Georgia: Background and U.S. Policy

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Georgia is one of the United States’ closest partners among the states that gained their independence after the USSR collapsed in 1991. With a history of strong economic aid and security cooperation, the United States has deepened its strategic partnership with Georgia since Russia’s 2008 invasion of Georgia and 2014 invasion of Ukraine. U.S. policy expressly supports Georgia’s sovereignty and territorial integrity within its internationally recognized borders, and Georgia is a leading recipient of U.S. aid to Europe and Eurasia.

Many observers consider Georgia to be one of the most democratic states in the post-Soviet region, even as the country faces ongoing governance challenges. The center-left Georgian Dream-Democratic Georgia party (GD) holds a dominant political position, with about 70% of seats in parliament. Although Georgia faces high rates of poverty and underemployment, its economy has performed better since 2017 than it did in the previous four years.

The GD led a coalition to victory in parliamentary elections in 2012 amid growing dissatisfaction with the former ruling party, Mikheil Saakashvili’s center-right United National Movement, which came to power as a result of Georgia’s 2003 Rose Revolution. In August 2008, Russia went to war with Georgia to prevent Saakashvili’s government from reestablishing control over the regions of South Ossetia and Abkhazia, which broke away from Georgia in the early 1990s and became informal Russian protectorates.

Congress has expressed firm support for Georgia’s sovereignty and territorial integrity. The Countering Russian Influence in Europe and Eurasia Act of 2017 (P.L. 115-44, Title II, §253) states that the United States “does not recognize territorial changes effected by force, including the illegal invasions and occupations” of Abkhazia, South Ossetia, and other territories occupied by Russia. In September 2016, the House of Representatives passed H.Res. 660, which condemns Russia’s military intervention and occupation of Abkhazia and South Ossetia. In the 115th Congress, the House passed the Georgia Support Act (H.R. 6219) by unanimous consent. In the 116th Congress, a similar bill (H.R. 598) was ordered to be reported by the House Foreign Affairs Committee on May 22, 2019. The bill would express support for Georgia’s sovereignty, independence, and territorial integrity, as well as for its democratic development, Euro-Atlantic integration, and peaceful conflict resolution in Abkhazia and South Ossetia.

The United States provides substantial foreign and military aid to Georgia each year. Since 2010, U.S. nonmilitary aid to Georgia has totaled around $64 million a year on average, in addition to a five-year Millennium Challenge Corporation grant of $140 million to support education. In FY2019, Congress appropriated almost $90 million in nonmilitary aid to Georgia. Since 2010, U.S. military aid to Georgia has been estimated at around $68 million a year on average. In FY2019, Congress appropriated $35 million in Foreign Military Financing and $2 million in International Military Education and Training funds. Defense assistance also includes a three-year, $35 million training initiative, the Georgia Defense Readiness Program.
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Introduction

Historically located between empires, Georgia is in the South Caucasus, a region between the Black and Caspian Seas that is separated from Russia by the Greater Caucasus mountain range and also borders Iran and Turkey (see Figure 1). Various Georgian kingdoms and principalities were incorporated into the Russian Empire beginning in the early 19th century. Georgia enjoyed a brief period of independence from 1918 until its forcible incorporation into the Union of Soviet Socialist Republics (USSR, or Soviet Union) in 1921-1922. Georgia gained independence in 1991 with the collapse of the Soviet Union.

Since independence, Georgia has coped with two unresolved conflicts over the Russian-occupied regions of Abkhazia and South Ossetia. These regions, in addition to being home to ethnic Georgians, are home to minority ethnic groups that more closely identify with ethnic kin in Russia’s North Caucasus, located across the Greater Caucasus mountain range. After a short war with Georgia in 2008, Russia unilaterally recognized the independence of these breakaway regions and stationed military forces on their territory.¹

Georgians speak and write their own distinct Caucasian language, with a written literary form that emerged at least as early as the fifth century. The Georgian Orthodox Church, to which most Georgians belong, is autocephalous (independent), with roots that date back to the fourth century.

Politics

In over a quarter century of independence, many observers have considered Georgia to have a “hybrid” political regime, containing both democratic and nondemocratic elements. The U.S.-based nongovernmental organization (NGO) Freedom House considers Georgia to be the freest among the post-Soviet states that gained their independence with the collapse of the USSR (not including the Baltic States, whose annexation in 1940 the United States never recognized).²

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¹ Georgia’s South Caucasus neighbors, Armenia and Azerbaijan, also have been locked in territorial conflict for almost three decades over the predominantly Armenian-populated region of Nagorno-Karabakh, formally part of Azerbaijan.

² Freedom House ranks all countries in the world on a “freedom” scale, which includes measures of political rights and civil liberties. Freedom House also scores post-Communist states on an index of “democratic progress” ranging between 1 (most democratic) and 7 (least democratic). States that receive a “democracy score” between 4 and 5 are considered “transition or hybrid regimes.” Since 2013 (i.e., under Georgia’s current government), Georgia’s freedom rating has been 3 and its democracy score has averaged 4.66. See annual reports in Freedom House, Freedom in the World 2019, at https://freedomhouse.org/report/freedom-world/freedom-world-2019, and Nations in Transit, at https://freedomhouse.org/report/nations-transit/nations-transit-2018.
Georgia has a parliamentary system of governance, shaped in large part by constitutional reforms that came into effect in 2013 and 2018. The prime minister is formally the country’s most powerful executive. Georgia’s president is commander in chief of the armed forces and has the power to veto legislation and dissolve parliament under certain circumstances.

### Georgia’s Turbulent Transition: From the Rose Revolution to the Georgian Dream

Georgia’s current prime minister, Giorgi Gakharia (aged 44), assumed office at the start of September 2019. Gakharia served as minister of internal affairs from November 2017. Before then, he served as minister of economy and sustainable development and business ombudsman. Georgia’s president, elected in November 2018, is Salome Zurabishvili (aged 67), a former member of parliament and minister of foreign affairs who was previously a French national and diplomat. As of June 2019, the parliamentary chairman is Archil Talakvadze (aged 36), who previously served as parliamentary majority leader and as deputy minister of internal affairs.

Georgia has a unicameral legislature with 150 members elected for four-year terms by two methods: 77 by party list and 73 by majoritarian district. The most recent parliamentary elections in 2016 resulted in a sizeable win for Georgia’s center-left ruling party, Georgian Dream-Democratic Georgia (GD), which initially led a ruling coalition after coming to power in 2012 and now governs alone. GD won 49% of the party list vote and nearly all majoritarian races, leading to control of more than 75% of parliamentary seats (116 of 150 deputies).

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3 The first round of constitutional reforms were initiated by ex-President Mikheil Saakashvili and came into effect at the end of his term in 2013.
Before losing this supermajority in February 2019 (see “Ruling Party Tensions” below), GD had enough votes to unilaterally enact changes to Georgia’s constitution. This led many observers and opposition supporters to express concern that there were insufficient checks and balances against the ruling party. GD now holds 70% of parliamentary seats (105 of 150).

