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STRATEGIC CONNECTIVITY IN THE BLACK SEA:
A FOCUS ON GEORGIA

Batu Kutelia
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This report argues that the government of Georgia needs to reshuffle its priorities in advancing its strategic connectivity in three major areas: democratic statecraft, economic modernization, and geopolitical identity. By prioritizing these three areas, Georgia can secure a better place as a major hub for transportation and logistics. Taking concrete actions and reforms will secure sustainable economic growth if Tbilisi reinforces its strategic partnerships. The wider Black Sea region has become a strategically important area because it connects Europe to the Eurasian landmass and allows the development of multidimensional and multimodal linkages related to energy, infrastructure, logistics, cyber, military, environment, and migration.

This report provides policy recommendations on transportation, logistics, and critical infrastructure supporting proactive approaches for risk management and increasing resilience. The recommendations include innovative public-private cooperation for introducing modern technological and financial solutions. Other recommendations include a Western strategy to push back on Russian aggression and to strengthen security and stability.

EXECUTIVE SUMMARY
INTRODUCTION

Noted geopolitical theorist Halford Mackinder once wrote: “Who rules East Europe commands the Heartland; who rules the Heartland commands the World-Island; who rules the World-Island commands the world.” This statement is as true today as it was when Mackinder first wrote it. After the end of the Cold War, connectivity acquired a geopolitical dimension and triggered several major international initiatives. Those initiatives induced competition and laid the foundation for the current global order. This “strategic connectivity” encompasses several well-known concepts like interdependence, interoperability, and diversification across all major areas of interstate relations like energy, infrastructure, logistics, cyber, military, environment, and migration. The post-Cold War order led to the creation of a “Europe Whole and Free and at Peace,” which included waves of North Atlantic Treaty Organization (NATO) and European Union (EU) enlargement.

NATO’s partial enlargement on the Black Sea created important momentum for continuing the post-Cold War process of transforming former adversaries into partners, with significant investments for interoperability. Former members of the Warsaw Pact shifted to Western standards linguistically, technologically, and logistically. NATO’s Host Nation Support Concept upgraded and synchronized NATO and partner countries’ infrastructures to common standards. Operating procedures for potential contingencies increased the commercial value of logistical connectivity. In addition to military and technical interoperability, most of these states democratized and then joined NATO as full members. This process brought unprecedented peace, security, and stability in Europe. Georgia and Ukraine were supposed to be next in the decades-long process, which halted in 2008 at the Black Sea. Moscow launched wars against Georgia and Ukraine to stop the continuation of NATO and EU enlargement.

The strategic importance of the wider Black Sea area has increased dramatically. The Black Sea serves as a connection between Europe and the Eurasian landmass (Mackinder’s Heartland), and the development of multidimensional and multimodal linkages attracted greater interest from Western competitors. Western interests have been directly confronted by the strategic interests of the Russian Federation and People’s Republic of China. Russia, a Black Sea littoral country, used military means against Western interests to increase its strategic foothold.

A vivid example of this geopolitical rivalry occurred during NATO’s International Security Assistance Force (ISAF) operation in Afghanistan. When Russia started imposing roadblocks on its territory in the Northern Distribution Network for the logistical supply of troops, the route shifted south through the Black and Caspian Seas and operated smoothly until the operation’s completion. This operation was a clear demonstration of the effect of U.S. leadership, strategic interest, and logistical connectivity. Georgia and its strategic soft and hard logistical infrastructure played a critical role in the rapid readjustment of supply routes for coalition troops. This process highlighted the commercial potential of this connectivity.

Moscow and Beijing have introduced competing connectivity ideas: the Belt
and Road Initiative (BRI) and the Russian Eurasian Union ("RusskiMir" and "Orthodox unity"). The two countries have attached great political and strategic meaning to their initiatives. The Black Sea region, particularly Georgia, has been pressured to shift its strategic priorities in favor of those initiatives. Former U.S. Secretary of State Mike Pompeo reinforced Georgia’s strategic importance on the Black Sea, especially the importance of the Anaklia deep sea project.

