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The EU's Vision for the Eastern Partnership – More Money, Less Political Ambition

What does it mean for Georgia?

The Eastern Partnership (EaP) summit will take place after four years on December 15, having previously been postponed because of the Covid-19 pandemic. At the same time, the EU seems to still lack a clear vision for its relations with the six EaP countries. It is not in a position to make large offers to the partner countries and the EaP is far from the top of its political agenda. The EU tries to compensate by offering more money to the EaP countries for implementing flagship infrastructural projects. Thus, the summit can be expected to be more technical than political.

At the same time, the EU is pushing back against the initiative of Georgia, Moldova, and Ukraine to establish themselves as a “trio” format. It is also pushing back against the official statements by Georgian politicians that Tbilisi is going to apply for membership by 2024, while the country is gradually losing its integration compass and becoming a headache for the EU. This paper aims at analyzing the Eastern Partnership from Georgian perspective.

Georgia – From EU's Darling to Naughty Pupil in the EaP Class

In last couple of years, Georgia has gone from being the EU's darling and the frontrunner of the EaP to the naughty pupil in the class. The ruling Georgian Dream (GD) party abandoned the mediation agreement brokered by the EU and the United States, which aimed to resolve the political crisis since the 2020 general elections. Furthermore, GD leaders regular verbally attack members of the European Parliament and EU heads of state who criticize Georgia's democratic shortcomings.

Despite the considerable technical and financial support of the EU and United States, Georgia's court system stays unreformed. Only 13 percent of the population says that the courts are performing well. GD has further ruined the system by appointing six Supreme Court judges with lots of question marks against their competence and impartiality, despite the calls of the EU, the United States, and civil society to refrain from doing so. Two new judges on the High Council of Justice have also been appointed in a hasty, non-transparent, and non-competitive way. This led the EU ambassador to Georgia to remark that “this is a fifth setback in the area of the judiciary and rule of law in Georgia, within only four months.”¹

¹ Remarks by Ambassador Carl Hartzell following the appointment of two members of the High Council of Justice. 02/11/2021; Available at <https://bit.ly/3byXP1C>

As a result, Georgia is further backsliding in the rule of law, which is a core area of cooperation with the EU.

Failure to reform the judiciary costs a lot to the country and its people. Georgia lost a second €75 million tranche of EU conditional micro financial assistance for not fulfilling judiciary-reform criteria and is no longer interesting for investors. In 2018-2021, it attracted only €3 billion in foreign direct investment (FDI).² This is one of the reasons for the sluggish economic growth (which averaged 4 percent annually since 2013 before the start of Covid-19 pandemic in 2020).³ The impact on Georgians is severe, with 13 percent of the population beneficiaries of subsistence allowances and unemployment rising to 21.1 percent. At 39 percent, youth unemployment is especially worrisome.⁴ The lack of employment opportunities and self-realization leaves Georgians with little choice but to emigrate. In 2021, for example, up to 100,000 citizens applied for 500 seasonal jobs in Germany. The number of people willing to leave the country through the U.S. Green Card diversity visa program rose from 46,000 in 2014 to 141,000 in October 2021. Georgia has become a country dependent on remittances, ranked 21st worldwide. Between January and October 2021, remittances from labor migrants rose to a record €1.63 billion or 13.3 percent of GDP. This is almost equal to the FDI that the country attracted in 2019 and 2020 together. Overall, Georgia is twice as poor by GDP per capita (PPP) comparison than the poorest EU member state, Bulgaria.

Georgia remains on a positive track in the fight against petty corruption, performing better than some EU member states. However, high-level corruption is a grave challenge. Anti-corruption institutions and law-enforcement agencies are not able to efficiently address and investigate corruption cases. Georgia is gradually becoming a captured state where the oligarch and former prime minister Bidzina Ivanishvili, whose personal wealth is estimated to be equivalent to about 30 percent of Georgia's GDP, influences the state's decision-making to his own advantage.

Is the EU's Remedy to Treat the Patient Efficient?