GD’s main competitor in 2016 was the center-right United National Movement (UNM), the former ruling party previously led by ex-President Mikheil Saakashvili. The UNM received 27% of the party vote and, in total, 27 seats (18%). After months of infighting, the UNM fragmented in 2017; most of its deputies, including much of the party’s senior leadership, formed a new opposition party called European Georgia-Movement for Liberty.\(^8\) A third electoral bloc, the nationalist-conservative Alliance of Patriots of Georgia-United Opposition, cleared the 5% threshold to enter parliament with six seats.\(^5\)

Georgia’s most recent local elections were in 2017. They provided a similar picture of ruling party dominance across the country. In the party-list portion of the vote to local councils, GD led in all 73 districts, with a total of 56% of the vote. The UNM and European Georgia won 27% of the vote (17% and 10%, respectively). The nationalist-conservative Alliance of Patriots won 7%. GD also won more than 92% of majoritarian seats, giving it a total of 77% of seats in local councils nationwide. GD won mayoral elections in all but two districts.\(^6\)

2018 Presidential Election

The most recent presidential elections were held in two rounds in October and November 2018. The victor, Salome Zurabishvili, won 60% of the vote in the second round. Zurabishvili ran as an independent candidate, although she was supported by GD. UNM candidate Grigol Vashadze, like Zurabishvili an ex-foreign minister, received 40%. The first round of the election was a closer race (39% to 38%), but Zurabishvili appeared to benefit from greater turnout in the runoff (56%, compared to 46% in the first round).\(^7\)

Domestic and international observers considered the election to be competitive but flawed. Observers noted instances of official pressure against state employees to support Zurabishvili, as well as incidents of ballot box stuffing.\(^8\) They also expressed concern about allegations of mass vote-buying, related to then-Prime Minister Mamuka Bakhtadze’s pre-runoff announcement that

\(^4\) The infighting concerned party tactics and relations with ex-President Saakashvili, who is under indictment and living abroad. Those who left the United National Movement (UNM) wanted to build a rebranded party without Saakashvili. Those who stayed in the UNM sought to remain faithful to Saakashvili’s legacy and believed the party should adopt a more active means of opposition, including popular protest. Saakashvili formally served as UNM chairman until March 2019, when he was replaced by Grigol Vashadze, the UNM’s 2018 presidential candidate.

\(^5\) Salome Zurabishvili, who was elected president in November 2018, ran as an independent member of parliament.


\(^7\) European Georgia nominated David Bakradze, parliamentary minority leader and former parliamentary chairperson. Bakradze came in third place in the first round, with 11% of the vote.

a philanthropic foundation associated with GD chairman Ivanishvili had agreed to purchase and forgive the small private debts of more than 600,000 individuals. The U.S. Department of State said it shared the concerns of observers and indicated “these actions are not consistent with Georgia’s commitment to fully fair and transparent elections.”

**Figure 1. Georgia**

![Map of Georgia](image)

**Sources:** Map created by CRS. Map information generated using data from the National Geospatial Intelligence Agency, DeLorme, Department of State, and Esri.

**Ruling Party Tensions**

Since 2018, GD has exhibited signs of internal tension. Many observers believe that billionaire Bidzina Ivanishvili, a former prime minister and chairman of the ruling party, has a dominant behind-the-scenes role in policymaking and personnel appointments. After stepping down as prime minister in 2013, Ivanishvili formally returned to politics as GD’s party chairman in 2018, reportedly due to frustration with the party’s growing internal divides. Then-Prime Minister Giorgi Kvirikashvili resigned less than two months later, citing “disagreements” with Ivanishvili. Kvirikashvili’s resignation followed a series of anti-government demonstrations against what protestors perceived to be heavy-handed police raids and judicial bias. Mamuka Bakhtadze, a former minister of finance and head of Georgian Railways, succeeded Kvirikashvili.
in June 2018 but resigned in September 2019 for unclear reasons, although his resignation also followed in the wake of several political controversies (see “Political Controversies” below).

From February 2019, GD has suffered some parliamentary defections, initially as a result of a dispute concerning judicial appointments. As of September 2019, eleven members of parliament, including Eka Beselia, former chairwoman of the parliamentary committee on legal affairs, have left GD’s parliamentary majority.

The GD government also has had tense relations with the presidency. Ex-President Giorgi Margvelashvili, who was elected in 2013, initially was allied to GD. He subsequently adopted a more independent stance and fell out of favor with then-Prime Minister Ivanishvili. Margvelashvili frequently criticized the government and vetoed legislation several times, although parliament usually overrode his veto. Margvelashvili did not run for reelection in 2018.

For the 2018 election, GD did not nominate its own presidential candidate. This possibly reflected a belief within the party leadership that the powers of the presidency were too limited to warrant fielding a candidate for the position. After some deliberation, GD supported Zurabishvili, an independent candidate. Before then, government officials had criticized Zurabishvili for comments she made on the 10th anniversary of Russia’s 2008 invasion of Georgia that appeared to blame Georgia’s ex-leadership for the war.\(^2\) In September 2019, Zurabishvili was widely criticized for issuing a mass pardon of 34 prisoners, including at least three convicted murderers; in response, the Prosecutor’s Office said it would investigate the pardoning process.\(^3\)

**Political Controversies**

**Police Clash with Protestors.** The GD government faced a political crisis on June 20, 2019, after police used tear gas and rubber bullets against demonstrators, some of whom had confronted riot police in an attempt to forcibly enter the Georgian parliament.\(^4\) Demonstrators were protesting a parliamentary protocol decision to permit a Russian member of parliament to deliver a speech from the parliamentary speaker’s chair in his capacity as chairman of the Interparliamentary Assembly on Orthodoxy, which the Georgian parliament was hosting. Many protestors considered the decision a national affront, given Russia’s 2008 invasion of Georgia and occupation of parts of its territory (see “Relations with Russia and Seccessionist Regions” below).

After the crackdown, the government made some concessions but maintained that the police response was largely appropriate. The chairman of parliament resigned, although he did not take direct responsibility for the incident. At least 10 police officers were suspended, and 2 were charged for exceeding their authority.\(^5\) In addition, the government agreed to a long-standing demand of the opposition to hold 2020 parliamentary elections entirely on the basis of party lists (observers expect this will increase the number of opposition seats in parliament). The government did not meet the protestors’ main demand that the minister of internal affairs, Giorgi Gakharia, resign. Instead, less than three months later, Gakharia was appointed prime minister.

