



Georgia Signalling the EU through Strategic Partnership with China

Wojciech Wojtasiewicz

This summer, Georgia and China unexpectedly elevated bilateral relations to the level of a strategic partnership. This is another step after a series of pro-Russian actions by the authorities there undermining the Western course of Georgian foreign policy. It is possible that the authorities are preparing an alternative course of cooperation if the European Union again refuses to grant Georgia membership candidate status.

Strategic Partnership. Announced in a joint statement on 31 July during Georgian Prime Minister Irakli Garibashvili's visit to Beijing, the strategic partnership between Georgia and China covers four dimensions: political, economic, cultural, and international. Both sides recognise each other's sovereignty, independence, and territorial integrity, with Georgia affirming the "one-China" principle, but no mention of China recognising Abkhazia and South Ossetia as part of Georgia. This disproportion is probably due to a desire to remain neutral to the Russian position on the issue. Both countries declare their willingness to deepen trade, facilitate mutual investment, and strengthen cooperation in transport, communications, infrastructure modernisation, and the development of China's Central Corridor to Europe. They further intend to strengthen cooperation in regional and international affairs, jointly supporting "genuine multilateralism", meaning an international system centred on the United Nations. Georgia declared that it approves of China's Belt and Road Initiative (BRI). The declaration came as a surprise to the Georgian opposition and Georgia's Western allies. The Georgian authorities had not reported on the planned upgrade of relations with China.

China's Role in Georgian Politics. Although China has agreed a number of strategic partnerships with various countries, for Georgia the higher level of relations is vitally important. It fits into the increasingly multi-vectoral foreign policy pursued by the Georgian authorities for several years now. The opposition argues that it contradicts the Georgian

constitution, which states that Georgia's foreign policy priority is integration with the EU and NATO. However, the strategic partnership with China is intended to demonstrate to the EU ahead of the decision in December whether to grant Georgia membership candidate status that European integration is not the only direction for Georgia's development.

The joint statement is another step towards closer Georgian-Chinese relations. In 2016, Georgia signed a memorandum in support of the BRI, and in 2017 the two countries signed a free trade agreement. The new declaration is part of Georgia's efforts to further strengthen trade with China and attract funds, technology, and investment from it. In mid-September, Prime Minister Garibashvili announced the introduction of visa-free travel for Chinese citizens and the launch of direct flights from Georgia to China, which can be seen as an effect of the upgrading of the mutual relationship.

Sino-Georgian Cooperation. China's primary motivation for raising relations with Georgia was its interest in controlling critical infrastructure in that country and its efforts to expand the Central Corridor (a transport route running from China through Kazakhstan, Azerbaijan, Georgia, and Turkey to Europe; it is also known as the Trans-Caspian International Transport Route). In recent years, Chinese companies have been awarded a number of contracts by the Georgian state to build road infrastructure, provide scanners used at border crossings, customs points, ports, and airports, and a Chinese-Singaporean consortium is currently being considered as

a private partner for the construction of the port of Anaklia. The largest Chinese investor in Georgia, the Hualing Group, owns 90% of the Georgian Basis Bank, and in 2015 entered into an agreement with the Georgian government to manage the Kutaisi Free Trade Zone for 30 years. Chinese firms have also built a new city district in Tbilisi, including residential residences, a hotel, a shopping centre, and infrastructure for the 2015 Youth Olympics.

In the last decade, trade between Georgia and China quadrupled, from \$597.5 million in 2013 to \$1.9 billion in 2022. China is now Georgia's third trading partner. Georgia mainly exports wine, its flagship product, and natural resources, including copper, precious metal ores, and aluminium, as well as medical apparatuses, to China. Georgian imports from China include electronic equipment, iron, and construction vehicles. On a more modest note, figures for Chinese foreign direct investment in Georgia fell from \$89.8 million in 2013 to \$43.6 million in 2022, placing China only 10th on the list of the largest foreign investors in Georgia.

Economic cooperation has been accompanied by growing scientific cooperation. In recent years, Chinese universities have established numerous contacts with Georgian universities, creating joint biolaboratories and scientific centres in China and Georgia (dealing with biodiversity, biocontrol, technology transfer, among others). In addition, a network of Confucius Institutes is developing in Georgia (three centres so far).

Controversy over Chinese Investments. The Georgian state relies on Chinese entities that have been implicated in numerous scandals and corruption in the past. In doing so, the Georgian authorities are ignoring that many of these entities have been sanctioned by Western countries. For example, the companies China State Construction Engineering Corporation and China Road and Bridge Corporation (which are on World Bank and U.S. sanction lists) were supposed to build sections of the East-West Highway in Georgia, but failed to meet the deadline for completion. Problems included poor-quality work, rising costs, environmental damage, and labour rights violations. Another Chinese company, Sinohydro (which was on the sanction lists of the International Monetary Fund, the World Bank, and the African Development Bank), was awarded a contract for the construction of the Khulo-Zarzma road in Adjara (west-south in Georgia), which it has also so far failed to fulfil. The same entity was previously awarded a contract for the construction of the Samtredia-Grigoleti highway in the western part of the country. In addition to the delays and labour rights violations, the construction of the second road saw the collapse of a flooded bridge and environmental devastation. Meanwhile, the Chinese company Nucotech Company Limited, from which Georgia buys security

scanners, has been found by the U.S. to have used them to collect sensitive data. The Georgian opposition suspects that the investment choices of the Georgian authorities are dictated by corrupt practices initiated by the Chinese side. This is evidenced by the links between members of the Georgian power elite and Chinese entities. Garibashvili, who was prime minister in 2013-2015 and again from 2021, was Minister of Defence in the meantime and, during a break from public office, an advisor to the Chinese company CEFC China Energy Company Limited, for which he received GEL 410,000 (about \$151,000) from this.

The Georgian opposition further expresses concerns about a possible Chinese takeover of Georgian critical infrastructure. The authorities' selection of a private partner in connection with the construction of the Anaklia deepwater port will be crucial. The matter was originally due to be decided on 28 July this year, but three days earlier the strategic partnership with China was announced and the date for the port decision was postponed. This raised suspicions that the Georgian authorities would decide to hand over implementation of the project to a Chinese entity. Two consortia, one Chinese-Singaporean and the second Swiss-Luxembourgish, have proceeded to the second stage of the private partner selection process.

Conclusions and Perspectives. Intensifying cooperation with China provides Georgia an inflow of investment and capital and, in some aspects, strengthens its security. This is because, in the perception of the Georgian authorities, Chinese investment in Georgian infrastructure will deter Russia from launching another war against Georgia in the future. On the other hand, the strengthening of Georgian-Chinese relations raises concerns about China's political-economic domination in Georgia through control of critical infrastructure and access to sensitive data.

Russia would like to maintain decisive influence over the internal situation in Georgia, but has limited capacity to do so. Unlike China, it does not have sufficient financial resources to devote to ensuring a dominant presence in key sectors of the Georgian economy, especially in the context of Western sanctions and the deteriorating state of its own economy. However, China's growing influence in Georgia is less problematic for Russia than a strong U.S. and EU presence.

The Georgian authorities see strengthening relations with China as an alternative to EU and NATO integration, and as an *ad hoc* mean of pushing for EU candidate status. Even if the EU grants such status to Georgia, it will not be because of, but in spite of, the Georgian blackmail. For Georgia, candidate status will not mean giving up on deepening relations with China, but such rapprochement will be at odds with the foreign policy priorities of the EU and the U.S., which regard China as a global competitor.