Georgian – Turkish Relations since the Breakdown of Soviet Union

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Abstract
This article analyzes Georgian - Turkish relations since the collapse of the Soviet Union. Georgia managed to establish relations with Turkey only after gaining independence. Nowadays Georgia has very close relations with its Southern neighbor. Due to its strategic location, Georgia occupies a significant place in Turkish foreign policy. Georgia is a necessary bridge connecting Turkey with Azerbaijan and Central Asian States. Furthermore, Georgia has become a key transit route for Caspian energy resources. For Georgia Turkey is a window to Europe and the largest trade partner.

The main goal of this article is to analyze various aspects of Turkish – Georgian relations and cooperation in different fields. There is outstanding cooperation between Turkey and Georgia in the fields such as energy, transport, economy, trade, defense, security etc.

Keywords: Turkey, Caucasus, Georgian, Soviet Union, Nato.
JEL Classification Codes: F50, Z00.

Sovyetler Birliği Dağıldıktan Sonra Gürcistan - Türkiye İlişkileri

Öz

Anahtar Kelimeler: Türkiye, Kafkaslar, Gürcistan, Sovyetler Birliği, Nato.
JEL Sınıflandırma Kodları: F50, Z00.
1. Introduction

Turkey has always maintained very close relations with Caucasian states since Caucasus is a strategically important region for Turkey. Georgia and Turkey are old partners for centuries, but relations between two neighboring countries have flourished especially over the last decades, after the breakdown of the Soviet Union. In the period of the Cold War, bilateral relations between Turkey and Georgia were almost non-existent. Relations between two neighboring countries were frozen during Soviet times due to the hostility between the Soviet controlled Communist block and the Capitalist block. Caucasus was considered a sensitive border zone and an area of potential conflict between Soviet Union and NATO. Turkish-Georgian border was closed and strictly controlled, which prevented the establishment of any contacts between two neighboring nations (Kononczuk, 2008). It was not until 1988 when the first border post was opened in the village Sarpi, which enabled thousands of Georgians to begin vigorous commercial activities in Turkey. After gaining independence, Georgia faced many socio-economic problems. Country’s economy collapsed under the impact of multiple conflicts. Therefore, the opening of the border was a very positive event and enabled thousands of people to overcome economic difficulties. Turkey was one of the first countries that recognized the independence of Georgia. Turkey recognized the independence of Georgia on 16 December 1991. Since the 1990-s Turkish-Georgian economic, commercial and cultural ties have boosted. Interethnic relations have increased considerably after the introduction of visa-free regime and Turkey has become a favorite destination for those seeking jobs and employment opportunities.

Turkey implements “zero problems’ policy” with its neighboring countries. The main goal of this policy is to maintain peaceful relations with all neighbors. This policy is based on Ataturk’s slogan “peace at home, peace in the world” which is an official motto of the Republic of Turkey. As for now, Georgia is the only neighbor of Turkey towards whom the zero problems’ policy has been successful. Turkish-Georgian relations are exemplary and a visa-free travel policy is the best symbol of the outstanding mutual relations. Georgian-Turkish relations are based on the win-win principle, meaning that both countries benefit from cooperation. Turkey recognizes the territorial integrity of Georgia and implements numerous projects in this country. Georgia and Turkey cooperate on a wide range of areas from energy to trade and from economy to defense and security.

2. Co-operation in the Field of Energy Transportation

Georgia and Turkey are strategically important countries. Both countries play very important role in linking Central Asia and Caucasus to Europe. But oil and gas pipelines have considerably increased the strategic importance of Turkey and Georgia. After the breakdown of the Soviet Union, the United States of America and the West decided to diversify their energy supply sources and reduce their
dependence on the Middle East and Arabic countries. As a result, the West started to pay more attention to Turkey, the Caucasus and Caspian region. The United States of America and Europe attaches great importance to Caspian Sea and Caucasus as it is considered a promising hydrocarbon region. A Caspian region is rich in hydrocarbon reserves and therefore, the West is interested in strengthening its presence in this region. Hydrocarbon reserves in the Caspian region are comparable to the deposits in the North Sea. Although Georgia has no significant oil and gas reserves, it occupies a strategic position in the South Caucasus. Georgia is a necessary bridge connecting the Black Sea to the Caspian region and Europe with Central Asia. From a strategic point of view, Georgia plays an important role in Turkey's attempts to become a Eurasian energy hub. Georgia is the key transit route for the export of hydrocarbons from the landlocked Caspian Sea region. Through Georgia passes the Baku-Tbilisi-Ceyhan oil pipeline and Baku-Tbilisi-Erzurum gas pipeline, which transports Caspian hydrocarbons to Turkish and European markets. Furthermore, Trans-Anatolian gas pipeline projects strengthens the status of Georgia as an energy transit zone and further emphasizes the key role that Georgia plays in the regional plans of Turkey (Cecalip, 2012).

