Relations of Russia and Georgia: Developments and Future Prospects

By Ivars Indans

Russian and Georgian relations go far beyond the bilateral problems between two countries. The main objective of this article is to describe the relations between both countries taking into account the Georgian and Russian vision of the problems. The western orientation of Georgia towards European Union and NATO, influence not only Russian politics in Caucasus, but also challenge the international organizations to identify their interests and role in the region. Therefore, Georgian and Russian relations will be analysed also from the European Union and NATO perspective. In this context another goal of the article is to identify the interest of the three Baltic states in Georgian - Russian relations.

Russian troops in Georgia were put on "high alert" on September, 2006 and ordered to "shoot to kill if provoked" while defending Moscow's two military bases in the Caucasian country. Tensions between Russia and Georgia were escalating after Tbilisi arrested four Russian officers on September 27, 2006 on spying charges.

As a consequence, Moscow withdrew its diplomats from Tbilisi and warned that it could postpone pulling out its troops by 2008 as initially planned. Russian Foreign Minister Sergei Lavrov told the press on September 27 that the situation is "very serious," and, therefore, "when the UN Security Council will consider the Georgia-Abkhaz settlement in the next two weeks, we will insist on assessing Georgia's activities as subversive." (Newsgeorgia.ru, 28/09/2006).

The conflict is divided over a number of issues including trade, espionage and energy. However, most dangerously of all, the conflict is on the status of two pro-Russian breakaway Georgian provinces - Abkhazia and South Ossetia. The risks to Georgia are not only economic, but also political ones. The deportations in which they were involved followed hard on the heels of the dramatic arrest in Georgia in late September of four Russian security service officers accused of spying. The fact that they

* Ivars Indans is Researcher at the Latvian Institute of International Affairs.
were released only after intense western pressure, in the view of Moscow, has only compounded the insult. In response the Kremlin has been deporting Georgians from Russia, closed Georgian businesses, and cut air and road links with Georgia.

The stakes in the southern Caucasus region are significant. Georgia forms a gateway linking the Black Sea to the Caspian Sea and is vital for the control of Central Asia's massive fossil resources, and the well-known Baku-Tbilisi-Ceyhan pipeline. Georgia's geographic position is also critical to NATO's ability to secure the Black Sea region, and it allows Washington to project power toward the Middle East. Furthermore, at a time of uncertainty on Turkey's EU accession bid and on Ankara's geostrategic orientation, Turkish Prime Minister Recep Tayyip Erdogan's unwillingness to subscribe to US military actions in Iraq. This indicates Georgia's geostrategic importance for Washington is increasing. (Asmus, 2006, p. 35).

1. Russian - Georgian conflict: recent history

The conflict between Moscow and Tbilisi goes back a long way. In April 1989, Soviet tanks put down massive demonstrations in the Georgian capital after considerable bloodshed and hastened the demise of the USSR two years later. Georgia was the first former Soviet republic to leave the Soviet Union and relations between it and Russia have been fraught ever since its secession. (Asmus, 2006, p. 37).

In 1993, Russian troops intervened in a civil war in support of Eduard Shevardnadze, the former Georgian president. Since then, tensions have risen steadily over a number of issues, from the presence of Russian military bases in Georgia to Russian allegations that Chechen rebels used Georgia as a safe haven. For much of the 1990s, Moscow was powerless to reassert its authority in the "near abroad", as Russians refer to former Soviet republics. (Fall 2006, p. 198). However, since Vladimir Putin became president in 2000 the restoration of the Kremlin's authority has become evident. This is due to the recovery in the Russian economy powered by high oil and gas prices have allowed Moscow to rebuild its influence over Georgia, and other energy-poor neighbours. (Bondareva, 2004, p. 75).
In January Gazprom, the Russian gas monopoly, doubled prices for Georgia to $110 a thousand cubic metres and proposes a further rise to $230 at the start of 2007 - the highest for the former Soviet Union Republics. Meanwhile, Russia has banned imports of Georgian mineral water, and wine. The reasoning being Gazprom says the price increases are commercial, and Russian officials say the wine and mineral water restrictions are health-related. Georgians see all these acts as political, and have retaliated by withholding approval for Russia's bid to join the World Trade Organisation.

