



Georgia [Republic]: Recent Developments and U.S. Interests

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Summary

The small Black Sea-bordering country of Georgia gained its independence at the end of 1991 with the dissolution of the former Soviet Union. The United States had an early interest in its fate, since the well-known former Soviet foreign minister, Eduard Shevardnadze, soon became its leader. Democratic and economic reforms faltered during his rule, however. New prospects for the country emerged after Shevardnadze was ousted in 2003 and the U.S.-educated Mikheil Saakashvili was elected president. Then-U.S. President George W. Bush visited Georgia in 2005, and praised the democratic and economic aims of the Saakashvili government while calling on it to deepen reforms.

The August 2008 Russia-Georgia conflict caused much damage to Georgia's economy and military, as well as contributing to hundreds of casualties and tens of thousands of displaced persons in Georgia. The United States quickly pledged \$1 billion in humanitarian and recovery assistance for Georgia. In early 2009, the United States and Georgia signed a Strategic Partnership Charter, which pledged U.S. support for democratization, economic development, and security reforms in Georgia. The Obama Administration has provided ongoing support for Georgia's sovereignty and territorial integrity.

The United States has been Georgia's largest bilateral aid donor, budgeting cumulative aid of \$3.37 billion in FY1992-FY2010 (all agencies and programs). Georgia has regularly ranked among the top world states in terms of per capita U.S. aid. U.S.-budgeted aid for Georgia in FY2011 was \$87.1 million, and estimated aid in FY2012 is about \$85.1 million. The Administration has requested \$68.7 million for foreign assistance for Georgia for FY2013 (data for FY2011, FY2012, and FY2013 include "Function 150" programs and exclude Defense and Energy Department funds).

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Political Background

Georgia gained its independence at the end of 1991 with the dissolution of the former Soviet Union. Its elected president, Zviad Gamsakhurdia, faced insurrection and fled the country in January 1992. Coup leaders invited former Soviet Foreign Minister Eduard Shevardnadze to head a ruling State Council, and he was elected the speaker of the legislature in late 1992 and president under a new constitution in 1995. The country was roiled by secessionist conflict by South Ossetia and Abkhazia that resulted in cease-fires in 1992 and 1994, respectively. Shevardnadze was ousted in the wake of a suspect legislative election in late 2003, and coup co-leader Mikheil Saakashvili was elected president in January 2004. A November 2007 government crackdown on political oppositionists led Saakashvili to step down as president in the face of domestic and international criticism to seek a mandate on his continued rule. He was reelected president in January 2008 with 53% of the vote. Electoral observers hosted by the Organization for Security and Cooperation in Europe (OSCE) stated that the election broadly met its standards, but that irregularities needed to be addressed. He is constitutionally limited to two terms in office, and has stated that in accordance with the constitution, he will not run in a planned 2013 presidential election, although he does not plan to leave politics entirely.

A legislative election was held on May 21, 2008. Twelve parties and blocs were registered to compete for 75 seats to be allocated by party lists and 75 seats by single-member constituencies. The Central Electoral Commission announced that Saakashvili's United National Movement (UNM) won the largest share of the party list vote and also 71 of 75 constituency races, giving it a total of 119 out of 150 seats in the legislature. The main opposition bloc, the United Opposition Movement, won a total of 17 seats, the opposition Christian Democrats six seats, the opposition Labor Party six seats, and the opposition Republican Party two seats. Election monitors from the OSCE concluded that the Georgian government "made efforts to conduct" free and fair elections, but that there were a number of problems, including a ban on self-nominated candidates, the use of government resources for campaign purposes, the lack of balance in media coverage, a "contradictory and ambiguous" electoral complaint and appeal process, and troubling irregularities in vote-counting.¹

In an address at the U.N. General Assembly on September 23, 2008, President Saakashvili announced new democratization initiatives as a means to strengthen Georgia's sovereignty and

Georgia: Basic Facts

Area and Population: 26,872 sq. mi., slightly larger than West Virginia. The population is 4.57 million (*The World Factbook*, mid-2012 est.). Administrative subdivisions include the Abkhazian and Ajarian Autonomous Republics.

GDP: \$24.51 billion in 2011; per capita income is about \$5,400 (*World Factbook* est., purchasing power parity).

Political Leaders: President: Mikheil Saakashvili; Prime Minister: Ivane (Vano) Merabishvili; Speaker of the Parliament: Davit Bakradze; Defense Minister: Dmitry Shashkin; Foreign Minister: Grigol Vashadze.

Biography: Saakashvili, born in 1967, received his Master's at Columbia Univ. and his Ph.D. at George Washington Univ. He was elected to the legislature in 1995 and 1999, where he chaired the Constitutional Committee and headed the ruling party's faction. In 2000, he became minister of justice, but resigned in late 2001, accusing the government of corruption and forming the United National Movement party bloc. In 2002-2003, he chaired the Tbilisi city council. He was elected president in 2004 and reelected in 2008.

¹ OSCE, Office for Democratic Institutions and Human Rights, *Georgia, Parliamentary Elections, 21 May 2008, OSCE/ODIHR Election Observation Mission: Final Report*, September 9, 2008.

independence and thereby prevent Russia from subverting Georgia's statehood. After lengthy attempts, President Saakashvili met with a few opposition leaders in April-May 2009 to discuss setting up a constitutional commission to work out changes to the political system, and such a commission was established in June 2009. In his March 2010 and February 2011 state of the nation addresses, Saakashvili pledged further democratization efforts. In his 2011 speech, he outlined his goals for the creation of a "modern" Georgia that would be "a democratic European nation with the fastest growing economy in Europe," where Georgian citizens would be more confident, "more educated" and "more competitive," and not subject to subjugation by Russia. He outlined a series of goals to be achieved by 2015 in agriculture, trade, employment, infrastructure development, and tourism.² In his February 2012 state of the nation address, President Saakashvili discussed progress in meeting the 2015 goals. In the democracy realm, he did not announce new initiatives, but pledged that the upcoming October 2012 legislative election would be the "freest, most transparent and most democratic ... ever held in Georgia," and asserted that Georgia has a political system open to parties that play by the rules.³

Local elections to 64 city councils, as well as the first popular election of Tbilisi's mayor, were held at the end of May 2010. The ruling UNM won over 65% of the vote in the city council races, followed by the moderate opposition Christian Democratic Alliance party bloc with about 12% of the vote. In the Tbilisi mayoral race, the UNM incumbent—Gigi Ugulava—was reelected with about 55% of the vote. The elections were widely viewed as a rehearsal for the planned October 2012 legislative and 2013 presidential elections, and as such appeared to be a mandate for the UNM and a legitimization of the moderate opposition, according to some observers. Some observers suggest that Ugulava may be the likely candidate backed by UNM in the 2013 presidential election. The boycott of the elections by much of the radical opposition—including Nino Burjanadze's Democratic Movement-United Georgia, Levan Gachechiladze's Defend Georgia, and Irakli Okruashvili's For a United Georgia parties—appeared to further marginalize them in the public's eyes, according to some observers.⁴ Monitors from the OSCE reported that the local elections "marked evident progress towards meeting OSCE and Council of Europe [democratization] commitments," but that "significant shortcomings" remained, including apparent ballot-box stuffing and multiple voting, vote-counting and tabulation problems, the use of administrative resources for favored candidates, and deficiencies in the legal framework and its implementation. Assistant Secretary of State Philip Crowley repeated the findings of the OSCE that the local elections showed progress in democratization, but that "significant shortcomings need to be addressed."⁵

In May 2010, the constitutional commission (mentioned above) agreed on amendments to slightly reduce the power of the president and increase the powers of the legislature and prime minister. In October 2010, the Georgian legislature approved the constitutional changes. Most of the changes will not come into effect until after the next presidential election, scheduled for early 2013. Under

² "Georgian President Delivers State-of-Nation Address to Parliament," *Open Source Center Feature*, February 16, 2011.

³ "Georgian President Delivers State-of-Nation Address to Parliament," *Open Source Center Feature*, February 29, 2012.

⁴ Christofer Berglund, "Georgia's Local Elections: Revitalizing the Rose Revolution?" *CACI Analyst*, June 9, 2010; *CEDR*, May 31, 2010, Doc. No. CEP-46023; *Open Source Feature*, May 19, 2010, Doc. No. FEA-5119; May 31, 2010, Doc. No. FEA-5598.

⁵ OSCE, Office for Democratic Institutions and Human Rights, *Georgia Municipal Elections, 30 May 2010: OSCE/ODIHR Election Observation Mission Report*, September 13, 2010. U.S. Department of State. *Daily Press Briefing*, June 2, 2010.

the changes, the party that has the largest number of seats in the legislature will nominate the candidate for prime minister. This nominee will select ministers and draft a program, and upon approval by the legislature, the president will appoint the prime minister. The changes also call for regional governors to be appointed by the prime minister rather than the president, as is currently the case. Some suggestions by the Venice Commission, an advisory body of the Council of Europe, were not enacted. The Commission had raised concerns that the proposed presidential powers were still substantial relative to those of the prime minister and legislature, and that clashes between the president and prime minister might emerge on foreign policy and other matters. The Venice Commission suggested that a more powerful legislature might appoint the prime minister, be able to remove the prime minister with a simple majority vote (rather than 60% of the vote), and approve changes to the cabinet. A citizen's group likewise complained that the legislature's powers remained weak and criticized the retention of gubernatorial appointments. Some opposition parties allege that the constitutional changes are designed to permit Saakashvili to serve as prime minister after his term as president ends, and have called for a new constitutional amendment to ban a former president from subsequently serving as prime minister.

