

## **Russia-Georgia Relations since the Restoration of Georgia's Independence (1991-2021)**

**Mikheil Ukleba**

After the collapse of the Soviet Union, the West placed responsibility for the post-Soviet area on Russia, as the direct successor to the Soviet Union and since it was the largest country in this area in terms of population, territory, and resources. Additionally, it was also a permanent member of the UN Security Council and later became the only nuclear state in the post-Soviet space and region, since the former Soviet republics of Ukraine, Belarus, and Kazakhstan, under Western pressure, handed over their remaining nuclear weapons from the Soviet Union, under the Budapest Memorandum, which guaranteed these countries their territorial integrity, sovereignty, and security, which was violated by Russia in 2014 with Ukraine, in addition to Russia, the United States, and the United Kingdom were as guarantors.

There was a great expectation that a free and independent Russia would escape the Soviet totalitarian system, which was called the "evil empire" by President Reagan, and would not become a literal successor also, there were two coup attempts, in Russia in the years 1991-1993. They ultimately ended in victory for President Yeltsin and his supporters, gave everyone hope, not just the former Soviet republics but, also the West, first under President George W. Bush and then under President Bill Clinton, that Russia would turn towards democracy and reform.

On June 17, 1992, Russian President Boris Yeltsin delivered an epoch-making speech to the US Congress, in which he declared: „It is indeed a great honor for me to address the Congress of the great land of freedom as the popularly elected President, as a citizen of a great country, which has made its choice in favor of liberty and democracy. The idol of communism which spread social strife, enmity, and unparalleled brutality everywhere, instilled fear in humanity has collapsed. It has collapsed never to rise again. I am here to assure you, we shall not let it rise again in our land." The experience of the past decade has taught us that communism has no human face. Freedom and communism are incompatible. We realize our great responsibility for the success of our changes, not only toward the people of Russia but also toward the citizens of America and the entire world." etc. Two months after President Yeltsin addressed the Congress, the conflict in Abkhazia entered an active phase and hostilities began. On September 3, 1992, through the mediation of President Yeltsin, an agreement was signed between the parties to the conflict, and two months later we lost Gagra and Leselidze. At that time, the so-called "Russian volunteers", military

instructors, and military units fought on the side of the Abkhaz and established full control over the Abkhazian section of the Georgian-Russian state border. Later, on June 27, 1993, after a lengthy war, the parties signed a ceasefire agreement, in which Russia acted as a guarantor. The agreement provided for the disarmament of the parties, the withdrawal of heavy equipment, but eventually, it turned out that Russia was forcing Georgia to disarm and at the same time was arming Abkhazia. As a result of which Sukhumi fell on September 27, 1993, and we finally left Abkhazia consequently more than 10 thousand people died and more than 300 thousand people became temporarily displaced persons and refugees. And finally, after the fall of Sokhumi, we were forced, to put it mildly, into the CIS, because „might is right“ and we became the last member from the former Soviet republics, the 12th member of the CIS, except for the Baltic states.

It should be noted that the new so-called "Democratic" Russia has unfortunately chosen the path of confrontation and conflict and has pursued a very aggressive, insidious, and cynical policy against neighboring Georgia, which is evidenced through the fact that Russia has carried out the ethnic cleansing of Georgians in the occupied territories of Georgia and Russia is responsible for the torture, inhuman, and degrading treatment of Georgian prisoners of war and civilians. Russia also helped overthrow Zviad Gamsakhurdia's legally elected government and carried out two terrorist acts: the first against Eduard Shevardnadze on August 29, 1995, during which Shevardnadze and his entourage survived, and the second on February 9, 1998, during which Shevardnadze survived but 2 members of his security died. Carried out subversive acts on energy facilities located in Georgia, including the Russia-Georgia power transmission line and the Russia-Georgia-Armenia gas pipeline. Russia did everything in its power to prevent Georgia from joining the European Union and NATO and opposed the membership of Georgia in such important international organizations like the World Trade Organization (at the time, I was chair of the commission for the membership of Georgia into WTO and Georgia was one of the first former Soviet republics to join in 2000) and others. There were also threats from President Yeltsin himself, who opposed the implementation of energy projects in Georgia.

