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# ECONOMIC AND POLITICAL SUPPORT OF THE EUROPEAN UNION TO GEORGIA: RETROSPECTIVE ANALYSIS OF THE EU-GEORGIA RELATIONS

## Abstract:

Following World War II the European continent was razed to the ground. The war brought about sixty million human deaths, massive destruction, and completely ruined the global economy. European leaders came to the conclusion that only economic and political integration of the European countries could prevent another bloody war and secure the long-lasting peace on “the old continent”. The European integration process commences in the immediate aftermath of World War II and seeks to guarantee peace, stability and equality in Europe. The organization was formally established in 1992 and since then it has hugely been promoting the democratic principles, human rights, rule of law, good governance, and the most importantly, supports the development of a single market,

which in turn, ensures the free movement of goods, persons, services, and capital within the European Union. The EU-Georgia relations have established following the independence of Georgia and have further been strengthened after Russia’s military intervention in Georgia in August 2008. The European community strictly condemns Russia’s “creeping annexation” on Georgian territories and calls on Moscow to reverse its recognition of the breakaway regions of Abkhazia and South Ossetia/Tskhinvali region as independent states. The article seeks to analyze the economic and political support of the European Union to Georgia.

## Keywords:

The European Union; economic support; political support; democracy; Russian occupation

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## Introduction

The idea of the European Union is based on Pan-Europe movement and dates back to the XVIII-XIX century. In 1795, the German philosopher Immanuel Kant in his work "Towards heavenly peace" asserted that the creation of the "European States of Europe" would secure lasting peace in Europe. This could only be achieved by democracy and universal cooperation. Outstanding French novelist Victor Marie Hugo and French politician Alphonse de Lamartine were also enthusiastic supporters of the creation of the United States of Europe. "A war between Europeans is a civil war"-continuously argued Hugo. Austrian-Japanese politician Richard Kalergi, who was a true advocate of the Pan-European Union, in his book, "Pan-Europa" emphasized the idea of European unification and argued that only political, economic, and military connections would prevent bloody and devastating wars on the European continent.

The prime-Minister of the great Britain Winston Churchill played one of the most dominant roles in creating the European Union. At the end of the first half of the twentieth century, Churchill once again stressed on the establishment of a unique international organization, which would unite all the European countries by transferring strategic resources to a supranational organization. Several years later, European Steel and Coal Community was created by six founding countries of the EU. The organization has further been enlarged in the following years.

Today, the European Union is a unique international organization consisting of 27 countries, which promote economic, political, legal and social development of member states. Right from the very beginning, its fundamental objective has been to strengthen democratic principles, increase collaboration and inclusion within the European Union and ensure lasting peace and stability in post-war Europe [11, p. 45]. Since 2015, migration crisis, Britain's exit from the UN and rise of populism posed a serious threat to the European Union integration process. However, it still proves to be one of the most effective international organizations in the history of mankind, which hugely contributes to the peace, equality, stability and economic growth of the member states.

The European Union and Georgia enjoy friendly relations since 1991, after which Georgia regained independence from the Soviet Union. Following the Association Agreement in 2014, the EU-Georgia relations have entered a new phase and the EU has become Georgia's main trading partner abroad. Furthermore, the EU also remains firmly committed to its policy of supporting Georgia's territorial integrity within its internationally recognized borders and condemns Russia's creeping occupation in Abkhazia and South Ossetia/Tskhinvali region.

## The History of the European Union

In the first half of the twentieth century, the European continent was the theatre of conflicts, which brought millions of dead humans and lots of destruction. For all of the centuries, Europe had a

lot of bloody wars, only France and Germany for the period 1870 to 1945 fought three times. European leaders came to the conclusion that only economic and political integration can secure the peace between their countries. The vision of a new Europe, which would overcome antagonistic nationalism, finally emerged from the resistance movements, which had resisted totalitarianism during the Second World War [7].

The twentieth century appeared to be the most destructive in recorded history. The humankind went through two bloodiest wars, resulted in the deaths of millions of innocent people. Those events, on the other hand, have shown the world that universal peace, stability and security was still a mirage of distant vision and made the scientists rethink once again about the chances of civilization's future survival. Atomic bombings in Hiroshima and Nagasaki, the terror of Holocaust, massive economic collapse, 60 million dead humans, more than 50 million refugees... these are only incomplete list of the destructions caused by the World War II. After the war it became certainly clear if not fundamental changes in global affairs the next world war could have resulted in the end of the humankind history.

