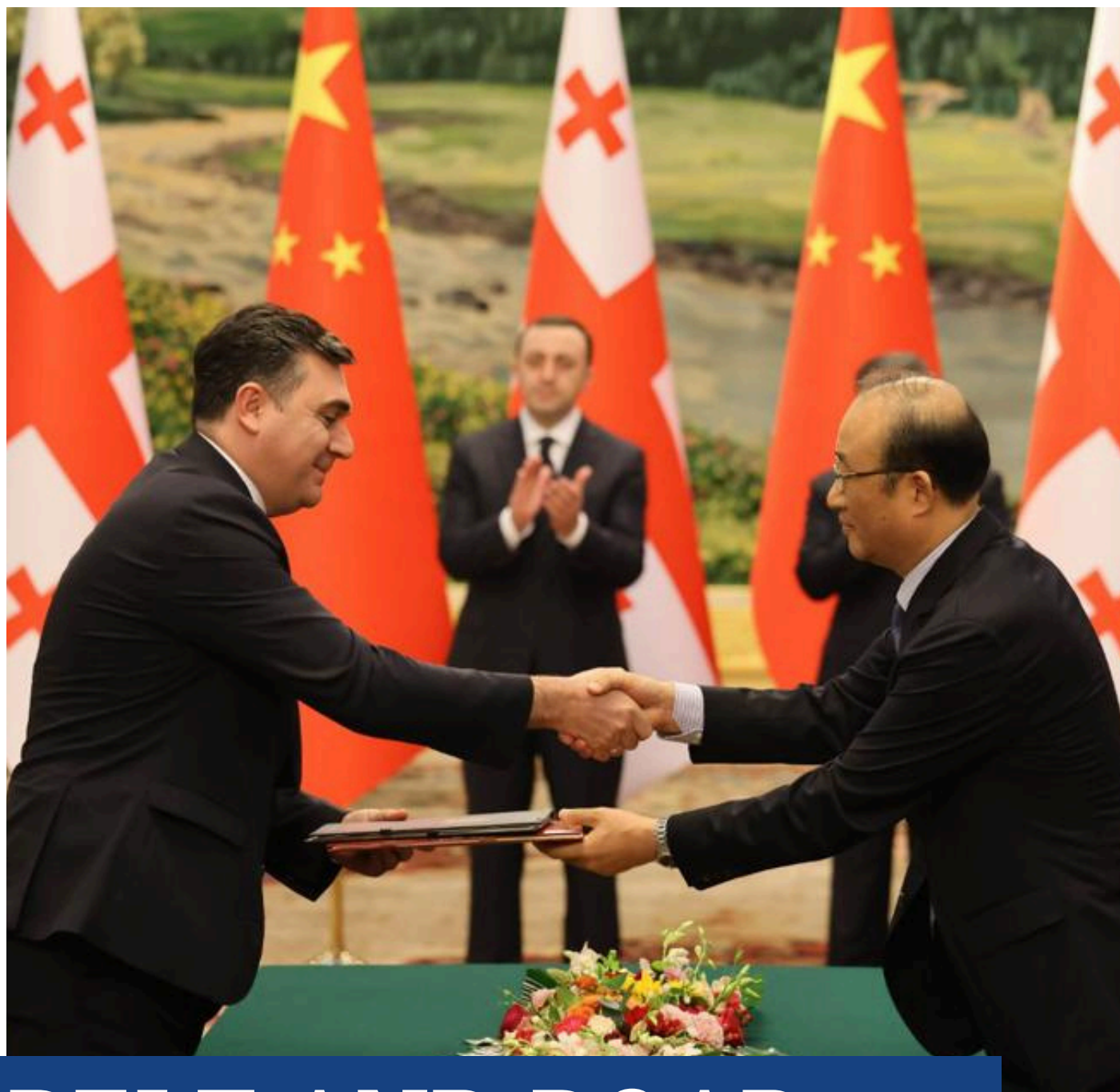




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EN GEORGIE**



BELT AND ROAD INITIATIVE IN GEORGIA

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I - PRESENTATION OF THE BELT AND ROAD INITIATIVE PROJECT

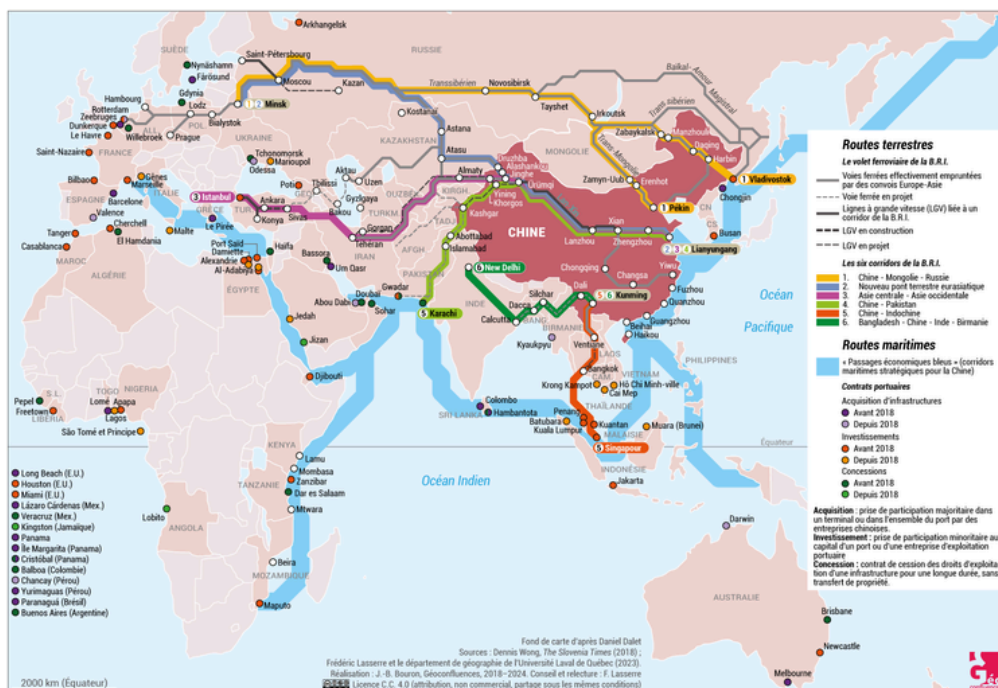
A. Origins and historical context

Initially, the Silk Road referred to the trade corridors that crossed Central Asia, the Far East and the Mediterranean from the first century B.C. This led to trade between China and the rest of the world, with the country importing mainly silk in exchange for luxury goods, which explains the name given to this trade route.

B. Purpose of the initiative

The Belt and Road Initiative or BRI was launched in 2013 by the Chinese government under President Xi Jinping. The aim of this project is to build a trade corridor linking China to Eastern and Western Europe by land and sea. The land route would include the construction of road and rail corridors through Central Asia and the Caucasus. The sea routes, on the other hand, would pass mainly through the Indian Ocean, directly involving the countries of the African continent.²

This project is considered to be one of the most important ever set up by China, whose aim is to strengthen its global economic influence. President Xi Jinping has described the Belt and Road Initiative as "the project of the century", underlining the scope and ambition of China's plans.



Source : Nouvelles routes de la soie, Belt and road initiative (B.R.I.). Géoconfluences

1. Buenacasa, C. (n.d.). Les origines fascinantes de la route de la Soie. National Geographic. <https://www.nationalgeographic.fr/histoire/les-origines-fascinantes-de-la-route-de-la-soie>

2. Rouïai, N. (2024, Mai). Nouvelles routes de la soie, Belt and road initiative (B.R.I.) — Géoconfluences. Géoconfluences.

<https://geoconfluences.ens-lyon.fr/glossaire/routes-de-la-soie>

C. Political goals

China's primary objective is to "promote economic prosperity and regional economic cooperation among countries along the Belt and Road, enhance exchanges and mutual learning among different civilisations, as well as promote world peace and development"³. At least, that's what the Chinese government is putting forward. However, Beijing's intentions are far more ambitious than that. China wants to extend its influence in Central Asia, in particular to propel itself onto the international stage as a politically powerful and economically independent player.