Russia did everything in its power to obstruct the Southern Transport and Energy Corridors (Programs TRACECA (Europe-Caucasus-Asia Transport Corridor) and INOGATE (International Energy Cooperation Program)), which were implemented with the assistance of the European Union), and subsequently several projects carried out in the framework of Corridor programs, such as The Baku-Supsa (Georgia) oil pipeline, the Baku-Tbilisi-Ceyhan (Turkey) oil pipeline, the Baku-Tbilisi-Erzurum (Turkey) gas pipeline, and the Baku-Tbilisi-Kars (Turkey) pipeline, since they bypassed Russia and came in competition with the transport energy corridors on its

territory, they also contributed to the economic development of the former Soviet republics located in the southern corridor and their transport and energy security, which was vital for both Georgia and the other countries.

Russia strongly opposed Georgia's integration into the European Union and NATO. At first, it did not have such a strong reaction regarding the EU, but as the Maidan events in Ukraine in 2013-2014 showed it turned out that for Russia not only NATO integration, but EU integration also was a threat. Nevertheless, today Georgia together with Ukraine and Moldova has signed the Association and Free Trade Agreements with the European Union, as well as a visa-free regime. In addition, Georgia and Ukraine are NATO aspirants.

Eventually, this type of Russian policy, unfortunately, led us to the Russia-Georgia war of 2008, and everything was given its rightful name, the Russo-Georgian conflict and not the Georgian-Abkhazian and Georgian-Ossetian, which Russia was using to carry out this insidious plan. It is noteworthy that, Russia carried out a similar plan in Ukraine (which I witnessed since I was Georgia's ambassador to Ukraine in 2013-2017), where a war has been going on for 7 years and the Russo-Ukrainian conflict is taking place, resulting in more than 10,000 deaths and 1.7 million temporarily displaced persons and refugees.

It should be noted that since gaining independence, it has been important for Georgia to establish friendly and good-neighborly relations with its neighbor, the new Russia, which should logically be in the interest of both sides.

In 1993, Georgia opened an embassy in Moscow and appointed Valerian Advadze as an ambassador (1993-1995), at the same time Russia, along with Germany, the United States, Turkey, and China, opened an embassy in Tbilisi and appointed Vladimir Zemsky (1993-1996) as ambassador.



The first staff of the Embassy of the Russian Federation in Tbilisi

And we started working from an empty page to establish friendly and good-neighborly relations between the two independent countries. To this end, in 1992, the Government of Georgia established the Georgian Delegation for Bilateral Negotiations in the Political, Economic, Cultural, Social and Humanitarian Fields with the Russian Federation, of which I was appointed First Deputy Foreign Minister, while the Russian delegation was headed by Ambassador Extraordinary and Plenipotentiary Felix Kovalev. Negotiations were held in the years 1992-1997, as a result of which a solid treaty-legal basis was established between Russia and Georgia. Also, I have been the head of the following commissions and groups in Russia over the years:

The years 1996-1998 - Chairman of the State Commission for Inventory of Objects, Land Plots, and Real Estate in the Use of Military Bases and Border Troops of the Russian Federation in Georgia and Transferred and Alienated by Them. (It is noteworthy that this commission made an inventory of 20,262 facilities, which occupied an area of 54 thousand hectares.)

1997-1998 — Chairman of the commission created for the normalization of the situation on the Georgian-Russian state border.

2001-2004 — Chairman of the Preparatory Group for the Georgia-Russia Framework Agreement on Friendship, Good Neighborliness, and Cooperation.

Finally, as a result of the work of the two delegations, on February 3, 1994, the President of the Russian Federation, Boris Yeltsin, paid an official visit to Georgia. The visit was supposed to last two days, but due to security issues, as only a few months had passed since the fall of Sokhumi, the official visit ended in one day. The delegation accompanying the President was of high posts. It included the Russian First Deputy Prime Minister Oleg Soskovets, Foreign Minister Andrei Kozyrev, Defense Minister Pavel Grachev, Leningrad Mayor Anatoly Sobchak, Emergency Situations Minister Sergei Shoigu, and others. During the visit, 25 agreements were signed, including the so-called Comprehensive Framework Agreement on "Friendship, Good Neighborliness, and Cooperation", signed by Russian President Boris Yeltsin and Georgian President Eduard Shevardnadze.



