



Center for Strategic & International Studies
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After the Rose Revolution: Building Georgia's Future

**CSIS Statesmen's Forum
with
Zurab Zhvania
Prime Minister of Georgia**

April 26, 2004

CSIS hosted the Prime Minister of Georgia, Zurab Zhvania, on April 26 for a CSIS Statesmen's Forum, "After the Rose Revolution: Building Georgia's Future." Prime Minister Zhvania spoke about recent political and economic reform in Georgia, challenges for the future, and prospects for deepening the Georgian-U.S. partnership. Accompanying Zhvania to the United States were Georgia's Minister of Finance Zurab Noghaideli and Minister of Defense Gela Bezhushvili. Georgia's Ambassador to the United Nations Revaz Adamia and Ambassador to the United States Levan Mikeladze also attended the meeting, chaired by Dr. John Hamre, President and CEO of CSIS. Prime Minister Zhvania's remarks are summarized below.

After the "Revolution of Roses"

Prime Minister Zhvania last spoke at CSIS in 2002. At that time, he was a member of the political opposition. He sought to persuade the audience that Georgian civil society had the potential to pull off a peaceful transition and to bring a new generation of leaders to power. Now, in 2004, he represents this new generation of leaders that, in the Prime Minister's words, has emerged out of one of the most peaceful revolutions in world history.

Since the election of President Mikheil Saakashvili in January 2004, questions have been raised regarding the ability of Georgia's new government to make good on its promises to improve political and economic life in Georgia. Zhvania sought to dispel these doubts. The Georgian government recognizes that it has a window of opportunity to implement necessary reforms, and that it will not enjoy the confidence and support of the population indefinitely.

To date, reforms have touched upon every sphere of government in Georgia. Prime Minister Zhvania recognized the new defense minister, Gela Bezhushvili, and his efforts to transform the Ministry of Defense. He has retired the vast majority of serving generals and reduced the number of standing military forces. Because of Bezhushvili's military reforms, Georgia is becoming a more able recipient of military assistance and looks forward to an enhanced dialogue with NATO.

Zhvania also recognized the finance minister, Zurab Noghaideli, and his work to put an end to complete chaos in Georgia's financial and budgetary spheres. The government has begun to pay pensions, wages, and refugee allowances without delay and has also begun to pay arrears. Such steps, however modest, give people confidence that they have a government that is not only good at making speeches but also at delivering on its promises.

Prime Minister Zhvania noted that a number of dramatic reforms remain ahead. Interior Minister Giorgi Baramidze has declared a very ambitious agenda to put an end to Georgia's traditional Soviet-style police force. By the end of the year, the government plans to complete a pilot project in Tbilisi for retraining the city's police force. The police force will also be reduced by ten thousand. This is a difficult and complicated step but one necessary to eradicate the corruption that has flourished in Georgia's law enforcement agencies.

For 2004, energy reform remains Georgia's number one priority. The new Energy Minister is, at 29 years old, the most competent Georgia has ever had. He has increased the financial transparency of the energy sector and has established a sixteen-month plan to overhaul the sector.

Revenue collection has increased dramatically in the last three months—by nearly sixty percent. The main fiscal task is to increase the share of Georgia's formal economy from fifty to eighty percent by the end of June. The government also plans to implement a dramatic reform of the tax code.

Zhvania declared that the first part of Georgia's war on corruption has been won. Many of the most corrupt individuals have been arrested, as have the "gangsters" who were controlling various parts of the country. Georgia is becoming a country with far more order, peace, and hope.

The Challenges Ahead

Zhvania was careful to note that all this is just the beginning. Georgia is now entering a more complicated phase of reforms that must make irreversible the progress that has been initiated.

Georgia needs to rebuild its economy to provide opportunities to its citizens and to make Georgia a more attractive place for foreign investment. It needs to not only celebrate the successful roundup of criminals but also establish a rule-of-law based state. Viable institutions need to be established that will guarantee Georgia will not revert to past practices and will never again be considered one of the most corrupt countries in the world.

