

THE GEORGIA CRISIS: A NEW COLD WAR ON THE HORIZON?

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Abstract

After the Russia-Georgia war, tensions grew in the relationship between Russia and the West. These tensions have occasionally led some to argue that a New Cold War may be on the horizon between Russia and the West. Others have even claimed that the Old Cold War has not really ended. This work investigates such arguments by examining Western ties to Georgia, Russia's power resurgence, and Georgia's role in that war. The authors claim that those, who interpret the Russia-Georgia war within a Cold War paradigm, neglect the complexities of that conflict. During similar conflicts, the Cold War is an easily comprehensible and adoptable paradigm for the West, particularly the US. Adopting a Cold War perspective, however, ignores that Tbilisi had a significant role to play in defining the 2008 war. Russia versus West tensions can no longer be characterized by the ideological rivalries of the Cold War. Moreover, the Russia-Georgia war appears to indicate a return to older forms of international rivalry.¹

Keywords: *New Cold War, Georgia, Russia, US, EU, South Ossetia, Abkhazia*

Introduction

Since the conclusion of the Cold War, there have been repeated efforts to derive a new paradigm for the understanding of international relations.² Proposals have ranged from Fukuyama's *The End of History* to Huntington's *Clash of Civilizations*.³ Now this debate has come full circle. Due to the 2008 Russia-Georgia war, tensions between Russia and the United States rose markedly – sparking fevered discussion of a possibly emerging “New Cold War.”

International attention was focused on the 2008 Olympics when the Georgian military, in a surprising move, invaded the separatist region of South Ossetia. Russia responded to the crisis with overwhelming

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¹ The authors acknowledge the support that they received from the University of Central Florida, the U.S. Department of State, and the Ministries of Foreign Affairs in Russia, Georgia, and Turkey. Houman Sadri is also grateful to the Nile Foundation and the Zor Foundation for their support of his research activities. Nevertheless, these organizations are not responsible for the ideas presented here and the conclusion offered by this work.

² For a comprehensive analysis of the Caucasus region from this perspective, see Houman A. Sadri, *Global Security Watch: The Caucasus States* (Westport, Connecticut: Greenwood Publishing Group, 2010).

³ Samuel P. Huntington, *The Clash of Civilizations and the Remaking of World Order* (New York: Simon and Schuster, 1997).; Francis Fukuyama, *The End of History and the Last Man* (New York: Simon and Schuster, 2006).

military force, sending troops across the Georgian border and rapidly routing Georgian troops.⁴ The weight of the Russian counter-offensive, and the duration of the Russian military operations, caused the West (particularly the U.S.) to clamor for a halt to the violence. While the US refrained from direct intervention, it dispatched naval ships to the Black Sea and mobilized humanitarian aid for Georgia.⁵ In the following days, a chill settled on the US-Russian relationship that was reminiscent of the Cold War.

The purpose of this work is to explore whether or not the Russia-Georgia war was really a conflict between Russia and the West that is indicative of an “unfreezing” of the old Cold War or a possible New Cold War.⁶ This examination will begin with an investigation of Western ties with Georgia in the post-Cold War era, and then will turn to Russia’s resurgence under Putin’s leadership. Finally, Georgia’s role in the lead up to the 2008 war will be examined. This approach will illuminate the nature of the conflict and measure the implications of tensions between Russia and West since the conclusion of hostilities.

The West & Georgia

After the collapse of the Soviet Union, the South Caucasus opened up, as former Soviet republics gained independence. The political opening of the Caucasus allowed an opportunity for Western states to develop political and economic ties in a region that had been almost solely Russian-dominated space since the Tsarist Russian Empire forced Persia to sign the Treaty of Turkmenchay in 1828. As Russia’s economy imploded in the early 1990s, its influence waned, and the influence of the Europeans and Americans grew.

US, NATO, & Georgia

Diplomatic relations between the US and Georgia were officially established in 1992. Since that time, Georgia has come to view the US as “one of the main international guarantors of Georgia’s sovereignty and territorial integrity.”⁷ The US has consistently backed Georgian efforts to settle its separatist disputes without loss of territory, and the US has provided Georgia with military training, economic aid, and diplomatic support in the international community.

Energy, security, and democracy constitute the three major US priorities in its relationship with Georgia. Georgia is a critical state for the establishment of East-West export routes from the energy-rich Caspian Sea basin. The Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the Baku-Tbilisi-Erzurum (BTE) natural gas pipeline have opened this basin up to the West since the end of the Cold War. While US companies have profited from involvement in the Caspian energy sector, the US does not really need Caspian energy for consumption. It does, however, have a strategic interest in weakening Russian monopolization of this energy sector. Such monopolization has two negative consequences from the

⁴ Michael Schwartz, Anne Barnard, and C.J. Chivers, “1,500 Reported Killed in Georgia Battle,” *New York Times*, August 10, 2008, <http://www.lexisnexis.com/> (accessed May 12, 2009).

⁵ Tara Bahrapour and Phillip P. Pan, “U.S. Military Ship Delivers Aid to Georgia; Vessel Shifts Course, Avoids Port Where Russians are Posted,” *Washington Post*, August 28, 2008, <http://www.lexisnexis.com/> (accessed May 12, 2009).

⁶ Vladimer Papava, “The End of the Frozen Cold War?,” *Caucasian Review of International Affairs*, vol. 3:1, (Winter 2009): 98-102, http://cria-online.org/6_9.html (accessed May 12, 2009); Thomas L. Friedman, “The New Cold War,” *The New York Times*, May 14, 2008, http://www.nytimes.com/2008/05/14/opinion/14friedman.html?_r=1 (accessed May 12, 2009).

⁷ Ministry of Foreign Affairs of Georgia, “Relations Between Georgia and the United States of America,” Ministry of Foreign Affairs of Georgia, http://www.mfa.gov.ge/index.php?sec_id=337&lang_id=ENG (accessed May 12, 2009).

US perspective. The first is that Moscow might gain an OPEC-like ability to manipulate market prices, and the second is that Russian energy dominance translates into political dominance in its former Soviet republics. Georgia is a critical state in regard to energy, for if Russia can dominate Tbilisi, it can control both the BTC and BTE.⁸

Following 9/11, security considerations assumed the greatest priority for the US, however. Together, Georgia and Azerbaijan formed an air corridor through which NATO aircraft could reach Afghanistan, with nearly all air NATO air traffic to Afghanistan taking this route.⁹ This has only recently begun to change with Russia's agreement to allow NATO to use its territory to supply Afghanistan.¹⁰ In addition to Georgia's over flight cooperation, the Washington and Tbilisi initiated two major programs to improve Georgian defense forces, the Georgia Train and Equip Program (GTEP) and the Sustainment and Stability Operations Program (SSOP). Established in 2002, GTEP invested \$64 million in developing Georgia's military capabilities, primarily for counter-terrorism. That year, the US also sent 200 Special Forces to train Georgian troops.¹¹ For Georgians, it was another successful step toward escaping Russia's long shadow.¹² Eager to cooperate further with the US on security matters, Georgia reciprocated by participating in the US-led war in Iraq. In fact, Georgia actually committed the third largest body of foreign troops in that war, which is remarkable for such a small country.¹³

The real watershed moment in US-Georgia relations, however, came with the democratic Rose Revolution, which swept President Shevardnadze from office.¹⁴ The 2003 election of Mikheil Saakashvili was hailed as a great democratic victory in the West, presenting Saakashvili with an opportunity to further ties with the US and Europe. Security cooperation was soon joined by economic aid, and in 2005, the US initiated the Millennium Program to encourage international investment in Georgia, committing \$295 million to the development of infrastructure and the private sector.¹⁵ Around this time, US-Georgian trade also began to reach levels comparable to Georgian trade with the Commonwealth of Independent States (CIS) and Russia. (See Tables in Appendix 2 & Graphs in Appendix 4.) Furthermore, the US increased support for Georgia politically, pushing hard for Georgian membership in NATO against European opposition.¹⁶

⁸ Elkhan Nuriyev, *The South Caucasus at the Crossroads: Conflicts, Caspian Oil and Great Power Politics* (Berlin: Lit Verlag, 2007), 243-259

⁹ Svante E. Cornell, "War in Georgia, Jitters All Around," *Current History*, vol. 107:711 (October 2008): 312.