Signing Ceremony of Russia-Georgia "Comprehensive Friendship, Good Neighborliness and Cooperation Treaty" Signed by President Boris Yeltsin and Head of State Eduard Shevardnadze.

After the visit, a joint communiqué was to be published regarding the results of the visit, especially since the interest in this visit was very high and it was attended by many representatives of both Russian and foreign media. In fact, during this visit, the groundwork for the treaty-legal basis between Russia and Georgia was laid out. The draft of the communiqué was presented by the Russian side while further work was carried out by Boris Pastukhov, the First Deputy Foreign Minister of Russia, and from the Georgian side, I was directly involved.

The text of the communiqué consisted of a total of two pages. The front page reported that Russian President Boris Yeltsin paid an official visit to Georgia on February 3, 1994, during which the following treaties and agreements were signed, and there was a list with the "Treaty of Friendship, Good Neighborliness and Cooperation" written in the first place and "Military Cooperation" in the second. I suggested to Boris Pastukhov to write the trade cooperation agreement in second place to not militarize the visit, to which Boris Pastukhov agreed, and thus we agreed and initialed the first-page text, but when we moved to the second page, Russia had written the following in the draft provided to us: Conflicts in Abkhazia, South Ossetia / Tskhinvali region, Javakheti, and Adjara, which was a complete surprise for us, and in this regard I mentioned that, if it might be more or less understandable to mention the conflicts in Abkhazia and the Tskhinvali region, it is incomprehensible why the conflicts of Javakheti and Adjara would be mentioned, to which Mr. Pastukhov replied: "Mikheil Givievich, as you know, everything happens in life, however, I let you have your say regarding the first page." To which I replied that this version is incomprehensible and unacceptable for the Georgian side and I am returning the consideration made to the first page. In the end, we could not agree and the communiqué remained unresolved, about which I reported to Mr. Eduard, even though the communiqué should have been published that evening after the end of the visit. After President Boris Yeltsin and Eduard Shevardnadze signed the Comprehensive Framework Agreement, a press conference was to be held and we all sat in the hall with the Russian delegation and media representatives and waited for the press conference to begin. At that moment, a member of Shevardnadze's security team entered the hall and motioned from a distance for me to leave the hall, informing me that Mr. Eduard was calling me. We went up to the 10th floor and entered Shevardnadze's office, where Eduard Shevardnadze and Boris Eltsin were sitting alone. Mr. Eduard introduced me and told him that a problem had arisen while working on the text of the joint communiqué, to which Boris Yeltsin asked sharply: "А где наши?! Where is our side?!" Mr. Edward asked me to bring someone and shortly after I brought in their representative to the office. President Yeltsin asked me to tell him what the problem was. I explained that in the list of conflicts in Georgia, in addition to Abkhazia and Tskhinvali, the conflicts in Adjara and Javakheti were mentioned, which was incomprehensible and unacceptable for the Georgian side, and because of this, we have a disagreement with the Russian side and it would not be published. Boris Yeltsin listened and after a few seconds of delay said sharply: "убрать! Remove them!" And later the Russian side modified the option unacceptable to us. It is interesting to note that the Russian side was telling us that if we do not behave well, we would have conflicts in Javakheti and Adjara. In addition, similar thoughts were mentioned concerning Samegrelo. Finally, it should be noted that the Treaty "on Friendship, Good Neighborliness and Cooperation" signed by the parties at the highest level was ratified by the Georgian Parliament, while the Russian Duma did not, therefore such an important political document between the

two countries, despite their CIS membership, did not enter into force. It should be noted, however, that this visit of the Russian President turned out to be the first and last, as other Russian presidents have not visited Georgia in recent years, which, to put it mildly, did not indicate Russia's goodwill. Later, a similar fate befell the agreement on military bases, signed in Tbilisi in the presence of Eduard Shevardnadze by Georgian Defense Minister Vardiko Nadibaidze and Russian Defense Minister Pavel Grachev, with a term of 25 years. The Georgian side considered 3 options for the validity of the agreement (10, 15, and 25 years). The agreement was finally signed for 25 years, but with a special reservation from the Georgian side that Russia would assist in the construction of Georgian military forces; restoration of Georgia's territorial integrity, and the disarmament of illegal military formations. In this case, too, the Georgian Parliament ratified the agreement, while the Russian side did not.

