

Georgia-Challenges to Internal Security through the Prism of External Political Priorities

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Abstract. The tasks before Georgia concerning internal security and stability are out of its reach. Internal security of Georgia goes through the prism of Russian-Georgian relations. The foreign policy priorities of Tbilisi are actually limited in the framework of South Ossetia and Abkhazia—the region between Georgia and the Russian Federation. The Euro-Atlantic rhetoric being touted by Georgian rulers in their public appearances does not change the existing reality. The main problem of Georgia at this moment is a concrete one—restraining from internal conflicts, which can really cause a direct confrontation between Tbilisi and Moscow.

The dynamics of the events outline the variables as a whole, but not the solutions. The problems which Georgia has to solve in the sphere of internal security and stability are out of its reach. Despite president Saakashvili's statements that Georgia has the possibility to be an international political player, the main problem of Tbilisi at this moment is a specific one—suppressing internal strife, which have the real potential to oppose Tbilisi and Moscow in an open duel.

There are a lot of questions remaining which Georgia's leaders should solve not only in the country, but also in the complex geopolitical situation of the Caspian-Black Sea region. The global realities precondition not as many new priorities as many new methods and approaches, which should lead to positive economic and political dividends for the Caucasian societies within the framework of sub-regional, regional and global organizational structures.

Introduction

The collapse of the Soviet system at the beginning of the 1990s led to radical changes in the post-Soviet territories. Disintegration processes in the former Soviet Union predetermined the arising of new and the updating of some old arguments and conflicts. The dynamic state-political and socio-economic changes formed new geopolitical spaces in the European, Caucasian and Central Asian regions of the Soviet empire. Turning the former republics into self-sufficient subjects of international relations also gave a new essence to the relations between them and the heir of the metropolis—The Russian Federation. One of the active participants in these processes is Georgia, whose geo-strategic position in the Caucasus again, after more than two hundred years, makes it a basic component of the various full-of-drama, victims-and-betrayals ad hoc situations in the Caspian-Black Sea area.

After coming out of the unified political space of the USSR, the Caucasus region has not only lost its wholeness, but has also become a fighting zone for political and economic predominance of the great powers. It has become a significant part of the process of assumption of natural resources, trade markets, control over the most important transport routes, oil pipelines, and so on. The quickening interest of various countries such as Russia,

Turkey, Iraq, the USA and European and Asian countries is justified considering the huge amounts of strategic resources in the region, its role as a transportation corridor for hydrocarbon, oil and gas to the world market and the possibility for intervening in the complex process of forming new states in the Caucasus.

At the beginning of the twenty-first century, the geopolitical configurations in the former Soviet region identify North Caucasus as a part of the Russian Federation and South Caucasus (Transcaucasia) with three politically-independent states, two of which (Azerbaijan and Georgia) are of pro-Western orientation, and the third one, Armenia, as a Russian satellite. The period after the breakup of the Soviet Union in this region is marked with three war conflicts—one for Nagorny Karabagh between Armenia and Azerbaijan and two for keeping Georgia's integrity concerning South Ossetia and Abkhazia. This illustrates the continuous ethno-national tension in the Caucasus, which deepens social insecurity and turns it into an arena for political and economical influences.

In the last months of 2003 and at the beginning of 2004, the accent in world news was put on Georgia, where stormy protests accompanying the parliamentary elections in the autumn led to the election of a new president in January 2004. This change updated many problems and raised new questions about the role of Georgia in the new world. Furthermore, the problem which emerged as the main one was if and to what extent Georgia could decide independently on issues related to its integrity and internal security. Will Tbilisi manage to find a solution which will liberate it from geo-political and geo-economic dependence on Moscow and turn the state into one of the main balancing players in the Caucasus region?

Georgia's economy during the transition period

Excluding Turkmenistan, the events of 9/11 created favorable conditions for the expansion of American influence in the Central Asian republics of neighboring Caucasus. This process is part of a worldwide tendency, oriented towards complete reorganization of the Black Sea-Caspian region on the road to separating Georgia and Azerbaijan from Russia, as well as isolating Erevan from Moscow. Military-strategic reorientation of these geopolitical areas is guaranteed by projects aimed at gradual political, economic and military dependency of the Caucasian countries on the EU, NATO and the USA. Different industry branches, especially the energy industry, are being subsidized and the activity of Tbilisi and Baku as participants in the anti-terror coalition in the USA's and NATO's operations on the Balkans, in Afghanistan and Iraq are being encouraged. Georgia and Azerbaijan are actually acting as allies of the USA and NATO, unlike Armenia, where change is still to come. This outlining alternative is accompanied by escalation of national ethnic and social conflicts.

A typical example of a similar process is Georgia, which is entering the twenty-first century as an unstable country with high unemployment and broad criminality. This is the result of the processes which have taken place in the country in the last decade of the twentieth century. Serious damage has been done to the country's economy, inflicted by the three separate armed conflicts in the region, as well as by years of political instability. The decrease in GDP of the republic between 1990 and 1995 is the largest, compared to those in other former Soviet republics. Georgia has become extremely dependent on foreign financial and humanitarian aid.

But the establishment of relative political stability in the middle of the 1990s has allowed Georgia to make some progress in the renewal of its economic growth.