It is obvious that post-Cold War strategic connectivity has a very strong ideological logic beyond its pragmatic economic value. Therefore, connectivity in today’s sense is much more than infrastructure, logistical, and commercial linkages— it holds a geopolitical and strategic relevance. Competition includes various disruptive efforts, which have been labeled as “hybrid warfare.” This term encompasses conventional military means, propaganda, and economic corruption. That is why Georgia has a much more significant role in global affairs than Tbilisi has been able to achieve: Georgia has the potential expand its role, function, and geopolitical identity in the wider Black Sea region and beyond.

For its efforts in democratization, modernization of governance, and progress in tackling corruption, Georgia has been considered as a leader in the region since the Rose Revolution of 2003. Georgia’s progress also made it
a target of the Kremlin, even after the 2008 war. Russia’s hybrid war throughout Georgia continues. In last few years, Georgia’s democratic credentials have faded. Informal governance, weakened democratic institutions, and the concentration of power continue to undermine Georgian democracy. The economy—after substantial growth between 2003-2008 and fair growth between 2011-2013—has since slowed down. However, the Georgian public’s commitment to democratic development and Western integration remains firm.

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The development of strategic connectivity in the South Caucasus, particularly in energy infrastructure, transportation, and digital connectivity, would greatly benefit Georgia. Strategic connectivity for Georgia is a function that can strengthen security, support economic development, promote regional cooperation, and positively affect Georgia’s NATO integration. Some projects have already succeeded in utilizing Georgia’s strategic position on the Black Sea: the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, the Baku-Tbilisi-Erzurum gas pipeline, the Poti-Baku and Batumi-Baku rail connections, the Baku-Tbilisi-Akhalkalaki-Kars railway (BTAK).

The development of strategic connectivity through the Black Sea region plays an important role in providing alternative routes for energy, transportation, trade, and data connection to Western markets. As these improve and develop, so do regional security, economic development, and cooperation. The process also strengthens the sovereignty of these countries, decreases dependence on Russia, and opens new economic opportunities. The development of strategic connectivity in South Caucasus would be in the best interest of the United States and NATO members.
The Black Sea region is important for European and Euro-Atlantic security and stability, which is, in turn, essential for the security and stability of the entire continent. The Black Sea region serves as the connecting link between the East and West for energy and transportation. Moreover, the region has the potential to play a more substantial role in providing an alternative for data connectivity.

Black Sea littoral states include three NATO countries (Bulgaria, Romania, and Turkey), two countries aspiring to join NATO (Georgia and Ukraine), and Russia. Moscow is trying to dominate the Black Sea, push the West out, and establish a “zone of privileged interests.”

To achieve this goal, Russia uses hybrid tactics against Georgia and Ukraine. In 2008, Russia used its military force to occupy Abkhazia and South Ossetia. In 2014, Russia annexed Crimea and started a proxy war in the Donbas. Ethnic cleansing has occurred in these occupied areas; thousands of Georgian and Ukrainian citizens have died, and hundreds of thousands have been displaced. For two decades, Russia has derailed the democratic development and Euro-Atlantic integration of Georgia and Ukraine.

The Kremlin’s strategic objectives are to establish a so-called “zone of privileged interests” near its borders and project its power and influence beyond the “zone.” The Black Sea region is one of the regions that the Kremlin focuses its efforts to establish a zone of influence and project its military power. To achieve its geopolitical objectives, Moscow uses military and non-military means. Along with conventional military instruments, the Kremlin uses economic, political, informational, economic, and energy instruments, as well as special service operations, to influence strategic and policy choices of countries.