On September 19, 1946, former British Prime Minister Winston Churchill delivered his famous speech at the University of Zurich and voiced the idea of creating "the United States of Europe". "...there is a remedy which would in a few years make all Europe free and happy. It is to re-create the European family, or as much of it as we can, and to provide it with a structure under which it can

dwell in peace, in safety and freedom. We must build a kind of United States of Europe"-stated Churchill [2].

In 1950 European steel and coal community was established by six European countries. Founding members of the European Union are Belgium, France, Germany, Italy, Luxemburg and the Netherlands. The Idea of United steel and coal community was an initiative of French Foreign Minister Robert Schuman, who deeply believed in the philosophy of the French Politician Jean Monet. Monet asserted that one supranational authority and the common production of strategically important resources would prevent new wars between France and Germany.

The next stage of the European integration process was the establishment of the European Economic Community and the European Atomic Energy Community. The European Economic Community was created on January 1, 1958, after the Treaty of Rome. Following the establishment of the European Economic Community, the common market and united economic space was created, whilst tariffs and customs duties were abolished. 1992 is a turning point and a significant moment in the history of the European Union. In 1992, 13 states of the European Economic Community signed a Treaty of Maastricht, which entered into force on November 1, 1993. After signing the Maastricht Treaty, the European Union was formally established [17, p. 88].

The first enlargement of the European Union began in 1973, when Great Britain, Denmark and Ireland joined the organization. The European Union

community expanded the borders to the South in 1981 with the accession of Greece. In 1986 Spain and Portugal joined the community whilst in 1995 Austria, Sweden and Finland became the members of the EU. Further enlargement of the organization occurred in 2004 when the former communist states of central and Eastern Europe joined the European Union, including Latvia, Lithuania, Estonia, Hungary, Poland, Slovakia, the Czech Republic, along with two islands of the Mediterranean Sea-Cyprus and Malta. It is also worth noting that the expansion of the European Union following the disintegration of the USSR and a reunification of Germany were driven by both economic and political motives since the organization strived to prevent the re-establishment of the communist regime in the post-socialist countries. In 2008 Bulgaria and Romania became part of the community whilst in 2013 Croatia entered the European Union.

### Economic support of the European Union to Georgia

The European Union established mutual relations with Georgia in 1992 in the TACIS (Technical Assistance to the Commonwealth of Independent States) framework, which was initiated by the European commission in 1991 and aimed at technically and financially assisting the Eastern European and Central Asian countries. Those countries were Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

The assistance covered a wide range of fields including legal, institutional, and administrative reforms; support of the private sector and contribution to economic development; infrastructure development; environmental protection; agriculture and nuclear security, development of the agricultural economy etc. TACIS aid program also covered Mongolia from 1991 until 2003 [18]. The TACIS global budget in 2000-2006 amounted to 3.14 billion Euro. In 1992-2006 within the framework of the TACIS, the European Commission allocated 131million Euro financial assistance for the social-economic development of Georgia.

Data below shows the sectoral allocation of TACIS funds between 1991 and 2006 (Million Euro)

	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine
National Program	98.9	116.5	75.5	129	137.6	891.6
Cross-Border Cooperation			46.2		22.7	40.2
Regional Program			68		26.15	50
Food Safety Program + EAGGF	102.3+50.2	142.7		63	35.9	
Macro-Financial Assistance	35.6	30			87	675
Humanitarian Assistance	68.79	90.09	11.5	102.2	5.5	20.5
Neighbourhood Programs			11.3			
Nuclear Safety Program	29		5.5			621.2
Human Rights		9.5				5.95
Rehabilitation		18.37				
Contribution To STCU						34

Table 1; Source: World report, 2005

Since 2007 TACIS has been replaced by the European Neighborhood and Partnership instrument (ENPI), which, in its turn, has been replaced by European Neighborhood Instrument (ENI) after seven years and included not only Central Asian and Eastern European countries, but also some countries of the North Africa and middle East. In particular, Algeria,

Morocco, Egypt, Tunisia, Syria, Israel, Jordan, Libya and Palestine. Table 2 shows the EU financial

assistance to the six states between 2007 and 2017 years (Million Euro)

ENPI/ENP	Armenia	Azerbaijan	Belarus	Georgia	Moldova	Ukraine
2007–2013	285	143.5	94	452	561	1,000
EaPIC 2012–13	40			49	63	
2014–2020	252–308*	139–169	129–158	610–746	610–746	3,084–3,455
Umbrella Support				30	30	770
2014–2017	140–170	77–94	71–89	335–410	335–410	1,675–1,876

Table 2; \* Data shows the minimum amount that can be obtained and the maximum payable amount. Source single 2017.