It is also a way for China to strengthen its internal policies, in particular its relations with countries bordering China to the west (Afghanistan, Kazakhstan, Tajikistan and Kyrgyzstan) and to the south (notably India, Myanmar and Vietnam)⁴. The project is also part of the drive towards globalisation, as it was initially intended to involve only 68 countries, but now covers almost every country in the world.

The Chinese initiative is also designed to respond to the subprime crisis of 2008 and thus avoid a repeat of such an event, while revitalising the country's industry and economy.⁵

D. Economic goals

The economic goals are very clear: to expand China's trade portfolio and develop its supply routes. China is also showcasing its expertise by setting up operations in various countries and financing the construction of a number of major infrastructure projects (railway stations, ports, etc.)⁶.

For the Chinese government, it is also a question of revitalising some of its sometimes isolated and underdeveloped regions. By creating new projects and new roads, the Chinese government is also putting in place new energy supply paths to guarantee the country's sovereignty in this area.



Source : Caspian Policy Center. China-Georgia bilateral relations

Furthermore, the investments committed by the Chinese government to this ambitious project are staggering. In 2017, the government planned to invest \$113 billion to finance the BRI, which represents 40% of the world's GDP.⁷

3. Cabestan, J. (2019). Les nouvelles routes de la soie. *Études*, 19-30. <https://doi.org/10.3917/etu.4266.0019>

4. Rouiaï, N. (2024, Mai). Nouvelles routes de la soie, Belt and road initiative (B.R.I.) – Géoconfluences. <https://geoconfluences.ens-lyon.fr/glossaire/routes-de-la-soie>

5. Véron, E. (2021, juin 29). La nouvelle route de la Soie : le projet du siècle. Entretien avec Emmanuel Véron. *Revue Conflits*.

6. Rouiaï, N. (2024, Mai). Nouvelles routes de la soie, Belt and road initiative (B.R.I.) – Géoconfluences. <https://geoconfluences.ens-lyon.fr/glossaire/routes-de-la-soie>

7. Véron, E. (2021, juin 29). La nouvelle route de la Soie : le projet du siècle. Entretien avec Emmanuel Véron. *Revue Conflits*. <https://www.revueconflits.com/la-nouvelle-route-de-la-soie-le-projet-du-siecle-entretien-avec-emmanuel-veron/>

II. GEORGIA'S ROLE IN THE BELT AND ROAD INITIATIVE

A. Georgia's strategic role in the South Caucasus

As part of the Belt and Road initiative, the Caucasus is of strategic importance because of its position as a “transition” between Asia and Europe. Georgia is fully in line with this perspective, and even plays a key role thanks to its access to the Black Sea.

Geographically, Georgia's neighbourhood is also strategic. The country shares borders with Russia to the north, Turkey to the south-west, Armenia to the south and Azerbaijan to the south-east.

For Europe, Georgia's geographical position can be particularly advantageous in terms of energy supplies, thanks to the Trans-Anatolian Pipeline (TANAP), which links Azerbaijan to Turkey via Georgia. The pipeline is then connected to the Trans-Adriatic Pipeline (TAP), which is in turn linked to the Western Balkans, and thus to the European continent.⁸



Source : TANAP's Launch Increases the Role of the South Caucasus Energy Corridor. georgiatoday.ge

Georgia's geographical position is therefore highly strategic, making the country a major player on the international stage.

B. Economic ties between China and Georgia

Although recent, relations between Georgia and China are based on a strategic and economic partnership. Diplomatic relations between the two countries were established when Georgia became independent in 1991, and have gradually developed into an economic alliance.

