

# THREATS OF RUSSIAN HARD AND SOFT POWER IN GEORGIA



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## PREFACE

Russia has been playing an extremely negative role in Georgia's modern development. This is demonstrated by the de-facto annexation of almost 20% of the territory of Georgia, and also by constant attempts to change the foreign policy choices that Georgia has made, as well as their excessive interference in the domestic political processes and explicit usage of various methods of influence, including aggression. Russia has been doing this since 1990, after the collapse of the Soviet Union, and, since then, changes of power in Moscow have only intensified this behavior. Russia's action regarding Georgia is not unique. Russia treats its own neighbors the same way, including those who they consider to be their official allies. Russia's goal is to have satellite states in the territory of the former Soviet empire, which should act as a certain buffer in relation to the rest of the world. By 'reviving' the superstate status of Moscow, the Russian authorities try to overshadow the necessity of reforms in the country and to divert the public opinion from domestic problems to foreign affairs. Regardless of what motivates Russia, as Georgia experiences the same impact – the existence of a successful democratic state perceived by Russia's ruling regime as a direct threat and thus uses every mechanism to oppose it.

Despite the above-mentioned issues, recently there has been a certain trend of "understanding" Russia among the Georgian political elite and society. Social surveys prove that Georgia's Western choice is still irreversible. Nevertheless, the same polls indicate that the number of supporters of a so-called northern vector has increased as well. Today, we often hear the opinion that Russia is maybe not the best, but still the most pragmatic choice for Georgia among the available options, because, according to this school of thought, the European and Euro-Atlantic integration lacks prospects.

On the other hand, there are some new features in the foreign policy methodology of Russia. Parallel to its hard power, Moscow is increasingly referring to some kind of mixture of so-called soft power in the international arena. This mixture, as a rule, is a varied form of economic and ideological penetration. For this, Russia finds what it considers 'fertile' soil within the territory of the former Soviet Union, where Russian language is still used for international communication in much of the society, and 'linkages' to the Soviet period still exist.

This paper does not necessarily aim at 'understanding' Russia – as we have already mentioned, our main assumption is that the interests of present-day Russia diametrically oppose even the existence of an independent and democratic Georgia. The purpose of this research is to better understand the types of political-economic or other leverages that Moscow uses, which can be used to influence the ongoing political processes in Georgia; to evaluate and measure the present-day situation, as well as the threats and risks that may emerge in the nearest future.

The paper was prepared by a group of experts and the working process consisted of several stages. First of all, we selected the areas that we thought would most clearly demonstrate that Russia has been using complex methods with regards to Georgia. Alongside elaboration of primary sources within the remit of the research, there were field studies conducted in the regions populated by ethnic minorities (Kvemo Kartli and Samtskhe-Javakheti). Several focus group discussions

were held and face-to-face in-depth interviews were arranged with decision makers and experts in Georgia.

The following dominant narratives were identified for assessing Russia's influences and leverages for affecting political processes in Georgia:

- Russia's 'soft power': influence on the media, political organizations and civil society;
- Economic relations between Georgia and Russia;
- Russia's hard power: occupied territories and security.

The paper provides a detailed study of the impact of Russian propaganda on the Georgian media, and presents significant information about the Russian funding and involvement of pro-Russian discourse in political parties and community organizations.

The paper analyzes the economic relations between Russia and Georgia in details including trade relations between the two countries, dynamics of investment and financial relations, as well as the current situation in this respect in several important industries of the economy.

Obviously, we could not avoid the annexation processes that takes place in conflict zones taking place there, which is not limited to dislocating Russian military officers in the region only, and aims at turning the local institutions and society into a supplement to Russia. The paper also speaks about the threats that are related to the probability of direct aggression against Georgia by Russia, actions of Moscow in the region – not only in the North Caucasus, but also in Armenia (where the Russian military bases are located) and in Azerbaijan.

The paper includes an analysis of threats and risks, and also provides recommendations for addressing them. This research is intended for the public sector, as well as for the NGOs and international organizations, the media and other stakeholders.

This paper could not cover all the aspects of Russia-Georgia relations. The main purpose of the research was to study the existing and possible mechanisms of the Russian influence. In this respect, and especially considering its complex nature, the research is a novelty by itself. However, further study needs to be conducted in many different directions.

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## CHAPTER I

### 1. Russian 'Soft Power'

For Russia, 'soft power' is one of its active weapons for creating a necessary ideological and political platform, which the Kremlin has been using overtly and very intensively.

Russia has institutionalized 'soft power' at state level, thus completely formalizing its usage as a weapon of political battle. Active reflection of the concept of 'soft power' in state documents started in 2007 found in important documents<sup>1</sup>, such as:

- **Russian Foreign Policy Review – 2007;**
- **Russian State Security Strategy – 2009;**
- **Russian Foreign Policy Concept – 2013;**
- **Russian State Security Strategy – 2015.**

These documents contain the following statement about the media: "main objective of Russia is to conduct an effective information campaign anywhere, where the Russian interests are facing challenges; also, to ensure broad public consent regarding the Russian foreign policy". Besides, it is also pointed out that: "Russia will develop effective means for gaining influence in regards to information about the public opinion outside its borders, strengthen the role of the Russian media at the international arena by the state support, and implement respective activities to confront information threats, which are linked to its sovereignty and security". The documents also recommend limiting foreign broadcasting in Russia and expanding the Russian media abroad.

Against the background where the main source of the Russian 'soft power' policy is a propagandist, aggressive, anti-Western and anti-American information campaign, uncontrolled and unregulated broadcasting of Russian channels in the TV space of Georgia creating fertile ground for nurturing anti-Western feelings.

Clearly, the freedom of media is significantly limited in Russia, and the Kremlin controls most of it either directly, or through its mediators. According to the World Press Freedom Index of 2015<sup>2</sup>, which is conducted in 180 countries, Russia ranks 152<sup>nd</sup>. The report says that the authorities use the leading Russian televisions for propaganda. Hence, it is obvious that the Russian government channels explicitly supports the Kremlin propaganda in the country and abroad.

While the Russian propaganda machine has adopted a certain passive position in the international arena for years, it has changed its policy in this respect recently, and shifted towards an aggressive and attacking strategy. It became especially visible during the Ukrainian revolution in 2014.

It is noteworthy that the state advisory assembly of the Russian Federation (the State Duma) supported a law with an absolute majority in 2014, which envisaged restricting the share of foreign ownership in any Russian media outlet to 20 percent. At the same time, it has banned financing and operating a media outlet by foreign legal entities or natural persons, including Russians holding double citizenship.

There were other amendments made to the legislation, according to which the foreign TV channels are required to obtain a local license for broadcasting. It should be mentioned that CNN tried to get this license, but unsuccessfully, after which it had to discontinue its broadcasting via the Russian cable networks. Due to the restrictions imposed by the Russian authorities, the reputable international media-organizations, such as the BBC, Voice of America, Deutsche Welle and others left the Russian media landscape.

On 23 March 2015, CNN managed to obtain the right to broadcast in Russia again for 10 years, though no other media-holdings were able to restore broadcasting activities, even the BBC or the Voice of America.

According to the expert evaluation<sup>3</sup>, after this decision the anti-Western propaganda and nationalist disposition reached the same peak in Russia that existed during the Cold War, and in some aspects even exceeded it. This is proved through various researches that study the public opinion and dispositions in Russia.

“I remember the war of Afghanistan, and the Korean war also took place not a very long ago; besides, the combat operations in the Middle East, Latin America and Vietnam, but never ever has there been so amplified anti-western campaign during my life,” said the Russian philosopher and writer Mikhail Veller on the radio station Echo of Moscow (Echo Moskvi) when commenting on the war rhetoric developed in the Russian media after the downing of a Russian airplane by Turkey.<sup>4</sup>

*“When the smart, educated and intellectual and not very young people say via the central federal channels that nuclear weapons should be used against Istanbul, this is an indicator that the mass psychosis has started here.”*

*Mikhail Veller, “Echo of Moscow”, November 29, 2015.*

Against this background, it is no wonder that according to the polls conducted by the independent polling organization Levada-Center, the negative attitude of the Russian population towards the US and the EU has reached a historical maximum.<sup>5</sup> (Table 1, 2.)

Table: 1.

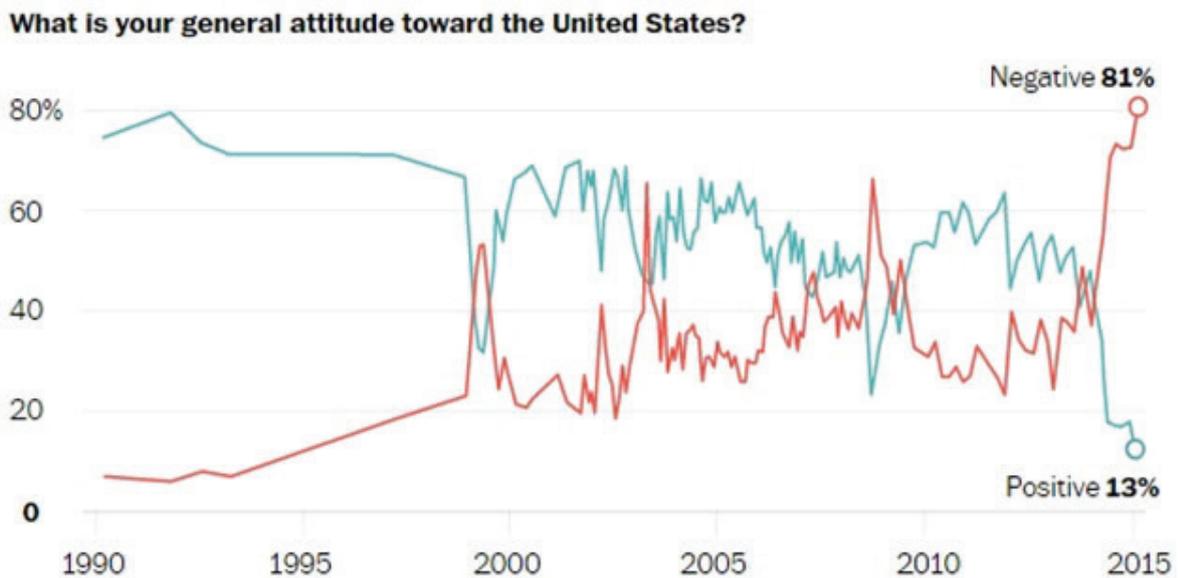
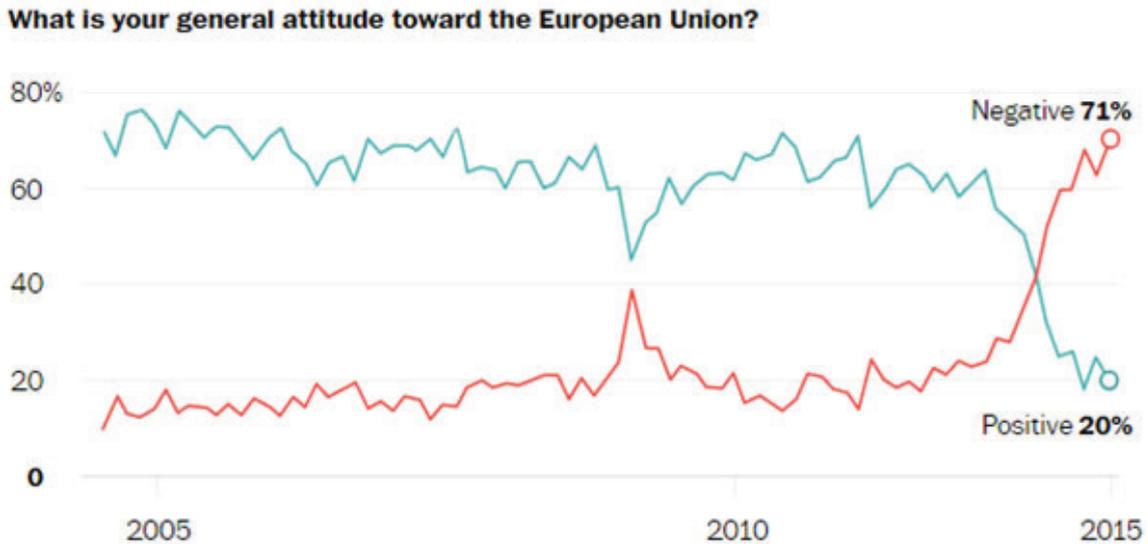


Table 2.



Source: Polling Organization Levada-Center

Based on the data of the Levada-Center, parallel to the anti-Western dispositions among the public, Putin's rating is increasing at record speed. According to the data of June 2015, 89% of the Russian population supports Putin's policy.

The analysts link the amplified propaganda and institution of total control over the media by Russia to the governance style of President Vladimir Putin. Observing the news policy of the Kremlin clearly demonstrates that Putin has taken information propaganda into the context of national security, and this way he tries to significantly influence the opinions and attitudes of a domestic and international community.

### 1. 1. Russian Propaganda in Georgia

Together with Georgia's deepened Euro-Atlantic integration, Russian soft power is becoming more active in the country.

On 18 December 2015, the European Commission published the fourth and final report on the Visa Liberalization Action Plan, pointing out that the state has met all the undertakings. With this decision, the European Union in fact gave a green light for the short-term visa-free travel of the citizens of Georgia to the Schengen-affiliated member states<sup>6</sup>.

The civil or political spectrum in Georgia, where the visa denial rate for the Schengen zone has been the highest in the region<sup>7</sup>, perceived this novelty as a very important and practical advancement on the way towards European integration.

It is noteworthy that the Russian President made quite a noticeable statement just a day before the report was published by the European Commission. "We are ready to cancel the visa regime with Georgia," said Putin at his annual news conference, which was held in Moscow on 17 December 2015. There were also specific steps taken alongside the statement, and the Foreign Ministry

of Russia also confirmed that a simplified visa regime would be enacted for the citizens of Georgia from 23 December 2015.

Georgian citizens will get business, working, student and humanitarian multi-entry and also private visas irrespective of relationship ties between the inviting and invited persons. It is noteworthy that so far it has been very complicated to obtain a Russian visa. Doing so was only possible based on official invitation of a very close relative or a Russian organization.

It is noteworthy that, unlike the West, which requires structural reforms and the institution of high democratic standards for more integration, Russia mostly requests that Georgia drops these values and the Euro-Atlantic integration in exchange for normalized economic or civil-political relations.

The Kremlin's decision to simplify visas for the Georgian citizens is a counterbalancing initiative of the successful visa dialogue taking place between Georgia and the European Union, through which Russia tries to somehow compete with the West and maintain attractiveness for the citizens of Georgia, against the background of an increasing Euro-Atlantic integration.

Although Georgia's Euro-Atlantic integration is an explicitly dominant choice of its population, the recent polls clearly indicate that the pro-Russian attitudes have increased among the public since 2012. This is caused by increased Russian propaganda and, in some cases, by the increased Euro-skepticism, and in addition, through very complex factors, which will be discussed below.

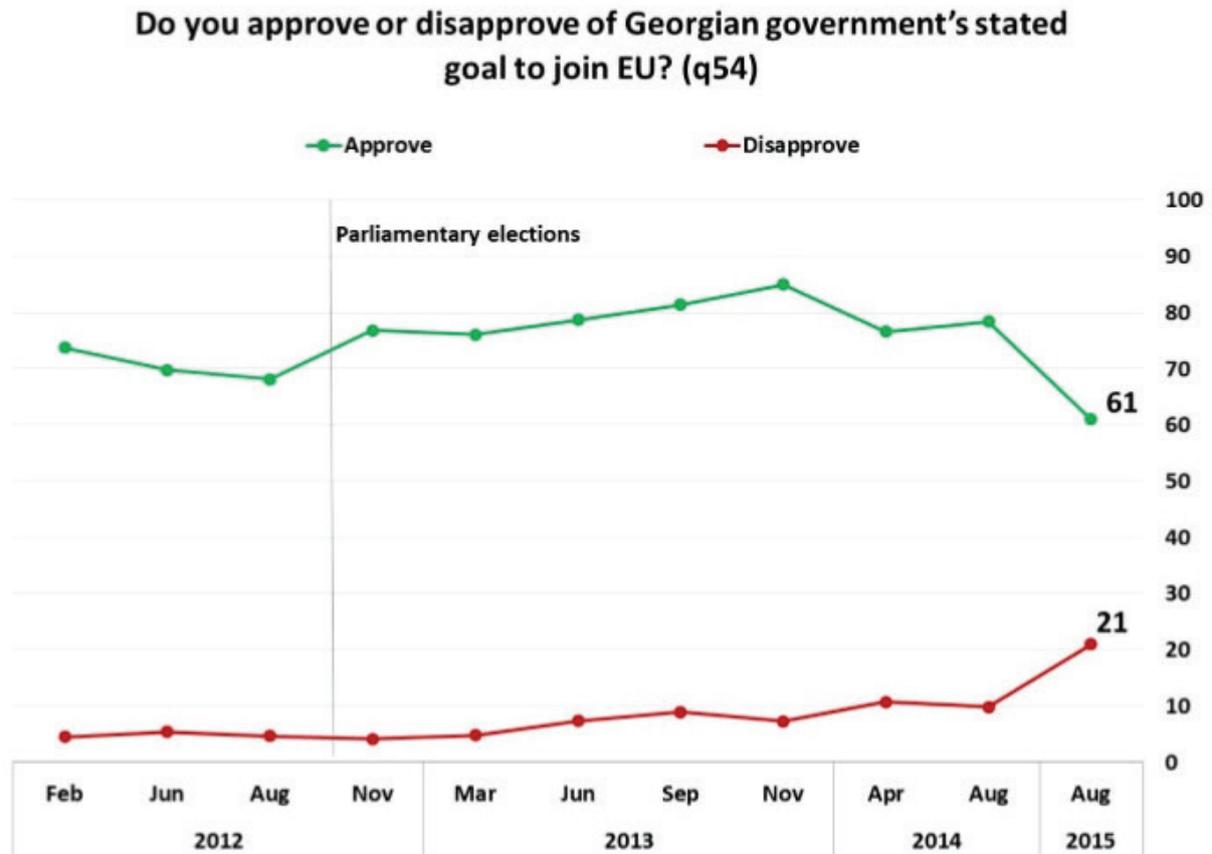
The American National Democratic Institution (NDI) and CRRC-Georgia conducted a public opinion poll in August 2015. According to the survey, 28% of respondents said that they support Georgia's membership in the Eurasian Union, which was founded by the Russian Federation, Belarus and Kazakhstan<sup>8</sup>. However, according to the data of 2013, only 11% of the respondents supported membership of the Eurasian Union<sup>9</sup>.

Parallel to this, 54% of the respondents supported the Euro-Atlantic integration in the polls held in August 2014, however within a year this rate has reduced to 45% in 2015.<sup>10</sup>

(According to the survey held in November-December, 2015 by the same organization, the number of supporters of the Eurasian Union decreased to 24%, and supporters of Georgia's membership in the European Union increased up to 58%. However, it is noteworthy that unlike the previous survey, the districts populated by the ethnic minorities of Georgia did not participate in this survey).

Table 1, which reflects the results of polls done by the NDI and the CRRC in 2015 about the support toward the goal of the Government of Georgia to become an EU member state, clearly speaks about the dynamics of the population's disposition for the last three and a half years – from February 2012 until August 2015.<sup>11</sup>

Table 3.



<sup>12</sup> Source: National Democratic Institute;

Such a trend is observed in another poll, which the Eurasian Partnership Foundation published in November 2015<sup>13</sup>. Specifically, according to this study, the “very positive” general attitude about the European Union has decreased from 16% (2009) to 12% (2015), and “more positive than negative” decreased from 35% to 28%, but the “very negative” attitude increased from 1% to 5% during the same time period.<sup>14</sup>

One of the results of this trend is the increased popularity of those political forces, which support the implementation of the pro-Russian agenda in Georgia.<sup>15</sup>

Despite the existing studies showing that today the majority of the population of Georgia supports the country's Euro-Atlantic integration, the above-mentioned trend undoubtedly creates grounds for some concern, and speaks of the necessity for the political elite of Georgia and the civil society, as well as by Western friends to take active steps.

This is important in as much as Russia's influence and propaganda became more amplified since 2014, after the Ukraine Revolution and activation of the Eastern Partnership Policy by the EU. This is the period that marks amplification of the Russian ‘soft power’ not only in Ukraine and Georgia, but also in other post-Soviet states and other countries of Western Europe.

Georgia and the EU signed an Association Agreement in June 2014, which envisages profound reforming of the state system of Georgia, and on the other hand the Deep and Comprehensive Free Trade Agreement provides an opportunity to the country to access the EU market.

Against this background, the current administration of the Russian Federation, which is guided by the imperialistic clichés of the Soviet period, think that the European integration of Georgia and other post-Soviet countries pose a strategic threat and exacerbates an ideological fight against it.

On 7 March 2013, the Parliament of Georgia, both the majority and minority, adopted a resolution according to which integration in European and Euro-Atlantic structures represents a key priority of the country's foreign policy. This resolution restricts Georgia's membership in those international organizations, which contradicts the country's Euro-Atlantic choice<sup>16</sup>.

It is noteworthy that in the existing political environment, the current policy of Russia is so unacceptable for the majority of the Georgian population that the forces of pro-Russian influence often use indirect activities – discretization of the West and at the same time praising Russia, thereby shaking the authorities of democratic values in exchange to glorifying the President Vladimir Putin's ideal state.

All of this is proved by the fact that none of the political forces, which is considered as implementers of a Russian agenda in Georgia, does not admit to it openly in their party program or even at the declarative level<sup>17</sup>.

It should be pointed out clearly that the bulk of the current political establishment of Georgia as well as the NGO sector and the media support the country's European choice. At the same time, it is worth considering that recently Russia has been intensively strengthening the favorable political climate and creating the public disposition. To this effect, together with political parties and the media, Russia's major focus is directed toward the NGOs and the church.

## **1.2. Russian-language media in Georgia**

Today, together with the development of cutting-edge technologies and the Internet, the role of television is decreasing as significant room is given to social media. Despite this, recently the television in Georgia will undoubtedly remain a dominant source of information for the majority of the population in the country.

According to the NDI study<sup>18</sup> conducted in April 2015, 88% of the population of Georgia (this number is 94% if the secondary source is included) say that their main source of information is television and the number of individuals who primarily use the Internet for information is only 7%.

Considering this indicator, it is clear that televisions are key instruments for the (pro)Russian propaganda in Georgia. However, parallel to the stable and irreversible growth of internet users, pro-Russian internet-publications are increasing (both qualitatively and quantitatively).

Currently, Russia's agenda is more or less intensively implemented by the Russian media, as well as by the Georgian media outlets with pro-Russian and anti-Western sentiments.

Unlike other post-Soviet countries, where ethnic Russians constitute a reasonable part of the population (Latvia – 26.2%, Estonia – 24.8%, Ukraine 17.3%), their number is very small in Georgia (1.5%). Thus, Russia's main anchor in our country is not ethnic Russians, but other politically motivated groups.

It is worth mentioning that for the vast majority of the population of Georgia, the Russian language is still a significant means of communication and information. According to the CRRC study “Caucasus Barometer 2013”<sup>19</sup>, 70% of the population of Georgia says that they have a good command of the Russian language, whereas only 21% said the same about English.

Unlike the Russian language, the indicator of which has not changed in recent years, the number of English-speaking people is steadily increasing every year (according to the CRRC study, this figure was 12% in 2008). However, the influence of the Russian language is still clearly dominant and it is possible to say that it is a dominant language in Georgia, especially in the regions populated by ethnic minorities (Kvemo Kartli, Samtskhe-Javakheti).

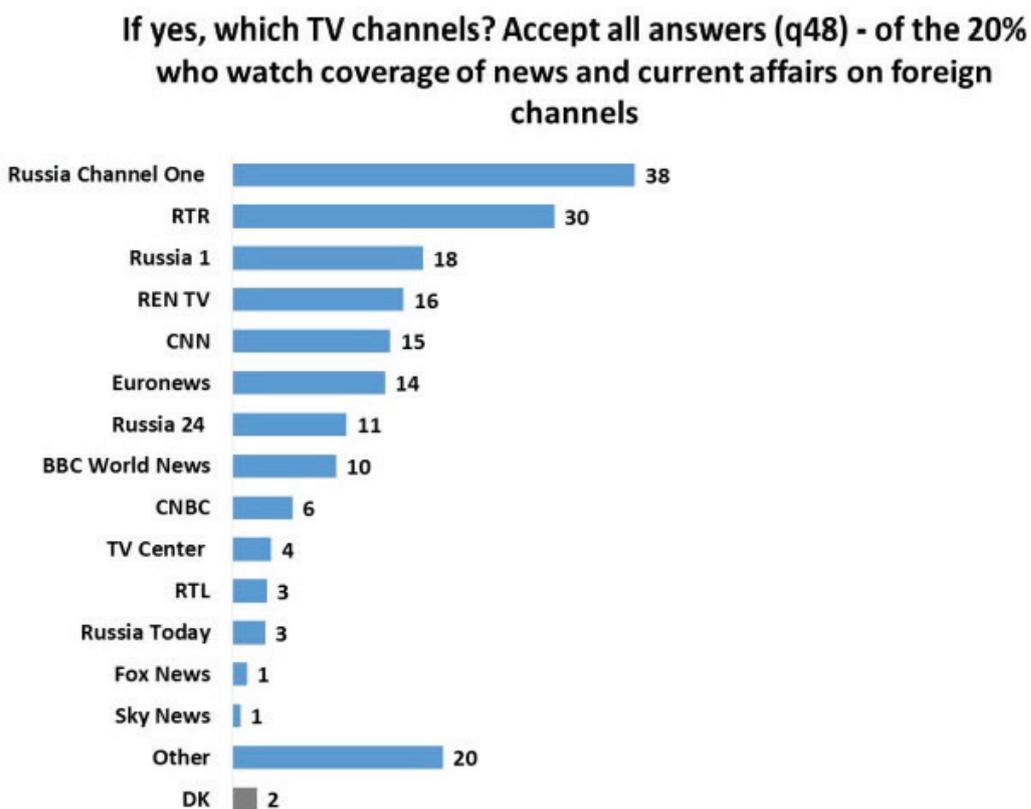
Against the background of the analysis of this reality, the threat of Russian-language propaganda for Georgia is evident, especially when we measure the scope of influence of the Russian language and news media in the regions populated by ethnic minorities.

Predominantly, the ethnic minorities in Georgia include Azerbaijanis (6.5% of the population) and Armenians (5.7%), whose civic engagement and integration rate is significantly low. Besides, Russian is largely the main language for them to communicate with one another and with ethnic Georgians.

There is an additional challenge created by the fact that these minorities are compactly residing in bordering regions, increasing their vulnerability to Russian propaganda.

According to the public opinion poll commission by the NDI and implemented in April 2015, 53% of the population in the regions populated by ethnic minorities get information about politics and current events from foreign news media, and here the Russian propagandistic channels are explicitly dominant among these foreign channels (see the Table 4.).<sup>20</sup>

Table 4.



Considering that the majority of ethnic minorities do not possess the Georgian language, there is a big threat that they are being easily influenced by the Russian ideology, which may create significant challenges for the national security of Georgia.

After the war of 2008, upon the initiative of the authorities of that time, broadcasting transmission of all Russian channels was blocked in Georgia. The cable broadcasters had to remove Russian channels from their packages, although the main reason for this was the political will of the authorities and not a new regulation or legislative amendment. According to the interviews held with stakeholders shows that this decision was made as a result of pressure from the authorities.

After the parliamentary elections of 2012, the Georgian Dream came into power, whose main election promise was to regulate relations with Russia. With the coming of a new political force, the cable broadcasters actively started to include Russian channels in their packages, and after a year all the cable operators offered a broad variety of Russian channels to their customers.

It was in June 2012, four months before the Parliamentary elections, when Global TV, whose main shareholder was a brother of the Prime Minister Bidzina Ivanishvili<sup>21</sup>, added the Russian channels to its cable broadcasting. This decision was clearly of a political nature by that time, and carried some risks as well.

After the opposition came into power after the parliamentary elections in 2012, Global TV's case conveyed a certain message to other cable broadcasters about what the state policy would be in this direction.

As a consequence, there was a re-emergence of Russian channels, which are undoubtedly influenced by the Russian authorities, and represent a key weapon in the propagandistic arsenal of the Kremlin, and they are unlimitedly broadcasting across the whole territory of Georgia, which creates a threat of influencing the population of Georgia in the Russian ideology, and consequently, inciting anti-Western perspectives.

It was found that after interviewing the representatives of cable operators<sup>22</sup> none of them had conducted any public opinion polls or surveys on identifying if there was a demand for Russian channels in Georgia.

The interviews suggest that the Georgian cable broadcasters pay quite a significant amount of money for the broadcasting of Russian channels. Despite this, there is no analysis available of the contents of these channels by the cable operators or by the Georgian National Communications Agency.

According to the statement<sup>23</sup> of Vakhtang Abashidze, chairman of the National Communications Agency, after the change of authorities, the cable companies decided themselves to negotiate with Russian channels based on market demand independent of any political conjuncture.

It should be pointed out that the effective legislation of Georgia does not envisage the possibility of banning any particular channel of any country, including Russia. The cable operators decide themselves which channels of which countries to offer to their subscribers. The Commission's authority is only limited to oversight that there are respective agreements and permits for the broadcasting of channels offered to customers by cable operators, to ensure that broadcasting of channels is implemented lawfully in the territory of Georgia.<sup>24</sup>

However, there is a noteworthy detail here: while the content of Georgian TV channels are subjected to regulation with regards to observing the ethical standards of journalism<sup>25</sup> (e.g. propaganda of violence or war) and are monitored in this respect by the National Communications Commissions, the foreign channels, including Russian channels, are beyond such regulations. This carries significant risks especially if we consider that Russia is conducting intensive propaganda.

In this regard, there was a noteworthy attempt by Channel One of Russia to broadcast on the Georgian TV channel “Stereo +”.

**Main means to stay informed through TV are:**

- Over-the-air broadcasting via frequencies (digital broadcaster), number of users 250,000-300,000; which is 22,87% - 27,44% of the total audience.
- Media authorized to transit broadcasting (cable broadcasting), number of subscribers is 443,177; which is 40,54% of the total audience.
- Satellite broadcasting (individual satellite dishes) is 350,000–400,000; which is 32,01% - 36,59% of the total audience.
- Total number of users - 1,093,177.

Article 37 of the Law on Broadcasting imposes limitations for authorized stations owned by a foreign state, or a station linked to a state. However, it includes an exception for those agreed upon in international treaties with Georgia. According to this article, Georgia needs to sign an agreement with the Russian authorities in order to allow a channel which belongs to the Russian state, or is linked to it, to broadcast in Georgia, which is virtually impossible. The provision limits only digital broadcasting,, not cable. Correspondingly, we the effect of this article should extend to cable broadcastings as well.

On 26 November 2015, the Georgian National Communications Commission, one of the functions of which is to regulate broadcasting activities in Georgia, restricted the Georgian R.B.G. Ltd, which has been rebroadcasting Channel One of the Russian State Television (ORT), from broadcasting due to a violation of regulation rules, and imposed a fine of 2,500 GEL<sup>26</sup>. However, before this, the Commission had warned the same company in June of the same year for broadcasting the ORT’s programs in the Russian language, and obliged it to rectify the violation immediately.

R.B.G. Ltd is an authorized broadcaster, which transmitted the programs of the Russian ORT via the TV channel “Stereo +”. It is noteworthy that, after the warning, R.B.G. Ltd changed its tactics and started to transmit ORT’s entertainment TV production with an ORT logo, but translated into Georgian on “Stereo +”.

Accordingly, the Georgian NGO Institute for Development of Freedom of Information (IDFI) applied to the Communications Commission, stating that R.B.G. Ltd was violating the rules of broadcasting regulation and requested an adequate reaction from the Commission.

According to the IDFI statement, programs of this channel are produced by the Public Broadcaster of the Russian Federation in the Russian language and are dubbed in Georgian, i.e. a Georgian version of ORT. Despite R.B.G. Ltd sending a respective agreement signed by the ORT to the Communications Commission, the latter considered that the company was violating Article 52 of

the Law of Georgia on Broadcasting, according to which “broadcasters are obliged to take all the measures for ensuring due accuracy of facts provided in the programs, and rectify inaccuracies on time”. So, regarding the content aired by the channel created in the Russian Federation, it would not be able to abide by the regulations, which are observed by other Georgian broadcasters. Correspondingly, “the broadcaster cannot take responsibility in the part of obligations of due accuracy, correction and rejection<sup>27</sup>”.