The People's Assembly civic organization—formed in May 2009 by parties and groups comprising the radical opposition, and led by former legislative speaker Nino Burjanadze and former border guards' chief Badri Bitsadze) launched large-scale demonstrations in Tbilisi beginning on May 22, 2011. Their parade permit was due to expire on the evening of May 25, and the government planned to hold an independence day parade the next day. Immediately upon the expiration of the permit, Georgian security forces moved to forcibly disperse the demonstrators, reportedly resulting in four deaths, dozens of injuries, and scores of detentions. The Georgian government alleged that the Russia-backed protesters had planned to launch an armed overthrow of the government. The prosecutor issued a warrant for the arrest of Badri Bitsadze, the husband of Nino Burjanadze, leader of the opposition Democratic Movement-United Georgia Party, on the grounds that he was involved in planning the putsch. U.S. Ambassador John Bass, the U.N. High Commissioner for Human Rights, the EU, and various non-governmental organizations such as Amnesty International and Human Rights Watch called on the government to launch an inquiry into whether security forces used excessive force against the protesters. In July 2011, the Interior Ministry announced that an internal probe had resulted in 16 police being fired or disciplined. In August 2011, Bitsadze was sentenced in absentia to 5.5 years in prison on charges of organizing attacks on police and disturbing the public order. His whereabouts remain unknown.

The ruling UNM and several opposition parties launched talks on reforming the electoral code in November 2010. Talks reached an impasse in early March 2011 but were resumed in June 2011. Later that month, two prominent opposition parties, the Christian Democratic and the New Rights parties, broke with other opposition parties forming the "Opposition Eight" alliance and agreed with the ruling party on several electoral reforms. They formed an inter-party group to draft legislation based on the agreement. The agreement called for increasing the number of legislators from 150 to 190, 107 of whom would be elected by party lists and 83 by single-mandate constituencies. Since the UNM in the past had won most of the majoritarian seats, the increase in the proportion of seats to be allocated through party list voting was viewed by some observers as somewhat increasing the chances for opposition parties to gain seats in the legislature. The draft electoral code was publicized for public discussion in September and then was considered by the legislature.

In December 2011, however, the UNM and some opposition parties agreed in approving the new electoral code that 77 members of the 150-seat legislature to be elected in October 2012 would be chosen through proportional voting and the remaining 73 through majoritarian voting in single

member districts (previously, 50% of the members had been elected by each method). Another provision guaranteed that a party that gains a minimum of 5% of the vote will get at least six seats. A major provision recommended by the Venice Commission—that single member districts have relatively equal populations—was not included in the new electoral law. Under a 2011 constitutional amendment, the newly elected legislature will convene in a new building being completed in the city of Kutaisi (in western Georgia).

In early October 2011, reclusive Georgian oligarch Bidzina Ivanishvili declared that he would set up a party and would participate in 2012 legislative elections in opposition to the ruling UNM. A few days later, Saakashvili signed an order revoking Ivanishvili's Georgian citizenship on the grounds that he also held Russian and French citizenship, and the government reportedly began investigating and seizing assets of Ivanishvili's Cartu Bank. With his citizenship revoked, Ivanishvili was barred from running for office or providing donations to political parties. Ivanishvili has relinquished his Russian and French citizenships (France deferred action on the request), but has not regained Georgian citizenship. He has pledged that if he is elected president, he will bolster democratization and free market reforms and follow a pro-Western foreign policy, including seeking NATO membership, but will also work toward better relations with Russia. Besides the revocation of citizenship, the ruling party pushed through legislation barring corporate contributions and limiting corporate employee contributions to political parties, which critics viewed as aimed to block Ivanishvili from financing prospective or existing parties. Instead, state financing of campaigns by existing parties that had won past elections was stepped up, also viewed by critics as a means to constrict any new party created through Ivanishvili's interests. His party, Georgia Dream-Democratic Georgia, was launched in April 2012. It formed a coalition with some other parties.

At the end of May 2012, constitutional changes went into effect permitting a citizen of an EU country who has lived for five years in Georgia to be elected to high political office, a provision apparently aimed to ease political tensions and permit Ivanishvili to participate in the October 2012 legislative election or in the 2013 presidential election. However, Ivanishvili proclaimed that he will not run in the legislative election except as a citizen of Georgia. Launching his Georgia Dream Coalition's election campaign on May 29, 2012, he affirmed support for Georgian integration into NATO and the EU, pledged to peacefully reintegrate Abkhazia and South Ossetia into Georgia, vowed to reduce poverty, unemployment, and emigration and to increase health, education, and other social services, and generally stated that his coalition aimed to bolster Georgia as a democratic and free market country.

Georgia's State Audit Chamber—given responsibilities to monitor the new restrictions on campaign spending—announced on June 7, 2012, that it was filing court documents seeking a fine of over \$90 million on Ivanishvili's Georgia Dream party bloc, and was considering other fines. On June 11, the court decided that Ivanishvili's businesses had provided under-compensated services to Georgia Dream and free satellite dishes to the public. A U.S. citizen involved in Ivanishvili's broadcasting business briefly was detained. The fine was reduced to \$45.4 million on appeal. Ivanishvili refused to pay it, so on June 21 the government raided Global TV, a cable and satellite television provider co-owned by Ivanishvili's brother, and seized satellite dishes. Other businesses linked to Ivanishvili also were seized, including two banks that were placed under state management until the fine was paid. Besides broadcasting on the Internet, a television station owned by Ivanishvili's wife had relied on Global TV to carry its pro-Georgia Dream Party programming. Some human rights non-governmental organizations (NGOs) raised concerns that the raid on Global TV might jeopardize freedom of information in the run-up to the election. Perhaps in response to these concerns, on June 29, the legislature approved an

amendment to the electoral code requiring cable providers to carry all significant television channels with news programming for 60 days prior to the election (however, only a tiny fraction of Georgian homes receive cable).

In late May 2012, Ivanishvili held a campaign rally in Tbilisi and over the next month held several more in the towns of Kutaisi and Ozurgeti and in several villages. His main campaign priorities included cutting utility rates, investing in agriculture, establishing universal health insurance, and increasing pensions. Two weeks after Ivanishvili visited the Samegrelo region in western Georgia, Saakashvili rushed there following flooding to offer assistance.

On June 30, 2012, President Saakashvili appointed Interior Minister Ivane (Vano) Merabishvili as the new Prime Minister. The president stated that the new prime minister would combat unemployment, and Merabishvili added that he also would address problems of agriculture and healthcare. Saakashvili also announced that an Employment Ministry would be created.

In early July 2012, the OSCE's Office for Democratic Institutions and Human Rights (ODIHR) issued a report on the political environment in Georgia prior to the planned October legislative election. An ODIHR mission reported that the electoral environment was polarized, with political parties already campaigning. ODIHR raised concerns that the revised law on campaign spending gave too much authority to the State Audit Chamber to investigate campaign spending, and reported there were accusations that the audit chamber was selectively and excessively focusing on Ivanishvili.⁶ In another pre-election assessment, the National Democratic Institute (NDI), an NGO, warned on June 29, 2012, that the tense electoral environment already included hate speech against ethnic and religious minorities, harassment of political opponents, improper campaign spending and use of government resources, and attempted bribery of government officials. NDI reported that Georgian civil society organizations and many opposition parties had raised concerns that the new electoral and campaign finance legislation would not be implemented impartially. NDI raised concerns that the State Audit Chamber and the courts had levied several large fines against Ivanishvili, and only a few minor ones against the ruling party, and called for the "transparent, equal, and reasonable application" of the campaign finance law.⁷

Some observers suggest that the Georgia Dream Coalition could win many seats in the October 2012 legislative elections, reducing the number of seats held by the dominant UNM. The boosted power of the opposition in the legislature could necessitate more compromises over policy by the UNM, according to these observers.

Human Rights

Freedom House, an NGO, ranked Georgia as "partly free" in its latest assessment of civil liberties and political rights for 2011. It raised concerns that high-level corruption remains a problem, that electoral districts continue to contain unequal numbers of voters, that the judiciary remains corrupt and subject to executive interference, that police still abuse and torture detainees, and that the government inconsistently engages with civil society. It states that freedom of association and

⁶ OSCE, Office for Democratic Institutions and Human Rights, *Georgia Parliamentary Elections 2012: OSCE/ODIHR Needs Assessment Mission Report, 11-15 June 2012*, July 3, 2012.

⁷ National Democratic Institute, *Statement of the National Democratic Institute Pre-Election Delegation to Georgia*, June 29, 2012.

assembly were generally respected. After a May 2011 police crackdown on opposition demonstrators, several police officers were fired or demoted.⁸

According to the State Department's *Country Reports on Human Rights Practices for 2011*, there were reports that government officials continued to employ torture and other inhumane treatment with limited accountability. An EU agency stated that beatings and excessive use of force during arrest, interrogation, and transfer of detainees were more likely to occur against political oppositionists. According to the Ministry of Justice, authorities initiated 30 investigations into allegations of torture, inhuman treatment, or duress to compel evidence, slightly fewer than in 2010. Human rights NGOs asserted that many instances of abuse went unreported by victims due to fear of reprisal or lack of confidence in the judicial system. NGOs, civil society groups, and opposition party members alleged that politically motivated arbitrary arrests occurred during the year. Transparency International, an NGO, reported that the Prosecutor's Office and other executive authorities interfered in the adjudication of some cases, although judges were believed to be independent in their handling of the majority of civil cases. Many NGOs complained that judicial authorities continued to act in favor of the government. Several NGOs, opposition parties not represented in parliament, and family members alleged that the government continued to hold several dozen political prisoners. The Council of Europe reported that most of the alleged political prisoners had been involved in opposition protests held in November 2007 and spring 2009, raising questions about the credibility of the charges and verdicts. NGOs continued to report that police conducted searches and then obtained warrants after the fact.

