

Georgia's Strategic Game Changer

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Infrastructure project will have enormous political, economic and security impact.

The Anaklia deep sea port is the most strategically important project Georgia has undertaken since the Baku-Tbilisi-Ceyhan pipeline opened in 2005.

The port will drastically reduce time needed to transport cargo to Europe via the Black Sea, replacing several alternative routes including the Russian railways. At 16 metres deep, the port will offer not only economic transit but also military and security capability.

Inevitably, the project has also heightened tensions between Georgia and Russia. Former US diplomat Matthew Bryza, who worked closely on issues of security and energy policy during his time in the region, told IWPR that there was a huge amount at stake if Tbilisi proved vulnerable to pressure from Moscow.

IWPR: What is the strategic importance for Georgia of the Anaklia deep sea port?

Bryza: Strategically for Georgia, the Anaklia port is a game changer. It provides Georgia, for the first time I might add, direct access to large-scale shipping from around the world. Obviously, it has a national security impact in terms of traditional military security, but it also has a great impact on Georgia's economic place in the world. I'm already seeing here in Turkey, that there are promising new logistical opportunities to deliver, for example material, food and other support, goods. For example, US military personnel in Afghanistan might consider using the Anaklia Port instead of having to transit military cargo into Afghanistan from Turkish ports, like Mersin, and drive across Turkey into Georgia. So there will be a lot more business, a lot more economic activity, which will reinforce Georgia's strategic relationship with the United States. The port will also establish Georgia as a stronger global trading hub, which will be great in terms of strengthening its own sovereignty and independence and general security.

Could you elaborate on Washington's strategic interest? Secretary of state Mike Pompeo has also emphasised that this is a hugely important project.

The Anaklia Port will strengthen Georgia's ability to stand on its own two economic feet and be more independent - which will somewhat negate the leverage that Russia might try to apply on Georgia. This is exactly why Russia hates this project. While the United States has never sought confrontation with Russia, the United States also doesn't want Georgia to have a difficult economic or political relationship with Russia. But Russia has decided on its own that it's going to restrict Georgia's independence, try to restrict it through undermining Georgia's territorial integrity. And so, for the United States, anything that helps Georgia grow stronger as a country is a good thing - and the Anaklia port will be such a good thing.

Do you think that anything can be done to alleviate Russian pressure, or is this such an important strategic issue for them that they will fight this project till the end?

I hope that Russia will behave like it did when we were working on the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the South Caucasus gas pipeline two decades ago. Russia also hated those projects, because the way Russian economic system works is to try to preserve and strengthen its monopolies. Russia had near monopoly power on exports of Caspian oil and gas and they wanted to maintain that. So they resisted us. But at the end of the day, we knew, whether under President Clinton or President Bush, that Russia can only do so much; it only has so much leverage, it doesn't get a vote in this. Georgia has a right to be independent. Russia is not going to use military force to block the Anaklia Port project, so unless the project gets consumed by this terrible internal legal dispute now going on in Georgia, the Anaklia port will happen and Russia will be unable to stop it. So, I'm not worried about Russian opposition in the long run, but to answer your question I don't think [it] will go away.

You maintain that Russia cannot stop this project and you exclude the option of military intervention, but what about political pressure? Wouldn't it be logical to assume that Russia is in fact trying not to repeat the mistake it made when it allowed the Baku-Tbilisi-Ceyhan pipeline to be built?

Russia must have learned from that mistake, but it's not like Russia did not try to block Baku-Tbilisi-Ceyhan, and, it's not as if Russia isn't trying to block the Trans-Adriatic pipeline. In both cases, Russia financed non-governmental groups, supposed NGOs in Georgia, during BTC to oppose the pipeline on environmental grounds, and more recently funding NGOs in Italy saying that the Trans-Adriatic pipeline is a threat to some old olive trees in Italy. So what I'm saying is that even today, having learned from the BTC

experience, Russia's ability to block a project like the trans-Adriatic pipeline is extremely limited. And so, when it comes to Anaklia I think ultimately its leverage is going to be limited too. That said, I'm not saying, 'Don't worry about Russia's attempt to use political or perhaps legal leverage inside the Georgian system' - that is something to be aware of and to fight.

Russia has far greater leverage on the Georgian government than on the Italian one. How pliable do you think Tbilisi is regarding Russian pressure? How realistic is a scenario where Russia forces it to abandon the Anaklia project?

I would say there is a low risk of that, because, fortunately, the US government has come out so strongly in favor of the Anaklia port, a) through Secretary Pompeo's statement and visit; and b) through the US Embassy in Tbilisi's very strong statement about the legal case. And I have to say, such a statement is very unusual. It's quite unusual to see something like what was written about the Khazaradze and Japharidze case. The US embassy says they were closely following developments in this case, concerned about the context and timing and talked about an impartial legal system and how important the Anaklia Port is. That is the way a US government official says, 'We fear that Russia is trying to use its influence inside Georgia to try and block the Anaklia Port project.' And that is an astounding statement by the US embassy. So, if that US support for the port project continues, I feel pretty confident that the pliability of the Georgian government will be quite low.

Pompeo also warned Georgia against Chinese interests. Was that a spur-of-the-moment thing with President Trump feeling particularly ill-disposed towards the Chinese that week, or something more?