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Furthermore, about 20 protestors, including a UNM member of parliament, were charged with participating in mass violence and resisting police.\footnote{Civil Georgia, “Two More Arrested for ‘Group Violence’,” July 27, 2019.}

**Money Laundering Charges Affect Major Port Project.** Georgia aspires to be a key transit hub for the growing East-West overland trade route between China and Europe. In pursuit of this goal, a U.S.-Georgian consortium has been constructing a major new deepwater port and free industrial zone in Anaklia, which is located on Georgia’s Black Sea coast and abuts the Russian-occupied region of Abkhazia. The port project is considered Georgia’s largest-ever infrastructure investment and is to be accompanied by major government investments in Georgia’s road and rail infrastructure.\footnote{Shakhil Shah, “Georgia Makes Waves With Anaklia Deep-Sea Port,” Emerging Europe, March 5, 2018; Agenda.ge, “Large-Scale Work on Anaklia Deep Sea Port Begins,” September 17, 2018.}

In 2019, uncertainty arose regarding the future of the port project. In July 2019, Mamuka Khazaradze, the head of the Anaklia Development Consortium’s principal Georgian partner (TBC Holding, an affiliate of TBC Bank) and his deputy were charged with money laundering, in connection with what officials alleged were improper financial transactions from more than a decade before.\footnote{Civil Georgia, “Key Points: TBC Bank Affair,” March 9, 2019; Margarita Antidze, “Georgia’s Prosecutors Charge TBC Group’s Chairman with Money Laundering,” July 24, 2019.} Khazaradze resigned from his positions with TBC Bank and the project consortium. Khazaradze denies wrongdoing and alleges the government took action to increase its influence over TBC Bank (Georgia’s largest bank) and, potentially, the Anaklia port project.\footnote{Giorgi Lomsadze, “Georgian Banker’s Accusations Cast Shadow Over Belt and Road Project,” Eurasianet, March 6, 2019.} Several NGOs have raised questions about the case, and the U.S. government has stated concerns “about the context and timing of [the] charges.”\footnote{Transparency International Georgia, “Charges Against the Founders of TBC Bank Raise Many Questions about the Investigation,” July 25, 2019; U.S. Embassy Georgia, “The U.S. Embassy Statement on Criminal Charges Against TBC Bank Co-founders Mamuka Khazaradze and Badri Japaridze,” July 25, 2019.} In August 2019, the U.S. partner in the consortium reportedly withdrew from the project, leaving its fate uncertain.\footnote{Iulian Ernst, “US Partner ‘Has Pulled Out of Georgia’s Anaklia Deep Water Port Project,” bne Intellinews, August 15, 2019.}

**Court-Ordered Transfer of Rustavi 2 Television Raises Questions of Media Freedom.** In July 2019, Georgia’s most popular television channel, the opposition-leaning Rustavi 2, underwent a court-ordered transfer of ownership. The ownership transfer was the result of a multiyear dispute that ended in a ruling by the Strasbourg-based European Court of Human Rights (ECHR). The ECHR ruling found no grounds to overturn a 2017 decision by Georgia’s Supreme Court that Rustavi 2’s previous owner, Kibar Khalvashi, was illegally forced to sell the station in 2005-2006 to individuals connected to the then-UNM government.\footnote{European Court of Human Rights, “No Judge Bias or Other Breach of Fair Trial Guarantees in Television Channel Ownership Row,” press release, July 18, 2019.} After ECHR issued its ruling, majority ownership of Rustavi 2 was transferred to Khalvashi and the station’s general director Nika Gvaramia, a former UNM official, was fired.

To some observers, the Rustavi 2 case raises concerns about media freedom and the rule of law in Georgia, despite the ECHR ruling. Rustavi 2’s former leadership claims that Khalvashi’s case was initiated at the direction of the current government and that the Supreme Court’s decision was politically motivated.\footnote{For details, see Civil Georgia, “Timeline: Rustavi 2 TV Row,” November 16, 2015.} In August 2019, Rustavi 2’s new director fired several members of...
the station’s news team as others resigned in protest, expressing concern that the station would turn into a pro-government mouthpiece. In addition, the ownership transfer does not resolve a dispute about Khalvashi’s acquisition of Rustavi 2 in 2004, when he too was connected to the UNM government. Two of Rustavi 2’s cofounders claim that Khalvashi improperly wrested ownership of the station from them and have sought to restore their rights to the station. In August 2019, the Georgian government said it would bring charges related to “abuse of power” against Gvaramia, who has launched a new television station with former members of the Rustavi 2 news team.

Judicial Appointments Disputed by GD Members and Opposition. Georgia adopted a series of judicial reforms in recent years that have restructured Georgia’s judicial institutions. As part of these reforms, a High Council of Justice now oversees the appointment and dismissal of judges. The council has 15 members, a majority of whom are selected by the Conference of Judges, the judiciary’s self-governing body.

In December 2018, several GD members of parliament criticized the High Council’s nomination of several judges to the Supreme Court whom they considered tainted by association with the UNM. The dispute sparked an intensive debate within the ruling party, as well as with some NGOs that sided with the dissenting GD members out of a concern that some of the nominated judges could be susceptible to corruption. In response, the government agreed to alter the rules of appointment and, in May 2019, parliament passed reforms to clarify the selection procedure and make it more transparent. Under the new selection process, the High Council of Justice submitted a revised (and expanded) list of 20 candidates to parliament in September 2019.

Domestic and international stakeholders have criticized the new judicial selection process. The U.S. Embassy said the new legislation did “not fully reflect” recommendations of the international community seeking to promote “judicial independence and public confidence in Georgia’s judicial institutions.” The Organization for Security and Cooperation in Europe (OSCE) concluded that the process lacked “transparency and accountability despite some positive measures to build public trust in the judiciary.” Civil society organizations said that the process

27 In January 2017, then-President Margvelashvili vetoed a judicial reform package that included provisions that, he said, “contradict the principles of judicial impartiality and the independence of judges,” although he noted the package contained “many useful and important amendments.” The parliament overrode his veto. Civil Georgia, “President Vetoes Judicial Bill,” January 24, 2017.
“was not directed at solving the problems of the justice system [but] to enforce the interests of the dominant group of judges and the ruling party.”

**Constitutional Reforms**

After GD won a supermajority in 2016, Georgia’s parliament convened a commission to draft constitutional reforms intended to consolidate Georgia’s transition to a parliamentary system of governance. Parliament passed the reforms in September 2017 by a vote of 117-2. Opposition parties, who opposed certain measures that appeared to strengthen the ruling party, refused to participate in the vote; civil society organizations also registered opposition. Then-President Margvelashvili vetoed the amendments and proposed alternative reforms. Parliament overrode his veto, and the president signed the amendments into law. The constitutional reforms entered into force after the 2018 presidential election.

The reforms affect Georgia’s parliamentary system in several ways. One of the main changes is the abolition of Georgia’s directly elected presidency beginning in 2023. Instead, the president is to be indirectly elected by a college of electors made up of parliamentary deputies and local government representatives. Another major change is that parliamentary elections are to be held entirely on the basis of party lists, eliminating single-member districts. In theory, this change is expected to lead to greater opposition representation in parliament, as in Georgia parties that win the party-list vote tend to overwhelmingly win single-member districts.