According to Transparency International, in practice the media were not fully transparent, accountable, and independent. The largest and most popular television broadcasters were either state owned or had close ties to the government. Some journalists at these stations reported that they practiced self-censorship, and some NGOs alleged that officials influenced editorial and programming decisions at these stations. While many print media criticized senior government officials, some opposition journalists reported instances of government harassment. Officials allegedly put pressure on businesses not to advertise in opposition media. The Georgian Young Lawyers Association, an NGO, reported that security personnel injured two dozen journalists while dispersing an opposition protest on May 26, 2011. Court proceedings resulted in a small fine on the Interior (police) Ministry for the abuses.

The government had a mixed record of support for freedom of assembly and association. Authorities forcefully dispersed several opposition protests and on occasion used excessive force. NGOs argued that the inadequacy of accountability for the excessive use of force had a dampening effect on freedom of assembly. There were allegations of pressure on some opposition party members and their relatives, including surveillance, actual or threatened job loss, and other harassment. After oligarch Bidzina Ivanishvili announced in October 2011 that he was entering politics in opposition to the ruling party, there were reports that the government targeted his associates for harassment. The legislature also passed a Law on Political Unions to regulate campaign and political party financing, including provisions prohibiting corporate donations and limiting donations to a party per year to no more than 0.2 percent of the country's GDP, seemingly aimed at least in part to limit Ivanishvili's financial influence in politics. There continued to be reports that ethnic minorities faced barriers to political participation and unequal access to employment and educational opportunities, although the government took several steps to integrate ethnic minority communities into Georgian society, including the provision of

⁸ "Georgia," *Freedom in the World 2012*, Freedom House, 2012.

Georgian-language instruction. Protection of religious minorities improved, including a new law permitting a wide range of religious groups to register as legal entities.⁹

Georgia was a source, transit, and destination country for women and girls subjected to sex trafficking and men and women subjected to conditions of forced labor. The government worked to eliminate trafficking, and boosted funding for anti-trafficking efforts and for two shelters, and increased the number of convictions of offenders.¹⁰

Economic Conditions

Georgia's economy suffered in 2008-2009 from the after-effects of the world economic downturn and the Russia-Georgia conflict, but began to recover in 2010. The Economist Intelligence Unit (EIU) estimates that Georgia's gross domestic product (GDP) contracted in 2009, but resumed growth in 2010. The EIU estimates that GDP grew by 7% in 2011, but projects growth to slow to 4.5% in 2012, because of global economic stresses that will reduce Georgia's exports, foreign investment in Georgia, and worker remittances. In April 2012, the International Monetary Fund approved access to up to \$385.6 million in stand-by funding in case Georgia's economy faces even more strains from a global economic downturn.¹¹

Economic activities include agriculture, mining, and a small industrial sector. Civil conflict and poverty have spurred the emigration of about one-fifth (1 million) of the population since 1991. A large percentage of the working population has migrated for work in Russia or elsewhere. After being reduced as a result of the world economic downturn, the contribution of migrant worker remittances abroad to GDP increased in 2010-2011, as economic growth returned to Russia and other host countries. Georgia is a member of the World Trade Organization (see below). In 2011, Georgia exported \$3.3 billion in goods and imported \$6.7 billion. Turkey, Azerbaijan, and Ukraine were among Georgia's main trade partners. Georgia's main exports during 2011 were ferrous metals, automobiles (through reselling rather than production), and hazelnuts. U.S. exports to Georgia were \$579.3 million during 2011 (a substantial increase from \$301 million the previous year) and U.S. imports from Georgia were \$176.1 million (a decrease from \$198 million the previous year).¹² Georgia's State Statistics Department has reported that total foreign direct investment in Georgia was \$828 million in 2011, and that the largest investors were the Netherlands, Denmark, Cyprus, and Turkey. This level of foreign direct investment remains below that of the pre-2008 conflict period, and the government has set up a public-private co-financing program to encourage private investment.

The lack of adequate growth in private-sector jobs and Saakashvili's downsizing of the public sector have contributed to gradually rising unemployment in recent years (16.3% in 2010, according to the International Monetary Fund). Over one-half of the working population engages in agriculture, which accounts for a decreasing portion of GDP and an increasing portion of those

⁹ U.S. Department of State, *Country Reports on Human Rights Practices for 2011*, May 24, 2012.

¹⁰ U.S. Department of State, *Trafficking in Persons Report 2012*, June 19, 2012

¹¹ *Georgia: Country Report*, Economist Intelligence Unit, July 2012; International Monetary Fund, *IMF Executive Board Approves Stand-By Arrangement and Stand-By Credit Facility for Georgia with Total Access of up to US\$385.6 Million*, Press Release No. 12/131, April 12, 2012.

¹² U.S. Census Bureau, Foreign Trade Statistics, *Trade in Goods (Imports, Exports and Trade Balance) with Georgia*, at <http://www.census.gov/foreign-trade/balance>.

in poverty. Anti-corruption efforts have appeared effective, although links between politicians and business remain opaque. In early 2012, the World Bank assessed Georgia as having made the most progress among 183 countries over the period since 2005 in making business regulatory reforms and 16th worldwide in the overall ease of doing business.¹³ Nonetheless, the number of the small and medium-sized businesses remains below average, according to the International Monetary Fund.¹⁴

Georgia is a transit state for a pipeline completed in mid-2006 carrying 1 million barrels per day of Azerbaijani oil to the Turkish port of Ceyhan (the Baku-Tbilisi-Ceyhan or BTC pipeline). Another pipeline completed in early 2007 initially carries 2.2 billion cubic meters of Azerbaijani natural gas to Georgia and Turkey, lessening their dependence on Russia as a supplier. In addition, a pipeline transits Georgia to Armenia that carries Russian gas. Georgia receives some gas through this pipeline, including some gas in lieu of transit fees. The United States has backed Georgian ownership of this pipeline and MCC has provided funds for upgrading the pipeline. Azerbaijan provides an increasing portion of the gas needed by Georgia, largely easing Tbilisi's dependence on Russia. Georgia has built and refurbished hydroelectric power plants and plans to increase its export of electricity.

In his February 2011 state of the nation address, President Saakashvili called for major economic progress over the next five years, including the doubling of agricultural production and exports, the halving of unemployment, and the boosting of salaries by 50%. He also called for boosting tourism and building seventeen new hydro-electric power plants. In his February 2012 state of the nation address, he claimed that much progress had been made in reaching these goals. He announced that new vocational training centers would be built and subsidies would be provided for training, that irrigation systems would be built or revamped and tractors would be made available for farmers, and that more hospitals and clinics would be built and that more citizens would be able to obtain health insurance.¹⁵

In early July 2012, newly appointed Prime Minister Merabishvili unveiled a \$12 billion, 4-year economic program termed "More Benefits to the People," as part of the election platform for the UNM. The program appeared to flesh out proposals Saakashvili had outlined in his February 2012 state of the nation address (see above). The program called for \$2.4 billion to be spent on agriculture, \$3.6 billion to increase pensions, \$3.6 billion on health and welfare, and \$2.4 billion on education. Among specific projects, 2,000 added tractors and combines would be provided to farmers, village infrastructure upgraded, road construction increased, tourism encouraged, and new dams built. Health insurance would be expanded to cover all children, pensioners, displaced persons, police, armed forces personnel, and those in poverty. Merabishvili also announced that a \$600 voucher would be given to each family to help them cope until unemployment is reduced. Some observers stated that many of these initiatives appeared similar to those promised by Ivanishvili.¹⁶

¹³ The World Bank Group, *Doing Business in a More Transparent World 2012 - Economic Profile: Georgia*, January 2012.

¹⁴ International Monetary Fund, *Georgia: Request for Stand-By Arrangement and an Arrangement under the Standby Credit Facility*, March 27, 2012.

¹⁵ Open Source Center, OSC Feature, February 29, 2012.

¹⁶ *Civil Georgia*, July 3, 2012; *Georgia Today*, July 6, 2012.

Georgia and Russia's Accession to the WTO

When Georgia became a member of the WTO in 2000, it joined an existing Working Party of interested WTO members—established in 1993—that has been considering Russia's WTO bid. Georgia added its main concerns to those of the other 60-odd members of the Working Party, that market access be upheld and that Georgia establish control over customs clearance at posts located along its borders with Russia (including between its breakaway regions and Russia), in accordance with its sovereign territorial rights and the provisions of a 1994 free trade agreement signed by Georgia and Russia (never ratified by Russia). This Georgian request for customs control did not fundamentally change after Russia recognized the independence of the breakaway regions in late August 2008. Although Russia held bilateral talks with all members of the Working Party and by late October 2011 had resolved most of their concerns, Russia long continued to refuse to resolve Georgia's concerns about customs control, arguing that the issue was political and hence irrelevant to WTO accession. Instead, Russia demanded that the United States put pressure on Georgia to drop its request or that the WTO use an unprecedented majority vote of the membership to admit Russia to get around Georgia's request. The Russia-Georgia dispute became the last major obstacle to Russia's WTO accession. According to some observers, powerful interests in Russia that remained opposed to WTO membership were using the dispute to convince others in the Russian leadership to cease efforts to join WTO.¹⁷

At talks moderated by Switzerland that began in March 2011 between Russia and Georgia, Switzerland reportedly proposed in mid-2011 that an international monitoring group could be established, similar to the EU Border Assistance Mission to Moldova and Ukraine (EUBAM), to work at customs posts between Russia and the breakaway regions. The Swiss proposal also reportedly included, as an adjunct or alternative element, the establishment of a computerized reporting system to bolster the transparency of cross-border trade. EUBAM was set up in late 2005 between Moldova's border with Ukraine, and works to monitor trade involving Ukraine and Moldova, including to a substantial degree the latter's breakaway region of Transnistria. Corruption and crime had previously been an increasing problem along these borders. Russia has objected to the monitoring by EUBAM, terming it as supporting Moldova's "economic blockade" of Transnistria. At the same time, many Transnistrian companies, including those that are Russian-owned, have cooperated with Moldovan customs regulations in order to gain access to WTO and EU markets (Moldova is a member of WTO and receives trade preferences from the EU).

