

# **GEORGIA AND THE WORLD: A VISION AND STRATEGY FOR THE FUTURE**

## **I. INTRODUCTION**

Georgia is at a unique and critically important moment in its long history. Georgia has not only regained its independence; it has also set out on a path of transformation of the features of its society. The people of Georgia have chosen unambiguously to join the community of nations that are governed democratically, that value the rights of the individual under the rule of law.

Such profound changes are unavoidably accompanied by difficulties. But with continued efforts to modernize Georgia's economy and to reform its public institutions, Georgian citizens are confident that they can build for themselves and their descendants a better future.

In this environment of rapid and profound change, it is especially important that the Government of Georgia articulates a clear vision of the future for the nation and that it describes the path by which it intends to reach that future. Both the Georgian people and the world at large need to understand the direction that Georgia is taking and the roles it intends to play. This document is intended to contribute to that understanding. It describes the means by which Georgia intends to secure and advance its national interests in the presence of opportunities and challenges it faces abroad. It also highlights recent initiatives Georgia has taken in pursuit of its new and ambitious national agenda, and it identifies future steps to be taken.

## **II. FUNDAMENTAL NATIONAL GOALS**

Any consideration of national strategy must begin with a clear appreciation of objectives. These goals relate to the fundamental purposes (which justify the existence of the state) for which the state exists. The Government of Georgia, like that of other free nations, is constituted in order to provide for its citizens their civil, political, economical, social and cultural rights.

In order to secure these fundamental rights, the Georgian people aspire to the following goals:

- **Independence.** Georgia must be self-governing and not subject to control and influence by other nations or entities. Georgia respects the sovereignty and cultural heritage of other states and it expects to be treated accordingly. Georgia does not accept a *droit de regard* by any other nation over its policies or national life
- **Security.** Georgia strives for secure international borders recognized by its neighbors and the international community. Georgia seeks to ensure the security of its

citizens and national institutions by instituting sound policies in the political, military, economical, social, and cultural spheres.

- **Freedom.** Georgia will ensure that the political and human rights of its citizens are safeguarded. Therefore it is establishing a democratic system of governance in which state power is defined and circumscribed in law, and is balanced among the branches of government. Georgia will also undertake to nurture the growth of a civil society in which the rights of every single individual and group within Georgia are respected and protected.
- **National Unity.** The Government of Georgia seeks to strengthen among its citizens feelings of loyalty to the Constitution and a sense of common citizenship. Georgia intends to preserve territorial integrity and to peacefully resolve all disputes regarding the status and rights of ethnic and religious groups living within its borders.
- **Prosperity.** Georgia will support the development of an economy governed by the free market mechanisms. The Government of Georgia will strive to create conditions favorable to the economic growth, foreign trade and investment. The Government of Georgia will do its best to ensure that the basic economic needs of its people are met.
- **Peace.** Georgia seeks to live in harmony with its neighbors. Georgia aims to resolve disputes peacefully, in accordance with international law and through negotiations. Georgia will contribute, to the creation of a more stable and peaceful world by participating in multinational peacekeeping operations according to its abilities.

In order to achieve these important goals, Georgia must establish a long-term national program. Success in this endeavor will demand steadfast efforts as well as patience, and will require contributions from virtually every member of the society. Georgia is not alone in seeking these ambitious goals. Leading members of the international community have recognized that a free, independent, and prosperous Georgia has much to offer to its region and to the world, and they have generously offered their assistance.

### **Georgia's History in Brief**

The Georgians are an ancient people, whose long history has been marked by intensive interactions with other cultures and nations, such as Assyrians, Urartuans, Greeks, Romans, Parthians, Arabians, Byzantines, Mongols, Iranians, Turks, Russians and the Western European countries.

Due to its productive land and strategic location astride the crossroads between Europe and Asia, Georgia has been always attracted the attention of traders as well as potential conquerors. The ancestors of today's Georgians practiced nimble diplomatic skills, seeking to maintain good relations with their neighbors, but sometimes bloodshed was unavoidable. Through their history of more than 30 centuries, Georgians have managed to preserve their unique language, culture, and identity.

The adoption of Christianity as a state religion in the beginning of 4<sup>th</sup> century A.D. accelerated the cultural development of Georgia, and strengthened its affiliation with the Western, Christian world. Georgia's power and influence reached their peak during the 11<sup>th</sup>-12<sup>th</sup> centuries. Foreign trade thrived as Georgia maintained close contacts not only with the Near East, but also with Europe and parts of Asia. An important expression of Georgian culture from this period is the poem, "The Knight in the Panther's Skin" by Shota Rustaveli, a work of enduring power that has enriched the treasury of world culture. The Gelati Academy, also founded in this period, had affiliations with the Mangana Academy in Byzantium, Bologna University in Italy, Paris and Chartres Universities in France, which were the main centers of the humanistic movement.

Political vicissitudes that started in Georgia in the 13<sup>th</sup> century brought frequent challenges from outside aggressors. These hindered the economic and cultural development of Georgia, and eventually the nation faced the threat of disappearance. Georgian monarchs sought help from Western European countries and the Pope, but they were unable to assist.

In the 18<sup>th</sup> century, Georgia sought to re-establish social, economic, and political links with the Christian world. As part of this effort, Georgia eventually established close relations with Russia. In 1801 Russia abolished the Kartl-Kakhetian kingdom, which had been a Russian protectorate since 1783, and formally incorporated it into the Russian empire.

On 26 May, 1918 Georgia gained its independence, and started to move towards rebuilding and development, but in 1921 it was annexed by Soviet Russia.

Even after their forced integration into the USSR, Georgians were never reconciled to subjugation. After the dissolution of the USSR in 1991, Georgia again started to rebuild its statehood. The road of independence has been paved with bloody conflicts and civil war, but by 1995 the country had moved decisively toward the creation of an open and democratic society, as codified by the new Constitution adopted in that year.