Other than these circumstances, according to the IDFI statement, the plan for financing the activities and information about the funding sources, and the data about the broadcasting concept are not transparent: “it is clear that the data about the sources indicated in the declaration on funding at the GNCC are inaccurate, because there are zero revenues observed based on the two-month data, and it is not clear where from funds in the amount of more than 22,000 GEL are allocated for financing the expenses related to content dubbing and aggregation and broadcasting”.<sup>28</sup> In response to this, the director of the R.B.G Ltd declared to the GNCC that the company had a loan and, consequently, all expenses were covered from the money taken from this loan.

As the R.B.G. director stated at the GNCC meeting, the company has taken a loan in Switzerland. Based on this loan agreement, the company was receiving USD 25,000.

Eventually, the GNCC concluded that with the purpose of eliminating the violation, the R.B.G Ltd should be obligated to “immediately stop broadcasting of those TV programs, for which the company has not acquired the right of lawful dissemination throughout the territory of Georgia pursuant to the rule established by the legislation of Georgia.”<sup>29</sup>

According to the statement<sup>30</sup> of Ucha Seturi, head of media and telecommunications at the IDFI, the funding scheme submitted by the R.B.G. Ltd is not realistic. Namely, the R.B.G. Ltd submitted zero-sum calculations of August, September and October of 2015 to the GNCC, which creates a grounded concern that the funding scheme submitted by the company is not reflected in the accounting documents. According to this scheme, the Ltd has concluded an agreement with a Swiss company, from which it has been receiving USD 25,000 per month for one year. These funds are not reflected in the accounts nor were the taxes and salaries paid. It is noteworthy that although the GNCC temporarily suspended T.B.G. R.B.G. broadcasting, but as Ucha Seturi is stating, if the company resolves some technical issues, it will resume broadcasting, and in this case, the Georgian legislation will be unable to suspend its broadcasting.

Other than the TV media, the study was also focused on the Russian print media in Georgia. The available data clearly showed that the Russian **print media** has a relatively modest role in the ideological propaganda of Russia.

Based on the data of “Elva”, the largest newspaper network in Georgia, which is a subsidiary company of the Palitra Media, we can say that the level of dissemination of the Russian print media in Georgia is decreasing fast, and an insignificant amount of people buy political newspapers.

Nika Kbiladze, director of printed media distribution agency “Elva” said: “we are currently importing about 500 Russian-language periodicals. 65-70% of them are the thematic periodicals of specific subjects (medicine, economy, education, etc.), and the remaining 30-35% are so called

popular publications (fashion, culture, entertainment, etc.), and we may say that political press is not sold.”<sup>31</sup>

Low ratings of the political press are proved by the statistics provided by Elva, which is actively importing the print media from Russia.

Based on their data, the most highly rated political newspaper is the Nezavisimaya Gazeta („Независимая газета“), though only eight copies of every issue is reviewed, followed by the Kommersant („Коммерсант“) and the Izvestiya („Известия“). There is even less copies for the Novaya Gazeta („Новая газета“), the Vedomosti („Ведомости“) and the Komsomolskaya Pravda („Комсомольская правда“).

When analyzing the above-mentioned data, we can clearly state that the Russian print media does not play an important role in shaping the public opinion and attitudes, but the same does not apply to the Georgian media outlets with pro-Russian/anti-Western sentiments, which will be discussed below in detail.

### **1.3. Russian Propaganda in the Georgian Media**

According to the expert evaluations<sup>32</sup>, one part of the Georgian print media, which has quite a large circulation, overtly supports Russian propaganda and is saturated with anti-Western and anti-American content. These newspapers are published daily and weekly, and other than pro-Russian propaganda, are actively establishing stereotypes within the community, and encouraging radicalism and nationalist feelings.

The Russian propaganda is actively performing with regards to the online publications, internet ‘trolls’ and ‘blogs’, and here the Kremlin tries to turn the discussion in the internet space toward its preferred direction.

The study conducted by the Media Development Fund<sup>33</sup> has identified television channels, newspapers and online publications with clearly anti-Western agendas.

Based on the survey, only the television channel Obieqtivi clearly demonstrated an anti-Western position and sympathies to Russia among other main television channels.

As for the print media, the Asaval-Dasavali, the Kviris Qronika and the Alia lead in this regard, and with regards to the online publications, the Sakinformi and the Saqartvelo da Msoplio are leading.

It should be pointed out that this is only part of a large-scale machine, which is referred to as Russia’s propagandistic information war. The monitoring and observation of the media in Georgia has revealed that the news media are the main sources for spreading its propaganda of the Kremlin in Georgia, and to this effect actively uses television, print media and online publications to influence the hearts and minds of people.

During the recent period, special emphasis should be put on TV surveys, which were conducted by the TV companies Maestro and Rustavi 2, which presented radically different positions.

There was an opinion poll in Maestro’s program Factor broadcasted by the TV company Maestro on November 11<sup>34</sup>, about the role NGOs are playing in the country. The survey results were as

follows: negative – 93.24%; positive – 6.76%. A total of 3,582 people stated their position by calling the program.

Rustavi 2 conducted a survey on the same issue on November 14 in the program Courier<sup>35</sup>. According to the data of Rustavi 2, the results were: 85.0% - positive; 15.0% - negative. In total, 7,507 people participated in the survey.

The interactive program Factor on Maestro asked a question on 26 November 2015: Who should Georgia support in the Russia-Turkey confrontation: Russia, Turkey or stay neutral?

81.05% supported Russia, 5.38% said Turkey and 13.57% supported neutrality<sup>36</sup>.

Rustavi 2 posted a question on its website: “was it adequate by Turkey to shoot down the Russian warplane”<sup>37</sup>, and the results were distributed as follows: YES – 78.2%, NO – 21.8%.

This radical difference obviously indicates that the media outlets have very different foreign political vectors and agendas.

As in politics, the propaganda of pro-Russian ideas are not openly given in the media in most cases, and they refer more to the anti-Western discourse “which acts in unison with the anti-western retrograde forces, enabling the non-stop flood of discrediting everything western.”<sup>38</sup>

Unlike other post-Soviet countries, the Russian information war in Georgia is characterized by one differentiating feature. While the bulk of Russian propaganda is conducted in the Russian language in Ukraine, Latvia, Moldova and other post-Soviet countries, the Kremlin mostly uses the Georgian language in its information war in Georgia. This issue makes it even more difficult to fight against the Kremlin propaganda, as it often uses a shield of fundamental values such as the freedom of speech and expression, which is safeguarded by the Constitution.

Together with Russia’s information war, this is an important challenge that the authorities of Georgia have not developed a vision and strategy to confront. Moreover, the government either does not consider the risks coming from the Russian information streams at all, or intentionally turns a blind eye, so that this issue does not irritate Russia and block the ongoing political dialogue, which would be an unjustified trade-off.

It should be mentioned that since the end of 2012, the Western private and public donors have significantly curbed the programs supporting the independent media and civil sector in Georgia, which found its negative reflection on representing the Euro-Atlantic integration process at an always high level. Specifically, none of the two biggest Western donors in Georgia, the EU and USAID provide direct funding or grants to the media<sup>39</sup> (the only exception is the small grants program by the US Embassy in Georgia). Of private donors we should emphasize the role of the American organization “Open Society Georgia Foundation”, which has allocated 50,000 GEL for media support and development.

## 2. International Instruments of Russian Propaganda

Russia aims to provide its preferred information to the local and international communities, for which the Kremlin founded the state news agency Russia Today in 2005, which was rebranded in 2009 and turned into RT. Currently, RT is available in English, Spanish, French, German and Arabic. It broadcasts in more than 100 countries and has more than 700 million viewers.<sup>40</sup>

Initially, its budget was USD 50 million, but this figure reached USD 300 million by 2014, and then totaled approximately USD 340 million by 2015. Despite the recent depreciation of the ruble, RT's funding has been increasing annually up to 2016, but according to the available data, RT's budget will be cut for the first time in 2016<sup>41</sup>. It is also worth mentioning that RT incurs 80% of its own expenses in foreign currency<sup>42</sup>. In total, USD 1.3 billion<sup>43</sup> has been officially allocated to the public media from the budget of Russia in 2016, which is a really impressive figure considering the depreciation of the ruble and the current economic crisis taking place in Russia.

We may assume that 'objective' factors for successful Russian propaganda were the processes taking place in Europe and the Middle East, which caused radical changes in the countries of Asia Minor and Northern Africa. Moreover, the qualitative changes in the Western world are expressed in a sharp rise of Euro skepticism and the rise of radicalism in response to the challenges of the modern world (terrorism, immigration).

Russia, like the Soviet Union, mostly relies upon the leftist and ultra leftist political groups of the West for exporting its influence, until recently when this tendency was changed, and now more radical right-wing parties act as main proponents of Putin's Russia all across Europe. These parties have been unprecedentedly successful during the elections of recent years.<sup>44</sup> However, Russia is taking advantage of the legacy and/or inertia of the Soviet Union, but it also enjoys the support of certain left-wing forces. For example, according to the data of the American research center The Institute of Modern Russia, if we look at the decisions of the Coalition of the European Parliament "European United Left/Nordic Green Left (GUE/NGL)"<sup>45</sup>, the rate of decisions that favor Russia on issues related to Russia (e.g. Annexation of Crimea, Boris Nemtsov's murder) is 78%. However, the same study suggests that this rate for the left-wing coalition Europe of Nations and Freedom is exactly 93%.<sup>46</sup>

These are some of the European parties that support Putin's Russia directly or indirectly: the National Front of France (Front National), the UK Independence Party (UKIP), the National Democratic Party of Germany (NPD), Jobbik of Hungary, Golden Dawn of Greece, Attack (Атака) of Bulgaria, etc.

All these parties are hostile towards the European Union. They advocate for radical nationalist ideas and prey upon the religious feelings of the populations.

As these forces are becoming stronger, Russia too strengthens its propaganda mechanisms. In 2014, the Russian government launched another new international media brand, the news agency Sputnik, with a budget of USD 140 million in 2015. According to the final data published on the Sputnik's website, it prepares its multimedia contents and broadcasts in 30 languages, namely Russian, Abkhazian, Ossetian, Georgian, Azerbaijani, Arabic, Armenian, Chinese, Crimean-Tatar, Dari, English, Estonian, French, Finnish, German, Hindi, Kazakh, Kyrgyz, Lithuanian, Moldavian, Polish, Portuguese, Pashto, Spanish, Serbian, Turkish, Tajik, Uzbek, Ukrainian and Japanese.<sup>47</sup>

It is noteworthy that only two out of four main telecommunication companies of Georgia have included RT in their packages: Silknet and Caucasus TV, but the other two – Global TV and Magti-sat – have not.

Sputnik belongs to the international agency “Rossia Segodnia”<sup>48</sup>, which is the main instrument of Russia’s state propaganda abroad together with RT. According to the statement of Dimitri Kiselyov, Director General of Rossia Segodnia, Sputnik’s content is tailored to the “multimillion audience, which is tired of the imposed propaganda of a unipolar world and needs an alternative outlook”.

It is noteworthy that the EU, Norway, Canada and Switzerland imposed sanctions on Dmitri Kise-lyov for his active propagandistic activities in the Ukrainian crisis.<sup>49</sup>

Sputnik has started to transmit its programs in pilot mode in Georgia too. Its programs have been broadcasted via the company FM 101.4, R-Radio, and the radio Monte-Carlo. This was followed by a broad response and protest from the community, after which the GNCC started to investigate the case. The inquiry established that Sputnik-Georgia was renting four hours of airtime every day from R-Radio, and the programs were prepared by the radio unit of the international news agency “News Georgia”. As the parties mentioned, there was only a verbal agreement on cooperation between the companies, and then it was stopped after public criticism.

The GNCC considered that in this case News Georgia and the Ltd R-Radio have jointly implement-ed unlicensed broadcasting, for which both of them were fined 5,000 GEL.

Even though at this stage Sputnik’s broadcasting on Georgian frequencies has stopped, the news agency Sputnik Georgia<sup>50</sup> actively continues to work online. It is noteworthy that so far the Sputnik radio station has not tried to renew broadcasting, which should not present any great difficulty. More likely, the outlet does not try to polarize the current situation against the background of clearly negative dispositions of the public, and is waiting for a more appropriate moment for car-rying out more active measures.

The news agency Sputnik-Georgia publishes materials in two languages: Russian and Georgian. The website is updated daily and it is noteworthy that, unlike other local pro-Russian/anti-western outlets, is distinguished by relatively higher levels of professionalism.

Alongside the spread of Russian public channels internationally, the number of complaints is also increasing, where the Russian media organizations are accused of spreading disinformation and purposeful propaganda. Russia directly denies all the allegations and tries to use the fundamental rights characteristics of liberal-democratic states, such as the freedom of speech and expression, against these countries.

We should point out that other than Sputnik-Georgia, Sputnik is also operating via Sputnik-Abkha-zia and Sputnik-Ossetia. The latter is focused on covering the news of South and North Ossetia, and the former on the news of Abkhazia.

## 2.1 Asymmetric information war

As mentioned above, although the assistance provided by the West in supporting the democratic reforms in Georgia incomparably exceed the resources allocated by Russia for its political agenda (both quantitatively and qualitatively), the latter has had some success with regards to reaching its goals. We think that one of the reasons for this are the asymmetric information mechanisms used by the Russian Federation in Georgia (such as other countries of Europe, the former USSR and Middle East).

Asymmetric information war structure and mechanisms share the same essence as the asymmetric war. This brings about a situation when the information capabilities of parties of the conflict, or the strategy and tactics of conducting the information war qualitatively differ from each other. As is seen during the warfare, by using asymmetric methods in the information war, one of the sides of the conflict manages to reach its goal with the minimum loss or with minimal resources. The impact of asymmetric information is often invisible for the object of influence, and the mechanisms of symmetric defense are ineffective against it. Even the strongest opponent can be harmed if attacked by asymmetric information, because it can break through the symmetric defense more easily.<sup>51</sup>

Accordingly, the pro-Russian media and other propaganda means are in an asymmetric position in Georgia in reference to the local mainstream media and civil society (with exactly same global scope, the Russian propagandistic media (e.g. RT, Sputnik) clearly lags behind the Western mainstream media with its resources and audience).

On one hand the lack of resources put these outlets in inequitable conditions regarding the mainstream media, but by using specific mechanisms they can turn their drawbacks into a certain advantage. For example, whereas the vast majority of independent media outlets of Georgia (with some success) try to observe the standards of journalism, most anti-Western/pro-Russian outlets do not observe these obligations, and try to utilize the population's phobias and extreme nationalism. As the Georgian legislation is very liberal towards the print and internet media, and considering that the mechanisms of ethical regulation are weak and ineffective, there are no mechanisms that would make the media outlets, which stand out for their extreme radicalism, abide by journalism standards. Against this background, it is absolutely clear that those media outlets are distinguishable for pro-Russian sentiments, where you would most often see cases of libel, imbalanced coverage, distorted facts, hate speech, homophobia, xenophobia, armenophobia, anti-Semitism, etc.

Political myth is the main weapon of Russian propaganda in Georgia. It has a very emotional and irrational effect, which enables the organizers of anti-Western propaganda to take political discourse to a qualitatively different level, against which the conventional methods of information protection are ineffective.

For example, in the spring of 2014, right before the signing of the EU Association Agreement, pro-Russian media outlets and bloggers, instead of rational and substantive criticism of this document, developed a myth that Europe and the US were requesting legalization of same-sex marriage in Georgia. In a country where the influence of the church is massive compared to the majority of Western countries, this myth created a strong emotional response.

## 2.2 Response of International Community to the Russian Propaganda

In recent years, the Russian policy has achieved considerable success with regards to propaganda, through a complex mixture of tactics. Deception is diluted with objective facts to create the illusion of truth.

This became especially evident against the background of the events taking place in Ukraine in 2013-2015. Considering those occurrences, the broadcasting of Russian channels started to cause significant problems in post-Soviet countries (Lithuania, Latvia, Moldova, Ukraine), in Europe (the UK), and the USA. Russian channels NTV, MIR, RTR and RT were accused of violating the principles of impartiality, discrimination, enticing hatred and disinformation.

Russian broadcasting was banned in some cases (Ukraine) or suspended for some time (Lithuania, Latvia, for three months). There were cases when channels only received a warning and minor sanctions (the US, the UK), although in some cases court proceedings are still underway.

Despite this, it is clear that not only Georgia, but also the leading countries of the West were not prepared to resist the aggressive information policy of Russia.

As of today, there are more and more discussions taking place in the international arena about developing proper response mechanisms to current challenges.

General Philip Breedlove, Commander, U.S. European Command, and NATO Supreme Allied Commander Europe said: "the West should get involved in the information war with Russia, to oppose dissemination of deception in the media".<sup>52</sup>

In March 2015, NATO presented an interim study<sup>53</sup>, identifying the risks faced by the international community because of propagandistic activities of Russia.

Together with political statements, active discussion has started on specific steps as well. In March 2015, the Council of Europe formed a special experts group<sup>54</sup>, which will be working against the propaganda intensively. Through the social network<sup>55</sup> and special portal<sup>56</sup>, the team publishes reports on disinformation and propaganda on a weekly basis.

The US is allocating USD 10 million<sup>57</sup> annually through 2015-2017 to assist Georgia, Ukraine and Moldova to fight against Russian propaganda. The US has allocated an additional USD 23 million for Ukraine, to create programs in the Russian language and to arm the country to oppose the information war. According to the UK statement, it will allocate 28 million EUR during 2015-2017 to assist Georgia, Ukraine and other countries, who have to fight against disinformation coming from Russia.

There are funds earmarked in the US state budget for 2015 for taking counter measures against Russian propaganda in Europe and Asia.<sup>58</sup> Besides, funding has increased for the American radio stations Radio Liberty and Voice of America to be broadcasted in Crimea and the rest of Ukraine.<sup>59</sup>

We should point out that the propagandistic activity of Russia is not limited only to the information war and is of a much larger scale. Observing Russia's propagandistic policy it becomes clear that the authorities actively use entertainment and educational programs as well for the purpose of sending its political messages effectively to the community. In this respect, we should point out various documentaries and feature films, where the political agenda of the Russian authorities are overtly exercised and open propaganda is carried out.

This served as the motivation to ban NTV MIR in Lithuania. According to the evaluation of the Lithuanian Broadcasting Council, a movie aired by this television, which described the events of 1991, insulted the Lithuanian people and the memory of those who fell for the freedom of Lithuania.

Russia has been conducting the information war in Georgia with a different strategy and with different methods.

### **3. Russian NGOs and Their Georgian Counterparts**

Together with hard power, Russia has actively started to use soft power actively for several years to protect its own political and public interests and to fulfill its political agenda, for which it uses the NGOs (nominally) and the media as instruments.

Recently, several Russian foundations have become more active outside the borders of Russia including in Georgia, which are financed from the state budget of Russia and support NGOs operating in Russia and abroad.

The 2016-2020 Action Plan of the Russian Federation envisages funding for the already established foundations, which are aimed at supporting “Russian compatriots” abroad. As declared, this support entails arranging various cultural-educational activities, but in reality it is intended to mold public opinion that supports and strengthens the political agenda of the government of the Russian Federation on one hand, and discredits the West on the other hand.

Russian compatriots refer to the population of Russian origin or those speaking Russian, or others who consider themselves as a part of Russian culture and society.

The Russian foundations are funding several organizations in Georgia, and they are also partners of several local NGOs. Despite their cultural-educational activities, unlike the Western organizations and their partner Georgian NGOs, none of them make their sources of funding public.

It is impossible to get information about funding even from the websites of Russian foundations, which creates grounds for concern. Other than financial data, the foundations do not disclose information about how grantees were selected, or what criteria and requirements had to be met for receiving the grant, or how the ongoing projects are monitored.

There is a completely different picture in the case of Western foundations. All of the websites indicate partner organizations, grants, and the level of disbursed amounts, project duration and goals.

#### **Gorchakov Fund**

The Gorchakov Fund is named after Alexander Gorchakov, a Russian diplomat and politician of the 19<sup>th</sup> century. It was established in 2010. The Fund’s mission is as follows: assistance in advancement of social, cultural, educational and research programs in the area of international relations; participation in public discussions and assistance to the Russian media abroad.

The Fund’s board of trustees include veteran diplomats and former high-ranking officials, among them one of the distinguished members is Igor Ivanov, former secretary of the Security Council

of Russia, and Konstantin Kosachev, Chairman of the Committee on International Affairs of the Federation Council, Upper Chamber of the Russian Parliament.

The Fund's partners are: Russkiy Mir, Rossotrudnichestvo, International Affairs Council and Moscow State Institute of International Relations.

The Fund's annual budget is 55 million rubles (USD 1.1 million), which they get from the state budget, but this information is not available on the Fund's website. At the same time, the Fund does not publicize information about disbursed grants and finances.

With the support of the Gorchakov Fund, a Russian-Georgian Civil Center was established in Georgia in 2013. It is supported by the International Relations Institute. The center was headed by a Georgian historian Zaal (Zaza) Abashidze, and then Bezhan Khurtsidze, member of the Parliament of Georgia of several convocations, and one-time member of the parliamentary majority of the United National Movement.

The Fund has one more program called Caucasus Dialogue 2014 (2013, 2012): an international platform for exchanging ideas about global politics, international relations and the role of the Caucasus. There are 50 experts involved (mostly youth) from Abkhazia, Azerbaijan, Armenia, Georgia, Iran, Russia, Slovenia and from the occupied territory of South Ossetia.

Kakha Kukava, chairman of the political party Free Georgia, is listed among the members of the Gorchakov Fund.

The website of the Gorchakov Fund also publishes analytical and information articles about the processes taking place in Georgia. Headlines of these articles clearly indicate their themes and agendas:

- Does Georgia have to be afraid of IG, experts are finding it out („Нужно ли Грузии бояться ИГ, выясняют эксперты“);
- Georgia may fall in the geopolitical trap, the experts warn („Грузия может оказаться в геополитической ловушке, предупреждают эксперты“);
- Leonid Grigoryev: Russia is ready to buy all the exported goods from Georgia („Леонид Григорьев: Россия готова покупать у Грузии все экспортируемые товары“);
- Sergey Markedonov: on NATO aspiration (Сергей Маркедонов: Про “аспиранство” в НАТО“).

The Fund to Support and Protect the Rights of Compatriots Living Abroad (**Фонд поддержки и защиты прав соотечественников, проживающих за рубежом**) was formed upon the Order of the President of Russia and started functioning on 1 January 2012. The Fund's founders are the Ministry of Foreign Affairs of Russia and the Federal Agency Rossotrudnichestvo.

The Fund aims to provide full legal support to Russian compatriots if their rights and internationally recognized principles and legal norms are violated.

The Fund carries out its activities on behalf of democracy, social justice, to protect the rights and freedoms of national minorities, to improve the relations between the individual and the community, as well as the individual and the state, and for civic education as well.

There are individual subsidies and grants issued to the national and human rights organizations for providing legal assistance to the target groups.<sup>60</sup>

The Fund's partners are: Ministry of Foreign Affairs of Russia, Rossotrudnichestvo, Russian Century, Gorchakov Fund, Russian Lawyers Guild, International Council of Russian compatriots, Russian Overseas Institute.

The Fund is financing the activities of pravfond.ge in Georgia.

The main directions of the Center's activities are as follows: legal support to the Russian compatriots and counseling if their rights are violated.

For the year up to and including 30 June 2015, the Center conducted 1,702 individual consultations on 1,441 civil issues and 261 criminal cases.

### **Russkiy Mir (the Russian World - Русский Мир)**

In 2007, President Putin addressed the Federal Assembly saying that the Russian language needs to be promoted in the modern world: "The Russian language is a legacy of many people. It has never been a language of hatred and enmity, xenophobia or isolationism," said Putin.

"My vision is that we need to support the initiative and Russian linguists, to create national Russian-language federation. The main goal is to develop the Russian language in the country, create Russian language curricula abroad and support the Russian language and literature globally," he added..

Thereafter, the Fund Russkiy Mir (the Russian World) was founded in 2007, with a primary aim to support and promote the Russian language and, in general, Russian culture abroad.

Russkiy Mir links the Russian diaspora together and to Russia itself with cultural and social programs. The Russian world also covers people who would like to learn the Russian language and have selected it as a subject to study.

"The Russian world is more than the territory of the Russian Federation and its population of 143 million. Millions of ethnic Russians, locals speaking Russian and their families create the largest Russian diasporas in the world."

The Fund is a joint project of the Ministry of Foreign Affairs and the Ministry of Education and Science of Russia.

The Fund is led by Vyacheslav Nikonov, Dean of the faculty of Public Administration of the Moscow State University, chairman of the Education Committee of the Russian State Duma, and board member of the ruling political power Edinaya Rossia (United Russia).

The Fund's annual budget is 750 million rubles (approximately USD 11 million), which they receive from the state.

## **Russian World in Georgia**

With the support of the Fund, one of the most active and openly pro-Russian unions in Georgia, Society of Erekle the Second opened Russian language courses in 2014, and enrolled 120 attendees.

With the support of the Society of Erekle the Second and with the funding received from the Russian World, the Decorative Gardening Community Group of the Patriarchate of Georgia announced free courses of the Russian language from February 2013.

## **Lev Gumilyov Center**

The Lev Gumilyov Center was founded in Moscow in 2011, and it develops so-called Eurasian ideas, which are based on the anti-Western and anti-liberal outlook and occupies one of the leading positions in the state ideology of Russia. Lev Gumilyov is a famous Russian scientist of the Soviet period, who supported the development of Eurasianism.

The Center's head is Pavel Zaripunil, a close associate of Alexander Dugin, leader of the international Eurasian movement, and one of the leading masterminds of Russia's anti-Western ideology.

The Lev Gumilyov Center is one of the partners of the NGO Eurasian Institute operating in Georgia. This organization, together with the Society of Erekle the Second, is one of the key power bases of pro-Russian ideology in Georgia.

## **Rosstrudnichestvo – Ros-Cooperation**

“Rosstrudnichestvo” is a State Federal Agency of Russia, which focuses on cooperation with the diaspora. It was founded in September 2008 by the Presidents Order. It has a representation in 79 countries and, in essence, it should function similarly to the American USAID.

Information partners of the organization are the agencies Itar-Tass and RIA Novosti, TV companies RT and MIR (MIP), and the radio station Voice of Russia.

In total 330 million USD was allocated for the organization in 2013, after which the Fund's financing increased by 36 million USD in 2015 for promoting the Russian language.

Rosstrudnichestvo funds the Anti-fascist Coalition project in Georgia.

## **Multinational Georgia's Anti-fascist Coalition**

According Revaz Gogidze, leader of the Multinational Georgia's Anti-fascist Coalition, there are more than 100 organizations united in the Coalition.

The Anti-fascist Coalition was established under a Kremlin directive in several post-Soviet countries, which are often engaged in very complex activities, and have close knight communication with each other both regionally and internationally.

Noteworthy is that the establishment of these coalitions in Georgia and Moldova coincide with the signing the EU Association Agreement in 2014. As for Ukraine, it was established earlier in

2006 due to political uncertainties and tensions. We also should note that Otar Arshba<sup>61</sup>, member of the Russian Duma from the ruling United Russia (Edinaya Rossiya), proposed to initiate an international anti-fascist club in January 2014. Which is a union of various openly pro-Russian community groups, including NGOs, ethnic minorities, and veterans.

Revaz Gogidze is vice-president of the Congress of National Slavic Peoples of Georgia, and his wife Lika Zakharova is the president of this movement.

Multinational Georgia's Anti-fascist Coalition held a presentation at the office of RIA Novosti on September 22, 2014. The coalition members said their goal is to open the Anti-fascist Front of Transcaucasia which aims to "cooperate with international anti-fascist organizations", and "promote anti-fascist ideology", "fight against the organizations involved in the propaganda of nationalistic ideas".

Georgia's Anti-fascist Coalition addressed Prime Minister Irakli Gharibashvili on December 25, 2014 with a letter sent on behalf of about 60 NGOs<sup>62</sup>, where they requested the enlargement of Russia-Georgia format. The letter also spoke about reconsidering NATO membership, as the Coalition members believe a major part of Georgia's population opposes NATO membership.

The Coalition is comprised of:

- The Congress of National Slavic Peoples of Georgia. Head Lika Zakharova, vice-president Revaz Gogidze;
- The Congress of Russian and Russian-speaking communities. Lika Zakharova;
- Eurasia Institute. Gulbaat Rtskhiladze;
- Public Movement of Russia-Georgia Dialogue and Cooperation. Grigol Rukhadze;
- Union of Veterans of the Armed Forces of Georgia. Mikheil Gergauli;
- Veterans Association of the Caucasus. Zurab Baslanov;
- Association for the Protection of Civil Rights. Davit Chikhradze;
- Social Programs and Development Center. Nana Muradashvili
- Union 'Unemployed for Employment'. Tamar Iovashvili;
- Fatherland, Language, Faith. Lado Sadghobelashvili;
- Assembly of Armenians from Tbilisi. Davit Manukian;
- Justice for All. Zurab Jorbenadze.

The Coalition does not have an official website. Information about the coalition is mostly disseminated through Russian agencies, such as, Novosti and Sputnik-Georgia.

No information is available on Revaz Gogidze, chairperson of the Coalition. We do not know his educational background or professional experience.

The above-listed organizations are indeed coalition members, which sign the statements disseminated by the Coalition, and participate in its activities. As for other organizations, either they are not registered at all, and the number of Coalition members is inflated artificially, or are only registered do not functioning.

The Coalition has another member, the NGO 'Congress of Russian and Russian-Speaking Communities', (Конгресс русских и русскоязычных общин), presided by Lika Zakharova. She is the most active member of the Coalition and often presents the position and demands of the Coalition. She frequently provides examples of 'fascism demonstration', as she puts it, at various conferences.

Excerpts from Lika Zakharova's statements:

*"You know that Russian schools were closed, Russian libraries were shut down... They banned Russian songs... Migration rate of the Russian population has exceeded the rates of all the previous years. My majordesire is to finally put an end to the experience, which our families and children through."<sup>63</sup>*

*"I would like to greet you from Georgia, from the country, where the bloodiest events took place of the whole Caucasus, thanks to the advice of our so-called European and American 'friends'. It has been 2 years since then, and we have not been able to neutralize the actions that Saakashvili's laws have brought. Perhaps, all the Georgian people should be blamed of the crime of not having this tumor removed by surgery, and now the metastases have even spread to Ukraine. As it seems, experiments of this team will continue for some time. What I want to say is that very interesting laws were passed, which were accepted with much joy. This is an antidiscrimination law, but this law has been working only for the LGBTQI community. By the way, there was no focus made on discrimination based on nationality, among them against the Russian population, who were unveiling Saakashvili's nationalist policy, to several international organizations. The Russian community was almost halved in Georgia. Russian songs and books were banned, Russian schools were shut down. This is how the laws passed pursuant on the advice of our European and American 'friends'. The topic is so serious and interesting, that our whole anti-fascist movement, the Congress of Slavic Peoples in Georgia, the Congress of Russian-speaking People, almost 20 organizations, are joining your movement. We think that this should be a resistance movement and the church should play a major role, both Armenian and Georgian ones."<sup>64</sup>*

The news agency Sakinformi published an excerpt, in which Lika Zakharova asks for permission from Moscow to create a chapter in Georgia, which should be staffed by Russian military schools's graduates.<sup>65</sup>

It is noteworthy that Lika Zakharova is, simultaneously, a member of the Tolerance Center of the Ombudsman of Georgia's staff.

The NGO **Eurasia Institute** is a member of the anti-fascist Coalition. The head of the organization is Gulbaat Rtskhiladze, Shota Apkhazava is his deputy. The Eurasian Institute is a scientific-research organization. The organization members stand out with anti-western statements, and who call upon the Government of Georgia to deepen their relations with Russia.

Gulbaat Rtskhiladze said, "now the Russian tourists are attacked more frequently. They stripped off Georgievsky ribbons from them, insulted them and 'explained' that this is a symbol of occupation."<sup>66</sup>

Shota Apkhadze said, "they are training terrorists at the military bases of Georgia with the assistance of western special services, so that they can be deployed to the Northern Caucasus for sabotage attacks."<sup>67</sup>

With these statements, the Eurasia Institute supports the Anti-Fascist Coalition, as needed and topical in the existing political reality. The organization's representatives often appear in the Russian press and discussing these topics.