AN OVERVIEW OF GEORGIA’S ROLE IN THE REGION

Georgia is an important transit route for trade from the West to Central Asia and an energy transit route from the eastern Caspian Sea to the Mediterranean Sea. Because of its location, Georgia should continue to develop itself as a regional transit hub. It should find great success in connecting its economic development to its democratic development and Western integration.

After regaining independence, Georgia was considered a pro-Western country. Since the late 1990s, the country has set NATO and EU membership as strategic goal. Georgia has been a dependable U.S. ally and NATO partner. It contributed to the NATO-led international peacekeeping force in Kosovo from 1999 to 2008. Georgian troops participated in Operation Iraqi Freedom in 2004, gradually increasing their contingent from 850 to 2,300 soldiers in 2008. In Afghanistan, Georgia was the largest non-NATO troop contributor and suffered the most troops killed in action on a per capita basis.

Since the Rose Revolution of 2003, Georgia has been perceived as a leader in a very turbulent region for its efforts in democratic transformation, modernization of governance, and tackling corruption. President George W. Bush called Georgia a “beacon of Liberty” during his visit to Tbilisi in 2005.3 By achieving a successful democratic transformation, Georgia was a good example for other countries to follow, but its progress made it a target. The Kremlin’s hybrid war against Georgia started with energy cuts and trade embargos in 2006 and expanded to military intervention and occupation of territories in 2008. Despite continued hybrid war tactics, Tbilisi maintained its democratic and Western integration path and had its first peaceful transfer of power in 2012.

Georgia’s democratic credentials have recently faded. Informal governance, weakened democratic institutions, and the concentration of power undermine Georgian democracy. More observers and analysts see the situation as state

Opposition supporters protest against results of a parliamentary election.
(Irakli Gedenidze/Reuters)
Moreover, as Bidzina Ivanishvili’s Georgian Dream Party loses support, it employs rhetoric aimed at polarization and radicalization. It has even covertly promoted anti-Western propaganda. As an example, in December 2019 and May 2020, Facebook shut down hundreds of coordinated fake accounts associated with the Georgian Dream Party that were manipulating public opinion. All these of these issues—fading democracy, weak institution and informal governance, polarization of society, radicalization, economic slowdown, and decreasing public trust in political process—negatively affect Georgia’s resilience and its ability to withstand hybrid tactics from Russia. Russian hybrid strategy aims to amplify existing systemic problems of informal governance, free and fair elections, independent judiciary, political prosecution, media freedom, and corruption to subvert Georgia.

On the 30th anniversary of regaining its independence, Georgia faces decisive momentum in its statecraft process. Every strategic decision will have a long-lasting effect. Considering the increased security implications, every decision should be scrutinized through the prism of national security, and priority should be given to strategic allies. In the short- to long-term perspective, Georgia should develop its ability to serve as a regional logistical hub with a higher degree of security towards critical infrastructure; Tbilisi should also develop automated manufacturing clusters and work towards becoming a technology-driven industrial economy.


Georgia’s transportation and logistical hub branding has been one of its most discussed and partially materialized strategic ideas. Besides the sector-specific economic or technical peculiarities and complex interdependencies, its location and ability to serve as a transit hub involve geopolitics, which is why its transportation and logistics network needs to be considered part of critical infrastructure development. The Silk Road map shows the concentration of all modes of transportation and logistics network in South Caucasus, particularly in Georgia, making it a critical node in the East-West corridor. These concentrations have historical, political, geographical, security, and commercial reasons. A combination of all these factors provides opportunities for economic prosperity, but a possible disruption might have grave consequences.

Georgia is home to some major transportation and logistics critical infrastructure of international and local importance:

According to Enterprise Georgia, Georgia’s transport economy is predominantly transit based: 68% of road traffic volume is the transit of containers and general cargo, and 89% of rail traffic is oil and oil products, grains, metals, and minerals from Central Asia. The logistical infrastructure and warehouse market sectors are developing slowly due to a low level of manufacturing and export potential.