### **III. THE INTERNATIONAL ENVIRONMENT**

As Georgia works to realize its national ambitions and to secure its unique place in the international community, account must be taken of factors in the international environment that impinge upon its intentions. A survey of that environment points to opportunities as well *as* challenges.

**Opportunities.** From Georgian perspective, the chief favourable factor in the present international environment arises from the collapse of the Soviet Union, a development that gave Georgia the chance to regain its independence. The Government of Georgia aims to consolidate that independence, in part by making it clear to all of its neighbors that an independent, prosperous, stable, and unified Georgia is clearly in their

best interests. This applies especially to Georgia's relations with The Russian Federation, with which Georgia seeks the same stable and harmonious relationship that it enjoys with other countries. Georgia poses no threat to its neighbors, and intends to play a positive role in the region's economic growth and political development.

Georgia's geographic location provides numerous sources of opportunities. Lying astride the crossroads between Europe and Asia, and between the Christian and Moslem worlds, Georgia has always served as a vital link—physically, economically, and intellectually—between East and West. With global trade blossoming and new markets and resources opening in Central Asia, Georgia can become a key factor in the growing exchange of goods, people, and information between East and West and North and South.

Georgia aspires to play a growing role as a producer of value in the world economy. It is well-endowed with assets important to a dynamic economy. Its people are energetic, entrepreneurial, and well-educated. Its fertile land and gentle climate have always supported an unusually varied and productive agricultural sector. And its physical infrastructure, while in need of modernization, provides a basis for new growth.

**Challenges.** Even as Georgia works to capitalize on these unique opportunities, it must cope with a host of challenges. The most urgent of these is the need to consolidate the unity of the state by building a stronger sense of nationhood among its people and regions. The most pressing need is to resolve disputes with separatist elements within Georgia. The Government of Georgia seeks to reconcile the people and leaders of Abkhazia, Georgia and the South Ossetia regions to life within the Georgian state. A satisfactory resolution of these disputes is an essential precondition for the establishment of stable political, social, and economic conditions in these regions, and for the return of some 300,000 Georgians who fled their homes during separatist violence in 1992 - 94 and renewed "ethnic cleansing" in May 98. Georgia's approach to these disputes is characterized by peaceful negotiation and respect for the cultural and ethnic sensitivities of all its people.

A related problem arises from the fact that Georgia is not yet fully in control of all military deployments on its territory. The Government of Georgia seeks the phased withdrawal of foreign forces and bases from Georgia. Military training and advisory assistance from other countries will be welcomed on a case by case basis, but only on terms grounded in respect for Georgia's sovereignty defined by legal agreements freely reached by both sides.

Georgia must also cope with challenges that arise from events beyond its borders. Today, no state can insulate itself from instabilities in neighboring countries which may bring the outbreak of internal violence and seriously disrupt economic development by hindering trade and discouraging investment. Accordingly, Georgia supports international efforts to bring about the peaceful resolution of disputes in surrounding areas, such as Chechnya and Nagorno-Karabakh, as well as further afield.

The Government of Georgia recognizes its responsibility to protect the state against more classical risks that might arise from abroad. These run from the possibility of threats of military aggression, to international terrorist threats, international smuggling, and other forms of organized crime.

#### **IV. SECURING AND ADVANCING GEORGIA'S INTERESTS: A STRATEGIC CONCEPT**

In light of these realities and aspirations, the Government of Georgia has devised a concept and strategy for national security. The main tenets of Georgia's national security concept are as follows:

**Georgia is joining the full community of nations.** Georgia actively seeks to broaden and strengthen its ties with those nations that share its values of democracy, respect for human rights, the market economy, and the free flow of ideas. Ties with these nations are growing in the political, economic and social realms. Georgia's goal is to integrate in all of the major institutions of the European and Euro-Atlantic communities. Georgians see participation in this international community as the only way to achieve the ambitious goals they have set for themselves as a nation. At the same time, Georgia intends to sustain its rich and unique cultural identity.

**Georgia seeks to promote rapid economic modernization and growth along market principles.** The Georgian Government sees a healthy and growing economy as a key factor in consolidating the unity of the nation and achieving other important goals. Georgia offers increasingly attractive business opportunities and a favorable economic climate for foreign investment. The government of Georgia seeks to accelerate economic growth and development by restructuring the legal framework governing business and trade, promoting diversification of the economy, and spurring competitiveness.

Georgia rejects the use of force as a means of resolving international disputes. While Georgia will provide armed forces for its own defence and will contribute forces to international peace operations, it will never pose a threat to its neighbours, nor does it intend to employ its military assets in coercive ways. Likewise, Georgia does not accept the right of other states to use or threaten to use military power against Georgia. Peaceful mechanisms of dispute resolution, including reliance on international treaties and laws, participation in regional and global security organizations, and bilateral and multilateral negotiations feature are at the heart of Georgia's foreign and security policies.

**Georgia promotes national unity through peaceful means.** The Government of Georgia aspires to be a positive example of national development via democracy and free markets. Successful economic and political reforms will provide a strong impulse to national unity.

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Within this overall policy concept Georgia's national security strategy defines the ways in which the resources of the state and society will be harnessed in pursuit of national objectives. Georgia's national security strategy has political, economic and military dimensions.

## **V. FOREIGN POLICY OBJECTIVES**

The Government of Georgia places a high priority on strengthening its diplomatic relations with neighboring countries and with the world's leading economic and political powers.

Among all partner nations, Georgia has developed especially strong relations with the United States of America and key states of Europe. Their economic, political, military and moral support has been instrumental in helping Georgia to achieve its national goals and national goals.

