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Georgia: Background and U.S. Policy

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SUMMARY

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Georgia: Background and U.S. Policy

Georgia is one of the United States' closest non-NATO partners among the post-Soviet states. 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 in 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 party has more than a three-fourths supermajority in parliament, allowing it to rule with only limited checks and balances. Although Georgia faces high rates of poverty and underemployment, its economy in 2017 appeared to enter a period of stronger growth than the previous four years.

The Georgian Dream won 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 Georgia's regions of South Ossetia and Abkhazia, which broke away from Georgia in the early 1990s to become 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. Similar resolutions on Georgia and other countries with territories under Russian occupation have been introduced recently in the House and the Senate (H.Res. 955, H.Res. 1030, S.Res. 106).

The United States provides substantial nonmilitary and military aid to Georgia each year. Since 2010, U.S. nonmilitary aid to Georgia has totaled around $60 million a year on average, in addition to a second five-year Millennium Challenge Corporation grant of $140 million to support education. In FY2018, Congress appropriated $68 million in nonmilitary aid to Georgia. U.S. Military aid to Georgia has been estimated at around $74 million a year on average from FY2010 to FY2017. For FY2018, Congress appropriated at least $37 million in military aid (Foreign Military Financing [FMF] and International Military Education and Training [IMET]), not including Defense appropriations.

The Trump Administration also has provided 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 at a total estimated cost of $75 million. The Georgian Ministry of Defense confirmed that the first stage of two sales was complete as of January 2018.

Georgia: Basic Facts

Population: 3.73 million (2018 est.)

Comparative Area: slightly larger than West Virginia

Capital: Tbilisi

Ethnic Composition: 87% Georgian, 6% Azerbaijani, 5% Armenian (2014 census)

Religion: 83% Georgian Orthodox, 11% Muslim, 3% Armenian Apostolic (2014 census)

GDP/GDP per capita: $15.1 billion/$4,099 (2017 est.)

Top Exports: copper ores, beverages, iron and steel, motor vehicles, pharmaceuticals (2017)

Leadership: Prime Minister Mamuka Bakhtadze, President Giorgi Margvelashvili, Defense Minister Levan Izoria, Foreign Minister David Zalkaliani, Parliamentary Chairman Irakli Kobakhidze

Sources: National Statistics Office of Georgia and International Monetary Fund (does not include Abkhazia and South Ossetia).

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Introduction

Historically located between great empires, Georgia gained independence in 1991, with the collapse of the Union of Soviet Socialist Republics (USSR, or Soviet Union). Before its forcible sovietization in 1921, Georgia enjoyed a brief period of independence beginning in 1918. Before then, various Georgian kingdoms and principalities were incorporated into the Russian Empire beginning in the early 19th century.

Georgia is located in the South Caucasus, a region separated from Russia by the Greater Caucasus mountain range. The South Caucasus also borders Iran, Turkey, the Black Sea, and the Caspian Sea (see **Figure 1**). Georgia's South Caucasus neighbors, Armenia and Azerbaijan, have been locked in territorial conflict for almost three decades over the predominantly Armenian-populated region of Nagorno-Karabakh, formally part of Azerbaijan.

Georgia also has unresolved conflicts with two of its regions, Abkhazia and South Ossetia. These regions, in addition to being settled by ethnic Georgians, are home to minority populations that more closely identify with Russia's North Caucasus, located across the Caucasus mountain range, than with Georgia. After a short war with Georgia in 2008, Russia unilaterally recognized the independence of these breakaway regions.

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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.

Political Background

Today, many observers consider Georgia to be one of the most democratic of the post-Soviet states. The U.S.-based nongovernmental organization (NGO) Freedom House considers Georgia to be the freest state among the USSR's successor states (not including the Baltic states), just above Ukraine and Moldova.[1]

[1] Freedom House ranks all countries in the world on a "freedom scale" of 1 (most free) to 7 (least free), which includes measures of political rights and civil liberties. In addition, Freedom House scores post-Communist states on an index of "democratic progress" ranging between 1 (most democratic) and 7 (least democratic). States that receive a "freedom rating" between 3 and 5 are considered "partly free," and states that receive a "democracy score" between 4 and 5 are considered "transitional governments or hybrid regimes." From 2013 to 2018, Georgia's freedom rating has been 3 and its democracy score has averaged 4.66. Annual scores reflect the state of affairs at the start of the year. See Freedom House, *Freedom in the World 2018*, at https://freedomhouse.org/report/freedom-world/freedom-world-2018, and Freedom House, *Nations in Transit*, at https://freedomhouse.org/report/nations-transit/nations-transit-2018.

Georgia has a parliamentary system of governance. The prime minister is the country's most powerful executive authority. Prior to constitutional reforms that came into effect in 2013, Georgia had a strong presidential system.[2] The next presidential election is to be held on October 28, 2018.

Figure 1. Georgia

Sources: Map created by CRS. Map information generated using data from the National Geospatial Intelligence Agency (2018), DeLorme (2018), Department of State (2017), and Esri (2017).

Georgia's prime minister, Mamuka Bakhtadze (aged 36), assumed office on June 20, 2018. Bakhtadze was Georgia's minister of finance from November 2017 to June 2018; he previously served as the head of Georgian Railways and the Georgian International Energy Corporation. Georgia's president is Giorgi Margvelashvili, a former minister of education, university rector, and NGO expert. The parliamentary chairman is Irakli Kobakhidze, a former professor of law and politics and NGO expert.

