inauguration and also called for improved relations. Saakashvili in February 2008 set up a special department at the Foreign Ministry to work on bolstering bilateral ties, and invited former Soviet diplomat Giya Vashadze to head it.

In 1995, an economically and militarily weak Georgia reluctantly granted Russia the right to maintain four Soviet-era military bases there through the year 2020. After reported heavy U.S. lobbying (during multilateral talks on adapting the Conventional Armed Forces in Europe Treaty), Russia declared in late 1999 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. In March 2005, the Georgian legislature passed a resolution calling for Russia to come to an agreement by mid-May on closing the remaining bases or face various restrictions on base operations. Spurred by this deadline, Russia agreed with Georgia by the end of the month to close its remaining bases at Akhalkalaki and Batumi. President Putin explained that his military General Staff had

assured him that the bases were Cold War-era relics of no strategic importance to Russia. The bases were closed by late 2007, but Georgia has protested against the continuing Russian “peacekeeping” presence at Gudauta.

According to *The Military Balance* (February 2007), Georgia’s ground forces and a small navy and air force number 11,320. There are also 5,400 border guards, 1,578 national guard troops, and 6,300 Interior (police) Ministry troops. Marking the shift toward more security ties with the West, Georgia withdrew from the Commonwealth of Independent States (CIS) Collective Security Treaty in 1999. Georgia assumed full control from Russia over guarding its sea and land borders in 1999. Georgia joined NATO’s Partnership for Peace in 1994. Georgia participates in NATO peacekeeping in Kosovo (150 troops). NATO signed an Individual Partnership Action Plan (IPAP) with Georgia in October 2004 to deepen cooperation and launched an “intensified dialogue” in September 2006 on reforms necessary to move toward a Membership Action Plan (MAP) and an eventual invitation to join the Alliance. Despite some political disorder in Georgia in late 2007 (see below), U.S. Deputy Assistant Secretary of State Matthew Bryza stressed soon afterward that “the United States remains a firm supporter [of] Georgia’s NATO aspirations.”

Political and Economic Developments

The U.S. State Department joined others in criticizing “massive vote fraud” in Ajaria and other irregularities in the wake of a late 2003 Georgian legislative election. Mainly peaceful opposition protests (termed by National Movement head Saakashvili a “revolution of roses”) led to then-President Shevardnadze’s resignation. The opposition National Movement (NM) and the Burjanadze-Democrats (BD; co-headed by Nino Burjanadze) agreed to endorse Saakashvili for a presidential election in January 2004, where he received 96% of 2.2 million popular votes from a field of five candidates. Monitors from the Organization for Security and Cooperation in Europe (OSCE) judged the vote as bringing Georgia closer to meeting democratic electoral standards. Legislative elections were held in March 2004 involving the 150 party list seats (the 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, ensuring firm legislative backing for Saakashvili’s policies. The OSCE judged the election as the most democratic since Georgia’s independence.

Increased political instability in Georgia in late 2007 raised questions in the United States, NATO, and elsewhere about whether the country could sustain its democratization progress. Several opposition parties united in a “National Council” that launched demonstrations in Tbilisi on November 2 to demand that legislative elections be held in spring 2008 instead of in late 2008 as set by a constitutional change approved by the BD/NM-dominated legislature. Their demands escalated to include Saakashvili’s resignation. On November 7, security forces forcibly dispersed demonstrators, reportedly resulting in several dozen injuries. Security forces also stormed the independent Imedi (“Hope”) television station, which had aired opposition grievances, and shut it down. Saakashvili declared a state of emergency for 15 days, giving him enhanced powers. He claimed that the demonstrations had been part of a coup attempt orchestrated by Russia, and ordered three Russian diplomats to leave the country.

U.S. and other international criticism of the crackdown may have played an important role in Saakashvili's decision to step down as president in late November 2007, so that early presidential elections could be held on January 5, 2008. At the same time, a plebiscite would be held on whether to have a spring or fall legislative election and on whether Georgia should join NATO. Burjanadze became the acting president. Imedi resumed broadcasts and became for a time the main television outlet for opposition candidates in the election. Saakashvili ran against five other candidates. Georgia's Central Electoral Commission reported on January 13, 2008, that Saakashvili had won over 53% of the vote, and he was inaugurated on January 20, 2008. In a preliminary assessment, the OSCE stated that the election broadly met its standards, but that troubling irregularities needed to be addressed. The plebiscite overwhelmingly endorsed holding a spring 2008 legislative election and Georgia's aim to join NATO. In his campaign and inaugural address, Saakashvili pledged quick action to combat widespread poverty. A legislative election is planned for spring 2008.