Georgia aims to foster its integration into major regional and universal international organizations. To date, Georgia is a member of 27 International Organizations and has established formal diplomatic relations with 117 countries. The Government of Georgia maintains embassies in 19 of these countries and has permanent representations to a number of international organizations, including the United Nations, the Council of Europe, the Organization for Security and Cooperation in Europe (OSCE), the European Community (EC), the North Atlantic Treaty Organization (NATO) and the Commonwealth of Independent States (CIS).

### **1. Integration into Europe**

The highest priority of Georgian foreign policy is to achieve full integration into European political, economic, and security structures, thus fulfilling the historical aspiration of the Georgian nation to participate fully in the European community.

- **Cooperation with European Union**

Deepening cooperation with the EU represents a paramount aim of Georgian foreign policy.

The EU member states and the community as a whole have supported the territorial integrity and sovereignty of Georgia since the early days of its independence. Accordingly, Georgia has received substantial aid channeled bilaterally, as well as via the European Community and other international organizations. EU assistance to Georgia since independence has totaled some 300 million Euro in grants, along with long-term loans and grants from individual EU member states.

On 22 June 1996 the Partnership and Cooperation Agreement (PCA) between Georgia and the EU was signed. The Agreement came into force on 1 July 1999. The EU Technical Assistance Programme (TACIS) has been brought within the framework of this agreement. Donor-recipient relations between the parties are in the process of transformation into a cooperative partnership with mutual obligations.

Under the framework of these relationships, several EC programs have been launched in Georgia, including the Food Security Program, Exceptional Financial Assistance, and the Rehabilitation Project aimed at supporting the conflict resolution process in the Tskhinvali region and Abkhazia, Georgia.

The EU supports regional cooperation in the South Caucasus. Thus, the implementation of projects such as TRACECA and INOGATE strengthens the role of Georgia as an important component of the Trans-Caucasian Corridor.

- **Euro-Atlantic Ties**

Georgia places great importance in its relations with its Euro-Atlantic partners and organizations. Georgia is a founding member of the Euro-Atlantic Partnership Council (EAPC), and an active member of NATO's Partnership for Peace (PfP) programme. Georgia considers the EAPC to be an important forum, capable of reviewing and solving numerous problems existing in the sphere of stability and security in the Euro-Atlantic area. Georgia seeks to deepen and strengthen cooperation on regional issues within the EAPC. In this regard, "The Open-Ended Ad Hoc Working Group on the Caucasus", which was proposed by Georgia in the framework of EAPC, deserves special support.

Through the EAPC and through its expanding bilateral relations with leading members of NATO, Georgia seeks to build a stronger relationship with the Alliance. Georgia sees participation in such activities as PfP and the EAPC as an essential step toward the realization of its long-term goal of NATO membership. Georgia strongly supports the retention of the transatlantic link as vital element of security and stability in Europe.

Georgia strongly supported the efforts of NATO and other partner countries to put an end to the violence and mass violation of human rights in South Eastern Europe. As part of its strong commitment to the international community efforts to restore peace and stability in the Balkans, the Government of Georgia has sent troops to Kosovo in order to contribute to international peacekeeping operations there.

- **Cooperation within the OSCE**

Georgia considers the Organization for Security and Cooperation in Europe to be one of the pillars of European peace and stability.

Georgia attaches great importance to the implementation of the principles and decisions reflected in the declarations of the OSCE Budapest, Lisbon and Istanbul Summits, and also places great stock in both the Charter for European Security and the amended Treaty on Conventional Armed Forces in Europe, adopted at the OSCE Istanbul Summit.

The Government of Georgia also welcomes the assistance rendered by the OSCE to the process of strengthening democratic institutions. In this respect, co-operation with the Office for Democratic Institutions and Human Rights (ODIHR) is important. Georgian relations with the OSCE are also focused on efforts for conflict prevention and conflict resolution. In this respect, implementation of the documents and decisions already adopted by the OSCE is of particular significance for Georgia.

Georgia regards the signature of the amended Treaty on Conventional Armed Forces in Europe and the joint statement made by Georgia and Russia on the future of Russian military forces in Georgia to be among the most significant results of the 1999 Istanbul Summit.

In accordance with this statement, Russian armaments located within the territory of Georgia will be reduced to the level of 153 tanks, 241 armoured combat vehicles and 140 artillery systems no later than December 31, 2000. By the same deadline, treaty limited equipment located at the Russian military bases at Vasiani and Gudauta and at the repair facilities in Tbilisi is to be withdrawn. By 1 July 2001, the Russian military bases at Gudauta and Vaziani will be disbanded.

Of special note is the fact that the OSCE participating states have expressed their readiness to provide financial support for the process of reduction and withdrawal of Russian forces.

In order to implement provisions of Istanbul Summit, after the 3<sup>rd</sup> round of negotiations, on 4<sup>th</sup> of August Russia started a process of reduction of its Armed Forces. And the governments of Georgia and Russia have agreed that the process of reducing Russian armed forces deployed in Georgia will eventually lead to the complete liberation of Georgian territory from foreign military presence.

- **Georgia and the Council of Europe**

On April 27, 1999 Georgia became the 41<sup>st</sup> member of the Council of Europe. Georgia regards its accession to the Council of Europe as an unique opportunity to advance European values and norms in the political, legal, cultural and social realms.

Georgia adheres to the standards of the Council of Europe, which provide for the establishment of a democratic state and according to western norms. Georgia has also voluntarily become one of 10 states that have accepted monitoring arrangements through which the Council of Europe works with the government to stamp out corruption.

With assistance from the Council of Europe, Georgia has undertaken widespread reforms of its judicial system. The Law on Courts of Common Jurisdiction and the Law on the Supreme Court were adopted and, a new judiciary system has been established. In 1997, an institution of the Public Defender of Georgia was established. Capital punishment has been abolished and a new criminal code and code of procedure have been adopted.