2. A look from Georgian perspective

The current crisis in relations between Moscow and Tbilisi originates in Georgia's Rose Revolution of late 2003, which brought President Saakashvili to power. His policies where aimed at bringing his country closer to the EU and NATO. He has pledged to close Russian military bases in Georgia, and wants to make the most of Georgia's position on the route of new pipelines taking gas and oil from the Caspian Sea region to the west. This would give western companies a route avoiding Russia. For Saakashvili, the models to follow were the Baltic states. (Vashakmadze, 2004, p. 17).

By reforming the economy, Saakashvili has made considerable progress towards reducing Georgia's dependence on Moscow, even if the country of 4.5m still ranks among the poorest states of the former Soviet Union. His ministers have cut taxes, attacked corruption, reduced red tape, sacked 30,000 bureaucrats and sold about 150 state enterprises including ports, banks, and Georgia Telecom. The changes have stimulated growth, with gross domestic product rising 9 per cent last year and a forecast 8 per cent in 2006. The World Bank counts Georgia among the world's top reformers.

In spite of the economic upheaval, Saakashvili, who won the 2004 presidential election with over 90 per cent of the vote, has maintained his popularity. He concedes membership of the EU and NATO is a long way off, but he has deepened relations with both organisations - and secured substantial US and European aid.
In the conflict with Russia, Saakashvili has appealed to the European Union to take a strong common stand against Russian efforts to enforce its sphere of influence, and the attempts to divide the EU members with separate trade and energy deals. Saakashvili stated Russian sanctions, blocking Georgian exports of wine, fruit and mineral water, have failed to dent the country's rapid economic growth rate, which could reach double figures this year. Faced with a likely doubling in the price it pays for Russian gas from Gazprom, Georgia will have to rely on neighbouring Azerbaijan as its principal energy supplier, with Iran as a standby for emergency. According to the president of Georgia, "Our trade balance has recovered, and I hope our economic growth will be in double digits. It is already around 9 per cent. The best thing that is happening is that lots of new investment is coming into the country from Kuwait, Kazakhstan, Turkey and Western Europe" (Newsgeorgia.ru 05/01/2007).

3. “Frozen” territories

Abkhazia and South Ossetia broke away from Georgia in the early 1990’s when the Abkhaz and Ossetian ethnic groups revolted against central Georgian rule, resulting in the mass expulsion of ethnic Georgians. Russia has warned that it would defend the separatist territories if the Georgian government launched an assault to win back control (Chepurin, 2004, p. 3).

Saakashvili has re-established Tbilisi's authority over one of his three problem regions - Adjara, a Black Sea province bordering Turkey. But South Ossetia and Abkhazia, lying next to Russia, have proved more difficult. Unlike Adjars, the Ossetians and the Abkhazians are ethnically different from Georgians. Both were involved in civil wars with Tbilisi in the early 1990’s, when they established de facto autonomy.

Of the two, Abkhazia, with about 200,000 residents, is far larger and more desirable to Russia. South Ossetia is a mountainous inland district with an estimated population of under 50,000. Its main asset is a tunnel through the mountains linked to the Russian region of North Ossetia, which Georgian officials say is used for smuggling guns, drugs and counterfeit $100 bills.
Flushed with early success in Adjara, Saakashvili tried, in 2004, to impose his will on South Ossetia. But his ill-judged attempt brought violent clashes between Georgian and South Ossetian forces. This deepened the divide between Tbilisi and Eduard Kokoity, a former wrestling champion and South Ossetia's self-proclaimed pro-Russian president, and his Russian advisers (Narochnitskaya, 2004, pp. 31-58).

Under pressure from the US and the EU to avoid violence, Saakashvili has switched to a less aggressive tack (Karaganov, 2004, pp. 24-35). When Kokoity staged an independence referendum and presidential election, Tbilisi responded with polls of its own in South Ossetian districts it controls. The result was the election of two presidents - Kokoity in Tskhinvali's polls and, in Tbilisi's, Igor Sanakoyev, a former South Ossetian prime minister who now favours a deal with Saakashvili.

