

Analysis

Post-War Georgia: Resetting Euro-Atlantic Aspirations?

By Archil Gegeshidze, Tbilisi

Abstract

The Russia–Georgia war has not dramatically changed the conditions of Georgia’s relationship with NATO. After the war, NATO offered closer relations with Georgia, but as the alliance also sought to normalize relations with Russia, Georgian membership prospects have moved far into the uncertain future. This article discusses the extent to which the global financial crisis and the policies of the new US Administration affect Georgia’s Euro-Atlantic aspirations.

Status Quo Post Bellum

The brief war between Georgia and Russia in August 2008 became a key issue of debate for the members of the international community. The reason was simple: for the first time since the dissolution of the Soviet Union, Russia used massive military force outside its state borders. Some Western observers interpreted this move as Russia’s attempt to divide the map of Europe between a peaceful and democratic side and one in which Russia claimed authoritarian leadership and a readiness to wage war for the sake of its hegemonic ambitions. Moreover, some in the West saw Russia’s invasion as an attempt by Moscow to influence discussions within NATO on the Membership Action Plan (MAP) for Georgia and Ukraine by demonstrating that the full integration of these countries into the alliance could undermine stability. Additionally, some see Russia’s intervention as a response to the unilateral moves taken by the United States and its allies after the end of the Cold War, which have led to sharp differences with Russia over issues such as Kosovo, NATO enlargement, and the missile defense system to be deployed in Eastern Europe.

Russia stated on several occasions that it would not tolerate any moves by foreign states which it considered a threat to its national security. President Vladimir Putin made this point most clearly during his speech at the February 2007 Munich conference. Yet even so, the scale of Russia’s military intervention in August 2008 caught the West by surprise. The war demonstrated the West’s weakness in the face of a massive onslaught by Russia’s military machine. At the outbreak of the war, both NATO and the EU, already divided over strategic relations with Russia, confined themselves to condemning the invasion and the rupture of existing efforts to promote co-operation. The US Administration issued several sharply-worded statements and, more importantly, sent warships to the Black Sea coast of Georgia. However, their missions in the area were short as the 1936 Montreux Conven-

tion set a two-week time limit on how long they could stay in the region.

Once it became clear that Western military intervention on behalf of Georgia was not an option, NATO, the EU and the US came forward with a strong commitment to support Georgia in other ways. For instance, the EU deployed a 300-man Monitoring Mission (EUMM) to observe the 6-point Russia–Georgia ceasefire agreement that ended the fighting. In order to facilitate improved ties between Georgia and the Atlantic alliance, NATO set up a special NATO–Georgia Commission and introduced an Annual National Programme (ANP). Likewise, the outgoing George Bush Administration invited Georgia to sign a Strategic Partnership Charter which formally codified amicable bilateral relations and provided a platform for multi-faceted co-operation. Further, the US and EU jointly initiated a donor conference that pledged \$4.5 billion in assistance for Georgia’s reconstruction and development.

In the meantime, however, both NATO and, to a greater extent, the EU softened their rhetoric vis-à-vis Russia and began gradually restoring the pre-August relationships. Against this backdrop, some observers assume that the West, particularly Europe, while officially condemning Russian actions against Georgia, might be inclined to tacitly accept the new realities and favor full-fledged relationships with Russia to jointly address common global challenges.

In the meantime, the new status quo for Georgia that emerged after the August events remains unchanged and is likely to continue for the foreseeable future. It includes the Russia-recognized breakaway regions of Abkhazia and South Ossetia, the constantly strengthening Russian military presence there, and tens of thousands of displaced population from formerly Georgia-controlled parts of South Ossetia. Undoubtedly, the new circumstances will have huge implications for Georgia’s domestic and foreign policies. At the same time, a variety of policy variables may intervene to influence the dynamics of these policies.

Origins and Sustainability of Georgia's Euro-Atlantic Drive

After the breakup of the Soviet Union, Georgia was able to formulate its own foreign policy with a pro-Western orientation. This approach included:

- Seeking Western mediation of the conflicts in the Georgian regions of Abkhazia and South Ossetia;
- Courting Western investment;
- Seeking Georgia's participation in European and Euro-Atlantic security structures;
- Promoting Georgia as a transit country for commerce between the West and the states of Central Asia and the South Caucasus; and
- Seeking direct political, economic, and security ties with the United States.

Reasonably, the devastating impact of the August 2008 war on Georgia's economy and politics could have influenced the country's foreign policy orientation. However, the Russian invasion further strengthened Georgia's Euro-Atlantic inclination. In order to evaluate the status and sustainability of Georgia's preference for the West, one needs to look into the underlying factors that determined this historic foreign policy decision in the mid-1990s.