*"The events of August of 2008 are a direct aggression and a reckless scheme, which President Saakashvili orchestrated with the Bush Administration. They attacked, literally, a sleeping city and were bombing innocent people. And after such actions, Saakashvili is now justifying himself as if he was building democracy and protecting human rights, bringing Georgia close to the West. Saakashvili acted as a jerk. In my understanding, this is a genocide of the Ossetian people. He should be handed over to the international tribunal,"* Shota Apkhadze said.

*"Let us not idealize the issue of the Eurasian Union's membership, and not transfer it only into a purely political aspect. Let us speak from a pragmatic standpoint. This is a real solution for the Georgian market,"*<sup>68</sup> Shota Apkhadze said.

Besides, Apkhadze points out that he solidly believes Georgian products are uncompetitive on the EU market.

Another member of the Eurasian Institute is Grigol Rukhadze, who is a board member and representative of the organization People's Movement for the Georgia-Russian Dialogue. This organization is a project of the Eurasia Institute, and is a member of the Anti-Fascist Coalition as well. Grigol Rukhadze is editor-in-chief of the quarterly scientific-social magazine Sami Saunje (three treasures). Rukhadze seems to be in charge of strengthening the common religious-fundamental values within the Coalition, "promoting the common-faith Russia" and "criticizing the LGBT Europe".

Excerpt from the magazine Sami Saunje<sup>69</sup>:

*Unfortunately, out of research circles, first of all, it were historians who turned out to be in the avant-garde of fake patriots, who have gone after the conjuncture, and tuned people against Russia. They researched negative moments only in these bilateral relations, exaggerated these negative issues, and often lied as well. Most importantly, this trend has been maintained so far among the historians, although the taboo regarding Russia was broken in Georgia – the public opinion has changed completely and now they favor the idea of getting closer to Russia. The people are now concerned about all the politicians or 'public figures', who are again trying to promote their 'patriotism' and secure their place with anti-Russian rhetoric."*

The Eurasia Institute published the findings of a public survey they conducted in January 2014<sup>70</sup>, which are radically different from the results of other polls. Namely, to the question "if there is a plebiscite on Georgia's membership to the NATO, what would your choice be?" 40% said that they would check the NO box, a positive answer was given only by 32%, according to the Eurasia Institute. It is evident that this, and similar surveys, aim to manipulate public opinion.

The Anti-Fascist Coalition has not published the list of their Coalition members, but Ada Marshania, Ali Babayev and Nana Muradashvili<sup>71</sup> often attend their press conferences in the capacity of their supporters.

**Ada Marshania** was a consultant of the higher court of the Republic of Georgia from 1983 till 1987; she was a junior research-officer at the Institute of State and Law from 1987 onwards, and a re-

search fellow; she was a member of Parliament of the 3<sup>rd</sup>, 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> convocation (1992-2008) and board member of the People's Front of Georgia.

Presently, she is an active member of the union 'Patriots Alliance', which is often distinguished with its criticism of the west.

Ali Babayev is supporter of the Anti-fascist Coalition, who is a former member of the political board of the party Georgian Dream, president of the Congress of Georgian Azerbaijanis, and head of the NGO 'Georgia is My Homeland'.

**Ali Babayev** says he supports Georgia's sovereignty and territorial integrity, but Dashin Gulmamedov, head of the Congress of Turkish People in Georgia, accuses him of separatism and attempted formation of autonomy for the territory of Borchalo.

Unlike Georgia, the anti-fascist movement in Moldova is distinguished by more radical steps.

On November 2014, the local police searched the office of the Anti-Fascist Coalition (AntiFa) of Moldova and seized "pistols, grenades, grenade-launchers, masks."<sup>72</sup> According to the information of the Moldavian police, group members were planning a coup d'état and intended to seize power. Vlad Filat, leader of the liberal-democratic party of Moldova, said that AntiFa is a project of the Russian special services.<sup>73</sup>

As Mr Yon Buzun, former chairperson of the Moldova's National Platform for the Eastern Partnership Civil Society of Moldova says,<sup>74</sup> pro-Russian forces, namely AntiFa, were active in the territories resided by Russian or Russian-language population, and were promoting the ideas of so called Novorossya, i.e. New Russia; they have tight relations with Russian special services and often visit Moscow. According to Buzun, the AntiFa tries to destabilize the political situation in the south of Moldova; this movement emerged from the radical wing of the communist party and is openly opposing the Moldovan ruling coalition.

### 3.1 Russian Money in Georgia

Finances of the Russian funds and their partner NGOs are not provided in a transparent manner. Neither does this information exist on their websites, in press releases, and other information they are disseminating. Leaders of these organizations avoid the subject and only provide general information.

As Gulbaat Rtskhiladze, leader of the Eurasia Institute, stated, his organization is not receiving any grants of any fund, and it is operating only through donations by businessmen who are Georgian citizens.<sup>75</sup> He has stated that they receive about 10 thousand USD a year in donations, which is enough for doing 'great deeds'.

*"We can do great deeds with 1,000 USD. With this money we loaded a car with pasta, sugar, etc. and took it to Bershueti.<sup>76</sup> This caused a big shock and they started screaming that with this pasta we are going to bribe people. We spend about 10,000 USD a year from donations. If I get 30,000 from a grant, then I will have to spend 27,000 of this money on stupid things, while I can do what I want with these donations."*

Gulbaat Rtskhiladze

It is noteworthy that diplomatic representation of Russia in Georgia<sup>77</sup> (Russian Federation Interests Section at the Swiss Embassy in Georgia) also issues, or administers issuance, of grants for Georgian organizations.<sup>78</sup> However, as Gulbaat Rtskhiladze said, it is only limited to the funding of culture projects.

Based on the interviews<sup>79</sup> we found that, together with formal channels, the pro-Russian organizations get informal funding as well in various ways. These resources may derive from Russian special services, as well as Russian state institutes.

The Riga-based investigative journalism center 'Re:Baltica' published an investigative journalism story<sup>80</sup> in August 2015, according to which more than 40 NGOs of three Baltic countries (Latvia, Lithuania, Estonia) received 1.5 million EUR in total through legal ways from Russian funds. The article said this figure was calculated in a "very conservative" manner and does not include monetary donations from natural persons and legal entities who have friendly ties with Russia. The local special services consider that recipients of these funds are Russian agents, with information and influence, although they deny it.<sup>81</sup>

Reliable official statistics in Georgia on this issue do not exist. Public servants, whose functions include = state security, stated in the interviews<sup>82</sup> that, allegedly, the funding for pro-Russia and anti-western NGOs in Georgia ranges from 500,000 to 1 million USD in total. Some portion of this money is given to the organizations unofficially, and often funding is received in cash. According to the interviewees, the projects budget usually reaches 30 or 25 thousand USD. Various public bodies of Russia, or state-supported funds that are acting as donors, like the diplomatic mission of Russia in Georgia (Russian Federation Section at the Swiss Embassy) exist. Often, the undeclared cash is imported to finance organizations who advocate for pro-Russian interests.<sup>83</sup>

We should point out that, since the war of 2008, the Ministry of Foreign Affairs of Georgia has been sending a protest note to the Russian Section, regarding the violations along the occupied borderline, almost every month. Based on data of the Ministry of Foreign Affairs of Georgia, 78 protest notes have already been sent from 2008 until 2015. However, the Georgian side only received a response once, indicating that these issues have nothing to do with the Russian Federation. In addition, Georgia has had to conduct negotiations on similar issues with the de-facto authorities of South Ossetia and Abkhazia.

During last year, the Russian section was staffed with new and more experienced employees with former higher-ranking positions, which is another indicator that Russia is trying to intensify its activities on the eve of the upcoming parliamentary elections. The Russian Section is currently led by Vadim Gorelov, who worked as a head of a division at the Ministry of Foreign Affairs of Russia, and who was involved in the Abashidze-Karasin and Geneva talks.

As for the funding of parties from Russia, the studies make it evident that party donations in some cases were made in suspicious circumstances. Specific violations were identified, which prove the existence of similar problems. Based on the same studies, it is clear that the respective law enforcement bodies do not adequately investigate such problems except for rare cases.

These challenges are of systemic in nature and are very intensively demonstrated during the election processes. In 2013, Transparency International – Georgia pointed out in its project report "Transparent and Accountable Political Finances in Georgia" that, although there were many flaws

found in the annual declarations submitted by the political parties, the State Audit Service did not respond to them yet.

Considering the existing practice and reality, there are quite high risks regarding the upcoming elections of 2016, which are related to the inflow of Russian money into political parties.

#### **4. Political Landscape of Georgia**

More than 200 political parties are registered in Georgia. Their vast majority is absolutely invisible in the public-political life, and most do not function at all. Only some of the functioning and active political parties have developed an ideological platform, including extensive experience of consistent political life for many years. Most of them represent a group of individuals gathered for to reach certain narrow goals, or individuals gathered around one person.

Openly pro-Russian ideas are not popular among Georgia's population, and parties with pro-Russian sentiments do not openly talk about their ideas. Alternatively, the parties that are loyal to Russia, prioritize openly anti-western propaganda or call upon the idea that Georgia's Euro-Atlantic integration is desirable, but unreachable and unrealistic. On this background they state relations with Russia are the best option.

These political forces have overtly supported establishing a narrative, and dissemination, of political myths, which encourage a strengthened political agenda of the Russian authorities in Georgia.

We may divide the political spectrum in Georgia into two asymmetric parts – parliamentary and non-parliamentary political parties. Although currently the share of the groups in the first category is undoubtedly significant from the viewpoint of their influence on the domestic and foreign policy of Georgia, there is a large probability that after the parliamentary elections of 2016, this arrangement will change. Judging from the findings of sociology studies held in recent months, it is much more likely to see pro-Russian political forces in the future parliament.

In this study we will focus only on the political forces which still have a major influence on Georgia's political life, or which have relevant potential to do so in the future. We are bypassing the lower-rating parties and political unions, which do attempt to implement the agenda of the Russian state, but in fact, are unable to tangibly influence the political processes taking place in the country.

#### **Georgian Dream – Democratic Georgia**

The ruling coalition of Georgia, the Georgian Dream, represents a mix of political forces of various influences and outlooks. One of its tasks has been to keep the United National Movement out of power. The coalition was formed under the leadership of billionaire Bidzina Ivanishvili, who accumulated his capital in the Russian Federation. However, it is also noteworthy that, after coming to politics, he sold his assets in Russia.<sup>84</sup>

The coalition Georgian Dream has the majority of seats in Parliament (86 seats), and is able to pass any law and overthrow the President's veto (however, it does not have enough votes necessary for constitutional amendments).

Findings of the NDI poll conducted in the end of 2015, suggest that the rating of the Georgian Dream is 16% (3% of respondents said that it would be their second choice).<sup>85</sup>

Before the parliamentary elections of 2012, the program<sup>86</sup> published by the Georgian Dream Coalition, unequivocally stated its commitment to European and Euro-Atlantic integration. Simultaneously, the newly elected Parliament of Georgia adopted a Resolution<sup>87</sup> on March 7, 2013, which prioritized integration within the European and Euro-Atlantic structures, and excluded Georgia's membership in international organizations that would contradict this course. This document also mentions the US as Georgia's main ally.

Currently, the following factions hold a seat within the Parliamentary majority:

- The Georgian Dream (represented by the members of the party the Georgian Dream);
- The Georgian Dream – Republicans (represented by the members of the Republican Party);
- The Georgian Dream – Conservatives (represented by the members of the Conservative Party);
- The Georgian Dream – National Forum (represented by the members of the party National Forum);
- The Georgian Dream – Industry Will Save Georgia (represented by the members of the Party Industry Will Save Georgia);
- Independent Majoritarian MPs – for Strong Regions (represented by the independent majoritarian MPs);
- Non-partisan, independent majoritarian MPs.

Before the elections of 2012, when Georgian Dream was campaigning, it stated that it would normalize relations with Russia. After coming into power, the coalition government significantly softened its rhetoric regarding Russia.

Although the ruling Coalition has often been criticized for slowing down the speed of Euro-Atlantic integration and changing its policy, the analysis of legislative initiatives adopted by the government finds the ruling Coalition implements pro-western reforms in a multitude of directions.

It is noteworthy that public statements made by some of the leaders of the Georgian Dream, contradicts the foreign policy course declared by the Coalition, which gives rise to many questions within political circles and among the civil society as well.

For example, several substantial statements were made in this regard by former leader of the Coalition and former Prime Minister Bidzina Ivanishvili, who voluntarily resigned at the end of 2013 and appointed his devoted employee Irakli Gharibashvili as a Prime Minister.

Despite that Ivanishvili does not hold any official post today, constant talks about the leverages of his informal influence continue. Transparency International – Georgia published the report “Georgia National Integrity System Assessment, 2015”, which says there are signs of informal external influence over the executive power, which reduces its independence.<sup>88</sup> This opinion corroborates the preterm resignation of the Prime Minister Irakli Gharibashvili.

While commenting on whether it is possible to have the EU and NATO integration policy compatible with building good relations with Russia, Ivanishvili said in January 2013 that Armenia should serve as an exemplar: “Armenia is a good case for Georgians, as this country has good relations with Russia and has friendly relations with the US and with other member states of the NATO. Consequently, all this is possible and I think that we are obliged to make it consistent, and I greatly hope that we will be able to do it.”<sup>89</sup>

Besides, as mentioned above, the Coalition Georgian Dream is comprised of diverse political groups with sometimes incompatible belief systems. Leaders of one of its member parties The Industry Will Save Georgia plainly express anti-western statements. Similar statements are, more or less intensively, made by the members of the party Georgian Dream.

In this respect, the rhetoric of Gogi Topadze, leader of the Industry Will Save Georgia is especially illustrious. Topadze owns several important business enterprises in Georgia and is quite close to former Prime Minister Bidzina Ivanishvili. Besides, the party has important leverages in the area of the economic policy of the country, as far as the second person within the party hierarchy, and chairperson of the party, Zurab Tkemaladze is the head of the Sector Economy and Economic Policy Committee of the Parliament of Georgia.

In his public speeches, TV and newspaper interviews, Gogi Topadze goes against international finance institutions, the United States of America, and the European Union.

*“The World Bank, the World Trade Organization, the (International) Monetary Fund has brought nothing (to Georgia) but destruction. I don’t think you like what has happened in Georgia – our foreign debt has tripled and we no more have villages.”*<sup>90</sup>

Gogi Topadze

Topadze is clearly Euro-skeptical, and makes no attempt to hide this. Besides, he openly manipulates figures:

*“After becoming member (of the European Union), the Baltic countries, Bulgaria and Romania – you can see what they are suffering from. I was in Latvia recently, and 40% (of the population) has fled to Europe, everything is stopped there.”*<sup>91</sup>

Gogi Topadze

Other political groups within the coalition do not show any clearly shaped anti-western or pro-Russian dispositions; however, several of their members (intentionally or unintentionally) often repeat stereotypes and clichés circulated by Russia. In this respect, an especially dangerous myth pertains, according to which the west supports not the Georgian state or the Georgian people, but particularly the ex-president Mikheil Saakashvili or the United National Movement.

Considering a significant part of the population is critical towards the UNM<sup>92</sup>, such statements may create favorable grounds for strengthening the anti-western dispositions.

However, it should be pointed out, that during the recent period, Georgia has taken significant steps towards Euro-Atlantic integration. Georgia signed the Association Agreement, implemented important structural reforms, and received a positive feedback from the European Commission on moving to visa liberalization. Besides, an agreement on opening a NATO training base in Georgia was signed a well, which is an important political message.

The Georgian Dream Coalition is a very eclectic group and consists of political parties with significant diverse ideologies. We often come across contradicting statements regarding the foreign policy course of the country, which often causes confusion within the country, and in the internationally arena.

### **Free Democrats**

The party Free Democrats is a clearly pro-western political force, which was a member of the ruling coalition. Free Democrats left the coalition in November 2014, after the Prime Minister fired Irakli Alasania, Minister of Defence, who is the Free Democrats' leader.

In response to these events, the Minister of Foreign Affairs and the State Minister on European and Euro-Atlantic Integration, who were members of the Free Democrats as well, resigned from their positions. According to recent studies by NDI in November-December 2015, the rating of the Free Democrats was 7% (and a second choice for 6%).

It is worth mentioning that the Free Democrats played a vital role in the foreign and Euro-integration policy, and made rather critical statements after they left their posts. According to a statement of party leader Irakli Alasania, a diversion from the government's pro western course was a significant threat.<sup>93</sup> During the interview conducted within the frameworks of the project<sup>94</sup>, Irakli Kadagishvili, executive secretary of the Free Democrats, pointed out: "here the reality is that we have so-called parallel authorities, a parallel governance system, a so-called 'institute of telephone law'. The fact that the current authorities turn a blind eye to the reactivation of the Russian "soft power", ranging from its ideological expansion to identification of civil opinion-making NGOs and political organizations and groups, is worrisome. I think that this will not do any good to Georgia. We have a real perspective to get a clearly identified pro-Russian group in our Parliament after the upcoming parliamentary elections. We are not interested in a confrontation with Russia, but this does not mean that we turn a blind eye to the creation of a so-called fifth column. I think that we should limit the sources of funding from Russia; as far as Russia is an occupant and it is impossible to allow financing of groups who are politically influenced by this country."

Currently, Free Democrats is represented by a separate 8-member faction in parliament, who tries to distance themselves from the ruling party, as well as from the United National Movement."<sup>95</sup>

### **United National Movement**

The UNM is Georgia's main opposition party was the country's ruling party for nine years (2003-2012). UNM lost the reins of government after the elections of 2012. Currently, UNM holds 46 seats in Parliament and its rating is 10%, according to an NDI poll (second choice for 3% of the respondents).

Relations with Russia significantly worsened during UNM's rule, while they pursued a clear-cut western policy. Russia, in fact, imposed an embargo on Georgia and minimized political and economic relations. The party was distinguished by sharp rhetoric towards Russia and its leader Vladimir Putin. Russia's influence over Georgia significantly decreased during the UNM rule. The confrontation peaked in August 2008, when Russia initiated military operations against Georgia. As

result of the war, Russia now occupies two breakaway regions of Georgia: Abkhazia and South Ossetia. Russia now has its troops based in these regions and has recognized them as independent states.

As a result, the relations with western states became even stronger, especially with the United States of America. Georgia became the US' main ally in the region. Efforts were intensified for the country's European and Euro-Atlantic integration.

However, important flaws in governance were identified during its rule— concerning human rights and the rule of law, which actually caused the loss of popularity and resulted in its defeat in the elections on October 1<sup>st</sup>, 2012.

### **Democratic Movement – United Georgia**

Although the non-parliamentary opposition, the political union Democratic Movement – United Georgia is led by Nino Burjanadze, who was among the triumvirate of the leaders of the Rose Revolution in 2003 and also the speaker of the post-revolution Georgia, the political force has been considered as one of the key political instruments in Georgia for several years already. It is noteworthy that Nino Burjanadze was acting president of Georgia twice – in 2003-2004 and 2007-2008, for several months.

The Union got 10.22% of votes through the proportional system during the 2014 local elections;<sup>96</sup> and Nino Burjanadze, leader of the Union, received 10.19% of votes during the presidential elections in 2013.<sup>97</sup>

According to NDI and CRRC polls held in November-December 2015, only 3% of the surveyed respondents said they would support the Democratic Movement at the parliamentary elections (2% said it was their second choice). In response, Nino Burjanadze stated these polls were fabricated<sup>98</sup>, and said they reflected the interests of UNM. Burjanadze accused CRRC, co-organizer of the survey, of manipulating the survey results in favor of UNM. At the same time, according to a survey by the Eurasia Partnership Foundation, 10% of respondents expressed their positive attitude towards the Democratic Movement – United Georgia in 2015, 35% were neutral and 40% negative.<sup>99</sup>

Nino Burjanadze met with Russian President Vladimir Putin in March<sup>100</sup> and December<sup>101</sup>, 2010. Considering these meetings took place relatively soon after the war of August in 2008, the act was perceived in Georgia with much indignation. Nino Burjanadze has had several meetings with Russian officials after the 2010 meetings.

The rhetoric of the Democratic Movement – United Georgia, and its leader, are based on key postulates of pro-Russian propaganda. The key message is that Georgia's efforts for membership in European and Euro-Atlantic structures are in vain; the west – the EU and the US – are cheating Georgia, and use it as an instrument in their fight against the Russian Federation.

Often disguised pro-Russian propaganda is exposed by statements the politicians make regarding the events of Ukraine. While applauding Russia's strength and condemning the threat posed by the Euro-Atlantic choice, Nino Burjanadze often draws parallels with Ukraine.

*“If we look at the events in Ukraine, we can understand how adequately (the west) is acting, they have destroyed Ukraine. Nothing would have happened in Ukraine if the west had not*

*behaved dishonestly. It is the west who should bear the entire sin for Ukraine. There would not have been any attack or annexation of Crimea if things had not happened in Ukraine. It was commissioned by the US.*<sup>102</sup>

Nino Burjanadze

Similar to Gogi Topadze, we see a myth that the Russian market is irreplaceable and that the output produced by the post-Soviet countries have no prosperity elsewhere.

*“The Russian market is the only solution for economic welfare. Obviously, it is good if we open other roads, but don’t we know what is happening in the Baltic countries?! The Baltic agriculture is virtually at the verge of destruction, although they used to produce best dairy products. Nowadays this product is almost dying out as it failed to compete with the European market.*

*Do we have resources to ensure that our product meet the European quality? We cannot afford it. The only market for us is the Russian one, because there are some sentiments and they remember, they know well that maybe neither tea nor wine imported there is good, but due to their habit they get it. We should focus on this market.*<sup>103</sup>

Nino Burjanadze

Unlike other anti-western forces, Nino Burjanadze does neither deny the welfare existing in the west, nor the benefits of EU membership, but says membership of Georgia in Euro-Atlantic organizations is unrealistic, and considers Russia a better alternative.

### **The Alliance of Patriots**

The Alliance of Patriots is another political force, which is distinguished by anti-western rhetoric. It is a non-parliamentary opposition party, whose support has seen an increase over the past two years. Would this trend continue, it may take a seat in parliament after the upcoming parliamentary elections.

The rating of the Alliance of Patriots was 3% according to the NDI data of November-December, 2015 (second choice for 2%).

Unlike the Democratic Movement, whose leaders meet with Russian politicians and visit Moscow, the leaders of the Alliance of Patriots declare that they categorically distance themselves from the Russian political elite and state that they represent the pro-Georgian political force. The Alliance of Patriots is regarded extremely and aggressively ‘pro-Georgian’, which often has been used to disguise pro-Russian and clear-cut anti-western sentiments.

We were not able to conduct an interview with members of the Alliance of Patriots, despite many attempts. However, one of the political leaders of the Alliance said in private talks that they are often incorrectly labeled as being pro-Russian. They, however, do not sympathize with Russia, although they neither want to ‘obey’ the west. During the same conversation, the person mentioned that the only considerable pro-Russian force was Nino Burjanadze’s Democratic Movement.

It is noteworthy that TV Company Obieqtivi represents a key instrument in the Alliance’s political fight. All cable and telecommunication companies broadcast this channel through their packages, which is filled with extreme nationalism. According to media monitoring studies in recent years, it broadcasts pro-Russian propaganda, anti-western sentiment, and homophobia.<sup>104</sup>

Valeri Kvaratkheia, an openly pro-Russian journalist, has its own program (an analytical program Political Night) on this channel, which is frequented by Hamlet Chipashvili, a political observer with pro-Russian attitudes, and Archil Chkoidze, who is a founder of the Society of Erekle the Second, and openly promotes pro-Russian ideas.

The Alliance of Patriots collected 4.72% of proportional votes during the local elections of 2014;<sup>105</sup> at the same time, there were interim elections of majoritarian members of the parliament in two constituencies on October 31, 2015. Although a large majority of opposition parties, including the UNM, said they would boycott these elections, the result of the Alliance of Patriots is impressive – its candidate got 27.45% of votes in one of the districts, and 45.83% in another.<sup>106</sup>

According to the NDI and CRRC polls held in August 2015,<sup>107</sup> 5% of respondents said they would support the Alliance of Patriots at parliamentary elections (3% said it would be their second choice). In comparison, according to the same polls, 14% expressed their willingness to support the ruling Coalition (second choice for 2%).

According to the survey of the Eurasia Partnership Foundation,<sup>108</sup> 13% stated their positive attitude towards the Alliance of Patriots in 2015. Comparatively, 18% of respondents are positive to the ruling coalition in the same survey, and 19% towards the UNM.

Information published by the Party Financial Monitoring Service confirms the increasing influence of this political team, according to which the Alliance of Patriots got impressive financial donations in 2015, and only lags slightly behind the Coalition Georgian Dream – Democratic Georgia (536 thousand GEL), Free Democrats (280 thousand GEL) and the UNM (260 thousand GEL). Donations for the Alliance totaled 171 thousand GEL in 2015.<sup>109</sup>

## **5. Situation in the Regions Populated with Ethnic Minorities**

The field researches conducted within the frameworks of the project for studying the scopes and fields of Russian influence, have clearly identified propagandistic-ideological and practical activities of the Kremlin policy, the results of which are undoubtedly interesting.

While studying the Kremlin's propagandistic activities, there are notable differences revealed between the activities in the center and in the regions. The observation shows that recently the Kremlin policy has become increasingly active in this direction, and uses very complex methods for influencing the visions and dispositions of people.

As for the center, here Russia is laying emphasis on social and TV media, also on the representatives of NGOs and show business, whereas in the regions the print media is also a priority together with the television, also public meetings with communities, various social assistance and distribution of humanitarian vouchers.

When speaking about the region it is especially notable to mention the regions settled with ethnic minorities: Kvemo Kartli and Samtskhe-Javakheti, where some active field studies were carried out within the frameworks of the project. Meetings with the population and also with the local media and the NGOs clearly pointed out that the state should be particularly focused on informing these groups and enhancing opportunities for their integration.

Dominant part of ethnic minorities is represented with ethnic Azerbaijanis in Kvemo Kartli, and with Armenians – in Samtskhe-Javakheti. The main challenge that hinders their active civic engagement and integration is that they have no or insufficient command of the Georgian language. This often prevents them from any possibility to get employed at public agencies or large private companies locally. According to Sabina Talibova, chairperson of the working democratic union Mtredi (Pigeon) of Marneuli, there are many cases when people from Tbilisi come to Marneuli for work because of poor Georgian language skills of locals, which reduces their employment opportunities even more.

Although there has been a program “Georgian Language for Future Success” actively carried out since 2012 to date, where university graduates go to the schools in the regions settled with ethnic minorities and teach them Georgian, still, according to the evaluation of the local population this program is less effective, as far as these youth in most cases do not, or hardly speak the local language to communicate with the population. On the other hand, they are less motivated to hold classes proactively. Due to all this, in most cases the school graduates do not adequately speak Georgian in the regions populated with ethnic minorities.

Qualification of local teachers and teaching methods represent an additional challenge. One of the schoolteachers in Akhalkalaki says: “we teach with Soviet books. The textbooks were changed so many times that we are also confused and do not know how to teach. This is why we are using these textbooks, which the Russian soldiers left to us when they were removing Russian bases from here, although the new books are stored in the library”.

These facts obviously have a negative impact on the capabilities of the local population to get quality education, decent job and to be competitive internationally.

Ethnic minorities use the Russian language to communicate with each other and with ethnic Georgian as well, as far as it is the main language that is spoken in their daily lives. Hence above-mentioned, alongside with their native language, they also get information about current events and politics mostly from Russian-speaking sources, which actively marginalizes Georgia and at the same time discredits European and Euro-Atlantic structures.

Considering the fact that the rating of the most popular Georgian TV channels is about 10% in the regions populated with ethnic minorities, now we are facing a situation where the citizens of Georgia get information about their country and its strategic partners from Armenian, Azerbaijani and Russian televisions and not from the Georgian TV channels and print media.

These countries have an absolutely different vision and agenda, which significantly differ from the priorities of Georgia. None of these countries strive to get integrated into the Euro-Atlantic structures, and obviously, this has a negative impact on achieving the security and strategic goals of Georgia, as far as a very important part of our society in most cases get propagandistic and politically motivated information about Georgia and its partners.

Meeting with the local population and NGOs clearly showed that they have a desire to learn both Georgian and English languages, but they do not have sufficient financial resources for it. However, there is a “pilot program of accelerated courses of Georgian in the regions with compact settlements of ethnic minorities of Georgia”, where about 40 people are learning the Georgian language for three months, but much more people are willing to attend this program. Besides, this

course does not fully meet the demand of the regions with ethnic minorities, and is insufficient for mastering the Georgian language.

Due to this situation, involvement of ethnic minorities in the European and Euro-Atlantic discourse is getting even more difficult. According to Levon Vartanei, resident of Ninotsminda, “before Euro integration we first need to integrate in the Georgian community, but the government does not exert even the least effort for it.” Aghasin Zalalian, head of the NGO “Javakheti’s Healthy Community” is also highlighting this problem: “if Europe wants us to integrate, let them teach the language. Do you know how many times I have visited the Embassies? I was at the US Embassy and elsewhere too, asking them for arranging an English language course, but in vain.”

Employment is another important issue, which has a fundamental impact on the attitudes and opinions of the local population, but employment opportunities are very limited locally. Majority of the population is still involved in agricultural activities, but due to very limited financial resources they cannot afford producing the goods that meet the western standards. This is why the local population is still looking at the Russian market as they hope that they will be able to sell their average quality products successfully without incurring additional expenses.

Some part of the population would like to expand its production and upgrade the quality of goods, but they lack respective professional skills or financial resources. Makhare Matsukatov, a farmer from Akhalkalaki points out: “we need trainings and adequate machinery that can analyze the soil and then we will know what crops to grow, where and how. We do not have agronomists and we do not know what project proposals to write to receive funding”. The same problem is highlighted by Hamlet Movsesyan, chairman of the Akhalkalaki Sakrebulo: “the local interested groups do not know how to raise funds and write a project”.

There have been only 3 students from the regions of ethnic minorities who graduated from the faculty of agronomy at the college since 2012. The government either does not implement additional projects considering the region’s needs, or in some cases the implemented projects do not properly meet the demands of the local population.

As for encouraging the economic activities in the regions, there has not been even a single enterprise funded in Samtskhe-Javakheti within the frameworks of the government program – “produce in Georgia”, and there is only one project funded in Kvemo Kartli region “production of broiler chickens”. All this indicates once again that the authorities have a very weak policy regarding the education and investments in the region, and also for raising awareness of the local population.

Unlike other regions of Georgia, migration of ethnic minorities is not directed to the capital, but rather the people move abroad, and in particular to Russia, as far as they have their contacts developed there, speak the language and still find employment despite being underqualified. Grigori Broian, resident of Akhalkalaki says: “when there was a Russian base in Akhalkalaki, we would supply goods to them and we had revenue. After they left we have been unable to sell our produce, and this is why many people left for Russia. We have acquaintances and relatives there. Some of them have lived in Russia for a long time already, others go there to work seasonally and come back in summers.”

It is noteworthy that most part of ethnic minorities support neutrality of Georgia, and provide economic arguments as a main reason for it. The population has a fear that Georgia’s integration

into the NATO will be followed by aggressive steps from Russia, which can be expressed not only by military confrontation, but also in economic sanctions as well, and thus their friends and relatives might have to leave their jobs in Russia and come back to Georgia.

The local population is expecting from the central authorities to solve the existing problems and reduce risks, but as their expectations are not met, the population expresses their dissatisfaction against central authorities.

The focus group discussions and meetings with the population have revealed that almost the absolute majority of the local population does not have information about the ongoing integration with the European Union or the NATO, and about those trade, economic or political opportunities that are offered to the citizens of Georgia after the approximation with the Euro-Atlantic space. Other than some rare exceptions, the local media does not arrange discussions and special reports that would be focused on explaining the country's existential choice, importance of the Euro-Atlantic integration, benefits and results. It is noteworthy that except for rare cases, the local population from the regions populated with ethnic minorities do not participate in political talk shows and programs broadcasted via the central channels, which significantly lowers their awareness and reduces their participation in the discussions about the most important issues of the country.