According to Colliers International Georgia, Georgia’s total volume of industrial and logistics space in 2017 amounted to approximately 2.3 million square meters, with only 32% of the space leasable. Geographically, Tbilisi and Kutaisi are the largest suppliers, with 43% and 31% of


8 Ibid.
TRANSPORT NETWORK IN GEORIA

Poti Sea Port
- Port has 15 berths
- Depth: 8-11 m
- Annual Capacity: 4 mil tons of dry cargo, 1 mil tons of oil products, 1.0 mil. Ferry cargo, 500,000 TEU
- APM terminals

Batumi Sea Port
- Port has 11 berths
- Depth: 9-12 m
- Annual Capacity: 15 mil tons of oil products, 2 mil tons of dry cargo, 0.7 mil. tons Ferry cargo, 100,000 TEU, 180,000 passengers
- JSC KazTransOil

Kulevi Oil Terminal
- Crude oil, petroleum and lubricants
- Capacity 6mil t/year
- State Oil Company of Azerbaijan (SOCAR)

Supsa Oil Terminal
- Crude oil
- Capacity 8 mil t/year
- BP

New Anaklia Deep-sea port
- Depth: 18-20 m
- Annual capacity of the Phase I: 8 mil tons of cargo
- Total investment: 2.5 bln USD
- Phase I: 586 mln USD
- LTD Anaklia Development Consortium

Main Road Network
- Total Length: 20 thousand km
- Capacity min. 8-10 thousand motor vehicles per day, max. 50 thousand motor vehicles per day (highway)
- 190 km new Highway constructed

Tbilisi international airport
- 3,164,139 passengers in 2017

Batumi international airport
- 495,668 passengers in 2017

Kutaisi international airport
- 405,173 passengers in 2017 (incl. low-cost airlines)

Railway
- Infrastructure: 1,443.2 km (approx. 90% electrified); modernization in progress (capacity: 28 mil t/year)
- Main line Length: 460 km (100% electrified)
- New railway line Baku-Tbilisi-Kars (BTK) linked to Turkish railway networks: 180 km (capacity: 5-15 mil. t/year)

Oil/Gas Pipelines
- Baku-Supsa (8 mil t/year)
- Baku-Tbilisi-Ceyhan (60 mil t/year)

A list of Georgia’s major transportation and logistics infrastructure
total leasable space respectively. Batumi and Poti have only 17% and 9% of leasable space respectively. Among existing storage capacity, cold storage (8%) and A class spaces (less than 1% and located only in Tbilisi) are in short supply. Also, a trend of leasable supply decline can be observed in recent years. These numbers show that Georgia’s logistics security is small and underdeveloped. This snapshot shows that the logistical market has a local focus, is underdeveloped, and is experiencing hardship due to local currency depreciation.

In 2017, Tbilisi announced its strategic plan to develop logistical infrastructure through the creation of regionally distributed logistical clusters. This intention is in line with the current global trend of linking local supply chains to global networks through technological innovation. This plan could boost Georgia’s economy and increase its integration with regional and global markets. Most importantly, it could strengthen the resilience of the transportation and logistical system as key critical infrastructure. Due to unknown reasons, this project has not materialized. Effective and resilient transportation and logistics policy and infrastructure management and development could attract additional investment in Georgia. Tbilisi has already laid some important political and diplomatic groundwork by signing trade agreements with countries and international organizations: Deep and Comprehensive Free Trade Agreement (DCFTA) with the European Union and Free Trade Agreements (FTA) with Turkey, Ukraine, China, the European Free Trade Association, and the Commonwealth of Independent States. It also has generalized system of preferences status with the United States, with which it is in FTA talks. “Georgia is an active member of the International Transport Corridors such as TRACECA, Middle Corridor, Lapis Lazuli, Black Sea – Caspian Sea International Transport corridor, etc.” There are discussions of establishing an Organization for Democracy and Economic Development (GUAM) transport corridor from Poland to Baku, and there is increased interest in Georgia participating in the Belt and Road Initiative (BRI). A newly emerged platform,


Map of the GUAM transport corridor and other major regional transport corridors

Source: “From Poland to Baku, why not via Ukraine?,” RailFreight.com.
Three Seas Initiative, connecting the Baltic, Adriatic, and Black Seas, is another major opportunity where Georgia should seek membership.