Georgia's strategic choice flows primarily from its *fear of Russia*. This visceral feeling is a security-driven motivation initially nourished by memories of the 1989 crackdown on the pro-independence protest march by Soviet troops on the central avenue of Tbilisi and, in the wake of the declaration of Georgia's independence, by Russia's unfriendly policies encouraging and supporting the separatist movements in South Ossetia and Abkhazia. Later, Russia's arm-twisting attitudes towards the young Georgian state further reinforced this drive.

Another determining factor has been Georgia's *choice to build a market-based democracy*. This value-driven choice grew from Georgia's historical gravitation towards Europe and receptivity to its values.

The third motivation for choosing a pro-Western development trajectory is closely related to the utilization of Georgia's *transit capacity*. Georgia provides a unique transit corridor for Caspian energy to Europe, as well as an irreplaceable access corridor for American-led and NATO forces to bases and operational theatres in Central Asia and the Greater Middle East.

Georgia's Western orientation rests on a broad-based political and societal consensus. This foundation of support makes the choice of orientation impervious to the influence of other policy variables. At the same time, the Western orientation is hardly specified as European or American, EU or NATO. Nonetheless, the Euro-Atlantic idea continues to exert its magnetic force here.

Interestingly, an IRI/Gallup-administered public opinion survey, which was conducted in February–March 2009, revealed that the pro-Western orientation did not change: 52 percent of the respondents answered that the US is the most reliable friend, while 48 percent regard the US as the most important partner; also, 72 percent of the respondents favor Georgia's integration in the Atlantic alliance. (see diagrams on

Despite the above-mentioned strong Euro-Atlantic drive, the new realities contributed to sober judgments in the public as most now accept that the likelihood of Georgia's accession to the Atlantic alliance has dramatically decreased. In addition, Georgians are now more realistic when it comes to the prospect of Western military assistance in case of an outside attack. This greater realism notwithstanding, the allied partnership with the United States, NATO and the EU is seen as the best way to protect Georgia's national interests. The August war, although devastating in many respects, has been a reality check for Georgia's Western orientation.

Implications of the Global Financial Crisis

In the aftermath of the August war, Georgia's economic growth slowed. Because of the global financial meltdown, a sudden reversal of financial flows put an end to Georgia's high annual GDP growth. It is also important to note that, due to the war, the increased political risks added to the loss of confidence on the part of foreign investors. Until last August, Georgia's GDP growth had been driven by foreign private capital inflows, mainly in the form of direct investment. These investment flows began to expand around 2004 through major investments related to the Baku–Tbilisi–Ceyhan and South Caucasus pipelines. Flows broadened later into financial services, telecommunications, electricity generation and construction. The loss of capital inflows has *inter alia* contributed to a labor market contraction: currently, 16 percent of the active workforce is unemployed and some 20 percent hold only temporary jobs.

Remittances also provided another source of capital. Such income has been significant for Georgian households both because the country has traditionally had relatively high domestic unemployment and because Georgia's resident population of 4.5 million is supplemented by another 1 million living abroad. Over 65 percent of the remittances come from relatives working in Russia; the impact of Russia's economic downturn is clearly visible in the drop in remittances. For example, the opening months of 2009 saw an approximately 30 percent decline in remittances from Russia compared to the same period a year ago.

Georgia's biggest trump card in the face of much-reduced foreign direct investment and remittances is the pledged aid from a donor conference in October 2008. The \$4.5 billion package included a \$750 million IMF Standby Arrangement. As estimated, these prospective official flows offset the potential loss of foreign direct investment, which reached \$2 billion in the peak year of 2007.

Aid money will come into play as the government carries out its "three-point" approach, according to which foreign financial aid will be directed toward job creation, attracting new foreign investment and the implementation of a 2.2 billion GEL (\$1.31 billion) stimulus package. The first and third measures appear related: part of the 2.2 billion GEL used to build roads and restore war-damaged infrastructure will certainly come from foreign donor funds.

It will be interesting to see how well Georgia will be able to comply with the conditionality attached to donor funding. Certainly, the government understands the importance of fiscal responsibility and the need for a strategy responding to the specific problem of unemployment and the loss of remittances. As the primary target of governmental investments is infrastructure, opinion is divided over whether this is the best way to use stimulus funds, especially now as Georgia is at an early stage of receiving foreign aid. The skeptics recall, for instance, the decision of the National Bank of Georgia to devalue the domestic currency in a one-off 15 percent move on November 7, 2008, that has come under criticism from independent commentators. Determining the efficiency of using the aid money to ensure budgetary discipline requires further monitoring and investigation. For these purposes, a coalition of non-governmental organizations has been set up to provide an informed and unbiased analysis. The primary objective here is to help ensure that the IMF program remains on track to assure additional official flows from other international financial institutions and bilateral aid, which, combined, should bridge the financing gap opened by the sharp declines in FDI and remittances.