This latter change originally was to take effect in 2020, but parliament voted to push back its implementation to 2024. Many observers interpreted this as an effort to prolong the ruling party’s dominance. In June 2019, however, the government agreed to introduce a full party-list system in advance of the 2020 parliamentary elections, after a police crackdown against protestors led to a rise in antigovernment sentiment (see “Political Controversies” above).

In the course of adopting constitutional reforms, parliament considered several recommendations of the Council of Europe’s Venice Commission, a legal and democratic advisory body. In the end, the commission provided a “positive assessment” of the reforms, although it called the original decision to postpone introduction of the party list electoral system “highly regrettable.” The Venice Commission said the reform “completes the evolution of Georgia’s political system towards a parliamentary system and constitutes a positive step towards the consolidation and improvement of the country’s constitutional order, based on the principles of democracy, the rule of law and the protection of fundamental rights.”

Appointments to Georgia’s nine-member Constitutional Court are divided between the parliament, president, and the Supreme Court. In recent years, the Constitutional Court has been

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the focus of various disputes concerning possible bias (sometimes against the government, other times against the opposition). In 2018, the Constitutional Court received international attention for ruling that marijuana use was not a criminal offense, a decision government officials and church representatives heavily criticized. In response, parliament passed legislation imposing strict limitations on marijuana use.36

Economy

For more than two decades, Georgia has been recovering from the severe economic decline it experienced after the Soviet Union collapsed.37 It remains a relatively poor country. In 2018, Georgia’s GDP was around $16.2 billion (approximately 17 times less than that of Connecticut, a U.S. state with a similar population size). Its per capita GDP ($4,346) is midsized in comparison to Russia and other post-Soviet states.

Since 2017, Georgia’s economy appears to have entered a period of relatively strong growth. After average GDP growth of around 3% a year from 2013 to 2016, Georgia’s GDP grew by 4.8% in 2017 and 4.7% in 2018.38 The IMF forecasts GDP growth of 4.6% in 2019.

Increased economic growth has been based on strengthening domestic consumption and external demand, as well as “generally strong policy efforts,” according to the International Monetary Fund (IMF).39 In June 2019, the IMF said that “Georgia’s economic performance remains robust with resilient growth” but that “the authorities need to […] persevere with structural reforms to promote higher and more inclusive growth.”40

Poverty has declined in recent years, although it is still relatively high. According to official data, 20% of the population lived in poverty in 2018 (down from 35% a decade before). In 2018, recorded unemployment was 13%, although some surveys suggest a higher rate of unemployment.41 About 40% of Georgian laborers work in agriculture, a sector of the economy that accounts for less than 10% of GDP.42

Georgia’s economy depends in part on remittances from labor migration. From 2014 to 2018, remittances were estimated to make up about 12% of Georgia’s GDP. In 2017, Russia was

37 According to World Bank estimates, Georgia’s gross domestic product declined by 45% in 1992, 29% in 1993, and 10% in 1994. In the three years before the 2008 global financial crisis, Georgia achieved annual gross domestic product (GDP) growth rates of 9% or higher. After a 4% decline in 2009, Georgia achieved GDP growth of 6%-7% from 2010 to 2012.
38 According to the International Monetary Fund (IMF), lower growth rates in 2015 and 2016 were mainly due to relatively lower growth in Georgia’s top trading partners. Other observers highlighted the impact of lower remittances from Russia, where real wages contracted. IMF, Country Report No. 17/97, April 2017, p. 5; Economist Intelligence Unit (EIU), Country Report: Georgia, August 2017, p. 7.
41 Official data is from Geostat, Georgia’s national statistics office, at http://www.geostat.ge. In one regular survey of social and political views, around 34% of respondents who report being unemployed (or 21% of total respondents) say they are looking for work. Caucasus Research Resource Centers (CRRC) Georgia, “Public Attitudes in Georgia: Results of July 2019 Survey” (commissioned by the U.S.-based National Democratic Institute [NDI]), at https://www.ndi.org/sites/default/files/NDI%20July%202019%20poll-Issues_ENG_For%20distribution_VF.pdf.
42 Geostat (footnote 41).
estimated to be the source of almost 60% of Georgian remittances, followed by Ukraine (8%), Greece (5%), and Armenia (4%).

In 2017, the IMF approved a three-year Extended Fund Facility arrangement to provide Georgia with around $285 million in loans to support economic reforms focusing, among other things, on financial stability and infrastructure investment. The IMF noted the need for Georgia to increase its agricultural productivity, improve its business environment, and reform its education system.

Georgia has suffered in the past from energy shortages and gas cutoffs, but it has improved its energy security in recent years. Almost all its natural gas supplies come from neighboring Azerbaijan. Georgia has rehabilitated hydropower plants and constructed new ones, although some key hydropower development plans have engendered local and NGO opposition.

In 2018, Georgia’s four largest merchandise trading partners were Turkey ($1.7 billion, or 14% of Georgia’s trade), Russia ($1.4 billion, 11%), Azerbaijan ($1.1 billion, 9%), and China ($1.0 billion, 8%). Trade with the European Union (EU), as a whole Georgia’s largest trading partner, made up around 26% of total trade ($3.2 billion). More than half of Georgia’s merchandise exports (51%) went to five countries: Azerbaijan, Russia, Armenia, Bulgaria, and Turkey. Its main exports were copper ores, beverages (wine, water, and spirits), motor vehicles, and iron and steel.

Free trade agreements with the EU (signed in 2014) and China (signed in 2017) may improve Georgia’s prospects for export-led growth. Georgia is also exploring a trade agreement with India. However, Georgia’s manufacturing sector is small, and its top exports include used foreign cars and scrap metal, which provide low added value. In 2017, the IMF indicated that Georgia could further diversify its agricultural exports but noted the need to improve quality and standards.

Tourism to Georgia has increased in recent years and annual tourism-related income has more than quadrupled since 2010. In 2018, the number of international visitors who stayed in the country overnight was around 4.8 million, a 345% increase since 2010. Most tourists are from neighboring countries: Russia, Azerbaijan, Turkey, and Armenia.

In recent years, foreign direct investment (FDI) appears to have exceeded the high levels Georgia enjoyed in 2006 to 2008, before the global financial crisis, when FDI averaged $1.5 billion a year. From 2014 to 2018, FDI averaged $1.7 billion a year. About 60% of the total amount came from Azerbaijan, the Netherlands, the United Kingdom, and Turkey. During this period, most FDI was in transport (22%); other leading sectors were finance (12%), construction (12%), and energy.