The outcome gives Tbilisi the option of trying to undermine Kokoity by running a parallel administration. Saakashvili is playing a similar game in Abkhazia, where he has installed a government in the isolated Tbilisi-controlled Kodori gorge. But its influence is insignificant compared with the authority of the Abkhaz administration in Sukhumi. Abkhazia's leaders are divided between those seeking outright independence and those wanting to join Russia. South Ossetians, by contrast, see independence from Tbilisi only as a stage on the way to joining the North Ossetians under Moscow's rule (Ghebali, 2004, p. 282).

Backed by the US and the EU, Saakashvili says he is ready for a negotiated settlement based on maintaining Georgia's territorial integrity but he argues the key lies in Russia's attitude. Putin has recently urged both South Ossetia and Abkhazia to abandon separatism and build a common state inside Georgia. But, he has also accused Georgia of preparing for military action. Tbilisi has increased defence spending to about 3 per cent of GDP, with additional training and equipment coming from the US and NATO.

At the end of January 2006, Georgian President Mikhail Saakashvili presented to the Council of Europe a peace plan for South Ossetia. The offer granted the breakaway province broad guarantees of autonomy. The plan also gave citizens in South Ossetia the right to elect the province's government, which would oversee local culture, education, economic
policy, and environmental issues. It was expected to guarantee the rehabilitation of the province's economy as well. In addition, the president announced a three-year transitional period for building cooperation between the police of Georgia and South Ossetia and integration of the region's military forces into the national armed forces. To implement this plan the region would have to start demilitarising and be under permanent monitoring to "make sure that there are no military units that could violate the stability of the region" (Newsgeorgia.ru. 24.02.2006). In other words, the aim is to establish control of the border with Russia to prevent armed groups from entering the province.

Eduard Kokoity, the president of South Ossetia, has rejected this plan, saying the region has been independent, and has maintained no relations with Georgia since the collapse of the Soviet Union. South Ossetia, with 95 percent of its population being Russian nationals, wants to unite with North Ossetia, which is a part of the Russian Federation. According to several sources the financial resources of Kokoity are linked to the criminal world drug and gun trafficking, and he has even been convicted in Russia. Since Kokoity is dependent on Russia, Georgia has turned into some kind of a hostage of South Ossetia; everything will depend on whether Russia orders Kokoity to withdraw or makes him negotiate (Papava, 2006, p. 657).

4. A look from Russian perspective

Russian policy towards the Commonwealth of Independent States (CIS) region is determined by economic expansion, and political domination. The first major entry by Russian companies into the Georgian economy took place under the earlier Shevardnadze regime. In the summer of 2003, United Energy Systems (UES), a power company with majority ownership by the Russian government, purchased Tbilisi electricity distribution company Telasi and the 9th (the only one in working condition) block of the Gardabani Power station from the American AES Corporation. UES also received the right to manage hydroelectric power stations Khrami-1 and Khrami-2, and through its 50 percent of the shares in the Sakrusenergo joint venture, acquired ownership of 50% of all the 500 kw power lines in Georgia. In early March 2005, the Georgian government and UES started negotiations on a new five-year cooperation plan. The details are still unknown, but it is expected that UES may
acquire ownership of other distribution and generation facilities in Georgia.

Developments have accelerated in early 2005. In mid-January, Russia's Vneshtorgbank purchased 51% of the shares of the United Georgian Bank. The major shareholder in Vneshtorgbank is the Government of the Russian Federation. In the end of January 2005, the Georgian government signed a memorandum with Russia's YevrAzHolding, the winner of a tender to buy the Chiautumarganets (one of the largest manganese concentrate producers in the former Soviet Union and one of western Georgia's biggest enterprises) and the Vartsikhe hydro cascade for $132 million. Manganese is one of the most important export commodities for Georgia.

The Russian state natural gas monopoly Gazprom made its first big move into Georgia in 2003, taking over the gas transportation business from Russian-American gas trader Itera, itself affiliated with former Gazprom officials. On July 1, 2003 the Georgian government and Gazprom signed a memorandum on strategic cooperation for 25 years. The agreement promised the supply of natural gas to Georgian customers and the rehabilitation of gas pipelines, a task that Gazprom never performed. In January 2005, Gazprom announced its interest in privatizing Georgia's gas pipeline system. The Georgian gas pipeline system includes pipes which distribute gas in Georgia's regions and pipelines which are used for transporting gas from Russia to Georgia and Armenia.