During the Soviet era, all transportation routes were built through Russia. Since the 1990-s began the search for new routes for energy transportation. Russia first insisted that the new pipeline should pass through its territory, but later Russian government realized that the implementation of this plan was impossible due to the war in Chechnya (Through Chechnya passes a very important pipeline called The Baku–Novorossiysk Pipeline that connects Russian city of Novorosissk with Baku oilfields). For the West, the construction of a new pipeline through Russia was unacceptable because the USA wanted to reduce Europe’s dependence on Russian energy. There was also another option. A pipeline could be built through Iran from the Caspian Sea to the Persian Gulf which would be the shortest route, but Iran was considered an undesirable partner for many reasons. The USA imposed sanctions on Iran that restricted Western investments (especially American companies’ investments) in the country. The American government opposed the construction of pipeline through Iran. By that time, the Turkish government launched a campaign calling for the construction of a pipeline through Turkey, insisting that it would be the safest and most economical route for oil export. In the spring of 1992, the Prime Minister of Turkey Süleyman Demirel made the proposal to construct a pipeline to Central Asian countries and Azerbaijan. On March 9, 1993, the first document was signed between Azerbaijan and Turkey on the construction of the Baku-Tbilisi-Ceyhan pipeline. The selection of a Turkish route meant exporting oil from Azerbaijan through Georgia or Armenia. For many reasons, a route through Armenia was politically inconvenient, mainly due to the military conflict between Armenia and Azerbaijan over Nagorno-Karabakh. This left the Azerbaijan-Georgia-Turkey route as the most politically convenient for all parties involved in the project, even though the
route was longer and more expensive than other options (Celikpala, 2005, 183-185).

During the OSCE summit, which was held in Istanbul in 1999, the governments of Turkey, Georgia and Azerbaijan reached a decision to construct a Baku-Tbilisi-Ceyhan Pipeline for the transport of oil from the Caspian region to the Turkish port of Ceyhan (Baran, 2005, 103-118). Clinton administration supported the construction of this pipeline because it was seen as the guarantor of safeguarding the independence of newly established Caucasian states. In fact this project played very important role in ending the exclusive dependence of Caucasian states on Russia. The former president Eduard Shevardnadze, one of the architects and initiators of the project saw the construction of the pipeline across Georgian territory as a certain guarantee for the country’s security and political stability. This view has been shared by his successor, President Mikhail Saakashvili. The BTC pipeline strengthens Georgia's security and independence and reduces country’s dependence on Russian energy sources.

The South Caucasus, once seen as the backyard of Russia, is now a region of great strategic importance to the West. United States and other Western nations have begun to pay more attention to the three nations through which oil flows. Western and Turkish involvement in the South Caucasus serves as a counterweight to Russia's and Iran’s economic and military dominance in the region. Many experts agree that the project has more political than an economic importance. The real target of the pipeline is to weaken the Russian influence in the Caucasus region.

The Baku-Tbilisi-Ceyhan Pipeline transports crude oil from the Azerbaijani oil fields in the Caspian Sea to Turkey's Mediterranean port of Ceyhan via Georgia. From Ceyhan the crude oil is then shipped to European countries and to global oil markets. 3.9 billion dollars was spent on the construction of the Baku-Tbilisi-Ceyhan Pipeline. About 15,000 people were employed during construction. Approximately 70% of BTC costs were funded by third parties, including the International Finance Corporation (IFC), the European Bank for Reconstruction and Development, export credit agencies of seven countries and a syndicate of 15 banks. The construction of the Baku-Tbilisi-Ceyhan Pipeline began in 2002 and was completed in 2006. Almost at the same time, the construction of the Baku-Tbilisi-Erzurum (BTE) gas pipeline was launched, which runs parallel to the Baku-Tbilisi-Ceyhan Pipeline. This pipeline transports natural gas from the Shah Deniz gas field to Turkey. The Baku-Tbilisi-Erzurum (BTE) gas pipeline is the first gas pipeline running from the Caspian region to the Western world without relying on Russian Gazprom. These energy projects have strengthened relations between neighboring countries and have increased their geopolitical importance (Okumuş, 2013).