¹⁰ Roman Muzalevsky, "NATO-Kazakhstan Transit Agreement: Unleashing the Potential of Northern Supply Route," *Eurasia Daily Monitor*, vol. 7:37, (February 24, 2010).

http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=36080&tx_ttnews%5BbackPid%5D=7&cHash=71b31768ff (accessed April 14, 2010).

¹¹ Alexander Cooley, "How the West Failed Georgia," *Current History*, vol. 107:711, (October 2008): 342-344.

¹² Irakly G. Areshidze, "Helping Georgia?," *Perspective*, vol. xii:4 (March-April 2002),

<http://www.bu.edu/iscip/vol12/areshidze.html> (accessed May 12, 2009).

¹³ Cornell, 313.

¹⁴ Lincoln A. Mitchell, *Uncertain Democracy: U.S. Foreign Policy and Georgia's Rose Revolution* (University of Pennsylvania Press, 2008), 114-115.

¹⁵ Ministry of Foreign Affairs of Georgia, "Relations Between Georgia and the United States of America," Ministry of Foreign Affairs of Georgia, http://www.mfa.gov.ge/index.php?sec_id=337&lang_id=ENG (accessed May 12, 2009).

¹⁶ Joshua Kucera, "NATO: Bush's Support for Georgia, Ukraine is No Pose," *Eurasianet.org*, April 2, 2008, <http://www.eurasianet.org/departments/insight/articles/eav040208.shtml> (accessed May 12, 2009).

When Saakashvili gained the presidency, Georgia had already been participating in NATO's Partnership for Peace (PfP) program since 1994.¹⁷ PfP emerged after the Cold War as a flexible option for new states to become partially integrated into the NATO security mechanism. Through this program, states may design Individual Partnership Action Plans (IPAPs) for membership. Under the PfP, all three states of the Southern Caucasus (Georgia, Armenia, and Azerbaijan) have opted for some level of cooperation with NATO. Georgia, though, is by far the most involved in NATO cooperation, and its coordination with NATO accelerated under Saakashvili.¹⁸

In October 2004, NATO approved an IPAP for Georgia. Georgia's progress led NATO to then invite Georgia to join in Intensification Dialogue in 2006.¹⁹ In April of 2007, the US backed the further integration of Georgia into Western institutions when it endorsed the NATO Freedom Consolidation Act, which proposed the admission of Albania, Croatia, Georgia, and Macedonia as member states.²⁰ On the doorstep of NATO membership, however, the issue of Georgia's separatist problem came to the fore. The disputes with Abkhazia and South Ossetia have involved direct confrontation with Russian forces. Therefore, if granted NATO membership, Georgia would be able to call on Western military intervention in its disputes under Article 5 of the NATO Charter, and war with Russia is not a prospect that other NATO members desire to risk. As a result, Georgia's membership process stalled in 2007, while NATO sought the resolution of Georgian territorial disputes.²¹

Despite US commitment to Georgia and the expansion of NATO into post-Soviet space, European objections to Georgian membership halted Georgia's integration into the Western security apparatus. Shortly after the recognition of Kosovo's independence in 2008, a NATO summit was held in Bucharest. Knowing Russia's displeasure with the possibility of NATO's expansion Germany and several other European states opposed further integrative steps, and debate over granting Membership Action Plans (MAPs) to Georgia and Ukraine stalemated. Instead, NATO leaders made the weak pronouncement that Georgia would inevitably be admitted to NATO at some point in the future.²² This opened the door for Russia to continue to dominate Georgia while also providing incentive to take action against Georgia's NATO membership before that hypothetical point in the future.

EU, OSCE, & Georgia

Like the US, the EU member states share an interest in Georgia because of energy, security, and democracy. Unlike the US, however, the EU states require Caspian energy for their domestic consumption and have an even greater interest in trade. Even before the Soviet Union's collapse, Europe had become reliant on Russian energy. By 2006, 33% of the EU's oil imports and 40% of its gas imports were imported from Russia.²³ The BTC and BTE pipelines, then, are essential to Europe's

¹⁷ Ministry of Foreign Affairs of Georgia, "Information on NATO-Georgia Relations," Ministry of Foreign Affairs of Georgia, http://www.mfa.gov.ge/index.php?sec_id=337&lang_id=ENG (accessed May 12, 2009).

¹⁸ Alberto Priego, "NATO Cooperation Towards South Caucasus," *Caucasian Review of International Affairs*, vol. 2:1 (Winter 2008): 1-2, http://www.cria-online.org/2_7.html (accessed May 12, 2009).

¹⁹ Georgeta Pourchet, *Eurasia Rising: Democracy and Independence in the Post-Soviet Space* (Westport: Praeger Security International, 2008), 114.

²⁰ Ministry of Foreign Affairs of Georgia, "Relations Between Georgia and the United States of America," Ministry of Foreign Affairs of Georgia, http://www.mfa.gov.ge/index.php?sec_id=268&lang_id=ENG (May 12, 2009).

²¹ Ministry of Foreign Affairs of Georgia, "Information on NATO-Georgia Relations," Ministry of Foreign Affairs of Georgia, http://www.mfa.gov.ge/index.php?sec_id=337&lang_id=ENG (accessed May 12, 2009).

²² Cooley, 342-344.

²³ Energy.eu, "Energy Dependency," Energy.eu, <http://www.energy.eu/> (accessed May 12, 2009).

energy security, providing energy import routes not under Russian control. This diversification is a strategic objective for the EU, and it is pursuing plans to extend the BTC and BTE pipeline network across the Caspian Sea, to access Central Asian oil and gas.²⁴

In regards to international trade, the EU has found Georgia to be a ready market, and EU imports offer a strong alternative to Russia and other Commonwealth of Independent States (CIS) members. (See Appendix 1 tables.) The EU has also offered Georgia an alternative market for its exports, which has become increasingly more important as Russia-Georgia relations have worsened (See comparative trade statistics in Appendix 4). Indeed, since the end of the Soviet Union, Georgian trade with the West has grown significantly, particularly if one includes Georgia-Turkey trade in the balance against Russia and former CIS states (See Appendices 3 and 4 for graphs of trade volume and percentages).

The first EU-Georgia pact was signed on April 22, 1996. That pact, the Partnership and Cooperation Agreement, addressed measures to strengthen political and economic freedoms in Georgia, and was in force by July 1, 1999. Also in 1999, Georgia was admitted to the European Council and the World Trade Organization, both with the backing of the EU. In 2001, the EU Cooperation Coordination Council was created to guide the Georgia-EU relationship. Similarly to its membership in NATO's PfP program, Georgia's EU integration process accelerated under Saakashvili, and Georgia became a member of the European Neighborhood Policy (ENP) in 2004. That year, the EU began a Rule of Law Mission to Georgia (EUJUST THEMIS), signaling a new phase of cooperation within the European Security and Defense Policy (ESDP) structure.²⁵

Once Georgia was an ENP member, the EU began to exert itself more in regard to Georgia's separatist problem. On February 21, 2006, the Presidency of the European Union announced that it recognized the territorial integrity of the Georgian state and voiced support for Georgia's attempts to find a settlement for its disputes with the enclave of South Ossetia. In 2007, the EU launched a fact-finding mission to determine the feasibility of implementing the EU-Georgia ENP Action Plan in Abkhazia and South Ossetia. This was seen as a first step toward implementing effective border control, establishing a foundation for mutual ties, and an eventual peaceful settlement.²⁶

In regard to security cooperation and dispute resolution outside of NATO, the Organization for Security and Cooperation in Europe (OSCE) was central to European-Georgian relations. From 1992 until 2008, the OSCE has had a Mission to Georgia, committed to resolution of the separatist conflicts with Abkhazia and South Ossetia. Since 1993, the OSCE played a role in monitoring the Georgia-Abkhaz border under the UN led peace process. The Mission to Georgia also monitored the Joint Peace Keeping Forces (JPKF) in the Georgia-Ossetia conflict area.²⁷ But the OSCE has neither the ability or will to influence Russia's role in preserving these "frozen conflicts." Vladimir Socor has stated that the OSCE "can either function as a 'community' in consensus with Russia and remain irrelevant, or give

²⁴ Cooley, 1181.; Andrew E. Kramer "Putin's Grasp of Energy Drives Russian Agenda," *New York Times*, January 28, 2009, http://www.nytimes.com/2009/01/29/world/europe/29putin.html?_r=1&scp=2&sq=putin&st=cse (accessed May 12, 2009).; Johannes Rau, *The Nagorno-Karabakh Conflict between Armenia and Azerbaijan: A brief historical outline* (Berlin: Verlag Dr. Köster 2008), 56.