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 led a ruling coalition after coming to power in 2012 and now governs alone.[3] GD won 49% of the party list vote and nearly all majoritarian races, leading to control of more than 75% of parliamentary seats. Domestic and international observers, as well as

[2] The president remains commander in chief, retains some veto power, and can dissolve parliament under certain circumstances.

[3] The elections were conducted with some new rules, in part upon the recommendation of the Council of Europe's Venice Commission, a legal and democratic advisory body. For example, Georgia's electoral districts were redrawn to be of roughly equal size. Previously, the size of Georgia's electoral districts varied considerably, which resulted in more seats for lesser-populated rural areas and small towns. In addition, candidates in majoritarian races now need to get 50% of the vote (not just a plurality) to win; if they do not, the election goes to a second round.

the U.S. government, deemed the election to be democratic, despite isolated violations and violent incidents.[4]

GD's main competitor in 2016 was the center-right United National Movement (UNM), the former ruling party led previously by ex-president Mikheil Saakashvili, which received 27% of the party vote and 27 seats (18%). After months of infighting, the UNM fragmented in January 2017, and 21 of its deputies, including most of the party's senior leadership, formed a new opposition party called European Georgia-Movement for Liberty.[5] A third electoral bloc, the nationalist-conservative Alliance of Patriots of Georgia-United Opposition, cleared the 5% threshold to enter parliament and has six seats.[6]

Georgia's most recent local elections were held in October 2017. They provided a similar picture of party support across the country. In the party-list portion of the vote to local councils, GD won 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 won more than 92% of majoritarian seats, giving it a total of 77% of seats nationwide. GD also won mayoral elections in all but two districts.[7]

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

Former USSR Foreign Minister Eduard Shevardnadze became Georgia's leader in 1992 and was president from 1995 to 2003. In 2003, he resigned amid electoral protests known as the Rose Revolution and was replaced by Mikheil Saakashvili, who was Georgia's president until 2013. Observers generally considered Saakashvili a pro-Western leader who pursued a program of anti-corruption and economic modernization. His United National Movement (UNM) oversaw a period of economic growth and rebuilt state institutions. At the same time, UNM opponents and critics accused Saakashvili's government of authoritarian tendencies and blamed it for not sufficiently fighting poverty and unemployment.

In 2012, billionaire Bidzina Ivanishvili established a new opposition coalition, Georgian Dream (GD). Ivanishvili had spent considerable time in Russia, where he built an economic fortune in metals and banking before moving to France and eventually Georgia, where he became known as a reclusive philanthropist. On the eve of the October 2012 parliamentary elections, a scandal related to prison abuse motivated mass protests against the UNM. GD won the election, and Ivanishvili became prime minister. Although the United States had supported Saakashvili's government, the Obama Administration considered the election "another milestone in Georgia's democratic development" (The White House, "Statement by the Press Secretary on the Georgian Elections," October 2, 2012).

In 2013, Ivanishvili fulfilled a preelection promise to serve as a transitional figure and stepped down as prime minister. Many in Georgia believe that Ivanishvili continued to exert influence behind the scenes. Former Interior Minister Irakly Garibashvili served as his successor for two years but resigned in December 2015, amid declining popular support.

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[4] See International Society for Fair Elections and Democracy, "Key Conclusions About the Process of Voting," October 8, 2016, at http://www.isfed.ge/main/1158/eng/; Organization for Security and Cooperation in Europe (OSCE), Office for Democratic Institutions and Human Rights (ODIHR) Election Observation Mission, *Georgia, Parliamentary Elections, 8 and 30 October 2016: Final Report*, February 3, 2017, at https://www.osce.org/odihr/elections/georgia/297551.

[5] The infighting concerned party tactics and association with former President Mikheil Saakashvili, then under indictment and living abroad. Those who left the United National Movement (UNM) were more willing 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.

[6] One deputy, former Foreign Minister Salome Zourabichvili (until recently, a dual Georgian-French national), ran as an independent member of parliament.

[7] The UNM and European Georgia received 14% of seats in total, and the Alliance of Patriots received less than 5%. Civil Georgia, "Georgian 2017 Municipal Election Results in Maps," October 25, 2017, at https://old.civil.ge/eng/article.php?id=30572; OSCE/ODIHR Election Observation Mission, *Georgia, Local Elections, 21 October and 12 November 2017: Final Report*, February 23, 2018, pp. 33-34, at https://www.osce.org/odihr/elections/georgia/373600.

After coming to power, the Ivanishvili government imprisoned former officials, including former Prime Minister Vano Merabishvili and former Tbilisi Mayor Giorgi Ugulava, for crimes including corruption and abuse of power. Some observers considered the arrests to be political reprisal for actions the UNM government had taken against its opponents; these observers raised concerns that the arrests would harm Georgia's international reputation. In 2014, ex-President Saakashvili was charged with abuse of power relating to, among other things, a widely criticized 2007 crackdown on opposition protestors and media. He has been sentenced twice in absentia to a total of nine years in prison.

In 2014, Saakashvili moved to Ukraine, where he was appointed a presidential adviser, acquired Ukrainian citizenship, and, from May 2015 to November 2016, served as governor of Ukraine's Odessa region. In December 2015, the Georgian government stripped Saakashvili of his Georgian citizenship, citing limitations on dual citizenship (the Saakashvili government had taken a similar step against Ivanishvili prior to the 2012 elections). As Odessa governor, Saakashvili grew increasingly critical of the Ukrainian government. After leaving office, he entered opposition. In July 2017, the Ukrainian government revoked Saakashvili's citizenship, leaving him stateless. In February 2018, he was forcibly detained and deported. He reportedly now resides in the Netherlands, where his spouse is a citizen.