Another project that will increase considerably economic, cultural and commercial links between Turkey and Caucasian states is the Baku-Tbilisi- Kars
railway project. The total length of railway is 826 kilometers. This project will connect Azerbaijan, Georgian and Turkish railways. The construction of the Baku-Tbilisi-Kars railway will be completed in 2014. Initially, it will be able to carry one million passengers and 6.5 million tons of cargo. But it will rich a capacity of over 17 million tons of cargo and 3 million passengers by 2034. The construction of the railway line will cost 775 million dollars. This project will play very important role in reviving the Silk Road and contribute to economic, cultural and social development of Georgia, Azerbaijan and Turkey. Commercial links between Azerbaijan, Georgia and Turkey will increase significantly and the total volume of trade will exceed $ 10 billion per year. Moreover, Baku-Tbilisi-Kars railway is part of an ambitious project to link the railways of the South Caucasus to Europe via Turkey (Newsgeorgia, 2014). Baku-Tbilisi-Kars railway will facilitate cheaper access to Europe and Mediterranean region, and will increase the function of the Georgian railway as an alternative transport corridor between Europe and Asia. Georgia’s geopolitical significance will rise as this project will link European and Mediterranean countries with Caucasian and Asian countries.

3. Economic and Trade Relations

Georgia and the Caucasus region were inaccessible to Turkey during the Cold War Era. The collapse of the Soviet Union allowed Georgia to establish trade and commercial links with Turkey, which was the sole neighbor of Georgia that formed part of the capitalist block. During the Cold War any economic and trade relations with Turkey were strictly prohibited. After the breakdown of the Soviet Union, Turkey became the first window to a free market, the first commerce and trade route with the capitalist world and the bridge connecting Caucasus with Europe. At the beginning of the 1990s, Georgia experienced the economic downfall and sharp decline in living standards. The transition from the centrally planned to a free market economy was a very painful process in Georgia. Like many of the former Soviet Republics, Georgia was not prepared for independence as it had largely state-run economy and the system of state ownership. After gaining independence in 1991, Civil wars and ethnic conflicts devastated the Georgian economy. These wars were the major obstacle to economic development and progress. Country’s economy collapsed under the impact of multiple conflicts and the loss of both preferential accesses to former Soviet Union markets and large budget transfers from Moscow (Jugheli, Shukakidze & Torosyan, 2010, 3). Output fell by 70 percent and exports by 90 percent, the worst decline suffered by any transition economy. As a result of the sharp economic decline, there was a severe shortage of products and consumer goods. Meanwhile, different sectors of the Turkish economy were growing very quickly, including light industry and the food industry. The opening of the Sarpi customs checkpoint in 1988 allowed thousands of Georgians to establish trade and commercial relations with Turks. Since this period, trade relationships began to accelerate between two neighboring
countries. Georgians started to export to Turkey different kinds of domestic products which were manufactured during the Soviet times, as well as scrap metals and products which contained valuable metals. On its part, the Georgian side began to import food and light industrial products from Turkey, as well as those for everyday consumption including processed agricultural products. The total volume of trade between Georgia and Turkey in the early 1990s amounted to 12.823 million US dollars and was characterized by small quantities of individual exports. During this period there were very few direct Turkish investments in the Georgian economy. Turkish investment in Georgia was hampered by unstable business environment and political instability (Black Sea Trust for Regional Cooperation, 2011). Besides, bilateral trade between Georgia and Turkey was also restricted due to the inefficient border crossings, complex bureaucratic procedures, widespread corruption, old and obsolete highways connecting the two countries, and absence of railroads. Although some small Turkish enterprises operated in Georgia in the years from 1991 to 1996, bilateral turnover did not reach any considerable significance during this period. Since 1996, Georgia gradually managed to achieve economic and political stability and little by little became more attractive place for Turkish businessmen and investors. Georgian and Turkish governments agreed to construct Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline and trade exchange slightly increased. Since 2003, many positive steps have been taken for improving transportation infrastructure and simplifying bureaucratic procedures at border crossings. In 2006, Turkish and Georgian governments agreed on visa-free regime and took a decision to lift their respective visa requirements for Georgian and Turkish citizens, a move which facilitated business travel and increased trade relationships between two countries.