Revenues of the local media are miserable and sometimes they work as volunteers, because of which it is a big challenge to attract qualified human resources. Because of this, it is very difficult for them to raise international or local funds. The research has revealed that they only get five thousand GEL from the municipality budget, and only for the purpose of reporting about the activities of the local authorities. Other revenues from commercials does not exceed about fifty thousand GEL during a year, which does not give a chance to the television to offer high-quality and diverse product to the customers that would compete with televisions of foreign countries.

We have to point out that the local televisions in Marneuli and Akhalkalaki broadcast the TV company Obieqtivi and the Russian REN TV during the daytime. Editorial policy of the TV company Obieqtivi is saturated with anti-western and anti-American rhetoric, and it always expresses sympathies towards Russia. As for the TV company REN TV, it is one of the active political weapons for Kremlin, and its owners are the ones who have close links with Putin.

The above mentioned examples once again indicate that Kremlin is actively trying to manage information channels and create dominating positions, which will enable it to impose its imperialistic intentions over the public.

After evaluating the current reality, we get a picture where the Russian propaganda is met with quite a favorable ground for spreading it out. Russia is actively using the TV and print media, which is circulated for free throughout Georgia and advocates for Kremlin's narratives.

Let us present the most widespread stereotypes below, which are the clear examples of the Russian propaganda:

- Baltic countries started to experience economic downturn and became poor after joining the EU;
- The EU created the Greek economic crisis;
- NATO is an aggressive military organization;

- Georgia can only export banana to the European market;
- Georgia will turn into a battlefield after joining the NATO;
- The EU and the NATO did not help Georgia during the war in 2008.

Despite these opinions, majority of the population supports Georgia's membership to the EU and they want to let their children get education in the west, as far as they can see the welfare and wealth of the population in the countries of Europe.

In order to ensure that the pro-Russian dispositions in the regions settled with ethnic minorities do not turn into a solid and dominant narrative, the authorities of Georgia need to ensure complex and proactive engagement, so that on one hand it provides its population with objective and impartial information, and on the other hand encourages economic development of the regions, which supports creation of decent living conditions for the local population.

## 6. Anti-Western Narratives and Political Myths

Russian propaganda mechanisms or agents, such as political parties, non-governmental organizations and media, have been discussed above. Although the survey shows that Russian propaganda has become more active in all of the aforementioned directions, the large quantitative and qualitative advantage held by democratic, pro-Western parties, civil society organizations and media outlets is obvious. Moreover, efforts and financial contributions made by Western donors to support democratic reforms in Georgia immeasurably exceed equivalent efforts from Russia. Nevertheless, there is increasing anti-Western sentiment among the Georgian population. In recent years, pro Russian political forces are getting stronger and they will be presented even in the next parliament <sup>110</sup> if current trend continues. Moreover, due to the current distribution of power, there is a possibility that such parties would play a part in a coalition government.

Russian propaganda in Georgia is mainly represented by three dominant narratives, which are constantly delivered via pro-Russian media:

- **Religion Belief - a basis for unity;**
- **National identity – public discourses formed on the basis of historical past and shared values;**
- **Cultural proximity - common cultural experience.**

Each of these narratives have their own "medium" (clerics, anti-Western political forces and representatives of Soviet intelligentsia), although public discourse actors operate equally across these three narratives.

On the basis of these narratives, political myths<sup>111</sup> are molded, formed and cultivated, which aim on one hand to introduce the Messianic role of Russia (or its leader) and on the other hand, to belittle and dismiss the Western political system and its values.

The study format does not intend to conduct a detailed analysis of the whole political mythology cultivated by the ideology machine of the Russian Federation. Only those tools which are most

actively used by the pro-Russian propaganda machine and mostly cultivated openly or secretly by pro-Russian /anti-Western forces in Georgia will be assessed.

### **Myth 1: The West fights against Georgian Orthodox faith and traditions**

This myth is the main argument of the propaganda spread by anti-Western forces used by politicians, clerics and public figures equally intensively and successfully. This myth is actively promoted and propagandized by anti-Western/pro-Russian media and non-governmental organizations. Discourse regarding this topic is often saturated with homophobic references and hate speech. It is often directed towards social and ethnic minorities too, such as the LGBT community, Muslims, Turks, Jews, Armenians, etc.

*“Summer of 2012 was the beginning of unprecedented global information war of the 21<sup>st</sup> century against Orthodox Church. Before our religion was attacked by masters and kings with cold steel. Today the biggest Western media machine has taken up arms against the Orthodox Church.”*

The Newspaper “Georgia and the World”<sup>112</sup>

*“I believe the state is our national identity and my personal freedom. I am a believer. My father was exiled because he fought for religious rights. I wish young people grew up with relevant aspirations. First of all, it should be observed. I wish to have protected agriculture and culture. I see that Russia does not impede and interfere with it. On the contrary, they will be better protected through cooperation with Russia than with the West. The West imposes strange and unacceptable laws on us. “*

Gulbaat Rtskhiladze<sup>114</sup>

Unfortunately, representatives of the conservative wing of the Georgian Orthodox Church are actively involved in the cultivation of this myth. It is difficult to say whether they represent a majority or minority of clericals, although it is noteworthy that high-ranking clericals in their sermons refer to cooperation with Russia and moral and ideological incompatibility with the West.

*“We should not follow the example of those who do not have orthodox thinking and resemble spiritually dead people... We are often “preached” by the West where human values are depreciated. There everyone thinks only about himself/herself. People keep their minds on material welfare and their spirits are dead.”*

Metropolitan Job of Urbnisi and Ruisi<sup>115</sup>

This factor is especially noteworthy due to the fact that the Georgian Orthodox Church firmly occupies first place in recent studies on trust in public and governmental institutions. Moreover, 43% of people who participated in surveys conducted by the NDI in November-December 2015 mentioned that they would take into account the views of clerics.

However, the overall position of the Patriarchate, the Georgian Church's governing body, supports the country's European choice. On December 20, after the European Commission published a positive report on visa liberalization, the Head of the Georgian Orthodox Church, Catholicos-Patriarch Ilia II hosted at his residence the EU Ambassador and the Prime Minister of Georgia and openly supported this decision<sup>116</sup>. The Patriarch also supported Georgia's pro-Western foreign policy course in a number of his public speeches.<sup>117</sup>

**Myth 2: Russia is a source of economic development and welfare for the population of Georgia.**

Propagandists of this myth strive to convince the population that the European Union (EU) tries to destroy the industry and agriculture of Georgia and is trying to turn the country into a market for the sale of its own products.

*“(Georgia, Ukraine, and Moldova) have nothing to sell in the EU market – full of excess products and filled by competition. The former European Commission President Barroso’s suggestion to Eastern Partnership to open the door of the market worth of a half billion dollars was a lie. The market is open but do these three countries have anything that could be sold in Europe?! The example of Ukraine shows that only declared opening of the EU market and meanwhile closing the Russian market means the loss of millions of dollars. Ukrainian goods are not expected in Europe. As for overstocked and expired European goods, nothing will interfere with their sale in Ukraine, Georgia and Moldova, which will lead to competition among domestically produced goods.”*

Hamlet Chipashvili<sup>118</sup>

**MYTH 3: THE WEST SUPPORTS THE UNITED NATIONAL MOVEMENT AND NOT GEORGIA.** THIS IS AN EXTREMELY DANGEROUS MYTH, WHICH HAS A SIGNIFICANT BASIS. ITS PROPAGANDISTS OFTEN CITE PASSAGES OUT OF CONTEXT FROM STATEMENTS MADE BY CERTAIN EUROPEAN AND AMERICAN POLITICIANS, POLITICAL GROUPS AND EXPERTS, AND ASCRIBE THEM TO THE WEST OR CERTAIN WESTERN COUNTRIES AS THEIR OFFICIAL POSITIONS. STATEMENTS MADE BY WESTERN POLITICIANS ARE OFTEN CONSIDERED AS SUPPORT OF THE FORMER GOVERNMENT. THIS MYTH BECAME ESPECIALLY PROMINENT AFTER THE WEST CRITICIZED THE ARREST OF FORMER LEADERS OF THE UNITED NATIONAL MOVEMENT.

*“PLEASE PAY ATTENTION WHAT IS GOING ON – EUROPEANS AND AMERICANS SAY THAT REPRESENTATIVES OF THE FORMER GOVERNMENT OF GEORGIA ARE POLITICALLY PERSECUTED. WHY THEY KEEP SILENT ABOUT THE FACT THAT SCHOOL PRINCIPALS, TEACHERS AND DOCTORS ARE DIRECTLY THROWN INTO GARBAGE CANS BECAUSE THEIR VIEWS DO NOT COINCIDE WITH THE ONES OF THE UKRAINE’S CURRENT LEADERS. WHY?! BECAUSE, NATIONAL MOVEMENT LEADERS FULFILL THE TASKS ASSIGNED BY CERTAIN WESTERN CIRCLES WELL. “*

NINO BURJANADZE, ASAVAL-DASAVALI NEWSPAPER<sup>119</sup>

*“What do you want from my little country? Have you discovered any wealth –oil or gold on our land because you take this much care of Georgians? Why do you protect the thugs and brigands gang, which has destroyed Georgia, its democracy, depraved some officials? Why do you call, give advice and provide suspicious care to patients with whom true Americans would not even shake*

*hands (moreover, the CIA knows everything.). Can you please explain to me what disaster befell our small nation that you do not take into consideration people's desire, prohibit us from having our own opinion and dictate us what to do?"*

Robert Sturua<sup>120</sup>

**Myth 4: Russia is the only means of protecting ourselves from our historic enemy, the Islamic world. This myth largely acquired Turkophobia after the Russian warplane was shot down by Turkey on 24 November 2015.**

*"There is Turkey, which also dreams of restoration of the Turkish Empire, the Ottoman Empire and it has been mentioned several times. In fact, today Turkey is a Caliphate supporter. Turkey supports Caliphate as well as the Syrian opposition and tries to play its own gamethere."*

David Tarkhan-Mouravi<sup>121</sup>

**MYTH 5: MYTH OF RUSSIA'S INVINCIBILITY.** According to this myth, the world is polarized and is governed by two superpowers - the USA and Russia. On one side there is Putin, as a super leader who has established order in his country and is now fighting for world order. According to this myth, the West is governed by weak, incompetent leaders, who are not able to deal with problems facing the world. Among such discourse, the Russian leader is clever, firm and a man of principle.<sup>122</sup>

*"HAS THE BIG SEVEN FORGOTTEN WHO WON THE SECOND WORLD WAR? SINCE THEN RUSSIA, THE SUCCESSOR STATE TO THE SOVIET UNION HAS BECOME TEN TIMES STRONGER. THEY SHOULD NOT TRIGGER A WAR WITH RUSSIA. GOD FORBID! OTHERWISE, THREE-QUARTERS OF THE WORLD WILL BE DESTROYED. RUSSIA MUST NOT BE IRRITATED. WE SHOULD HAVE NEIGHBORLY, FRIENDLY RELATIONS WITH RUSSIA."*

Guram Sagharadze, "Georgia and the World"<sup>123</sup>

**MYTH 6: THE WEST WILL NEVER ACCEPT GEORGIA INTO NATO AND THE EUROPEAN UNION.** This myth is particularly triggered by the fact that both the previous and the current Georgian governments before almost every high-level meeting encourage unrealistic hopes for the country's European and Euro-Atlantic integration among the population. It is used by pro-Russian forces with enviable skills inside and outside the country. Theoretically, this myth is based on the idea of the Russian political scientist and one of the main ideologists of Eurasianism Alexander Dugin of a "fundamental sort of racism of the West".<sup>124</sup>

*"WE COULD GET NEITHER MAP NOR GUARANTEE FOR NATO MEMBERSHIP... IT HAPPENS AGAINST THE BACKGROUND WHEN MR. STOLTENBERG AFTER THE GERMAN FOREIGN MINISTER MR. STEINMEIER'S STATEMENT CONFIRMED ALSO ON BEHALF OF NATO THAT THE RUSSIA-NATO COUNCIL WILL BE RESTORED AND THE ALLIANCE IS READY FOR IT. IF WE CANNOT DRAW CONCLUSIONS FROM IT, WE SHOULD BLAME OURSELVES FOR EVERYTHING WHAT WILL HAPPEN. IT IS A FACT THAT THE GOVERNMENT DOES NOT WANT TO DRAW CONCLUSIONS. IT IS MORE IMPORTANT FOR THEM TO PROLONG THEIR CAREERS AND NOT TO TAKE CARE OF THE COUNTRY."*

Nino Burjanadze, Leader of Democratic Movement<sup>125</sup>

**Myth 7. Europe and the USA demand legalization of same-sex marriage in Georgia.** This myth, which at first glance is devoid of any common sense, is very popular among radical nationalist and religious circles of Georgia. Propagandists of this myth often cite the example of Russia as the “role model”, which in June 2013 unanimously adopted the federal law banning gay propaganda that was signed by President Putin within a couple of weeks. This discriminatory law, which was strongly condemned by human rights organizations worldwide, reinforced Putin’s authority among Georgian radicals, especially against the background that in May 2014 the law on Elimination of Forms of Discrimination was adopted by the Parliament of Georgia despite strong opposition from the clergy and nationalists.

These concerns grew to the point that Stefan Fule, European Commissioner for Enlargement and Neighbourhood Policy, found it necessary to provide a special explanation for this topic and declare publicly that the EU does not demand legalization of same-sex marriage.<sup>126</sup>

## Conclusion

Russia is attempting to use complex methods and is applying systemic approaches to influence the political environment in Georgia affecting the Western vector of the country’s development. In doing so, the media and NGOs play an important role.

Observing the ongoing political processes it becomes clear that much of the population is disappointed by the performance of the ruling coalition, and they are also skeptical towards the main opposition party. There may emerge new political forces in this political environment that will target the vast swathes of undecided or apathetic voters.

Considering the stuttering economic growth and difficult social-economic situation, there is an increasing likelihood that many voters will be influenced by the radical nationalistic rhetoric, actively targeted by the pro-Russian political parties within the political spectrum of Georgia.

The situation before the elections is further complicated by the polarization that exists within the political spectrum of Georgia. As was the case during the dramatic elections in 2012, the opposing ‘mainstream’ political forces are now demonizing one another. This increases the level of frustration among potential voters. Such an election environment is favorable for the anti-Western and pro-Russian political forces. Against the background of existing social and economic challenges, the frustration of some of the populations of other European nations has led to an increase in the popularity of far right groups.

As the research results suggest, after observing the pro-Russian NGOs, information about their financing is not transparent, which generates concerns about the origin of their revenues. Two main groups stand out from these NGOs: one group tries to influence the public opinion through its rhetoric and propaganda, and the other creates a certain foothold for more aggressive actions, which may give rise to significant challenges for state security. Russia is trying to create a certain anchor in Georgia and other post-Soviet countries in the event of its own aggressive actions, which will give an opportunity for manipulation and for justifying its aggressive actions.

Meetings with various interest groups and experts have revealed that Russia’s Interests Section at the Swiss Embassy in Georgia is connected with the inflow of Russian money into Georgia. Ob-

servations on the current political processes against the background of the upcoming elections increases the risk of using Russian money in Georgian politics.

There is a specific political situation in the regions populated by ethnic minorities. Field researches conducted within the frameworks of the project clearly reveal that the impact of Russian propaganda is especially high on the local population, as people mostly get information in Russian and in the languages of other neighboring countries rather than in Georgian. It is also noteworthy that they have little information about the benefits of the country's Euro-Atlantic integration and opportunities provided to Georgia by the West.

Taking all this into consideration, it is even more evident that any failure of Georgia with regards to its European and Euro-Atlantic integration supports the pro-Russian propaganda, and at the same time increases opportunities to advance existing stereotypes and populist ideas in the Euro-integration process.

With the current wording, the Law of Georgia on Broadcasting is liberal, which gives an opportunity to the Russian media outlets to broadcast freely. Despite the Russian channels facing certain problems during the digital switchover in Georgia, they are actively trying to overcome these hindrances.

This is why it is important to intensify the policy focused on the Western course, and achieve tangible results in this respect, rejecting the policy of creating false expectation among the population and raising awareness about the received and anticipated benefits from the Euro-integration process.

### **Recommendations:**

- It is important that the international donors motivate the media to create a constructive election environment, which means conducting discussions about election campaigns of political parties.
- It is important to carry out effective monitoring and auditing of party financing, to restrict the possibility of illicit financing.
- There should be more intensive programs supporting the media and civil society to ensure their sustainable and dynamic development.
- To support the creation of Georgian versions of news releases and political programs of leading western media (e.g. CNN, BBC), and adapted versions for ethnic minorities, in order for the Georgian population to have access to international events covered by the high-standard western media.
- It is important to elaborate grant programs for providing structural assistance for the sustainable development of the central and regional media, with the involvement of international organizations.
- A Russian-language channel should be created within the Public Broadcaster, which provides objective and impartial information to the Russian-speaking population in the country and internationally, about the current events taking place in Georgia.

- Regulations on digital broadcasting should be extended to cable broadcasters, related to the transit of channels that are owned by other states, forbidding the transmission of television channels founded by other states and related individuals or legal entities without reaching an agreement between the countries.
- It is very important to prevent any radical confrontation or polarization of the public by political parties before elections. It is desirable to ensure that the election process is carried out in the environment of constructive rivalry.
- The standard of financial transparency should be increased for civil society organizations and international donors. It is important that they publish general information about the organization's budget and implemented projects.
- It is important that the state supports the entry of cable companies to the regions, so that the population residing in the territories settled by ethnic minorities has an opportunity to get diversified information.
- Representation of ethnic minorities and their involvement in civil-political talk shows should be enhanced.
- It is necessary to conduct a complex study, monitoring and analysis of the needs of the regions populated by ethnic minorities, especially with regards to the education system.
- The number and quality of Georgian and English language courses should be enhanced in the regions populated by ethnic minorities.
- It is important to organize discussions on the issues of Russia at parliamentary level.

## CHAPTER II

### **1. International Economic Relations between Georgia and Russian Federation: Analysis and Risk Minimization Activities**

After the collapse of the USSR, integration processes in the post-Soviet arena were initiated mainly by the Russian Federation. At the initial stage, the main idea for the implementation of these integration processes was simply for the Russian Federation to try to keep the former Soviet republics within its sphere of influence. It is noteworthy that 'influence' always meant the deployment of the Russian armed forces to the territories of other countries. Economic leverage was relatively less important. The Commonwealth of Independent States (CIS) operated for these purposes. The CIS failed to function effectively due to the fact that on the one hand, it enjoyed fewer rights, and on the other hand, all former Soviet republics strived to build economic relations in accordance with the new reality.

It soon became clear that the CIS had failed to unite former Soviet republics. Consequently, the new concept of "integration at different speeds" emerged in the Russian Federation. It became clear that some of the post-Soviet republics, especially Georgia, Ukraine and Moldova, had Euro-Atlantic aspirations. Therefore, a new project was established the Eurasian Customs Union (ECU). The main goal of the ECU is to act as a counter weight to the European Union and to emphasize the importance of the Russian Federation as a superpower. In a certain sense, this is an alternative to the idea of "Greater Europe" which encompasses Europe from the Atlantic Ocean to the Pacific Ocean.

Thus, any attempt by post-Soviet republics to integrate into the European Union is considered a refusal to join the Eurasian Union. Especially noteworthy is the fact that Georgian accession to the European Union does not represent any economic threat to the Russian Federation. It is only a refusal of the prospective member to join the Eurasian Union.

The Russian Federation has employed different economic levers to maintain its influence over post-Soviet republics. The following economic levers were deemed most effective: energy dependence, the closure of the Russian market, restrictions on labor migration, control over money transfers and strict visa requirements.

The Russian Federation employed all its economic levers against Georgia. In particular, it discontinued gas and electricity supplies, closed its market to Georgian agricultural products, introduced a visa regime, and began implementing number of mechanisms to limit money transfers from Russia to Georgia. The majority of the levers have been enacted since 2004. These activities seriously damaged the economy of Georgia but did not cause its collapse. It should be emphasized that the government of Georgia pursued a very clear Euro-Atlantic integration policy and received considerable assistance from the West during this period.

Today, Georgia has a more diversified economy, a higher quality of independence and greater opportunities to protect itself against economic shocks. Despite these objective circumstances, the political environment has changed somewhat, with opportunities for pro-Russian political forces

to freely present their political views and "work" with some parts of the population, there by provoking disorder against the background of the social tension prevalent in some regions. In such cases well-established propaganda are used; in particular, misinforming the population of the impossibility of selling Georgian products to Europe.

This information cliché is particularly effective in vulnerable regions, where people commonly harvest one type of agricultural product, the majority of which is destined for the Russian market. These ideas also claim that there is a lack of alternatives to the Russian market and highlight the possible catastrophic consequences of the closure of that market. It is noteworthy that the aforementioned information clichés were and continue to be used in the regions of Georgia where there were previously Russian military bases and where the population consists mainly of ethnic minorities<sup>128</sup>.

Despite this propaganda, the withdrawal of military bases has not triggered economic and social collapse. In addition to this positive experience, it is crucial to properly conduct an information campaign in order to provide to a broad cross-section of the population comprehensive information on EU market opportunities.

The Russian Federation is unlikely to refuse Georgia's ECU membership and will create all manner of obstacles and challenges on the path to Euro-Atlantic integration. Therefore, it is recommended that all related risks be understood and efficient protection mechanisms developed.

### **1.1. Dynamics of Foreign Trade**

The main factors in Georgia's economic development have always been foreign economic activities. Due to lower purchasing power and small population size, the capacity of the internal market cannot create the preconditions necessary for sustainable economic development. After the restoration of national independence, Georgia maintained free trade agreements with all former republics of the Soviet Union. It was no surprise that in these conditions, economic relations with traditional partners were restored very quickly. Product delivery to the Russian Federation or Ukraine already meant export. The Russian market represented the greatest opportunity for export operations. From 1995 until 2014 the share of export of Georgia was the highest in the Russian Federation in 1995 and amounted to 31.35% of total exports and the lowest - in 2011, which amounted to 1.67%. However, the overall trend was a continuous decrease in the high share of the Russian Federation (Table 1). In 2006, the embargo imposed by the Russian Federation on Georgian agricultural products, wine and mineral water created artificial barriers which reduced opportunities for Georgia to export to the Russian Federation. Russia's membership of the World Trade Organization (WTO) necessitated the removal of artificial barriers and thereby opened the way for export growth.

The trade intensity index (T) can be used to assess the importance of the Russian Federation as a trading partner. The index is used to determine the value of a trade partner for a specific country. It is calculated using the following formula (where  $X_{ij}$  is country  $i$ 's exports to country  $j$ ;  $X_i$  is country  $i$ 's total exports;  $M_j$  is total world exports):

$$I_{ij} = (X_{ij} / X_i) / (M_j / M).$$

If the indicator ( $I_{ij}$ ) is greater than 1, the country's trading partner is more important to that country than vice versa. If the indicator is 1, the country's export potential is adequate to the opportunities of both the country and its trading partner. If it is less than 1, then the country has untapped export potential. All the calculations are based on information provided by the International Trade Centre (Table 7).

According to this methodology, the value of the index for the Russian Federation was 1.4 in 2010 and 6.4 in 2014. The same index for the whole CIS amounted to 19.7 by 2014. Therefore, the trade intensity index for Georgia increased over the period with respect to the Russian Federation, although it was less than a third of the figure for the CIS as a whole. In 2014 the same index for the European Union gave a figure of 0.69. It is hard to reevaluate the importance of the Russian Federation based on many economic, historical and psychological factors, but this market has always been politically very unstable.

Economic activity in the Russian market has always been associated with political and economic risks. These risks must therefore be classified. 'Macro risks' refer to risks which could potentially threaten the peace of society in a country or, at least, in a specific region. The existence of 'micro risks' does not disturb the social stability and macroeconomic stability of some regions; they do however pose risks to people employed in certain fields. The risks arising from the decision taken by the Russian authorities regarding the protection of its domestic market and the risks arising from sanctions imposed on the Russian Federation reduce purchasing power in the Russian Federation.

The probability of the first category of risks is high, although the Russian Federation's accession to the WTO provides Georgia with specific mechanisms for the settlement of such disputes, namely the review of issues by the Appellate Body of the WTO. It is noteworthy that the bizarre attitude of the Russian Federation towards all agreements creates a particularly problematic situation: there are legal mechanisms in place, but it is difficult to execute the decisions made. It should be taken into account that the Russian Federation was working towards WTO membership for quite some time and therefore, it will be careful not to renege on commitments undertaken.

The second category of risks cannot be managed without considering their source. Previous indicators of the volume of exports from Georgia cannot be restored without the removal of economic sanctions imposed on Russia. Moreover, it should be considered that under certain conditions, Georgia will have to participate in economic sanctions against the Russian Federation, which will immediately trigger the imposition of similar sanctions on Georgian products by Russia.

It should also be underlined that the decreases in Georgian exports to the Russian market in 2006 and 2015 differ in terms of source of origin. Despite this difference, in both cases the result is the same. In 2006 the Russian Federation made a political decision and closed its domestic market to Georgian agricultural products. This decision had a significant negative impact on wine companies. In 2015 the situation was different, since the Russian wine importing companies bought fewer Georgian products due not to political considerations but because of the deteriorating economic situation in the Russian Federation.

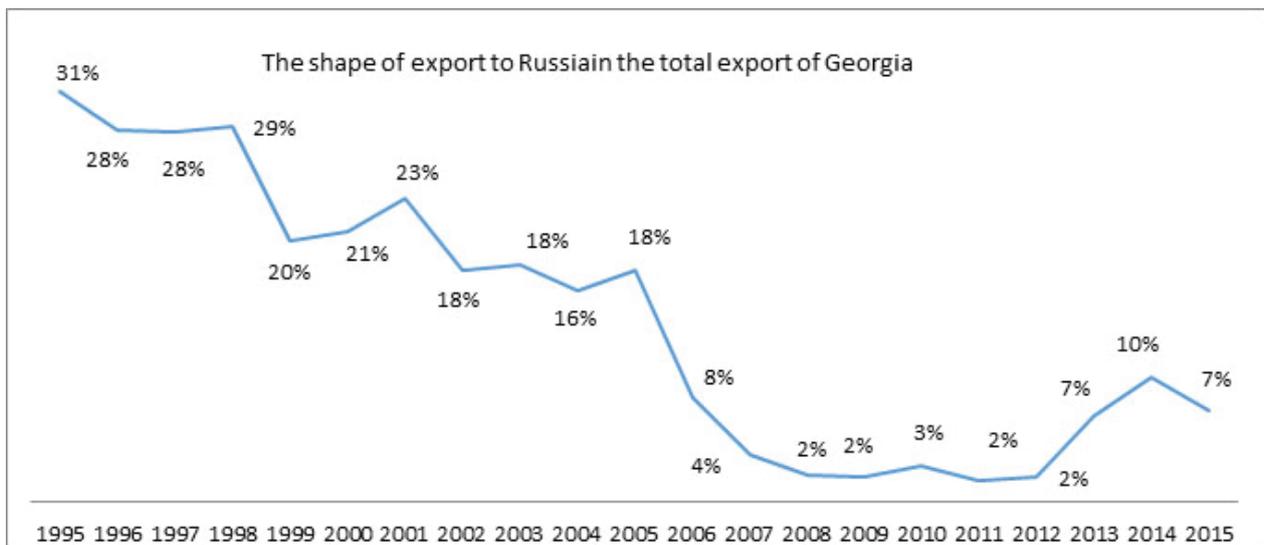
After consideration of the foregoing, we can conclude that the Russian market will very likely be a risky market both in the short and medium terms. It is therefore recommended that measures are developed that will at least mitigate export and import dependence on this market and will

also prevent the Russian Federation from using economic leverage effectively to make political decisions against Georgia.

### 1.2 Export Dynamics and Dependence on the Russian Market

Analysis of Georgian export product dynamics can be divided into three stages in Georgian-Russian relations: from the restoration of independence until 2006, from 2006 to 2012 and from 2013 to the present (Table 1).

Table 1.



Preliminary data in 2015 based on first three quarter. <sup>129</sup>

Initially, the Russian Federation was the most important export market, although there was a pronounced reduction in Russia’s share of total exports: from a historic high of 31.35% in 1995 to 17.76% in 2005. Between 2006 and 2012 foreign trade indicators were at their lowest point while in 2010 the share of exports to the Russian Federation amounted to just 2.07% of total exports. Since 2013 the share of exports to the Russian Federation has been increasing due to the removal of the embargo on Georgian agricultural products (initially wine and mineral water in particular). The figure was 6.54% in 2013 and 9.6% in 2014. A simple analysis shows that should the Russian market be completely closed, it would not trigger the economic collapse of Georgia.

Therefore, the risk to the macroeconomic stability of the country is relatively low. Generally, Georgian exports are characterized by a low number of commodity positions by exports and in the case of the Russian Federation the concentration of commodity groups is very high. According to the National Statistics Office of Georgia (GeoStat), total exports to the Russian Federation amounted to US\$274,675,000 in 2014 (Table 4), although data provided by the International Trade Centre are slightly different.

Of this amount, US\$199,385,000 relates to commodity group 22 (beverages and spirits). This accounts for 72.51% of total exports. These are followed by the following commodities in order: 6.6% commodity group 87 (motor cars); 6.2% commodity group 08 (fruits, nuts); 6.15% commodity group 72 (iron and steel). A simple analysis shows that among these groups commodity group 22 is the most important. It comprises the following: group 2204 (natural grape wines) – US\$111,425,000; group 2201 (mineral and still waters) – US\$66,381,000; group 2208 (undenatured ethylalcohol of an alcoholic strength by volume of less than 80% vol, spirits) – US\$17,553,000. The highest increase is in commodity group 2204; in 2013 this indicator amounted to US\$56,436,000, rising to US\$111,425,000 in 2014 (Table 5). Russia's share in total exports for commodity group 2204 amounted to 44% in 2013 and 62% in 2014. In 2012, total exports of commodity group 2204 amounted to US\$64,871,000, of which US\$23,000 were to the Russian Federation. It is clear that dependence on the Russian market for this commodity group is very high.

With reference to the other commodities, there has been an impressive increase in commodity group 2208. In particular, exports to the Russian Federation amounted to US\$234,000 in 2012 and US\$17,553,000 in 2014. Nevertheless, the share of exports to Russia in 2014 for this commodity amounted to only 18.4%. Such a concentration in a single market does not represent a serious threat.

There is a slightly different situation for commodity group 2201. There has been a similarly impressive increase: the share of exports to the Russian Federation was US\$102,000 and US\$66,381,000 in 2014. The share of exports to the Russian Federation amounted to 48.4% in 2014. It is noteworthy that Russian investors are highly interested in this sector, which also gives certain guarantees that Russian investors will try to protect the exported products against possible sanctions. It should also be noted that large parts of the population are not involved in manufacturing products of this commodity group, as is the case with commodity group 2204. Therefore, there are fewer causes for social disapproval in a particular region. Nevertheless, it is recommended that some measures are taken to ensure diversification of the market. The EU must be established as the main export market, accompanied by member states of the Gulf Cooperation Council (GCC) in certain circumstances.

When comparing commodity groups 2204 and 2201, it should be taken into account that commodity group 2204 is related to activities of a wider range of the population and therefore, some defensive mechanisms in relation to this commodity group should be considered a priority. In 2014, economic sanctions imposed on the Russian Federation reduced the demand for Georgian wine, which had negative consequences for some parts of the population. The permanent use of subsidy to purchase grapes would be a less efficient mechanism. The experience gained since 2006 has shown that neither distribution of Georgian wines in the CIS nor EU market access partially does not produce relevant results. It is recommended that complex measures be taken. The clearly inefficient mechanism for subsidizing the purchase of grapes should be replaced with incentive mechanisms for entrepreneurs. Several methods may be considered here.