Some of those initiatives have contradictory interests due to participating countries, but that provides an opportunity for Tbilisi to have its own policy consistent with the strategic vector of its statecraft. Serving as a transport hub for competing countries, principally the United States and China, will provide Tbilisi with more opportunities than if it chose to develop only one of the infrastructure regimes. COVID-19 disruptions have expanded these options for Georgia due to new global trends shifting from cheap and cost-effective routes towards more resilient and flexible networks.

A good example of the global context benefiting Georgia as well as the United States is the Northern Distribution Network (NDN) adjusting southward. In 2010-11, NATO-Russia cooperation on logistical supply of the ISAF was disrupted. The NDN re-routed to the south through Georgia, Azerbaijan, and Central Asia. This cooperation aided Operation Enduring Freedom. In 2012, the U.S. Defense Logistics Agency (DLA) organized a training symposium in Georgia for commercialization of the military transportation/logistics route to get Georgian companies familiar with the specifics of logistical supply of the U.S. defense system.

The World Bank’s Logistics Performance Index (LPI) provides useful analytical tools to consider Georgia’s performance. These radar graphs clearly show that


there was a significant decline in the measured components from 2012 to 2018 and significant gaps when compared to regional countries.

Infrastructure can be identified as one of the most deteriorated components of the LPI. Georgia has several ongoing or planned infrastructure modernization/integration projects set for completion by 2030. These projects are supported by a number of international financial institutions, such as the European Bank for Reconstruction and Development, Asian Development Bank, and Overseas Private Investment Corporation. The European Union’s Eastern Partnership Trans-European Transport Network (TEN-T) Investment Action Plan, developed with the World Bank, is particularly important for Tbilisi. The plan assists decision-makers in prioritizing strategic investments in transport infrastructure with the aim of completing the TEN-T network as defined at the Joint Declaration of the Eastern Partnership Summit as one of the 20

The World Bank’s Logistics Performance Index (LPI) radar graphs for Georgia
The Indicative TEN-T Investment Action Plan identifies priority investments

Besides hard infrastructure, transportation and logistics system resilience depend on soft infrastructure, which comprises policies, standards, guidelines, and Information and Communication Technology (ICT). The application of these components creates so-called “Green Corridors” for more effective connectivity. In short, soft infrastructure is the fusion of governance and ICT.

Some policies aimed at improving soft infrastructure are already in place in Georgia. Tbilisi adopted a law that establishes Free Industrial Zones (FIZ) in strategic locations. The only tax levied on companies operating in a FIZ “is a 4% import/export duty on the transactions between the zone and mainland Georgia.” Georgian legislation does not impose restrictions regarding foreign ownership of companies. Two of the four existing FIZs are operated by Chinese companies. This issue has to be considered under the possible new standards of security screening of private entities and their investments in critical infrastructure. This approach would limit financial channels for transportation and logistics. Bridging this financial gap should be a part of Tbilisi’s soft infrastructure development policy. As for the other standards, Georgia has a favorable environment regarding information access, transparency, and licensing processes. Areas of improvement are indicated in the World Bank LPI (discussed earlier). International cooperation for increased interoperability is a key factor for efficiency and resiliency. As for ICT, as global trends show, strategic priority is attached to the integrated architecture of multimodal logistics and operating systems. Georgia’s strategic priority should be the full digitalization of the entire transportation and logistical system.