Till 2006, Georgia’s main trading partner was Russia. But in 2006, Russia imposed an embargo on Georgian products and prohibited the import of agricultural products, Georgian wine and mineral waters to Russia. As a result, Georgia decided to establish closer economic, trade and commercial relations with its southern neighbor and signed Free Trade Agreement (FTA) with the Republic of Turkey on 21st of November 2007, which entered into force on 1st of November 2008. Signing FTA agreement was a very important event as it eliminated tariff and non-tariff barriers for trade between two neighboring countries. The free trade agreement helped Turkey to become the largest trade partner of Georgia (Aydın, 2011, 146). The size of the trade between two countries started to grow gradually after signing this agreement. In 2007, the trade volume between Turkey and Georgia amounted to 900 million US dollars, of which Turkish exports reached 728 Million US dollars. In 2012, the volume of trade between two neighboring countries reached $1.4 billion US dollars. In 2012, imports from Georgia amounted to 180 million US dollars, whereas Turkey’s exports to Georgia were 1.25 billion US dollars. Although Georgia occupies an insignificant place in Turkey’s external trade, Turkey has become the main trade partner of Georgia.
with total turnover of 1.52 billion US dollars in 2013. Turkish companies began to invest their funds in Georgia. Turkey is among the ten largest foreign investors in Georgia. Turkish firms were very actively involved in the Georgian privatization program, which began after the “Rose Revolution”. Georgian government urged Turkish companies to invest more in Georgia in order to reduce economic dependence on Russian Federation and stop the expansion of Russian firms in the country. Turkish companies showed a lot of interest to invest in Georgia. So far, Turkish side has mainly invested in the construction, transport, telecommunications, banking, energy projects, food industry, tourism, and agriculture (Арунова, 2008). Turkish companies became important investors in Georgia, and only American firms have a larger market share than them. Turkish companies have been actively involved in construction works (including airport terminals and hydroelectric plants), invested in a glass factory, telecommunications and airport operations businesses. They have created many small- and medium-scale companies in Georgia (Glogowska, 2012). Georgian government attaches great importance to the cooperation with Turkey and intends to implement jointly new investment projects. Turkey experiences very rapid economic growth over the last years. While many European countries have been unable to recover from the global financial crisis and experienced sharp economic decline, the Turkish economy grew by 9.2 % in 2010, and 8.5 % in 2011, thus distinguishing itself as the fastest expanding economy in Europe, and one of the fastest growing economies in the world. Today, Turkey is 17th largest economy in the world with a GDP of $789.257 billion US dollars. The rapidly growing Turkish economy provides a fertile ground for the implementation of new projects. The construction of Baku-Tbilisi-Kars railway will further increase the circulation of people and goods between Turkey, Georgia and Azerbaijan.

EU-sponsored TRACECA program, the aim of which is the development of the transport corridor between Europe and Asia across the Black Sea, will also greatly intensify trade, commercial and economic relations between Georgia and Turkic countries. Transport Corridor Europe-Caucasus-Asia (TRACECA) aims to create a road, rail, and ferry network linking Central Asia and Caucasus with Turkey and Europe. TRACECA programme began in 1993 and since then the EU has financed 62 technical assistance and 14 investments projects. This program will play a major role in the rehabilitation and the reconstruction of the historical Silk Road and will greatly elevate the strategic significance of the Caucasus region and Turkey.