Georgia and Russia signed a trade monitoring agreement in Geneva on November 9, 2011, after lengthy negotiations mediated by Switzerland, clearing one of the last major obstacles to Russia being invited to join the WTO at its Ministerial Conference in mid-December 2011 (on July 10, 2012, the Duma approved accession, which will be implemented by the WTO 30 days after it receives formal notification by the Russian government). The trade monitoring agreement calls for customs observers along three "trade corridors" on the Georgia-Russia border, two running through the breakaway regions and the third running through the uncontested Zemo Larsi-Kazbegi border crossing. In regard to the breakaway regions, a terminal will be located at

¹⁷ Russian Prime Minister Vladimir Putin at times appeared lukewarm or mildly supportive of the benefits of WTO membership to Russia's economy, and at other times appeared to side with interests opposing WTO accession. Anders Aslund, "Why Doesn't Russia Join the WTO?" *The Washington Quarterly*, April 2010; Mamuka Tsereteli, "Russia's WTO Accession: Is Georgia an Obstacle?" Center for Black Sea/Caspian Studies, The American University, 2011; Government of the Russian Federation, Prime Minister, *Transcript: Interview with Prime Minister Vladimir Putin*, October 17, 2011, at <http://premier.gov.ru>.

Russia's border with the region, and another at Georgia's border with the region. A private firm will be hired and managed by Switzerland to monitor the terminals. Georgia and Russia will provide trade data to the firm, which will forward the data to the WTO. On December 26, 2011, Russian Ministry of Foreign Affairs spokesman Aleksandr Lukashevich appeared to boast that Georgia had been bested during the negotiations, asserting that since Georgia will provide customs clearance information for goods entering Abkhazia and South Ossetia, it effectively will be recognizing their independence, a claim Georgia disagreed with. In early April 2012, the Russian Foreign Ministry stated that the customs agreement would enter into force upon Russia's accession to the WTO.¹⁸

Foreign Policy and Defense

Among its neighbors, Georgia has developed close ties with Azerbaijan and maintains good relations with Armenia. Georgia has an ongoing interest in ties with about 1 million Georgians residing in Turkey and about 50,000 Georgians in Iran. Ties with Russia have sharply deteriorated during Saakashvili's presidency. After the August 2008 Russia-Georgia conflict, Georgia broke off diplomatic relations with Russia and withdrew as a member of the Russia-dominated Commonwealth of Independent States (CIS). Georgia is a member of the European Union's (EU's) Eastern Partnership program of enhanced economic ties, and hopes to negotiate a free-trade agreement with the EU. President Saakashvili has set a goal for Georgia to eventually become an EU member.

Georgia's military is the smallest among those of the South Caucasus states. Its ground forces, air force, and national guard reportedly numbered 20,655 at the beginning of 2012. There were also 5,400 border and coast guards and 6,300 Interior (police) Ministry troops. Most of the ground forces and air force personnel are on contracts and a minority are conscripted. In 2009, remaining elements of the coast guard—largely decimated during the Russia-Georgia conflict—became part of the border guards, organizationally under the Interior Ministry.¹⁹ According to the Georgian defense ministry, 160 military personnel were killed during the Russia-Georgia conflict.²⁰ A national security concept approved in late 2011 states that Russia's military "occupation of Georgia's territories ... and terrorist acts organized by Russia from the occupied territories," and "the risk of new military aggression from Russia" are the top national security threats faced by Georgia. The concept warns that Russia "aims to turn Georgia into a failed state, to hinder the realization of Georgia's European and Euro-Atlantic choice, and to forcibly return Georgia to the Russian political orbit." The concept avers that "international support for Georgia, as well as the presence of the European Union Monitoring Mission on the ground, are important deterrents to possible aggression" by Russia.²¹

Marking the shift toward more security ties with the West, Georgia withdrew from the CIS Collective Security Treaty in 1999. Georgia assumed full control from Russia over guarding its sea and land borders in 1999. Georgia joined NATO's Partnership for Peace in 1994 and has

¹⁸ For concerns about whether Russia will comply with the customs agreement, see Andras Racz, *Russian WTO Accession and the Geneva Agreements: Implications for Russia and Georgia*, Transatlantic Academy, December 2011.

¹⁹ *The Military Balance*, International Institute of Strategic Studies, March 7, 2011.

²⁰ *Central Eurasia: Daily Report* (hereafter *CEDR*), Open Source Center, September 2, 2008, Doc. No. CEP-950366.

²¹ Ministry of Defense of Georgia, *National Security Concept of Georgia*, at <http://www.mod.gov.ge/?page=10&Id=3&lang=1>.

hosted PFP exercises annually since 2001. NATO signed an Individual Partnership Action Plan (IPAP) with Georgia in October 2004 to deepen cooperation and launched an “intensified dialogue” with Georgia in September 2006 on reforms necessary for possible NATO membership. A NATO Membership Action Plan (MAP) for Georgia was a matter of contention at the April 2008 NATO Summit. Although Georgia was not offered a MAP, the Alliance pledged that Georgia would eventually become a member of NATO. After the Russia-Georgia conflict, a NATO-Georgia Council was set up to further systematize NATO reform guidance. At the meeting of the NATO-Georgia Council in April 2011 in Berlin, the foreign ministers issued a joint statement that welcomed the opening of the NATO liaison office in Tbilisi in October 2010 and the steady progress Georgia has shown in implementing its annual national program of cooperation with NATO, but called for more progress in democratization, including electoral reforms.²²

During the visit of the North Atlantic Council to Georgia in November 2011, Secretary-General Anders Fogh Rasmussen praised Georgia for making progress in meeting conditions for NATO membership, including by increasing freedom of expression, economic growth, and military reforms, and by combating corruption. However, he also cautioned that the 2012-2013 legislative and presidential elections “will be an important indicator of ... how ready Georgia is for NATO membership.”²³ The NATO-Georgia Commission also met in Tbilisi, and NATO pledged to strengthen its NATO liaison office in Tbilisi, enhance support to the National Defense Academy for education and training, bolster the capacity for civil democratic oversight of the defense sector, and increase support for Georgia’s role in Afghanistan.

In the final communiqué of the NATO foreign ministerial meeting in Brussels in December 2011, Georgia was affirmed as an “aspirant” to membership, along with Macedonia, Montenegro, and Bosnia and Herzegovina. Russian Foreign Minister Sergey Lavrov denounced this support for Georgia, asserting that NATO in April 2008 had “wittingly or unwittingly” encouraged Georgia to launch warfare later in the year by pledging to give it membership, and warning that this renewed pledge could instigate Georgia to repeat such an “escapade.” The most recent NATO-Georgia Commission meeting was held in Brussels on March 7, 2012. NATO agreed to strengthen support for civil service reform and democratization efforts in Georgia.²⁴

After meeting with President Saakashvili at the White House in late January 2012, President Obama stated that he had “assured him that the United States will continue to support Georgia’s aspirations to ultimately become a member of NATO.”²⁵ At his confirmation hearing in March 2012, Ambassador-designate to Georgia Richard Norland reported that the Administration planned at the upcoming May 2012 NATO summit in Chicago “to signal acknowledgement for Georgia’s progress ... and to work with the allies to develop a consensus on the next steps forward.”²⁶

The Chicago Summit Declaration grouped Georgia with the other three NATO aspirants, and announced that the Alliance ties with Georgia would be strengthened. The Declaration reaffirmed

²² NATO, *Joint Statement at the Meeting of the NATO-Georgia Commission at the Level of Foreign Ministers in Berlin, Germany*, April 15, 2011.

²³ *Reuters*, November 10, 2011.

²⁴ NATO, *National Security Advisor of Georgia briefs the NATO-Georgia Commission*, March 7, 2012.

²⁵ The White House, January 30, 2012.

²⁶ U.S. Senate, Committee on Foreign Relations, *Hearing on Nominations*, March 21, 2012.

NATO support for Georgia's territorial integrity and called on Russia to make a pledge not to use force against Georgia and to rescind its recognition of the breakaway regions as independent. It also raised concerns about Russia's military buildup in the breakaway regions and called on Russia to permit international observers and humanitarian groups free access to the regions.²⁷

The U.S. Congress approved the NATO Freedom Consolidation Act of 2007, signed into law in April 2007 (P.L. 110-17), to urge NATO to extend a MAP for Georgia and to designate Georgia as eligible to receive security assistance under the program established by the NATO Participation Act of 1994 (P.L. 103-447). The statement released by the U.S. delegation to the NATO Parliamentary Assembly in October 2011 (mentioned above) called for NATO to extend a MAP for Georgia at the upcoming NATO Summit in Chicago in May 2012. Some Administration officials have appeared to indicate that the United States will not push for a MAP for Russia at the Chicago NATO summit.