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OVERVIEW OF CURRENT TRANSIT PROJECTS

ENERGY INFRASTRUCTURE

The Baku-Tbilisi-Ceyhan (BTC) pipeline was the first major energy transit project that brought oil from the Caspian to the Mediterranean, bypassing Russia. This 1,099-mile crude oil pipeline connects the Azeri-Chirag-Gunashli oil field in the Caspian Sea to Ceyhan via Tbilisi. It became operational in May 2006. The BTC pipeline was quickly followed by the Baku-Tbilisi-Erzurum gas pipeline that connects the Shah Deniz natural gas field to Turkey via Georgia. These pipelines have had an immensely positive effect on regional and European security and stability. It has provided an alternative energy supply route for consumers, including Georgia; reduced dependency on Russia; and lowered Azeri dependency on Russia as a transit country.

RAILWAY

The Poti-Baku and Batumi-Baku railway connection is a vital link connecting Black Sea ports with the Caspian Sea. It is the shortest route connecting Europe and Central Asia with substantial potential to grow. The Georgian railway became profitable after it was modernized in 2007. However, it began to incur losses in 2015 and 2017-2021 due to a lack of strategic vision and poor management.19 The Baku-Tbilisi-Akhalkalaki-Kars (BTAK) railway is an international rail link project connecting Azerbaijan, Georgia, and Turkey. It is the shortest rail link between Europe and Asia. After several delays, it became operational in 2017. Along with strengthening economic relations between the three countries, the project serves as an additional rail route between China and Europe that avoids Russian territory. In two years, it carried 275,000

tons of freight, and it is projected to carry three million tons in the medium term and 6.5 million tons in the long term.\(^{20}\)

**DATA CONNECTION**

Data connection (and its security) is one of the key components of security in the 21\(^{st}\) century. The Georgian company Caucasus Online operates a 1,200km submarine communications cable in the Black Sea connecting Poti to Varna, which connects to Frankfurt and other European internet hubs.\(^{21}\) This connection provides internet traffic from Europe to the South Caucasus and Caspian region. It is an independent and alternative data connection link for consumers in the region. It successfully competes with large Russian and Turkish companies.

**THE ANAKLIA DEEP SEA PORT ISSUE**

To enhance transit capabilities and to foster economic growth, Tbilisi is developing deep sea port in Anaklia on the Black Sea. A deep sea port could provide Georgia with immense economic benefits.

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\(^{21}\) “About Us,” co.ge, Caucasus Online, co.ge/en/441/.
The initial idea, to build a port in Lazika, started in 2011. However, after the 2012 general election, the Georgian Dream Party abandoned the idea because they believe it was not economically feasible. However, in 2015, the same government announced its plan to build a deep sea port in Anaklia, near the aborted project in Lazika. The government announced that Anaklia Development Consortium, consisting of Georgian and international partners including U.S. companies, would run the project. However, in 2018, the project was put on hold and later practically cancelled. In the same period, the Georgian prosecutor’s office opened a case against the Anaklia Development Consortium leaders for alleged money laundering. The charges are widely believed to be politically motivated.

In June 2019, Pompeo called on the Georgian side to continue the deep sea port project. At the joint press conference with the Georgian Prime Minister Giorgi Gakharia, Pompeo said: “I communicated our hope that Georgia completes the port project. The project and others will enhance Georgia’s relationship with free economies and prevent Georgia from falling prey to Russian or Chinese economic influence. Those pretended friends do not have Georgia’s best interests at heart.” However, despite multiple calls from partners and the obvious need for a such project, Tbilisi cancelled its contract with the Anaklia Development Consortium and stopped construction in 2020. Even though the government announced that there will be another tender, the project is still on hold.


The current geopolitical context provides opportunities for Georgia to materialize its strategic connectivity potential. This will require Tbilisi and its partners to develop a holistic approach and comprehensive economic, security, and statecraft policies.

TRANSPORTATION, LOGISTICS, AND CRITICAL INFRASTRUCTURE

Investments in the transportation and logistics sectors should be directed towards supporting proactive approaches for increasing resilience. Rapid recovery is the key factor regarding the transportation and logistics system.