In 2021, the European Union unveiled its post-2020 priorities for the EaP.⁵ The objective is to strengthen resilience and generate concrete benefits in the six countries. This is based on two pillars: investment and governance. The EU proposes ambitious five flagship initiatives to Georgia, which are linked with improving connectivity (energy, data, transport) across the Black Sea, promoting digitalization, economy recovery, and fixing environmental problems. The proposed €1.125 billion to fund these initiatives would help Georgia to be better linked with the EU by 2025, to strengthen its energy security, and to have better access to the EU market. It is important that the EU plans to address the particular need of developing

² FDI that Georgia attracted is equal to USD 3,59 billion which is EUR 3,09 billion according to the current exchange rate (1USD=1.16EUR). Source: National Statistics Office of Georgia

³ Real economic in Georgia since 2013 broken down by years: 2013-3,6%; 2014-4.4%; 2015-3%; 2016-2.9%; 2017-4.8%; 2018-4.8%; 2019-5%; Source: National Statistics Office of Georgia

⁴ The World Bank data available at <https://bit.ly/2ZwaccB>

⁵ Joint Staff Working Document – Recovery, Resilience and Reform: Post 2020 Eastern Partnership Priorities; 02/07/2021; Available at <https://bit.ly/3qauH9g>

laboratory capacity for testing Georgian products. That is crucial for these products to have better access to the EU's single market. From the job-creation point of view, the EU also plans to provide €600 million in technical and financial support to 80,000 small and medium-sized enterprises. This would be helpful to address unemployment, which remains the most important challenge of Georgian society.

However, the EU falls short when it comes to addressing judiciary reform and the fight against corruption in the EaP countries. It proposes for them to implement an effective electronic case-management system with automatic allocations and to establish independent institutions to deliver training for judicial authorities. However, such a system has been in place in Georgia for quite a while and is not effective, since the chairman of the Court at any level still has a vast room for maneuver and influencing case allocation due to loopholes in the legislation. The document also proposes measuring the success of judiciary reform based on increased public trust in the justice system. This would be a vague and questionable indicator, open to interpretation. To tackle elite corruption and state capture, the EU proposes that all high-level officials declare their economic assets and that these declarations are verified. This has also been in place in Georgia since 2010, where it has been ineffective in curbing deeply rooted elite corruption⁶. In the field of the protection of human rights, the document proposes that the EaP partners would sign and ratify the Council of Europe's Istanbul Convention. Here again Georgia ratified it in 2017.

Conclusions and Recommendations

The European Union's proposed post-2020 Eastern Partnership priorities are giants when it comes to infrastructural projects but dwarves for addressing shortcomings in democracy, the rule of law, and human rights. They also fall short of expectations and set lower benchmarks for those partner countries that have more ambitious EU integration aspirations. With Georgia, the EU is taking a risk in investing millions in taxpayers' money in a country where democracy is on fire. There are all the signs of state capture, independent courts do not exist, and elite corruption and nepotism is growing.⁷ The EU, together with the United States, should consider imposing sanctions against those individuals who are promoting corruption and abusing human rights. At the same time, the EU and its member states have to take into consideration the emergence of "trio" format bringing together Georgia, Moldova, and Ukraine and develop a policy reflecting that reality.

Georgia's authorities need to be realistic in their ambition in applying for EU membership when there is chaos at home and a lack of political will in the EU. It needs to clean its house first and that means addressing issues linked to the political part of the Copenhagen criteria on the stability of institutions guarantying democracy, the rule of law, human rights, and respect for and protection of minorities. Additionally, Georgia has to be more focused to reap

⁶ Uninvestigated cases of allege high-level corruption in Georgia – A periodical updated list; Transparency International Georgia; 23 August, 2021; available at <https://bit.ly/3qNp5IE>

⁷ "Is Georgia a captured state?; Transparency International Georgia; 11 December, 2020; available at <https://bit.ly/3Fk6xOg>

the benefits that are envisaged in its Association and Deep and Comprehensive Free Trade Agreements (AA/DCFTA) with the EU. At the highest level, this means demonstrating strong political will, while at the technical level it requires making AA/DCFTA coordination more efficient. Currently, coordination is led by the Ministry of Foreign Affairs, which by default deals more with the external dimension than with planning and coordinating internal reforms deriving from the AA/DCFTA. Instead, the coordination needs to be established under the Office of the Prime Minister and fully equipped with the relevant staff and technical expertise.