On March 8, 2012, Senator Lugar introduced S. 2177, The NATO Enhancement Act, which reaffirms an "open door" policy with respect to the accession of additional countries to NATO, including NATO aspirant Georgia. The bill expresses the sense of Congress that the President should lead efforts at the Chicago NATO Summit to provide a clear roadmap for the granting of a MAP (or other equivalent plan) to Georgia and other aspirants. The bill also amends the NATO Participation Act (P.L. 103-447) by adding that the President may assist Georgia and other aspirants to prepare for NATO membership by providing a joint assessment of their defense needs upon their request; by supporting sales of defense articles and services necessary to maintain sufficient territorial self-defense capabilities; by providing nonlethal excess defense articles; by approving commercial export sales; by providing Nonproliferation, Anti-Terrorism, Demining, and Related Programs assistance; by providing counter-narcotics aid; and by providing military assistance under Section 1206 of the NDAA for FY2006 (P.L. 109-163). The bill also requires a report from the Secretary of State 90 days after enactment that describes U.S. efforts to uphold the sovereignty and territorial integrity of Georgia.

The August 2008 Russia-Georgia Conflict

Simmering tensions between Georgia and its breakaway regions of South Ossetia and Abkhazia erupted on the evening of August 7, 2008. Georgia claims that South Ossetian forces did not respond to a cease-fire appeal to end mutual shelling of villages but intensified their shelling, "forcing" Georgia to send troops into South Ossetia that soon controlled the regional capital of Tskhinvali. The Russian military soon pushed Georgian forces out of South Ossetia, repeated this action in Abkhazia, and launched air strikes throughout Georgia. On August 15, the Georgian government accepted a French-brokered 6-point cease-fire that left Russian forces in control of the two regions, and two weeks later, Russia recognized their independence. On August 26, Russia recognized the independence of South Ossetia and Abkhazia. In September 2008, Russia, Georgia, and the breakaway regions signed follow-on cease-fire accords that called for bolstering the number of international monitors of the cease-fire, setting up an international conference on ensuring security and stability in the region, resettling refugees and displaced persons, and working out a peace settlement. The European Union has deployed about 300 cease-fire monitors. The international conference has held several meetings in Geneva, Switzerland, but so far has agreed only to some incident notification measures that have successfully reduced some tensions.

²⁷ NATO, *Chicago Summit Declaration*, May 20, 2012.

Georgia, the United States, and others have argued that in violation of the cease-fire accords, Russia has maintained troops in some areas instead of pulling them out, has not reduced the number of its troops in the regions to pre-conflict levels, and has forced out OSCE and U.N. observers from the regions. Russia has established military bases in each of the regions and a naval base in Abkhazia. The British publication *The Military Balance* reports that as of early 2012 there are 7,000 Russian military and border troops in Abkhazia and South Ossetia.²⁸

The EU and World Bank convened a donors' conference in Brussels on October 22, 2008, to garner international funds for Georgia's rebuilding. Thirty-eight countries and fifteen international organizations pledged approximately \$4.5 billion in aid to Georgia for the 2008-2010 period. The amount pledged was higher than the basic needs outlined in a Joint Needs Assessment report presented to the conference, indicating the high level of international concern over Georgia's fate.²⁹ The pledges are addressed to meet urgent social needs related to internally displaced people, as well as damaged infrastructure; budgetary shortfalls; loans, equity, and guarantees to the banking sector; and core investments in transportation, energy, and municipal infrastructure that will boost economic growth and employment. The United States pledged the largest amount—\$1 billion—for these efforts.

On September 30, 2009, a special EU fact-finding mission led by Swiss diplomat Heidi Tagliavini released a report on the origins and outcome of the August 2008 Russia-Georgia conflict. On the one hand, the mission concluded that "open hostilities began with a large-scale Georgian military operation against the town of Tskhinvali [in South Ossetia] and the surrounding areas, launched in the night of 7 to 8 August 2008. Operations started with a massive Georgian artillery attack." The mission also argued that the artillery attack was not justifiable under international law. However, it also argued that the artillery attack "was only the culminating point of a long period of increasing tensions, provocations and incidents" by the parties to the conflict. On the other hand, the mission suggested that "much of the Russian military action went far beyond the reasonable limits of defense," and that such "action outside South Ossetia was essentially conducted in violation of international law." In Abkhazia, actions by Russian-supported militias in the upper Kodori Valley "constituted an illegal use of force ... not justified under international law." The mission likewise asserted that actions by South Ossetian militias "against ethnic Georgians inside and outside South Ossetia, must be considered as having violated International humanitarian law and in many cases also human rights law."³⁰ Commenting on the release of the report, a U.S. State Department spokesman stated that "we recognize that all sides made mistakes and miscalculations through the conflict last year. But our focus is on the future."³¹

The International Crisis Group (ICG), a non-governmental organization, estimated in June 2010 that there may be fewer than 30,000 people residing in South Ossetia, and that the population continues to decline (a 1989 census, taken before the beginning of conflict, reported a regional population of 98,500). The ICG suggests that the region is increasingly less able to govern or sustain itself economically, so it must rely on Russian aid and thousands of Russian construction and government workers, troops, and border guards that are deployed there.³²

²⁸ *The Military Balance*, International Institute of Strategic Studies, March 7, 2012.

²⁹ The World Bank, *Georgia: Summary of Joint Needs Assessment Findings Prepared for the Donors' Conference of October 22, 2008 in Brussels*, n.d.

³⁰ *Report of the Independent International Fact-Finding Mission on the Conflict in Georgia*, Vol. 3.

³¹ U.S. Department of State, *Daily Press Briefing*, September 30, 2009.

³² *South Ossetia: The Burden of Recognition*, International Crisis Group, June 7, 2010.

In July 2010, Georgia unveiled an “action plan” to peacefully encourage the breakaway regions to reintegrate with Georgia. The action plan was praised by the United States and others in the international community as illustrating Georgia’s “strategic patience” in peacefully engaging with the breakaway regions. The action plan called for a humanitarian commission to be established in Tbilisi and the breakaway region, for status-neutral travel documents to be issued to individuals in the breakaway regions that would facilitate international travel, and an economic zone and other subsidies. The breakaway regions have rejected the plan, and critics have questioned whether Georgia’s and international donors’ assistance could outmatch Russia’s subsidies to the regions. Critics also raise concerns that the action plan appears to be contradicted by an earlier Law on Occupied Territories that restricts unauthorized contacts with the breakaway regions.

In November 2010, President Saakashvili proclaimed in a speech to the European Parliament that Georgia would “never use force to restore its territorial integrity and sovereignty, and only resort to peaceful means in its quest for de-occupation and reunification.” He subsequently sent written statements pledging the non-use of force to international organizations and Russia. Although Russia had long called for Georgia to reiterate such a pledge (the ceasefire agreements had contained such a pledge), Russia rejected making such a pledge to Georgia and has continued to call for Georgia to sign bilateral pledges with South Ossetia and Abkhazia.³³

At the December 1-2, 2010, summit meeting of the OSCE, the United States and Russia clashed over the principle of Georgia’s territorial integrity. The United States called for reestablishing an OSCE Mission in Georgia that would have a mandate that included the breakaway areas, but Russia refused. Language in the final declaration recognizing territorial integrity as a core principle of the OSCE was deleted.

In early March 2011, Assistant Secretary of State Philip Gordon reiterated the U.S. position that Georgia’s territory is “occupied” by Russian troops. He explained that “we don’t know what else to call it. We respect Georgia’s sovereignty and territorial integrity. We believe that Russia used disproportionate force and remains present in what we consider to be sovereign Georgia. So it’s not meant to be a particular provocation, it’s just a description of what we think the situation is and we’ve very active in the Geneva talks and bilaterally with Russia to try to bring about an end to what we consider to be a military occupation.”³⁴ The day after Gordon’s statement, the South Ossetian emissary to the Geneva conference denounced the use of the term “occupation” to describe Russia’s role, and called for a discussion of the term by international lawyers at the next Geneva meeting scheduled for June 2011.

On June 2 and June 6, 2011, Georgia announced that it had apprehended Russian terrorist infiltrators who were planning attacks in Georgia, including against the NATO Liaison Office in Tbilisi. Georgia alleged that Russian security agencies were behind the planned attacks. Russia termed these allegations “artificially fabricated arrays of data.”³⁵ In late July 2011, the *Washington Times* alleged that the U.S. intelligence community had backed up a Georgian claim that Russian intelligence operatives had orchestrated a bombing in September 2010 near the U.S. Embassy in Tbilisi.³⁶

³³ *Civil Georgia*, November 23, 2010.

³⁴ U.S. Embassy, Bratislava, Slovakia, *Assistant Secretary of State for Europe Phil Gordon in Bratislava: The U.S. Relationship With Central Europe Under the Obama Administration*, March 3, 2011.

³⁵ Ministry of Foreign Affairs of the Russian Federation, June 13, 2011.

³⁶ *Washington Times*, July 27, 2011; Maka Gurgenzidze, “CIA Reportedly Concluded Bombing of U.S. Embassy in (continued...)”

Secretary Clinton stated during her June 2012 visit that U.S. embassies and consulates would recognize the validity of status-neutral travel documents issued by Georgia to residents of Abkhazia and South Ossetia who wished to travel or study in the United States. At the June 7-8, 2012, Geneva meeting, the Russian side criticized Clinton's announcement as setting back the peace process.