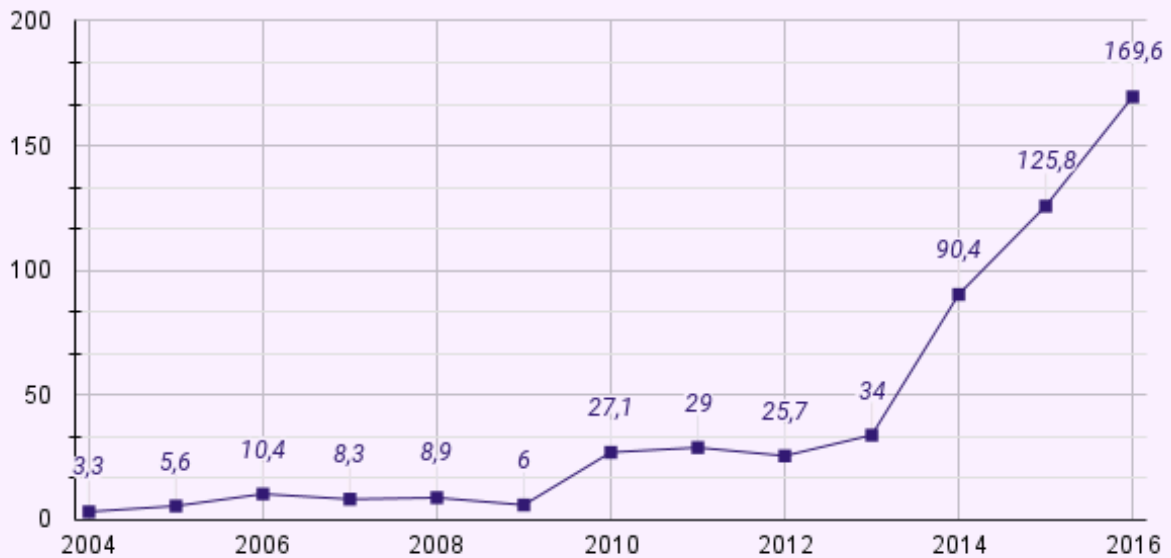
Following the Russian-Georgian war in 2008, economic relations between Georgia and China have strengthened, with Georgian exports to China rising from \$6 million in 2009 to \$170 million in 2016.⁹

8. Avdaliani, E. (2020, 10 février). TANAP's Launch Increases the Role of the South Caucasus Energy Corridor. Georgia Today.

<http://gtarchive.georgiatoday.ge/news/19398/TANAP%E2%80%99s-Launch-Increases-the-Role-of-the-South-Caucasus-Energy-Corridor>

9. Larsen, J., & Georgian Institute of Politics. (2017, Octobre). GEORGIA-CHINA RELATIONS: THE GEOPOLITICS OF THE BELT AND ROAD. 5.

Georgia's annual exports to China (millions of dollars)



Source: GEORGIA-CHINA RELATIONS: THE GEOPOLITICS OF THE BELT AND ROAD

Similarly, the two countries signed a free trade agreement in 2017. This deal is of key importance, especially as Georgia is the first country in the South Caucasus region to sign such an agreement with Beijing. Thanks to this agreement, customs duties between the two states have been abolished on over 90% of exports. China has also abolished customs duties on imports of alcoholic products, which is advantageous given that the country is the second largest market for Georgian wine, just after Russia.¹⁰

In 2023, the two countries announced the establishment of a strategic partnership to promote trade and investment between the two countries, ensuring Georgia's alignment with the development initiatives of the Belt and Road Initiative on Georgian territory.¹¹

C. Chinese foreign direct investment in Georgia

Chinese foreign direct investments (FDI) in Georgia are growing steadily. The role of FDI can be defined as follows: "an investment made by an entity resident in a given country for the purpose of acquiring a lasting interest in a company residing in another country".¹²

In 2023, FDI in Georgia totalled \$1,594.7 million, down on 2022. In the same year, China invested \$47.3 million, or 3% of total FDI in Georgia. Beijing therefore ranks 8th among the main countries investing in Georgia.¹³

These investments are focused on the construction of a large number of infrastructures designed to promote trade flows of the Belt and Road Initiative project between China and Georgia.¹⁴

10. Observatoire français sur les Nouvelles Routes de la Soie. (2020, Juin). L'Initiative la ceinture et la route et la Géorgie en tant qu'économie participante.