²⁵ Ministry of Foreign Affairs of Georgia, "Chronology of Basic Events in EU - Georgia Relations," Ministry of Foreign Affairs of Georgia, http://www.mfa.gov.ge/index.php?sec_id=337&lang_id=ENG (accessed May 12, 2009).

²⁶ *Ibid.*

²⁷ OSCE, "OSCE Mission to Georgia," Organization for Security and Cooperation in Europe, <http://www.osce.org/georgia/13199.html> (accessed May 12, 2009).

up on the consensus with Russia and risk ceasing to function at all.”²⁸ This limit to European commitment to Georgia was demonstrated in 2008 as, despite new levels of EU and OSCE intervention, the crisis in South Ossetia spiraled out of control. After the war, Russia stood in the way of any further continuation of the Mission to Georgia, leading to its termination.²⁹

Western Role in the Russia-Georgia Crisis

The weakness of Western multilateral institutions in opposition to Russian aggression was apparent even before the Russia-Georgia War in August of 2008. In 2007, there were two incidents in which unmarked Russian military aircraft penetrated Georgian airspace and fired air-to-surface weapons. The first incident, on March 11th, involved at least one Russian Mi-24 HIND-E helicopter. The second, on August 6th, involved at least one Russian airplane, which was identified to most probably be a Russian Su-24M fighter jet. An international team sent to investigate the incident by the OSCE and the JPKF supported Georgian claims that the aircraft originated from and returned to Russian airspace, as well as corroborating that the Georgian air force does not have aircraft that fit the profile of the intruding fighter or the capacity to launch that specific Kh-58 missile. After these incidents, however, an OSCE spokesman would only say, “The [OSCE] report is not going to point the finger at one side or another. The report is forward-looking with the aim of building confidence between both sides and avoiding similar incidents in the future. We hope to find not just dialogue but a mechanism between these two countries.”³⁰

In addition to being unwilling to confront Russia, the West also complicated Georgia’s territorial disputes with its recognition of Kosovar independence in early 2008. Moscow had already warned that Kosovo’s independence would set a precedent for the independence of Abkhazia and South Ossetia by supporting self-determination over territorial integrity. Not unexpectedly, then, Russia responded by accelerating its recognition of those separatist republics. Until that point, Moscow had been pursuing what might be called “creeping annexation” by providing Russian passports to the inhabitants in these two territories.³¹

During 2008, it also became increasingly obvious that Georgia’s integration into NATO had reached its limits. Yet, while the NATO countries would not approve a MAP for Georgia, they continued to insist that Georgia would inevitably receive NATO membership. It was clear by this point that Russia would not stand for Georgia’s full membership in NATO, and suspending Georgia’s membership process gave Russia a window to act. On April 16, Moscow announced that it would open direct trade, transportation, and political ties with both Abkhazia and South Ossetia. This was followed by the deployment of Russian paratroops and artillery in Abkhazia, as well as the repair of the railway between Russia and Abkhazia by Russian troops.³²

²⁸ Vladimir Socor, “Moscow Pleased with OSCE’s Response to Missile Drop on Georgia,” *Eurasian Monitor*, September 11, 2007.

²⁹ Matt Robinson, “UN Monitors Leave Georgia, OSCE Missions Shuts,” Reuters, June 30, 2009, <http://www.reuters.com/article/idUSTRE55T3OR20090630> (accessed April 14, 2010).

³⁰ Svante E. Cornell, David J. Smith, S. Fredrick Starr, “The August 6 Bombing Incident in Georgia: Implications for the Euro-Atlantic Region,” *CACI & SRSP Paper* (October 2007): 10-11, 14, and 17, <http://www.silkroadstudies.org/new/docs/Silkroadpapers/0710Georgia.pdf?> (accessed May 12, 2009).

³¹ Cooley, 343.

³² Cornell, 310.

This build-up of Russian forces coincided with increasing tensions in Georgia. Finally, on August 7, the Georgian military responded to shelling by the South Ossetians. By the next day the Georgian military was engaged with Russian forces in the city of Tskhinvali.³³ Because of Georgia's relationship with the West, it found a surge of international sympathy in the wake of the ensuing Russian invasion. The presidents of several Eastern European countries (Ukraine, Poland, and Latvia) urged the UN to stand against Russia's unimpeded manhandling of Georgia and the US and EU led international objections to the prolonged Russian action in Georgia.³⁴

By August 11th, the UN Security Council was considering a French resolution for a ceasefire, while the Group of 7 (US, UK, Italy, France, Germany, Canada and Japan) continued to urge Russia to immediately initiate a ceasefire and to accept international intervention in the crisis. The next day, Russian President Dmitry Medvedev agreed in principle to the six components of the French ceasefire, but while he announced that Russia would cease military operations, he stated that Russian forces would hold their positions. On the 15th, Georgia and Russia would sign a ceasefire, but the Russians would draft their own resolution regarding the conflict, countering the proposed French resolution.³⁵ The US took one of the most proactive stances, airlifting Georgia's troops from Iraq and returning them to Georgia, as well as mobilizing humanitarian aid, and warships to deliver that aid in the Black Sea.³⁶ Yet, though Russia may have received a great deal of international criticism, it suffered few punitive actions from the international community and the West in particular. Interestingly enough, despite the Great Powers involvement, the nature of the Georgian-Russian conflict was not an indicator of a New Cold War. Moreover, this conflict did not enjoy the same urgency level of the Berlin Airlift which had signified the Old Cold War.

Russia's Resurgence

In order to understand Russia's resurgence and its subsequent war with Georgia, it is helpful to recognize Russia's historical role in the Caucasus. Russian expansion into the region began in the 16th century under Tsar Ivan IV. Between 1722 and 1723, Peter the Great seized even more of the Caucasus. Though these gains would temporarily be lost, by 1774, Kabarda and North Ossetia were once again in Russian hands, annexed to Russia after the Russo-Turkish wars. In 1783, the Orthodox-Christian people of contemporary Georgia chose to embrace Russian rule, rather than submit to the Turks or the Persians. Georgia's incorporation into the Russian empire, would position Russia to dominate the rest of the Southern Caucasus.³⁷ After forcing the Persians to sign the Treaty of Turkmenchay, the remainder of the South Caucasus was gained by the Tsarist Russian empire. When the Tsarist Russian empire collapsed and gave way to the Soviet Union, the Caucasus experienced its first brief taste of independence. But once the Bolsheviks had consolidated their power, they quickly

³³ Ibid., 311.

³⁴ Neil MacFarquhar and Thom Shanker, "Russian Neighbors Urge U.N. to Stand Against Kremlin Aggression," *The New York Times*, September 25, 2008, <http://www.lexisnexis.com/> (accessed May 12, 2009).