U.S. Relations

Signed in January 2009, the U.S.-Georgia Charter on Strategic Partnership reflects strong U.S. support for Georgia's continued sovereignty and independence. In the security realm, "the United States and Georgia intend to expand the scope of their ongoing defense and security cooperation programs to defeat [threats to global peace and stability] and to promote peace and stability." Such cooperation will "increase Georgian capabilities and ... strengthen Georgia's candidacy for NATO membership." In the economic realm, the two countries "intend to pursue an Enhanced Bilateral Investment Treaty, to expand Georgian access to the General System of Preferences, and to explore the possibility of a Free-Trade Agreement." Energy security goals include "increasing Georgia's energy production, enhanc[ing] energy efficiency, and increas[ing] the physical security of energy transit through Georgia to European markets." In the realm of democratization, the two countries "pledge cooperation to bolster independent media, freedom of expression, and access to objective news and information," and to further strengthen the rule of law. The United States pledged to train judges, prosecutors, defense lawyers, and police officers.³⁷

The first meeting of the U.S.-Georgia Strategic Partnership Commission was held on June 22, 2009, in Washington, DC, led by Deputy Secretary of State James Steinberg and Georgian Foreign Minister Grigol Vashadze. The Security Working Group also met, co-headed on the U.S. side by Assistant Secretary of State Philip Gordon and Assistant Secretary of Defense Alexander Vershbow, and headed on the Georgian side by Deputy Foreign Minister Giga Bokeria. Other working groups on the economy, democracy, and people-to-people exchanges held initial meetings over the next few months.³⁸

The second plenary meeting of the U.S.-Georgia Strategic Partnership Commission was held on October 6, 2010, in Washington, DC. Meeting with then-Prime Minister Nikoloz Gilauri, Secretary Clinton stated that "the United States will not waver in its support for Georgia's sovereignty and territorial integrity. That support is a core principle of our Charter on Strategic Partnership, and it is fundamental to our bilateral relationship. The United States remains committed to Georgia's aspirations for membership in NATO.... We continue to call on Russia to end its occupation of Georgian territory.... As part of our commitment to enhancing Georgia's future as a prosperous and secure member of the Western family of nations, we will continue to work with you to strengthen Georgian democracy."³⁹ Gilauri indicated that Georgia was

(...continued)

Tbilisi has Ties to Moscow," *CACI Analyst*, August 3, 2011.

³⁷ U.S. Department of State, *U.S.-Georgia Charter on Strategic Partnership*, January 9, 2009.

³⁸ U.S. Department of State, *Fact Sheet: U.S. - Georgia Charter on Strategic Partnership*, October 6, 2010.

³⁹ U.S. Department of State, *Remarks at the U.S.-Georgia Charter on Strategic Partnership Omnibus Meeting*, October 6, 2010.

requesting more educational, security, and economic assistance, including to bolster energy infrastructure.⁴⁰

The third plenary meeting of the Strategic Partnership Commission was held on June 5, 2012, in Batumi, Georgia. Secretary Clinton and then-Prime Minister Gilauri apparently mainly held discussions with the four working groups, according to the State Department. The defense and security working group discussed options to assist Georgia to improve air surveillance and air and coastal defense, combat engineer capabilities, and non-combatant officer training, and to upgrade the utility helicopter fleet. The State Department reported that the United States planned to move to implement such programs in coming months, and would also consider requests for “defensive articles.” In the democracy working group, the U.S. participants stressed the importance of holding free and fair elections in order to further Euro-Atlantic integration, and called for reforms to the criminal justice system and the administrative code. The economic, energy, and trade working group discussed the talks on a possible free trade agreement and measures to improve Georgia’s business climate. The people-to-people working group discussed Secretary Clinton’s announcement that the United States would accept the Status Neutral Travel Document from residents of South Ossetia and Abkhazia for travel to the United States.⁴¹

The United States has been Georgia’s largest bilateral aid donor, budgeting cumulative aid of \$3.37 billion in FY1992-FY2010 (all agencies and programs). Georgia has regularly ranked among the top world states in terms of per capita U.S. aid. U.S.-budgeted aid for Georgia in FY2011 was \$87.1 million, and estimated aid for Georgia in FY2012 is about \$85.1 million. Requested foreign assistance for FY2013 is about \$68.7 million (data for FY2011, FY2012, and FY2013 include “Function 150” programs and exclude Defense and Energy Department funds).⁴² The Millennium Challenge Corporation (MCC) closed out a 2006-2011 \$395 million agreement (termed a “compact”) with Georgia that the MCC regarded as highly successful in resurfacing roads, rehabilitating the north-south gas pipeline, rebuilding water supplies, and providing agricultural assistance (much of the MCC spending was in addition to above-mentioned aid). In late May 2012, MCC transmitted a Congressional Notification of a new compact with Georgia worth up to \$2.7 million. Georgia has suggested efforts to bolster education, and MCC will provide preliminary funding to assist Georgia in working out details of such a program.

At a press conference after meeting with Russian President Dmitriy Medvedev on July 6, 2009—part of the U.S. “reset” of relations with Russia—President Obama reported that he had “reiterated my firm belief that Georgia’s sovereignty and territorial integrity must be respected.”⁴³ In Georgia, many officials and others viewed the meeting positively as lessening the chances of renewed Russia-Georgia conflict and as a reaffirmation of the U.S. commitment to Georgia. Perhaps to further reassure Georgians, Vice President Joseph Biden visited Georgia in late July 2009 to emphasize the continued U.S. commitment to its sovereignty and independence. President Obama reaffirmed the U.S. commitment to uphold Georgia’s sovereignty and territorial integrity when he met with President Saakashvili at the nuclear summit in Washington, DC, in

⁴⁰ *The Messenger*, April 28, 2011; *Civil Georgia*, April 28, 2011.

⁴¹ U.S. Department of State, *Joint Statement Following the U.S.-Georgia Strategic Partnership Commission Meeting in Batumi, Georgia*, June 14, 2012; *Remarks at Omnibus Session of the Strategic Partnership Commission*, Hillary Rodham Clinton, Secretary of State, June 5, 2012.

⁴² U.S. Department of State, *Congressional Budget Justification for Foreign Operations, Annex: Regional Perspectives, FY2012*, March 2011.

⁴³ The White House, Office of the Press Secretary, *Press Conference by President Obama and President Medvedev of Russia*, July 6, 2009.

April 2010 and on January 14, 2011 (with Vice President Biden), but President Obama reportedly did not meet with President Saakashvili during the latter's week-long mid-March 2011 U.S. visit (President Saakashvili did meet with Members of Congress; see below).

Secretary of State Hillary Clinton paid a six-hour visit to Georgia on July 5, 2010, during her regional tour. She urged Georgians not to focus on the past, possibly referring to the Russia-Georgia conflict, but to be “focused on what you can do today and tomorrow to improve your lives and the lives of your family and the lives of your fellow citizens by building your democracy and opening your economy and providing more justice and social inclusion, that, to me, is the great mission of Georgia.” While stating that the United States continued to call for Russia to pull back its troops to their positions on August 6, 2008 (in line with the 6-point ceasefire agreement), she also “strongly urged” Georgia to “not be baited or provoked into any action that would give any excuse to the Russians to take any further aggressive movements.”⁴⁴ Vice President Biden revisited Georgia on July 23, 2010—as in 2009, just after a U.S.-Russia summit—to reassure Georgia of U.S. interest in its fate. He urged Georgia to continue to develop democratic institutions and free markets, including as the best means to attract the people of the breakaway areas to reintegrate with the rest of Georgia. He called for further democratization, including constitutional changes to create a balance of power between the legislative and executive branches of government.

In 2011-2012, there were further high-level U.S.-Georgia bilateral visits. In January 2011, President Saakashvili met with President Obama during a U.S. visit, and reportedly gave the U.S. President a report detailing Georgia's defense needs. In August 2011, the U.S. Commander of the European Command and NATO's Supreme Allied Commander, Admiral James Stavridis, visited Georgia to discuss Georgia-NATO cooperation and Georgia's participation in the International Security Assistance Force (ISAF) in Afghanistan. According to some reports, Presidents Obama and Saakashvili briefly met on the sidelines of the opening of the U.N. General Assembly in New York in September 2011. Some congressional delegations also visited.

During his state visit to the United States in January 2012, President Saakashvili met with President Obama, who praised efforts in Georgia to increase the honesty of police, the rule of law, and free market reforms, and called for free elections in the future. He stated that these democratic and free market reforms could serve as examples for other Eurasian countries. He reiterated the call in the Charter for exploring a free trade agreement, and thanked Saakashvili for Georgia's troop contributions in Afghanistan. He mentioned in a press conference that the two presidents had discussed “strengthen[ing] our defense cooperation,” and he voiced continuing support for Georgia's NATO aspirations. In response at the press conference, President Saakashvili stated that “we are grateful for elevating our defense cooperation further and talking about Georgia's self-defense capabilities and developing it.”⁴⁵ Russia's then-Prime Minister Putin and others in Russia denounced what they inferred was a change in U.S.-Georgia defense ties, although the Administration claimed that its defense cooperation policy toward Georgia had not changed.

⁴⁴ U.S. Department of State, *Remarks by Secretary Clinton: Joint Press Availability With Georgian President Saakashvili*, July 5, 2010; *Remarks at a Town Hall With Georgian Women Leaders*; July 5, 2010.

⁴⁵ The White House, Office of the Press Secretary, *Remarks by President Obama and President Saakashvili of Georgia After Bilateral Meeting*, January 30, 2012.