Table 1. Basic macroeconomic parameters
(in % compared to the previous year)

	1995	1996	1997	1998	1999	2000	2001	2002	2003
GDP	102.6	111.2	110.5	103.1	102.9	101.8	104.8	105.5	108.6
Production from industry	86	107	108	98	107	111	95	107	111
Agriculture	113	106	107	90	108	85	106	99	111
Investments in base capital	151	106	152	180	49	97	111	118	168
Transporting goods	103	94	139	122	107	116	111	113	109
Retail trade	255	121	128	112	105	111	106	104	109
Indexes of prices of industrial production	102	116	106	104	106	102
Index of the consumer countries	263	139	107	104	119	104	105	106	105
Export to countries in CIS	81	136	107	78	100.1	123	109	110	127
Export to other countries	147	123	145	83	154	151	89	95	128
Import from countries in CIS	58	170	126	79	84	101	110	111	124
Import from other countries	363	175	145	102	61	112	101	103	159

Source: CIA World Factbook, December 2003

Almost half (47%) of the income in the country's state budget comes from transporting goods. Georgia provides Azerbaijan with a passage to the West as part of the transit transport from the Caspian region and Central Asia to European countries. This is a positive result from the Great Silk Road project; that is, the trans-Caucasian transport highway.

The private sector in the country is active. It existed during the Soviet era through the well-developed black market, on which everything, from bread to cars was exchanged illegally. The government voted a privatization law right after the announcement of the country's independence, but delayed its implementation until regaining political stability in the mid 1990s. With the help of the International Monetary Fund (IMF), the government lowered inflation from 62% monthly in 1994 to less than 1% monthly in 1997. In September 1995 the Georgian government introduced the national currency, the lari, aiming to stabilize the economy and the standard of living.

In 2001 GDP of the country reached 3.14 billion USD; 21% came from agriculture, including forestry and fish-breeding; 23% of goods were produced from industry, including mining and building; 57% from services, including trade and financial services—all this despite

the fact that the larger part of the country's economy is in the so-called informal sector and outside official economic statistics.

A big problem for the country's economy is the black economy, which has led to a lot of negative consequences. Amongst these are:

- Cutting the tax basis. As a result, the tax load over the legal economy sector has increased.
- A decrease in the competitiveness of the legal economy. This, in its part, has led other areas of the economy to go to the black sector.
- The resource basis for corruption has risen, which in itself increases corruption.
- The huge amount of uncontrolled financial resources allows interference and pressure on state policy and election campaigns at different levels, which also predisposes the growth of corruption.
- The national income has been redistributed to an elite group, conditioned by corruption and control of criminal economy over the black economy. This has led to material status differentiation and to a rise in confrontation in society.
- There is an outflow of capital abroad.
- Uncontrolled trade of low-quality goods and dangerous consumer goods is increasing.
- There is a huge amount of money and other transfers (approximately 500 million dollars annually) outside state control from migrants, who work mainly in Russia, which equals the annual budget of Georgia for 2003. An almost double increase of these receipts is expected in the next years.
- Methodical difficulties in estimating the unregistered economy lead to systematical errors in defining the important economic and social parameters for societal development. This hampers good management decisions at different management levels.

Indicative of the serious presence of the black economy in the post-Soviet regions is the research by Frederic Schneider and Robert Klinglmair:

Table 2. The size of the shadow and official economy (in % of GDP) in the Former Soviet Union–Average 2000/2001

Former Soviet countries			
Georgia	67.3	Kazakhstan	43.2
Azerbaijan	60.6	Latvia	39.9
Ukraine	52.2	Kyrgyzstan	39.8
Belarus	48.1	Estonia	39.1
Armenia	46.3	Uzbekistan	34.1
Russia	46.1	Lithuania	30.3
Moldova	45.1	<u>Average</u>	<u>44.8</u>

Source: Schneider, Fridrich and Klinglmair, Robert: Shadow Economies around the World. Working Paper. No 1167 (2004)

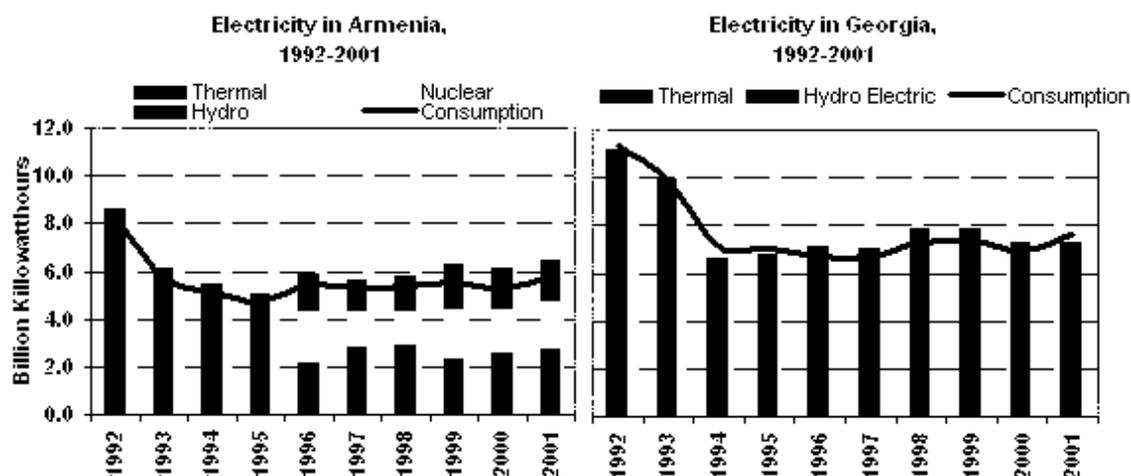
First in the table are two of the three countries in the Caucasian region as percentage of GDP puts them far in front of the other post-Soviet republics. Amongst the former Soviet republics, the highest percentage of the black economy is in Georgia (67.3%), followed by another Caucasian state–Azerbaijan (60.6%).