³⁵ RIA Novosti, "US Warship Leaves Sevastopol After Protests," *RIA Novosti*, September 2, 2008, <http://en.rian.ru/world/20080902/116477984.html> (accessed May 12, 2009).; Michael Hoffman, "US Takes Georgian Troops Home from Iraq," *Air Force Times*, August 13, 2008, http://www.airforcetimes.com/news/2008/08/airforce_georgian airlift_081108w/ (accessed May 12, 2009).; UN Security Council, "Georgia-Russia Historical Chronology", *UN Security Council Report*, August 27, 2008, <http://www.securitycouncilreport.org/site/c.glKWLeMTIsG/b.2703511/> (accessed May 12, 2009).

³⁶ Cornell, 313.

³⁷ Ole Høiris and Sefa Martin Yurukel, *Contrasts and Solutions in the Caucasus* (Aarhus: Aarhus University Press, 1998), 36.

turned toward restoring Russian dominance over the Caucasus.³⁸ The collapse of the Soviet Union was an even more disintegrative force, and left Russia struggling to pull itself back together politically and economically. Today, as Russia recovers its economic might, it is not surprising to see Moscow reaching once again for the reins of power in the Caucasus, because the Kremlin sees this area as its natural sphere of influence.

Indeed, it appears that Russia never intended for its former republics to become completely autonomous from Russia's national interests. After the dismembering of the Soviet Union, Russia founded the CIS in an effort to provide a mechanism for the continuation of its relationships with its former republics, as the British had earlier done with the Commonwealth of Nations to maintain solid relations with their former colonies. The CIS is an example of how Russia has attempted to maintain political proximity to its Near Abroad. While the CIS is supposed to protect national sovereignty of member states while providing mutually beneficial cooperation, the organization has come to be perceived as a mechanism manipulated by Russia. As Putin centralized power in his new Russia and began to pursue aggressive new policies in its foreign affairs, some members of the CIS began to discuss the possible necessity of a "dignified divorce."³⁹ In 2006, Georgian President Saakashvili took a step in this direction, requesting that the government reassess its CIS membership.⁴⁰ After the 2008 war with Russia, Georgia finalized its withdrawal from that international institution.⁴¹

Domestic Changes

Russia's resurgence on the international stage has its roots in domestic politics and economics. The critical moment came on March 26, 2000, when Vladimir Putin won an astonishing victory in his bid to become the President of Russia. Formerly the Federal Security Service Chief for Yeltsin, Putin was tough. He had been appointed by the ailing Yeltsin as acting president in January of 2000, and immediately launched an attack on government corruption before his election. In his campaign, he exhibited shrewd political tact, avoiding association with the unpopular Yeltsin and positioned himself as a strong leader. Once elected, he then began to centralize the power of the national government. He weakened the autonomy of regional governments and restricted the power of political parties within the Duma. Under his presidency, the freedom of the Russian press has also been restricted.⁴² While these moves may prove to be detrimental to democracy in Russia, Putin has remained immensely popular. He was a leader, providing a firm new vision for Moscow. Russia's new political environment under Putin, however, did not signify a new ideological superpower aimed at fighting the West in all matters.

Nevertheless, the core reason for Putin's success and popularity was economic. Under his leadership, the Russian economy took an upward turn, largely driven by increasing oil revenues. In 2003, the profits of Lukoil (a major oil exporting firm) rose by a startling 38%. Within the space of the first four months of that year, the Central Bank's currency levels rose by \$4.8 billion (10%).⁴³ This economic

³⁸ Nuriyev, 44-54, 74-86.

³⁹ Pourchet, 105.

⁴⁰ *Ibid.*, 106.

⁴¹ Radio Free Europe, "Georgia Finalizes Withdrawal from CIS," *Radio Free Europe*, August 18, 2009, http://www.rferl.org/content/Georgia_Finalizes_Withdrawal_From_CIS/1802284.html (accessed April 14, 2010).

⁴² Milton F. Goldman, *Russia, the Eurasian Republics, and Central/Eastern Europe*, 11th ed. (Dubuque: McGraw-Hill, 2008), 26.

⁴³ *Ibid.*, 35.

turnaround made Putin's dreams of a new Russia a possibility. For Putin and his successor, Dmitry Medvedev, a unipolar international system dominated by a hegemonic US has become unacceptable, and much of the Russian population appears to have embraced the Russian vision of a multipolar world.⁴⁴ This new vision, however, did not imply opposing the nature of Western economic and political systems, as the Kremlin had done during the Cold War.

Global Resurgence & Regional Assertion

While placing Russia on a trajectory to return to global power, Putin did not initially set out to oppose the West at every turn. Instead, he initially focused on promoting stability along Russia's borders, a move that promoted both security and economic growth. Putin's handling of the Chechen conflict erased the Russian military failures of the first Chechen war and reduced that continuing threat to Russian security and territorial integrity.⁴⁵ Russia also reached out to its neighbors under Putin, including Cold War allies of the US, Turkey and Japan.⁴⁶

Putin's cooperation with the US-led War on Terror demonstrates the evolution of Russia, becoming increasingly assertive until cooperation with the US began to break down. Initially, cooperation with the US allowed Russia political cover for its war against Muslim Chechnya as well as providing for the removal of the anti-Russian Taliban in Afghanistan. But it did not take very long for Putin's attitude to change. The War on Terror threatened to place US troops in the post-Soviet space for the long-term. Russia, together with other members of the Shanghai Co-operation Organization (which also includes China, and Central Asian states), has called for the US to leave its bases in the region. This unprecedented US military presence threatened Russia's role as the security provider for its post-Soviet republics.

More importantly, however, Russia's turn from the West may be seen as a function of its energy interests. Like the US, Russia does not necessarily need energy from Central Asia or the Caucasus to satisfy domestic consumption. Russia possesses the world's largest gas reserves and the world's eighth largest oil reserves. Russian oil production in 2007 was roughly 9.87 million barrels per day (mbd), and sometimes even surpasses Saudi Arabia. Domestic consumption of oil is only around 2.85 mbd, allowing Russia to export around 7.01 mbd in 2007. Its gas production also far surpasses domestic consumption, as Russia consumed only 16.6 trillion cubic feet (tcf) of the 23.17 tcf that it produced in 2006.⁴⁷

⁴⁴ President of Russia: Diplomacy and External Affairs, "Beginning of the Meeting with President of Venezuela...", President of Russia: Diplomacy and External Affairs, November 27, 2008, http://president.kremlin.ru/eng/speeches/2008/11/27/1641_type82914_209832.shtml (accessed May 12, 2009).; Pravda.ru, "Foreign countries think of Russia as Global Empire of Good, Many Russians Believe," Pravda.ru, April 22, 2009, <http://english.pravda.ru/russia/history/22-04-2009/107439-russians-0> (accessed May 12, 2009).; Tatiana Shakleina, "Post-Georgia World Order, or a Global Order Under Obama," *International Trends*, vol. 6(3) (September/December 2008) <http://www.intertrends.ru/eighteenth/002.htm> (accessed May 12, 2009).

⁴⁵ Anna Matveeva, "Chechnya: Dynamics of War and Peace," *Problems of Post-Communism*, vol. 54:3 (May/June 2007): 3-17.

⁴⁶ Robert O. Freedman, *Russia, Iran and the Nuclear Question: the Putin Record* (Carlisle: The Strategic Studies Institute of the US Army War College, 2006), 3, <http://www.strategicstudiesinstitute.army.mil/> (accessed May 12, 2009).; Andrew Kuchins, "Japanese-Russian Relations and Northeast Asian Security," Carnegie Endowment, January 16, 2003, <http://www.carnegieendowment.org/events/index.cfm?fa=eventDetail&id=569&&prog=zru> (accessed May 12, 2009).

⁴⁷ EIA, "Russia Energy Profile," Energy Information Administration, http://tonto.eia.doe.gov/country/country_energy_data.cfm?fips=RS (accessed May 12, 2009).