The Council of Europe has also been instrumental in promoting regional cooperation. The President of the Parliamentary Assembly has initiated and carried out regular meetings of the Presidents of the national Parliaments of the South Caucasian States - Armenia, Azerbaijan and Georgia. Georgia places paramount importance on strengthening regional cooperation in the South Caucasus and supports the further enlargement of the Council of Europe.

Membership in the European Cultural Convention has given Georgia an opportunity to participate more actively in its widespread activities, helping to preserve an ancient cultural heritage developed throughout the ages.

## **2. Regional and Sub-regional Cooperation Initiatives**

- Georgia has played a leading role in trying to improve dialogue and policy coordination among the three states of the South Caucasus. Georgia's policy for the region seeks the transformation of the South Caucasus into a zone of mutually beneficial cooperation. To this end, President Shevardnadze in February 1996 put forth six principles that should be fundamental for the establishment of the long-term peace and stability in the Caucasus. These principles, which form the basis of what has since become known as the Peaceful Caucasus Initiative, are:
- Respect for the territorial integrity and inviolability of existing borders
- Commitment to the protect human rights anywhere and from anybody
- The protection of transport and other communication means and non-acceptance of their blockade
- Joint efforts to preserve the natural environment and to fight the consequences of natural disaster
- Promotion of ethnic and religious tolerance, and the renunciation of extreme forms of nationalism

- Support and comprehensive protection of international projects and investments in the Caucasus region.

The Peaceful Caucasus Initiative has enjoyed broad support. In June 1996, the leaders of Armenia, Azerbaijan, Georgia, and Russia signed a declaration on inter-ethnic harmony, peace, and cooperation in the Caucasus. Georgia will continue to strive, through bilateral and multilateral means, for peace and stability in this region.

In June, 1999 the EU-initiated Caucasian Summit was held in Luxembourg with the participation of the President of Georgia, the President of Armenia, and the Prime Minister of Azerbaijan. This meeting spurred political dialogue on the regional level.

The key to stabilizing and facilitating a climate of cooperation in the South Caucasus is the establishment of a common approach to the future development of the region. In this regard, Georgia supports the efforts of the international community which are aimed at establishing stability and peace in the South Caucasus.

Georgia is a member of the **Black Sea Economic Cooperation (BSEC) Organization**. Consisting of the 11 states of the region, BSEC seeks to promote mutual understanding, an improved political climate, and economic development in this crucial area. Like other BSEC member states, Georgia views this organization as another means to foster step-by-step integration with the European Union. In this regard, the Platform for Cooperation between the BSEC and the EU, that has been already adopted by the 13<sup>th</sup> Meeting of the Ministers of Foreign Affairs ( MMFA) of the BSEC member states, held in Tbilisi, could serve as a solid basis for institutionalizing of relations between these two organizations.

Georgia joined the **Commonwealth of Independent States** in December of 1993. At the dawn the member states had certain ground to hope that CIS would support development of co-operation and deepening of the integration processes. Seven years of experience as a member has revealed to Georgia that CIS still has a potential to contribute to the creation of free trade zone in its area and to widen the economic co-operation between member states.

In order to successfully implement the above-mentioned, members of the CIS must act in mutually agreed manner and must set their efforts towards the resolution of the conflicts in the CIS area.

Another initiative, which contributes to the regional co-operation is **GUUAM**. The main goal of the group, which was assembled in Spring of 1996, is to work out joint decisions regarding the solution of common political, economic, humanitarian and ecological problems. After the joining of Uzbekistan in 1999, the group has acquired a

new geographical and functional range. The main priority for the GUUAM is fastening and provision of such main economic projects, as Europe-Asia Transport Corridor. Creation of the free trade zone within the framework of GUUAM will be a considerable contribution to the successful implementation of the major economic projects.

By means of the close collaboration with the international organizations, members of GUUAM strive to broaden the spectrum of co-operation in the spheres of peaceful resolution of the conflicts and security issues. During the United Nations "Millennium Summit", which was held in New York on 6<sup>th</sup> of September 2000, the presidents of GUUAM states decided to further develop and institutionalize regular consulting mechanisms of GUUAM.

Georgia welcomes Romania's statement regarding its desire to join GUUAM.

It is worth mentioning that GUUAM is an open-ended group for the countries, which share its principles and interests.

Georgia also regards cooperation with such sub-regional groupings as the **Central European Initiative (CEI), the South East European Cooperative Initiative (SECI), the South Eastern Europe Cooperative Process (SEECF) and the Royaumont Process as a means of inclusion in the EU integrative processes.** Georgia intends to establish cooperation with such European sub-regional initiatives as the **Euro-Mediterranean partnership (Barcelona Process)**. In addition, Georgia has begun to participate in the Black Sea-Baltic regions' dialogue that serves the interests of further integration of newly independent states into European structures.

### **3. Georgia and United Nations - Meeting Global Challenges**

Georgia considers the United Nations to be the principal institution for establishment and the maintenance of peace in the world. Georgia believes that in the 21<sup>st</sup> century the United Nations should become the main instrument for promoting universal peace and stability by playing a leading role in resolving inter-state and intra-state conflicts, and by fighting against manifestations of separatism and aggressive nationalism that endanger international peace and stability. In order to achieve this objective Georgia supports the more effective use of the mechanisms provided for in Chapter VII of its Charter.

Georgia also supports the United Nations' role in the elimination of social inequality and poverty, and in the amelioration of the effects of natural and ecological disasters.

Georgia is vigorously involved in the activities of the United Nations, in such areas, as nuclear disarmament, preventing the deployment of weapons in outer space, controlling conventional armed forces on regional and sub-regional levels, expanding activities in the field of human rights protection, fighting against international crime and terrorism, peace-keeping operations, globalization and liberalization of the world

economy, establishment and functioning of the International Criminal Court, and reformation of the United Nations itself.