It is recommended that the merger of sector and regional management mechanisms be reviewed. Ultimately, all mechanisms should ensure formation of a regional competitive cluster. The quality and diversification of commodities which are produced there will reduce dependence on the Russian market. Therefore, these recommendations should be considered separately due to the fact

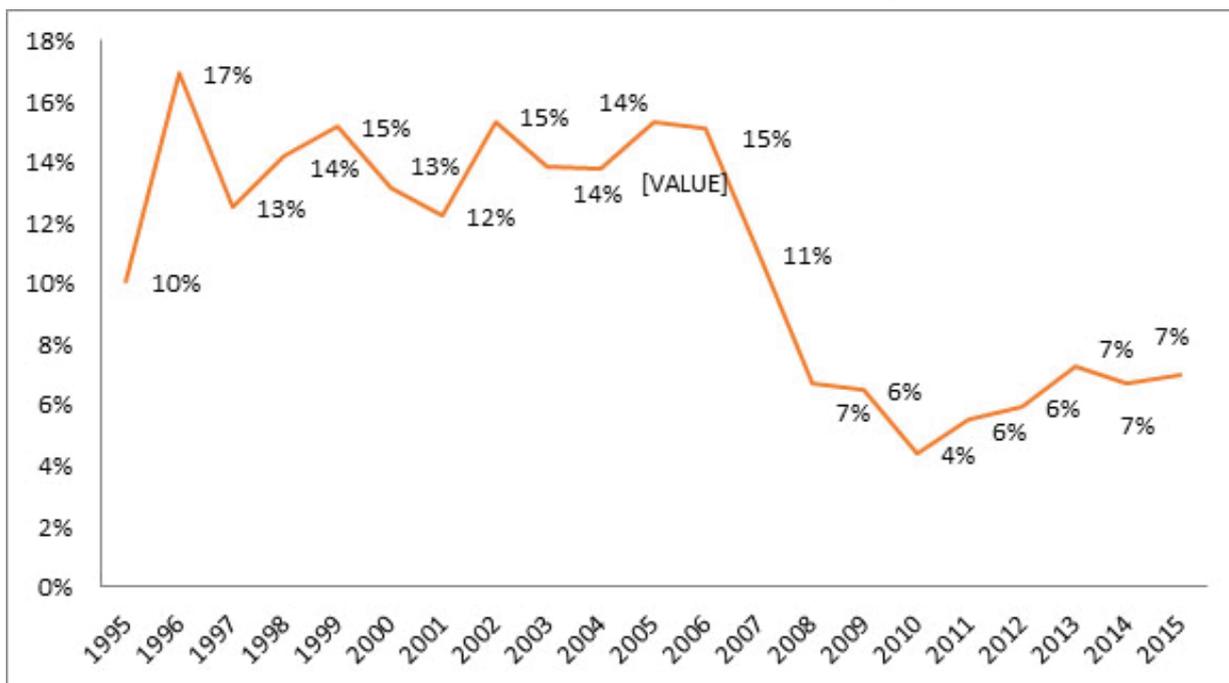
that the high dependence of the population of at least one region on a particular market increases opportunities for social instability and political pressure. Relevant wine recommendations are provided in the concluding section of this paper.

With reference to other export commodity groups, re-export(commodity group87)\_ will lose its importance because of the formation of ECU. It is recommended that awareness of natural persons and legal entities about possible hazards be raised to prevent government in this field in a timely manner to the possible dangers of the legal and natural persons, in order to prevent a sharp drop in re-export. However, this has already happened with respect to Azerbaijan, where a drop was triggered by new car import regulations put in place by the government of Azerbaijan. It is not necessary to develop special activities for commodity groups 08 and 72 since they are unlikely to be affected by any major source of threat. Organizations involved in the export of these commodity groups should be warned not to concentrate their exports too much in the Russian market.

### 1.3 Commodity Import Dynamics from the Russian Federation

Compared to exports, the dynamics of commodity imports from the Russian Federation to Georgia are characterized by a wider range of commodity groups and quite stable development dynamics (Table 2).

Table 2. The share of import from Russia in the total import of Georgia



Preliminary data in 2015 based on first three quarter. <sup>130</sup>

Before the 2008 military conflict in Georgia, the Russian Federation had maintained quite a high position in relation to imported products. The 2008 conflict was reflected in the import data and there was a historic low in 2010, when the Russian Federation accounted for 4.38% of the total imports of Georgia. Since 2013, the figure increased and the share of imports from the Russian Federation amount to 7.28% of the total imports of Georgia, falling slightly to 6.70% in 2014. It is noteworthy that Georgia was dependent mainly on energy imports from the Russian Federation

and therefore, it was vital to diversify the supply of such resources. It was especially important to ensure diversification of natural gas supplies since replacement of these supplies depends on the existing pipeline infrastructure. The government of Georgia acknowledged that it was impossible to rely on the Russian Federation and it therefore ensured the diversification of suppliers. It should be noted the agreement reached with Azerbaijan was the most important in this regard. The Russian Federation supplied 12-14% of commodity group 27 (organic fuel, oil) (Table 6). Azerbaijan, Greece and Romania are the other suppliers of Georgia for this commodity group.

Commodity group 2711 (petroleum gases and other gaseous hydrocarbons) represents the most important position for Georgia. It is noteworthy that in this commodity group the volume of imports from Russia amounted to US\$75,266,000 in 2014, accounting for 20.4% of total imports in this group. Azerbaijan was the main supplier (US\$287,727.00), providing 78% of this commodity.

In 2010 imports from the Russian Federation in this commodity group were worth US\$44,380,000, accounting for 33.2% of the total imports of this commodity group. It is not reasonable to increase the share of imports from Russia in this commodity group since Georgia has only one option - to receive supplies from Azerbaijan. It is technically possible to consider Iranian gas transit via Armenia, although due to the very close political relations between Armenia and the Russian Federation it is quite unrealistic to pursue this avenue. It would also be possible to receive supplies from Turkmenistan. In this case, gas would run through Russia or the Caspian Sea. It is very unlikely that these scenarios could be implemented.

It should be taken into consideration that, based on the decision made by the government of Azerbaijan, in the shortest period of time much more transit of natural gas to Europe through the territory of Georgia than today (approximately from 2018) Therefore, Georgia will receive more gas as a result of transit, and its dependence on Russian gas will be objectively reduced.

The next important commodity group is 1001 - wheat and meslin. Russia's share of imports in this group was very high, reaching 81.47% in 2014. In fact, Georgia has two suppliers - Russia and Kazakhstan. It is not reasonable to concentrate on one supplier in terms of this commodity group, not because of replacement problems, but because of a possible increase in prices. It would not be difficult to find a new supplier for these products, and the analysis of practical steps taken by the Russian Federation shows that it can suddenly ban imports to Georgia. Therefore, the need to quickly find new suppliers may impact on procurement costs and therefore, it may trigger undesirable social tensions.

#### **1.4 Activities to be Implemented by Import Commodity Groups**

It is noteworthy that at this stage Georgia's import dependence on the Russian Federation is not under serious threat. The future perspective seems to be more dangerous as long as government agencies support the increase in imports from the Russian Federation. This could result in significant import dependence on the Russian Federation. Representatives of non-governmental organizations (NGOs) should implement targeted activities to inform public opinion, focusing on the explanation of future risks associated with such decisions. It is recommended that it be explained to the population that acting in accordance with the slogan "separate economics and politics" in

relation to Russia is in fact impossible. In such circumstances, the interests of the Russian Federation would be met and it is therefore dangerous for Georgia.

What defensive mechanisms can be implemented? It is recommended that the possibility be considered of settling this problem at the legislative level, in particular, the introduction of certain import quota mechanisms to ensure protection against a monopoly. The introduction of import quotas for Georgia by Turkey is a clear example of this model.

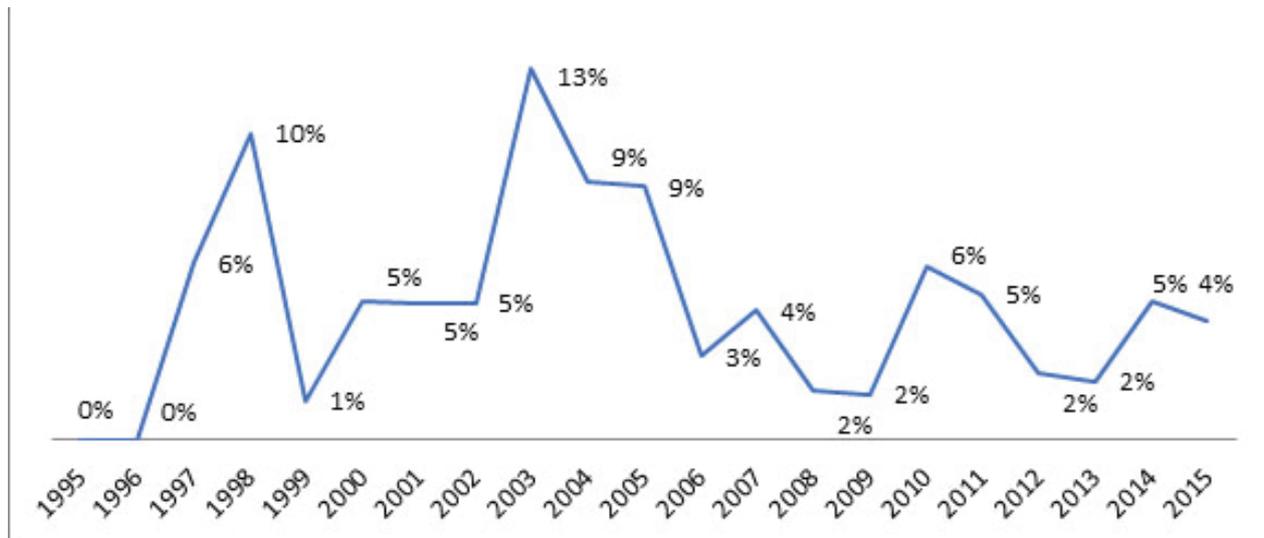
The main purpose of the import quota would be to prevent the increase in import dependency of Georgia on a country which in fact occupies Georgian territory. Generally, the quota mechanisms must be used very carefully and only under certain conditions. These mechanisms should be considered to relate only to the Russian Federation due to the fact that 20% of Georgian territory is occupied by the Russian Federation.

Specific recommendations are provided in the concluding section of this paper.

## 2. Dynamics of Foreign Direct Investments

Data concerning foreign direct investments (FDI) made in Georgia show that Russia has never had an abundance of investments in Georgia (Table 3).

Table 3. The share of FDI from Russia in the total FDI of Georgia



Preliminary data in 2015 based on first three quarters.<sup>131</sup>

FDIs made by the Russian Federation amount to 5% of annual investments. Therefore, dependence on investments made by the Russian Federation does not present any serious problem. Investments made by Russian legal entities or natural persons in offshore zones cannot be excluded. For example in the period 2006 to 2014 the total investments made from the British Virgin Islands were worth more than US\$515 million. In the same period the total investments made from the Cayman Islands amounted to US\$46 million, from the Marshall Islands US\$32 million, and from Panama US\$185 million.

The Russian Federation has always displayed a special interest in strategic infrastructure in terms of investor relations with Georgia. The infrastructure includes first of all a trunkgas pipeline and railway, which has been and will always be of interest to Russia. At this stage it is difficult to determine how much interest the Russian Federation will show in building a deep water port on the Black Sea. The financial and communications sectors could be other significant sectors for the Russian Federation.

Given the fact that the energy industry has become an important tool of foreign policy implementation for the Russian Federation, it is recommended that particular attention be paid to investments made in this sector by the Russian Federation. The transfer of strategic facilities in any form to the Russian Federation is strictly prohibited. According to Chubais's notion of "liberal empire", special interest was paid to the control of power plants on the territory of the former USSR.

From this point of view it is vital to take into account the following circumstances. Georgia's largest hydro power plant Enguri (installed capacity - 1300 MW, 32.5% of annual electricity generated in Georgia in 2014) and thermal power plant Mtkvari Energy (installed capacity - 300 MW, 11.3% of annual power production in Georgia in 2014) are within the sphere of interest of the Russian Federation. Enguri is owned by Georgia, although it is managed on an equal basis with the Russian Federation. Mtkvari Energy is owned by Russian company Inter RAO.

It is noteworthy that the government of Georgia tries to attract investments mainly from the USA, the EU and China. GCC member states, especially the United Arab Emirates, are active in this direction. Until recently, Azerbaijan and Kazakhstan were also quite active. Turkey has traditionally been and continues to be an active investor, although the reduction in the share of investments made by Turkey indicates that the market has been saturated with investments made by Turkey. New investment flows can be increased only by creating new export products.

In the near future, the Russian Federation is not expected to make any major investments. Georgia's government will be unable to explain to the population the importance of these investments. Therefore, it is important to continue implementation of a formal policy that does not allow transfer of strategic assets to anyone else. It is also recommended that it be determined if investments by the Russian Federation can be made in full compliance with Georgian law. Generally, we should keep in mind that corruption risks are related to Russian investments made everywhere. Corruption is a crucial political risk factor in the sustainability of a country.

### **3. Involvement of Russian Capital in the Georgian Banking Sector**

Involvement of Russian capital in the Georgian banking sector should be considered from a number of aspects. First of all, these investments should be viewed as containing possible financial system sustainability risks. Moreover, there is a need to consider more specific aspects of possible risks related to the exchange rate stability of the Georgian Lari. For this purpose, it is recommended that participation of Russian capital in the Georgian banking system and its possible future development be reviewed.

Involvement of Russian capital in the Georgian banking sector can be viewed as existing in direct and indirect forms. It is seen in the direct form in the VTB Bank, while the indirect participation of

Russian capital can be assumed in the Liberty Bank and Progress Bank<sup>132</sup> since Russian citizens are involved in the management of both these banks. An important feature of the Georgian banking sector is that two banks, namely the Bank of Georgia and TBC Bank, are dominant (they were the creators of the banking system). According to data from the third quarter of 2015, the assets of the Bank of Georgia amount to 8.5 billion Georgian lari, while those of the TBC Bank amount to 6 billion lari.<sup>133</sup>

In the same period, assets amounted to 1.1 billion Georgian lari for the VTB Bank, 1.5 billion lari for the Liberty Bank and 114 million lari for the Progress Bank. Therefore, we may assume that at this stage, the participation of Russian legal entities and natural persons in the Georgian banking sector does not represent any serious threat. Meanwhile it should be emphasized that the banking supervision policy implemented by the National Bank of Georgia is quite strict and enables us to precisely determine the owners of financial capital. The formation of a new banking supervision system poses a threat when this function is delegated to a structure which is more politically sensitive than the National Bank of Georgia.

Maximum transparency is the best model for neutralizing threats and preventing risks in the banking and financial sector. It is recommended that financial supervision models be introduced and implemented, models approved by the EU in Georgia which minimise capital inflow from offshore zones and ensure transparency of capital ownership and origin.

It should be noted that, after the 2008 financial crisis, special attention has been paid to so-called prudential regulation. The essence of this is expressed in the following maxim: the problems of a bank or a financial institution must not create problems for the sustainability of the whole financial system. In particular, this means that the role of national banks significantly increases and they regulate not only banks but all important financial institutions. Therefore, the role of the National Bank as a regulator should be strengthened and the quality of its independence from the government be improved, at the expense of strengthening additional constitutional mechanisms, if necessary.

In relation to the banking and financial sector, the issue of money transfers from the Russian Federation cannot be ignored. It is clear that the vast majority of our citizens work in the Russian Federation and therefore, Russia is the primary source of money transfers to Georgia. In 2013 money transfers from the Russian Federation amounted to US\$750,209,500, 56.76% of total transfers to Georgia. In 2014, US\$636,430,500 were transferred to Georgia (50.41% of total transfers), and in the first nine months of 2015 money transfers amounted to US\$266,784,900 (39.25% of total transfers). The government of Georgia cannot take any serious measures regarding money transfers. A decrease in money transfers may have a negative impact on the Georgian lari exchange rate; however, this factor cannot be regarded as fundamental. The lari exchange rate will be stabilized by strengthening Georgia's economy and especially exports (commodities as well as services). The following factors have a fundamental impact on the lari exchange rate: global economic trends, current processes related to the largest trade partners of Georgia, and coordinated policy pursued by the government and the National Bank of Georgia. In summary, the increase in domestic debt has a negative impact on the lari exchange rate since it leads to an increase in the money supply.

#### 4. Areas where Georgia and the Russian Federation are Competitors

When considering competition between Georgia and the Russian Federation, energy transit corridors and shipping fields should be discussed first of all. Competition between Georgia and the Russian Federation in these fields can be reviewed. The energy transit infrastructure of Georgia is an objective competitor to the Russian Federation. It is noteworthy that all projects introduced and supported by the EU aim at increasing the EU's energy independence. The EU Energy Charter<sup>134</sup> serves this purpose. Any energy project implemented in the south, will objectively be related to Georgia's in part of this infrastructure would have to be located on Georgian territory. These projects are important for Georgia in terms of their economic benefits and also their significance to improve the security of Georgia. In the light of these considerations, any energy infrastructure (main gas pipelines and other auxiliary infrastructure) has strategic importance and must not be transferred in any form to public or private companies of the Russian Federation. We are referring to ownership and management issues.

Competition in the shipping field should also be reviewed. This is mainly related to container shipping from China to Europe. It is clear that the only alternative to transit through Georgia (railway, ports) is a railway passing through the territory of the Russian Federation, which will connect to Europe through Belarus and Ukraine. This option has objective advantages: one form of transport; customs clearance at one location; and relatively low costs of loading and unloading. However, there are also objective difficulties, notably the high level of corruption and crime in the Russian Federation.

Cargo passing from China to Europe through Georgia will cross the borders of several countries. This objective difficulty could be resolved through the implementation of a uniform transport corridor policy. It is recommended that a uniform tariff policy be developed to introduce competitive tariffs and ensure cargo movement in this direction. The movement of goods from China to Europe must be reviewed within the Deep and Comprehensive Free Trade Area Agreement (DCFTA) signed by Georgia and the UN. If assembly plants are built in Georgia, it will enable Chinese companies to provide the EU with products in a free trade regime. Moreover, it should be taken into account that, pursuant to applicable tax law of Georgia, re-export transactions are exempt from income tax. It is recommended that this information be provided to strong European trading companies and regimes be developed that will support functioning of the companies.

Different routes for cargo transportation and methods of combining various modes of transport according to the types of cargo should be developed to ensure maximum realization of objective advantages of Georgia. Selection of the most effective combination of rail-sea and rail-road transportation depends on several factors, such as target market characteristics, freight dimensions and shipping conditions. As well as shipping routes, specific forms of infrastructure should be developed. The advantages of free trade zones should be analyzed in order to increase the competitiveness of the shipping routes.

## 5. Areas where Georgia and the Russian Federation Can Cooperate

Areas of cooperation between Georgia and the Russian Federation should be selected on the basis of significant advantages for both parties. We will consider the following: 1) energy projects; 2) infrastructure projects; 3) preferential regimes providing access to different markets.

We can discuss several aspects of Russia's interests with regard to energy projects, beginning with interest in designing and building large objects. Russian companies have a good deal of experience and knowledge and so can offer services to Georgia at a competitive price. They can also participate in the construction process. The second but no less important interest is fast growing demand for electricity in the southern regions of Russia. Correspondingly, in the case of existing technical infrastructure, the Russian Federation is perceived as a logical market for electricity produced in Georgia.

We may suppose that Russia has an interest in launching north-south transport. It should be emphasized that the aforementioned corridor may not necessarily go through the territory of Abkhazia. A Russia-Azerbaijan-Georgia-Turkey route could be used. Prospects of a transport corridor may be affected in some ways by a less developed railroad infrastructure between Turkey and southern countries. Based on quite intensive trade relations between Turkey and Russia, we may assume that this route has some potential. A railway passing through Abkhazia could only be used in the event of a political settlement of the conflict.

The role of the railway in connecting Russia and Armenia is less economically productive (although it would increase transit revenues for Georgia). Political aspects are much more important. Therefore, Georgia must not agree to any negotiations regarding this issue. It is presumed that the negotiations will be offered to Georgia under the slogan mentioned above: "separate economics and politics." This slogan is a priori unacceptable due to the fact that even giving prior consent to negotiation implies *de facto* recognition of Abkhazia. Therefore, purposeful work is needed in order to ensure formation of a negative attitude in society towards such negotiations.

It is particularly important to reveal and neutralize the topics opponents may appeal to beginning with the communities which are likely to be receptive to this appeal. In this particular case such issues will be related to more jobs and transit revenue.

The third possible area of cooperation is an interest from some Russian companies in a free trade regime to market products in the EU. Short- and long-term prospects should be considered separately. The situation formed under certain conditions, namely, economic sanctions against the Russian Federation, belong to the short-term prospects. Opportunities prioritised by both parties to achieve their economic objectives belong to long-term prospects. When reviewing short-term opportunities, the interests of EU - a strategic partner of Georgia - should be taken into account. It goes without saying that none of the projects which are contrary to EU interests should be carried out. While analyzing long-term projects, Russian exports to the EU (International Trade Centre (ITC) data, [www.intracen.org](http://www.intracen.org)) should be reviewed. Important commodity groups (except for oil products) are group 71 (precious stones (excluding diamonds) and semi-precious stones; group 72 (iron and steel); group 74 (copper and copper products); and group 75 (nickel and nickel products). First of all, exports of specific commodity positions under these groups should be studied in order to develop opportunities to manufacture similar products in Georgia. The Russian Federation will

benefit from accessing the EU market under a free trade regime, which will provide Georgia with opportunities to receive additional investment and create new jobs. It is recommended that use of a regressive income tax model be considered for export-oriented companies as an additional stimulus. Investments from the Russian Federation must be encouraged in all the areas where new export products can be formed.

## **6. Key Factors in the Development of Foreign Economic Activity of Georgia**

The key factors in the economic development of Georgia have always been and will continue to be its geopolitical location and therefore the use of profitable trade regimes.

The use of geopolitical location is reflected in the fact that Georgia has a positive foreign trade balance of approximately US\$1 billion. Another important aspect is re-export development. It is noteworthy that exemption from income tax on income earned from re-export operations was a sensible decision as demonstrated by its positive effect. This is evidenced by the increase in re-export in commodity group 87.

The most important aspect of maximising on geopolitical location is the development of infrastructure projects. All transport corridors, whether east-west, or north-south, must be developed to ensure the acceleration of economic growth in Georgia.

It is also necessary to consider important levers of development, such as the free trade regimes with the world's largest economic players. The Deep and Comprehensive Free Trade Agreement (DCFTA) between the EU and Georgia represents a strategic move forward in the development of Georgia. A detailed analysis showed that the free trade regime would not lead to a rapid increase of exports from Georgia. This is logical and objective since it is proved by the low uniformity of export and domestic sectoral trade indexes. Hence, this agreement has other economic benefits, in particular, encouraging and attracting foreign direct investments (FDI). One of the factors affecting economic growth is a small number of export products. New investors will develop new products for export.

Georgia should use the unique opportunity to reach a free trade agreement with the United States, conditioned by the strategic partnership agreement with the United States. This will enable us to provide additional incentives to players such as Turkey or China. Such opportunity will be of great interest to manufacturers in these countries and will meanwhile support the production of new export goods in Georgia. A free trade agreement with China would also be important, since this will create additional incentives to deepen economic relations.

The prospect of economic cooperation between Georgia and GCC member states should be considered. Access to markets in Arab countries such as Saudi Arabia, Kuwait, Qatar, Bahrain, Oman and the United Arab Emirates could be very important for our traditional export groups. Therefore, it is necessary to implement intensive activities in this direction. We should not forget that the United Arab Emirates have quite strong trade and investment relations with Georgia.

The main aspects supporting these factors are: a regressive income tax model for export operations; the formation of investment protection mechanisms and effective systems for business

dispute resolution, decision making and execution; tax liberalization in the form of a reduction in the amount of taxes and their rates. It is also important to study opportunities available in Georgia for creating certification laboratories for products (primarily food products) acceptable to these countries. The development of state support for the certification of Georgian products in laboratories of these countries should be considered as an alternative.

The conditions for creating free trade zones should be considered separately. The unique position of Georgia, demonstrated by healthy trade relations with all its neighbors, should be turned to particular advantage. We can consider the possibility of creating a free trade zone in South Georgia, where free trade will be conducted with Armenia, Azerbaijan and Turkey. Each specific aspect of the functioning of this zone and its particular activities should be determined and reviewed.

We should also review the possibility of the formation of free trade zones within the conflict zones of Georgia; this will be a powerful incentive for the economic development of these areas. Conflicts in Georgia are unlikely to be fully resolved through the methods mentioned above; however, political methods for conflict resolution should also be enhanced by creating relevant opportunities for accelerated economic growth in these territories.

## **Recommendations**

The common background for the following recommendations is the maximum deepening relationship of Georgia with the European Union and the consequent reduction of economic dependence on the Russian Federation. The recommendations encompass both general and specific aspects. Moreover, recommendations related to particular products are provided separately due to special importance of certain products in specific regions.

- The Deep and Comprehensive Free Trade Area Agreement (DCFTA) represents the first stage in Georgia's EU integration. We therefore recommend the acceleration of work on the fulfillment of commitments made under the agreement; meanwhile, the government of Georgia should start work on the second stage of integration - entering European Union Customs Union (EUCU).
- To ensure maximum realization of economic potential created under the DCFTA, a special fund (to be named the EU Integration Support Fund for Georgia) should be established. This will support the increase in export potential in this direction and can be formed using current financial mechanisms (promotion of entrepreneurship, Invest in Georgia, etc.). The key objective of the fund will be to support maximum utilization of UE market opportunities. Meanwhile, the fund will raise public awareness of the opportunities and potential of the EU market in vulnerable regions (where there is high dependence on harvesting and selling to the Russian Federation goods produced by monocultural farming)
- Additional protection mechanisms for EU investments should be developed. The formation of state-funded investment insurance system is the most efficient means of achieving this. These activities can be implemented using the fund mentioned above.
- Georgia should join the EU's Energy Charter, which will increase the energy independence of Georgia as well as transparency in the energy sector.

- We recommend concluding a long-term Gas Purchase Agreement with Azerbaijan and considering technical possibilities for receiving alternative natural gas from Turkmenistan.
- It should be clearly reaffirmed that the government of Georgia deems all energy projects a priority, which will improve the EU's energy independence.
- It is especially important (though expensive) to build a modern natural gas storage terminal in Georgia; this is the most effective mechanism for energy security. All steps taken in this regard should be fully supported. Moreover, this terminal should be immediately added to the list of facilities whose sale or transfer under management contract to Russian public or private companies is prohibited.
- We recommend making a list of critically important import commodity groups and ensuring the formation of strategic supplies of these commodity groups. In the mean time, we recommend using an import quota mechanism in relation to the Russian Federation, until the end of the occupation.
- We recommend producing a list of strategic facilities and making this information public and available to all. In the mean time, all facilities belonging to the energy and transport infrastructure should automatically be seen as strategic, and access of Russian public or private companies to these facilities must be completely barred.
- The government of Georgia should take into account EU practice regarding questionable investments, and introduce appropriate standards for management of these investments.
- A well-grounded investment policy in relation to the Russian Federation should be pursued, with the goal of avoiding strengthening Russian influence in the areas where investments are to be made.
- Experience during the period from 2004 to 2006 shows that in the financial, banking, energy (including all stages), transport and transport infrastructure sectors, Russian investments should not be made at all or be made only on the basis of preliminary studies which demonstrate the safety of these investments for Georgia's economic and political sustainability.
- A special study should be conducted to assess the influence of the Russian Federation and the possible risks for the Georgian energy sector, due to the special interest of the Russian Federation in energy sector facilities. It is important to develop specific practical action to manage these risks and reduce their impact.
- Open hearings in the Parliament of Georgia should be organized, in which different experts present their views to reveal and assess the influence of the Russian Federation in all other areas.
- We recommend strengthening the regulatory function of the National Bank in the financial and banking sector, and improving its independence at the expense of an increase in extra-constitutional mechanisms.
- The National Bank should develop a specific mechanism which will curb the potential influence of Russian public or private companies on the financial sector of Georgia.

- Any negotiation under the banner of “separate economics and politics” should be rejected.
- We recommend expanding free trade regimes and conducting intensive negotiations with the United States, China and GCC member states.
- Discussions on the possibility of forming a free trade zone in South Georgia should begin.

Specialized recommendations have been developed that will contribute to both the diversification of Georgian wine in export markets, and the increased efficiency of grape processing, since the raw materials are of particular importance to Georgian wine, and because of the high degree of dependence of the Kakheti Region population on sales of this product. General recommendations have been elaborated, as well as recommendations for sectors and regions (cluster formation).

- To stimulate wine producing companies, a regressive tax regime for export operations could be used; income tax reduction in the event of total mass of profit increase is a particular example of this. Export growth will be associated with the growth of new export markets or with export growth in current markets. Both these actions will stabilize grape sales.
- Conditions should be created which support the supply of materials necessary for aging branded wines and for making brandies for Georgian wine companies.
- The manufacture of new export products, such as spirits and high-alcohol beverages, should be supported. We recommend developing special FDI attraction programs to this end. These programs should focus on particular investors from countries such as France, Italy, Germany and Greece.
- It is important to utilize the potential of European trade companies in order to access new export markets. We recommend giving preference to well-known trading companies (there is an article on special trading companies in the Tax Code of Georgia). Branches of these companies should be registered in Georgia and income tax exempt re-export operations under Georgian law should be used as an additional stimulus.
- Vertical integration support can be considered as another avenue. In particular, we recommend supporting export alliances comprising vine-growers, wine makers and trading companies. Legislative and organizational aspects of these organisations (in the form of export alliances, taxation mechanisms, internal transfer prices, etc.) should be regulated. Export alliances are powerful tools to ensure export growth. It is noteworthy that such vertical alliances are generally successful.
- The establishment of vine-growers (farmers)’ associations should be supported. Farmers’ associations will work closely with the export alliances, receive the latest information and assist members through training. It is vitally important to analyse the latest market information and development trends. This will serve as the basis for the development of micro economic decisions related to the sector.
- We recommend a transition to proven and effective forms of protection from natural disasters. To this end, support should be given to farmers’s visits to the EU and to protective systems of Georgian vineyards. It is necessary to establish vineyard insurance systems in

Georgia similar to those in France, Italy and Spain. These systems will ensure a minimum income for vine-growers (farmers), thereby removing a cause of social tension.

- To ensure the promotion of Georgian wine, well-known European companies from the EU should be contracted to prepare a special action plan. The experience of South American countries related to the promotion of wine in European markets and the similar experience of European companies in the markets of developed Far East countries should be taken into consideration. Promotion of Georgian wine should be based mainly on its uniqueness and therefore, we should aim towards a higher price for the product.
- Georgia should begin organizing international wine festivals under the suggested slogan “Georgia – cradle of wine making”. More attention should be paid to inviting wine merchants and encouraging their direct participation in such festivals. The issue of the creation of special tourist products should be emphasized, focused on the wine industry. An increase in the number of tourists will automatically ensure growth of the so-called covert export, that is, wine consumption by foreign tourists within Georgia. It would be possible to organize a special network of tax-free wine shops for foreign tourists.

## CHAPTER III

### 1. Security and its Perception in the Context of Confrontation between Georgia and Russia

#### Introduction

Strategic environmental forecasting is always risky especially for a region as dynamic as the Caucasus, where countries have no experience in strategic planning and transparent departmental policies, and where decisions are often made informally and actual possession of information means access to secret information. Georgia is no exception in this regard. The main sources of information are closed or inaccessible to the population. The regional security assessment will be based on a brief analysis of Russian and Georgian strategic documents and a subsequent comparison of their key messages with activities implemented in security and military fields. We also have to take into account socio-economic or ideological factors, which would bring additional depth to the analysis of ongoing events in Russia and Georgia and ensure a credible forecast for the region.

#### 1.1 Russia's Perception of Security and Recognized Priorities

It would be logical to begin the discussion of Russia's attitude towards security issues, particularly Georgia, with the introduction of the Russian President's view on the country. His views on global and regional issues are best expressed in his annual interview – Direct Line with Vladimir Putin. On 16 April 2015, he conducted an interview when he articulated the main theses related to his and the Russian government's perception of security for Russia<sup>135</sup>. Traditionally, the President accused the West and especially the US government of pursuing world domination and underestimating the role of Russia, and he also rejected criticism of Russia's aggressive policy. He maintained this position even at the end of 2015 and despite significant adverse effects of sanctions on the Russian economy, he repeated previously expressed theories in an interview with the German newspaper Bild<sup>136</sup>. The Russian President did not change his attitude towards key security issues, such as annexation of Crimea, NATO enlargement or attitudes towards neighboring countries and he firmly reconfirmed his confrontational approach. Despite the freezing of the conflict with Ukraine and some mitigation of rhetoric due to extension of Russian military operations in Syria, the Russian political elite is not going to change its strategy toward neighboring countries and insists on the need for a buffer zone between Russia and the West.