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45 For many years, Georgia also received some 10% of natural gas that Russia exports to Armenia via Georgia. At the start of 2017, the Russian company Gazprom negotiated with Georgia to start paying in cash for its gas transit to Armenia. Liz Fuller, “Azerbaijan to Provide Georgia with Alternative to Russian Gas in 2017,” RFE/RL, April 19, 2017.
47 Geostat (footnote 41).
49 Georgian National Tourism Administration, at https://gnta.ge/statistics/.
Relations with the European Union and NATO

The Georgian government has long made closer integration with the EU and NATO a priority. According to recent polls, almost 80% of the Georgian population supports membership in the EU and over 70% supports membership in NATO.\(^{52}\)

In 2014, Georgia concluded an association agreement with the EU that included a Deep and Comprehensive Free Trade Area (DCFTA) and encouraged harmonization with EU laws and regulations.\(^{53}\) The EU granted Georgia visa-free travel in 2017. The EU also is a major provider of foreign aid to Georgia, providing on average over €120 million (about $130 million) a year in 2017 and 2018.\(^{54}\)

As of 2018, the benefits of the EU free-trade agreement for Georgia remain unclear. In 2018, the total value of Georgian exports to the EU was 17% greater than in 2014. Exports to the EU as a share of Georgia’s total exports, however, were the same in 2018 as they were in 2014 (22%).\(^{55}\) The EU asserts that Georgia is “reaping the benefits of economic integration” with the EU but notes that “further efforts are needed to stimulate exports and improve the trade balance.”\(^{56}\)

Georgia has close relations with NATO, which considers Georgia one of its “closest operational partners.”\(^{57}\) A NATO-Georgia Commission, established in 2008, provides the framework for cooperation. At its 2014 Wales Summit, NATO leaders established a “Substantial NATO-Georgia Package” to help Georgia bolster its defense capabilities, including capacity-building, training, exercises, and enhanced interoperability. In 2015, Georgia joined the NATO Response Force, a rapid reaction force.

Georgia is one of the top troop contributors (and the top non-NATO contributor) in the NATO-led Resolute Support Mission in Afghanistan. At its height, Georgia’s deployment to NATO’s previous International Security Assistance Force (ISAF) reached over 1,500 troops, who served with no operational caveats. As of June 2019, Georgia is the fifth-largest contributor to the Resolute Support Mission, with 870 troops. Georgia also contributed more than 2,250 troops to the NATO-led Kosovo Force, or KFOR, between 1999 and 2008.\(^{58}\)

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\(^{50}\) Geostat (footnote 41).
\(^{52}\) CRRC Georgia/NDI, “Public Attitudes in Georgia: Results of a July 2019 Survey” (footnote 41).
\(^{55}\) Georgian imports from the European Union in 2018 (29%) made up a slightly larger share of total imports than in 2014 (28%). Geostat (footnote 41).
\(^{56}\) European Commission and EEAS, Association Implementation Report on Georgia, p. 18 (footnote 54).
\(^{58}\) According to the U.S. Department of State, Georgia has deployed more than 16,000 soldiers to Afghanistan, “more
In 2015, NATO opened a Joint Training and Evaluation Center in Georgia to provide training, evaluation, and certification opportunities to enhance interoperability and operational readiness. The center hosted its second joint NATO-Georgia exercise in March 2019 (the first one was held in 2016). Some NATO member states also participate in two sets of annual U.S.-Georgia military exercises: Agile Spirit and Noble Partner (see “Military Aid Since the August 2008 War,” below). NATO also has established a Defense Institution Building School for professional development and training.

Many observers consider that closer integration with the EU and NATO has not enabled Georgia to improve its near-term prospects for membership in these organizations. The EU is unlikely to consider Georgia a candidate for membership soon, given the EU’s internal challenges and a lack of support for enlargement among many members. In 2008, NATO members agreed that Georgia and Ukraine would become members of NATO, but Georgia has not been granted a NATO Membership Action Plan or other clear path to membership.59

Many observers attribute Georgia’s lack of a clear path to NATO membership to some members’ concerns that Georgia’s membership could lead to a heightened risk of war with Russia, which currently occupies around 18% of Georgia’s territory. Many believe that NATO will not move forward with membership as long as Russia occupies Georgian territory and the conflict remains unresolved.

Relations with Russia and Secessionist Regions

Georgia’s secessionist regions of Abkhazia and South Ossetia broke away from Georgia in the early 1990s, during and after Georgia’s pursuit of independence from the USSR. Since then, Georgia’s relations with Russia have been difficult, as Tbilisi has blamed Moscow for obstructing Georgia’s Western leanings. Many observers believe that Moscow supports Abkhazia and South Ossetia to prevent Georgia from joining NATO.

Abkhazia and South Ossetia

Georgia’s Russian-occupied regions of Abkhazia and South Ossetia are small but strategically located. Abkhazia accounts for more than half of Georgia’s Black Sea coastline. South Ossetia is located in central Georgia astride a major transportation route to Russia and close to Georgia’s main east-west highway.

Abkhazia’s population in the last prewar census (1989) was around 525,000 (of which 46% were ethnic Georgians, 17% ethnic Abkhaz, 16% Russians, and 15% Armenians). Most Georgians fled Abkhazia during the 1992-1993 war and became internally displaced persons, unable to return to their homes. According to the de facto authorities in Abkhazia, the region’s population was around 240,000 in 2011 (50% Abkhaz, 19% Georgian, 17% Armenian, 9% Russian). Many observers say that the estimated 40,000 ethnic Georgians who still live in Abkhazia face serious challenges regarding their freedom of movement, political rights, and native-language education.

South Ossetia’s population in the last prewar census was around 98,000 (of which 66% were ethnic Ossetians and 29% were ethnic Georgians). The 2008 war resulted in the expulsion of some 20,000 Georgian residents and the destruction of their villages, as well as the occupation of Georgian-populated settlements that previously were not

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59 In the Bucharest Summit Declaration of April 2008, heads of state and government of NATO member countries declared that “NATO welcomes Ukraine’s and Georgia’s Euro-Atlantic aspirations for membership in NATO. We agreed today that these countries will become members of NATO.” NATO, “Bucharest Summit Declaration,” April 3, 2008, at https://www.nato.int/cps/us/natohq/official_texts_8443.htm.
Georgia’s relations with Russia worsened after ex-President Saakashvili came to power in 2003 and sought to accelerate Georgia’s integration with the West. After clashes increased between Georgian and secessionist forces, Russia invaded Georgia in August 2008 to prevent Georgia from reestablishing control over South Ossetia. Russia subsequently recognized Abkhazia and South Ossetia as independent states.

Since coming to power in 2012, the GD government has sought to improve relations with Russia, particularly economic ties. In 2013, Moscow lifted an embargo on popular Georgian exports (including wine and mineral water) that had been in place since 2006. As a result, Russia again became one of Georgia’s main trading partners. The share of Georgia’s merchandise exports to Russia as a percentage of its total exports rose from 2% in 2012 to 13% in 2018.

While the Georgian government has sought to improve relations with Russia, Moscow continues to tighten control over Abkhazia and South Ossetia. Moscow has established military bases that reportedly house around 3,500 personnel each, and it stations border guards along the administrative boundary lines dividing the two regions from the rest of Georgia. In 2016, Russia finalized an agreement with the de facto authorities of Abkhazia, establishing a combined group of military forces. In 2017, Russia concluded an agreement with de facto authorities in South Ossetia to integrate the breakaway region’s military forces with its own.