After the political changes in Georgia at the beginning of 2004, the process of privatization of state property has temporarily ceased until an appropriate privatization mechanism is found, which should be transparent and economically beneficial for the state. The export of Georgian products is the priority for the economic team. With regard to this, measures to help Georgian products are expected to be taken.

Another plan is the creation of a favorable investment climate for foreign business, by which Georgia should prove its competitiveness. It is expected that the balance between the different regions in the country will be reestablished. A special state commission has been founded which develops a project for one-time financial amnesty for companies with liabilities to the state budget, but which also have potential for further development. What the government calls financial amnesty is actually restructuring of debts and their gradual payment. At the moment, a reform of the tax and trade policies is being carried out, expecting to result in contractors having more freedom and possibilities for increasing their financial income, complying with tax discipline. It is not accidental that in 2004, on his visit to Israel, Georgian president Mikhail Saakashvili proudly noted that within the reforms carried out, very soon “the most liberal tax law in the Black Sea region and the former Soviet Union” would be established.

Georgia, along with Armenia, is a highly dependent energy-wise Caucasian country. Both are net energy importers, surrounded by some of the biggest world energy and energy resources suppliers. The main energy priorities of the Caucasian countries are to diversify their energy and energy carriers’ suppliers, as well as to profit from the possibilities for transit transport through their territories. Energy shortage has a negative effect on the Georgian economy.

Figure 1



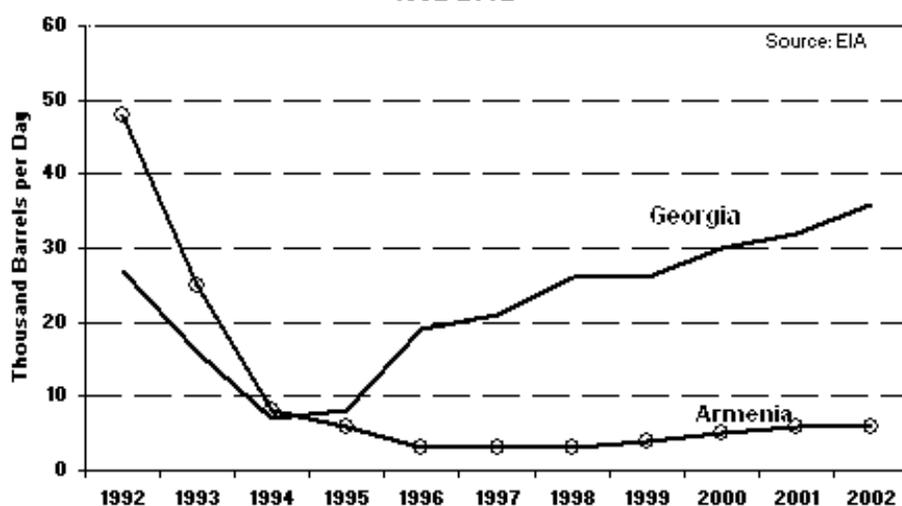
Source: Caucasus Region. 2003. <http://www.eia.doe.gov/cabs/caucasus.html>

Hydro-energy is 80.26% of the whole amount produced in electrical energy in 2001, and its share continues to rise because thermal power stations are closed due to shortage of raw materials (the country cannot pay the import of oil and gas). It is not accidental that Georgia's prime minister, Zurab Zhvania, at the end of 2004 announced that the main priority of the cabinet was the energy industry.¹ After his death at the beginning of 2005, his successor, Zurab Nogaideli, confirmed that in the next 18 months significant projects in the energy system of Georgia are planned to be implemented. According to him, 200 million lari (11 million dollars) in 2005 and another 65 million lari (36.5 million dollars) in 2006 will be used for this purpose. The projects are oriented towards rehabilitation of the existing energy powers as well as towards constructing a new hydro-generated power plant in Gardabani (near Tbilisi)²

Proven oil reserves in Georgia were about 0.3 billion barrels, from which the country yielded 2,000 barrels daily (2002). Oil consumption in the country, however, was 36,000 barrels daily.

Figure 2

**Oil Consumption in Georgia and Armenia
1992-2002**



Source: Central Asia & Caucasus Business Report, 2003

Oil needs are met through supplies from Azerbaijan and Russia. In this triangle, a power constant is Moscow, while Georgia and Azerbaijan are looking for variants and allies to end its geo-economic dependence on the Federation.

The economic parameters highlight Georgia's achievements, which for 2004 are impressive. According to the data from the statistics department of Georgia, GDP for 2004 increased to 8.4%, and the receipts in the state budget increased 1.5 times. As a percentage, the black economy in GDP decreased from 33% to 27%, and in the entrepreneurial sector from 56% to 47%. In 2004, for the first time, Georgia moved above the billion dollars limit in the income part of the budget. In 2003, the state budget was about 450 million dollars and in 2005 it is expected (as the government proudly announced), "Georgia to have a budget which is three times higher than the real budget of Shevardnadze's government"³. The problems, however, remain. They are not very different from the processes accompanying the post-Soviet countries in transition. The differences should be found mainly in the regional specifics and in the geo-strategic plans of the leading countries, whose hostage is Georgia.