Georgian policies towards the EU and NATO have evidently angered the Kremlin. Like many in today's Russian elite, President Vladimir Putin says he has no wish to restore communism, but nonetheless regrets the collapse of the USSR, and the independence of the former republics (Radzkhovsky, 2004, p. 150). In the Caucasus in particular, Kremlin officials fear the emergence of a stronger Georgia could complicate Russia's handling of its own often troubled ethnic minorities in the region, most importantly Chechnya.

Russian President Vladimir Putin warned there could be a "bloodbath" in its breakaway regions. "The issue does not lie between Russia and Georgia, the issue is between Georgia and South Ossetia and Abkhazia," Putin said. "To our regret and fear, it is heading for a bloodbath. Georgia
wants to resolve the disputes with military action." He added that the recent deterioration of relations between Moscow and Tbilisi, were sparked by Georgia's arrest of four Russian army officers on spying charges which had been fabricated for political purposes. "The initiative to worsen relations originated not from Russia," claimed Putin (Newsgeorgia.ru, 25/11/2006).

Russia has also accused new NATO members of supplying arms to Georgia. According to Russia's former defence minister Sergey Ivanov, certain new members of NATO are supplying Georgia with weapons earlier supplied to them by the USSR, without the right to re-export them. The current deputy prime minister also said he would draw NATO's attention once again to "Georgia's inadequate actions against Russian servicemen." (Lenta.ru, 26/12/2006). Ivanov, further said that in accordance with earlier reached agreements, Russian servicemen would leave the country no earlier than in 2008.

According to Andrei Kokoshin, Chairman of the State Duma Committee on the CIS and Compatriots Abroad, the overwhelming majority of the Russian political class has a markedly negative attitude to the NATO enlargement. The same applies to the efforts to draw Georgia into the NATO orbit, and has been reflected in statements by the State Duma. Andrei Kokoshin noticed: “We have more than enough political, economic, and socio-cultural reasons to be negative about admission of these countries to NATO. Our military-strategic concerns are also growing” (Newsgeorgia.ru, 28/09/2006).

Russia considers that efforts of Washington and Brussels to draw Georgia into NATO do not help enhance stability in Europe. (Stulberg, 2005, p. 25). According to Andrei Kokoshin “they are encouraging the belligerent attitudes of those politicians who came to power in Tbilisi after a coup d'etat in the wake of the Rose Revolution” (Newsgeorgia.ru, 28/09/2006). Russia blames Georgian leaders who continue rejecting the proposals of South Ossetian President Eduard Kokoity, and his Abkhazian counterpart Sergei Bagapsh to sign agreements on the non-use of force.
5. Geostrategy in the South Caucasus

The clash between Russia and Georgia, is only a symptom of the broader strategic positioning of the West and Russia in and around the South Caucasus. In this scenario, at regional and global levels, countries and organizations are involved in a struggle for power and energy security (Stulberg, 2005, p. 25). Considering these two issues, what is the current situation in the South Caucasus and what can be expected in the future?

Affecting the region are the political-military and security policies of the players involved. These players include Georgia, Armenia, and Azerbaijan, and their "frozen" conflicts of Abkhazia, South Ossetia and Nagorno-Karabakh. Additionally, the leverage of regional powers, such as Turkey and Iran, and of global powers, such as the United States, Russia and China, is part of the power configuration in the region.

In addition to countries, international organizations are also involved in this game. At the regional level, there is the Black Sea Economic Cooperation (BSEC), the Black Sea Force (BLACKSEAFOR) the Caspian Sea Force (CASFOR), the cooperation between Georgia, Ukraine, Azerbaijan and Moldova (GUAM) and the Collective Security Treaty Organization (CSTO) within the Commonwealth of Independent States (CIS). At the global level, the North Atlantic Treaty Organization (NATO) and the European Union (EU) also exercise political weight in the South Caucasus.

6. Energy security

In addition to the power configuration, is the issue of energy security. Energy security is high on the international agenda, as the United States, the European Union and NATO have expressed their concern about threats to energy security. EU countries as a whole currently import 50 percent of their energy needs (the U.S. imports 58 percent of its oil), and will import 70 percent by 2030. Furthermore, EU countries import 25 percent of their energy needs from Russia, which may rise to 40 percent in 2030 (another 45 percent comes from the Middle East). Besides this growing dependency, it has become clear that the energy instrument is an essential part of Russia's external security policy. This was further evident
after it used this to force Ukraine to pay a higher gas price at the end of 2005.