Russia and de facto regional authorities have constructed border fencing and imposed transit restrictions across the administrative boundary lines. Russian and local authorities frequently detain Georgian citizens for “illegally” crossing the boundary lines. At least four Georgian citizens have been killed or died under suspicious circumstances while in detention or in incidents involving local armed forces.

In August and September 2019, new tensions arose after Russian and de facto local authorities erected new fencing within a residential area near the boundary line, installed border signs in a separate area within Georgian-controlled territory, and closed two crossing points across the boundary line. De facto authorities said the border signs and closures were in response to the

| 60 | Also in 2006, Russia forcibly deported more than 2,000 Georgian migrant workers, seemingly in response to Georgia’s arrest of four Russian military officers on espionage-related charges. In 2014, the European Court of Human Rights (ECHR) ruled that the deportation violated the European Convention of Human Rights but did not make a ruling regarding compensation. In January 2019, the ECHR ruled that Russia should pay €10 million (around $11.3 million) in compensation to the deportees. European Court of Human Rights, “Just Satisfaction Judgment in the Case of Georgia v. Russia (I),” press release, January 31, 2019, available at http://hudoc.echr.coe.int/eng?i=002-12323. |
| 61 | The share of Georgian merchandise imports from Russia also increased, from 6% in 2012 to 10% in 2018. Geostat (footnote 41). |
establishment of a new Georgian police checkpoint near the region. Georgian, European, and U.S. officials criticized these actions.65

Georgian efforts to rebuild ties across conflict lines or return internally displaced persons have made little progress. In 2018, the Georgian government unveiled a peace initiative and enacted related legislative amendments to facilitate greater engagement with Abkhazia and South Ossetia in trade and educational affairs.66 The United States and the EU have expressed support for this initiative.67 It is not clear if Russia and the two regions have accepted any of the initiative’s elements.

The EU leads an unarmed civilian Monitoring Mission in Georgia (EUMM) that monitors compliance with the cease-fire agreements that ended the August 2008 war. Although the EUMM’s mandate covers all of Georgia, local and Russian authorities do not permit it to operate in Abkhazia and South Ossetia; EUMM representatives occasionally have crossed the boundary line to address specific issues.68

All parties to the conflict, together with the United States, the EU, the United Nations (U.N.), and the OSCE, participate in the Geneva International Discussions, convened quarterly to address issues related to the conflict. They also participate in joint Incident Prevention and Response Mechanisms (IPRM), together with the U.N. and OSCE, designed to address local security issues and build confidence. Abkhaz and South Ossetian representatives periodically have suspended their participation in the IPRM, which did not convene at all for Abkhazia from 2012 to 2016.69

Improved relations with Russia do not appear to have led to greater public support in Georgia for closer integration with Russia. Several overtly pro-Russian parties performed poorly in the 2016 parliamentary elections. One electoral bloc critical of Georgia’s European integration, the nationalist-conservative Alliance of Patriots, cleared the 5% threshold to enter parliament, but even this bloc’s leadership did not campaign for membership in the Russia-led Eurasian Union. In a 2018 survey, less than 30% of respondents expressed support for joining the Eurasian Union.70

U.S.-Georgia Relations

Georgia is one of the United States’ closest partners among the post-Soviet states. With a history of strong economic aid and security cooperation, the United States and Georgia have deepened their strategic partnership since Russia’s 2008 invasion of Georgia and 2014 invasion of Ukraine. A U.S.-Georgia Charter on Strategic Partnership, signed in 2009, provides the framework for much of the two countries’ bilateral engagement. A Strategic Partnership Commission convenes


68 For more, see the Monitoring Mission in Georgia website, at https://eumm.eu.


annual plenary sessions and working groups to address political, economic, security, and people-to-people issues.\footnote{U.S. Department of State, “U.S.-Georgia Strategic Partnership Commission,” at https://www.state.gov/u-s-georgia-strategic-partnership-commission/}

Before the 2008 war, the United States supported granting Georgia a NATO Membership Action Plan and backed NATO’s April 2008 pledge that Georgia eventually would become a member of NATO. In August 2017, U.S. Vice President Michael Pence said in Tbilisi that the Trump Administration “stand[s] by the 2008 NATO Bucharest statement, which made it clear that Georgia will one day become a member of NATO.”\footnote{White House, “Remarks by the Vice President and Georgian Prime Minister in a Joint Press Conference,” August 1, 2017.} At a press conference after the July 2018 NATO summit in Brussels, President Trump said that “at a certain point [Georgia will] have a chance” to join NATO, if “not right now.”\footnote{White House, “Remarks by President Trump at Press Conference After NATO Summit,” July 12, 2018.}

**Support for Georgia’s Sovereignty and Territorial Integrity**

U.S. policy expressly supports Georgia’s sovereignty and territorial integrity. In a visit to Tbilisi in August 2017, Vice President Michael Pence said the United States “strongly condemns Russia’s occupation on Georgia’s soil.”\footnote{White House, “Remarks by the Vice President and Georgian Prime Minister in a Joint Press Conference,” August 1, 2017.} In January 2018, the State Department indicated that “the United States’ position on Abkhazia and South Ossetia is unwavering: The United States fully supports Georgia’s territorial integrity within its internationally recognized borders.”\footnote{U.S. Department of State, “Russia’s Violations of Georgian Sovereignty,” January 26, 2018.}

The United States supports a resolution to the conflict within these parameters. The United States calls on Russia to comply with the terms of the 2008 cease-fire agreement, including withdrawal of its forces to prewar positions, and to reverse its recognition of Abkhazia and South Ossetia as independent states.\footnote{U.S. Department of State, “Russia’s Violations of Georgian Sovereignty,” January 26, 2018.} The U.S. government has expressed support for Georgia’s “commitment to dialogue and a peaceful resolution to the conflict,” and in 2018 the State Department welcomed the new peace initiative that the government of Georgia unveiled.\footnote{U.S. Department of State, “United States Welcomes Georgia Peace Initiative,” August 1, 2017.} The State Department regularly participates in the Geneva International Discussions.

Congress also has expressed firm support for Georgia’s sovereignty and territorial integrity. The Countering Russian Influence in Europe and Eurasia Act of 2017 (P.L. 115-44, Title II, §253) states that the United States “supports the policy known as the ‘Stimson Doctrine’ and thus does not recognize territorial changes effected by force, including the illegal invasions and occupations” of Abkhazia and South Ossetia, and other territories occupied by Russia.\footnote{As noted in a proposed concurrent resolution introduced in September 2008 (H.Con.Res. 430), the Stimson Doctrine is named for Secretary of State Henry Stimson, who “declared in 1932 that the United States would not recognize territorial changes effected by force following the seizure of Manchuria by Japan.”}

As with previous appropriations, FY2019 foreign operations appropriations prohibited foreign assistance to governments that recognize Abkhazia or South Ossetia and restricted funds from supporting Russia’s occupation of Abkhazia and South Ossetia (P.L. 116-6, §7047(c)).\footnote{There are also restrictions on foreign assistance to the central governments of countries that recognize the independence of Abkhazia or South Ossetia. Nicaragua, Venezuela, Nauru, and Syria have joined Russia in recognizing}
Ukraine Freedom Support Act (P.L. 113-272) provides for sanctions against Russian entities that transfer weapons to Georgian territory.