Government Tensions and Opposition Concerns

As noted above, the 2016 parliamentary elections resulted in a sizeable win for GD. With 116 of 150 deputies, GD exceeds the three-fourths parliamentary supermajority required to enact changes to Georgia's constitution, which has led many observers and opposition supporters to express concern that there are only limited checks and balances against the ruling party.

In June 2018, Prime Minister Bakhtadze came to power after his predecessor, Giorgi Kvirikashvili, resigned after three years in office, citing "disagreements" with Bidzina Ivanishvili, GD's founder.[8] Many observers believe that Ivanishvili maintained an influential behind-the-scenes role after stepping down as prime minister in 2013. Kvirikashvili resigned less than two months after Ivanishvili returned to politics as party chairman, reportedly due to frustration with growing internal divides within GD. Kvirikashvili's resignation also followed a series of anti-government demonstrations against what protestors perceived to be heavy-handed police raids and judicial bias.[9]

Georgia's president, Giorgi Margvelashvili, initially was allied to the ruling GD. After winning the presidency in 2013, he adopted a more independent stance and fell out of favor with then-Prime Minister Ivanishvili. The president frequently criticizes the government and has vetoed legislation several times, although parliament usually overrides his veto. Margvelashvili is not running for reelection in October 2018. GD has said that it will not nominate its own candidate but may support an independent one.

Other parties have announced their candidates for the presidential election. The UNM joined several smaller parties to nominate Grigol Vashadze, a former foreign minister. European Georgia nominated David Bakradze, parliamentary minority leader and former parliamentary chairperson. Independent member of parliament and former Foreign Minister Salome Zourabichvili (a former French diplomat) also announced her candidacy. Although initial reports indicated that GD might

[8] Before serving as prime minister, Giorgi Kvirikashvili served as minister of foreign affairs and minister of economy. Previously, Kvirikashvili was the director of Cartu Bank, owned by Bidzina Ivanishvili. RFE/RL, "Georgian Prime Minister Resigns After Antigovernment Protests," June 13, 2018, at https://www.rferl.org/a/georgian-prime-minister-kvirikiashvili-resigns-antigovernment-protests/29288936.html.

[9] RFE/RL, "Georgian Prime Minister Resigns."

support Zourabichvili, comments she made on the 10th anniversary of the August 2008 war blaming Georgia for the war were met by official criticism.[10]

Judicial Reforms

A series of reforms from 2013 to 2017 restructured Georgia's judicial institutions. A High Council of Justice 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 January 2017, 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.[11]

Appointments to a nine-member Constitutional Court are divided between the parliament, president, and the Supreme Court. In recent years, the Constitutional Court has been the focus of various disputes concerning possible bias (first in favor of the opposition and, since 2016, in favor of the government). In July 2018, the Constitutional Court received international attention for decriminalizing marijuana use, a decision opinion polls suggest is not very popular.[12]

Constitutional Reforms

After GD came to power in 2012, its leaders argued that Georgia needed to take additional steps to fully transition to a parliamentary system of government. After GD won a supermajority in 2016, the parliament convened a State Constitutional Commission to draft a new constitution.[13] Parliament passed the constitution in September 2017 by a vote of 117-2. Opposition parties opposed many changes and refused to participate in the vote; civil society organizations also registered opposition. President Margvelashvili vetoed the amendments and proposed alternative reforms. Parliament overrode his veto, and the president signed the amendments into law in October 2017.[14] The new constitution is to enter into force after the October 2018 presidential election.

The new constitution affects Georgia's parliamentary system in several ways.[15] One of the main changes is that it abolishes Georgia's directly elected presidency beginning in 2023. Instead, the

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[10] *Georgia Today*, "Presidential Candidate Zurabishvili Claims Georgia Started August 2008 War," August 9, 2018, at http://georgiatoday.ge/news/11763/Presidential-Candidate-Zurabishvili-Claims-Georgia-Started-August-2008-War.

[11] Civil Georgia, "President Vetoes Judicial Bill," January 24, 2017, at https://old.civil.ge/eng/article.php?id=29804.

[12] Jason Lemon, "Georgia Becomes First Former Soviet Country to Legalize Marijuana Consumption," *Newsweek*, July 31, 2018, at https://www.newsweek.com/georgia-becomes-first-former-soviet-country-legalize-marijuana-consumption-1050677; Caucasus Research Resource Centers (CRRC) Georgia, "Public Attitudes in Georgia: Results of June 2018 Survey," July 2018 (commissioned by the U.S.-based National Democratic Institute [NDI]), at https://www.ndi.org/sites/default/files/NDI_June_2018_Presentation_Public_ENG_vf.pdf.

[13] Georgia's parliament established a State Commission on Constitutional Reform in 2013 but did not take steps to amend the constitution.

[14] Civil Georgia, "Parliament Overrides Presidential Veto on Constitutional Amendments," October 13, 2017, at https://old.civil.ge/eng/article.php?id=30522; *Joint Assessment of the Work of the State Constitutional Commission of Georgia*, May 8, 2017, at http://www.transparency.ge/en/post/report/georgian-csos-address-venice-commission.

[15] For details, see European Commission for Democracy Through Law (Venice Commission), Georgia: Opinion on the Draft Revised Constitution as Adopted by the Parliament of Georgia at the Second Reading on 23 June 2017, CDL-AD(2017)023, October 9, 2017, at http://www.venice.coe.int/webforms/documents/?pdf=CDL-AD(2017)023-e; Civil Georgia, "Key Points of Newly Adopted Constitution," September 27, 2017, at https://old.civil.ge/eng/article.php?id=30474.

president will be indirectly elected by a college of electors made up of parliamentary deputies and local government representatives.