The COVID-19 pandemic has demonstrated the importance of bringing supply chains closer to the consumer to avoid international and regional bottlenecks. Another key component of re-orienting supply chains is to re-shore them onto allies, partners, and friendly nations. Georgia, one such country for the West, could benefit economically and politically in this new context in developing efficient transportation and logistics critical infrastructure policies. These policies should focus on protecting systems instead of assets and being more adaptive to disruption and its cascading effect, rather than focusing on being reactive and increasing resilience.

With these factors in mind, the authors recommend the following actions:

- The government of Georgia should commission a detailed review and clarification of the functional relationships between transportation and logistics across critical infrastructure to re-orient the country’s approach towards security and resilience. For these purposes, it should create a common secure platform for information exchange and analysis. An integrated analysis process for policy planning, decision-making, and operating critical infrastructure should include all actors and their function for national or international importance.

- The government of Georgia should develop a strategic plan for national transportation and logistics development. It should include three dimensions:
regional connectivity; Georgian value chains; and integration of military and security infrastructure with NATO.

- The Parliament of Georgia should consider consolidating the existing legal framework regulating transportation and logistics and amending it to meet the new post-COVID-19 reality and requirements of Georgia’s economic, political, and security interests. Additionally, Parliament should hold annual hearings on critical infrastructure and resilience.

- The government and Parliament of Georgia should introduce a new institutional and legal system for foreign direct investment (FDI) screening in critical infrastructure. Also, they should review existing investments and acknowledge vulnerabilities. This system would mirror the Committee on Foreign Investments in the United States (CIFUS).

- International donor organizations should launch the special critical infrastructure resilience project in support of in-depth research of the critical infrastructure, particularly transportation and logistics. This process could serve as an important platform for increasing awareness, expanding knowledge of the subject, and encouraging involvement of private sector actors.

- Private companies should consider establishing a joint collaboration platform to engage with Tbilisi to analyze the gaps in possible contingencies (particular attention should be attached to the creation of reserve capacities as part of their business model).

- Cross-border transportation and logistics infrastructure development, resilience, and management should become foreign policy and investment priorities. Accelerated implementation of the regional multimodal logistical centers project with transparent international financing should be prioritized.

- Financial service availability for the development of transportation and logistics should be included in the government’s public private partnership policy.

- An international discussion and coordination platform for engaging local and international private sector representatives should be established; detailed guidelines for increasing resilience and cross-sectoral cooperation for private entities in transportation and logistics systems should be elaborated.
● Special incentives should be created for technology-based, solution-oriented companies and collaboration.

● Three particular projects should formally be given “strategic priority”: NATO Host Nation Support Integration, EU EaP Trans European Transport Network (TEN-T), and Anaklia Deep Sea Port development. Tbilisi should release quarterly reports on development of these strategic projects.

● The transportation and logistical skills and human capacity of the sector should be enhanced through education initiatives. This should include attracting talent, boosting the public image of the sector, and introducing logistics-related topics in curricula.

● Automated and unmanned transportation and logistical systems should be prioritized as part of the solution for possible disruptions.

● The U.S.-Georgia strategic partnership agenda should include a special transportation and logistics cooperation program with the U.S. Transportation Command and Defense Logistics Agency. This program should incentivize private sector inclusion and integration with national defense planning.

● Alternative energy supply and transportation infrastructure policy should be developed for liquefied natural gas infrastructure.

**STRENGTHENING GEORGIA’S RESILIENCE**

Georgia needs to strengthen its resilience to withstand pressure and achieve sustainable development and economic growth.