The most recent State Department *Country Reports on Human Rights Practices for 2006* (released March 2007) assessed the Georgian government as taking significant steps to improve the human rights situation during 2006, although serious problems remained. Improvements included stepped up efforts to convict human traffickers, reform the justice system, and combat corruption. Some continuing human rights problems were highlighted by Human Rights Watch (HRW), a non-governmental organization, in early 2008, including the excessive use of force by Georgian police in November 2007, prison overcrowding, cases of torture and ill-treatment of detainees, and government restrictions on property rights. HRW called for a thorough investigation of human rights abuses committed by police in late 2007, for prosecutions, and for human rights training for police. HRW commended a pardon of some prisoners and the opening of a new prison in late 2007, but called for bolstering bail, probation, and parole systems. HRW criticized the state's seizure of private land without adequate compensation for urban renewal.³

Georgia's GDP increased 10% in 2007, despite Russia's continuing economic sanctions against Georgia, and consumer price inflation was 8% (*The World Factbook*). In an August 2007 staff assessment, the International Monetary Fund (IMF) raised concerns that despite economic growth, poverty rates of around 30% had not eased, particularly in rural areas. In a November 2007 assessment, the IMF warned that the inflow of some \$2 billion in foreign direct investment during 2007 might exacerbate inflation, but it also warned that political disorder might harm further inflows. Civil conflict and poverty have spurred the emigration of up to one-fifth (one million) of the population since 1991. Georgia is a member of the World Trade Organization.

Georgia is a transit state for a pipeline completed in mid-2006 carrying one million barrels per day of Azerbaijani oil to the Turkish port of Ceyhan (the Baku-Tbilisi-Ceyhan or BTC pipeline). Another pipeline completed in early 2007 initially carries 233 billion cubic feet per year of Azerbaijani natural gas to Georgia and Turkey, lessening their dependence on Russia as a supplier (some of this gas was available to Greece as of late 2007). Each winter since 2005, Russia's state-owned Gazprom gas firm has announced increases in the price of gas shipped to Georgia. Georgia has obtained some alternative gas supplies from Azerbaijan, easing its dependence on Gazprom.

³ HRW. *Submission on Georgia to the European Commission's European Neighborhood Policy Progress Report*, January 28, 2008.

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, but Saakashvili succeeded in re-establishing central control there in 2004. A U.S. emissary (currently Deputy Assistant Secretary of State Bryza) long has worked with regional and international officials to try to resolve the South Ossetian and Abkhazian conflicts.

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. A Joint Control Commission (JCC) composed of Russian, Georgian, and North and South Ossetian emissaries (and OSCE observers) was formed to promote a settlement of the conflict. According to some estimates, some 25,000 ethnic Ossetians and 20,000 ethnic Georgians reside in the now largely vacant region. An apparent effort by Saakashvili to militarily reclaim the region failed in 2004. A South Ossetian referendum on "independence" and parallel separatist and pro-Georgian "presidential" elections in November 2006 heightened tensions and contributed to a hiatus in JCC talks. In March 2007, the OSCE facilitated a meeting of the JCC in Turkey and of donors for reconstruction efforts. In July 2007, President Saakashvili decreed the establishment of a commission to work out South Ossetia's "status" as a part of Georgia. The JCC finally held a meeting (with Georgia's emissaries in attendance) in Tbilisi, Georgia, on October 23-24, 2007, but the Russian Foreign Ministry claimed that the Georgian emissaries made unacceptable demands in order to deliberately sabotage the results of the meeting. No further meetings had been held as of late January 2008.

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 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 Abkhaz border with Georgia. The conflict resulted in about 10,000 deaths and over 200,000 displaced persons, mostly ethnic Georgians. A U.S. emissary 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 the Baltic states, Bulgaria, Poland, and Romania in 2005 to advocate increased EU and NATO attention to Georgia. Sticking points between Abkhazia and Georgia have included the latter's demand that displaced persons be allowed to return to the region before an agreement on its status. Abkhazia has insisted upon effective independence as a precondition to large-scale repatriation. In July 2006, the Georgian government ousted a warlord in the Kodori Gorge area of Abkhazia and assumed control. Saakashvili asserted that the action marked Georgia's efforts to re-establish its authority throughout Abkhazia, and he directed that the Abkhaz "government-in-exile" make the Gorge its home. In October 2006, the Abkhaz side suspended all talks pending Georgia's removal of the government representatives and alleged military forces.