The geopolitical importance of the South Caucasus is based on the presence of energy resources. Stability in the Caucasus is a vital requirement for the uninterrupted transport of Caspian oil and gas. The Caspian Sea region (the South Caucasus and Central Asia) contains about 3-4 percent of the world's oil reserves and 4-6 percent of the world's gas reserves. In itself, the Caucasian share of global oil and gas reserves is not considerable. However, in light of the uncertainty over the reliability of Persian Gulf supplies, as well as the possibility that Russia may use energy delivery as a power tool, the transport of Caspian and Central Asian (Kazakhstan and Turkmenistan) energy supplies to the West via the Caucasus has gained vital importance.

The importance of the region has also grown as a result of energy policies by consumer states in the West that want to decrease their dependence on resources from Russia and the Middle East. A number of states and organizations are making efforts to end Russia's near monopoly on the transport of energy supplies in the Eurasian region by creating alternative pipeline routes to transport these supplies (Stulberg, 2005, 25). Thus, the Atasu-Alashankou oil pipeline (China and Kazakhstan), the Baku-Tbilisi-Ceyhan (BTC) and Baku-Tbilisi-Erzurum (BTE) pipelines (Georgia, Azerbaijan, Turkey and Kazakhstan) and the Nabucco gas pipeline (European Union, Turkey, Bulgaria, Romania, Hungary and Austria) are operational, under construction or planned.

7. “Defrosting” the “frozen” conflicts

Washington wants a stable South Caucasus region for its investment in the energy sector, as well as for its geostrategic interests in the region. (Asmus, 2006, p.75). The separatist regions in Georgia - Abkhazia and South Ossetia - have become areas of the major players' interests in the region (Russetski, 2005, p. 7). With the exception of the tensions surrounding Tbilisi, Russia has not played a very neutral role in these conflicts. Russia has used the conflicts as political leverage with the West.

The objectives are clear: the West and Russia have the aspiration of being the major players in the South Caucasus. Russia, however, is gradually
being forced to retreat from this region. To counter this development, one of Russia's tactics is to slow down Western advances by keeping the so-called "frozen conflicts" active. This makes it harder for Georgia to attract Western investment, and is complicating its accession to NATO.

The tensions are likely to continue if these global powers and their organizations cannot find consensus or "peaceful coexistence." According to Marcel de Haas, Senior Research Fellow at the Netherlands Institute of International Relations Clingendael in The Hague, in these circumstances, a solution to the frozen conflicts is rather unthinkable. If that is the case, disputes - harmful to the economic development of the South Caucasus - are likely to continue until the time that these countries are consolidated into Western structures.

8. Military alliances as guardians of energy

Matters of energy security tend to attract the attention of military organizations. For example, military organizations are at the centre of the security of oil and gas pipelines against terrorist attacks. In GUAM, increasing tensions with Russia for Georgia and Moldova has forced it to reconsider its energy security and to find an alternative to dependency on Russian oil and gas. In such an alternative scenario, Azerbaijan is to play a crucial role both as energy supplier and a transit country for oil and gas from Central Asia. The sustainability of such a scenario is yet to be shown (Asmus, 2006, p. 75).

The Russian armed forces are currently tasked with the protection of energy resources, such as off-shore platforms. Also, for the Russian-led CSTO, energy security seems to be recognized as a task of growing importance. A recent exercise at a nuclear energy station in Armenia showed that the CIS Anti-Terrorist Center is already involved in this. It is not unlikely that in the future the CSTO will take over energy security tasks and other responsibilities of the CIS. Therefore, as de Haas predicts, the involvement of the CSTO in energy security, especially in the South Caucasus, specifically in Armenia, is likely to develop further.

The West is also directly involved in energy security in the South Caucasus. Allegedly, military officers from Turkey, together with their colleagues from Azerbaijan and Georgia, have regularly carried out
command staff exercises to practice the protection of the BTC pipeline (Asmus, 2006, p. 75). Furthermore, in 2005 an agreement had supposedly been reached which arranged for the United States and NATO to secure the BTC pipeline. In the future, they would also safeguard the BTE gas pipeline. In addition to this, military units of NATO and the United States would also support and/or train Georgian troops tasked with the protection of pipelines. However, Georgian, NATO and US officials all deny any NATO or US involvement in pipeline security in Georgia and claim that it has its own dedicated units for pipeline protection.