In addition, parliamentary elections will 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 ruling parties in Georgia tend to win single-member districts overwhelmingly. Although this change was to take effect in 2020, parliament voted to push back its implementation to 2024, a move many observers interpreted as an attempt to prolong the ruling party's dominance. Additional amendments passed in March 2018 allow, among other things, for the formation of electoral blocs in the 2020 elections (the new constitution generally prohibits such blocs).[16]

In the course of adopting reforms, parliament considered several recommendations of the Venice Commission. In the end, the commission provided a "positive assessment" of the reforms, including the March 2018 amendments, although it noted "the postponement of the entry into force of the proportional election system to October 2024 is highly regrettable and a major obstacle to reaching consensus."[17] The 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."[18]

Economy

For more than two decades, Georgia's economy has been recovering from the severe decline it experienced after the Soviet Union collapsed.[19] 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, before enjoying more modest growth of around 3% a year on average from 2013 to 2016.[20] In 2017, Georgia's GDP was around $15.1 billion (approximately 17 times less than that of Connecticut, a U.S. state with a similar population size). Its per capita GDP ($4,099) is midsized in comparison to Russia and other post-Soviet states.

In 2017, Georgia's economy appeared to enter a period of stronger growth. Estimated GDP growth of 4.8% was higher than the International Monetary Fund (IMF) had initially expected and was based on strengthening domestic consumption and external demand, as well as "generally strong policy efforts."[21] The IMF forecasts a sustained rate of GDP growth of 4.5% to

[16] Civil Georgia, "Constitutional Changes Passed on Final Reading," March 24, 2018, at https://old.civil.ge/eng/article.php?id=30976.

[17] Venice Commission, *Georgia: Opinion on the Draft Revised Constitution*, p. 12.

[18] Venice Commission, *Georgia: Opinion on the Draft Revised Constitution*, p. 12.

[19] According to World Bank estimates, Georgia's gross domestic product declined by 45% in 1992, 29% in 1993, and 10% in 1994.

[20] According to the International Monetary Fund (IMF), lower growth rates in 2015 and 2016 (2.9% and 2.7%, respectively) were mainly due to relatively lower growth in Georgia's top trading partners. Other observers have 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.

[21] IMF Country Report No. 18/198, June 2018, p. 4.

5% annually from 2018 to 2020, although it notes that Georgia "remains vulnerable to regional developments and market volatility in main trading partners."[22]

Poverty has declined in recent years, although it is still relatively high. According to official data, 22% of the population lived in poverty in 2017 (down from 39% a decade before). In recent years, recorded unemployment has been around 14%; some surveys suggest a higher rate of unemployment.[23] More than 40% of Georgian laborers work in agriculture, a sector of the economy that accounts for around 9% of GDP.[24]

Georgia's economy depends in part on remittances from labor migration. From 2013 to 2017, remittances made up around 11% of Georgia's GDP. In 2017, Russia was estimated to be the source of almost 60% of Georgian remittances, followed by Ukraine (8%), Greece (5%), and Armenia (4%).[25]

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 also noted the need to increase agricultural productivity, improve the business environment, and reform the education system.[26]

In 2017, Georgia's three largest merchandise trading partners were Turkey ($1.59 billion, or 15% of Georgia's trade), Russia ($1.19 billion, 11%), and China ($935 million, 9%). Trade with the European Union (EU), as a whole Georgia's largest trading partner, made up around 27% ($2.86 billion) of Georgia's total trade. Almost half of Georgia's merchandise exports (47%) went to five countries: Russia, Azerbaijan, Turkey, Armenia, and China. Its main exports were copper ores, beverages (wine, water, and spirits), iron and steel, motor vehicles, and pharmaceuticals.[27]

New trade agreements with the EU (signed in 2014) and China (signed in 2017) may improve prospects for export-led growth. However, Georgia has a small manufacturing sector, and its top exports include used foreign cars and scrap metal that provide low added value. The IMF indicates that Georgia could further diversify its agricultural exports but notes the need to improve quality and standards.[28]

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 2017, FDI averaged $1.73 billion a year, and almost two-thirds of the total amount (64%) came from Azerbaijan, the Netherlands, the United Kingdom, and Turkey. In 2017, most FDI was in transportation (25%); other leading sectors were finance, construction, energy, and

[22] IMF Country Report No. 18/198, June 2018, p. 8.

[23] 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 37% of respondents who report being unemployed (or 22% of total respondents) say they are looking for work. CRRC Georgia, "Public Attitudes in Georgia: Results of March 2018 Survey," April 2018 (commissioned by NDI), at https://www.ndi.org/sites/default/files/NDI_March_2018_Public%20Presentation_English_final.pdf.

[24] Geostat.

[25] Remittance data is from World Bank, *Migration and Remittances Data*, at http://www.worldbank.org/en/topic/migrationremittancesdiasporaissues/brief/migration-remittances-data.

[26] IMF, "IMF Executive Board Approves US$285.3 Million Extended Arrangement Under the Extended Fund Facility for Georgia," April 12, 2017, at https://www.imf.org/en/News/Articles/2017/04/12/pr17130-georgia-imf-executive-board-approves-us-285-3-million-extended-arrangement-under-eff; and IMF Country Report No. 17/97, April 2017.