Central Asian energy is strategic, enabling Russia to expand its economic gains in the energy market. Russia's gas and oil fields are aging and production is slowing. Bringing additional reserves online will take both significant time and investment.⁴⁸ In order to maintain its position in energy markets, then, it is estimated that Russia might require around 3,531 bcf of Central Asian gas per year, for some years. If Russia can secure Central Asian energy, it can profit from transit fees, sustain its energy exports to Europe, and even supply China's growing energy consumption. At the same time, Russia stands to lose political and economic ground if foreign companies are allowed to continue to encroach on the region. In the Caspian Sea basin, Western companies already account for roughly 70% of oil production.⁴⁹

The primary threat to Russian energy dominance originates in the Caucasus. The Western energy corridor through Azerbaijan, Georgia, and Turkey offers the opportunity for the West to break Russia's grip on Caspian and Central Asian energy. While the BTC and BTE already allow Caspian oil and gas to flow west along this corridor, it might be expanded by trans-Caspian pipelines to tap Central Asia's large deposits. Though such a pipeline route would be a feat of both engineering and politics, it is a possibility that Russia appears to view as a serious threat.⁵⁰

In order to secure its future as a global energy superpower, Russia needs to reassert itself in the former Soviet regions of Central Asia and the Caucasus and Georgia provides a strategic chokepoint. If Georgia could be brought in line, Moscow could use its political dominance to cut the NATO air corridor into Central Asia, the Western energy corridor, and reduce the negative consequences of Russia's declining economic importance for Georgia and the former CIS. The problem for Moscow is that Tbilisi has been anything but pro-Russian, particularly since Saakashvili's election in 2003.⁵¹ The Rose Revolution and other democratic color revolutions, like Ukraine's Orange Revolution, have unsettled the Kremlin. These democratic movements brought pro-Western leaders to power in Russian geopolitical space, and those leaders sought membership in the EU and NATO in order to escape their historical domination by Moscow.

Not only is energy a source of economic wealth, but also it translates into political power. In 2006, Putin ordered a re-evaluation of the old Soviet energy distribution and pricing system. Under that system, former Soviet republics were receiving gas prices significantly lower than the prices paid by European consumers. Austria's payments for natural gas at the time were priced around \$221 per thousand cubic meters of gas per year, while Germany was paying \$217, and Turkey \$243. Former Soviet republics, on the other hand, were paying only \$50-80 per thousand cubic meters. Subsequent adjustment of gas prices for former republics like Georgia, then, might merely be seen as an attempt to develop even gas pricing that would deliver greater financial gain to Moscow. However, the timing of Russia's price hikes raised suspicions that new gas prices were also designed to punish former republics for seeking greater autonomy from Russia. Gazprom announced these changes in price

⁴⁸ Boris Rumer, "The Search for Stability in Central Asia," in *Central Asia: A Gathering Storm?*, Boris Rumer, ed. (Armonk: M.E. Sharpe, 2002), 56.

⁴⁹ Dmitri Trenin, "Russia and Central Asia: Interests, Policies, and Prospects," in *Central Asia: Views from Washington, Moscow, and Beijing*, Eugene Rumer, Dimitri Trenin, and Huasheng Zhao (New York: M.E. Sharpe 2007), 106-108.

⁵⁰ Alman Mir Ismail, "Is the West Losing the Energy Game in the Caspian?," *CA-CI Analyst*, May 6, 2009, <http://www.cacianalyst.org/?q=node/5100> (accessed May 12, 2009).

⁵¹ Nuriyev, 82.

structure just before the beginning of winter, placing many consumer states in a budgetary crisis over energy supply to their citizens.⁵²

Coercive energy diplomacy is not the only source of leverage that Russia has in the case of Georgia, however. Having assumed responsibility for mediating Georgia's separatist conflicts with Abkhazia and South Ossetia, Moscow has the ability to manipulate these internal disputes for political gain.⁵³ The Georgia-Russian war may be seen as a culmination of Russian opposition to Tbilisi's Western stance, but a deeper understanding of that conflict may be achieved when Georgia's role is also examined.

Georgia – Victim or Villain?

In order to understand the roots of separatist conflict in Georgia, one must at least return to the Soviet era. When Georgia emerged from the Soviet Union, its territory incorporated three different separatist-minded regions: Abkhazia, Adjara, and South Ossetia. All three regions were historically distinct due to ethnic and/or religious differences. In accordance with Lenin's policy of national self-determination, Georgia originally joined the Soviet Union as a part of the Transcaucasus Federated Soviet Socialist Republic (TFSSR) which included Armenia and Azerbaijan. Abkhazia was originally federated with Georgia as an autonomous republic, Adjara was a sub-national autonomous republic, and South Ossetia was granted the status of an autonomous district.⁵⁴

This encouragement and protection of national identity allowed the Soviets to curry favor with the local people but also led to the fragmentation of the Caucasus, creating political sub-groups that could be played off one another. The political autonomy and nationalist identities that were encouraged under the Soviets made it difficult for Georgia to create a new, unified nation-state. Georgian nationalism was fostered and encouraged under the first Georgian President, Zviad Gamsakhurdia, who ran his election based on the slogan, "Georgia for Georgians!"⁵⁵ Nevertheless, Georgian nationalism sparked, in turn, Abkhaz, Adjarian, and Ossetian nationalism, as all three minority groups moved to protect their political autonomy.

The first fighting broke out in South Ossetia. When Gamsakhurdia moved to strengthen Georgian control of the region and declared an end to Ossetian political autonomy, the South Ossetians declared their own independence. The ensuing violence was only stopped by Russian intervention on behalf of South Ossetia. Gamsakhurdia's decision to champion Georgian nationalism had not only alienated domestic minorities but also Russia. He refused to join the CIS and his dislike of the Western darlings, Gorbachev and Shevardnadze, did little to endear him to the West. Soon Georgians began to oppose Gamsakhurdia as well. Several warlords, with possible backing from the Russian military, organized an opposition force that prompted Gamsakhurdia to flee Tbilisi on January 5, 1992. Shevardnadze

⁵² Pourchet, 80-81.

⁵³ Konstantin Preobrazhensky, "South Ossetia: KGB Backyard in the Caucasus," *CA-CI Analyst*, vol. 11:5 (March 11, 2009): 3-5, <http://www.cacianalyst.org/files/090311Analyst.pdf> (accessed May 12, 2009).

⁵⁴ Thomas Goltz, *Georgia Diary: A Chronicle of War and Political Chaos in the Post-Soviet Caucasus* (New York: M.E. Sharpe, 2006), 26 and 33.

⁵⁵ Monica Duffy Toft, "Multinationality, Regions, and State Building: The Failed Transition in Georgia," in *Ethnicity and Territory in the Former Soviet Union*, James Hughes and Gwendolyn Sasse, eds. (London: Routledge, 2002), 133.

returned to Georgia, and was elected president on October 11, 1992, in an election that was boycotted by the Abkhazians, Ossetians, and supporters of Gamsakhurdia.⁵⁶

After fleeing first to Azerbaijan, then to Armenia, and finally to Chechnya, Gamsakhurdia organized his supporters in a rebellion against Eduard Shevardnadze. As Shevardnadze's forces moved against Gamsakhurdia's supporters, Abkhazia made its bid for independence. Unlike the Ossetians, who were the majority in their small district, the Abkhaz were only 17% of the population in the autonomous region of Abkhazia. Shevardnadze and the Georgians were unwilling to let Abkhazia depart, and Georgian forces initially gained the advantage in the conflict. However, the Abkhaz found Russian support as well as fighters from Chechnya. During the conflict, there were several reports of fighter/bomber attacks on Georgian positions, and the Abkhazians had no air force. Even when Georgians managed to down a Russian MIG 29 with a fully uniformed Russian pilot, Russia continued to deny its involvement. After several halted advances, Abkhaz forces managed to expel the Georgians after defeating them in the siege of Sukhami. Shevardnadze's defeat gave Gamsakhurdia an opportunity to oust him. It was only by turning to Moscow and joining the CIS that Shevardnadze was able to cling to power, receiving Russian tanks with which he could suppress the Georgian rebellion. When the dust settled, Russia had troops in both Abkhazia and South Ossetia and Georgia had become a CIS member.⁵⁷