Challenges to Georgia's integrity

A divided Georgia at the beginning of the 1990s into the regions of Abkhazia and South Ossetia, as well as the separatist (until March 2004) Ajaria, has increased the dependence of the country on external factors and influences. In Tbilisi, these three regions reluctantly admit that they do not actually answer to the Center.

In historically oriented-towards-Russia South Ossetia and Abkhazia, the main currency is now the ruble, and local residents do not need visas for Russia. In Georgian Javaheti, where the main population is Armenian, naturally, pro-Armenian feelings are stronger. In addition, the Russian military base is still located in Akhalkalaki, served by a large percentage of the local population.

Most active and with most negativism are the relations between Georgia and Abkhazia. Laws governing international relations in a “big-middle-small” triangle are such that the small nation is always afraid of the hegemonic ambitions of the middle nation and is drawn towards the big nation. The buffer role of Russia, which recognizes the territorial integrity of Georgia, but does nothing for the denying of Abkhazian independence, adds fuel to the anti-Russian reaction of Tbilisi. The “pro-Abkhazian” role of the Russian military people (who do not believe in the loyalty of Tbilisi to the presence of Russian bases in the Black Sea) and which Russia cannot lose without finally destroying the balance achieved in the region through the years, becomes a constant source for diplomatic “war”. Tbilisi has been accused numerous times of actively supporting Chechen terrorists and fighters, who in the last years have been using the Pankin defile as their base. The mutual reproaches and actions, however, do not change the fact that Russia, as well as Georgia, do need a beneficial-for-both-sides solution to the Chechen and Abkhazian problems. The success of Chechen terrorists would fundamentally change the geopolitical map of the Caucasus towards Turkey and would make Georgia as vulnerable as Cyprus and Armenia.

Considering the geographical position of Georgia, Russia needs guarantees for its military-strategic positions in the Black Sea. For Moscow, Tbilisi is more important than Sokhumi. Georgia, however, leads quite a risky game against Russia, boosting “pro-Russian Abkhazia”, turning the whole set of relations into a vicious circle. It is not accidental that in the autumn of 1999, Georgian president Shevardnadze announced that Tbilisi had the right to decide whose military bases—those of Russia, Turkey or the USA—would be located on its territory. He was also categorical about the military presence of Russia, which should be dramatically cut as a result of the realization of the Contract for disarming of Europe. His actions are in unison with the commitment made by Russia in 1999 in Istanbul to withdraw their military units from Georgia and Moldova. Five years later, in January 2004, in his first speeches, Saakashvili, the new president also insisted that Russia should give up its “‘eternal military presence’ in Georgia”. Moreover, he appealed to Russia not to interfere in the internal affairs of the country. Saakashvili also noted, that until this happens, Georgia will continue to strengthen its defense abilities and will accentuate its cooperation with NATO.

There is a solid basis for these statements. In the Northern alliance they pay great attention to Georgia, accounting for its stable pro-Western orientation and consider Shevardnadze himself as the most faithful of all leaders of the Commonwealth of the Independent States (CIS)—instrument of the Atlantic strategy in the Black Sea. It is highly unlikely that Saakashvili, his successor, will change this orientation. His policy follows the idea of Georgian integrity which is contradictory to Russian strategic interests in the Caucasus.

Such behavior is welcomed by the USA and the West. Georgia and Azerbaijan play a key role in regard to access of the EU and NATO to the energy resources and the operative theater of the war actions of Transcaucasia. Due to their geography and own political choice, these two countries voluntarily cooperate with the Euro-Atlantic world. It is not accidental that American analyst Vladimir Sokor sees the two advantages of the Caucasus—a unique channel for transporting power supplies from the Caspian Sea to the West—to the countries of the European Union, and giving the antiterrorist coalition access to the Middle East. In unison with contemporary realities is the opinion of America’s secretary of state, Colin Powell, in December 2004, according to whom “the traditionally ‘aggressive’ policy of the USA is oriented towards meeting the challenging problems.”⁴ Powell’s successor, Condoleezza Rice, optimistically said that “now is a time for diplomacy”⁵. Zbignev Bzhezinski insists that if “no foreign affairs difficulties arise, there will be no changes in our [the USA’s—author’s note]

foreign policy course⁶. It is important that the problems of the Caucasian region are controlled in a beneficial-to-Washington way.

American scenario

The realization of this plan is in several different directions:

- A new oil pipeline Baku-Supsa is launched, and through it the “black gold” will be transferred to the West, eliminating Russia. It is expected that the oil yielding will reach its full capacity during the first decade of the twenty-first century.
- At the same time in the USA a decision is made to build a way parallel to the trans-Siberian–Euro-Asian transportation corridor. The railway will connect the East, Central Asia, Central Caucasus, Black Sea and Western Europe and the oil pipeline will connect the Caspian Sea, Central Caucasus, Black Sea, Balkans and Western Europe.
- In direct proportion to these plans is the increasing role and activity of NATO in the region. Washington gives massive military help to Georgia through arm supplies and financial help for buying special arms. During the last years Georgian defence has been formed by American councilors, and there is a gradual transition of the Georgian military machine to NATO rails and through training of Georgian military experts in NATO schools.