[27] Preliminary data from Geostat; European Commission Directorate-General for Trade, "European Union, Trade in Goods with Georgia," April 16, 2018, at http://trade.ec.europa.eu/doclib/html/113383.htm.

[28] IMF Country Report No. 17/97, April 2017, pp. 8, 43; EIU, *Country Report: Georgia*, August 2017, p. 7.

real estate. The IMF notes that attracting FDI to sectors with high export potential, including tourism and agriculture, is "crucial to ensure growth in foreign markets."[29]

Tourism to Georgia has increased in recent years. Annual tourism-related income has quadrupled since 2010. In 2016, the number of international visitors who stayed in the country overnight was around 2.7 million, a 155% increase since 2010. Most tourists are from neighboring countries: Russia, Azerbaijan, Turkey, and Armenia.[30]

Georgia has suffered in the past from energy shortages and gas cutoffs, but it has improved its energy security in recent years. Georgia has rehabilitated hydropower plants and constructed new ones.[31] Nearly all its natural gas supplies come from neighboring Azerbaijan.[32]

Relations with the European Union and NATO

The Georgian government has long prioritized closer integration with the EU and NATO. According to recent polls, over 70% of the Georgian population supports membership in the EU and over 65% supports membership in NATO.[33]

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.[34] The EU granted Georgia visa-free travel in 2017. The EU also is a major provider of foreign aid to Georgia; it provides over $115 million a year.

As of 2017, the benefits of the EU free-trade agreement for Georgia are unclear. The total value of Georgian exports to the EU has grown by 5% since 2014. Georgia's exports to the EU as a share of total exports rose from 22% in 2014 to a high of 29% in 2015; however, they declined to 24% in 2017. The EU asserts that the DCFTA has led to new agricultural exports to the EU, as well as rising copper and petroleum exports.[35]

Georgia has close relations with NATO, which considers Georgia one of its "closest operational partners."[36] A NATO-Georgia Commission, established in 2008, provides the framework for cooperation. At its 2014 Wales Summit, NATO leaders established a "Substantial NATO-Georgia

[29] IMF Country Report No. 17/97, April 2017, p. 45; data from Geostat.

[30] Georgian National Tourism Administration, at https://gnta.ge/statistics/.

[31] International Hydropower Association, "Georgia," *2016 Hydropower Status Report*, updated May 2016, at https://www.hydropower.org/country-profiles/georgia.

[32] For many years, Georgia also received some 10% of the gas that Russia exports to Armenia via Georgia. At the start of 2017, the Russian company Gazprom negotiated with Georgia to pay in cash for gas transit to Armenia. Liz Fuller, "Azerbaijan to Provide Georgia with Alternative to Russian Gas in 2017," *RFE/RL*, April 19, 2017, at https://www.rferl.org/a/caucasus-report-georgia-gas-agreement-azerbaijan-gazprom/28439726.html.

[33] CRRC Georgia/NDI, "Public Attitudes in Georgia: Results of a March 2018 Survey," April 2018.

[34] The free-trade agreement was applied provisionally in September 2014 and entered into force in July 2016. The text of the association agreement and the corresponding agenda for 2017-2020 are available at https://eeas.europa.eu/delegations/georgia/9740/eugeorgia-association-agreement_en. More information on the free-trade agreement is available from the Georgian government at http://www.dcfta.gov.ge.

[35] After a small increase, Georgian imports from the European Union in 2017 made up the same share of total imports that they did in 2014 (28%). Data from Geostat; European External Action Service, "EU-Georgia Relations, Factsheet," November 10, 2017, at https://eeas.europa.eu/headquarters/headquarters-homepage_en/23634/EU-Georgia%20relations,%20factsheet.

[36] NATO, "NATO-Georgia Commission Declaration at the Brussels Summit," July 12, 2018, at https://www.nato.int/cps/en/natohq/official_texts_156627.htm. For more information, see NATO, "Relations with Georgia," updated June 22, 2018, at https://www.nato.int/cps/en/natohq/topics_38988.htm.

Package" to help Georgia bolster its defense capabilities, including defense 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 July 2018, Georgia is the fourth-largest contributor to the Resolute Support Mission, with 870 troops.[37]

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 a joint NATO-Georgia exercise in 2016 and is scheduled to host a second one in 2019. Some NATO member states also participate in two sets of annual U.S.-Georgia military exercises: Agile Spirit and Noble Partner (see "Military Aid and Defense Cooperation," below). NATO also has established a Defense Institution Building School for professional development and training.

Many observers do not believe that closer integration with the EU and NATO has 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 April 2008, NATO members agreed that Georgia and Ukraine would become members of NATO, but Georgia has not been granted a NATO Membership Action Plan (MAP) or other clear path to membership.[38]

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 expect that NATO will not move forward with membership as long as Russia occupies Georgian territory and the conflict remains unresolved.

Relations with Russia and Georgia's Separatist Regions

Since independence, Georgia's relations with Russia have been difficult. Many observers believe that Moscow has supported Georgia's separatist regions of Abkhazia and South Ossetia to prevent Georgia from joining NATO. The two regions originally broke away from Georgia in the early 1990s. Following a steady worsening of relations and increased clashes between Georgian and separatist forces, Russia went to war with Georgia in August 2008 to prevent Georgia from

[37] According to the U.S. Embassy in Georgia, more than 15,000 Georgian soldiers have served in Afghanistan. At least 29 have been killed. NATO, "Resolute Support Mission (RSM): Key Facts and Figures," updated July 2018, at https://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2018_07/20180706_2018-07-RSM-Placemat.pdf; U.S. Embassy in Georgia, "The 31st Georgian Light Infantry Battalion Deployment Ceremony," September 28, 2017, at https://ge.usembassy.gov/31st-georgian-light-infantry-battalion/; Chad Garland, "NATO: Georgian Soldier Killed, 2 Americans Wounded in Latest Afghan Attack," *Stars and Stripes*, August 4, 2017, at https://www.stripes.com/news/middle-east/nato-georgian-soldier-killed-2-americans-wounded-in-latest-afghan-attack-1.481456.