#### **4. The International Community and Georgia's Territorial Integrity**

The primary near-term objective of Georgia's foreign policy is to promote the deeper involvement of the international community in restoring Georgia's territorial integrity. Georgia supports the United Nations-led Georgian-Abkhazian negotiations in the framework of the Geneva peace process. The Russian Federation, France, Germany, the United Kingdom, the United States, Ukraine, and the OSCE, are actively involved. Georgia reaffirms that the Geneva negotiations represent the principal element of the dialogue and that they should be encouraged by any possible means.

Georgia welcomes the initiative of United Nations and the Group of Friends of the Secretary General to create a document, which will define the status of Abkhazia, Georgia, constitutional competencies between the Tbilisi and Sukhumi, conditions for complete solution of the conflict and full restoration of territorial sovereignty in the boundaries of internationally recognized territorial borders. This approach envisages a federation, with full respect for Georgia's territorial integrity. The return of refugees and internally displaced persons to their homes and creation of the guarantees for their security is of special importance for Georgia.

Georgia welcomes the intensification of activity by the OSCE with regard to Abkhazia, Georgia, in particular, the implementation of concrete agreements and decisions agreed on at the OSCE Budapest, Lisbon and Istanbul Summits.

The Government of Georgia also attaches great importance to the activities of the OSCE in the comprehensive settlement of the Georgian-Ossetian conflict, which includes not only the work of a joint control commission, but also the process of economic rehabilitation of the area. Georgia welcomes economic recovery projects implemented by the United Nations Development Programme and the European Union in the Tskhinvali Region.

#### **5. Bilateral Relations**

Apart from the regional and global multilateral ties, Georgia also strives to develop beneficial bilateral relations with all members of the international community. Georgia, which is oriented on building of democracy, market economy, support of the global exchange between East and West, North and South, sets its exceptional efforts towards the activation of bilateral relations in the following areas:

- Countries of the Euro-Atlantic Community; Georgia considers the co-operation with the United States of America and European countries as a main segment of the strategy of integration into the European and Euro-Atlantic structures.

- Neighboring countries: Further deepening and widening of the relations with Russia, Armenia, Azerbaijan and Turkey. Mentioned ties are based on the traditional good neighborly relations, mutual respect and co-operation in the sphere of bilateral interest.
- It is Georgia's strategic interest to deepen and refresh its multilateral relations with Russia. Georgia strives for the partnership, which is based on the principles of mutual respect, balance and prosperity. Aforesaid applies not only to sphere of bilateral relations, but to the provision of stability and fruitful co-operation in the Caucasus region as well. Undoubtedly, these notions reflect the desire of Georgian and Russian people to move towards the establishment of democratic values.
- As the part of South Caucasus and the bridge connecting East and West, Georgia pays a great deal of attention to the development of close relations with Central Asian states. The main goal of co-operation with the countries of Asia and Pacific Rim is to promote and provide the free flow and exchange of goods, labor force and information between East and West by means of the Trans-Atlantic Corridor.
- Countries of Black Sea, Caspian and Mediterranean Basins; These relations are based on the rich historical experience and existing wide range of interests regarding trade, peace and prosperity issues.

## **VI. DIALOGUE OF CULTURES**

Among the most important factors that enabled Georgia to sustain a rich national culture despite complex historical circumstances has been the Dialogue of Cultures, which has been carried out in Georgia without interruption throughout centuries. Given the multiethnic and multi-religious composition of the Georgian State, intolerance on ethnic or religious grounds has been historically alien to Georgian society. This heritage has created a solid foundation for full-fledge intra- and inter-state cultural dialogue; moreover, the existence of such a dialogue has been strongly needed for the development of the Georgian state and society. Although the majority of Georgia's population is made up of Orthodox Christians, they have a rich tradition of living peacefully alongside the large Muslim, Catholic, and other communities. In 1998, Georgia organized festive celebrations for the 26-Century Anniversary of the Jewish Settlement in Georgia.

This cultural diversity of the country, coupled with the regional geopolitical trends of the multiethnic and multi-religious Caucasus, has accounted for the fact that one of the important components of the Georgian foreign policy vision consists of facilitating a dialogue of cultures against all manifestations of intolerance.

The concept of a dialogue of cultures gained a qualitatively new impetus in 1995, with the UNESCO-sponsored International Forum "For Solidarity Against Intolerance, for a Dialogue of Cultures" organized in Tbilisi at the initiative of Georgian cultural

workers and on invitation of the Georgian Head of State Mr. Eduard Shevardnadze. The participants to this Forum adopted the Tbilisi Appeal and the Program of Action.

Provisions of the above-mentioned documents have been implemented through a series of activities organized in recent years at the initiative of the President and the Government of Georgia. The ultimate goal of most of these initiatives is to contribute to peace and security by promoting regional and interregional dialogue among nations through education, science, culture and communication, to further universal respect for justice, for the rule of law, and for the human rights and fundamental freedoms.

## **VII. INTERNATIONAL ECONOMIC STRATEGY**

Georgia recognizes the vital role which economic strategy plays in national security. Together with others, Georgia faces real constraints on its ability to achieve its goals. All the states that have emerged from the command economies over the past decade have experienced severe difficulties in adjusting to market conditions. Many industries from the previous era fail to measure up to world standards of quality, competitiveness, or environmental cleanliness. The process of adjustment to a market-oriented economy has created serious unemployment and underemployment, reducing output and injecting economic uncertainty and insecurity into the lives of people.