One of the most important steps in the European Union-Georgia relations have been taken on May 7, 2009, when the EaP (Eastern Partnership) was launched between the European Union and six countries of the South Caucasus and Eastern Europe, Armenia, Georgia, Azerbaijan, Ukraine, Moldova, and Belarus. From the very beginning, the idea of EaP was initiated by Poland and Sweden at the Paris summit in May 2008. The fundamental objective of the initiative has been to deepen and strengthen democracy, human rights, stability and cooperation in the mentioned countries. "It is time to look to the East to see what we can do to strengthen democracy", -denoted the Swedish Minister for Foreign Affairs, Carl Bildt, in March 2008 [11]; [19, p. 99]. The cooperation has relied on four major platforms:

- Democracy and good governance;
- Economic integration and stability;
- Energy security;
- Development of cooperation between people [19]; [12].

Georgia's visa-liberalization with the EU marked the beginning of a new phase in EU-Georgia relations. It was a mutual agreement between the sides, signed on March 28, 2016, after which Georgia was granted visa-free travel in the Schengen area. "Georgia has done a great job and achieved much. Today is a historic day for all of us and especially for Georgian people who from now on will be able to travel freely into the Schengen area. It is an important step to build an even closer EU-Georgia relationship"-the President of the European Council Donald Tusk stated in recognition of Georgia's visa liberalization [6]. According to the official information provided by the Georgian government since the entry into force of visa liberalization, "more than 300,000 Georgian citizens have travelled to the EU without a visa". On December 18, 2014, the European Parliament approved the "Association Agreement" (AA) with Georgia and thus further supported closer ties with the country. The agreement entered into force on July 1, 2016. The Association Agreement covers a wide range of areas of a key significance, for

instance, democracy and human rights; good governance; environmental protection; consumer protection; industry and energy; social development and protection; education, youth and culture etc. [15]. However, the key pillar of the Association Agreement is “a Deep and Comprehensive Free Trade Area” (DCFTA) which represents a huge success in the EU-Georgia relations. DCFTA offered Georgia a “framework for boosting trade and economic growth by removing customs tariffs and quotas and by comprehensively approximating trade-related laws and regulations to the standards of the European Union. This will facilitate Georgia's progressive integration with the EU single market” [16]. As the High Representative/Vice-President, Federica Mogherini said: „With the full entry into force of our Association Agreement with Georgia, the EU-Georgia relationship becomes both broader and deeper, to the benefit of us all. The EU is looking forward to further strengthening its cooperation with a country that is still working on crucial reforms in areas such as the rule of law, the accountability rules for public decision-makers and transparency“ [3].

Moreover, at the Eastern Partnership summit, which was held in November 2017 in Brussels, the European Commission initiated four main priorities for the member states of the Eastern Partnership, including Georgia.

Stronger economy (economic development and market opportunities);

Stronger governance (strengthening institutions and strong governance);

Stronger connectivity (connectivity, energy efficiency, environment and climate change);  
Stronger society (mobility and people-to-people contacts) [4].

Based on official statistics released by the European Commission, since 2009, more than 40.000 small and medium enterprises and farmers have received loans from the European Union, in addition to 130 dollars that was allocated by the organization under the “Horizon 2020” project and which created approximately 10,300 new job opportunities. Within the framework of the ENPARD program, the EU supported the establishment of 1,200 cooperatives in Georgia and modernized Georgian agriculture by financially and technically supporting the farmers. More than 250,000 farmers have been trained in accordance with European standards. The European Union is one of the strongest trading partners of Georgia. Approximately, 31% of the total trade of Georgian products goes to the European Union and contributes to the diversification of the Georgian market. The European Union is committed to providing large grants to Georgia for the development of electricity, transport connections, and water infrastructure. The organization is also committed to fighting climate change and supports the country in its green energy production.

As a consequence of the EU assistance, the first commercial wind farm has been operated in Georgia. The European Union supported the establishment of over 20 offices in Georgia on “The State Legal Aid Service”. The service offers assistance to those citizens who cannot afford a

lawyer. In addition, the EU trained more than 5, 000 judges; lawyers; prison and probation staff; public defenders etc. [4]; [9].