The Security Strategy approved on December 31 in 2015 is an interesting source in terms of analysis of security<sup>137</sup>. As expected, the strategy repeating the main ideas of previous strategy but however, it reveals little difference in relation with some issues. For example, successful modernization of the military-industrial complex (MIC) is discussed as a precondition for economic and industrial development. In general, the measure of successful implementation of the document (the strategy) is the scale of its military modernization<sup>138</sup>. This directly indicates that Russian au-

thorities attach special importance to the high fighting efficiency of armed forces and consider it to be the main tool for resolving issues of foreign and security policy. The document discusses “color revolutions” and the crisis in the vicinity of Russia as problematic issues or threats, which are usually followed by “legitimate” regime change. Events in the context of US and NATO policy are also perceived negatively. Clearly, traditional anti-American sentiment is deeply rooted in the minds of the Russian elite and more emphasis is shifted on to NATO enlargement and its associated risks or rejection of new members and NATO approaching Russian borders i.e. efforts to contain Russia.<sup>139</sup> The US-funded Army Biological Warfare Laboratories (ABWL) (one of which exists in Georgia) whose activities are somehow directly related to the development of biological weapons, are reviewed in the same context. The strategy attaches no less importance to the improvement of Russia’s international prestige. In the document, steps taken by Russia in the international arena are considered as the basis for enhancing its prestige. Moreover, a direct connection is drawn between maintaining prestige and protecting Russian interests including the use of armed forces, in the interview given by President Putin to the German newspaper Bild. To say the least, the above-mentioned messages are ominous if not alarming, especially when similar positions are consequently faced in strategic military documents and statements made by responsible persons in military and security organizations.

## **1.2 Russia’s Military Doctrine - Objectives and Reality**

It is noteworthy that conclusions about the contents of Russia’s Military Doctrine could have been drawn on 19 December 2014, when Gerasimov, Chief of the General Staff of the Armed Forces, made a speech at the expanded meeting of the Russian Defense Ministry Collegium.<sup>140</sup> Emphasis placed on different issues in the speech were directly reflected in the Military Doctrine published at the end of the same month and are in full compliance with the priorities of the revised national security strategy document. Detailed analysis of current and potential threats is provided and a range of activities for their elimination is approved in the doctrine.<sup>141</sup> In total, 8 out of 14 foreign “threats” are directly related to Georgia and can be interpreted as the real basis of justification for aggressive steps against Georgia. For example, the accession of Georgia to NATO or placement of the Alliance infrastructure or military deployment on its territory, as well as territorial claims against Russia’s allies, conflict escalation near the Russian border, violent change in “legitimate government” or activities of terrorist groups are considered in the context of main threats against Russia. The threats also include major military threats including conducting military training or partial/full mobilization in neighboring countries acquires particular relevance with regard to Georgia. Potentially, any above-mentioned narrative could be used as pretext for carrying out threats, pressure or even military action against Georgia.

Finally, it is indicated in the doctrine that armed forces can be used outside borders of the Russian Federation in order to protect the interests of the country or its citizens outside the borders of Russia. Both cases are completely relevant to Georgia due to the fact that a significant portion of Georgian citizens, especially ethnic minorities, holds Russian citizenship and the number of pro-Russian civil organizations has increased. The provision of gas and transport to Armenia, Russia’s main ally in the region, as well as the dominance of Russian companies in the Georgian energy sector, serve as the real basis for Moscow to enforce the above-mentioned clause. This sce-

nario assumes a much greater likelihood if the Armenian-Azerbaijani conflict in Karabakh expands into an active phase (with Turkey's participation in various forms) and Russia begins fulfillment of its military alliance commitments in relation with Armenia. Russia's fight against terrorist groups should be reviewed in the same context. The issue related to Pankisi Gorge and radical Islamists has never been removed from the agenda for Russia and from time to time it is applied to place political pressure or even to pose a direct threat against Georgia. The growing influence of Chechens and Pankisi Kists in the ranks of Muslim radicals fighting in Syria lays fertile ground for the use of military force by Russia to eliminate the so-called threat coming from Pankisi.

Priority activities planned for the development of Russian armed forces should also be separately noted. Like the Security Strategy and emphases placed by General Gerasimov on different matters the doctrine considers quick and comprehensive modernization as the main priority. The paper explains that modernization, first of all, means ensuring the provision of updated equipment and suitable logistics of military units. Moreover, constant attention is paid to military cooperation with Abkhazia and South Ossetia and the provision of security / defense guarantees. Nikolai Patrushev, Secretary of the Security Council of Russia, is another strong voice here. He has described NATO as an alliance with an aggressive nature in his commentary on the military policy and security strategy document.<sup>142</sup> The rejection of Western values and liberal democracy is clearly revealed in the document as well as leading political figures' rhetoric, which forms a clear and dangerous unison.<sup>143</sup> In this case, such a conclusion would be groundless except in certain circumstances. Unlike previous years when only Alexander Dugin, a major Russophile ideologist, appealed for Russia to take more active and aggressive measures. Today, not only think tanks with close links to the Kremlin but leading experts of the best Russian educational centers do not exclude the possibility of direct military confrontation with NATO. For example, Mikhail Alexandrov, a leading expert of the Center for Military and Political Studies at MGIMO (Moscow State Institute of International Relations), the "workshop" for the Ministry of Foreign Affairs staff, has openly asserted that NATO's strategic objective is the partition of Russia.<sup>144</sup> Moreover, he believes that NATO is not unanimous and does not seek full confrontation with Russia unlike Turkey. In any case, in a scenario of escalating confrontation, Mikhail Alexandrov considers the use of nuclear weapons against Turkey and attacking Baltic states. He is not a rare exception in Russian scientific-research circles. Vladimir Evseev, Head of the Department of Eurasian Integration of CIS Institute, alleges that the occupation of the Baltic states would be an inevitable result of possible confrontation between Russia and NATO.

Thus, similar messages and presumptions are expressed by Russian strategic documents and its political leaders. Most importantly, this fact shows a consensus among the Russian political and military elite, which is manifested not only in agreed rhetoric but also, and more dangerously, in its readiness for escalation and continue its large-scale use of aggressive military force to achieve its ambitions and purposes of foreign purposes.

### 1.3 Steps Taken, Priorities - More Boots, More Steel

It is interesting to see how positions reflected in the strategic document and repeatedly echoed by the military and political elite have been implemented. First of all, as has been repeatedly stated, this has been reflected in the quality of modernization and equipping of the Russian armed forces, combat training and determination of military priorities for the future.

A number of Russian and foreign (non-Russian) sources have been used for process analysis. After the August 2008 Russia-Georgia conflict revealed military operational failures, the Russian leadership became more determined to boost its military capabilities and take steps towards reforming the military. The goal of Russia's State Armaments Program 2020 is to ensure that 70 percent of the Russian military's equipment is modern and the following equipment is to be acquired<sup>145</sup>:

- 600 new aircrafts
- 400 intercontinental ballistic missiles
- 1000 helicopters
- 10 Iskander (M) brigades
- 2300 new tanks
- 2000 new self-propelled artillery systems
- 28 submarines
- 50 surface ships

The plan also envisages the establishment of new infrastructure and bases within the increased budget (USD 20 billion in 2010, USD 50 billion in 2016). It is noteworthy that the first step was the transformation of the organizational system of armed forces. Strategic management, unit management and control structures<sup>146</sup> were replaced. Brigades were formed and emphasis was put on constant improvement of combat-effectiveness through rapid intensification of military exercises. Russia achieved impressive results through constantly increasing the number and scale of military field exercises at all levels (strategic, operational and strategic, operational and tactical). Tens of thousands of personnel are involved in large-scale exercises and units are often deployed thousands of kilometers away in simulated military confrontation with NATO. The Russian navy is characterized similarly and, out of six Kilo-class submarines in the Black Sea Fleet, three have already been improved.<sup>147</sup>

Gustav Gressel's conclusion for the European Council on Foreign Relations is quite adequate, where he confirmed that by 2015 the Russian armed forces had made significant progress in almost all components starting from administration and ending with combat-readiness and armament.<sup>148</sup> Since 2009, military drills similar to the Zapad-2009 exercise, which included a simulated nuclear attack against Poland and occupation of Baltic states, have regularly been conducted on an annual basis including the South Caucasus (Kavkaz) exercises. Today, Russia has armed forces which, compared to their predecessors, can more secretly and quickly mobilize, respond and attack. Although the armaments program is not completed yet, but the Russian armed forces are capable enough to successfully defeat any post-Soviet country and Western neighbors. Meanwhile, Russia may

act beyond the post-Soviet space without warning, including in the territory of NATO members, especially those that border the Russian Federation.

As a result of vigorous efforts made by Defense Minister Shoigu, 50% of Russian armed forces has new military equipment, the number of training exercises have doubled compared with 2012 (from 423 to 866), 352,000 military employees (approx. from 1 million) moved to contract-based military service and an infrastructure renewal plan is being executed<sup>149</sup>. A demonstration of the potential of the Russian armed forces during the conflict with Ukraine is the clear example of results of work performed by him. Russia permanently had at least 50,000 combat troops near the border of Ukraine for several months. In some cases, this number significantly increased. Meanwhile, Russia carried out the rehearsal of military maneuvers with the participation of tens of thousands of personnel in different regions of the country.

Development priorities of the Russian armed forces for the future are mainly dictated by the current global military and political situation and most of them are reflected in the modernization program 2020.<sup>150</sup> It is noteworthy that the cornerstone of these priorities is the South (i.e. the Caucasus) in terms of equipment and exercises (Kavkaz -2016). The year of 2015 was exemplary in this regard. A year-round extensive training program with the participation of all units of the Southern Command was conducted<sup>151</sup>. The Russian military bases deployed on the occupied territories (Abkhazia and South Ossetia) and in Armenia actively participated in the training (in March) that lasted for two months. According to President Putin, emphasis should be placed on improvement of using combat skills and new techniques in difficult and mountainous terrain conditions. In this direction, intense work is being performed and all kinds of new equipment are available (especially regarding air, intelligence and Special Forces components) and the Russian military base located in Armenia has been strengthened (with MiG-29 squadron and additional attack and transport helicopters).

## **2. Institutional Perception of Security in Georgia (Strategic Documents)**

An essential attribute of adequate analysis of the security environment is to show the perception of another party i.e. the Government of Georgia, which is also reflected in Georgian security and military strategic documents. We only review effective and applicable documents, although we take into consideration the tradition (the style and approach), which is preserved in new documents.

The applicable National Security Concept widely reviews results of the 2008 Russian aggression and briefly mentions the risk of renewing a military conflict with Russia, which is obstructed by international factors<sup>152</sup>. Contents and priorities of defense policy of Georgia are explained under paragraph 4 of the main directions of security policy. In particular, total defense principles, military reserves and adaptable armed forces. It is noteworthy that the distinction between threat, danger and risk is not defined in the paper. There is no definition of the risk of a military confrontation and the risk timeframe. Meanwhile, against the background of a lack of international security guarantees for Georgia and stubborn refusal of Russia to sign a nonuse of military force declaration within the framework of the Geneva talks, it is not clear on what was the basis that the risk was assessed as somehow eliminated. Moreover, the language of the document and its

determined priorities do not create the impression that potential Russian military aggression is not a main security concern for the country. First of all, the defense budget should be radically increased to meet defense requirements.

The National Military Strategy has similar but less declarative character.<sup>153</sup> Despite the fact that development fields of armed forces are widely reviewed in the paper (management and control, intelligence, logistics, etc.), the listed passages are mainly explanatory and represents a list of wishes rather than planned activities. Meanwhile, total defense principles referred to in the security concept as well as military reserve requirements remain completely unanswered by the military strategy document, which reaffirms its declarative nature.

The Strategic Defense Review (SDR) (2013-2016)<sup>154</sup> developed by the Ministry of Defense is a much more interesting document with regard to practical perception of security and its interpretation for military needs. It is noteworthy that the term “strategic review” is mistakenly used in relation to this paper due to the fact that, unlike its predecessor, which covered the period 2005-2015, the applicable document covers only a period of three years that limits the strategic importance of this paper. The current SDR document more adequately assesses the threat of renewed military aggression from Russia. Lack of resources is mentioned in this document, which severely limits the ability of the Georgian armed forces to respond to this challenge. Despite the recognition of the lack and programmatic nature of the strategic document (planned activities), this paper also does not reflect fully the steps that must be taken to eliminate the threat facing the country. The total defense principles as well as reserves formation principles are neglected in this document. Inadequacy of defense allocations and optimal or compromise options that would meet essential defense and military development needs must be clearly reflected in the strategic review paper. The 2013-2016 SDR will likely face the same fate as the strategy document developed in 2007 (it was revised and corrected several times, which was not executed). This is more probable due to the fact that in Georgian political system responsible persons (government, ministers and Defense Minister) are often replaced (maximum period of office for the Defence Minister was 2.5 years when Bacho Akhalaia occupied this position), which automatically leads to the cancellation or revision of documents i.e. termination or radical change of started processes. As a result, over the years high quality of coordination, approval of long-term plans and their consistent performance have not been ensured.

## **Conclusion**

Thus, Georgia’s institutional capacity of security perception is less developed than the Russian equivalent, which is characterized by consistency and extensive practical implementation of plans. Unfortunately, so far Georgia has not developed a stable system that would adequately reflect security challenges, clearly establish requirements and oblige the executive body to ensure fulfillment of requirements. The Defense budget is still maintained at the minimum level (640 million Georgian lari) of which only 60 per cent is spent on salaries<sup>155</sup>. Georgians know the threat of Russian aggression but there are just a few indicators that specific measures are being taken to implement or reflect its response in relevant documents. Consequently, against the background of aggressive policy declared by Russia, the Government of Georgia provides additional stimuli for

Russia to make decisions on the use of military power more easily against the background of using soft power and implementation of other complex measures.

When making a forecast, processes ongoing in the world and Russia should be taken into consideration, which indicate the direction (breaking the ice or escalation) of development of the relations between Georgia and Russia. The Stratfor forecast paints the Europe's future in quite dark colors and predicts nothing good for the Caucasus region<sup>156</sup> against the background of partition of the Europe, the increase of nationalism and creation of crisis for Russia. Historical experience shows that the Russian crisis has always had an impact on Georgia and usually was accompanied with bloodshed. It is obvious that Russia is in the last, final stage of its show of strength and will try to do its best to prolong this period, including at the expense of current energy resources. Meanwhile, the energy corridor passing through Georgia (gas and oil) can serve as an additional cause of increased Russian activity in the region, especially when there is evidence<sup>157</sup> of new energy (gas) reservoirs on the territory of Georgia.

Meanwhile, international sanctions imposed on Russia, despite their serious effects, have not made the desired impact on the Russian ruling elite and activity of different social layers of the population.<sup>158</sup> Despite problems in the military field caused by an attempt to replace foreign products with Russian equivalents (hundreds of projects and plans failed), the Russian leaders stubbornly continue their course. Budget planning priorities show that only Russia's defense budget has not been subjected to funding cuts but expenses related to other fields have been reduced, which is the clearest indicator of future escalation.<sup>159</sup>

## **Recommendations**

Analysis of the current situation shows that there should be clear consideration of Russia's renewed military confrontation scenario. It may be a case of when, not if. First of all, a key indicator to determine the timeframe is a combination of domestic and foreign factors, which imply dangerous potential for crisis among Russia's ruling elite.

Consequently, a combination of counter measures to be implemented by Georgia should include, in a narrow sense, military as well as financial and institutional efficiency improvement measures. The need for these steps is urgent against the background of actual occupation of 20% of the territory of Georgia. They include the following:

- determine military and political objectives for defense of the country
- reach political consensus on these objectives
- determine relevant combat capacities and develop short- and long-term defense plans in accordance with defense objectives
- ensure complete long-term resource and financial provision for defense plans, i.e. significant increase (approximately double) of the defence budget
- eliminate risk factors through political or other means, which can be potentially used by Russia to renew confrontation against Georgia.

On the one hand, implementation of the above-mentioned recommendations will show the Georgian political elite's serious attitude towards threats facing the country and its readiness to take appropriate steps in response to them. On the other hand, it will significantly increase the costs related to Russia's potential military actions and serve as an arresting factor.

### **3. Key Military Threats Posed by Russia to the National Security of Georgia and Policy Recommendations Aimed at Preventing and/or Limiting Their Materialization.**

#### **Introduction**

At the beginning of the twenty-first century, the almost religious belief in the unthinkability of interstate military confrontation on the European continent was already deeply rooted in the Western psyche. All countries on the continent, without exception, were looked upon as potential partners, from which no real military threats could emanate. That included Russia, a country with an increasingly authoritarian regime, which being skilled at exploiting the strong neo-imperial sentiments and the Soviet-derived siege mentality of its citizens, dexterously diverts blame for its own internal failures to NATO and the West, and uses this to rally its populace.

The absolute majority of Russians strongly resented the loss of super power status and continue to do so. Therefore, Putin's declaration that the dissolution of the Soviet Union was the biggest catastrophe of the twentieth century should not have come as a great surprise; neither should the forceful efforts aimed at reconstructing Russian spheres of influence through a new type of union, this time called 'the Eurasian Union'. The regime's inability to curb corruption, ensure sustainable economic development and growth from within, leaves it no choice but to compensate for its domestic failures with breakthroughs on the foreign relations front. The best results here have been usually obtained from feeding the public imagination with real or imaginary diplomatic and military successes in Russia's near abroad, which makes the population feel that getting back control over the former imperial territories and superpower status, is just within arm's reach. In Russia, when measuring success on national level, the sense of outward expansion overrides the sense of internal progress, not least because historically Russia has been much more successful in pursuing expansion than reform.

Unfortunately, Russian military aggression against Georgia in 2008 has not served as a strong enough wake-up call for the West, and it took Russia's 2014 invasion of Ukraine and annexation of Crimea for NATO to change Russia's status from partner to potential adversary.

There are currently a number of military threats and challenges to Georgian national security emanating from Russia. They vary in terms of probability, nature and impact. The aim of this paper is to identify key threats and challenges posed by Russia to Georgian security, analyze their features and make policy recommendations to the Georgian government on how to address them effectively.

The first part of this paper will outline the general political and military assumptions regarding the development in Georgia and its immediate neighborhood in coming decade, which could significantly affect national security of the country.

The second part will be dedicated to analysing three key factors which the author believes pose major national security risks and are capable of producing the substantial Russian-generated military threats to Georgia. These three factors are:

- 1) the ongoing occupation and substantial Russian military presence in the Abkhazian and South Ossetian regions of Georgia;
- 2) the volatile security situation in the North Caucasus region of the Russian Federation;
- 3) the Karabakh conflict and Russian military presence in Armenia.

The third part of the paper will identify key threats and challenges to Georgian national security coming from Russia. It will include a 'risk and threat matrix' drawn from the analysis provided in the paper. The matrix will measure these key threats and risks in terms of probability, development dynamic, the scope of impact and warning time.

In the final part of the paper, the author will draw brief conclusions and make a number of policy recommendations to the Georgian government on effective ways to address the risks and threats to the country's national security which have been identified in the paper.

### **3.1 Political and Military Assumptions Affecting the Security Dynamic in Georgia**

Every country's security environment depends on the stability of the region where it is situated and the pattern of international relations prevalent there. Georgia has very friendly relations with both Armenia and Azerbaijan, its neighbors in the region, and with Turkey; but stability and mutually beneficial cooperation is in short supply in the South Caucasus due to the assertive policy of the Russian Federation, a major power with neo-imperial ambitions and the greatest leverage on the region that is keen to perpetuate and capitalize on its conflicts. The Kremlin seeks to keep all three countries of the region – Armenia, Azerbaijan and Georgia - exclusively within its sphere of influence through fomenting controlled instability in the region. In practice, this means maintaining permanent leverage on the three South Caucasian republics by blocking the solutions to, and sometimes fostering the escalation of, conflicts in Karabakh, Azerbaijan, and the Abkhazian and South Ossetian regions of Georgia. Moscow considers any policy, international organization or effort that strengthens the independence of three South Caucasian republics as a challenge to its exclusive control over what it sees as its southern backyard. Hence, both NATO's engagement in the region, and the EU's Eastern Partnership initiative, as well as any other significant multilateral or bilateral effort that might strengthen statehood and foster the integration into Europe of these three states, are seen by the Kremlin as a challenge or even threat to its interests.

Consequently, the Kremlin will remain a zero-sum player in the South Caucasus and will actively continue during the next decade to use hard and soft power in line with its controlled instability doctrine. While trying to increase its leverage by gradually opening its market to Georgian goods and possibly by liberalizing visa regulations, Russia will continue its significant military presence and occupation and step up its annexation of the Abkhazian and South Ossetian regions of Geor-

gia. By increasing use of its soft power and through tangible economic incentives, the Kremlin will try its best to persuade the Georgian side to move discussions on the country's security problems with Russia from multilateral to bilateral formats, thus easing international pressure on Moscow.

Russia will also continue to fuel the arms race between Azerbaijan and Armenia, impede the resolution of the Karabakh conflict and may even foster its escalation, if expedient. Moscow's recent tensions with Ankara are unlikely to develop into fully-fledged confrontation, not least because NATO allies declared their full support to Turkey's right to defend its territorial integrity and airspace, and expressed readiness to offer it additional assurance measures;. Even if tensions between Russia and Turkey escalate significantly, it is highly improbable that this will spill over into Georgian territory.

Georgia will continue its democratic development and integration into NATO and the EU. Bilateral cooperation with the US, as well as with NATO and EU countries will gradually deepen. These processes will generate increasing political and financial support from the West during the next decade. It is highly unlikely that Tbilisi's rhetoric towards Russia will become sufficiently aggressive to allow Russia to build a case for another large-scale military intervention, especially following the substantial erosion of its credibility after military intervention in Ukraine. Recent adoption by NATO of new strategy on hybrid warfare indicates the Alliance's increasing awareness of rapidly changing security environment, as well as its readiness to deal with security challenges coming from Russia. This further increases deterrence against another large scale Russian military aggression in Europe. Nevertheless, Moscow and its separatist proxies will continue harassing ethnic Georgians living in the occupied territories and villages adjacent to these areas.

Huge difference between the military capabilities of Georgia and Russia will remain<sup>3</sup>, and Tbilisi will continue to depend on substantial support from US and European partner countries to leverage Moscow and mitigate military threats coming from northern neighbor. NATO and bilateral assistance programs will further strengthen Georgia's military, but in this period of economic uncertainty, the underfunding of the Ministry of Defense from the national budget is likely to continue. This will impede the rapid development of defense capabilities critical to countering Russian aggression, even if Western restrictions on the sale of military equipment to Georgia are gradually lifted over the next decade.

Georgia's bilateral relations with Armenia, Azerbaijan and Turkey will continue to be friendly and become closer during the next decade. The potential risk most likely to put these bilateral relations under substantial strain, especially relations with Armenia, emanates from the possible escalation of the Karabakh conflict. Despite the fact that neither Baku and nor Yerevan are under any illusions about Moscow's desire to perpetuate the Karabakh problem, what makes them averse to starting a war between each other, there is a risk that increasing tensions along ceasefire line might well escalate into a major military confrontation. If war in Karabakh unfolds, fully occupying Yerevan's attention and efforts, Russia will be given the opportunity to stir up trouble among the Armenian-populated Javakheti region of Georgia and carry out limited military intervention there under the pretext of protecting the rights of Russian citizens.

Poor governance and serious economic problems, as well as the increasing popularity of the jihadist streak of Salafism, will continue to feed instability in the North Caucasus. As ISIS strengthens its presence in the region, increased terrorist activities and tensions are to be expected. This instabil-

ity could spill over the border to the South Caucasus, and as before, could be used by Russian side to justify limited military intervention in the northern part of eastern Georgia.

Currently, the lack of a substantial support base minimizes the risk of international terrorist activities in Georgia. But as the number of Georgian citizens fighting in ISIS units increases, the likelihood of acts of terror in Georgia will also rise gradually, until the international community steps up its efforts and achieves real progress in the fight against ISIS. Russian state-sponsored terrorism in Georgia should also not be ruled out; this would likely divert Georgia's attention away from ongoing Russian occupation, would substantially decrease international pressure on Russia and would make it easier for Moscow to implement its neo-imperialist policy in the region.

### **3.2 Three Key Factors as Potential Sources for Generating Major Military Threats from Russia**

The ongoing occupation and substantial Russian military presence in the Abkhazian and South Ossetian regions of Georgia

Since 2008, Russia has been occupying the Abkhazian and South Ossetian regions of Georgia, representing approximately 20% of the sovereign territory of the country. On August 26, 2008, President Medvedev signed decrees by which Russia recognized these two separatist enclaves as independent states. Though Russian military presence never ceased after the collapse of the Soviet Union in separatist regions, after official recognition by Moscow it grew substantially.

After the Aggression, Russia vetoed extension of the mandates of both, UN and OSCE international monitoring missions operating in Abkhazian and South Ossetian regions, and they ceased functioning shortly. On time being, only international peace support mission on the ground, with the mandate to operate in occupied territories, is EU Monitoring Mission (EUMM). The EUMM was launched in October of 2008 and its mission strength is 200 EU monitors. Nevertheless, due to Russia's intransigence and disregard of 12 August 2008 Ceasefire Agreement, EUMM is unable to implement its mandate in the occupied territories.

There is a long history of Russian troop deployments in the Abkhazian region, dating back to the Soviet era. Russian troops in Abkhazia, especially those at the Gudauta military base, had been providing separatist authorities with direct military support, training and equipment during the Georgian-Abkhaz conflict in early 1990s. CIS peacekeeping forces comprised entirely of Russian soldiers were stationed in Abkhazia in 1994 following a Russian-brokered ceasefire. The Russian military contingent kept its peacekeeper status until the Russian aggression of 2008.

A significant Russian military presence in the South Ossetian region was established in the first half of the 1990s. Unlike the conflict in Abkhazia, in which the Georgian side was defeated, the 1991-92 Georgian-Ossetian conflict concluded indecisively and in 1992, joint peacekeeping units, consisting of separate Georgian, Ossetian and Russian battalions under Russian command, were deployed in the region. As in Abkhazia, the Russian troops in stationed in South Ossetian region were stripped of their peacekeeping mandate in 2008, immediately following the Russian aggression.

On 15 September 2009, just one year after Moscow's official recognition of the two separatist enclaves, bilateral military treaties were signed between the separatists and Russian Federation, establishing the duration and modalities of the stationing of Russian military units in the Abkhazian and South Ossetian regions. These agreements, deemed illegal and declared void by the international community, extend for 49 years and allow deployment of Russian military personnel in separatist enclaves, with headquarters in the infamous Gudauta base in the Abkhazian region and in Tskhinvali, the capital of the South Ossetian region ("Russia Strikes Military Treaties with Abkhazia, S. Ossetia"**1**).

As a result of previous agreements between the parties, Russia also has border guard units stationed in both unrecognized territories and is responsible for helping to defend the airspace of both regions, as well as the so-called territorial waters of Abkhazia.

Various reports indicate that Russia spent around half a billion US dollars on the construction and repair of military infrastructure in Abkhazia that can support around 10,000 troops; facilities include a military airport in Gudauta, where several Russian Su-27 and Mig-29 fighters are based, and a small naval port in Ochamchire, close to the occupation line, where around eight naval patrol boats are stationed ("Abkhazia: The Long Road to Reconciliation"**1**). Russian sources note that military equipment and armaments assigned to a Russian military base in Abkhazia include: 41 T-90A tanks; over 150 BTR-80 armored personnel carriers; two battalions of 152-mm self-propelled 2S3 Acacia howitzers; one battalion of 122-mm BM-21 Grad multiple launch rocket systems; Osa-AKM, 3SU-23-4 Shilka and 2S6M Tunguska air defense missile systems and several S-300PS surface-to-air missile systems ("After the War" **1**).

Though the Russian military presence and infrastructure in Abkhazia is impressive, Tbilisi is more vulnerable to the Russian military contingent stationed in the South Ossetian region, only 40 km from the Georgian capital and just a few kilometers from the main highway linking the east and west of the country. Russian armaments deployed in the region include: 41 T-72B(M) battle tanks, more than 150 BMP-2 infantry fighting vehicles, two battalions of 152-mm 2S3 Acacia self-propelled howitzers, one battalion of 122-mm BM-21 Grad multiple launch rocket systems, Buk-M1 and 2S6M Tunguska air defense systems ("After the War" **1**), "Tochka" short-range tactical ballistic missiles and "Smerch" heavy multiple rocket launchers ([www.armada.ge](http://www.armada.ge), February 17, 2012).

According to rough estimates from Georgia, Russia currently has around 4,500 soldiers and 1,300 strong border-guards personnel in Abkhazia, with around 4,500 soldiers and 1,200 border-guards personnel in the South Ossetian region (Interview with official at Georgian Ministry of Defense **1**).

Recently, Russia signed so-called 'alliance and integration' agreements with both separatist regimes: with Abkhazia on November 24, 2014, and with South Ossetia on March 18, 2015. These agreements drive further the integration of these separatist enclaves into the Russian Federation and are recognized internationally as vigorous attempts by Russia to speed up their annexation.

The agreements above violate international law and run contrary to the international commitments undertaken by the Russian Federation in the 12 August 2008 Ceasefire Agreement and in the 8 September 2008 agreement on its implementing measures.

The so-called 'alliance and strategic partnership treaty' signed with Abkhazia provides collective defense guarantees and establishes joint group of forces under Russian command, as well as lays

the ground for foreign policy coordination and the creation of a common social and economic space. Under this treaty, Russia also undertakes to protect the so-called state border of Abkhazia. As an incentive for swift implementation from the Abkhaz side, the agreement stipulates significant salary increases for Abkhazian public servants, army and police forces, as well as pension increase to the level of pension payments in the southern regions of Russian Federation. Following the signing, Putin pledged substantial additional financial support for implementing the goals set by the treaty, as well as allocation of funds to Abkhazia through a new investment program for the next three years, with annual funding of approximately US dollar 90 million (“After Signing New Treaty, Moscow Pledges over \$200m for Abkhazia in 2015” 1).

A similar treaty on ‘alliance and integration’ signed with the de facto authorities in South Ossetia goes even further. Apart from creating a common defense and security space and putting Russians effectively in charge of the so-called state borders of South Ossetia, the agreement also envisages transferring the control of South Ossetian armed forces, security agencies and the economy to Russia, the integration of customs agencies and the removal of borders between the parties. In February 2015, after meeting Khajimba, the de facto president of Abkhazia, Vladislav Surkov, an aide to president Putin responsible for overseeing Russia’s relations with Georgia’s two breakaway regions, boldly stated that the border between Russia and Abkhazia should also be dismantled. Just recently, on November 26, 2015, Moscow signed with Sokhumi another document on military cooperation concerning the details of creation of joint group of armed forces.

Russia pledged 1 billion rubles (US\$16 million) in 2016 to support the implementation of the ‘treaty on alliance and integration’ with South Ossetia. An additional 9 billion rubles (US \$ 147 million) will be provided to Tskhinvali as development aid during the period from 2015 to 2017 (“Moscow, Tskhinvali Sign ‘Integration Treaty’” 1).

It is clear from the foregoing that, matched with the substantial Russian military presence in occupied territories, Moscow intends to keep these territories permanently under strict control, and, if deemed expedient, to fully annex them when opportunity permits. It is clear that the occupation of these territories gives the Kremlin leverage on Tbilisi and greatly complicates Georgia’s full integration into NATO and the EU.

The speed of the annexation process is rapidly increasing with violations of basic rights of the ethnic Georgian population in the occupied territories becoming more frequent and serious. In 2015, after the forcible removal of the government in Abkhazia and the election of Russian-supported candidate Raul Khajimba as de facto president of the breakaway republic, many ethnic Georgians residing there were stripped of Abkhazian citizenship, removing their right not only to vote, but also to own property, set up a business, study at university, access healthcare services and commute across the occupation line. As if this was not enough, the Abkhazian de facto authorities made a decision to change the language of instruction in schools in Gali district (the Georgian ethnic enclave in the Abkhazian region) from Georgian to Russian.

The ethnic Georgian population residing in South Ossetian region is also experiencing increasing hardships, including complications with receiving education in their native language and restrictions on freedom of movement within the South Ossetian region and across the occupation line. There has also been a rise in the number of Georgians, who reside in the territories adjacent to

the administrative boundary line between South Ossetian region and the rest of Georgia, being charged with illegal crossing of the so-called South Ossetian state border.