Washington’s policy in the Caucasus is in accordance with the “strategy for national security of the USA in the new century”, where there is a special place for this region. “The stability and prosperity of Caucasus and in Central Asia will help to guarantee the stability and security from the Mediterranean to China and to ease the quick intelligence and supplies to the international markets of big reserves of Caspian oil and gas with significant commercial participation of the USA”.

One of the main problems which contradicts the Washington scenarios about world order in the twenty-first century is the Georgian-Abkhazian and Georgian-South Ossetian conflicts, which threaten the realization of American plans for organizing the Silk Road project and the functioning of the oil pipeline.

Neighboring Abkhazia and South Ossetia and the strong pro-Russian feelings in the two regions hamper the integrity of the republic. Moreover, the Abkhazians and South Ossetians are categorical in their refusal to stay within Georgia. Problems are also deepened by the fact that co-operation between the Russian Federation and NATO in the form of Union Russia-NATO does not mean that Russia can enjoy the same status, and consequently rights, as the regular members of the Atlantic alliance. This means that, if necessary, the USA and NATO can ignore Moscow’s national interests in Central Caucasus and the events in the region can follow a scenario beneficial for Washington and Tbilisi.

The US variant for Abkhazia and South Russia can look like this: the Russian army is forced to leave the security zone and is replaced by NATO military units or by countries of CIS with pro-Western orientation, and then the contingence of the alliance to be introduced. Conquering at least part of the Gal region will allow the creation of an Abkhazian “Government in exile”, which can ask the West for help. Neutralizing Russian actions and defending this part of Abkhazian territory until the NATO forces come would allow the assimilation of Abkhazia, and NATO bases could be located on its territory. As a result of this action Russia loses its control over Central Caucasus, and later over the whole North Caucasus. Evidence in this direction is the presence of a large number of NATO ships in the Black Sea,

numerous marina and land force training of NATO and the military forces of Georgia and Turkey and American military-technical help to the Georgian army.

The specific results of such a scenario are fatal for the countries in the region as a military conflict would lead to a humanitarian and ecological catastrophe. Force methods for resolving the conflict would lead to significant economic, financial and human loss and would increase uncontrolled migration. Any hesitation on the narrow coast of Abkhazia would have fatal consequences. An error in directing missiles could lead to unhermetization of the nuclear graveyard on the territory of the Suhumi Physical and Technical Institute, where the first Soviet nuclear bomb was created. The radioactive dust would spread very quickly over the whole Black Sea coast, helped by the movement of air. Of significant importance also is the Ingur hydro-electrical power station, whose dam is in very poor condition, and its destruction would lead to great damage. The dynamics of the events in the region and the unexpected military-political turns cast a doubt on the feasibility of this scenario. The surprising results of the presidential elections in Abkhazia, which confirmed the autonomy of the region and the unsuccessful military actions of Tbilisi towards South Ossetia in the summer of 2004, have left the question of Georgia's integrity open. Complex relations between the USA and their European partners concerning Washington's policy in Asia also influence the processes in the Caucasus.

Russian plans

The decrease of Russian influence in the Caucasian region and the increase of Western influence (mainly American and Turkic) and political, economic and military presence in the region define the tactical priorities of Moscow which are oriented towards solving these problems: guaranteeing military security south and keeping potential alliances.

Georgia has a significant place amongst them. From its territory through sea, air and road communications, Russia could successfully connect with countries from southern Europe, Malaysia, and the Middle and Far East.

Considering the loss of Krum, where at the Black Sea Moscow keeps only one harbor—Novorossiysk, the geopolitical, strategic and economic importance of Abkhazia to Russia is growing. Keeping Sokhumi in the Russian area is of significant importance because it also has a choice in Turkey's direction, which creates Black Sea assembly and begins its actions in the Black Sea.

Moscow's relations with Tehran as its main southern military strategic partner also have significant importance for Russian positions in the region. Not only is Iran the most important transportation junction with passage to India, but also one of the main oil suppliers to Europe, defining world oil prices. Russia has hopes that Iran would be able to calm down the situation around the energy carriers from Central Asia and the Caspian region, through blocking the exit of the transit oil pipelines across Caucasus. In this way, Tehran would ruin the USA and European Union's plans for elimination of Russia from oil transportation in Europe. Russian priorities in Caucasus are in direct connection to the battle for transportation corridors and mainly with their construction or its updating.

In the 1980s the Trans-Caucasian tunnel on the road was built, but the Trans-Caucasian railway track remains unrealized, which makes connection with North and South Ossetia difficult. Its construction would cut tenfold the transfer of goods and military units from North into Central Caucasus to the Turkey-Iran border. During the 1990s, however, the political campaign of the Georgian "green", whose arguments are based on the danger for the

condition of historical monuments in Ossetia, upset the Russian plan. In the autumn of 1999 a member of the political committee of the “green” in Georgia, Iraklii Tchubinishvili, openly announced “the main reason for terminating the construction is a political one, because this road creates strategic possibility for transferring Russian military units from north”.

In the transportation-energy expansion of Turkey the importance of the Trans-Caucasian road is multiplied. This is the successful variant which could destroy the horizontal model of “Euro-Asian highway” (Europe-Caucasus-Asia) through the Russian vertical model of “Moscow-Darial-Tehran”. This is also a realistic chance for Russia to get out of the emerging geopolitical trap in the region.