In addition to the challenges inherent in making the transition to a market economy and free trade, Georgia's economy has suffered from the civil strife that occurred between 1992 and 1994. The hundreds of thousands of persons displaced by that conflict remain a heavy burden on the national budget of Georgia. Moreover, the financial crisis in Russia in 1998 had serious effects on the Georgian economy as exports to Russia dropped significantly. Nevertheless, Georgia has made important strides in generating new growth and stabilizing macroeconomic conditions.

However, the reductions in economic activity that Georgia has experienced have reduced resources available for investment and for funding important public sector initiatives. Imperfect assessment and collection of taxes exacerbates these constraints. One of the main reasons for the recent difficult economic and financial situation in Georgia is a high level of corruption. Georgia is developing a relevant course of action, which must considerably decrease and eventually eliminate the corruption.

In this environment, the Government of Georgia has taken a number of steps to stimulate economic growth and facilitate transition. Key goals include: establishing stable macroeconomic conditions, and a sound currency, a resumption of sustainable economic growth, creating a business climate attractive to foreign investors, the expansion of exports, and the accelerated integration of Georgia's economy into the world economy. Progress has been made in all these fields.

Working closely with the International Monetary Fund (IMF) and the World Bank, the Government of Georgia and the Georgian National Bank (GNB) have

implemented a program for Georgia's macro-economic stabilization and for accelerating the process of transition to a market economy. This programme has featured important structural reforms to promote domestic saving, investment, and economic growth. An extensive programme of technical assistance has been put in place to improve Georgia's institutional ability to administer taxes, to control public expenditures, to conduct monetary policy, to supervise the banking system, and to produce reliable economic statistics.

Other steps have included the downsizing and restructuring of governmental institutions, the development of a well-defined legal framework for a market economy, reform of commercial banking regulations, acceleration of privatization, progress toward the full liberalization of prices and the exchange system, and a broad range of sectoral-based policies.

**A Business-Friendly Climate.** International investment in Georgia contributes to stability and enhance security. The attraction of foreign investors is one of the main conditions for the revival and further development of Georgian economy.

Although, foreign investment in Georgia has, to date, been modest, investors are showing increasing interest in Georgia because of significant gains in economic stability and the implementation of meaningful democratic and economic reforms. Besides focusing on macroeconomic stabilization, the Government of Georgia has moved to establish a stable and predictable legal and institutional framework for business.

Georgian property law today does not discriminate between foreign and local investors. The Law “Guarantee and support of the investment activities” provides full and unconditional protection for the foreign investors.

In order to complete the relevant national legislation, the process of establishing of valuable securities market is still in progress.

A land market is starting to develop alongside with the fund market. New legislation has made it possible for the foreign investors to own land in Georgia. Foreign donors are helping Georgia to establish land cadastre.

In order to facilitate foreign capital inflow in Georgia the government has signed agreements with a number of countries covering the protection of foreign investments, avoidance of double taxation, and trade and economic cooperation. An agreement on foreign investments has been signed with 23 countries, an agreement on avoidance of double taxation with 10 countries, and a trade and economic agreement with 30 countries.

The Government of Georgia is conducting a large-scale privatization process. Today, almost 4/5 of the revenues constituting the National Budget flow from the private sector. Privatization in the spheres of energy, communications and transport has proceeded rapidly and represents a new era of the recent economic reform.

### **Georgia’s Contributions to the Development of the “Silk Road”**

Georgia’s favorable strategic location has placed the country at the centre of efforts to revitalize the historic “Silk Road”. As the economies of the Caucasus, Caspian

Basin and Central Asian regions grow, as Japan, China, India and Europe intensify their economic relations, and as resources in the region are further developed, trade over the path of the ancient Silk Road is bound to expand. To make this vision a reality, sizable and sustained new investments in transportation and telecommunication networks through Georgia and beyond will be needed.

Georgia actively strives to harness and harmonize the efforts of its international partners to promote the development of this strategic transportation corridor. These efforts are focused on the following three fields: the Transport Corridor Europe-Caucasus-Asia (TRACECA), a Trans-Caucasian strategic energy corridor, and a Trans-Caucasian telecommunication network.

**Transport Corridor Europe-Caucasus-Asia (TRACECA).** This long-term project seeks to modernize and expand the capacity of transportation infrastructures - railway, road, air, sea - so that goods can be shipped in higher volumes at less cost, and with greater security. The TRACECA project aims to harmonize local customs rules, legislative regulations, and planning among countries along the route. The EU, the European Bank for Reconstruction and Development (EBRD), the TRACECA partners, and other concerned countries are working to make this vision a reality.

In this context the following important steps have been taken:

- Initial upgrades to Georgia's railway lines have allowed the shipment of oil from Kazakhstan to the Georgian port of Batumi via Azerbaijan.
- A new "Red Bridge" (connecting Georgia and Azerbaijan) has been built and the process of reconstruction-rehabilitation of the old historical bridge has been completed also.
- A new ferry station has been built in Batumi, and a train-carrying ferry terminal has been built in Poti. These means of transportation allow Georgia to be linked with the ports of Varna, Odessa, Novorossiysk, Ilyichevsk, Sochi and Antwerp
- Georgia's main airport in Tbilisi has been modernized and its capacity expanded
- Georgia, Azerbaijan, Uzbekistan and Turkmenistan have agreed to coordinate and sharply reduce tariff rates on goods shipped across their territories

**Trans-Caucasian Strategic Energy Corridor.** Georgia is well-placed to serve as one of the world's major corridors for the shipment of oil and gas. Proven reserves of oil in the Caspian Basin region amount today to 16 to 19 billion barrels, with possible reserves estimated at upwards of 200 billion barrels. Natural gas reserves in the region are estimated at 139 to 324 trillion cubic feet. Several major international oil companies are investing heavily in projects to extract oil and gas from Azerbaijan, Kazakhstan, and Turkmenistan. Much of that gas and oil will be exported to Europe and Asia through Georgia.