Later, in 2001, President Vladimir Putin and President Eduard Shevardnadze decided to draft a new comprehensive framework agreement on,, "Friendship and Cooperation". The Russian delegation was headed by Boris Pastukhov, who was already the first vice-president of the Russian Chamber of Commerce and Industry (former First Deputy Foreign Minister). It should be noted that at that time the president of the Russian Chamber of Commerce and Industry was Yevgeny Primakov (former Prime Minister/ Minister of Foreign Affairs), and the Minister of Foreign Affairs of Georgia, Irakli Menagarishvili was appointed as the Head of the Delegation from the Georgian side. In this regard, workgroups were set up, which from the Georgian side was headed by me as Ambassador Extraordinary and Plenipotentiary, and from the Russian side headed by Ambassador Extraordinary and Plenipotentiary Lev Mironov. This work took place in 2001-2003, and in fact, the parties almost concluded the agreement, but this agreement was not destined either, because the new Russian leadership did not have the political will to have normal, civilized relations with its neighboring country. It is interesting to note that while working on this draft agreement, in the political and security part of the text, we proposed an option that reads something like this: "To establish peace and stability in the Caucasus, the peaceful settlement of the Georgian-Abkhazian, Georgian-Ossetian, Armenian-Azerbaijani, and Russian-Chechen conflict is needed, which in itself will contribute to the economic revival of the Caucasus region." To which the Russian side categorically refused, because they believed that there was not a Russian-Chechen conflict but an anti-terrorist operation in Chechnya, which clearly indicated Russia's double standard when it stirred up conflicts in neighboring countries and promoted separatism while at the same time it held anti-terrorist operations towards Chechen separatists in its own country. By the way, Eduard Shevardnadze said that after the fall of Sokhumi all of this would return to Russia like a boomerang and, indeed, soon the Russia-Chechnya war (called the anti-terrorist operation) began or take the example of Kosovo. After most of the Western countries recognized the independence of

Kosovo, Russia did not recognize it, as well as Georgia (because of our situation) and Ukraine. In an opposite approach, after the August 2008 Russo-Georgian war, Russia, in complete disregard of international law, recognized the independence of the occupied Georgian territories of Abkhazia and Tskhinvali, clearly indicating Russia's double standard, because, if Russia considered Kosovo's independence as unacceptable and bad, why was the so-called recognition of the independence of occupied Abkhazia and Tskhinvali good and acceptable in the neighboring country? Thus Russia set a precedent for very wrong independence, after the break-up of Yugoslavia, already in the post-Soviet period, when Russia itself has 85 entities and its territorial integrity is threatened both inside and outside the country, as some neighbors are trying to claim its territory. Today, when the international community does not recognize the independence of the occupied territories, Abkhazia and the Tskhinvali, regions of Georgia, only Venezuela, Nicaragua, Nauru, and Syria recognized their independence together with Russia. Tuvalu and Vanuatu had previously taken back their recognition. It should be noted that none of the Soviet republics, including its direct allies, supported this move by Russia, because they understand what a threat it poses to their statehood. And today, paradoxically, the permanent member of the UN Security Council has 3 embassies on the territory of Georgia: two in the so-called "independent" territories of Sokhumi and Tskhinvali, and in Tbilisi, Russia is represented through the Russian section in the Swiss embassy and the same in Moscow. And today Russia has established diplomatic relations with the so-called "independent" Abkhazia and the Tskhinvali regions and while not having diplomatic relations with Georgia.

Russia was trusted by the international community to play a key role in resolving conflicts in the post-Soviet space, and Russia's foreign policy documents emphasize that Russia is actively pursuing a political-diplomatic settlement of conflicts in the post-Soviet space, which is far from the truth and while it was disappointing for the West as well as some former Soviet states, for Georgia, it turned out to be devastating. As a result of this policy, Europe has found itself with two full-scale wars with its neighbors: Georgia and Ukraine.