[38] 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.

reestablishing control over South Ossetia. Russia subsequently recognized Abkhazia and South Ossetia as independent states.

Russian military bases in Abkhazia and South Ossetia each reportedly house around 3,500 personnel.[39] In 2016, Russia finalized an agreement with the de facto authorities of Abkhazia, establishing a combined group of military forces in the occupied region. In 2017, Russia concluded an agreement with South Ossetia to integrate the breakaway region's military forces with its own.

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, and South Ossetia is located in central Georgia astride a major transportation route to Russia.

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).

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. According to the de facto authorities in South Ossetia, the region's population was around 54,000 in 2015 (90% Ossetian, 7% Georgian).

Although Russia recognizes both regions as independent states, the de facto authorities in Abkhazia and South Ossetia generally hold different views regarding their political status. De facto authorities in Abkhazia support continued independence. De facto authorities in South Ossetia support annexation by Russia.

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 major trading partners. The share of Georgian merchandise exports to Russia as a percentage of total exports rose from 2% in 2012 to almost 15% in 2017.[40]

Improved economic relations with Russia have not led to progress in resolving the conflicts over Abkhazia and South Ossetia. The EU leads an unarmed civilian Monitoring Mission in Georgia (EUMM) that monitors compliance with the cease-fire agreements that ended the August 2008 Russia-Georgia 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, hindering the mission from fulfilling its mandate; EUMM representatives have been allowed to cross the boundary line on only a few occasions to address specific issues.[41]

All parties to the conflict, together with the United States, the EU, the United Nations (U.N.), and the Organization for Security and Cooperation in Europe (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, together with the U.N. and OSCE, designed to address local security issues and build confidence. However, efforts to rebuild ties across conflict lines or return internally displaced persons have made little progress.

[39] International Institute of Strategic Studies, *The Military Balance 2018*, p. 206.

[40] The share of Georgian merchandise imports from Russia also increased from 6% in 2012 to 10% in 2017. Data from Geostat.

[41] For more information, see the Monitoring Mission in Georgia website, at https://eumm.eu.

In 2018, the Georgian government introduced a new peace initiative proposing greater engagement with Abkhazia and South Ossetia, including various confidence-building measures. The United States and the EU expressed support for the proposal.[42] Whether Russia and the two regions will agree to any element of the initiative remains to be seen.

Improved relations with Russia apparently have not led to greater public support in Georgia for closer integration with Russia. Several overtly pro-Russian parties performed poorly in the October 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 recent surveys, less than 30% of respondents have expressed support for joining the Eurasian Union.[43]

U.S.-Georgia Relations

Georgia is one of the United States' closest partners among 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. In May 2018, almost 10 years after Russia's war against Georgia, Secretary of State Michael Pompeo opened a plenary session of the U.S.-Georgia Strategic Partnership Commission with the message that "America's support for Georgia remains strong and steadfast and will continue to [be] so."[44]

Before the August 2008 War

Georgia traditionally has 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).[45] In the late 1990s, the United States began 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.[46]

In the 2000s, Georgia became the largest per capita recipient of U.S. aid in Europe and Eurasia and, until the August 2008 war, the third-largest recipient in the region, after Russia and Ukraine. From FY2001 to FY2007, total aid to Georgia amounted to over $945 million ($135 million a

[42] U.S. Department of State, "United States Welcomes Georgia Peace Initiative," April 4, 2018, at https://www.state.gov/r/pa/prs/ps/2018/04/280225.htm; European External Action Service, "Statement by the Spokesperson on the 'A Step to a Better Future' Peace Initiative by the Georgian Government," April 4, 2018, at https://eeas.europa.eu/headquarters/headquarters-homepage/42446/statement-spokesperson-step-better-future-peace-initiative-georgian-government_en.

[43] CRRC Georgia/NDI, "Public Attitudes in Georgia: Results of a March 2018 Survey," April 2018.

[44] U.S. Department of State, "Remarks at the 2018 Plenary Session of the U.S.-Georgia Strategic Partnership," May 21, 2018, at https://www.state.gov/secretary/remarks/2018/05/282300.htm.

[45] Foreign aid totals from FY1992 to FY2000 include all agencies and accounts. Over 40% of this total was for humanitarian food assistance. See U.S. Department of State, *U.S. Government Assistance to and Cooperative Activities With the New Independent States of the Former Soviet Union*, FY2000 Annual Report (Appendix), at https://www.state.gov/p/eur/rls/rpt/nisasst/index.htm.

[46] In total, the United States provided around $166 million for the Georgia Border Security and Law Enforcement program, which existed from FY1998 to FY2011. Another $34 million in border security assistance was provided to Georgia through the Export and Border Security program. International Business and Technical Consultants, *Maritime Security Special Thematic Report*, Georgia Monitoring Project, submitted to U.S. Department of State, April 2012, p. 3, at https://2009-2017.state.gov/documents/organization/193597.pdf.

year, on average).[47] 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.[48]

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.[49] This program was followed by a Sustainment and Stability Operations Program through 2007 that supported Georgia's troop deployment in Operation Iraqi Freedom.