In the 116th Congress, the House Foreign Affairs Committee ordered the Georgia Support Act (H.R. 598) to be reported out of committee on May 22, 2019. The bill would express support for Georgia’s sovereignty, independence, and territorial integrity, as well as for its democratic development, Euro-Atlantic and European integration, and peaceful conflict resolution. If passed, the bill would require the Secretary of State to submit to Congress reports on U.S. security assistance to Georgia, U.S.-Georgia cybersecurity cooperation, and a strategy to enhance Georgia’s capabilities to combat Russian disinformation and propaganda. The bill also would require the President to impose sanctions on those responsible for serious human rights abuses in Abkhazia and South Ossetia.

The House-amended version of the FY2020 National Defense Authorization Act (S. 1790) would state that Congress “reaffirms United States support for Georgia’s sovereignty and territorial integrity within its internationally-recognized borders, and does not recognize the independence of the Abkhazia and South Ossetia regions currently occupied by the Russian Federation.” It also states that Congress “supports continued cooperation between the United States and Georgia and the efforts of the Government of Georgia to provide for the defense of its people and sovereign territory.”

Many Members of Congress also have expressed their support for Georgia in House and Senate resolutions. In September 2016, during the 114th Congress, the House of Representatives passed H.Res. 660, which expressed support for Georgia’s territorial integrity, in a 410-6 vote. The resolution condemned Russia’s military intervention and occupation, called upon Russia to withdraw its recognition of Abkhazia and South Ossetia as independent states, and urged the U.S. government to declare unequivocally that the United States will not recognize Russia’s de jure or de facto sovereignty over any part of Georgia under any circumstances.

The Senate and House have passed other resolutions in support of Georgian sovereignty and territorial integrity: in 2011-2012 (S.Res. 175, H.Res. 526), in September 2008 (S.Res. 690), and, before the conflict, in May-June 2008 (H.Res. 1166, S.Res. 550) and December 2007 (S.Res. 391).

Foreign Aid

Georgia has long been a leading recipient of U.S. foreign and military aid in Europe and Eurasia. In the 1990s (FY1992-FY2000), the U.S. government provided over $860 million in total aid to Georgia ($96 million a year on average). In the later part of the decade, the United States began

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Abkhazia and South Ossetia as independent states. In 2014, Tuvalu retracted its earlier recognition of these regions’ independence. Vanuatu, which recognized the independence of Abkhazia but not South Ossetia, appears to have changed its policy over time.

80 The House passed a similar bill (H.R. 6219) by unanimous consent during the 115th Congress.
81 A parallel resolution (S.Res. 106) was introduced in the Senate during the 115th Congress.
to provide Georgia with increased amounts of aid to improve border and maritime security and to combat transnational crime, including through the development of Georgia’s Coast Guard.\textsuperscript{83}

In the 2000s, Georgia became the largest per capita recipient of U.S. aid in Europe and Eurasia. From FY2001 to FY2007, total aid to Georgia amounted to over $945 million ($135 million a year, on average).\textsuperscript{84} In 2005, Georgia also was awarded an initial five-year (2006-2011) $295 million grant from the U.S. Millennium Challenge Corporation (MCC) for road, pipeline, and municipal infrastructure rehabilitation, as well as for agribusiness development.\textsuperscript{85}

The United States gave increased amounts of military aid to Georgia after the terrorist attacks of September 11, 2001. At the time, the George W. Bush Administration considered Georgia part of a “second stage” in the “war on terror,” together with Yemen and the Philippines, and supported Georgia with a two-year Train and Equip Program.\textsuperscript{86} This program was followed by a Sustainment and Stability Operations Program through 2007 that supported a Georgian troop deployment to Operation Iraqi Freedom.

After Russia invaded Georgia in August 2008, the United States substantially increased its assistance to Georgia. The U.S. government immediately provided over $38 million in humanitarian aid and emergency relief, using U.S. aircraft and naval and coast guard ships.\textsuperscript{87} In September 2008, then-Secretary of State Condoleezza Rice announced a total aid package worth at least $1 billion.\textsuperscript{88} Total U.S. assistance to Georgia for FY2008-FY2009 amounted to $1.04 billion, which included $250 million in direct budgetary support and an additional $100 million in MCC funds (taking the total amount of Georgia’s initial MCC grant to $395 million).\textsuperscript{89}

Since the 2008 war, Georgia has continued to be a major recipient of U.S. foreign aid in the Europe and Eurasia region. Nonmilitary aid totaled $60 million a year on average from FY2010

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86 In March 2002, President George W. Bush said: “Now that the Taliban are gone and al Qaeda has lost its home base for terrorism [in Afghanistan], we have entered the second stage of the war on terror—a sustained campaign to deny sanctuary to terrorists who would threaten our citizens from anywhere in the world.” He named the Philippines, Georgia, and Yemen as three sites of this second stage. White House, “President Bush Thanks the World Coalition for Anti-Terrorism Efforts,” March 11, 2002, at https://2001-2009.state.gov/coalition/cr/2002/8729.htm.


89 This amount includes actual State Department/U.S. Agency for International Development (USAID) and MCC funds, as well as Defense Department funds as estimated by Security Assistance Monitor (a nongovernmental organization). For details on the $1 billion aid package, see testimony of S. Ken Yamashita, in U.S. Congress, Senate Committee on Foreign Relations, \textit{Georgia: One Year After the August War}, hearings, 111\textsuperscript{th} Congress, 1\textsuperscript{st} sess., August 4, 2009, at https://www.foreign.senate.gov/publications/download/testimony-of-s-ken-yamashita-from-georgia-one-year-after-the-august-war. Security Assistance Monitor data is available at https://securityassistance.org/data/program/military/Georgia/.
to FY2017.\textsuperscript{90} In addition, Georgia was awarded a second five-year (2014-2019) MCC grant of $140 million to support educational infrastructure and training, and to improve the study of science and technology.\textsuperscript{91}

In FY2018, U.S. nonmilitary aid to Georgia totaled $70.8 million. For FY2019, Congress appropriated $89.8 million in nonmilitary aid. The president’s FY2020 nonmilitary aid request for Georgia was $42.4 million, and the House and Senate Appropriations Committee recommended $89.8 million.\textsuperscript{92}

**Military Aid Since the August 2008 War**

After the 2008 war, Georgia continued to receive U.S. military assistance, including around $144 million in postwar security and stabilization assistance in FY2008-FY2009. Since FY2010, Georgia has received further military assistance, primarily through Foreign Military Financing (FMF) aid, Coalition Support Funds, and Train and Equip and other capacity-building programs. These funds have been used to support Georgia’s deployments to Afghanistan in ISAF and the follow-on Resolute Support Mission, as well as for Georgian border security, counterterrorism, and defense readiness.