Russia is playing a complex diplomatic game with Georgia. It is connected less with political resentment and more with the economic dependency of Tbilisi, which has become a stable tendency for bilateral relations in the last decade. More dangerous for Moscow is the fact that in 2004 an alarming tendency in regard to Abkhazia and South Ossetia was outlined. The two rivals for the president’s position in Suhumi becoming one team and the disappearance of the danger of escalation in the South Ossetian conflict in the summer of 2004 were both due to circumstances not related with Moscow. The new president of Abkhazia, Sergei Bagapsh, branded as a pro-Georgian candidate, invited his “pro-Russian” opponent Raul Hadjimba to be his vice president.⁷ Many analysts relate stagnation in Georgian-South Ossetian relations to prime minister Zhvania’s opposition to the policy of “the sword attack” regarding the troubled region, led by new president Saakashvili.⁸ The Rose Revolution, which dethroned president Eduard Shevardnadze and started democratic change in Georgia, is inevitably connected with Saakashvili and Zhvania. People’s dissatisfaction, which during the repeated presidential election on 4 January 2004 was expressed in the form of 96% of votes for Saakashvili, created an opportunity for radical change in political power structures. Moreover, together with the third participant, Ms Nino Burjanadze, in the leading three of the revolution, they created favorable conditions for real change in all spheres of social life in Georgia.

Georgia’s program or “the Saakashvili era”

After the stormy events at the end of 2003 and the beginning of 2004, Georgia was forced to manoeuvre between the USA, Russia, Turkey and Iran. The new president, who was well received by the world, inherited an enormous external debt of 1.7 billion dollars. He was more concerned with the future of the project for a pipeline at the cost of 2.7 billion dollars.⁹ Colin Powell’s appeal of “hands off Georgia!” to Russia in December 2003 was not accidental.¹⁰ For the USA and the West, Georgia is key transit territory for Caspian oil to the Mediterranean, and attention and fears are due to memory of the chaos in the Caucasian republic during the civil war in 1990. The elections were rightly defined as “the small cold war” in Caucasus, in which Washington and Moscow competed in the courting of Tbilisi. Russia announced that it would reschedule Georgia’s debts for energy supplies, and the USA would provide Tbilisi with 21 million dollars for paying pensions and salaries to those involved in the social sector. Great Britain, whose interests in Georgia are represented by British Petroleum, donated 750,000 dollars for organization of the elections, and the IMF promised to renew a suspended dollar credit.

The outcome of this competition, however, was known beforehand—Saakashvili had won. The political comments were that he was a friend of the USA, but the political and economic situation in Caucasus would hardly allow him to be consistent in his pro-American feelings and positions. The fact that one of his first visits was to Moscow gives ground for the

forecast of an imposed-by-the-situation complex maneuvering between the main players in the Caucasian game.

There are several indicative facts. In December 2003 at the meeting of ministers of the Organization for Security and Cooperation in Europe (OSCE), Burjanadze, deputy for the president of Georgia, expressed her fear for the sovereignty of her country with regard to Russia's refusal to sign the preliminary decision for withdrawing its military units from Georgia and the Transdnistria. In January 2004 during her visit to Moscow, however, she declared a significant and positive change in Russian-Georgian relations. In February 2004, Saakashvili during his first visit to Moscow as president, defined the bilateral relation as mutually beneficial.

Formal phrases, however, cannot hide the serious contradictions between Russia and Georgia, which are concentrated in several important differences:

- Abkhazia and South Ossetia find themselves between Georgia's plans for integrity and Russian variants for peaceful regulation of the problem of keeping the existing regimes with pro-Russian orientation
- regarding duration of the Russian military bases in Georgia; Moscow wants to keep them for at least nine years, Tbilisi insists on their closing in no more than three years' time
- the Chechen problem directly connected with refugee camps in the Pankin defile, which are a convenient base for the Chechen terrorists
- in the military sphere: Georgia is striving for cooperation with the USA and NATO
- in economic, military and military-technical cooperation with Russia; Moscow has some interest in the latter two forms of relations, whereas Tbilisi is mainly seeking investments.

Each of these problems is in direct connection with Georgia's internal security which is oriented towards consolidation of power and territory.

Strengthening of Saakashvili's position through appointing a government and electing a parliament, led by his adherents Zhvania and Burjanadze, set the personnel basis for the dynamic changes in Georgia. On 17 February 2004 the Georgian parliament during a special session confirmed a government of four state ministers and 15 ministers led by prime minister Zhvania. This decision was in unison with the accepted same-day changes in the Georgian constitution, through which the Council of Ministers, which had ceased to exist in the middle of the 1990s and respectively the position of prime minister, were reestablished. According to the minister of law, Zurab Adeishvili, with these changes in Georgia there will be "a strong president, and unified government control under the management of the premier and a parliament, controlling the executive power".¹¹ After numerous consultations with the president Saakashvili's candidate, state minister Zhvania and representatives of the different factions in the acting parliament, a date for the parliamentary elections was set—28 March 2004. They were carried out only by the proportional system, as the results of the parliamentary elections from 2 November 2003 had been declared valid.¹²