## Political support of the European Union to Georgia

The EU fully supports Georgia's independence, sovereignty and territorial integrity. The European Union and the United States call on Russia to reverse its recognition of Abkhazia and South Ossetia as independent states and respect the sovereignty and territorial integrity of the country [10, p. 54].

“... the collapse of the Soviet Union was a blessing to Georgians, Poles, and Ukrainians as well as to the whole of Central and Eastern Europe... when I say Georgia, I mean ‘pride’, when I say Georgia, I mean ‘courage’. You are a small country, but a great nation. You have achieved impossible things because you were, despite all the differences, united around a common goal, that was a free, independent and modern state”-stated the President of the European Council on July 11, 2019, Donald Tusk [5]. In addition, to Russia's economic leverage against Georgia, Georgian-Russian relations have sharpened recently over Russia's illegal “borderization” of the occupied Georgian territories. The Russian-baked separatist forces continuously install and erect barbed-wire border posts in the one of the occupied regions of Georgia-South Ossetia and detain Georgian people, under the pretext of “illegally crossing the border”. Fundamental rights of the local population are violated daily since the occupants install barbers

through people's houses, gardens and cultivated lands. Whilst, Russia's propaganda machine grows stronger in the post-Soviet space, the Georgian government sees European integration as the only solution to secure its people from the threats coming from Russia.

Following the Russian-Georgian war, the EU deployed the EU Monitoring Mission (EUMM) to Georgia, which has been patrolling areas adjacent to the Administrative Boundary Lines with Abkhazia and South Ossetia day and night. This has reduced tensions and potential risks of escalation and contributed to stability throughout Georgia and in the surrounding region. Currently, EUMM has around 200 monitors working on the ground, and a 24/7 hotline, allowing the parties to the conflict to communicate on security-related issues to defuse tensions. The EU also welcomes Georgia's support on EU security issues [8]. The Geneva international discussions were launched in 2008 with the aim of addressing the consequences of the Russian-Georgian conflict and is under the auspices of the EU, UN (United Nations), OSCE (Organization for security and cooperation in Europe) and USA (United States of America. In other words, Geneva format is a political dialogue between Georgian and Russian sides (including the de-facto authorities of Tskhinvali and Sokhumi) [9]; [14].

## Conclusion

The European Union has established full diplomatic ties with Georgia since 1992. European states recognized Georgia as an independent country following the disintegration of the Soviet Union and unanimously supported the sovereignty of the

country. Since then, the European Union keeps remaining a strong and reliable partner of the country and supports an independent, democratic, prosperous, and developed Georgia. Clear illustrations of the mentioned are the EU assistance programs, including the TACIS, ENPI, EaP etc. under which the European Commission has provided several millions of financial assistance to Georgia since the early years of its independence. The financial programs address to the development of the following fields of a key significance: small and medium enterprises; agriculture, human rights; gender equality; civil society; transport, electricity, and water infrastructure; green economy; culture, sport and education sector etc. The organization seeks to promote a stronger economy, stronger governance, stronger connectivity and stronger society in Georgia in accordance with the European legislature.

The European Union-Georgia relations have further been strengthened following Russia's war in Georgia in August 2008 and an illegal occupation of Georgian territories by Moscow as a consequence of the war. The EU has made great contributions to the peaceful settlement of the conflict and initiated "the six-principle ceasefire agreement" with the aim of ending the hostilities between the neighboring countries. Moreover, following the war, Geneva international discussions were launched under the auspices of the European Union and the EU monitoring mission has been operating near the administration boundary lines near the Russian-controlled regions of Abkhazia and South Ossetia/Tskhinvali. The fundamental objective of

the EUMM has been to build peace and confidence among the opposing sides.

After the signing of the "Association Agreement" in 2014, the EU-Georgia relations have moved to a new level. The agreement entered into force in 2016 and since then the EU has remained the main importer of a number of Georgian products abroad. The direct consequence of "the Deep and Comprehensive Free Trade Agreement" has been the materialization of Georgian exports to the EU, including fruits, hazelnuts, garlic, and wine. Copper ore exports are also increasing in numbers. Since 2016, the exports of honey and Black Sea fish are also allowed from Georgia to the European Union. It should also be highlighted that free trade agreement with the European Union represents a great success to Georgia since under the current extremely tense political atmosphere between Russia and Georgia; Russian market is becoming more and more unstable for the Georgian economy. In this regard, the Georgian government should further work for diversification of its exports and reduce economic dependence on Russia.

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