In his annual worldwide threat assessment, Director of National Intelligence James Clapper testified in January 2012 that tensions related to separatist conflicts in the South Caucasus would continue. He also cautioned that possible plans by Saakashvili to retain some power by becoming the prime minister after a scheduled 2013 presidential election could contribute to domestic tensions in Georgia.⁴⁶

At his confirmation hearing in March 2012, Ambassador-designate to Georgia Richard Norland stated that the United States would continue to call for the pull-back and reduction of Russian troops in the occupied regions to pre-conflict numbers. U.S. priorities in Georgia included support for its democratization, and he acknowledged that there were “deep concerns” about the harassment of prospective opposition candidates and parties in the run-up to the autumn legislative election. He also stressed that the conduct of the elections would be a “litmus test” of Georgia’s readiness for NATO membership. He stated that at the January 2012 U.S.-Georgia summit, the two presidents had

agreed to enhance [defense cooperation] programs, to advance Georgian military modernization reform and self-defense capabilities.... Sustaining robust bilateral security and defense cooperation with Georgia will also remain a high priority.... Our plans for security assistance and military engagement with Georgia are to support Georgia’s defense reforms, to train and equip Georgian troops for participation in the ISAF mission and to advance Georgia’s NATO interoperability.⁴⁷

At her meeting with Saakashvili on June 5, 2012, Secretary Clinton stated that she reaffirmed U.S. support for Georgia’s sovereignty and territorial integrity within its internationally-recognized borders, and announced that U.S. consular officials would recognize so-called status-neutral travel documents issued by the Georgian government to residents of Abkhazia and South Ossetia who wished to visit the United States. She stated that by recognizing such travel documents, the United States was facilitating reconciliation in Georgia. She called for Georgia to hold a democratic legislative election in October 2012, and met with some opposition party officials (she declined to meet separately with Ivanishvili, but some of his representatives attended the meeting). She stated that the two sides had agreed on new areas of defense cooperation, including training and support for monitoring the seacoast and skies, upgrades for the utility helicopter fleet, and enhanced officer training. She reported that an inaugural High-Level Trade and Investment Dialogue meeting had been held the previous week in Washington, D.C., which had included discussion of a prospective free trade agreement.

Some observers have called for a reevaluation of some aspects of U.S. support for Georgia. These critics have argued that many U.S. policymakers have been captivated by Saakashvili’s charismatic personality and pledges to democratize and have tended to overlook his bellicosity. They have warned that U.S. acceptance of Georgian troops for coalition operations in Afghanistan must not lead to U.S. defense commitments to Georgia, and a few have suggested that the United States should not unquestionably back Georgia’s territorial integrity, but should rather encourage reconciliation and the consideration of options short of the near-term reintegration of the regions into Georgia. Other observers have called for a more robust U.S. and NATO effort to resupply Georgia with defensive weaponry so that it might deter or resist Russian

⁴⁶ U.S. Senate, Select Committee on Intelligence, Hearing on “World Wide Threats,” *U.S. Intelligence Community Worldwide Threat Assessment: Statement for the Record*, James R. Clapper, Director of National Intelligence, January 31, 2012.

⁴⁷ *Hearing of the Senate Foreign Relations Committee*, Federal News Service, March 21, 2012.

aggression. At the same time, most observers advise against extending diplomatic recognition to breakaway regions without an international consensus.⁴⁸

Congressional interest in Georgia has included hearings and legislation. Among recent legislation, on January 24, 2012, Rep. Bill Shuster introduced H.Res. 526, which affirms that it is U.S. policy to support Georgia's independence and territorial integrity, calls on Russia to end its occupation of Georgian territory and to permit the return of displaced persons to the regions, supports U.S. engagement to enhance Georgia's security and its NATO membership aspirations, and encourages Georgia to strengthen its democracy. The House Foreign Affairs Committee ordered the bill to be reported on June 7, 2012. On March 8, 2012, Sen. Richard Lugar introduced S. 1277, the NATO Enhancement Act of 2012, and on March 22, 2012, Rep. Michael Turner introduced a similarly-named bill in the House. The bills direct the President to establish and update bilateral programs to assist Bosnia and Herzegovina, Georgia, the Republic of Macedonia, and Montenegro to achieve NATO membership. On March 26, 2012, Rep. Jim McDermott introduced H.R. 4258, the Republic of Georgia Democracy Act of 2012. The bill prohibits providing FY2013 U.S. foreign assistance to Georgia until the Secretary of State reports to Congress that the legislative elections planned for October 2012 were carried out in a free and competitive manner.

Contributions to Counter-Terrorism Operations in Iraq and Afghanistan

The former president of Georgia, Eduard Shevardnadze, immediately condemned the attacks on the United States on September 11, 2001, and offered "airspace and territory" for U.S. coalition operations in Afghanistan. Georgia was among the countries in 2003 that openly pledged to support the U.S.-led Operation Iraqi Freedom. In August 2003, Georgia dispatched 69 troops to Iraq, boosted them to over 850 in March 2005, and increased them to 2,000 by September 2007, making it among the top contributors of troops. Georgian troops served under U.S. command. Many provided security in the "Green Zone" in Baghdad, the town of Baqubah northeast of Baghdad, and in Wasit Governorate, along the Iranian border. Most of the troops pulled out in August 2008 in connection with the Russia-Georgia conflict, and the rest pulled out by the end of November 2008.

Georgia contributed about 50 troops during Afghan elections in late 2004–early 2005. On November 16, 2009, Georgia sent 173 troops for training in Germany before their scheduled deployment at the end of March 2010 to support ISAF. These troops were boosted to 925 in mid-2010. Currently, 935 Georgian troops are deployed, and 15 Georgian troops have been killed. On December 20, 2011, the Georgian legislature approved sending an added battalion of 749 troops. These troops are planned to be deployed in October 2012, boosting the size of the Georgia contingent to 1,685 troops. Georgia will then be the largest contributor to ISAF among non-NATO member countries (surpassing Australia with 1,550 troops). The opposition Labor Party in Georgia is one of the few parties that opposes troop deployments to Afghanistan and calls for the troops to be recalled.

⁴⁸ Alexander Cooley and Lincoln Mitchell, "No Way to Treat Our Friends: Recasting Recent U.S.-Georgian Relations," *The Washington Quarterly*, January 2009, pp. 27-41; Lincoln Mitchell, *Uncertain Democracy: U.S. Foreign Policy and Georgia's Rose Revolution* (Philadelphia: University of Pennsylvania Press, 2009); "A Georgia-Russia War Discussion between Gordon Hahn and Johnson's Russia List," *Russia: Other Points of View*, October 17, 2008, at <http://www.russiaotherpointsofview.com>; Paul Saunders, "Help Has Strings Attached," *Washington Times*, December 17, 2009.

Among U.S. security programs in Georgia, a \$64 million Georgia Train and Equip Program (GTEP) began in 2002. U.S. troops provided training to 200 officers, some 2,000 soldiers, and a small number of Interior (police) Ministry troops and border guards. According to the U.S. Defense Department, the GTEP aimed to help Georgia “to resist pressure to allow the Russian military to pursue Chechen rebels” into Georgia, help it combat terrorists inside the country, and block those trying to infiltrate Georgia. Small arms, communications and medical gear, and uniforms were provided. The program ended in 2004 but a follow-on Sustainment and Stability Operations Program (SSOP) was launched in FY2006. SSOP provided training for 7,800 troops, in part to support U.S.-led coalition operations in Iraq, along with advisory assistance for defense reforms and maintenance for previously supplied helicopters. Georgia pulled most of its troops out of Iraq in the wake of the Russia-Georgia conflict and the rest by the end of 2008. About \$124.2 million in Coalition Support Funds were used for SSOP.⁴⁹ Congress provided \$50 million in FY2008 and \$50 million in FY2009 under the (now expired) authority of Section 1207 of the National Defense Authorization Act for FY2006 (P.L. 109-163) for reconstruction and stabilization activities in Georgia, of which only a small portion was defense-related (the restoration of Coast Guard infrastructure; none was weapons-related, see below). Under Section 1206 of the Act, Congress provided \$8.8 million to Georgia in FY2008 for special forces training.⁵⁰

The Georgia Deployment Program-ISAF, begun in late 2009, is supported by Marine Forces Europe to deploy Georgian forces alongside U.S. Marines to Afghanistan. As capabilities improve, the Georgian forces will operate independently, and a Georgian training group will be created that can largely take over from the Marine trainers. Coalition Readiness Support Program funds are used to train and equip the Georgian troops, amounting to \$23.6 million in FY2010, \$23.5 million in FY2011, and \$81.8 million in FY2012. Under Section 1206, 40 Highly Mobile Multi-Wheeled Vehicles (HMMWV), night vision devices, radios, rifle scopes, and other equipment amounting to \$19.07 million were provided in FY2010. In FY 2011, \$21.7 million in Section 1206 funds were used to provide vehicles, communication equipment, and night vision devices, and in FY2012, \$3.7 million is being used for communications and electronics equipment, weapons sights, and other equipment. Also in FY2012, 48 Mine Resistant Ambush Protected (MRAP) vehicles are being loaned for training in Georgia, under the authority of Section 1202 of the National Defense Authorization Act for FY2007 (P.L. 109-364).

Assistant Secretary Vershbow testified in August 2009 that the Obama Administration was “focusing on building defense institutions, assisting defense sector reform, and building the strategic and educational foundations that will facilitate necessary training, education, and rational force structure design and procurement. We are assisting Georgia to move along the path to having modern, western-oriented, NATO-interoperable armed forces capable of territorial defense and coalition contributions.” He stressed, however, that “the United States has not ‘rearmed’ Georgia as some have claimed. There has been no lethal military assistance to Georgia since the August [2008] conflict.”⁵¹ Although President Saakashvili seemed to indicate during

⁴⁹ U.S. Senate, Committee on Armed Services, Hearing on the Georgia-Russia Crisis, *Testimony of Eric S. Edelman, Under Secretary of Defense for Policy*, September 9, 2008.