Considering that the United States and NATO are likely to be involved in energy security in the South Caucasus, as is Russia with the CSTO, this could lead to rivalry. de Haas considers that the worst case could even be a local arms race between their regional allies - with Iran and Armenia on the Russian side versus Azerbaijan and Georgia on the Western side - should not be ruled out (Asmus, 2006, p. 81).

9. US-Russian competition in the Caucasus

Energy resources, and the war on terrorism are the main reasons for the US presence in the region. The United States, with its heavy military involvement in Iraq and Afghanistan, and following the switch of Uzbekistan to the Russian camp, has to seek strong points in the Caucasian area in support of its global geostrategy (Asmus, 2006, 79).

The recent involvement of the United States might upset the precarious power balance in these regions, which has evolved after the disintegration of the Soviet Union. This is especially true now that Iran and Russia, the greatest powers in the region, feel threatened. Russia regards the South Caucasus as its traditional backyard of influence and counters increasing involvement in the area by the West. The United States has chosen Azerbaijan as its most important ally in the Caspian basin and has developed a programme of intense military cooperation. Russian military analysts argue that the situation is reminiscent to the US-Georgian Train and Equip Programme, which since its start in 2002 has provided Georgia with a capable, well-trained and equipped army.

Russia has shown it is seriously interested in preserving its regional authority with its Caspian Flotilla. Yet with a growing US presence, it will
need to form alliances. A Russian-led CASFOR maritime force, including other littoral states in addition to Iran, still seems far in the future. A cause of potential conflict is the unclear legal status of the Caspian. So far, the littoral states have not reached an agreement on dividing the Caspian Sea. Near armed clashes have already occurred between Azerbaijan and Iran over disputed oil fields. Tensions are likely to continue as long as the legal situation of the Caspian Sea remains in dispute. Because of the geostrategic and economic interests at stake, and an apparent failure to come to a consensus from both sides, the competition between Russia and the United States in the Caucasus and the Caspian Sea is likely to be prolonged in the years ahead.

10. EU role in conflict resolution

Recent statements by the European Union display a more active policy in the South Caucasus. The European Union has the reputation of an "honest broker" and as having a wide scope of instruments for achieving peace and stability (Vashakmadze, 2004, p. 13). Conversion of statements into an active security policy could be established by forming a military mission to be deployed in Abkhazia and South Ossetia. The purpose is not to replace the Russian peacekeepers, but serve as an additional asset to promote stability and reconstruction. Such a mission would be beneficial for the stature of the European Union, to prove that it is capable of conducting crisis management missions. Furthermore, this would adhere to the call of the Georgian government to introduce Western peacekeepers in the disputed areas.

Russia may oppose a competitive peacekeeping force, but it will have a difficult time openly disapproving of such an EU mission. It wants to maintain good relations with the European body, and also because it has no grounds to feel threatened by EU peacekeepers. A possible EU military mission to the separatist areas should be part of a larger EU operation, using its social and economic instruments as well for stability and reconstruction (Vashakmadze, 2004, p.19). Such an approach would strengthen a normal economic build-up, and thus be detrimental to the largely illegal economic structures of the current leadership of Abkhazia and South Ossetia. With such an encompassing program, the separatist regions could gradually develop into stable societies, which would also be beneficial for their position toward the Georgian government.
11. Georgian perspectives towards NATO and the EU

Although the entrance of Georgia into NATO might still take some years, it is probable that the relationship between NATO and the South Caucasian states will further deepen, with Georgia taking the lead. Further NATO enlargement will be considered in 2008, when several Western Balkan countries could be invited to join the Alliance. The NATO Riga Summit Declaration (News agency LETA, 29.11.2006.) states that NATO’s enlargement has been successful so far, and ensured stability, peace and cooperation in Europe. NATO will continue pursuing its open door policy, and is ready to be accessed by countries that meet NATO standards and can contribute to trans-Atlantic security and stability. The declaration also acknowledges that NATO will continue active dialogue with Georgia in the areas of political, military, financial, and security.