11. Topuria, R. (2023, Août 4). Building Bridges or Shifting Course? Assessing the China-Georgia Strategic Partnership. The Diplomat. <https://thediplomat.com/2023/08/building-bridges-or-shifting-course-assessing-the-china-georgia-strategic-partnership/>

12. OCDE. (2014). « Investissement direct étranger ». In OECD Factbook 2014 : Economic, Environmental and Social Statistics (p. 88). Éditions OCDE. <https://doi.org/10.1787/factbook-2014-35-fr>

13. Geostat. (2023, Mars 11). Foreign Direct Investments 2023 (Preliminary). <https://www.geostat.ge/media/60983/Foreign-Direct-Investments---2023-and-Q4-2023.pdf>

14. Ibidem p.6

III. CHINESE PROJECTS IN GEORGIA: A KEY COMPONENT OF THE BELT AND ROAD INITIATIVE

A. Tbilisi-Baku-Kars railway line



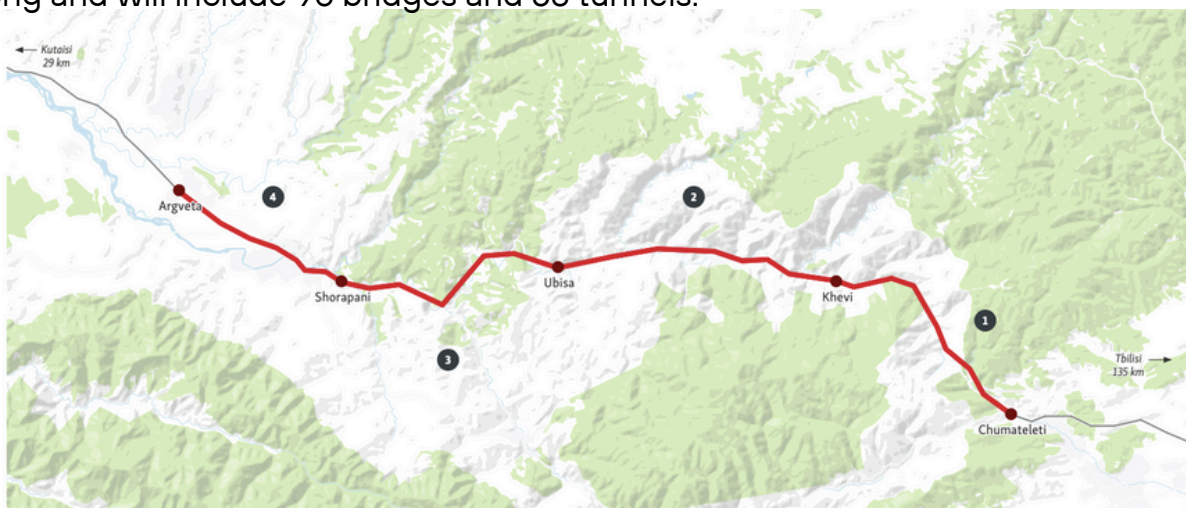
In 2017, a railway project linking Baku, Tbilisi and Kars was announced by state representatives from Georgia, Azerbaijan, Turkey and Uzbekistan. Although a railway line already existed, it was necessary to complete it in order to fully link the countries of the East to the West. While the project is not being funded by the People's Republic of China but by the Azerbaijani government, China has a particular interest in it.

Source: Eurasian Research Institut, <https://www.eurasian-research.org/publication/recent-developments-in-the-baku-tbilisi-kars-railway-project/>

In fact, this project is part of the Belt and Road Initiative, as the rail route runs along the Trans-Caspian International Transport Route, linking China to Europe via Central Asia and the Caucasus, and is intrinsically linked to China's BRI project.¹⁵ Participation in these various projects will enable China to transport its exports to Europe more easily and in larger quantities.

B. Rikoti highway

The construction of the Rikoti highway is a monumental project undertaken by the Georgian government and involving various Chinese construction companies. The motorway is intended to link Tbilisi to Batumi, crossing almost the entire country. At the moment, the journey takes between 5 and 5.5 hours, but after construction, it will only take 3.5 hours. The highway will be 51.6 km long and will include 96 bridges and 53 tunnels.¹⁶



Source : Radio Free Europe, Radio Liberty <https://www.rferl.org/a/32455511.html>

¹⁵ Parkhomchik, L. (n.d.). *Recent Developments in the Baku-Tbilisi-Kars Railway Project*. Eurasian Research Institute.