All these facts suggest that Russian intransigence is increasing despite the Georgian government's conciliatory stance towards Russia. This indicates Moscow's willingness to continue using its hard power and continually escalate the situation to force Tbilisi to align itself with Russia's policies and abandon European and Euro-Atlantic aspirations.

The substantial Russian military presence in the occupied territories has a generally destabilizing effect on the country, creates an environment conducive to frequent violations of basic rights of the ethnic Georgian population residing there, and also increases the risk of small-scale Russian-supported aggression on Georgian-controlled territories adjacent to the occupation lines.

### **3.3 The Volatile Security Situation in the North Caucasus Region of the Russian Federation**

For the purposes of this paper, the geographical term 'the North Caucasus Region' refers to the predominantly Christian Northern Ossetia-Alania Republic and the five predominantly Sunni Muslim republics of Karachay-Cherkessia, Kabardino-Balkaria, Ingushetia, Chechnya and Dagestan.

Conquered by the Russian Empire in the nineteenth century, the region is inhabited by several dozen different ethnicities and Russians are an ethnic minority in each of above six republics. Memories still remain of the brutal nineteenth-century subjugation of the northern Caucasian peoples by the Russian Empire through almost half a century of bloody war (the Caucasian War of 1817-1864), followed by the forced exile of several hundred thousand local Muslims to the Ottoman Empire and Persia. Stalin's mass deportations in 1944 of Chechen, Ingush, Balkar and Karachay peoples to central Asia (more than 700,000 people in total, many of whom died en route<sup>1</sup>) only increased these grievances against Moscow, and as the USSR was collapsing, Chechens, one of the most suppressed ethnic groups in the North Caucasus, seized the opportunity and, led by President Djokhar Dudayev, declared independence in 1991.

As Moscow never accepted the independence of Chechnya, the security situation in the North Caucasus has been fragile ever since. Russia fought two bloody wars against Chechnya, losing the first (1994-1996) and winning in second (1999-2009). Estimates of the number of victims in these wars vary from tens of thousands to two hundred thousand, many of whom were civilians<sup>(1)</sup>. The first war devastated the already struggling economy of Chechnya and significantly weakened the control of the government of the rebellious republic over its territory.

The high civilian death toll and the brutality of the Russian military and law enforcement bodies, demonstrated during the operations in Chechnya and other NorthCaucasian republics, created fertile ground for radical ideologies and terrorism. The general economic decline of the 1990s in Russia spread to the North Caucasus region and triggered high inflation and unemployment, which further exacerbated the situation and substantially reduced the standard of living across the region.

In the situation of general lawlessness and rampant corruption, the opportunity cost of criminal activities declined drastically and a significant part of the younger generation lost faith in the state.

These factors facilitated the increasing popularity of the jihadist offshoot of Salafism, a radical movement within Sunni Islam, which offered to disenfranchised youth a vision of an egalitarian society under Sharia law, a chance for retribution for government injustices, money and guns, and strengthened their sense of self-worth.

On the Russian side, Putin's policy made obvious that his favored solution to the North Caucasus problem was ruling these republics through a combination of brute force and economic assistance, half of which was usually pocketed by corrupt officials. Moscow continued to subsidize the budgets of these republics by more than 50%. Putin decided to directly appoint certain important officials in the region and back autocratic leaders subservient to the Kremlin, which are no longer directly chosen by the population, but elected by local parliaments through a process that is easy to manipulate(1).

The Kremlin's strong support for corrupt autocrats, who lack democratic legitimacy and work with their cronies to siphon off money from state budgets, further demonized the Russian state in the eyes of the population of the North Caucasus. Xenophobia among Russia's Slavic population towards North Caucasians, and widespread, egregious violations of basic human rights of the inhabitants of this region (1) turned them into second-class citizens and further alienated from the state.

This cocktail of grievances created an explosive mix. Accumulated anger and feeling of hopelessness made part of the population desperate to find a shortcut to a better life. Some decided to join terrorist organizations such as the Caucasus Emirate (Imarat Kavkaz), which promised to cleanse the North Caucasus of Russians and establish in the region an Islamic state based on Sharia law. Its first self-proclaimed leader was Doku Umarov, a former president of Chechnya, whose gradual ascent to power happened after Russia assassinated Chechnya's two secular presidents - Djokhar Dudayev and Aslan Maskhadov. He abolished the Republic of Chechnya and in October 2007 established the Caucasus Emirate, an official affiliate of al-Qaeda. The Emirate has taken responsibility for some of the most deadly terrorist attacks in Russia including the Moscow Metro bombings in 2010, the Domodedovo Airport bombing in 2011, the Makhachkala suicide bombings in 2012, the Volgograd suicide attacks in 2013 and the clashes in Grozny in 2014.

Kavkazkii Uzel, the Russian online news site, reported collected statistics on the casualties of armed conflicts in the North Caucasus (including the Stavropol region), showing that the total number of casualties in the recent years has been decreasing: 1,378 persons in 2011; 1,225 in 2012; 986 in 2013; and 525 in 2014. Experts suggest that this downward trend is caused by successful Russian counterterrorism operations that neutralized several leaders of the Caucasus Emirate and some of its prominent commanders, as well as competition between ISIS and the Emirate.

In 2015, a number of commanders deserted the Caucasus Emirate. On June 23, 2015, ISIS established a new governorate in North Caucasus called Wilayat Qavqaz, and since the majority of the Emirate's terrorist cell leaders have pledged their allegiance to ISIS, it appears that the competition between the two organizations will soon be over, with cells consolidated under one leadership (1), which, after replenishing its subordinated units, may go on the offensive.

While the state is, in theory, recognized as a necessary evil that guarantees some justice and order, for a large part of the population of North Caucasus the current Russian state, which perpetuates injustice and feeds disorder, is seen as both evil and unnecessary. The totalitarian form of govern-

ment established by Ramzan Kadyrov in Chechnya and supported personally by Putin is reminiscent of the Stalinist regime. Such a regime merged with the idiosyncratic Islamist element deeply alarms the residents of the region and further alienates them from the Russian state.

As the root causes of instability and terrorism in the North Caucasus are abundant, it is reasonable to predict that this region will remain volatile for quite some time to come. Recent history has shown that the conflict in the North Caucasus can spill over the Georgian-Russian border and be used by the Kremlin as a pretext for launching a small-scale military operation on the Georgian side of the border.

### **3.4 The Karabakh Conflict and Russian Military Presence in Armenia**

Currently, Russian military presence in Armenia includes the 102<sup>nd</sup> Military Base in Gyumri, situated less than 50 kilometers from Armenian-Georgian state border. The air component of the base is deployed at Erebuni airport in Yerevan, the capital of Armenia. It is also noteworthy that since 1992, Armenia's borders with Turkey and Iran have been controlled by Russian federal border guard troops. An initial agreement on stationing Russian military forces was signed in 1995, and renewed in 2010, extending the deployment of the base until 2044. Under the new agreement, the Armenian side undertook to fully cover the operating costs of the base and provide land for the base to Russia rent-free; Russia in return is obliged to help Armenia modernize its armed forces and supply it with military equipment.

The Gyumri Base is integrated into the Southern Military District of the Russian Federation. The Russian military contingent deployed there, including land and air forces, is approximately 5,000 strong. After recent upgrades, the air base at Erebuni hosts more than a dozen MiG-29 fighters and is soon expected to receive around 18 attack and military transport helicopters (Russia Reinforces Armenian Base With Overhauled MiG-29 Fighter Jets, 05.03.2014 **1, 1**). Russia made no secret of the fact that these upgrades will increase the Gyumri military base's offensive operation capabilities and allow for the deployment of airborne regiments within a 500 km radius of the base. One Russian newspaper reported that the Gyumri base was making "preparations for engagement against a potential adversary's rear", implying that the potential adversary to be attacked from Armenia if needed was Georgia (**1 April 2, 2015, by Armen Grigoryan**).

Russia has also deployed S-300 air defense systems at the base, as well as Tornado-G multiple rocket launchers and Iskander-M short-range ballistic missiles (Portal Kultura, December 5, 2013).

As a member of the Russian-dominated Collective Security Treaty Organization (CSTO), a military alliance based on collective defense, Armenia expects to receive Russia's military support in the event of external aggression. But formally, such support should only be provided to Yerevan, if the territory under attack lies within the internationally-recognized borders of Armenia, which the Karabakh region does not. Thus, it remains uncertain what kind of position Russia will take in the event of an escalation of conflict between Armenia and Azerbaijan in Karabakh. Armenia's doubts are exacerbated by Russia's regular sales of large quantities of military weapons and equipment to Azerbaijan, including T-90S modern battle tanks, various types of armored combat vehicles and artillery, Mi-35 attack helicopters, as well as alleged transfer of S-300 PMU-2 surface-to-air missile systems (SIPRI Armstrade Register, retrieved 27 November 2015).

Being a major arms supplier to both Armenia and Azerbaijan, Moscow is in a position to tip the balance in favor of either in their ongoing arms race. Through regular arms sales, the Kremlin facilitates permanent tension between two countries and thus maintains substantial leverage on both Baku and Yerevan, while also profiting handsomely from the sales. Consequently, according to the “Global Militarization Index 2014”, a study published annually by the Bonn International Center for Conversion, Armenia and Azerbaijan are among the ten most militarized countries in the world (1).

In recent years, the tensions between Armenia and Azerbaijan have been rising, accompanied by an increase in the number of casualties, with dozens killed on both sides in 2014 (“Death Toll In Karabakh Fighting Continues To Rise” and “Armenians have lost faith in Russia”<sup>1</sup>). The deadly clashes of 2014 were followed by a major escalation last September, when both countries mobilized almost all of their armed forces to conduct large scale military exercises. These recent developments suggest that the risk of a possible escalation of conflict is rising. Russian military activities in Armenia are also increasing, including periodic Russian and joint military exercises under the auspices of the CSTO. Last July, in response to “Agile Spirit 2015”, the NATO joint military exercise held in Georgia, Russia conducted unplanned military drills at the Gyumri base as a show of force and to test the combat readiness of its troops stationed in Armenia.

The Kremlin will be more than happy to see a deterioration in Georgian-Armenian bilateral relations, as the higher the tensions between three South Caucasus republics, the greater Moscow’s leverage on each of them. As Turkey and Azerbaijan continue to blockade their state borders with Armenia, Georgia remains Armenia’s vital transportation link with the world and the only transit route for importing cheap gas from Russia. Thus, it is certainly not in Armenia’s interests to alienate its neighbor. On the contrary, Yerevan is keen to maintain friendly relations with Tbilisi and avoid further self-marginalization in the region. For this reason, Yerevan uses its leverage to pacify certain radical ethnic Armenian leaders of the predominantly Armenian populated Javakheti region of Georgia, who are demanding increased autonomy from Tbilisi. During the 2008 Russian military aggression against Georgia, it seemed that Yerevan was able to restrain Moscow from using Russian forces stationed in Armenia against Georgia, as there were no reports of Gyumri-based Russian ground troops or aircraft crossing Armenia’s state border with Georgia and participating in the intervention.

However, Russia’s leverage on Armenia should not be underestimated. Despite the EU being Armenia’s largest trade partner and investor, and further economic integration with Europe clearly in the interests of the country, Yerevan was forced to cave in to strong Russian pressure and refrain from signing the Association Agreement and the Deep and Comprehensive Free Trade Agreement with EU in 2013, and join the Eurasian Economic Union instead. Utmost disrespect to its junior ally was again demonstrated last January, when Moscow initially refused to allow the Armenian court trial of Valery Permyakov, a Russian military serviceman who cold-bloodedly murdered seven members of an Armenian family, including two children, in Gyumri. Yet the Armenian government’s response was slow and reserved, and President Sargsyan refused to declare an official day of mourning.

As neither side enjoys clear military superiority over the other, and Russia, Armenia’s ally and the major military supplier to both countries, has no interest in either side winning a potential war,

it seems unlikely that either Armenia or Azerbaijan will willingly initiate a conflict. Nevertheless, the risk of an escalation of constantly heightening tensions into a large scale military confrontation is real. It should also be noted, that the risk of Russia opting for escalation in Karabakh will increase, if Azerbaijan sides with Turkey in ongoing confrontation between Moscow and Ankara. If war ensues and Moscow instructs its separatist proxies to stir trouble in the Javakheti region, thus help building case for a limited Russian intervention there, Armenia, fully engaged in war with Azerbaijan and under pressure from the Kremlin, might be unable or unwilling to do much to restrain separatists.

#### **4. List and Features of the Key Military Risks and Threats Emanating from Russia**

Above provided political and military assumptions, and comprehensive analysis of three main factors capable of producing substantial military threats of Russian origin to Georgia, help to identify key Russian military threats to national security of Georgia.

This analysis suggests that it's highly unlikely that future political developments and the security dynamic in Georgia and the region would provide any credible ground for Moscow to launch large scale military intervention. At the same time, as Georgia continues successful integration into NATO and EU, Kremlin might start considering military intervention as a measure of last resort to keep Georgia under its control.

Regular harassment of ethnic Georgians residing in occupied regions and along occupation lines has proven that the First Factor – the ongoing occupation and substantial Russian military presence in Abkhazian and South Ossetian regions of Georgia - entails high risks of producing small scale aggressive actions from Russia within occupied regions and along occupation lines.

As roots and sources of instability in North Caucasus remain abundant, the Second Factor – the volatile security situation in Northern Caucasus region of Russian Federation – retains potential of contributing to spillover of terrorist activities from North Caucasus to Georgia. Though unlikely on time being, in the future, this can be used by Russia as an excuse to launch a small scale military aggression limited to certain areas/regions of eastern Georgia that border Russia's North Caucasian Republics.

It might not seem very probable today, but if Karabakh conflict transforms into a major military confrontation, the Third Factor – the Karabakh conflict and Russian military presence in Armenia - could pave way for Russia's military intervention in Javakheti region under the pretext of protecting Russian citizens.

Thus, a short list of key military threats and risks to national security of Georgia that will be emanating from Russia during next ten years includes: large scale military aggression; military aggression limited to certain regions/areas; small scale aggressive actions within occupied regions and along occupation lines; and spillover of terrorist activities from North Caucasus.

In order to measure the impact of these risks and threats on the vital interests of Georgia over the next decade and to enable the development of accurately targeted, efficient policy recommendations, the 'risk and threat matrix' was developed. The matrix measures the current and future

likelihood of each threat, the warning and preparation period, and the impact on Georgia's vital interests.

Threat Category	Likelihood at Present	Likelihood Trend	Warning and Preparation Time	Impact on Vital Interests
Large-scale military aggression	Very Low	Increasing	Long	Catastrophic
Military aggression limited to certain regions/areas	Low	Increasing	Short	Moderate
Small-scale aggressive actions within occupied regions and along occupation lines	Very High	Stagnant	Very Short	Moderate
Spillover of Terrorist Activities from North Caucasus	Medium	Increasing	Short	Moderate

## Conclusion

Since the break-up of the USSR, the Kremlin, desperate to preserve its sphere of influence on the post-Soviet world, has embarked on the implementation of the doctrine of controlled instability in its so-called 'near abroad', including the South Caucasus. The failure of Yeltsin's Western-backed government to transform post-Soviet Russia into a state based on the rule of law with a dynamic economy demonized the concepts of democracy and human rights in the eyes of the majority of Russians. This allowed conspiracy theories to thrive, most of which presented the West as Russia's arch-enemy.

Today, the Russian public's strong resentment of the West and its unbridled desire for neo-imperial renaissance sustains Putin's autocracy and encourages aggressive policies in the immediate neighborhood and beyond.

All of the above makes it clear that Russian military threats to Georgia are not going to disappear or significantly diminish any time soon. The huge asymmetry between the military capabilities of the two countries makes it obvious that Georgia cannot cope with these threats on its own. To balance its aggressive and much more powerful northern neighbor and to prevent the materialization of threats coming from it, Georgia needs increased involvement and support from NATO and EU. To gain and maintain such engagement, it must show continuous, tangible progress in becoming a viable democracy, and reinforce its reputation of invaluable ally. Swift democratic transformation will also strengthen Georgia's statehood and defensive potential, which will further increase the country's resilience to both internal and external threats and challenges.

The last two and a half decades have shown that Moscow is skilled at pitting South Caucasian republics against each other through using the trump card of separatist enclaves and employing

the divide-and-rule strategy. Thus, it will be important for Georgia to maintain a win-win dynamic of cooperation with regional neighbors, keep collaboration channels constantly open and ensure that traffic through them remains vibrant.

## **Policy Recommendations**

The policy recommendations offered below are aimed at increasing Georgia's capacity and the international community's engagement in the country to a level sufficient for efficiently coping with and preventing the materialization of Russian military threats.

### **Recommendation 1**

To enhance good governance and viability of Georgian democracy, maintain status of the role model of democratic transformation in the wider region and thus facilitate increased attention and engagement of international community that is crucial for strengthening the country's resilience to security threats, Georgia should:

Speed up the process of building democratic institutions and the state based on rule of law, with special focus on transforming the state institutions that have been most frequent and serious violators of human rights in Georgia since regaining independence; this should be carried out particularly through strengthening the independence and professionalism of the judiciary, further depoliticization of the Prosecutor's Office, increasing democratic control over the Ministry of Internal Affairs and newly established State Security Service.

### **Recommendation 2**

To strip Russia of any even slightly credible excuses for escalating its aggressive actions in Georgia and keep country's security problems high on international community's agenda, Georgia should:

Continue strict adherence to 12 August 2008 Ceasefire Agreement, constructive engagement in 'Geneva Talks' on occupied territories and related 'Joint Incident Prevention and Re-sponse Mechanism' format, close cooperation with EUMM, as well as utilization of every international forum and bilateral cooperation format to raise the international awareness on Russian violations of above Ceasefire Agreement, international law in regards with Georgia and human rights of Georgian citizens.

### **Recommendation 3**

To ensure efficient defence management and adequately enhance its military deterrence capabilities vis-à-vis Russia, Georgia should:

Continue and accelerate defence reformation process, ensure allocation of sufficient financial resources for military education and training activities, as well as acquisition of the substantial defence capabilities critical for deterring and delaying potential Russian military aggression.

### **Recommendation 4**

To prevent Russia from seeding discontent and fueling tensions between Georgia and its regional neighbors, and thus paving way for Moscow's increased military engagement in the region, Georgia should:

Maintain friendly relations and further strengthen bilateral cooperation with its South Caucasian neighbors and Turkey, as well as maintain direct line of communication (hotline) with the leaders of these three countries to ensure swift resolution of problems in case of possible escalation of the situation in South Caucasus.

**Recommendation 5**

To speed up Georgia's integration into NATO and EU, maintain public support for this processes, as well as strengthen state capacities and further advance reformation process, Georgia should:

Accelerate the implementation of commitments undertaken within NATO-Georgia cooperation formats, Association Agreement and Deep and Comprehensive Free Trade Agreement with the European Union, as well as explain to Georgian citizens the tangible benefits of NATO and EU integration processes and support their materialization.

**Recommendation 6**

To strengthen country's image of a substantial contributor to international security and a steadfast ally, and thus further generate so much needed international support, Georgia should:

Increase NATO interoperability of Georgian Armed Forces and continue substantial engagement in NATO and EU led international peace support operations, as well as consider participation in international peacekeeping operations conducted under the aegis of UN.

## 5. Occupied Territories

During the Soviet Union, autonomies were actively created to increase control over the authorities of the Soviet Socialist Republic of Georgia; a practice intensified after the fall of the Soviet Union, by the modernized Russian Empire. Moscow has not spared any resources and energy to entice separatism, organizing and encouraging extremist groupings in Georgia to challenge Georgian sovereignty.

Separatism in Georgia has always been managed from Russia, through two different tactics. The first is internal, and derives from the separatist leaders' realization their aspirations are doomed to fail without Russia's support, resulting in special emphasis on relations with Russia. The second part is external, however, where groups of separatists are directly governed from Moscow, and which involves the placing of special services or various military-political and economic groups in the separatist regions.

During the military aggression in Ukraine, Russia has become increasingly active in the occupied territories of Georgia as well. In November 2015, the defense agencies of the Russian Federation and the self-proclaimed Republic of Abkhazia signed an agreement signed on the formation of a combined army group, which is supposed to be formed by 2018<sup>1</sup>. According to the Agreement, the Russian Federation will train representatives of the Abkhazian armed forces and supply them with necessary military equipment. The de-facto Abkhazian Minister of Defense said locations where these forces will be based are already identified. The agreement, which envisages joint operations of the parties against any military threat, will significantly strengthen Abkhazia's security, and will establish legal grounds for the Russian Federation to implement Abkhazia's defense policy.

Notably, in the self-proclaimed government of South Ossetia, Russian citizens are continually awarded with official positions. Reportedly, Tskhinvali has become a popular assignment among Russian public servants, as the financial assistance, allocated to South Ossetia from the Russian budget, has been diverted to the pockets of public servants through the corruption schemes of Russian officials.

Another factor hampering reconciliation between South Ossetia and Georgia, is the ethnic cleansing which took place after the Russia-Georgia war in 2008 in the breakaway region. The cleansing is strictly condemned by the international community, corroborated by resolutions of the European Parliament in 2011, the Parliamentary Assembly of the Council of Europe in 2008-2009, and the NATO Parliamentary Assembly in 2010.

Statistics of the Ministry of Internal Affairs show the number of arrests based on 'unlawful border crossing' increased since 2012. In total 294 people were arrested in 2012, and 553 and 512 in 2013 and 2014, respectively.<sup>2</sup>

The Georgian rhetoric on Russia changed significantly after the new authorities came into power in 2012. Although some progress was reached in certain directions, the current tensions with South Ossetia and Abkhazia are unchanged.

In addition, agreements signed between the breakaway regions and the Russian Federation further integrate both separatist territories with the Russian Federation, which has internationally been recognized as an intensive attempt to speed up their Russian annexation.

## 5.1 Political and Social-Economic Situation in the Occupied Regions

Despite the unconditional recognition of the territorial integrity of Georgia, and formal support before 2008, subjects and various federal agencies of the Russian Federation have drawn up official agreements with the separatist regimes, contending obligations agreed on in declarations and documents signed in various formats by the Russian Federation, and contrary to the principles of international law. More than 60 agreements of this kind, were signed with the Republic of Abkhazia only.

The Russia-Georgia war in 2008, and subsequent recognition of Abkhazia and South Ossetia by Russia on August 26<sup>th</sup> of the same year, have become a new benchmark after the occupation of both territories. The Russian Federation signed agreements with both republics on October 17<sup>th</sup> of the same year: “The Treaty on Friendship, Cooperation and Mutual Assistance between the Republic of Abkhazia and the Russian Federation”, and “The Treaty on Friendship, Cooperation and Mutual Assistance between South Ossetia and the Russian Federation”<sup>3</sup>.

Russia signed so-called ‘alliance and integration’ agreements with both separatist regimes:

with Abkhazia on November 24, 2014, and with South Ossetia on March 18, 2008. Study of these treaties clearly reveals considerable differences between these documents. Analysis prepared by the Security Council of Georgia, “Russia’s Annexation Policy Regarding the Occupied Territories of Georgia”, points out: “there are wordings in the Ossetian version of the Treaty, which were included in the initial documents offered to the Abkhazians by Russia, but were removed by Abkhazians. For example, the title “on alliance and integration” instead of “alliance and strategic partnership”; or conducting the “agreed” (согласованной) foreign policy, instead of the “coordinated” (скоординированной) one.

Russia intensified its policy regarding the occupied territories specifically since 2013. Vladislav Surkov, advisor to the Russian President, is the author and coordinator of the policy. Surkov, who has been an advisor to the state since January 17, 2000, is pioneered the idea of Russian ‘sovereign democracy’. After a confrontation with the Russian political elite in the beginning of 2013, he was forced to resign as vice prime minister, but returned to politics as the assistant of the Russian President, assigned to mitigate crisis. Through Surkov’s direct involvement, the occupation border and barbed wire fences have been expanding the breakaway’s territories. In addition, Surkhov’s hand in popularizing pro-Russian forces in the occupied territories of Abkhazia and the Tskhinvali Region, led to their election into power.<sup>4</sup>

Despite the Russian dominance in Abkhazia, the territory has been eager to build relations with other countries. Especially relations with Turkey have special significance for Abkhazia, as the largest and most influential diaspora of Abaza-Circassian people live in Turkey, a people related to Abkhazians. According to various estimates, the number Abaza-Circassians ranges between 700,000 – 1,000,000, who are to the descendants of the Mohajires, Urdu-speakers in Pakistan.

Regardless of active protests from the Georgian side, and official statements by Turkey supporting the territorial integrity of Georgia, significant and active economic relations with the non-recognized Abkhazia exist. In addition, official visits both ways, such as the visit to Abkhazia of Turkey’s Kocaeli province delegation, headed by the governor<sup>5</sup>, are noteworthy as well.

Some groups within Abkhazia identify themselves as Muslim, especially in the Gudauta District, which has attracted interest of pan-Turkish and pan-Islamic organizations since the 1990s. Islamic religious schools, and places of worship and congregations have opened in Abkhazia. In addition, a small group of Salafi (Wahhabi) radical Muslims, generously financed by various humanitarian organizations, increased its influence, especially among the younger generation. However, it did cause protest and non-acceptance within the rest of population. A shooting at one of the Salafi (Wahhabi) mosques, killed Khamzat Gitsba, the Abkhazian Salafi's informal leader with a history in terrorism, and his friend Ruslan Asadulin from Ufa. The situation, however, has since normalized, due to active involvement of law enforcement officers, resulting in a declining influence of radical Islam.<sup>6</sup>

= Abkhazia believes the relations with other countries and muslim organizations somehow compete with a clear and unconditional partnership with Russia, but says it is incomparable with the amount of influence of the Russian Federation.

Nevertheless, representatives of the Russian Federation have requested the Abkhazian authorities to annul the Apsni Fund in Abkhazia, which primarily supports the repatriation of descendants of mohajires who have been resettled in Turkey and the Middle East. Although this process has practically reached a dead end, and the Fund does not have any major capabilities, Russia has insisted on it several times.

**The political system** of the occupied territories depends completely on the Russian Federation.

Russia has allowed the territories certain autonomy, it did not deem it necessary to directly manage internal processes. Russian President's unconditional favorite Raul Khajimba, became a President of Abkhazia only after his third attempt, as a result of a political crisis inspired by the direct participation of high-ranking Russian officials. Nevertheless, leaders of all the political forces in Abkhazia are more or less loyal to Russia and support the high degree of cooperation and integration, considering it a safeguard of independence of Abkhazia.

Raul Khajimba, the de-facto president of Abkhazia, was a regular officer of the State Security Committee (KGB). He is perceived to be the most loyal figure to Russia among Abkhazian politicians. Some of the Abkhazian representatives even say that Khajimba will allow Russia to implement projects which were practically suspended during the rule of the previous de-factor president Alexander Ankvab. Among them:

- To build the highway through the Kodori Gorge to the North Caucasus;
- To allow the sale of large objects of real estate to the people who are not the citizens of Abkhazia;
- To restore the railway connection, although there are different attitudes to this issue in Abkhazia;
- To hand over the disputed territory of the village Aibgha to Russia;
- To create a logistics center in Kvemo Eshera;
- To build a port in the region near Eshera.

The ongoing processes, and particularly signing the Agreement on Alliance and Strategic Partnership between the Republic of Abkhazia and the Russian Federation in the fall of 2014, is opinion prime example of the above mentioned pro Russia projects.

General Khrulev was appointed the chief of general staff of the armed forces of Abkhazia to strengthen Russian control. Khrulev was the head the 58<sup>th</sup> battalion in 2008, and personally led operations against Georgia in the Tskhinvali Region, in which he got wounded.

Russian border guards control the entire administrative border on the river Enguri in the Gali District, and have only allowed a nominal presence for the Abkhazian side. Besides, they are considering to establish a mechanisms ensuring the coordination of activities of the bodies of internal affairs, which will let the Russian agencies institute a full control over the law enforcement activities.

On December 29, 2015 a meeting took place between the de-facto President of Abkhazia and Vladislav Surkov, advisor to the Russian President. Among other issues, they discussed Abkhazia joining the sanctions initiated by Russia against the Republic of Turkey. As a result, Artur Mikvabia, head of the de-facto government of Abkhazia, signed a Resolution on January 11, 2016 imposing temporary restrictive measures against the Republic of Turkey. The de-facto Ministry of Foreign Affairs of Abkhazia said despite the above-mentioned Resolution, they will continue developing their relations with the numerous diaspora in Turkey. Abkhazia joining the sanctions is a clear indication that Russia completely single-handedly governs the political situation in Abkhazia.

Despite the complicated situation in Abkhazia, the situation in South Ossetia is even more complicated. Unlike Abkhazia, the de-facto authorities/puppet regime in the Tskhinvali region has consistently voiced their aspiration to become a part of the Russian Federation together with the Autonomous Republic of North Ossetia-Alania. Even the highest political officials openly declare their hope that they will be able to join Russia soon. An interview of Leonid Tibilov, de-facto President of South Ossetia, which he gave to a Russian news agency provides a prime example: "I think that our nation has the idea to become a part of Russia, this is not a secret. We will try to make this idea become a reality."<sup>7</sup>

**The economies** of Abkhazia and the Tskhinvali Region completely depend on the Russian Federation, they do not have their own national currency and use the Russian ruble. And whereas Abkhazia has some relations with the Republic of Turkey, the Tskhinvali Region does not have alternative relations at all. According to a STRATFOR report, Moscow's annual assistance to Abkhazia is about 300 million USD, and this assistance is less – by 100 million USD for so-called South Ossetia.<sup>8</sup>

Abkhazia, despite non-recognition and minimum participation in international relations (among them the trade-economic relations), is still affected by the global economic crises. Falling prices of oil resulted in the devaluation of the Russian ruble (which Abkhazia uses as national currency), increased inflation, limited purchase power of the population, and reduction of financial resources of the Russian state in general, affected the Abkhazian economy.

The above mentioned negative processes have an impact on Abkhazia's social-economic situation, considering Russia still remains Abkhazia's main economic partner and provides it with significant financial assistance.

Therefore, the Russian economy has a direct effect on the economic situation of Abkhazia and Tskhinvali region, and on the financial state of its residents.

Despite the creation of artificial barriers by Russia and constant pressure on developing trade relations between the occupied regions and Georgia, it is notable that the trade relations which exist to date, solely influence the territory's markets. Recent research in 2012-2013, showed that the trans-Enguri trade turnover totaled fifteen million USD.<sup>9</sup>

Other than military-political and economic mechanisms, Russia actively employs **educational mechanisms** to increase its influence in the occupied regions.

Education in Georgian is prohibited throughout the entire territory of Abkhazia, including the Gali district (although it is the native language for the absolute majority of residents of the Gali district). Russian became the primary language in elementary grades in 2015 in the Gali District. Higher grades offer Georgian classes, but the number of hours has significantly decreased in the past few years and replaced with Russian.<sup>10</sup> Education in the Abkhazian is impossible due to a lack of resources, as a result all the educational processes are conducted in Russian at educational facilities of all the levels, and thus enabling the most effective soft power russification policy. The situation the Georgian population suffers could be qualified as ethnic persecution, as, combined with other limitations, they regard language as one of the most significant indicators of ethnic identity.

Other than primary and secondary education, institutes of higher education in the territory of Abkhazia and in the Tskhinvali Region basically operate in Russian. Besides, the Russian Federation provides targeted financing to talented and hard-working youth in the occupied territories, and creates incentives to receive education at the finest educational institutions of the Russian Federation, such as, for example, Moscow State University, Moscow State Institute - University of International Relations of the Ministry of Foreign Affairs of Russia, the Diplomatic Academy of the Ministry of Foreign Affairs of Russia, the Peoples' Friendship University of Russia, Plekhanov Russian University of Economy, etc. This ensures the Russian Federation a foothold among the most educated and active part of the future generation.

Another segment imperative for the analysis of the political situation of the occupied regions is **civil society**.

After gaining independence, directly after the combat phase of the conflict, Abkhazia, and less so the Tskhinvali region, started actively developing a civil society consisting of non-governmental organizations, which constituted the only mechanism for the separatist authorities to represent itself abroad. Several of these organizations were created in the Georgian territory and worked on conflict resolution.

Several interesting and useful cooperation projects were implemented funded and supported by international organizations, which made it possible to restore some communication between the parties, identify and discuss common interest, and reach an agreement on creating cooperation mechanisms.