U.S. military assistance to Georgia in FY2010-FY2017 is estimated to have been around $74 million a year on average.\textsuperscript{93} In 2017, the Department of Defense launched a three-year, $35 million training initiative, the Georgia Defense Readiness Program. This initiative seeks to build the capacity of Georgia’s armed forces “to generate, train and sustain forces in preparation for all national missions.”\textsuperscript{94} The initiative is expected to be renewed.

For FY2018, military aid to Georgia is estimated to have totaled $40.4 million. This includes $35 million in FMF assistance, $2 million in International Military Education and Training (IMET), and $3.4 million provided under the Department of Defense’s “Section 333” (global train-and-equip) authority.\textsuperscript{95} For FY2019, Congress appropriated $35 million in FMF and $2 million in IMET funds. Additional planned military assistance was to be provided under the Department of Defense’s “Section 333” authority. For FY2020, the House Appropriations Committee recommended $37.2 million and the Senate Appropriations Committee recommended $42.2 million in FMF and IMET funds.\textsuperscript{96}

Outside of Afghanistan, the United States has gradually deepened its postwar defense cooperation with Georgia. The Obama Administration refrained from approving defensive (anti-tank and anti-aircraft) arms sales to Georgia. Observers considered various reasons for this hesitation, including doubts regarding the deterrent effect of such weapons, concerns about encouraging

\textsuperscript{90} Nonmilitary aid includes all State Department/USAID funds except Foreign Military Financing (FMF) and International Military Education and Training (IMET).

\textsuperscript{91} MCC, “Georgia Compact II,” at https://www.mcc.gov/where-we-work/program/georgia-compact-ii.

\textsuperscript{92} H.Rept. 116-78 to accompany H.R. 2839; S.Rept. 116-126 to accompany S. 2583.

\textsuperscript{93} Data from Security Assistance Monitor, including FMF and IMET, and excluding Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR) and International Narcotics Control and Law Enforcement (INCLE).

\textsuperscript{94} U.S. Department of State, “U.S. Security Cooperation with Georgia,” May 21, 2019 (footnote 58). Funding data is available from Security Assistance Monitor.

\textsuperscript{95} Section 333 funding data is available from Security Assistance Monitor.

\textsuperscript{96} H.Rept. 116-78 to accompany H.R. 2839; S.Rept. 116-126 to accompany S. 2583.
potential Georgian offensives to retake territory, and a desire to avoid worsening relations with Russia as the Administration embarked on a new “reset” policy with Moscow.97

U.S.-Georgia defense cooperation deepened over time. In a 2012 visit to Georgia, then-Secretary of State Hillary Clinton said that increased cooperation would help improve Georgia’s self-defense capabilities, promote defense reform and modernization, and provide training and equipment to support Georgia’s ISAF deployment and NATO interoperability.98 In December 2016, the United States and Georgia concluded a three-year framework agreement on security cooperation focusing on “improving Georgia’s defense capabilities, establishing [an] effective and sustainable system of defense, enhancing interoperability of the Georgian Armed Forces with NATO, and ensuring effective military management.”99 The framework agreement led to the establishment of the Georgia Defense Readiness Program in 2017.

The Trump Administration approved the provision of major defensive lethal weaponry to Georgia. In November 2017, the U.S. State Department approved a Foreign Military Sale of over 400 Javelin portable anti-tank missiles, as well as launchers, associated equipment, and training, at a total estimated cost of $75 million.100

The United States and Georgia have held annual joint military exercises in Georgia since 2011. Initial exercises, dubbed Agile Spirit, began as a counterinsurgency and peacekeeping operations training exercise and shifted to a “conventional warfare focus” in 2015, the year after Russia’s invasion of Ukraine.101 That year, Agile Spirit began to include other NATO partners. A second bilateral exercise, Noble Partner, was launched in 2015; the Department of Defense characterized it as the “most robust” U.S.-Georgia exercise ever, designed to support Georgia’s integration into the NATO Response Force.102

Trade

In 2018, the United States was Georgia’s seventh-largest source of merchandise imports and eighth-largest destination for exports. The value of Georgia’s merchandise imports from the United States—mainly vehicles, industrial machinery, and meat—was $360 million in 2018. The

97 In testimony to the Senate Foreign Relations Committee a year after Russia’s invasion, then-Assistant Secretary of Defense Alexander Vershbow characterized U.S. defense cooperation with Georgia as “a methodical, yet patient, strategic approach … [focused] on building defense institutions, assisting defense sector reform, and building the strategic and educational foundations” for training and reform. He said the United States was “carefully examining each step [of its military assistance program] to ensure it would not be counterproductive to our goals of promoting peace and stability in the region.” Testimony of Alexander Vershbow, in U.S. Congress, Senate Committee on Foreign Relations, Georgia: One Year After the August War, hearings, 111th Congress, 1st sess., August 4, 2009, at https://www.foreign.senate.gov/publications/download/testimony-of-alexander-vershbow-from-georgia-one-year-after-the-august-war.


value of merchandise exports to the United States—mainly iron and steel and inorganic chemicals—was $160 million in 2018.\footnote{Geostat (footnote 41).}

Since 2012, the United States and Georgia periodically have discussed the possibility of a free-trade agreement. The two countries have signed a bilateral investment treaty and a Trade and Investment Framework Agreement. They also have established a High-Level Dialogue on Trade and Investment. During Vice President Michael Pence’s August 2017 visit to Georgia, he expressed the United States’ “keen interest in expanding our trade and investment relationship with Georgia.”\footnote{White House, “Remarks by the Vice President and Georgian Prime Minister in a Joint Press Conference,” August 1, 2017.} The Georgia Support Act (H.R. 598), ordered to be reported on May 22, 2019, would express the sense of Congress that “the United States Trade Representative should make progress toward negotiations with Georgia to enter a bilateral free trade agreement with Georgia.”

The United States supports Georgia’s deepwater port project in Anaklia (see “Political Controversies” above). In May 2019, Assistant Secretary of State for Economic and Business Affairs Manisha Singh said that the port “will grow Georgia’s economy, make Georgia an even stronger trading partner to the United States, and provide greater connectivity between Europe and the entire Caspian region.”\footnote{U.S. Department of State, “Remarks at the Fourth Annual Trans-Caspian Forum,” May 23, 2019.} In June 2019, Secretary of State Michael Pompeo expressed “hope that Georgia completes the port project [which] will enhance Georgia’s relationship with free economies and prevent Georgia from falling prey to Russian or Chinese economic influence.”\footnote{U.S. Department of State, “Statements to the Press With Georgian Prime Minister Mamuka Bakhtadze As Part of the U.S.-Georgia Strategic Partnership Commission,” June 11, 2019.}

**Author Information**

Cory Welt  
Specialist in European Affairs

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