While Georgian ultra-nationalism may be blamed for Georgia's territorial disintegration in the 1990s, it had already inherited a splintered foundation from the Soviet Union. From the beginning, Russia also demonstrated little regard for the sovereignty of Georgia, which it considered as a natural part of its sphere of influence. While nearly every side in the early stages of Georgia's conflicts received some aid from the Russian military, it appears that Moscow played an important role in preventing the defeat of Abkhaz and Ossetian forces. Russian intervention preserved the separation of Abkhazia and South Ossetia, resulting in de facto independence that has been accompanied by perpetual conflict. In 1998, Georgian militias operating within Abkhazia stirred up violence again, provoking a reaction from Abkhazian forces that led to the killing of around 200 Georgian guerillas and perhaps as many as another 50,000 Georgians forced from their homes inside Abkhazian territory.⁵⁸

When further skirmishing flared up again in 2001, Shevardnadze's apparent inability to protect Georgians in Abkhazia took its toll on his approval.⁵⁹ During Shevardnadze's 11 year presidency, the economy suffered, poverty spread, and corruption ran rampant. Shevardnadze's inability or unwillingness to affect any significant reforms also contributed to his increasing unpopularity. When his party committed electoral fraud in the parliamentary elections of 2003, Shevardnadze's unpopularity peaked and he was forced out of office by yet another popular revolt –the Rose Revolution.⁶⁰

The Rose Revolution shook Georgia, and led to the election of Mikheil Saakashvili. In 2004, Saakashvili demonstrated a new assertiveness in regards to Georgia's territorial integrity and challenged South Ossetian separatists in a crackdown on smuggling and the drug trade. Saakashvili

⁵⁶ Goltz, 5-10, 50, and 86.

⁵⁷ *Ibid.*, 52, 141, xxi, and 196.

⁵⁸ Goltz, xxi.

⁵⁹ UN Security Council, "Georgia-Russia Historical Chronology," *UN Security Council Report*, August 27, 2008, <http://www.securitycouncilreport.org/site/c.glKWLeMTIsG/b.2703511/> (accessed May 12, 2009).

⁶⁰ Pouchet, 69.

also managed to bring Adjara back under Georgian administration.⁶¹ In 2006, Georgia also regained control of the Kodori Gorge in upper Abkhazia, defeating the local warlord. Still, under Saakashvili Georgia also reversed its policy of isolating Abkhazia and South Ossetia and began to seek economic engagement in order to bring them back into consideration of federation with the Georgian state.⁶²

In 2005 and 2006, the Georgian government also began to pressure Russian forces to leave Abkhazia and South Ossetia. Moscow showed no interest in removing its troops, however, and both Abkhazia and South Ossetia remained hostile toward Tbilisi. In both 2006 and 2007, there were several reports of violence between Abkhaz and Georgian forces along the border, including several rocket attacks by Abkhazians. By that time, both Putin and leaders of the separatist republics were comparing their situation to that of Kosovo, warning that Kosovo's independence would be perceived as international legal precedent for their own independence.⁶³

By 2008, Abkhazia and South Ossetia had experienced de facto independence for roughly one and a half decades. Abkhazia reiterated its call for the UN, EU, and OSCE to recognize its independence, and Moscow strengthened its support for both of these republics. Russia withdrew CIS sanctions which had been placed on Abkhazia and the Russian Duma encouraged the recognition of both republics as independent. Additional Russian troops were also deployed in Abkhazia, and a military unit sent to repair the Russian railway with Abkhazia.⁶⁴

Even before 2008, Russia had already begun a process of "creeping annexation." Russian passports have been distributed to locals in the separatist regions, effectively creating Russian Federation citizens where there had been none. Additionally, Russian officials have also been appointed to serve as military leaders of separatist forces. Russian general Sultan Sosnaliev has served as Abkhazia's defense minister, and Major General Vasily Lunev as South Ossetia's.⁶⁵ Thus, when Georgian troops entered South Ossetia in response to rocket attacks in August of 2008, Russia could claim that its "peace keepers" and citizens had been attacked. It also helped that both Abkhazia and South Ossetia issued calls for Russian intervention.⁶⁶

Conclusion

To address the initial question, our discussion clearly indicates that the current politics of the Caucasus region, particularly Georgia, is much more complex and sophisticated than the binary politics of the Cold War era when there were only two major political players. By using a Kenneth Waltz's methodological perspective, we summarize that there were active political actors at System level-of-analysis (e.g., Great and Regional Powers), State level-of-analysis (e.g., Russian Duma and Georgian ultra-nationalism), and Individual level-of-analysis (e.g., each Georgian President) involved in the process of contributing to the rise of this conflict by their decisions. Nevertheless, the 2008 Russian-

⁶¹ Vladimer Papava and Michael Tokmazishvili, "Becoming European: Georgia's Strategy for Joining the EU," *Problems of Post-Communism*, vol. 53:1 (2006): 30.

⁶² Cornell, 309.

⁶³ UN Security Council.

⁶⁴ Ibid.

⁶⁵ Cornell, 309-310.

⁶⁶ Vzglyad, "Georgia attacks," *Vzglyad*, August 8, 2008, <http://vz.ru/politics/2008/8/8/194400.html> (accessed May 12, 2009).

Georgian war did not have the characteristics and conditions that are often associated with conflicts of the Cold War era. Thus, we conclude that the 2008 War neither signifies the start of a New Cold War, nor it suggests that the (old) Cold War did not really die.

In this light, despite Georgia's ultra-nationalistic treatment of its own ethnic minorities, the Russia-Georgia war appears to be a conflict in which Georgia was provoked into military action. The decision to invade South Ossetia was certainly a strategic mistake, inviting a Russian invasion which led to the further loss of Georgian autonomy and the destruction of its military.⁶⁷ Yet it is not difficult to imagine how 2008 may have been perceived in Tbilisi as the critical moment to act decisively. With OSCE talks producing few results and Moscow tightening its hold on Abkhazia and South Ossetia, Georgia had few options to bring about a resolution to the separatist question. Tbilisi had hoped to be eligible for NATO membership in 2008, and instead, Georgia's membership process stalled as NATO members talked about the need to resolve the separatist conflicts.⁶⁸

It is clear, then, that the separatist movements of Abkhazia and South Ossetia had become central to the strategic, and diametrically opposed, strategic goals of both Georgia and Russia. For Georgia the independence of its separatist territories was politically unacceptable. Russia's growing role in those regions threatened not only to permanently establish Abkhaz and Ossetian independence, but also to sink Georgia's chances at NATO membership. For Russia, the separatists offered an excuse to exert leverage on Georgia, in order to counter the manner in which Georgia was undermining Russia's security buffer through NATO and Russian energy interests through East-West pipelines.

Given the strategic goals of the West, particularly the US, it is not surprising that the resultant Russia-Georgia war aroused anti-Russian feeling in the West (and vice versa). So, is all of this indicative of an "unfreezing" of the old Cold War or a New Cold War? The challenge in answering this question lies in how the Cold War is defined. The current rivalry or conflicts between Russia and the West are no longer about ideology, nor are they necessarily about bringing down free markets, although Moscow appears to be taking a mercantilist approach toward energy. Moreover, such rivalry and conflict do not appear to be as bifurcated as the Cold War, with the free world facing Moscow and its satellites. Rather, they appear to be a return to something more akin to the sort of competition for spheres of influence that Russia participated in during the era of the Great Game in the 19th Century. This is an older pattern of behavior, a more mercantilist pattern, and one which indicates geopolitical thinking that precedes the Cold War.

In sum, for Georgia, the conflict with Russia boils down to a fight for national sovereignty, policy independence, and territorial integrity. For Moscow, it is the preservation of traditional spheres of influence in its surrounding geopolitical space that the Russian leaders call the Near Abroad. For the US and Europe, it is primarily a struggle to spread their own democratic values as well as maintain an energy and security corridor that reaches into the Caspian basin. The energy resources of this geographic region are to diversify the fossil fuels imports of many Western nations, especially in the EU.