It should be noted, that this type of Russian policy emerged because the Russian elite suffered very painfully from the collapse of the Soviet Union and still can not get used to the existing reality and to restore its lost influence and control over the post-Soviet space, Russia initiated conflicts on the Byzantine principle of "divide and conquer" and "the enemy of my enemy is my friend." And Russia's actions are aimed at destabilizing countries that have firmly stated their independent course, as evidenced by occupied Abkhazia and the Tskhinvali regions of Georgia, Nagorno-Karabakh, Transnistria, annexed Crimea, and part of the occupied Donbas. But, in the end, no geopolitical interests can justify such actions by Russia, which has killed tens of

thousands of people in the post-Soviet space and turned more than 3 million people into temporary displaced persons and refugees.

After the August 2008 war, the Geneva International negotiation format was established between Georgia and Russia. The decision to establish these discussions was made in accordance with the ceasefire agreement of 12 August 2008. In addition to Georgia and Russia, the UN, the OSCE, the European Union, and the United States are taking part in the talks. Negotiations in the Geneva format are held in two parallel groups: the first group discusses security issues, and the second group discusses the return of internally displaced persons and refugees, as well as other humanitarian issues. To date, 51 meetings have been held, but we do not have tangible results.

At the same time, in 2012, the Georgian government established the Prague format of bilateral talks with Russia given that there is no such thing as permanent war and constant animosity, and the parties decided not to touch the red lines during negotiations. To date, 23 meetings have been held, including 22 face-to-face meetings, and due to the recent pandemic online meetings, despite the lack of diplomatic relations, results were not delayed, as evidenced by the statistics below.

It is interesting to note that until recently, the Russian side was negotiating in the Geneva and Prague formats through the same person, Deputy Foreign Minister Grigory Karasin (now Russian Deputy Foreign Minister Andrey Rudenko is participating in the Geneva format) and as the results showed, the experienced Russian diplomat was unsuccessful in Geneva, because the results are not visible, while there was a success in Prague. The point is that today Russia is not interested in the successful completion of the Geneva format, since with the occupation of 20% of Georgia's territory (including about 200 km of the sea coast out of total 310 km), recognizing the independence of the occupied territories, borderisation, creeping occupation and constant provocation it halts the development of Georgia and the process of its integration into the European Union and NATO and thus has completed the minimum of the program, while in parallel it carries out the maximum of the program, under which it uses soft power, which is supported through the results achieved in the Prague format: trade, transport, communications, tourism, energy, banking sector and more, is trying to return Georgia in its orbit of influence and finally restore the so-called Union. Hence, in the context of the national security of the country, it is necessary to analyze and assess the dangers of the results achieved within the Prague format at this stage, with its pros and cons. First and foremost, what is most noticeable, we need to reduce Russia's share of trade, both in export (for example, Russia's share of wine exports is more than 62%) and in import (for example, Russia's share in wheat import is more than 90%) to a safe level, because Russia continues to use economic leverage for political purposes, as evidenced by Russia's suspension of air travel to Georgia (July 8, 2019) during the mid-tourist

season due to a scandal involving MP Gavrilov, which caused great damage not only to Georgian but also to Russian airlines and travel companies. (Which is evidenced by the statistics provided here). Not to mention the tourists and visitors who encountered serious problems.

Also, Russia continues to launch cyber-attacks against Georgian state structures, most recently on September 1, 2020, on the computer system of the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia. The cyber-attack aimed to illegally seize and use important medical documents and information related to pandemic management kept in the central office of the Ministry and its structural units. Also, Russia disseminates material that promotes social tensions, protests, and aggravates and discredits the political, economic, social, and social situation, thereby creating artificially manageable chaos and spreading the narrative of Georgia as a failed state.

As for the recent events in our region, as a result of which Russia has already appeared in Azerbaijan in the role of peacekeeper, and if it intends to continue its destructive actions when the question of whose side is Russia on is asked, Armenia or Azerbaijan's, the answer is neither, it is on its own side, or the side of the conflict. We experienced this first hand when Russia turned from a mediator into a guarantor, then a peacekeeper, and finally a full-scale Russo-Georgian warmaker. And if this is not the case and Russia is really eager to make peace and facilitate the reconciliation of Azerbaijanis and Armenians, then logically, perhaps the issue of restoring Georgia's territorial integrity and reclaiming the independence of the occupied territories should also be on its agenda.