4. Co-operation in the Field of Defense and Security

Georgia’s interests and priorities coincide in many respects with those of Turkey. From the Georgian point of view, Turkey is a valuable ally and serves as a counterbalance to Russia in the Caucasus region. For Georgia, Turkey is an alternative source of trade and investment that plays very important role in
reducing Georgia’s economic dependence on Russia. From the Turkish perspective, Georgia is an important bridge connecting Turkey with its strategic partners (Karagiannis, 2002, 137-144). Turkey supports Georgia’s independence and territorial integrity for many reasons. From the security point of view, independent Georgia is a buffer zone separating Turkey from Russia, which historically was the main rival of Turkey in the Caucasus region. Turkey prefers to have a small and peaceful neighbor, instead of giant and unpredictable Russia. Taking into account the historical experience and multiple Russo-Turkish wars, one can easily grasp why Turkey attaches great importance to Georgia’s independence and sovereignty. After the construction of Baku-Tbilisi-Ceyhan oil pipeline and Baku-Tbilisi-Erzurum gas pipeline, Georgia occupies a significant place in Turkish foreign policy. With the implementation of oil and gas pipeline projects running through Georgian territory, Georgia’s geopolitical significance has increased considerably and support for Georgia’s stability has become the priority objective of Turkish policy towards this country. Armed conflicts or wars in breakaway regions of Georgia could destabilize the whole Caucasus region and could prevent the transportation of Caspian energy supplies to Turkish and European markets. Political and economic instability in Georgia would have a spillover effect and would pose a threat to Turkish economic prosperity. Therefore, Turkey is interested to reduce Russian military presence in Georgia and wants to avoid any repetition of Russian military intervention in Georgia. Turkey's success in creating an alternative energy corridor between the Caspian Sea and Europe largely depends on the political stability in South Caucasus. Stability in South Caucasus and energy security has also become a strategic issue for the European Union and the West. Conflicts in Georgia and South Caucasus could have implications not only for Georgia’s stability, but also for Turkey, Europe and wider international community. Therefore, Turkey and the western world are interested in achieving stability in the Caucasus region and preventing the outbreak of any conflicts and wars (Kononczuk, 2008). Georgia is a bridge connecting Turkey with Azerbaijan and Central Asia. Any instability in Georgia would affect Turkey’s ability to gain access to Turkic countries of Caucasus and Central Asia. Due to this aspect, Turkey attaches great importance to the political stability of Georgia. Turkey actively collaborates with Georgia in the military sphere, and, supports reform and modernization of the Georgian armed forces since 1990s. Turkey is the member of NATO and supports Georgia’s aspirations to join Euro-Atlantic structures. Georgia is very eager to become a member of NATO because of the Russian aggression and intentions to destabilize the country (Cornell, 2000, 299-300). Georgia signed up for NATO's Partnership for peace program in 1994 which marked the beginning of Georgia-NATO relations. Official relations between Georgia and NATO were established in 1998 when Georgian government decided to open a diplomatic mission and presented an ambassador in North Atlantic Treaty Organization. Georgia developed very close relations with NATO and conducted joint military exercises in 2001 and in 2002. As a member of NATO, Turkey often participated in these joint military
exercises. Georgia signed its first defense cooperation agreement with Turkey in June 1997, whereby Ankara undertook to provide training for Georgian soldiers, the military police (gendarmerie) and border patrols. In 1999, Georgian-Turkish military cooperation agreements were signed, when several senior Turkish military officials visited Tbilisi. According to one of those agreements, Turkish side undertook to provide financial and technical assistance to the Georgian military over a five-year period, as well as training for Georgian military personnel in Turkey. Turkey also helped Georgian side to modernize military training facilities (Fuller, 1999). With the support of Turkey, a new military school was opened in Tbilisi and training centers were founded in different Georgian towns. Furthermore, the Turkish military completed the modernization of Georgia’s Marnueli Air Base in 2001. Georgian soldiers receive regular training in Turkish military schools. Thus, Turkey plays very important role in strengthening the Georgian armed forces by training and equipping them, as well as by conducting joint military exercises (Donat, 2012).

5. Conclusion

Soviet Union was the main obstacle that prevented the establishment of economic, trade, commercial, cultural and diplomatic relations between Georgia and Turkey. The collapse of the Soviet Union and the end of the Cold War enabled Georgia to intensify relations with its southern neighbor. Since 1990s, Turkey and Georgia have established very close economic and political ties and started to cooperate actively with each other in many fields. Oil and gas pipeline projects have greatly elevated the strategic significance of Georgia and Turkey. Baku-Tbilisi-Ceyhan oil pipeline and Baku-Tbilisi-Erzurum gas pipeline transport hydrocarbons from the landlocked Caspian region to Turkish and European markets. Another project that increases greatly the geo-political importance of Georgia and Turkey is the Baku-Tbilisi-Kars railway project. Baku-Tbilisi-Kars railway will make a major contribution to the rehabilitation of the Silk Road and the expansion of economic and cultural relations between Georgia and Turkic countries, as well as between European and Asian countries.

Many positive steps have been taken for improving transportation infrastructure and simplifying bureaucratic procedures between two neighboring countries. Free Trade Agreement, which entered into force in 2008, eliminated tariff and non-tariff barriers for trade between Georgia and Turkey. Both countries benefitted from this agreement, which enabled them to establish closer economic, trade and commercial relations with each other. Turkey has become the largest trade partner of Georgia and the volume of the trade has increased considerably after signing this agreement.

Turkey attaches great importance to the political stability in Georgia and actively collaborates with its Caucasian neighbor in the military sphere. Georgia is a key transit route for Caspian hydrocarbons and a necessary bridge connecting the
Republic of Turkey with other Turkic countries. Turkey supports Georgia’s aspirations to join NATO and helps this country to strengthen its armed forces to match the NATO standards. Since 1990s several Georgian-Turkish military cooperation agreements have been signed. The Turkish military provides financial and technical support to the Georgian armed forces and regularly trains Georgian military personnel in Turkey.

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