The United States traditionally has supported Georgia's NATO membership aspirations. Before the 2008 war, the United States supported granting Georgia a MAP and backed NATO's April 2008 pledge that Georgia eventually would become a member of NATO.

After the 2008 war, the United States and Georgia signed the 2009 U.S.-Georgia Charter on Strategic Partnership, which came to provide the framework for much of the two countries' bilateral engagement. A Strategic Partnership Commission convenes annual plenary sessions and working groups to address political, economic, security, and people-to-people issues.[50]

Support for Georgia's Sovereignty and Territorial Integrity

U.S. policy expressly supports Georgia's sovereignty and territorial integrity within its internationally recognized borders. In a visit to Tbilisi in August 2017, Vice President Mike Pence said the United States "strongly condemns Russia's occupation on Georgia's soil."[51] 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."[52]

The United States supports a resolution to the conflict within these parameters. The State Department regularly participates in the Geneva International Discussions. The U.S. government also has expressed support for Georgia's "commitment to dialogue and a peaceful resolution to the conflict," most recently in April 2018, when the State Department welcomed a new peace initiative that the government of Georgia recently unveiled.[53] The United States calls on Russia to

[47] CRS calculations, based on data available in the U.S. Department of State's annual *U.S. Government Assistance to and Cooperative Activities with Eurasia* reports for FY2001 to FY2007, at https://www.state.gov/p/eur/rls/rpt/c10250.htm.

[48] For more, see U.S. Millennium Challenge Corporation (MCC), "Georgia Compact," at https://www.mcc.gov/where-we-work/program/georgia-compact.

[49] 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/rm/2002/8729.htm.

[50] U.S. Department of State, "U.S.-Georgia Strategic Partnership Commission," at https://www.state.gov/p/eur/ci/gg/usgeorgiacommission/.

[51] White House, "Remarks by the Vice President and Georgian Prime Minister in a Joint Press Conference," August 1, 2017, at https://www.whitehouse.gov/briefings-statements/remarks-vice-president-georgian-prime-minister-joint-press-conference/.

[52] U.S. Department of State, "Russia's Violations of Georgian Sovereignty," January 26, 2018, at https://www.state.gov/r/pa/prs/ps/2018/01/277705.htm.

[53] U.S. Department of State, "United States Welcomes Georgia Peace Initiative," April 4, 2018.

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.[54]

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 "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, South Ossetia, and other territories occupied by Russia.[55] Current foreign operations appropriations prohibit funds that would implement policies and actions that would support Russia's occupation of Abkhazia and South Ossetia (P.L. 115-141, §7070).[56] The 2014 Ukraine Freedom Support Act (P.L. 113-272) provides for sanctions against Russian entities that transfer weapons to Georgian territory.

Many Members of Congress also have expressed their support for Georgia in House and Senate resolutions. In September 2016, 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. In March 2017, a parallel resolution was introduced in the Senate (S.Res. 106).

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).

In June 2018, the cochairs of the congressional Georgia, Moldova, and Ukraine caucuses introduced a new resolution (H.Res. 955) affirming support for the sovereignty and territorial integrity of all three countries and calling on Russia to withdraw its forces from their separatist regions. Another resolution (H.Res. 1030) supporting Georgia's territorial integrity and condemning a decision by the Syrian government to recognize Abkhazia and South Ossetia as independent states was introduced in the House in July 2018.

Foreign Aid Since the 2008 War

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.[57] In

[54] U.S. Department of State, "Russia's Violations of Georgian Sovereignty," January 26, 2018.

[55] As noted in a 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."

[56] 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 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.

[57] Testimony of Daniel Fried, in U.S. Congress, Senate Committee on Armed Services, *Georgia and Implications for U.S. Policy*, hearings, 110th Congress, 2nd sess., September 9, 2008, at https://2001-2009.state.gov/p/eur/rls/rm/109345.htm.

September 2008, then-Secretary of State Condoleezza Rice announced a total aid package worth at least $1 billion.[58] 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).[59]

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 to FY2017.[60] In addition, in 2013, 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.[61]

In FY2018, Congress appropriated $68.1 million in nonmilitary aid to Georgia. For FY2019, the Senate Appropriations Committee has recommended $88.1 million in nonmilitary aid, plus an additional $25 million from prior fiscal year appropriations for the Countering Russian Influence Fund, which Congress established in FY2017 to counter malign Russian influence and aggression in Europe and Eurasia (P.L. 115-31, §7070(d)). The House Appropriations Committee has recommended $68.1 million in nonmilitary aid.[62] The president's FY2019 nonmilitary aid request for Georgia was $28.9 million.

Military Aid and Defense Cooperation

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 aid, estimated at around $74 million a year on average from FY2010 to FY2017.[63] These funds have been primarily disbursed through Foreign Military Financing (FMF), Coalition Support Funds, and Train and Equip and other capacity-building programs, mainly to support Georgia's deployments to Afghanistan in ISAF and the follow-on Resolute Support Mission.

For FY2018, estimates of total military aid to Georgia are not yet available. Congress appropriated at least $37.2 million in military aid (FMF and International Military Education and Training, or IMET), not including Defense appropriations. For FY2019, the Senate and House Appropriations Committees have recommended another $37.2 million in FMF and IMET funds.[64]

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[58] U.S. Department of State, "Remarks on U.S. Economic Support Package for Georgia," September 3, 2008, at https://2001-2009.state.gov/secretary/rm/2008/09/109129.htm.