The leading role played by Western governments and development institutions further consolidates the view of the West as a reliable partner and desirable destination for institutional integration and gives the country's Euro-Atlantic orientation additional strength.

The US Support to Georgia's Euro-Atlantic Aspirations: Changing Accents?

The US always played a crucial role in strengthening Georgia's sovereignty and independence. As Georgia

began to develop its pro-Western policy, US support grew and became increasingly significant over the last decade. Initially, mutually important energy pipeline projects across the South Caucasus, most notably the Baku-Tbilisi-Ceyhan pipeline, determined the consolidation of bilateral relationships.

In recent years, relations have also been strengthened in the sphere of military cooperation, such as through the launch of the US-sponsored Train and Equip Program, which sought to bring the Georgian army up to NATO standards. In the aftermath of the 2006 Rose Revolution, the US began to actively support Georgia's integration into the North Atlantic Alliance and has been the most faithful proponent of including the country into the Membership Action Plan (MAP), a step yet to be taken.

Throughout this period, the US rendered active support to Georgia's stance on conflict resolution in Abkhazia and South Ossetia within various international organizations and negotiation formats. Georgia reciprocated by becoming the largest troop contributor within the US-led coalition in Iraq, relative to the contributing countries' population. In addition, some 200 Georgian military personnel have been sent to Afghanistan to serve in the NATO-led International Security Assistance Force (ISAF). As a result, the relationship between the two countries gradually evolved into a strategic partnership, institutionalized in the Strategic Partnership Charter signed at the beginning of this year.

The August conflict was an obvious setback for Georgia's NATO membership bid. Despite the continued support of the outgoing US Administration, the December 2008 NATO Ministerial confirmed the Bucharest NATO Summit decision to deny Georgia's accession to the MAP. It has, however, reaffirmed that Georgia and Ukraine would become NATO members at some point in the future. Also, the Ministerial made a decision to grant the country an ANP, in fact a pivotal element of a MAP, as an instrument for deeper implementation and monitoring of the responsibilities that Georgia already has and/or will take to meet NATO standards. As a format to discuss the agenda for the ANP, a NATO-Georgia Commission (NGC) was set up.

Nonetheless, few would expect that the incoming US administration could be either willing or able to reverse the situation and bring up the MAP question again. Indeed, the US delegation at the 2009 Strasbourg/Kehl NATO summit did not demonstrate an over-excessive zeal for upgrading Georgia and Ukraine to the status of MAP. Instead, the summit once again reaffirmed all elements of the Bucharest decision and pledged to "maxi-

mize advice, assistance and support for Georgia's efforts in the framework of the NGC". Importantly though, the summit also condemned Russian recognition of the independence of the breakaway Abkhazia and South Ossetia regions and non-compliance with the commitments agreed to in the EU-mediated ceasefire agreements. At the same time, the summit decided to relaunch talks with Russia in the framework of the NATO-Russia Council (NRC), suspended by the alliance unilaterally after the Russo-Georgian military conflict.

To justify this move, NATO identified common interests it shares with Russia, such as stabilizing Afghanistan, pursuing efforts toward arms control and disarmament, fighting the proliferation of WMD, opposing terrorism, combating drug-trafficking, and coordinating anti-piracy operations off the coast of Somalia. In the meantime, informed observers interpret these decisions as an indication that the Obama administration may have decided to put NATO's continued eastward expansion on the back burner for now so as not to obstruct its policy of rapprochement with Russia. The rationale behind this approach could be either to save face by seemingly keeping NATO's eastward expansion process on track, or, in case the new administration is set to play a deeper game, a tactical move to first engage Russia in a broader co-operative arrangement and then gradually push it towards restoring the pre-August war status quo ante in Georgia within the discussions and agreements on mutually acceptable terms of Europe's new security architecture. The latter policy option, if successful, could bring back the MAP discussions to the agenda within the alliance and, more importantly, would restart a meaningful process of reconciliation and peace in the conflict areas of Abkhazia and South Ossetia.

It remains to be seen which of these scenarios proves to be feasible. In the meantime, however, in the absence of an immediate prospect for sheltering under the NATO security umbrella, Georgia remains unprotected. In the given circumstances, the recently signed US-Georgia Strategic Partnership Charter has grabbed the most attention. Official Tbilisi widely touts the Charter as a unique and historic document that underscores unequivocal American support for Georgia, and even as a surrogate guarantee of fast-track NATO membership. Independent analysts, however, point to the limitations of the Charter, noting that it does not oblige the United States to defend Georgia in the event of attack. At the same time, although nonbinding, the Charter reflects an intention on the part of the US to encourage Georgia to address those institutional weaknesses on which some European NATO members based their arguments

against offering the MAP. More specifically, it is anticipated that while US support will continue, the new administration will pay more attention to democracy, governance and civil society.