Finally, from the first day since the restoration of independence, as the past years have shown, it is very difficult to restore the independence lost by a country, but it is even more difficult to maintain and strengthen it. Therefore, given the geostrategic situation of Georgia, it is vital for us that our friend and partner countries, first and foremost the United States and the European Union, stand by us until the end before we finally reach peace on this path full of misfortune.

## **Russia-Georgia**

### **Statistical data**

It should be noted that in 2020, the trade turnover between the two countries (excluding undeclared trade) amounted to 1.328 billion dollars. Russia ranks second in the top ten trading partners. Out of which, Georgia's exports amounted to 441.0

million USD and exports decreased by 11.2% compared to the previous year. As for imports, imports amounted to 887.2 million USD and decreased by 9.2%.

**GEORGIA'S LARGEST TRADING PARTNER COUNTRIES ACCORDING  
TO 2020 \* TURNOVER**

	Export		Import		Turnover	
	Thousand US dollars	Percentage	Thousand US dollars	Percentage	Thousand US dollars	Percentage
<b>Total</b>	3 342 142.2	100.0	8 005 568.7	100.0	11 347 710.8	100.0
<b>Among them:</b>						
<b>Turkey</b>	190 569.6	5.7	1 406 975.4	17.6	1 597 545.0	14.1
<b>Russia</b>	441 075.6	13.2	887 167.5	11.1	1 328 243.1	11.7
<b>China</b>	476 269.9	14.3	708 747.1	8.9	1 185 017.0	10.4
<b>Azerbaijan</b>	441 289.4	13.2	493 183.2	6.2	934 472.6	8.2
<b>USA</b>	80 030.0	2.4	540 918.8	6.8	620 944.8	5.5

Source: National Statistics Office of Georgia - Geostat Preliminary data

**Major commodity groups exported from Georgia to Russia:**

- Natural grape wines - 119.5 Million USD
- Ferroalloys - 108.5 Million USD
- Mineral and freshwaters - 43.9 Million USD
- Alcoholic beverages - 31.2 Million USD
- Fruits (fresh apricots, Sour cherries, and cherries, peaches, plums, damson plum) - 19.9 Million USD

**Major commodity groups imported from Russia to Georgia:**

- Oil and petroleum products - 130.3 Million USD
- Wheat and meslin - 107.3 Million USD (Russia is a major supplier of wheat - more than 90%.)
- Petroleum gases and other gaseous hydrocarbons - 47.3 Million USD
- Sunflower oil - 41.0 Million USD
- Telephone sets - 28.7 Million USD.

## Georgian wine export 2019 – the top five countries

	country	quantity
1	Russia	58,4 Mln bottles
2	Ukraine	8,6 Million bottles
3	China	7,1 Million bottles
4	Poland	4,1 Million bottles
5	Kazakhstan*	2,9 Million bottles

\*Data for 11 months of 2019

In 2019, 341 companies exported wine to 53 countries, amounting to 94 million bottles (0.75 l). Which is 9% more than in 2018. And the value of wine exports amounted to 240 Million USD, which is 17% more than the same figure. It should be noted that in the first 6 months of 2020, exports to the largest Russian wine market amounted to 54.2 million dollars and decreased by 8% annually.

Source: National Wine Agency

## Import of gasoline and diesel fuel in Georgia in 2019

1. Russia: 329.9 thousand tons, share 30.1%
2. Romania: 300.0 thousand tons, share 27.4%
3. Azerbaijan: 170.2 thousand tons, share 15.5%
4. Turkmenistan: 119.4 thousand tons, share 10.9%
5. Bulgaria: 92.4 thousand tons, share 8.4%

Source:BM.GE

## Ratings of the major oil companies operating in Georgia

In the ranking of the top five largest oil companies operating in Georgia, two companies with Russian capital: Ltd "San Petroleum Georgia (Gulf)" and Ltd "Lukoil-Georgia" come in third and fifth place respectively.

#	Company name	Income in GEL	Net profit / loss in GEL	Net Asset Value
1	Ltd SOCAR Georgia Petroleum	655,069,00 0	-45,418,00 0	359,041,0 00

2	Ltd Rompetrol Georgia	509,480,121	-8,708,542	103,231,109
3	Ltd San Petroleum Georgia (Gulf)	444,736,000	8,751,000	169,367,000
4	JSC WISSOL Petroleum Georgia	443,245,000	-39,408,000	223,463,000
5	Ltd Lukoil-Georgia	332,340,000	-13,581,000	64,346,000

Source: Forbes Georgia/Based on 2018 reports

### Georgian Electricity Market

- ▶ According to GNERC, in 2019 Russia is in second place in terms of electricity imports and exports. In 2019, 68% of electricity imports came from Turkey and 32% from Russia. 46% of electricity exports went to Turkey and 24% to Russia.