For the development of Georgia the prospects of European Neighborhood Policy in the Southern Caucasus and implementation of the EU-Georgia Action Plan are issues of key importance (Vashakmadze, 2004, p. 87). Increased ties between the Georgia and the EU can also be expected, although membership of the EU for it seems further away than that of NATO, due to the enlargement fatigue within the EU.

Although formally denied, there is reason to believe that NATO has, or will have, a role in pipeline security in the South Caucasus, for clear geostrategic reasons. The EU is also likely to build up its activities in the South Caucasus, especially in energy infrastructure, economic development, rule of law, and probably also conflict solution - for which it has a more independent reputation than does NATO. Consequently, NATO and the EU will share an upcoming long-lasting involvement in the region, which, by establishing a labour division in their best fields of expertise, may be able to bring security and prosperity to the South Caucasus.

12. The interests of the Baltics in Georgia

As a member of NATO and the EU the Baltic states are interested in enlarging the European zone of security and economic prosperity towards the CIS region. From a geostrategic point of view the Baltic
states are interested in the balance of power and influence in the CIS region. Otherwise, a future dependency on Russia might create security risks for the Baltic states. Taking into account the economic expansion of Russia as well as the authoritarian system of power, it is essential that Western organizations and structures are involved in promoting democracy and market economy. Therefore, all three Baltic states have supported the aspirations of Georgia to move closer towards the EU and NATO. However, the priorities of the Baltic states have been different which also means more limited resources for reaching the strategic objectives.

Baltic states have called for unambiguous signals by the international community in regards to the territorial integrity of Georgia, and the denunciation of interference in the domestic affairs of Georgia by any third state. The sanctions imposed by Russia are contrary to the generally accepted principles of international law. According to Latvian president Vaira Vike-Freiberga, the EU must continue trying to help resolving tension between Russia and Georgia (LETA, 02/11/2006).

Analyzing the role of the Baltic states, it seems that so far Lithuania has been the most active in dealing with security issues in Georgia. An illustration of this is the Lithuanian position regarding the “frozen” conflicts. Lithuanian foreign minister Petras Vaitiekunas has urged the OSCE to settle "frozen" conflicts and supporting the Georgian peace plan for South Ossetia presented to the Council of Europe. According to Petras Vaitiekunas, the OSCE should be more concerned about the settlement of "frozen" conflicts, strengthen prevention of terrorism, and control the commitments regarding human rights. "Settlement of 'frozen' conflicts in Moldova and South Caucasus should remain the key OSCE priority in the coming years," the head of the Lithuanian diplomacy highlighted. Vaitiekunas also called on Russia to fulfil its commitments undertaken in 1999 in Istanbul concerning the withdrawal of the armed forces from Moldova and Georgia. According to the minister, the implementation of the restoration projects in South Ossetia, led by OSCE, to which Lithuania has undertaken to allot 100,000 euros, would facilitate the settlement of the conflicts (ELTA, 05/12/2006).

The Lithuanian foreign minister has expressed support to Georgia's integration into the EU and NATO. He has also promised Lithuania's
assistance in the implementation of these targets. The Presidents of Lithuania, Poland and Ukraine have issued a joint statement regarding the situation in Georgia. “The developments of the situation around Georgia stir our concern and anxiety. We call upon both sides to show restraint and calm, to refrain from mutual accusations, to proceed to dialogue and negotiations. The use of threats and the absence of readiness for concessions could lead only to further worsening of the situation. With satisfaction we mark the efforts by the OSCE Chairman-in-Office, Belgian Foreign Minister K. De Gucht, Finland’s Foreign Minister Erkki Tuomioja, whose country holds the EU presidency, as well as by other representatives of the international community, which assist in solving the problem. We are convinced that their involvement could serve as the main factor that would make possible the settlement of the conflict on the territory of Georgia for ensuring sovereignty, security and territorial integrity of this country. Every conflict may be settled through negotiations, in which we are ready to take part as mediators”, the presidents stated (ELTA, 06/11/2006).

Estonia and Latvia have been more active promoting development aid policy towards Georgia which would stimulate integration processes towards the EU. The main goal of development co-operation is support for the process of public administration, municipal and economic reforms, of European and transatlantic integration, promoting the development of democratic and civic society, and the launching of development co-operation projects.