President Trump's approach to China has been confusing and at times contradictory. If you are a senior policy maker in the US, you really don't know where President Trump is going to come out tomorrow on China. So you have to be conservative. You have to be careful and in the long run, I think, there's a consensus in Washington that the One Belt, One Road initiative reflects the manifestation of ulterior motives by the Chinese government, which isn't simply to help countries develop economically but to extend Chinese influence and even control over economies. Therefore, it's wise to be cautious - that would be the US approach towards One Belt One Road, including in Georgia. I think Georgia should prevent itself from becoming addicted to cheap Chinese financing of infrastructure projects, because if that happens, as we've seen in other countries, often the country in which Chinese infrastructure project is built loses ownership of it when they cannot repay the Chinese loans. So I would just advise Georgia to be smart; don't be greedy. Do what you always do, which is fight like crazy for your independence. Don't allow yourself to become dependent on any single investor, no matter what country it might be.

The Conti Group, one of the major American engineering companies and a major shareholder, left the consortium recently. Is that a sign of things to come?

As far as I know, it was a supposedly longstanding decision on behalf of the Conti Group. If another good investment group buys out their share, there should be no concerns. And given that this is an incredibly promising project, there must be other legitimate potential investors that will take interest in it.

Considering the potential that Anaklia has, there has been discussion on how it can contribute to Georgia's NATO perspective. What are your thoughts on that?

I think it will have an enormous impact on Georgia's NATO perspective. It will be used to transport NATO - well, US - equipment and materiel to Afghanistan. NATO will use the port as well, for military exercises in Georgia. But most importantly, the Anaklia Port will provide a lifeline of support for Georgia in case, God forbid, but should Georgia find itself in another moment of serious tensions. As we've obviously learned in 2008, there's no Article 5 guarantee for Georgia. It's extremely unlikely that NATO will respond with troops on the ground if there is again Russian military action against Georgia. But in the immediate aftermath of Russia's invasion of Georgia in 2008, we saw that there was a great need to get materiel into Georgia and a need to send a signal of deterrence to Russia. That was logistically challenging when Poti Port had to be relied upon, especially after the Russians sunk the coastguard boats the US provided to Georgia. But with a much bigger port like Anaklia, logistical options for NATO are much wider. The Anaklia port will help pull Georgia towards the trans-Atlantic community, toward the EU too, by greatly expanding the volume of trade across the Black Sea or through the Turkish straits to the rest of the world. And considering that it will weaken Russia's economic impact and its ability to control Georgia, that, I think, is the biggest fear of Russia. If there was a US or NATO presence in Anaklia regularly, of course Russia would strongly object to that as well. But I think the strategic challenge for Russia even more will be how Georgia's economic ties with the EU will grow thanks to Anaklia Port.

If Russia managed to eventually postpone or freeze the project - what would be the cost reputation-wise internationally?

It would be a huge cost to Georgia for this hypothetical to happen. Then it would be pretty clear that Georgia is not a master of its own house and its independence is not real and is instead ephemeral. Given

the project's strong support from Georgian society and the top notch team developing it, if such serious investors will be sidetracked that means the country has quasi-independence at best and it will send a chilling signal about the investment climate in Georgia, which will mark a sharp reversal of the progress Georgia has been making since the Rose Revolution in improving its investment climate and so many areas. So, this would be a tragedy for Georgia.

A legal case was recently opened against the Georgian side of the consortium. TBC Bank founders Mamuka Khazaradze and Badri Japaridze were charged with laundering 16.7 million US dollars in 2007-2008, a move they claimed to be politically motivated. What do you think is happening? There are so many conflicting perspectives.

I don't know that I know all the facts, but I do know the information circulating out there. So number one, there was a transaction years ago that was controversial. I've read that Mamuka and Badri insist the transaction was legal, officially approved. And as I remember, that transaction was during the Russian invasion of Georgia. During those tense moments, many Georgians were breaking down psychologically, including ministers in the Georgian government. There was a totally unclear situation throughout Georgia in the security and economic spheres, and economic desperation. So, this transaction was apparently happening in the middle of that period. Badri Japaridze is one of the people I have grown to trust and admire - more than the vast majority of people I have ever met. And he has a reputation within the US government as a person of the highest possible integrity, credibility and professionalism. Everything he touched in business has been successful: TBC, Borjomi way back in the late 90s which he made a Georgian business success story. He is a role model. And the same goes for Mamuka, though I know Badri a bit better. I find it extremely difficult to believe Badri could have ever been involved in money laundering or any illicit financial flows. These accusations shocked me to my core, even though I am not saying I know the facts, but I was shocked. And once again, the US embassy seems to be quite concerned about timing, with a ten or 11-year-old case coming out at a moment when we know that Russia is trying to oppose the project that it hates. All of those factors seemed to create suspicion in the US embassy among my former colleagues, who know a lot more about the situation than I do. I hope the facts will soon be known whether this legal case has any connection to jeopardizing the Anaklia port project. As the port project goes forward, the strong support from the US, and the Georgian prime minister's statement that it will be built, are reassuring. The prime minister's statement is what the US government wants to hear and if it is the way Georgian government behaves the project will continue and will be built, that's great from Washington's perspective. Why Mamuka Khazaradze is so confident that the government is targeting him and the port project I have no idea. He knows much more than I do. But, emotionally, if you think you were charged unfairly in a case from 11 years ago, of course, you may indeed react strongly. Now, considering Mamuka also has political aspirations, all these factors are out there and all I can do is identify them and say its plausible that these accusations are being brought against him at this time because of ulterior motives.

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Focus: From the Borderland to the

Steppes

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