- **Current and planned routes for energy resources are as follows:**

Pipeline	Capacity	Length
Baku-Supsa (current)	5 mil tons per year	820 km
Baku-Tbilisi-Ceyhan (projected)	50 mil tons per year	1730 km
Trans-Caspian gas- pipe (projected)	16 bil cubic m per year	1210 km

Today, a pipeline connecting Baku, Azerbaijan to Supsa on the Black Sea is operational. This pipeline carries 105 000 barrels per day to tankers offshore at Supsa. Significant progress has also been made in following directions:

- The Agreement between Georgia, Azerbaijan and Turkey regarding creation of the Baku-Tbilisi-Ceyhan main export pipeline has been signed and ratified.
- Establishment of a governmental treaty on a gas pipeline between Azerbaijan-Georgia-Turkey is in progress.
- The INOGATE programme was launched on 4<sup>th</sup> of November, 1995 in Brussels. INOGATE provides for the expansion and modernization of the energy corridor between Europe and the Caucasus, and supports regional co-operation and security among participating states.

Caspian oil and gas reserves and the pipelines constructed to export them will figure prominently in the global economy as energy importing countries seek to diversify their sources of supply. Various regional intergovernmental agreements have been concluded, or are being negotiated, in order to facilitate these developments. As these sources of energy come on line, the pipelines running across Georgia will provide an important source of revenue for the country. They will also increase Georgia's strategic importance to the rest of the world, thus reinforcing the linkage between security and trade.

**Trans-Caucasian Telecommunications Network:** Cooperation on establishing a more modern and reliable telecommunications network in the region has already started. New fiber optic cables laid along the Euro-Asian transport corridor will serve as the foundation for a 21<sup>st</sup> Century telecommunications infrastructure.

As a starting point, the Telecommunications Network for the Caucasian Railway was initiated in November 1999, with 15 million Euro in funding. The objective is the installation of a fiber optic cable that will serve 133 stations along the TRACECA route. The project will link the Georgian seaport of Poti and the Azeri seaport of Baku, branching off to the south in Tbilisi towards Yerevan.

## **Relations with Key International Economic Organizations**

Since 1996, when Georgia formally applied for full membership in the World Trade Organization (WTO), the Georgian government has placed a high priority on taking steps aimed at meeting the WTO requirements. By 1999, virtually all of the necessary bilateral market access negotiations with major WTO members had been completed. In October 6, 1999 the General Council of the WTO allowed Georgia to sign a protocol on adherence to the Marrakech agreement on the creation of the WTO. On April 20, 2000 Parliament of Georgia ratified all of the documents regarding Georgia acceptance of the rules and procedures of the WTO. On June 14, 2000 Georgia officially became a full member of WTO.

Accession to the WTO will contribute substantially to Georgia's economic reforms, foreign capital inflow and the creation of the country's institutional mechanisms, in accordance with the international standards.

Georgia will maintain close cooperation with the IMF, the World Bank and the EBRD. These international financial organizations were instrumental in helping Georgia to recover after the severe crisis of 1992-1993. Moreover, the success of Georgia's future structural transformation on the basis of a market economy and democratic values depends on fruitful collaboration with these institutions.

Georgia is actively co-operating with Black Sea Trade and Development Bank (BSTDB). The BSTDB bank has developed an action strategy not only for its members, but for Georgia as well. At this time it executes regional and national projects in following strategic spheres: energy, transport, communication and ecology.

Georgia also cooperates closely with such UN specialized agencies as United Nations Development Programme (UNDP), United Nations Economic Commission for Europe (UN/ECE), United Nations Industrial Development Organizations (UNIDO), United Nations Conference for Trade and Development (UNCTAD), Food and Agriculture Organization (FAO), International Fund for Agricultural Development (IFAD), International Civil Aviation Organization (ICAO), International Maritime Organization (IMO), International Labour Organization (ILO) and others. The contribution of these organizations to economic reforms in Georgia is essential.

## **VIII. DEFENCE STRATEGY**

Georgia aspires to play a leading role in strengthening stability and security in the Caucasus region. The Government of Georgia also understands the importance of protecting such vital assets as the oil pipelines running across its territory. For these reasons, Georgia must possess capable military and internal security forces.

When Georgia gained its independence it inherited few military assets. Some Georgian officers and soldiers with experience in the Soviet armed forces returned to

Georgia to serve their country. Only modest amounts of equipment, mostly obsolescent, were left to the Georgian military. Within months of independence, Georgia was forced by the outbreak of civil war to create a fighting force capable of defending the newly independent state. Compelled to leave the Abkhazian region in the hands of separatists, the Georgian military by 1994 comprised a few units whose ranks were thinned by wartime casualties and whose troops had few resources. Like other sectors of the Georgian state, the military and security forces require wide-ranging reform, restructuring, and modernization.

Today Georgian Armed forces account approximately 20000 solders and consist of 4 brigades and numerous military units. Conscription is carried out twice a year for the period of 18 months (12 months for conscripts with high education).

National Guard has a department status within the structure of the Ministry of Defence. Military personnel of the National Guard, which accounts up to 2000 soldiers is divided into singular military units and dislocated throughout different regions of Georgia. Its main task is a quick and effective response to the emergency situations, which may appear in the country.

The Ministry of Defence also includes:

- a) Navy, with military personnel of 900 and 17 vessels of different class and type;
- b) Air force, with military personnel of 1800, 22 aircraft and 11 helicopters of different type and 380 air defence missiles of the “surface-to-air” class.

This data is under process of review.