⁶⁷ Alexander Jackson, "Russia and Georgia: Not Back to War," *Caucasus Update CRIA*, 25, March 16, 2009, http://cria-online.org/CU_-_file_-_article_-_sid_-_26.html (accessed May 12, 2009).

⁶⁸ Ghia Nodia and Alvaro Pinto Scholtbach, eds., *The Political Landscape of Georgia* (Delft, Netherlands: Eburon Academic Publishers, 2006), 36.

Yet Europe and the US perceive the 2008 conflict and their natural rivalry with Russia differently. Europe has had a long history as a neighbor to Russia; and it has participated in rivalry and competition for spheres of influence with Moscow for centuries. However, the US is a rather newcomer to this “old game” with Russia; and it primarily recalls a recent memory of the Cold War paradigm through which it perceives its rivalry with Moscow. Thus, it seems rather natural for some scholars and policy corners in Washington to perceive major Russian moves as aggressive behavior and reminiscent of the Cold War days which they recall so well.

For those with a short memory, it is rather difficult to conceptualize the 21st Century political challenges in the context of an older game--a 19th Century game. For such actors, it is equally challenging to consider a common or traditional pattern of state rivalry and competition similar to the Great Game, for which Washington has no historical experience as a Great Power.

ANNEXES

Appendix 1: Georgian Export & Import Volumes

GEORGIAN EXPORT VOLUME

SOURCE: IMF'S DIRECTION OF TRADE STATISTICS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
US	13.91	16.27	7.14	9.05	13.98	15.36	21.23	26.75	58.86	172.00	221.64
EU	69.12	109.73	76.39	61.89	65.53	81.64	111.37	165.22	188.49	415.45	611.37
Japan	0.60	1.34	0.38	1.04	0.69	0.22	0.63	1.44	0.52	0.50	3.17
China (m)	1.46	1.36	0.91	1.05	1.18	1.17	3.31	5.60	10.35	13.22	10.43
Russia	57.56	45.29	68.61	74.40	60.96	83.94	104.53	153.93	75.66	53.55	52.90
CIS (8)	30.44	45.18	27.31	47.84	58.11	97.32	143.37	130.65	153.29	184.62	216.22
Iran	0.00	0.00	6.80	4.31	3.32	3.43	4.50	4.68	2.70	4.02	5.08
Turkey	82.73	84.81	74.50	68.57	53.74	82.55	118.61	121.81	124.92	199.54	476.77
Azerbaijan	22.91	8.62	20.08	9.98	29.25	16.63	25.33	83.45	92.17	92.22	105.28
Armenia	24.39	24.41	13.63	12.51	20.99	30.76	54.46	39.93	73.62	72.87	60.96
Georgia Subtotal	303.11	337.02	295.74	290.62	307.74	413.01	587.32	733.45	780.57	1207.97	1763.82
World Subtotal	330.80	361.04	325.99	317.35	349.41	465.27	644.82	850.99	980.90	1498.08	2497.87

(m) = mainland

CIS (8) = Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan

GEORGIAN IMPORT VOLUME

SOURCE: IMF'S DIRECTION OF TRADE STATISTICS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
US	150.15	73.04	69.60	63.99	68.04	90.77	110.91	148.31	129.76	267.04	645.15
EU	374.29	229.32	188.44	240.85	231.32	430.78	617.57	671.50	947.90	1260.94	1489.72
Japan	3.60	7.58	7.32	3.18	3.95	2.49	5.93	8.34	39.54	97.63	251.10
China (m)	6.74	2.46	2.91	3.83	8.72	23.17	28.90	46.71	103.33	203.87	314.70
Russia	112.85	63.51	98.79	93.47	121.62	161.10	257.77	384.35	558.77	655.03	758.45
CIS (8)	57.32	92.23	66.54	77.33	80.10	103.24	215.14	336.65	480.55	671.59	768.29
Iran	0.00	0.00	5.88	6.32	8.10	7.00	15.16	26.00	40.30	48.96	64.35
Turkey	180.51	125.62	111.47	107.14	89.68	112.14	202.09	283.01	522.56	746.08	1096.21
Azerbaijan	84.61	78.90	56.69	73.19	79.89	93.79	156.40	233.42	318.53	355.79	406.19
Armenia	10.53	12.21	15.81	10.29	8.57	11.20	26.23	39.29	40.25	82.06	99.81
Georgia Subtotal	980.60	684.86	623.44	679.58	699.98	1035.66	1636.11	2177.58	3181.48	4388.98	5893.97
World Subtotal	1230.78	859.41	727.75	755.92	794.10	1143.52	1848.04	2490.76	3677.61	5291.91	7218.63

(m) = mainland

CIS (8) = Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan

Appendix 2: Georgian Export & Import Percentages

GEORGIAN EXPORT PERCENTAGE

SOURCE: IMF'S DIRECTION OF TRADE STATISTICS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
US	4.20%	4.51%	2.19%	2.85%	4.00%	3.30%	3.29%	3.14%	6.00%	11.48%	8.87%
EU	20.90%	30.39%	23.43%	19.50%	18.75%	17.55%	17.27%	19.41%	19.22%	27.73%	24.48%
Japan	0.18%	0.37%	0.12%	0.33%	0.20%	0.05%	0.10%	0.17%	0.05%	0.03%	0.13%
China (m)	0.44%	0.38%	0.28%	0.33%	0.34%	0.25%	0.51%	0.66%	1.06%	0.88%	0.42%
Russia	17.40%	12.54%	21.05%	23.44%	17.45%	18.04%	16.21%	18.09%	7.71%	3.57%	2.12%
CIS (8)	9.20%	12.51%	8.38%	15.07%	16.63%	20.92%	22.23%	15.35%	15.63%	12.32%	8.66%
Iran	0.00%	0.00%	2.09%	1.36%	0.95%	0.74%	0.70%	0.55%	0.28%	0.27%	0.20%
Turkey	25.01%	23.49%	22.85%	21.61%	15.38%	17.74%	18.39%	14.31%	12.74%	13.32%	19.09%
Azerbaijan	6.93%	2.39%	6.16%	3.14%	8.37%	3.57%	3.93%	9.81%	9.40%	6.16%	4.21%
Armenia	7.37%	6.76%	4.18%	3.94%	6.01%	6.61%	8.44%	4.69%	7.51%	4.86%	2.44%
Georgia Subtotal	91.63%	93.35%	90.72%	91.58%	88.08%	88.77%	91.08%	86.19%	79.58%	80.63%	70.61%