[59] 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, *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-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/.

[60] Nonmilitary aid includes all State Department/USAID funds except Foreign Military Financing (FMF) and International Military Education and Training (IMET).

[61] For more, see MCC, "Georgia Compact II," at https://www.mcc.gov/where-we-work/program/georgia-compact-ii.

[62] S.Rept. 115-282, to accompany S. 3108; H.Rept. 115-829, to accompany H.R. 6385.

[63] Data from Security Assistance Monitor, including FMF and IMET, and excluding Nonproliferation, Anti-Terrorism, Demining, and Related Programs and International Narcotics Control and Law Enforcement.

[64] S.Rept. 115-282, to accompany S. 3108; H.Rept. 115-829, to accompany H.R. 6385.

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

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 also 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."[65]

U.S.-Georgia defense cooperation has deepened over time. In a 2012 visit to Georgia, then-Secretary of State Hillary Clinton said that increased cooperation would help improve Georgia's own self-defense capabilities, promote defense reform and modernization, and provide training and equipment to support Georgia's ISAF deployment and NATO interoperability.[66]

In 2016, the Obama Administration further expanded U.S.-Georgia security cooperation. In July 2016, then-U.S. Secretary of State John Kerry and then-Georgian Prime Minister Giorgi Kvirikashvili signed a Memorandum on Deepening the Defense and Security Relationship Between the United States and Georgia.[67] In December 2016, the two countries concluded a framework agreement on security cooperation through 2019 to support, according to the Georgian Ministry of Defense, "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."[68]

Unlike the Obama Administration, the Trump Administration has provided 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. The Georgian Ministry of Defense confirmed that the "first stage" of two sales was complete as of January 2018.[69] In June 2018, U.S. Assistant Secretary of State for European and Eurasian Affairs Wess Mitchell said that the United States seeks to "check Russian aggression," including by "building up the means of self-defense for those states most directly threatened by Russia militarily: Ukraine and Georgia."[70]

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[65] 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.

[66] U.S. Department of State, "Remarks at Omnibus Session of the Strategic Partnership Commission," June 5, 2012, at https://2009-2017.state.gov/secretary/20092013clinton/rm/2012/06/191784.htm.

[67] The memorandum is available at https://2009-2017.state.gov/r/pa/prs/ps/2016/07/259364.htm.

[68] Ministry of Defense of Georgia, "Framework Agreement on Cooperation in Security Sector Concluded Between the U.S. and Georgia," December 7, 2016, at https://mod.gov.ge/en/news/read/5456/karpenteri-memorandumi.

[69] Defense Security Cooperation Agency, "Georgia—Javelin Missiles and Command Launch Units," Transmittal No. 17-59, November 20, 2017, at http://www.dsca.mil/major-arms-sales/georgia-javelin-missiles-and-command-launch-units; Civil Georgia, "Javelin Missiles Arrive in Georgia," January 23, 2018, at https://old.civil.ge/eng/article.php?id=30815.

[70] A. Wess Mitchell, "Anchoring the Western Alliance," U.S. Department of State, June 5, 2018, at

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.[71] 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.[72]

In August 2017, U.S. Vice President Mike Pence told troops participating in the Noble Partner 2017 exercise 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."[73] 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 "[n]ot right now."[74]

Trade

In 2017, the United States was Georgia's seventh-largest source of merchandise imports and eighth-largest destination for exports. The value of U.S. merchandise exports to Georgia—mainly vehicles, industrial machinery, and meat—was $383 million in 2017. The value of merchandise imports from Georgia—mainly iron and steel and inorganic chemicals—was $131 million in 2017.[75]

Since 2012, the United States and Georgia periodically have discussed the possibility of a free-trade agreement. The United States and Georgia 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 Mike Pence's August 2017 visit to Georgia, he expressed the United States' "keen interest in expanding our trade and investment relationship with Georgia."[76]

For FY2019, the Senate Appropriations Committee has recommended that funds above FY2018 levels should be made available to build the capacity of Georgia to enter into a free-trade agreement with the United States (as well as to further Georgia's efforts toward NATO accession).[77]

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https://www.state.gov/p/eur/rls/rm/2018/283003.htm.

[71] U.S. Marine Corps, "Exercise Agile Spirit Ends with Bang," July 27, 2015, at https://www.marines.mil/News/News-Display/Article/611065/exercise-agile-spirit-ends-with-bang/.

[72] U.S. Army, "Exercise Noble Partner 2015 Demonstrates Bilateral Cooperation," May 1, 2015, at https://www.army.mil/article/147688/exercise_noble_partner_2015_demonstrates_bilateral_cooperation; Civil Georgia, "U.S.-Georgia Defense and Security Working Group Meets in Tbilisi," April 24, 2015, at http://old.civil.ge/eng/article.php?id=28214.

[73] White House, "Remarks by the Vice President and Georgian Prime Minister in a Joint Press Conference," August 1, 2017, at https://www.whitehouse.gov/briefings-statements/remarks-vice-president-georgian-prime-minister-joint-press-conference/.

[74] White House, "Remarks by President Trump at Press Conference After NATO Summit," July 12, 2018, at https://www.whitehouse.gov/briefings-statements/remarks-president-trump-press-conference-nato-summit-brussels-belgium/.

[75] Global Trade Atlas, which presents data from the Commerce Department.

[76] White House, "Remarks by the Vice President and Georgian Prime Minister in a Joint Press Conference," August 1, 2017.

[77] S.Rept. 115-282, to accompany S. 3108.

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