⁵⁰ CRS Report RS22871, *Department of Defense “Section 1207” Security and Stabilization Assistance: Background and Congressional Concerns, FY2006-FY2010*, by Nina M. Serafino; CRS Report RS22855, *Security Assistance Reform: “Section 1206” Background and Issues for Congress*, by Nina M. Serafino; U.S. Department of Defense, *Section 1209 and Section 1203(b) Report to Congress on Foreign-Assistance Related Programs for FY2008, 2009, and 2010*, April 2012.

⁵¹ U.S. Senate, Committee on Foreign Relations, Subcommittee on Europe, Hearing on Georgia: One Year After the (continued...)

Secretary Clinton's July 2010 visit that U.S. security cooperation with Georgia was adequate, he stated in September 2010 that "leaving Georgia defenseless doesn't help the situation. Georgia cannot attack Russia, while a defenseless Georgia is a big temptation for Russia to change our government through military means.... As part of ongoing security cooperation, we hope that the U.S. will help us with defense-weapons capabilities."⁵²

Some in Congress and elsewhere criticized this dearth of lethal security assistance to bolster Georgia's territorial defense capabilities.⁵³ Although President Saakashvili seemed to indicate during Secretary Clinton's July 2010 visit that U.S. security cooperation with Georgia was adequate, he stated in September 2010 that "leaving Georgia defenseless doesn't help the situation. Georgia cannot attack Russia, while a defenseless Georgia is a big temptation for Russia to change our government through military means.... As part of ongoing security cooperation, we hope that the U.S. will help us with defense-weapons capabilities."⁵⁴ On December 12, 2010, U.S. Senator John McCain called for the Obama Administration to resume some defensive arms transfers to Georgia, including early warning radars. Three days later, Giorgiy Baramidze, the Georgian deputy prime minister and state minister for Euro-Atlantic integration, also called for the United States to resume the transfer of defensive weapons to Georgia. During his March 10-17, 2011, visit to the United States, President Saakashvili reportedly requested U.S. transfers of defensive weapons. In late March 2011, he reportedly stated that while some U.S. small arms transfers were "in the pipeline," Georgia needed anti-air and anti-tank weapons from the United States.⁵⁵

During a hearing of the Senate Armed Services Committee on March 29, 2011, Senator McCain asked whether the United States was providing defensive weapons to Georgia, and EUCOM Commander Stavridis stated that "at this moment we are not providing them [with] what I would term high-end military defensive weapons." Senator McCain responded that "it is hard for me to understand, since the Russians still occupy territory that is clearly Georgian territory and continue to threaten Georgia, and yet we're not even giving them weapons with which to defend themselves. It is not comprehensible."⁵⁶

After a meeting between U.S. Members of Congress and Georgian legislators on the sidelines of the annual meeting of the NATO Parliamentary Assembly in Bucharest, Romania, in mid-October 2011, the U.S. delegation head, Representative Mike Turner, released a statement of support for Georgia. According to the statement, "the United States recently approved a commercial arms

(...continued)

August War. *Testimony of Alexander Vershbow, Assistant Secretary of Defense for International Security Affairs*, August 4, 2009.

⁵² Jerry Guo, "Russia's Occupation Won't Last," *Newsweek*, September 12, 2010.

⁵³ U.S. Senate, Committee on Foreign Relations, *Striking The Balance: U.S. Policy And Stability In Georgia, a Report to the Committee on Foreign Relations*, S. PRT. 111-37, December 22, 2009; Joshua Kucera, "Georgia: Senate Staff Report Stokes Unease in the Caucasus," *Eurasia Insight*, January 5, 2010.

⁵⁴ Jerry Guo, "Russia's Occupation Won't Last," *Newsweek*, September 12, 2010.

⁵⁵ Josh Rogin, "Georgian President: Russia has to Compromise if it Wants into WTO," *The Cable, Foreign Policy*, March 30, 2011, at http://thecable.foreignpolicy.com/posts/2011/03/30/georgian_president_russia_has_to_compromise_if_it_wants_into_wto.

⁵⁶ U.S. Congress, Senate, Committee on Armed Services, *Hearing on the U.S. European Command and U.S. Strategic Command Budget for Fiscal Year 2012*, March 29, 2011.

sale to Georgia; all NATO states should look to arms sales with Georgia that can add to the collective defense.... A stronger Georgia is clearly in the interest of all NATO members.”⁵⁷

A report issued in October 2011 by a team led by Senators Jeanne Shaheen and Lindsey Graham urged that U.S. policy be changed to “normalize ... defense relations with Georgia, including allowing sales of defensive military equipment [which] will encourage other allies to follow suit, enabling Georgia to resume purchasing armaments from Central European allies.”⁵⁸

On December 31, 2011, President Obama signed into law the National Defense Authorization Act (NDAA) for FY2012 (P.L. 112-81). Section 1242 calls for the Defense Secretary to submit a plan to Congress for the normalization of U.S. defense cooperation with Georgia, including the sale of defensive weapons. In a signing statement, the President stated that if the provisions of the section conflict with his constitutional authority to conduct foreign relations (presumably, in this case, including his “reset” policy with Russia), they would be considered non-binding. At a press conference after he met with President Obama in late January 2012, President Saakashvili stated that “we are very grateful for elevating our defense cooperation further, and talking about [developing] Georgia’s self-defense capabilities,” while President Obama appeared more reticent in stating only that “we will continue to strengthen our defense cooperation.”⁵⁹ Russian Prime Minister (and currently President-elect) Vladimir Putin denounced the reported closer U.S.-Georgia defense cooperation as encouraging Georgia to carry out aggressive military actions.

Deputy Assistant Secretary of Defense Celeste Wallander visited Georgia in February 2012 to discuss enhanced defense cooperation. She stressed that U.S. efforts to professionalize the Georgian military since 2008 “have begun to build a military that is not only more interoperable with the United States and NATO, but also one that is beginning to meet Western and Euro-Atlantic standards of conduct.” She emphasized that such defense institution building to consolidate democratic civil-military relations is “more important than acquiring any weapons or military hardware, gaining any critical combat skills, or becoming interoperable with any coalition forces.”⁶⁰

At his confirmation hearing on March 21, 2012, Ambassador-designate to Georgia Richard Norland stated that one commercial arms sale of M4 carbines had been approved by the Administration, and he pledged that, if confirmed, he would work to enhance military-to-military defense cooperation.⁶¹

The report required by the NDAA for FY2012 was transmitted to Congress on April 30, 2012. The report states that results of bilateral security collaboration since the 2008 conflict have included the revision of Georgia’s national security strategy and defense plan, institutionalizing Afghan training and deployment methods, implementing a military personnel management system, and reorganizing the armed forces. The latter has included the creation of a National

⁵⁷ “Meeting of US and Georgian Delegations at NATO Parliamentary Assembly,” *The Messenger*, October 11, 2011; “U.S. Congresspersons Release Strong Statement of Support for Georgia in NATO,” *The Messenger*, October 12, 2011.

⁵⁸ *Georgia in the West: A Policy Road Map to Georgia’s Euro-Atlantic Future*, Atlantic Council, October 13, 2011.

⁵⁹ The White House, *Remarks by President Obama and President Saakashvili of Georgia After Bilateral Meeting*, January 30, 2012.

⁶⁰ U.S. Embassy, Tbilisi, Georgia, *Deputy Assistant Secretary of Defense Wallander Presentation to the Georgian National Defense Academy*, February 22, 2012.

⁶¹ U.S. Senate, Committee on Foreign Relations, *Hearing on Nominations*, March 21, 2012.

Defense Academy to train officers who can operate with U.S. and NATO forces and who share Western values. The report stressed that there were two pillars of U.S.-Georgia defense cooperation: U.S. support for modernizing Georgia's armed forces; and U.S. support for Georgia's contributions to ISAF. For the first pillar, there were 63 cooperative training, education, and operational contacts in FY2011, and 23 in FY 2012 through April 2012. According to the report, all of Georgia's 19 requests since May 2010 for foreign military sales equipment and services have resulted in transfers or are in the process of being fulfilled. Six of these requests were to support ISAF deployments, but the rest were to support defense modernization, mostly involving training. Only two transfers seemed to involve military equipment for defense capabilities, in order to enhance communications (the report did not list the sale of carbines, mentioned above).

The report stated that Presidents Obama and Saakashvili had agreed in January 2012 on enhanced defense cooperation in the areas of air and coastal surveillance and defense training, train-the-trainer instruction for non-commissioned officers, brigade command and staff training, combat engineer training, and utility helicopter training. The report stated that discussions are underway for Georgia to purchase air and coastal surveillance radar and acoustic systems and small arms ammunition. The report announced that the "enhanced defense cooperation" program would begin in FY2013.⁶²

During her June 5-6, 2012, visit to Georgia, Secretary Clinton hailed this planned enhanced defense cooperation. While there, she also highlighted other security cooperation. She helped formally commission a patrol boat that had been modernized with funds from the Export Control and Related Border Security (EXBS) Account of the State Department. She stated that since the 2008 conflict, the United States had supplied \$10 million to rebuild Georgia's Coast Guard, including three patrol boats, construction of a ship repair facility, installation of new communications and observation equipment, and a maritime information center. She also hailed other EXBS assistance to Georgia in recent years.⁶³

⁶² U.S. Department of Defense, *Report to Congressional Committees on the Department of Defense Plan for Defense Cooperation with the Republic of Georgia*, April 30, 2012.

⁶³ U.S. Department of State, *Remarks at Coast Guard Ship Commissioning*, June 5, 2012.

Figure I. Map of Georgia



Source: CRS.

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