(m) = mainland

CIS (8) = Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan

GEORGIAN IMPORT PERCENTAGE

SOURCE: IMF'S DIRECTION OF TRADE STATISTICS

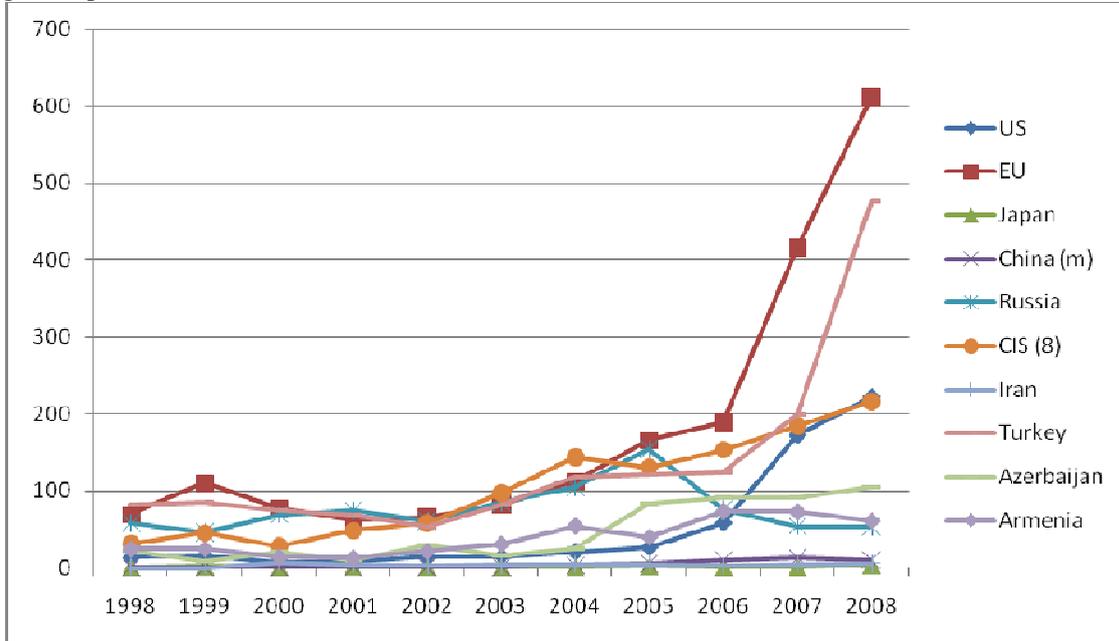
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
US	12.20%	8.50%	9.56%	8.47%	8.57%	7.94%	6.00%	5.95%	3.53%	5.05%	8.94%
EU	30.41%	26.68%	25.89%	31.86%	29.13%	37.67%	33.42%	26.96%	25.77%	23.83%	20.64%
Japan	0.29%	0.88%	1.01%	0.42%	0.50%	0.22%	0.32%	0.33%	1.08%	1.84%	3.48%
China (m)	0.55%	0.29%	0.40%	0.51%	1.10%	2.03%	1.56%	1.88%	2.81%	3.85%	4.36%
Russia	9.17%	7.39%	13.58%	12.36%	15.32%	14.09%	13.95%	15.43%	15.19%	12.38%	10.51%
CIS (8)	4.66%	10.73%	9.14%	10.23%	10.09%	9.03%	11.64%	13.52%	13.07%	12.69%	10.64%
Iran	0.00%	0.00%	0.81%	0.84%	1.02%	0.61%	0.82%	1.04%	1.10%	0.93%	0.89%
Turkey	14.67%	14.62%	15.32%	14.17%	11.29%	9.81%	10.94%	11.36%	14.21%	14.10%	15.19%
Azerbaijan	6.87%	9.18%	7.79%	9.68%	10.06%	8.20%	8.46%	9.37%	8.66%	6.72%	5.63%
Armenia	0.86%	1.42%	2.17%	1.36%	1.08%	0.98%	1.42%	1.58%	1.09%	1.55%	1.38%
Georgia Subtotal	79.67%	79.69%	85.67%	89.90%	88.15%	90.57%	88.53%	87.43%	86.51%	82.94%	81.65%

(m) = mainland

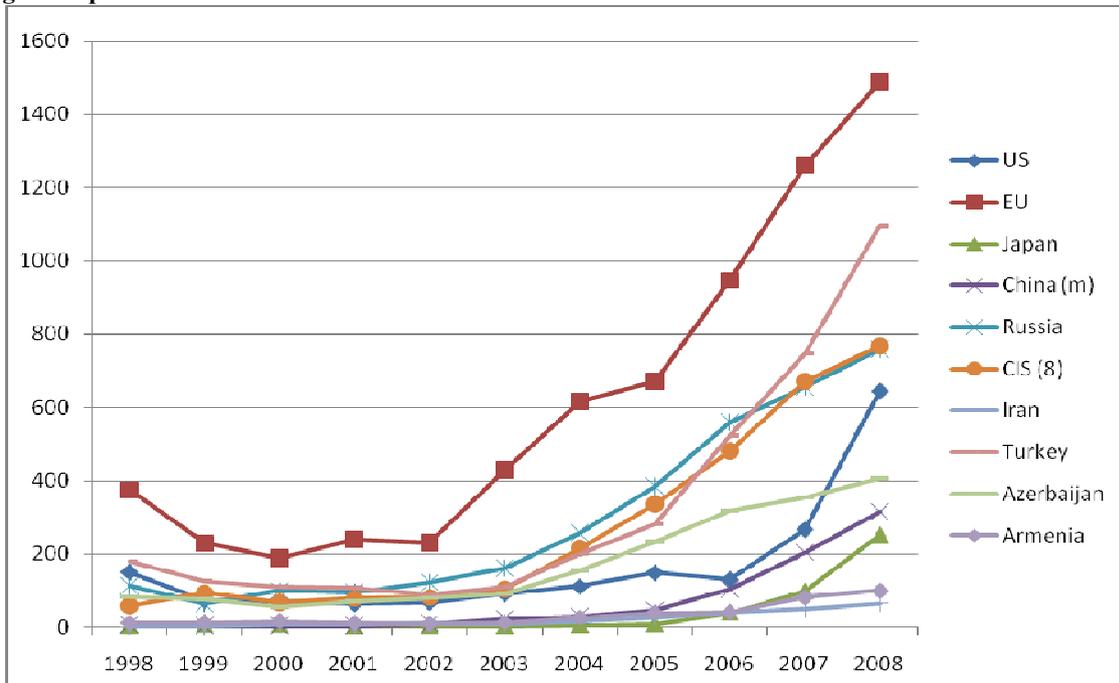
CIS (8) = Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan

Appendix 3: Georgian Volume Graphs

Georgian Export Volume

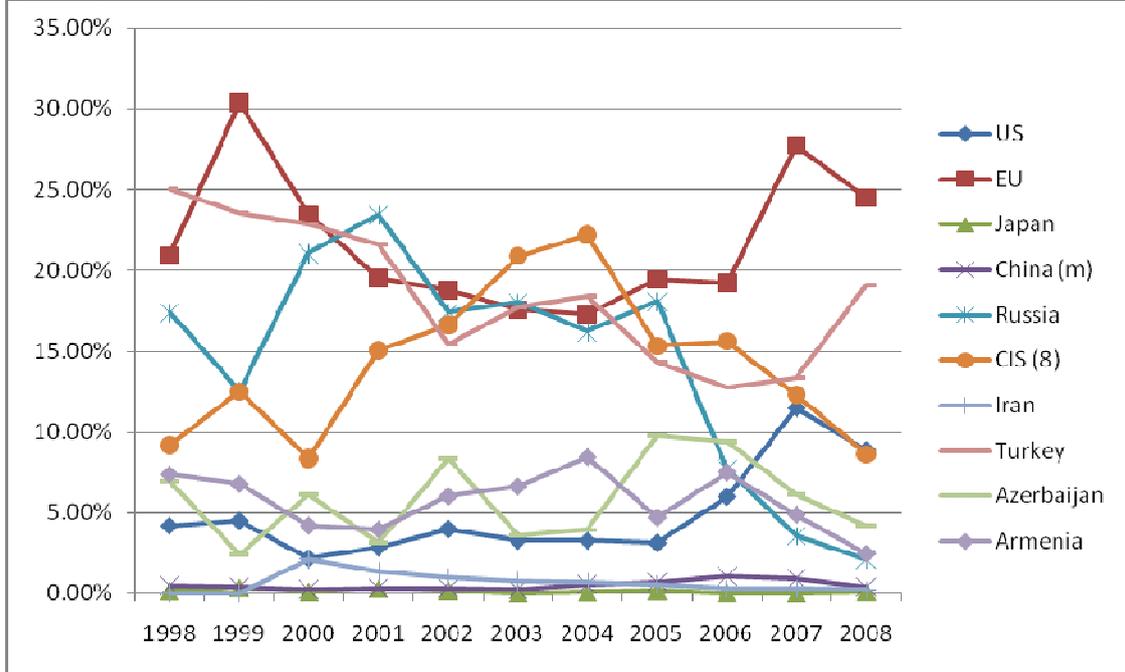


Georgian Import Volume



Appendix 4: Georgian Percentage Graphs

Georgian Export Percentage



Georgian Import Percentage