Despite that the civil sector practically is deprived of the effective mechanisms of conflict resolution in the absence of the political will, the Russian Federation still perceive the contacts between these organizations a threat and are trying to minimize the collaboration. From private talks, a part of

the NGOs operating in Abkhazia said they face problems if they are involved in activities outside of Russia. These issues are mostly imposed by representatives of their own de-facto authorities, and by Russian special services (mostly the border guards), if Georgian representatives participate in their activities. The Tskhinvali region experiences a similar situation, where it has even become dangerous to work in the civil society sector.

Russian involvement has recently increased – the Kremlin is not only strengthening its military presence, but propaganda in Abkhazia has intensified as well: alternative media are limited, and Russian agencies have become the main news providers, while Abkhazian and Ossetian versions of the news outlet Sputnik have been created.

Other than military-political and social-economic mechanisms, criminal forces have actively been utilized as well. A prime example is the death of Zurab Achba, a well-known political activist in Abkhazia, and former member of the Supreme Councils of Abkhazia, whose murder was ruled a domestic crime. Achba's death was not linked to the statement he had made on the necessity of improving the relations with Georgia, however, it is hard to believe it was not. In addition, the murder of Levan Ardzinba and Salibei Ardzinba, who were close relatives and closely associated with Vladislav Ardzinba, the first de-facto President of Abkhazia, are suspicious as well. It is well-known they supported the restoration of relations with Georgia, and initiated local economic cooperation with business structures operating in Georgia.

A large number of IDPs (internally displaced people) remains another strong weapon of influence over Georgia, as the official number of IDPs is 263,598 citizens in Georgia. The majority lives in harsh social-economic conditions and a large part of the IDPs is settled in former recreational zones, which were never intended for permanent accommodation. As a result, no infrastructure for their educational, employment and other social needs, exists. Conditions for their integration hardly exist either, which jeopardizes the IDPs livelihoods, and increases the threat to use them in various destructive processes.

Despite the complex difficulty, the Georgian authorities should refer focus, step by step, on long-term strategic goals by deepening contacts and mobilizing the international community.

## **Conclusion**

Analysis of the current political environment clearly indicates that Russia's interest in our region is not limited only to Abkhazia and the Tskhinvali Region. Russia uses the occupied territories as a mechanism of influence on the whole Georgia. Formally, the Russian Federation recognized Abkhazia and the Tskhinvali Region, however, its actions clearly expose they are unwilling to reconcile with the independence of Georgia, not even mentioning the independence of these regions. In addition, Russia regards Georgia, =similar to other post-soviet republics, as a ground of its exclusive and irreplaceable influence, As a result, Russia reacts very agonizingly to every Georgian success in state building and establishing its place within the system of international relations.

The russification policy aims to organically swallow the occupied Abkhazia and the Tskhinvali Region. Unification politics, which actually reflects the Russian system in all the directions in Abkhazia and the Tskhinvali Region, is intended to serve this goal. Signing a comprehensive agreement was an

additional push in this process. Every new agreement between Russia and de-facto authorities operating in the occupied territories, deepens this 'integration' process even more, and may lead to the inevitable annexation-assimilation of Abkhazia and the Tskhinvali Region.

In order to effectively respond to these complex challenges, it is necessary that the Georgian authorities implement active politics with the involvement of the international community, by reducing risks and offering new opportunities to the occupied regions.

## **Recommendations**

- Intensify the efforts to increase the US' role in conflict resolution, within the frameworks of the United States-Georgia Charter on Cooperation.
- Support building business contacts between the occupied territories and the Georgian side. Together with Georgian partners, the DCFTA opportunities should be opened (offered) to the economic entities operating in the occupied territories, which will reduce the state's and the society's dependence on the Russian Federation. One of the solutions could be the creation of a special economic zones in the territories along the occupation line, where registration issues on registration of joint economic subjects in accordance with the DCFTA (Georgian-Abkhazian, Georgian-Ossetian), tax collection, could be addressed.
- Support and conduct an active information campaign in and outside the occupied territories (especially in the Russian Federation, Ukraine, Turkey and some of the European countries), with the Abkhazian and Ossetian diaspora and their leaders.
- Support and improve multilateral cooperation through various diplomatic channels, by conducting discussions and conferences, with the purpose to analyze and prevent expected military or security challenges in the South Caucasus and the neighboring region.
- Support the comparative analysis of de-facto effective legislation in the occupied territories, and conduct a research on possibilities of their harmonization with European standards.
- Create a extraordinary network of lawyers, in which human rights lawyers engaged in human rights issues in the occupied territories, will work and implement activities to improve the human rights situation.
- Elaborate and initiate a cooperation strategy among higher education institutes in the occupied territories and in the Georgian territories. Priority should be given to provide incentives to the youth in Abkhazia and the Tskhinvali Region to study at universities of Georgia, and to actively engage them in the partnership of these universities with centers abroad and exchange programs.
- Support awareness raising among the population in the occupied and neighboring territories via various objective and unbiased media, for which the Georgian authorities should ensure setting up a respective infrastructure on the site, and if needed, provide technical facilities to the population.

- Intensify efforts in the process to meet the obligations taken under the Association Agreement and the EU-DCFTA. In addition, disseminate information more actively among Georgian citizens on the real benefits of the process of integration with NATO and the EU.

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## 6. Security Sector

To respond to security challenges, the country's key goal of the country is to ensure smoothly functioning, efficient and sustainable national security architecture that is in accordance with the current democratic standards. to respond to security challenges. The security challenges facing the country have are of a hybrid nature. Therefore, the main objectives of the security sector reforms should be, on the one hand, to respond to hybrid challenges and effectively facilitate the development and execution of relevant public policy; and on the other hand, to be in full compliance with democratic standards and constitutional requirements. The formation of such a security system requires a well-defined regulatory framework, strict allocation of competences among institutions, and an effective control and balancing system. Security sector reform is one of the most important challenges for transitional democracy.

In 2012, a new constitutional governance model was enforced, which affected Georgia's security planning and execution system. As a result of the new constitutional amendments, the country moved from a presidential republic to a semi-presidential system. The President, who is elected through direct elections and has certain responsibilities for the country's security and foreign policy; and the Cabinet of Ministers, which is elected by the parliament and represents the executive branch implementing foreign and security policy, are involved in formation of forming the National Security System. The president remains the head of state and commander-in-chief of the armed forces, but the president's power is significantly limited in many areas, including the national security.

This change required adequate, efficient and systematic legislative amendments to ensure effective mechanisms for coordination, cooperation and interaction among these the institutions that make up Georgia's security sector. The system should also ensure provide an appropriate framework with clearly defined responsibilities and procedures at each level for decision-making and for security policy planning and implementation. In the case of Georgia, the process of transformation of the security architecture is even much more difficult due to the fact that the country faces serious security challenges, such as the occupation of some of its territories by Russia, and Russia's revisionist policy threats. A tense security environment requires an efficient and structured decision-making process in the government's daily activities, of the Government as well as clear regulations and procedures for strategic planning, policy development and implementation.

Other important aspects of Georgia's security sector reform are strengthening of parliamentary and civil control tools for the security sector, and increasing the level of public participation in decision-making. It should be implemented through improvement of improving the current mechanisms of parliamentary control and supervision over the security sector, and through the introduction and implementation of additional, more appropriate and effective mechanisms, procedures and practices. In the security sector, institutions' responsibilities must be divided among political officials, public and military personnel, which will institutionally strengthen civilian control over the agencies and improve their effectiveness. Other principal components of the security sector reform are improvement of improving transparency and accountability of the security sector and its agencies, the provision of a framework for civic engagement and participation, and the introduction and implementation of a better practice of the latter.

In order to increase security sector institutions' effectiveness and compliance with democratic standards by security sector institutions such as the Defense Ministry, the Ministry of Internal Affairs and the State Security Service (the latter is in the process of being established), and to ensure their transparency and accountability, further institutional and legislative reforms should be implemented. Career management issues and further education should be an integral part of security sector reform. These agencies are at various stages of institutional development and accordingly, they face agency-specific reform challenges. As for the issues related to the division of responsibilities among public and military personnel and to the institutionally established planning cycle, the Ministry of Defense is more in line with modern democratic standards, and while it remains a problem for the Ministry of Internal Affairs and the Security Service.

### **6.1 Strategic Level**

Strengthened democratic institutions will ensure provide guarantees for the country's sustainable development. Thorough adherence to democratic standards, the introduction of an effective cross checking and balance system, system of checks and balances, ensuring the participation of the president, the parliament and the Cabinet of Ministers in security policy development and execution, as well as the efficiency of the system and its supervision, are the key components of the system reform.

The new constitutional governance, constitution, which came into force in 2013, greatly expanded the government's powers and limited the president's authority in many areas including national security. That made it necessary to adopt legislative amendments regarding the national security architecture framework and competences of the National Security Council.

While the president is no longer in charge of domestic and foreign policy, he maintains national security-related constitutional powers. The president remains the head of state and commander-in-chief of the joint Forces, as well as the guarantor of the country's territorial integrity and national independence. Together with the government, the president fulfills important functions related to foreign relations, such as conduction of conducting negotiations, appointment of appointing ambassadors, initiation of and initiating the ratification and denunciation of international agreements and contracts. He also fulfills functions related to defense and crisis management. The president can declare a state of emergency or martial law, which requires parliamentary approval within 48 hours. The president was deprived of his right of legislative initiative to initiate legislation, but he can sign or veto laws passed by the parliament.

The president is also entitled to initiate and participate in the discussion of specific issues at cabinet meetings. and participate in it. The National Security Council Secretary and the council's other members should attend such cabinet meetings. The president remains the Head of National Security Council and has the exclusive right to appoint council members.

The powers of the Cabinet of Ministers were greatly expanded. New rights and obligations related to national security were assigned to the cabinet, which is the only executive branch that is responsible for domestic and foreign policy. The most significant change is the transfer of power to implement foreign and security policy from the president to the government. The president needs the consent of the government for all the important issues that are related to foreign policy

and military sector, such as conducting international negotiations, appointment of appointing ambassadors, initiation of initiating the ratification and denunciation of international agreements and contracts, issuance of issuing orders during emergencies, and appointment of appointing military command. Pursuant to the Constitution, all decisions about these issues shall be made by consensus between the president and the government.

Although constitutional amendments did not result in significant change of significantly alter the powers of the parliament, it's the latter's role was strengthened due to the new distribution of powers between the president and the government. A The new balance of powers greatly increased the authority of the parliament to determine the main directions of domestic and foreign policy. The parliament is also authorized to approve the state budget and make decisions about budget execution; ratify, denounce or revoke international agreements and contracts; approve a state of emergency or martial law; give the a vote of confidence in a government program or the government; and to give a vote of no confidence in the government and begin impeachment proceedings. The parliament determines certain aspects of the national security architecture at the legislative level.

Last year, the Atlantic Council of Georgia published the Security Sector Review of Georgia. It reviewed the security sector and proposed recommendations. The paper included general recommendations for the national security architecture and specific recommendations for the security sector reform related to the Ministry of Defense and the Ministry of Internal Affairs. The review also included recommendations for strengthening parliamentary control over the security sector, and the improvement of for improving civic engagement.

The recommendations emphasized the need for adoption of adopting a broad statutory act that would adjust the legal and regulatory framework for the security sector, establish competencies of the agencies, determine the relevant mechanism of control and balance in the security sector, and provide the legal basis for interagency coordination and institutionalization of an a unified governmental approach. This act would be a legislative instrument for the systematization of the relevant legal framework, and for filling in the gaps in security policy planning, strategic document development, interagency cooperation, crisis management and political response to security challenges. The adoption of such a statutory act would make it mandatory to make amendments to the current legal framework to ensure a more consistent and harmonized system.

In March 2015, the Parliament of Georgia adopted the Law on Planning and Coordination of the National Security. The goal of this law was to create an overall framework for policy planning, strategic document development and interagency coordination that ensured provided mechanisms for the participation of the president, the parliament and the Cabinet of Ministers in accordance with the constitutional provisions. An attempt to fill in the above-mentioned gaps through laws is a positive intention, although the laws fail to fulfill this purpose. The law does not envisage the president's role in the development of the National Security Concept and threat assessment documents. The president can be involved in the development of the national military strategy.

This law establishes a hierarchy of national-level strategic documents. According to this hierarchy, the Cabinet of Ministers shall elaborate several national security strategies on the basis of the National Security Concept and the Threat Assessment Document, which include a wide range of issues, starting from national defense and the "external security" (a term that is referred stated

in the law), and ending with to socio-economic, energy, ecological, “internal security,” and many other issues. The president is only involved only in the development or approval of the defense strategy within these documents. As part of the security policy planning process, the laws envisage the development of “agency level documents”, such as the agency concept, the agency’s concept, strategy, doctrine and program. the development as a part of security policy planning process. In a hierarchy of strategic documents, the absence of a document unifying the national security strategy, as well as the existence presence of trivial components, increases the risk for of making the national security planning process uncoordinated and fragmented.

The same law provides the legal framework for the State Security and Crisis Management Council. This council, together with the National Security and Crisis Management Council, are represent “national security policy planning coordination bodies”. The State Security and Crisis Management Council is the Prime Minister’s advisory body with permanent staff. Due to the increase in responsibilities of the Cabinet of Ministers in relation to national security, the Administration of the Prime Minister began fulfillment of fulfilling the government’s increased responsibilities for the security sector, including interagency coordination and development of strategic documents such as the National Security Concept and the Threat Assessment Document. Increased responsibilities required relevant institutional capacity building. For this purpose, the Administration of the Prime Minister needed the personal personnel that would be professionally involved in national security planning, coordination and crisis management issues. This council is not a decision-making body. It is the responsibility of the cabinet is to make decisions about the security issues that are under fall within the competence of the government, pursuant to the Constitution. The State Security and Crisis Management Council technically functions as the Prime Minister’s advisory body, and is not entitled to make decisions. Therefore, the role of the procedure of casting lots envisaged by this law is not clear in relation with to the State Security and Crisis Management Council, and even seems like to constitute institutional and functional resistance.

After the review of Having reviewed the national security architecture, its procedures and practices, it is noteworthy to mention worth mentioning the lack of participatory approach to the national security planning and decision making process. The cabinet has the main executive power to implement foreign and security policies. Meanwhile, pursuant to the Constitution, the president maintains certain responsibilities for Georgia’s foreign and security policies. Harmonization of Harmonizing the operation of the national defense and security system requires the development of adequate mechanisms for cooperation between the structural units of the National Security Council and the Administration of the Prime Minister. Sharing responsibilities and powers with regard to the national defense and security policy issues which are under fall within the President’s and the Prime Minister’s competences will facilitate a more informed and qualified decision-making process in the defense and security sector.

## Ministry of Internal Affairs of Georgia

The Ministry of Internal Affairs of Georgia (MIA) combines the functions of the police, counterintelligence, intelligence, investigative, investigation, border control, anti-terrorism, and emergency response. It was used to be the largest and most powerful institution in the security system, which in fact had having virtually unlimited powers. Despite In spite of some reforms, the MIA lacked a clearly defined framework for institutional and functional distribution of its comprehensive powers. The patrol police reform, which was implemented 8 years ago, proved to be very successful and effective. As a result, public confidence in the police was increased. However, the other areas of the MIA are still in need of major reforms. Strategy and policy planning, public participation, and as well as the transparency mechanisms implemented by the MIA, are very weak and are rarely used in practice.

Pursuant to the recently adopted Law on State Security Service, the Security Service was seepertated separated from the Ministry of Internal Affairs and was established as an independent state agency. Division The separation of police and state security functions, of the division, and in particular, removing the removal of counterintelligence activities from the MIA, can be deemed seen as a step in right direction. Authors of the Security Sector Review prepared by the Atlantic Council of Georgia emphasize the need for separation of these functions.

However, the reform did not address issues such as improvement of improving the efficiency of internal and external control of the MIA and the State Security Service, career management, reform of the Inspector General, prevention of preventing the abuse of secret surveillance by the agency, improvement of and improving the judicial review of these agencies' activities. of these agencies. Georgian non-governmental organizations bring question the level of transparency and accountability of the MIA and the newly established State Security Service. into question. Moreover, the current changes raise questions about the overlapping of functions of the MIA and the State Security Service. The key principle of the government's security policy planning should be an a unified government approach. Due to the fact that the State Security Service is not a political body, in this context issues regarding civilian oversight issues and the agency's institutional mechanisms for strategic and policy planning of the agency remain unclear in this context.

The review elaborated by the Atlantic Council of Georgia refers to the lack of an established strategic planning system and practical procedures based on which strategic documents, long-term plans and programs are developed. The agency mainly operates in accordance with laws and ministerial decrees, which at best serve the daily routine. Strategy 2013 and Strategy 2014 represent the agency's efforts to document the its vision, but actually they in fact, these are lists of long-term, medium-term and short-term objectives, which that serve various purposes. These documents do not include a strategic action plan, or resources necessary for its implementation. In order to fill in this gap and set up the foundation for the strategy and planning, as well as to and also prevent the overlapping of functions of these institutions, the government, together with the MIA and the newly established State Security Service, should launch a comprehensive institutional review process. It would be followed by specific recommendations for harmonization of harmonizing operations and determination of determining the jurisdiction of conflicts, which may serve as the the basis for organizational and personnel optimization of different units. For better

and more effective results. It is very important to gain the support of NATO and the EU through bilateral assistance of the NATO and the EU member states.

Reform of the personnel management and vocational education system, with institutional changes, which aim at towards the distribution of responsibilities among political, civil and military services, are perhaps the most significant and necessary reforms for the MIA. The following three main levels and types of services should be determined: political, including political officials; public, including public employees of the MIA; and police officers. It is recommended advisable to clearly demarcate between military and public services, which would include determining including determination of their responsibilities, duties and career development plans, and introduce introducing a compulsory training system for career advancement. Moreover, clear professional promotion system criteria should be introduced.

The main challenge for Georgia, which is faced not only by the MIA, but by the security sector in general, is to ensure relevant an appropriate democratic oversight of the security sector agencies. which is faced not only the MIA but in general the security sector. Taking into consideration the weak and inefficient mechanisms of civil and democratic control of the MIA into consideration, the risks that risk of the MIA and also the newly created Ministry of National Security will misuse of abusing their powers, remain high. As the recent history has shown, these such risks are often realized. The Georgian security sector reform will be neither complete nor successful without the relevant separation of the MIA's functions, as well as the civil and democratic supervision of their implementation.

### **Ministry of Defense of Georgia**

The international aid that Georgia has received from the USA and and other NATO member states since the 1990s has significantly contributed to the development of Georgia's defense sector. development. Access to a variety of educational and training courses conducted under the NATO's Partnership for Peace (PfP) Program funded by NATO member states appeared to be a very effective form of assistance. It made a significant contribution to the development of the Defense Ministry's human resources. of the Ministry. Another factor that has a positive impact on the reform of the armed forces is the NATO integration process, which has provided political incentives and institutional mechanisms for the transformation of the armed forces. These two factors have significantly contributed to the defense institutions and transformation of the armed forces, bringing them closer to NATO standards.

Despite this significant breakthrough, the defense sector still faces great challenges. Insufficient institutionalization of defense policy planning and management practices remain serious problems. Another serious challenge is the limited efficiency of military education and training systems, which could be overcome by better streamlining, synchronization and optimization of the system. It is recommended to ensure continuity and consistent development of policy. It is also necessary to implement decentralization and proper management of human resources.

More efforts are needed to ensure further institutionalization of defense planning and management processes, and more investments are required in human resources development through military education, exercises, training and improvement and synchronization of human resources

systems. Moreover, planning, programming and budgeting system development and institutional improvement should be ensured to develop a sustainable program budget, which will be adequate for defense priorities and objectives. It is also necessary to ensure improvement, optimization and sustainability of the military personnel management system.

The level of the defense budget remains a serious problem. Defense spending represents 2.1% of GDP and amounts to 650 million GEL. The minimum requirement for accession to NATO is 2%. Nevertheless, this budget is not sufficient to ensure the necessary level of combat readiness of the units under the Ministry of Defense. The number of armed forces personnel is currently 25,000. Approximately 80% of the current defense budget covers personnel costs. In other words, nearly 80% of the total defense budget is used on salaries, food and other household expenses of personnel. Accordingly, only 20% is spent on material and technical services, training and exercises, equipment and infrastructure maintenance, upgrading weaponry and new arms procurement.

It will surely be reflected in the level of preparedness of the armed forces and therefore, Georgia's military potential. The proportion of expenditure remains the same for the third year running and this situation will be maintained in 2016. It is necessary to restore the balance in the structure of defense spending in order to avoid personnel costs exceeding 70% of the total budget. This proportion will more or less ensure the necessary level of combat readiness of units. The 2016 budget must be revised to increase defense spending.

Parliamentary and civilian control. The review of the security sector regulatory legal framework shows the need for improvement of civil and democratic oversight mechanisms of the bodies responsible for police, military and security functions. The process of competence distribution and harmonization of legal framework, which began after the introduction of a new constitutional model in Georgia, is not over yet. It is recommended to ensure that legislative amendments are in accordance with constitutional provisions and civic engagement in this process to ensure Georgia's further democratic and institutional development, stability and effective implementation of its national security policy.

The development of an efficient system of supervision of the secret activities of state agencies within the frameworks of parliamentary control mechanisms is one of the main responsibilities of the parliament. The involvement of the parliamentary Group of Trust in the special program development and budgeting process and oversight of costs related to the state-funded program would increase the transparency and efficiency of the security sector.

Parliamentary oversight. In Georgia, the legal framework of parliamentary oversight generally meets internationally recognized standards. The parliament is entitled to adopt laws, discuss government policies and take decisions on budget allocations. The parliament has the power to dismiss the government or vote for the issue to be the subject of a vote of confidence in the government, and to ratify international agreements including on participation of Georgian armed forces in international peacekeeping missions outside the borders of Georgia.

However, the parliament's role is limited with regard to the appointment and dismissal of senior officials of the security sector. Moreover, the current practice shows that the parliament's "purse power" is limited in relation to budget allocations for the security sector bodies. According to the established practice, the parliament mostly votes on the total numbers and barely analyzes expenditures of the security sector agencies and their planned programs.

Parliamentary oversight of the MIA and State Security Service is also limited. The parliament would better implement its oversight powers if it improved the independence of the Trust Group and further institutionalized its activities. At the parliamentary committee level, oversight responsibilities of the MIA, the Security Service and Intelligence Service are distributed between the Defense and Security Committee and the Legal Affairs Committee. None of these committees pay full attention to this issue which creates an institutional misunderstanding. Taking into consideration specific surveillance needs, establishment of a new parliamentary committee on the issue of special services would enable the parliament to exercise its supervisory powers over these agencies. In this case, the Defense Committee would be able to study national defense issues more precisely.

Moreover, the Parliament of Georgia can increase democratic control over the security sector and its accountability through development of planning, programming and budgeting system in the budget development process. Cooperation among the parliament and non-governmental organizations (NGOs), academic institutions and international organizations will also contribute to the establishment of more effective oversight of the security sector agencies.

The involvement of civil society including NGOs and academic institutions in the development of the conceptual basis for national security planning, policy development and reform will provide not only independence and competent expertise to state agencies but also, and more importantly, it will give more legitimacy to reforms and strategic documents and gain public support as well as strengthen public oversight mechanisms for the sector. Civic engagement in the security sector remains very limited. To ensure adequate civic participation in these processes the government should take steps to develop strategic and policy documents in the security sector and institutionalize inclusive policy development when making reform plans and agendas.

## **Conclusion**

The ever-changing security environment brings many challenges, threats and opportunities for Georgia. The threats and challenges differ in nature and can relate to the military, economy, energy sector, propaganda, etc. hindering the state development of Georgia, its Euro-Atlantic integration, de-occupation of occupied territories and their reintegration. The most serious threats and challenges to Georgia come mainly from Russia. It should be noted that due to Russia's increasingly aggressive policy in the recent period, sanctions imposed by the international community as well as the decrease in oil prices on the world market weaken Russia's ability to exert complex influence over neighboring and other European countries. This might have a positive impact on the state development of Georgia if the latter develops and implements the right policy.

In order to respond to current threats and challenges, effective institutional and legal framework and relevant practice for elaboration and implementation of state security policy should be introduced. Due to the complex nature of threats and challenges, the institutional and legal framework for security policy development and implementation must be based on the principles of community engagement and participation of different governmental bodies.

There are problems related to the current security architecture, which may be considered as not only security policy, but crisis management too.

Harmonization of the national defense and security system operation requires development of adequate mechanisms for cooperation between structural units of the National Security Council and the Administration of the Prime Minister. Sharing responsibilities and powers regarding national defense and security policy issues that are under the remit of the president and the prime minister will facilitate an informed and qualified decision-making process in the defense and security sector.

A list of strategic documents and their development procedures should be improved. Today, no uniform national security strategy document exists. Moreover, since the 2012 elections the government has not issued important documents, such as the country's foreign policy and de-occupation and reintegration strategy. The Threat Assessment Document was elaborated at the end of 2015 but the public part of this document has not been published yet (due by the beginning of 2016). This situation hinders the effectiveness of state bodies when implementing security policy. Moreover, certain government initiatives in the national security sector seem to be unclear and inconsistent. For example, non-transparent negotiations which began with Gazprom at the end of 2015 are particularly alarming.

A unified government approach to security policy development and implementation should be ensured. It is recommended to improve the legal framework regulating the security sector, which would establish competencies of the agencies, relevant control and balance mechanisms for the security sector and ensure a legislative base for inter-agency coordination and institutionalization of a unified government approach.

It is also important to improve the crisis management system. The Tbilisi floods that occurred in 2015 showed serious shortcomings in crisis response and management. Therefore, it is necessary to introduce and implement contingency planning practice, ensure clear distribution of powers and responsibilities and to develop management systems. The assistance of NATO partners can be much more effective in this regard.

Due to the reforms and assistance of Western partners provided in the defense sector in recent years, the system functions in accordance with Western standards. The personnel management system and critical capacity building remain the most significant challenges for the defense system. It is necessary to continue the reform of the personnel management system, which provides military career management according to education and experience of military personnel. Among critical capabilities, air defense and anti-tank capabilities remain priorities.

The defense budget reduction over the last three to four years is alarming. Cuts to defense spending mainly occurs at the expense of operational and capital expenditures. Personnel costs account for approximately 85% of defense spending and only 15% is spent on exercises, training, infrastructure development, weapons acquisition and repairs. This negatively impacts on Georgia's defensive ability and military readiness. It is necessary to increase defense costs to maintain the level of readiness.

MIA and Security Service. There was an inappropriately large concentration of power in the MIA. The reform of the ministry should be provided a clearly defined framework for institutional and functional distribution of power, established and improved strategy and policy planning, public participation and transparency mechanisms. The mechanisms in the MIA are very weak and rarely used in practice.

Separation of the Security Service from the MIA and its establishment as a separate independent state agency can be deemed a step in the right direction. However, the reform did not address issues such as the improvement of efficiency of internal and external controls of the MIA and the State Security Service, personnel management and, in general, improvement of judicial, prosecutor and civilian control. Georgian NGOs bring the level of transparency and accountability of the MIA and the newly established State Security Service into question. Moreover, these changes raise questions about the overlapping of functions of the MIA and State Security Service.

The key principle of the security policy planning should be a unified government approach. Due to the fact that the State Security Service is not a political body, civilian oversight issues and institutional mechanisms for strategic and policy planning of the agency remain unclear.

The strategic planning system must be developed for both agencies, which will ensure development of strategic-level documents, long-term plans and programs. It will also help to avoid overlapping of functions of these institutions. The government together with the MIA and newly established State Security Service should launch a comprehensive institutional review process to be followed by specific recommendations on harmonization of operations and determination of jurisdiction conflicts.

It is critically important to reform personnel management and professional education systems with relevant institutional changes, which aim at distributing responsibilities among political, civil and military services and also introducing a clear professional promotion system and criteria. This will reduce politicization of these agencies and help to improve their professionalism. In order to ensure successful reform of the aforementioned agencies, bilateral assistance of NATO and the EU Member States is of paramount importance and must be maximally used.

It is an extremely important task to ensure proper democratic oversight and civic engagement mechanisms for the security sector agencies. Parliamentary control must become much more effective, especially in terms of the MIA and the Security Service. One potentially effective mechanism would be the establishment of a separate parliamentary committee on special services and law enforcement agencies. The Georgian security sector reform will be neither complete nor successful without civic and democratic oversight.

### **Recommendations:**

- Improve the national security policy development and implementation system based on participation principles;
  - o Sharing responsibilities and powers regarding the national defense and security policy issues that are fall under the competencies of the president and the prime minister. An informed and qualified decision-making process in the defense and security sector should be supported.
- Improve the list of security policy planning documents and their hierarchy; introduce their development cycle and proper practice.
- Ensure a unified government approach to national security planning and implementation.

- In the near future, the government should ensure development of strategies on foreign policy, de-occupation and reintegration, NATO and EU integration and energy security.
- Improve the Crisis Management System. Introduce contingency planning practice, ensure clear distribution of powers and responsibilities and develop the management system.
- The government should ensure civic engagement in the security sector and development of strategic and policy documents. Moreover, it is recommended to institutionalize inclusive policy development in elaboration of reform, plans and agendas, which will facilitate improvement of transparency and accountability of agencies.
- The government together with the MIA and newly established State Security Service should launch a comprehensive institutional review process to be followed by specific recommendations on harmonization of operations and determination of jurisdiction conflicts.
- It is recommended to increase the efficiency of internal and external control of the MIA and the State Security Service, reform the Inspector General, improve the judicial review of activities of these agencies as well as transparency and accountability levels.
- It is crucial to improve mechanisms of civil control over the State Security Service;
- Introduce a clear career management system in the MIA and the State Security Service, which will be closely related to the professional education system.
- Effectively use assistance provided by the USA and other NATO partners in reforming the MIA and the Security Service.
- Significantly increase defense costs to improve defensive ability and military readiness of armed forces.
- Continue the reform of the career management system in the defense sector.
- Responsibilities should be divided between officials, public and military services, which will institutionally strengthen civil control in agencies and increase their efficiency.
- Parliamentary control over the MIA and the Security Service should become more effective. It is recommended to establish a separate parliamentary committee on special services and law enforcement agencies that would be one of the effective mechanisms to ensure it.

## Annex

Table 4.

Main exported goods to the Russian Federation in 2014

Code of the goods	in thousand USD	Share of the total export to the RF
2204	114,425.0	
2201	66,381.0	
2208	17,553.0	
Total group 22	199,385.0	72,51
8703	16,433.0	
Total group 87 <sup>1</sup>	18,250.0	6,6
0802	3,982.0	
0805	3,064.0	
Total group 08 <sup>2</sup>	17,156.0	6,2
7202	16,886.0	
Total group 72	16,886.0	6,1

Table 5.

Dynamics of the groups of goods exported to Russia and its share in the total export of the same group of goods from Georgia.

	Export to the RF in 2012	Export to the RF in 2013	Export to the RF in 2014
Code 2204	0,023.0	56,436.0	111,425.0
Total export	64,871.0	127,851.0	180,720.0
Code 2201	0,102.0	33,744.0	66,381.0
Total export	59,341.0	106,884.0	137,124.0
Code 2208	0,234.0	4,703.0	17,553.0
Total export	80,027.0	99,866.0	95,190.0

Source: Geostat

Table 6.

Dynamics of the groups of goods imported from Russia and its share in the total import of the same group of goods in Georgia

	Import from the RF in 2012	Import from the RF in 2013	Import from the RF in 2014
Code 27	159,054.0	198,814.0	173,501.0
%	11,38	14,29	12,11
Code 10	113,772.0	148,347.0	141,115.0
%	44,49	70,52	81,47

Source: Geostat and International Trade Center

Table 7. Export Geography of Georgia to the most important trade partners (in thousand USD)

	2012	2013	2014
Export	2,376,154.6	2,909,515.6	2,860,670.6
Among them to the EU	352,901.4	607,113.3	624,085.6
Among them to the CIS	1,244,428.0	1,620,371.0	1,465,185.0
World import	18,396,443,887.0	18,707,757,342.0	18,790,852,345.0
Among them in the EU	5,830,443,887.0	5,885,565,636.0	5,982,366,353.0
Among them in the CIS	546,803,748.0	542,739,726.0	481,898,102.0

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## Key Military Threats posed by Russia to the national Security of Georgia and possible Recommendations.

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