On 3 October 2006, the Cabinet of Ministers approved Latvia's Development Co-operation Plan for 2007, which states that the implementations of bilateral and trilateral co-operation projects and public information activities on the issues of development co-operation have been identified as key priority areas. In 2007, Latvia is determined to work in two main directions: to improve the quality and efficiency of assistance, and to progressively increase funding for the development co-operation purposes.

To reach the goals of bilateral and trilateral co-operation, appropriate support will be provided for projects emanating from the priority areas set out in the Development Co-operation Plan for 2007. This plan was developed by non-governmental organizations, local municipalities,
private and government institutions. At the request of other countries, Latvian experts will share Latvia’s experience gained during the transition period, and will provide consultations regarding implementation of reforms. Special seminars and training visits will be organized for representatives of recipient countries in Latvia.

Georgia is identified as priority country for 2007, in view of the contacts that have developed to date, the foreign policy direction of these countries, and their willingness to co-operate with Latvia. A significant element in the formulation of the Plan for 2007 is the European Neighbourhood Policy, which also encompasses the priority region identified by Latvia.

Estonia has a similar approach regarding the development cooperation policy towards Georgia. For instance, the Estonian Ministry of Foreign Affairs will allocate financial assistance to the Deer Leap project initiated by the Georgian Ministry of Education and Science. Estonia will support the implementation of the project that is similar to the Tiger Leap one undertaken in Estonia, in Georgia. “Estonia as a small state has best options for providing knowledge-based counselling for development aid. Our e-experience in computerisation of the educational system and making the cyber space accessible to young people is much awaited in Georgia”, Estonian foreign ministry noted (BNS, 23/11/2006).

The objective of the project of the E-State Academy Foundation titled “Supporting of the Deer Leap programme in years 2007-2008” is to help the successful application of the Deer Leap programme. In the framework of the programme the schools will be equipped with computers and internet access, teachers’ educational programme will be planned and executed, an educational portal will be developed, the information and communication technology will be integrated into the curriculum, and e-study materials will be compiled that can be used in lessons. The Deer Leap programme was launched by the President of Georgia Saakashvili in March of 2005, and the foundation was established in August of 2005.
Conclusions

Tbilisi's pro-Western course is predicated upon a strategic relationship with the United States and NATO. It also serves the purpose of post-Soviet national elite that is eager to eliminate Russian hegemony. Disputes with Abkhazia and South Ossetia are worrying Tbilisi, but, on the other hand, they are enabling the Saakashvili administration to distract international attention from its increasingly authoritarian rule. It also provides him an effective ideological tool to boost nationalism, and use it against remaining Russian influence.

Thus, tensions are likely to remain high in the coming future. While it is unlikely that Russia and NATO will make moves that could openly put one against the other in the region, Moscow's support for separatist movements in Abkhazia and South Ossetia will probably continue. Chances that a smooth diplomatic solution to Georgia's regional issues will be implemented soon are decreasing, while Tbilisi's approach to separatism remains militaristic.

This escalation signals that Georgia is likely to become the catalyst for US-Russian geopolitical conflict for strategic and economic influence in the Caucasus. Washington criticized Moscow's reaction to the officers' arrests and continues to sponsor Tbilisi's gradual integration into NATO. Saakashvili has never concealed his pro-U.S. stance and frequently accuses Russia of being the destabilizing force behind breakaway regions South Ossetia and Abkhazia. Although Moscow officially says that Georgia is a sovereign state and is free to join NATO, Russia is working to maintain strong influence in the Trans-Caucasus region.

For the US and the European Union the dispute comes at a difficult time. While they support Saakashvili, Georgia's reformist pro-west president, NATO members face many other problems. They increasingly need Russia's co-operation on key issues, including Iraq, Iran, North Korea and the Balkan trouble spot of Kosovo. Georgians worry that, because of these other priorities, there may be limits to the western commitment to Tbilisi.
References:


Bondareva, Yelena. “Georgia: forward line in the Greater Middle East,” Russian Analytica (September 2004).


Fall, Brian. “Conflict in the South Caucasus.” Asian Affairs Vol. 37, No. 2 (July 2006).