Georgia's defense policy is entirely defensive in nature. Georgia has no territorial claims to any other state and will refrain from using force against the territorial integrity or political independence of other states. Accordingly, Georgia's defense policy directs that the nation's armed forces be sufficient to deter a military attack against its territory, its infrastructure, or its institutions. In the event that deterrence fails, the Georgian Armed Forces should be able to counter threats until assisted by the international community.

### **Missions and Tasks**

Georgia's armed forces will promote peace, stability, and democratization within the country, and will ensure national sovereignty and territorial integrity. To achieve these objectives, Georgia's Armed Forces are charged with being prepared to accomplish the following missions:

**Defend Georgia's land, sea, and air borders from aggression.** Georgia's armed forces must be able to deter and, if necessary, defeat attacks by modest sized forces. In conjunction with the State Department of Border Guard, they must also be able to detect and prevent smaller-scale infiltration of border areas and deal with potential unrest or disruption along the borders that might result from violence in neighboring regions.

**Combat armed insurrections and subversion.** The Georgian Armed Forces must also be prepared to defend the integrity of the state and ensure civil order by defeating any type of armed forces that might seek to divide Georgia or to change, by force of arms, its political system or form of government. The armed forces will not to perform police functions. However, in extreme situations, they might be called upon to assist civil authorities in maintaining order.

**Provide humanitarian and disaster relief.** The Georgian Armed Forces have the capacity and the mission when called upon, to supplement civil authorities during times of emergency arising from natural disasters, such as earthquakes or floods.

**Defeat terrorist attacks.** Special units are trained to deal with the exigencies of major terrorist operations. Additionally, military intelligence, with possessed abilities provides assistance to military structures which are obliged to fight terrorism.

**Contribute to international peacekeeping operations.** As the Georgian Armed Forces gain improved capabilities to accomplish their core missions of national defense, they will be made available to participate in selected multilateral peacekeeping operations outside Georgia and its immediate environs.

### **Force Restructuring and Modernization**

Georgia has embarked on an ambitious national effort to establish a democratic society based on the rule of law, separation of state powers, respect for individual rights, and a market economy. A central objective of Georgian foreign and security policy is also Georgia's progressive integration into European and Euro-Atlantic political, economic, and security structures. For these reasons, reform and restructuring of the Georgian armed forces are taking place along Western lines. These efforts are being guided by the following principles:

- The Georgian Armed Forces will be managed by a Ministry of Defence whose staff is increasingly civilianized. Parliament maintains oversight of the Ministry's overall budget and expenditures.
- Defense expenditures must not place an excessive burden on the economy. Accordingly, military planners envisage a gradual transition to a smaller active-duty force built around a core of commissioned and non-commissioned officers and contract soldiers, supplemented by reservists whose ranks would be filled by conscripts who have received some military training. The bulk of this future force will consist of mobile, light or motorized infantry with modern surveillance, communications, and transportation assets, and a more centralized command and control system. Rationalization of headquarters and support functions is also a priority.

- Service in the Georgian Armed Forces must be a positive experience that builds citizens. This means that our limited defense resources must be focused first on ensuring that the troops are well-trained and provided for. Training will focus not only on military operations and tactics, but also on the role of military forces in a democratic society.
- Modernization programmes are focused on acquiring the most affordable and effective means to enhance the defensive capabilities of the Georgian Armed Forces.

In conducting this restructuring, Georgia has made good use of the opportunities provided by NATO through its Partnership for Peace (PfP) program, as well as bilateral assistance from Western countries. In 1998 Georgia participated in 120 PfP activities, among them, conferences seminars, training meetings and multinational exercises. In 1999, Georgia participated in more than 220 PfP events, 15 of them multinational exercises. In 2001 Georgia is scheduled to host a major NATO/PfP exercise. Georgia also now participates in NATO's Planning and Review Process (PARP), under which defence planning data are shared and evaluated.

Georgia is proud to be able to contribute a small unit to KFOR forces that are securing peace and stability to Kosovo. This initiative will enhance interoperability between NATO and the Georgian Armed Forces. Participation of the Georgian platoon in NATO peacekeeping operations underscores Georgia's determination to contribute to a more peaceful world.

### **Securing Georgia's Borders**

The Georgian Armed Forces are responsible for defending the nation's borders against attack, but on a daily bases monitoring and controlling the borders is the responsibility of the State Department of the State Border Guards. At this moment it is a n independent governmental structure. Consisting of 5500 personnel, the Border Guards now control all of Georgia's land borders and its seacoast.

The Government of Georgia recognizes the importance of maintaining control over its borders, not least because of the growing role the Georgia aspires to play as a vital link in the transportation and communication corridor between Europe and Asia. Key objectives of the Border Guards are to:

- Prevent the illegal smuggling of drugs, weapons, or sensitive materials (such as nuclear fissile material) across Georgia's borders
- Prevent the illegal movement of migrant populations or terrorists into or through Georgia
- Protect Georgia's economic well being by enforcing customs regulations.

Training, advisory assistance, and equipment from Western countries have been extremely helpful in enhancing the capabilities of Georgian Border Guards.

### **Pipeline Security**

The Government of Georgia places special emphasis on ensuring that the oil pipelines and other vital economic assets in the country remain secure. Primary responsibility for protecting the pipeline rests with the President's Special Protective Service, but the armed forces play a certain role as well. In April of 1999, Georgia hosted a multinational military exercise in which its forces trained with units from Azerbaijan and Ukraine in tactics and techniques for defending the oil pipeline.

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Georgia has begun a new and exciting chapter in its long history. The magnitude of the task that lies before Georgia as it strives to take its place in the community of free nations is not underestimated. At the same time, there is no doubt that the chosen path is the right one. Independence, freedom, and the free market are the keys to allowing people everywhere to realize their full potential. As Georgia takes its full place in this global community, it seeks not only to build a better life for its own people, but also to make positive contributions to the world, as is consistent with its history.