Zhvania addressed the government's relationship with the leader of the autonomous region of Ajara, Aslan Abashidze. He noted that at issue is not a personal confrontation between President Saakashvili and Abashidze. Rather, the problem is one of protecting human rights, eliminating smuggling and trafficking, and restoring a normal democratic order to Georgia. Abashidze poses a problem not only to Georgia and its government, but to the population of Ajara itself. The government must defend the rights and freedoms of its citizens in Ajara.

The government has offered Abashidze guarantees that he will be permitted to stay in office through the end of his term, if he disarms his supporters, respects human rights, stops terrorizing his political opponents and attacking journalists, and allows normal elections. He has also been offered the opportunity to retain personal security forces. Abashidze has refused to negotiate on disarmament, however. Zhvania does not see Abashidze fitting in with the new Georgia.

The main domestic challenge for Georgia remains the restoration of the country's territorial integrity. The government is optimistic that, as the Georgian state grows stronger, Abkhazians and South Ossetians will come to believe that they too can enjoy living in a viable Georgian democracy.

Zhvania indicated his hope that after a new Abkhazian leader is elected in the fall, the government will be more successful at negotiating a status for Abkhazia within Georgia that will provide Abkhazia with the broadest possible extent of self-government.

Progress in Abkhazia will also depend on the development of successful relations with Russia. Georgia is not asking Russia to solve the problem of Abkhazia itself. It is looking for Russia to stop providing the Abkhazian separatists with any sort of military or economic support and to move forward with sincere policies for solving the longstanding conflict.

Relations with Neighbors and the West

Turning to international affairs, Prime Minister Zhvania noted that while Armenia and Azerbaijan were at first cautious about the rise of the new government, the leaders of both countries have expressed a willingness to seek new ways to increase regional cooperation. None of the three states wish for the South Caucasus to remain a field of constant confrontation.

Georgia has an exceptional relationship with Ukraine, a country that is important for building a system of regional security in the Black Sea area. Turkey, which represents Georgia's border with NATO, is also a major partner for Georgia and the entire region.

Georgia has established new relations with Russia. Problems still exist, but there is now much more cooperation and far less confrontation. In past years, Russian media constantly vilified Georgia. Russia also had some concerns about their security that were not addressed properly by the Georgian leadership. Now, Georgia is ready to cooperate with Russia in order to make the South Caucasus a more secure place and to ensure that Russia's security interests are not threatened.

At the same time, the Georgian government hopes Moscow understands that the continued presence of Russian military bases in Georgia has not and will not contribute to improving bilateral relations. The Georgian government hopes that the rapprochement between Georgia and Russia will result in a resolution to the issue of the Russian military bases, as well as to the conflicts in Abkhazia and South Ossetia.

The European Union has responded positively to the latest changes in Georgia, inviting it to join the Wider Europe and New Neighborhood initiatives. For Georgians, to be European does not mean being members of a political club. Georgians believe that Georgia is a part of Europe and that they share common values with Europe. Georgia

wants to contribute, together with its neighbors, to the security architecture of Europe and can contribute positively to overall European security. Zhvania reaffirmed that the most stable, final arrangement for the security of Georgia lies within the Euro-Atlantic alliance.

Finally, Zhvania discussed Georgia's relations with the United States. The United States has invested greatly in helping make Georgia a successful democracy. For years, many were frustrated that U.S. assistance was wasted, that Georgians were waiting passively for the U.S. to solve its problems, and that Georgia was at risk of turning into a failed state. Now the situation is changing. Georgia's strong civil society, which really made the peaceful revolution happen, includes many individuals who were educated in the United States and who have been inspired by Georgia's relations with the United States.

Georgia considers the United States to be a strategic partner. It understands that what it must do as a partner of the United States is to become stronger and develop into a more stable and successful democracy. Georgia participates in the war on terror in Iraq not just because it wants to please the United States, but because Georgians believe it is also their war against terror.

Summarized by Cory Welt