The Georgian president announced as his absolute priority the regaining of Georgia's state integrity. The challenges on this route are numerous. Parliamentary elections in Georgia were not unproblematic. There are conflicts in the governing triumvirate as well as with the opposition. The political union between Saakashvili, Zhvania and Burjanadze is not secure. There are no close personal nor political relations between them. Besides, the members of the democratic party of Zhvania and Burjanadze, who united with the national movement of Saakashvili for the parliamentary elections, were not happy with the decision of the president's

party to include most of its members in the party election lists. This fact, however, is a natural element of pre-election atmosphere in almost every coalition. More complex is the issue of political opposition, which participated in the parliamentary elections with 11 parties, a large part of them with only a few members and poorly organized. The high threshold (7%) for entering parliament predetermined a negative outcome for many of them. Only the president's party "National Movement–Democrats" and the opposition block "Industrials–New Rights" managed to enter the parliament.¹³ Three parties, including the Civil Union and ex-president Shevardnadze's party boycotted the elections. The countless protests of the opposition after the elections, claiming tampering with election results were unsuccessful.¹⁴

The new power successfully used the parliamentary elections in March 2004 to establish itself in the self-governing region of Ajar. The parliamentary elections, surrounded with enthusiasm and tension, led to a convincing victory of the opposition and to the dethronement of separatist Aslan Abashidze. The pre-election period was marked with the president's ultimatum to the governing body of the autonomous republic for cooperation with the election and the threat of economic blockade. The reaction was the refusal of the loyal-to-Moscow leader to comply with the conditions and the mining of the road on the border point near the Choloki river. The revolutionary enthusiasm of the population, good organization of the supported-by-Tbilisi opposing-to-Abashidze parties in the region and the refusal of Moscow to intervene in this process changed the situation on Ajar.¹⁵ The victory was confirmed with election of the representative of the "Unified National Movement", Mikhail Maharadze for the position of Chairman of the Supreme Council of the Ajar autonomy on 20 July 2004.¹⁶

The "returning to home bosom" of the separatist Black Sea republic, Ajar, is the first step towards Georgia's integrity. Stimulated by this success, the Georgian president begins to implement his ambitious program aimed at resolving the issue of South Ossetia and Abkhazia.

The summer of 2004 was marked with Georgian activity towards South Ossetia. The range of actions was wide—from sending special-mission units by the Ministry of Internal Affairs and tanks, through military conflict and injured Georgian soldiers, to a few unsuccessful attempts of the president's wife to visit the region.¹⁷

There are quick reactions. The commander of the Russian peace force in South Ossetia, general major Sviatoslav Nabzdorov immediately defined the actions of the Georgian security force as "provocative".¹⁸ Also prompt was the reaction of South-Ossetian president Eduard Kokoita, "Well planned aggression".¹⁹

The answer of the Georgian president was impulsive. At a press conference he said, "Georgia is a country with solid borders, and not an undefined territory, which everyone can cavalierly command as a general". (He had in mind general major Nabzdorov.) The president was categorical that if foreign soldiers continued to come to South Ossetia, he promised to force them out of the confines of the Roksk tunnel*. The aggressive tone of Saakashvili, who warned that if there was a conflict in South Ossetia, it would not be an internal one of Georgia, but a conflict between Georgia and Russia, did not go unnoticed. At the same time he was ready for dialogue and reaching of consensus. "We are ready to talk about any status. We want peace, not war."

The reaction of the interested countries was predictable. Washington, through its ambassador Richard Miles, insisted on a political and peaceful solution of the Georgia-Ossetia conflict. Great Britain is also for keeping the integrity of Georgia, but strongly doubts the quick

* The Roksk tunnel is 3.6 km long and connects North and South Ossetia, this way Georgia and Russia. It is convenient for smuggling goods from Russia to Georgia, passing customs control.

and easy achievement of this aim. London expressed its support through sending a representative in Tbilisi—the English diplomat Bill Rammel—at the beginning of July 2004. He openly announced that Great Britain welcomed the efforts of Saakashvili, but not blindly and naively. In his opinion, local elections in 2005 will be a serious test for the speed of progress of Georgia, whose expediter is Georgia's president.

Until now Russia has managed to keep a good tone in Russian-Georgian relations. However, things change. After the Georgia-Ossetia conflict the government of South Ossetia officially turned to Russia with an appeal for protection. Analogue intentions were shown by Abkhazia, where the forthcoming presidential elections are increasing tension and instability in the region.

During the last months of 2004 Abkhazia was in world news again. The presidential elections turned out to be yet another occasion for escalation of tension between Tbilisi and Moscow. Each side was trying to implement its plans through the main candidates for president—Raul Hadjimba and Sergei Bagapsh. Countless were the precedents which accompanied the presidential elections in Abkhazia—partial repudiation of the election's results by CEC in the neighboring Georgia Gal region, repeated elections won by Sergei Bagapsh and signing an Agreement between the two rivals, which “reestablishes the national unity and overcomes the schism in the society”.²⁰ The political crisis in the non-recognized republic ends on 12 February 2005 when the inauguration of Sergei Bagapsh as president of Abkhazia takes place.²¹ His vice president is his political opponent Raul Hadjimba, which is a precedent in the world's practice in presidential elections. The political compromise reached stabilizes national unity, but not the security of Abkhazia. At this stage Tbilisi for yet another time loses the battle for integrating the enclave into Georgia. Moscow is happy as both opponents, and then the president's team are closely connected with Russian economic and political interests and no change in the policy of Suhumi is expected.²²

The situation in Russia became more complicated after the tragic events in Beslan (North Ossetia) and other terrorist actions on the territory of the Federation. Conditions for Russian president Vladimir Putin to form the main foreign policy priority—war on terrorism outside Russian territory—as well, were created. This scared Tbilisi, but incited Tshivali (the capital of South Ossetia). According to the Minister of Foreign Affairs of South Ossetia, Murat Djooev, his government agreed Russian military bases, which are in Georgia, to be located on the territory of South Ossetia.²³

Meanwhile, the beginning of 2005 was Georgian president Saakashvili's first-year anniversary. It coincided with several events which represent tendencies in the Tbilisi-Tshivali-Suhumi triangle.