What Next?

It is necessary to rethink the paradigm for Georgia's Euro-Atlantic integration. As fast-track integration into the Atlantic alliance has become unfeasible, Georgia's new short- and long-term strategy should include efforts to ensure that the pledge of NATO membership is maintained. In parallel, however, Georgia should duly meet all its obligations according to the as-yet-undefined ANPs so that the country is ready when currently skeptical NATO countries are prepared to support membership. In the meantime, expanded ties with the EU and a full-fledged and all-inclusive Europeanization should become a platform for Georgia's development course. For a start, the country should take advantage of the opportunities that the EU's new initiative of Eastern Partnership (EaP), to be launched May 6, provides for its eastern neighbors. More specifically, since the initiative implies that the EU will conclude new association agreements, including deep and comprehensive free trade agreements, with those countries willing and able to enter into deeper engagement, prepare for gradual integration into the EU economy and allow for easier travel to the EU through gradual visa liberalization, Georgia has a unique opportunity to further promote the process of Europeanization. Doing so would transform Georgia into a genuinely European state. Adopting these revised priorities would serve a fourfold objective: (a) ensuring the irreversibility of the democratic transformation and steady economic development; (b) upgrading Georgia's political, legal and administrative institutions to European standards; (c) contributing to the fulfillment of the ANP-related obligations; and (d) making Georgia an attractive destination for the breakaway societies of Abkhazia and South Ossetia.

Ultimately, the EU and NATO integration processes are components of one trend – Georgia's Euro-Atlantic drive. Most assumed that NATO integration could be the quicker and easier process and, thus, precede EU integration, as was the case with the Eastern European countries, which have successfully integrated into both alliances. Since NATO integration was believed to be the easier process and, more importantly, Georgia urgently needed security guarantees against a growing Russian threat, in the short-term, NATO integration had a higher priority, while EU membership was a more long-term goal. Now, since NATO integration prospects

have been postponed, Georgia can pay more attention to EU integration and make it a fast-track policy.

While the West is reluctant to accept Georgia as a NATO or EU member if the problems of Abkhazia and South Ossetia are not solved, and ties with Russia are not normalized, nobody argues that until these outstanding problems are resolved the prospects for institutional integration into both alliances is unfeasible. However, Georgia already now could embark on the long road to meet both the NATO standards (within the ANP) and converge over EU membership (ENP, Eastern Partnership),

which, even without institutional integration, would still be very useful for the country. Both Washington and Brussels would be willing to provide help within ANPs and Eastern Partnership+ENP, neither of which offer the membership card.

Given the circumstances, the carefully rebalanced accents will provide for much needed complementarity in Georgia's development strategies, and eventually will ensure that the country's Euro-Atlantic aspirations are both feasible and result-oriented.

About the author

Archil Gegeshidze is a Senior Fellow at the Georgian Foundation for Strategic and International Studies in Tbilisi.

Chronicle

Relationship between NATO and Georgia 1992–2009

1992	Georgia joins the newly created North Atlantic Cooperation Council, renamed the Euro-Atlantic Partnership Council in 1997.
1994	Georgia joins the Partnership for Peace (PFP), a programme aimed at increasing security and defence cooperation between NATO and individual Partner countries.
1995	Georgia signs the PFP Status of Forces Agreement (SOFA) between the NATO and Partner countries.
1997	Georgian Parliament ratifies the SOFA agreement.
1999	Georgia joins the PFP Planning and Review Process. Georgia starts contributing peacekeepers to the Kosovo Force (KFOR).
2001	Georgia hosts a multinational PFP military training exercise "Cooperative Partner 2001".
2002	Georgia hosts a multinational PFP military training exercise "Cooperative Best Effort 2002". Georgia declares its aspirations to NATO membership and its intention to develop an Individual Partnership Action Plan (IPAP) with NATO.
2003	A NATO/PfP Trust Fund project is launched with Georgia to support the demilitarization of ground-to-air defence missiles. Georgia participates in ISAF's election security force in Afghanistan. At the Istanbul Summit, Allied leaders place special focus on the Caucasus – a special NATO representative and a liaison officer are assigned to the region.
2005	Georgia becomes the first country to agree on an IPAP with NATO. NATO and Georgia sign a transit agreement allowing the Alliance and other ISAF troop-contributing nations to send supplies for their forces in Afghanistan through Georgia. Georgia opens an information centre on NATO with the support of NATO's Public Diplomacy Division.

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