● **Strengthen democracy and democratic institutions.** Restoring Georgia’s democratic credentials is key to the country’s success. Changes should include conducting effective judiciary reform that would create a solid foundation for an independent judiciary. The prosecutor’s office should ensure the impartiality of prosecution. Swift and effective electoral reform is needed to ensure free and fair elections. Reform of the security sector and law enforcement is needed to ensure that these institutions fully uphold the rule of law, are under proper democratic control, and are free from oligarchic influence.
- **Fight disinformation and propaganda.** The government should develop an effective strategy to fight Russian propaganda and disinformation campaigns, which promote polarization and radicalization, distrust and nihilism toward the democratic process, and antidemocratic and anti-Western sentiments. The Georgian Dream Party should refrain from using polarizing rhetoric, anti-Western narratives, and radical groups for its partisan purposes.

- **Economic policy.** One of the objectives of economic policy should be lowering Georgia’s dependency on the Russian market and promoting a friendly environment for FDI. At the same time, Georgia should introduce effective legislation to screen FDI to reduce the risk of one country investing too much.

**STEPS TO PROMOTE STRATEGIC CONNECTIVITY**

- Georgia should develop a transportation infrastructure development plan that includes the construction of the Anaklia deep sea port and modernization of Georgian Railway. Tbilisi should also create policies that stimulate development of logistics depots and proper management, make transit tariffs more competitive, and stimulate deeper cooperation between regional countries on transportation tariffs.

- Host Nation Support Capabilities should be given a high priority; Georgia should develop defense infrastructure and a modernization strategy as a part of a wider government infrastructure program. The Georgian government should also prioritize maritime domain awareness and coast guard/maritime security capabilities.

- Georgia needs to develop a strategy for strengthening and promoting digital connectivity with a focus on soft infrastructure and digital security, development of relevant human capital, and legislative and regulatory framework.
THE ROLE OF THE WEST

Support for democracies and democratic development in the region by strengthening their ability to withstand hybrid pressure is key for long-term stability and security. The Black Sea region is an integral part of Europe, and the region’s stability and security are essential for the advancement of a “Europe whole, free and at peace.” This support should include:

- An increased NATO military presence in the region.
- Promotion of NATO enlargement by advancing Georgia’s and Ukraine’s membership.
- Maintenance of strong diplomatic and political support for Georgia and Ukraine with regard to the continued non-recognition of Abkhazia, South Ossetia/Tskhinvali, and Crimea. The West should expand sanctions toward officials, personalities, companies, and governments involved in supporting the occupation and annexation of these areas.
- Continuation of security assistance to Black Sea countries, especially Georgia and Ukraine, to strengthen their defense capabilities.
- Vigorous support for democratic development, good governance, anti-corruption policies, rule of law, and media and civil society in Georgia and Ukraine.
- Assistance of Black Sea countries to counter Russian special service operations, cyberattacks, and propaganda.
- Support for trade and investments.
- Promotion, investment, and facilitation of the development of transport, energy, and digital infrastructure.

“About Us.” co.ge. Caucasus Online. co.ge/en/441/.


railway-profit-yet-to-be-made.


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In his previous capacities he has been First Deputy Minister of Defense (2007-2008), Deputy Minister of Defense and Foreign Affairs (2006-2007) and Deputy Minister of State Security (2004).

From 2005-2006 he functioned as the Head of the Intelligence Service of Georgia. Before this he was the Head of the Foreign Intelligence Department of the Ministry of State Security of Georgia and Director of the Political Security Department of the National Security Council in 2004, also numerous pol.-mil. positions at the Ministry of Foreign Affairs.

Before turning into his diplomatic and political career Mr. Kutelia studied physics and holds a PhD in physics. However, he also holds a master in Public Affairs Administration. Mr. Kutelia is fluent in English, Russian and Georgian languages.


AMBASSADOR VASIL SIKHARULIDZE is former Georgian Ambassador to the USA and former Minister of Defense. He is member of the board of the Atlantic Council of Georgia as well as a lecturer at Tbilisi Open University and Ilia University, Tbilisi. He is also member of political movement Droa.

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