Source: GNERC

### Rating of banks by asset size - as of the fourth quarter of 2019

#### VTB Bank

**Total assets** - 1.65 Billion GEL, 5th place;

**Net profit of the bank in 2019** - 13.6 Million GEL;

**In the list of beneficiaries of the Bank**, the share of the Government of the Russian Federation is 59.34%

Source: BM.GE.

### Mobile Communications - 2019 (3rd quarterly data)

According to the Georgian National Communications Commission, during the first 9 months of 2019, the population of Georgia spend 369.2 Million GEL (excluding VAT and excise tax) in mobile communications, distributed according to the operators, which is distributed by operators as follows:

3rd place: "Vion Georgia" (Beeline) - 66.5 Million GEL, growth relative to the previous year - 14.7%.

### Rating of mobile operators according to subscribers:

3rd place: "Vion Georgia" (Beeline) - 1,237,245 subscribers.

### **According to the data of the 3rd quarter of 2018**

A total of 3842 enterprises with the participation of Russian capital were registered in Georgia. among them:

- ▶ 2 817 enterprises - created with Russian capital.
- ▶ 770 enterprises - created with Georgian-Russian share capital.
- ▶ 255 enterprises - created with a share capital of Russia and third countries.

Out of 3 842 registered enterprises, 1 562 companies are currently operating, including:

- ▶ 1 114 enterprises - created with Russian capital.
- ▶ 354 enterprises - created with Georgian-Russian share capital.
- ▶ 94 enterprises - created with a share capital of Russia and third countries.

### **Georgia's highest-income private companies with Russian capital**

- ❖ 7th place: JSC Telasi  
Revenue: 461 million GEL. Russian state company „Inter RAO“ - 75%, 420.3 million GEL. Besides, it owns the thermal power plant "Mtkvari Energy".
- ❖ 9th place: Oil Company "Gulf" - Revenue: 444.7 million GEL (LLC San Petroleum Georgia) – LTD Petrocas Energy Limited, which is owned by a Russia-based businessman of Georgian origin, Davit Iakobashvili. 49% of „Petrocas Energy Limited" is owned by the Russian state company "Rosneft". Besides gas stations in Georgia, the company is engaged in the trade and transportation of oil and oil products.
- ❖ 17th place: Oil Company "Lukoil Georgia" - Revenue: 332.3 million GEL. The oil company has its own network of gas stations in Georgia. It is a subsidiary of the Russian joint-stock company Lukoil and has been operating in the Georgian market since 2002. 100% of the companies share is owned by Lukoil Europe Holdings BV, registered in 1998 in the Netherlands.
- ❖ 19th place: “IDS Borjomi Georgia”, LTD Georgian Branch of IDS Borjomi Beverages Company, which is part of the investment holding Alfa Group, owned by Mikhail Fridman. Revenue: 332.3 million GEL.

- ❖ 30th place: Ltd "RMG GOLD". Revenue: 209.9 million GEL. The sole owner in the offshore zone is the Rich Metals Group, registered in the Netherlands, owned by Dmitry Troitsky and Dmitry Korzhiev.
- ❖ 61st place: Veon Georgia (Beeline) - Revenue: 109.6 million GEL.
- ❖ 82nd place: LTD „Wimm-Bill-Dann Georgia", manufacture and distribution of dairy products. Revenue: 86.1 million GEL. „Wim-Bill-Dan Georgia is a dairy company owned by the Russian Open JSC Wim-Bill-Dan. It was registered in Georgia in 2008. The founder of the company is Davit Iakobashvili, a businessman of Georgian origin based in Russia. His products on the Georgian market are known by the name "Soplis Nobati".