¹⁶ Jam News. (2023, Avril 12). The road through the Rikoti pass. JAM news. <https://jam-news.net/the-road-through-the-rikoti-pass/>

The Rikoti project is divided into four stages linking different villages via the highway. In all, four different Chinese companies are involved:

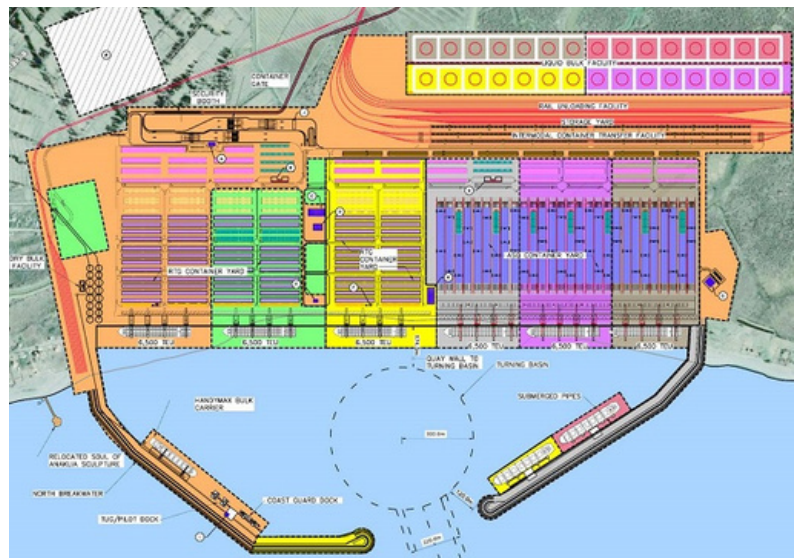
Section	Cities	Length	Companies
1	Chumateleti-Khevi	11.7 km	China State Construction Engineering Corporation Limited
2	Khevi-Ubisa	12.2 km	Hunan Road and Bridge Construction Group
3	Ubisa-Shorapani	13 km	China Road and Bridge Corporation
4	Shorapani-Argveta	14.7 km	Guizhou Highway Engineering Group & China National Technical Import and Export Corporation

Source : Radio Free Europe, Radio Liberty <https://www.rferl.org/a/32455511.html>

The construction of the highway will facilitate commercial travel to the Black Sea, and therefore to Europe, which suits the Chinese government as part of the Belt and Road Initiative. This explains the Chinese government's involvement in the construction of road infrastructures in Georgia.

C. Anaklia port

The consortium of Chinese companies Qingdao Port International Co. and China Communications Construction Company are among the favourites to build the port of Anaklia, off the Black Sea. Several companies were competing to build the port, including French, Swiss-Luxembourg and American firms.¹⁷



Source: agenda.ge <https://agenda.ge/en/news/2020/3137#gsc.tab=0>

However, there are still many details to be confirmed before the Chinese consortium officially wins the tender. The two countries now need to agree on the conditions to be met for the construction of the port.¹⁸ The Georgian government had already tried to relaunch the construction of the port thanks to a consortium between TBC Bank, a Georgian bank, and the American company Conti International, but the project was dropped in 2020 due to political and economic disputes.¹⁹

It is essential for Georgia to develop its maritime economy, particularly following the recommendations of the World Bank and the EBRD. Indeed, the construction of a deepwater port would enable larger ships to transport greater volumes more efficiently, thereby improving the Georgian economy.²⁰

17. Mandaria, T. (2024, mai 31). Chinese consortium to build a deep-sea port in Anaklia, Georgia. bne IntelliNews. <https://www.intellinews.com/chinese-consortium-to-build-a-deep-sea-port-in-anaklia-georgia-327723/>

18. Civil.ge. (2024, août 2). Belgian company to carry out maritime infrastructure construction works for Anaklia Deep Sea Port. Civil Georgia. <https://civil.ge/archives/618584>

19. Jozwiak, R., & Standish, R. (2024, mai 29). Chinese-Led Consortium To Build Massive Port Project On Georgia's Black Sea Coast. RFE/RL. <https://www.rferl.org/a/anaklia-georgia-china-port-winner/32970697.html>

20. Ibid.

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