- The unexpected death of Georgian prime minister Zhvania at the beginning of February 2005 disturbs the established political balance between playing the role of political-shock-absorber Zhvania and the inclined-towards-radical-actions Saakashvili. His successor Zurab Noghaideli and his government, in which the president's people prevail, announced that it would continue the policy of Zhvania.²⁴ But would it be possible for Noghaideli to carry out his own policy and be a real opponent and balancer of the president as his predecessor was?
- The visit of the Russian foreign minister in Tbilisi in the middle of February 2005 activated dialogue between Russia and Georgia.²⁵ As a whole it didn't have much success.²⁶ The main issues—the fate of the Russian military bases (Batumi and Alhalaki) in Georgia, (despite the reached agreement for their reconstruction as a cooperate Russian-Georgian antiterrorist center) and the disputed-by-Tbilisi role of Moscow in the Georgia-Ossetia and Georgia-Abkhazia conflicts still remain unsolved.

- The aftermath made by Saakashvili concerning national security of Georgia is really sad. For one year he did not manage to achieve the two main aims—Georgia’s integrity and “the hand of friendship to Russia”.²⁷ Moreover, Georgian authorities admit that the forced intervention in South Ossetia in the summer of 2004 was a mistake. But at the same time they report that the “huge flow of smuggling” through the Roksk tunnel no longer exists.²⁸
- In his speech before PACE the Georgian president presents his new plan for resolving the issue of South Ossetia.²⁹ He assures that “the new steps towards regaining territorial integrity will be more considered and adequate in the created situation. The essence of the plan is establishing autonomy for South Ossetia and giving it financial aid, but not independence.”³⁰ The problem with the unwillingness of South Ossetians to become part of Georgia and repeat the fate of Ajar, called by a western diplomat “Potemkin autonomy”, still remains unsolved. The series of kidnappings from both South Ossetian and Georgian sides casts a doubt on the peaceful resolution of this problem. There is a great danger of defrosting this “frozen conflict”.
- The meeting between the American and Russian presidents in Bratislava in February 2005 outlines the increasing role of Russia for the USA as an important partner in the fight against terrorism and in resolving the problems in Asia. This moves to the background of the American priorities Georgian integrity and its generous financing. According to the management of resources of the State Department of the USA, Georgia is after Ukraine concerning financial aid from the USA for the 2006 fiscal year. Georgia will receive 80.2 million dollars in economic aid for training military staff and financing defense supplies and services from the USA. According to the same program, Ukraine initially should have received 105.2 million dollars, which later became 150 million dollars.³¹

In the complex Caucasian imperial ambitions, impulsive decisions, geo-economic interests and the fight for strategic prevalence are interwoven, and part of this solitaire is the Georgian republic torn by ethno-national conflicts. The problems of internal security and stability in Georgia in their Abkhazian–South Ossetian context are once again restricted in the framework of Moscow-Tbilisi.

What are Russia’s alternatives?

- Forceful solution of the Georgia-Ossetia conflict, which would be on an ethnic basis. This could be war or a low-intensity conflict between Georgia and South Ossetia, which could last for a long period of time. Neutralization of this possibility maybe is the efficient realization of the mandate, which Russian peace forces in Ossetia possess, according to the Agreement from 1992, signed in Sochi. Another question is who will win this conflict and when?
- Diplomacy means Russia repeatedly appeals to the two countries to start negotiations for peaceful solution of this process. According to Moscow, the decision of the Mixed Committee from 2 June and 15 July 2004 should be implemented.

Alternatives before Georgia:

- Stepping back (or maybe postponing): the impossibility of Georgia to self-dependently decide the joining of South Ossetia and Abkhazia, predetermines the retreat of Saakashvili on the issue of state integrity of the country. Moreover, the USA and the West do not want Tbilisi to initiate new military-political and economic chaos in the region in striving to achieve Georgian integrity. In the last

months Washington has clearly shown that Georgia should solve its problems in a peaceful way, without a confrontation with Russia.

- The radical way: Regardless of the price, Tbilisi goes the way of war, which will send the country back several decades.

Conclusion

The change of power in Tbilisi in the end of 2003 changes Georgia. The changes are not only in the new political elite, but in the active solving of problems directly related to internal security and state stability. The question about Georgia's integrity is once again on the agenda and it is directly connected with South Ossetia and Abkhazia, which do not recognize the authorities in Tbilisi. This problem is not resolved after the border incidents between Tbilisi and Tzhinvali in the summer of 2004, nor after the presidential elections in Abkhazia in the autumn of the same year.

The changes in the post-soviet space after the "orange revolution" in Ukraine and the "tulip revolution" in Kirgizstan increase the chance for real democratization of these territories. They increase the chance Georgia to solve the important issue of withdrawal of the Russian military bases, which is of importance for its sovereignty and stability. And the hope remains that these processes will help regulate the relations between Georgia and Russia and the issues of military bases and the ambiguous status of the border regions between the two state-regions (South Ossetia and Abkhazia).

The changes in regional and sub-regional aspect create possibilities for new methods and variants for solving the filled with historical negativism issues of the Caucasus region, whose geo-strategic location increases the need for its stability and security.

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