Source: Forbes Georgia / Based on 2018 reports

### Top five of major countries according to the number of visitors - 2019

Countries	2018	2019	Change
Azerbaijan	1 424 610	1 526 619	7.2%
Russia	1 404 757	1 471 558	4.8%
Armenia	1 268 886	1 365 048	7.6%
Turkey	1 098 555	1 156 513	5.3%
Ukraine	177 058	207 667	17.3%

Source: Georgian National Tourism Administration

### Air traffic statistical data between Georgia and Russia (by flight frequency per week) as of 05.06 2019

Flights from Georgian airports to Tbilisi, Batumi, and Kutaisi were performed in the following directions: Moscow, Zhukovsk, St. Petersburg, Novosibirsk, Rostov, Sochi, Ekaterinburg, Kazan, Krasnodar, Ufa, Perm, Chelyabinsk, Makhachkala. Regularly scheduled flights were performed by the following airlines:

#### Georgian companies

“Georgian Airways”

Tbilisi – Moscow	21 frequency
Tbilisi – Saint Petersburg	7 frequency
Tbilisi – Kazan	3 frequency

Tbilisi - Voronezh	2 frequency
Tbilisi - Ufa	2 frequency
Batumi - Moscow	1 frequency (from 07.06.2019)

**“My way”**

Tbilisi - Zhukovsky	3 frequency
---------------------	-------------

**Russian companies**

**“AEROFLOT”**

Moscow - Tbilisi	7 frequency
Moscow - Batumi	1 frequency
Novosibirsk - Tbilisi	2 frequency

**“Ural Airlines”**

Yekaterinburg - Tbilisi	4 frequency
Sochi - Tbilisi	3 frequency
Saint Petersburg - Tbilisi	4 frequency
Zhukovsk - Tbilisi	7 frequency
Moscow (Domodedovo) - Batumi	14 frequency
Moscow-Kutaisi	3 frequency
Krasnodar-Tbilisi	3 frequency
Samara-Tbilisi	2 frequency .

**“Pobeda”**

Rostov-Tbilisi	7 frequency
Kazan-Tbilisi	3 frequency
Perm-Tbilisi	3 frequency
Yekaterinburg-Batumi	2 frequency (from 07.06.2019)
Kazan-Batumi	3 frequency
Perm-Batumi	3 frequency
Rostov-Batumi	4 frequency

**"Nordavia"**

Saint Petersburg-Tbilisi	2 frequency
--------------------------	-------------

**"UVT Aero"**

Chelyabinsk-Batumi	2 frequency
Makhachkala-Tbilisi	2 frequency

In 2019 (January-April) 403 606 passengers were transported, which is a 51% increase compared to the same period in 2018. As for 2018 as a whole, 1,126,879 passengers were transported, which is a 44% increase compared to 2017. It should be noted that the Russian government has suspended direct flights to Georgia since July 8, 2019.

### Information on remittances from abroad to Georgia 2019 (million USD) - the top five countries

Remittances to Georgia in 2019 amounted to 1.7 billion USD and increased by 10% compared to 2018 (1.5 billion USD).

	Country	2019	2018	Difference
1	Russia	429	457	-28%
2	Italy	239	193	46%
3	Greece	193	171	22%
4	USA	178	160	19%
5	Israel	163	151	11%

Source: National Bank of Georgia

### Information on real estate purchased by foreigners in Georgia 2016-2019

- ▶ Russia: 15 133, share 40%
- ▶ Iran: 5 598.
- ▶ Ukraine: 2 599.
- ▶ Israel: 1 634.
- ▶ Armenia: 1 447.
- ▶ Turkey: 1 226.
- ▶ Azerbaijan: 1 192.
- ▶ USA: 1 182.

Source: Data of the Government Commission on Migration of Georgia

**Information on Temporary residence permit issued to foreign citizens  
in Georgia December 31, 2018:**

- ▶ Russia: 8 889, share 44%.
- ▶ Azerbaijan: 3189, share 16%.
- ▶ Armenia: 2 211.
- ▶ Ukraine: 1 718.
- ▶ Citizens of other countries: 3 946.

Source: Data of the Government Commission on Migration of Georgia

**Information on Temporary residence permit issued to foreign citizens  
in Georgia December 31, 2018:**

- ▶ Iran: 7 279.
- ▶ India: 5 951.
- ▶ Russia: 4 028.

Source: Data of the Government Commission on Migration of Georgia