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Research Paper

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Anaklia's deep sea port – a new strategic pivot in Eurasia



Photo: Anaklia port in Georgia. The design will bypass competing ports in the region with Superior connections to existing rail and road infrastructure, state-of-the-art equipment and communications infrastructure, berthing for 10,000 TEU vessels, flexibility for multiple cargo and vessel types, including dry bulk facility.

Source: Anaklia Development Consortium

Summary

- The construction of Anaklia's port will reshape not only the South Caucasus security environment but also diversify the landlocked Central Asian countries security landscape.
- Through Anaklia, the US and the EU could easily reach landlocked Central Asian countries and allowing the EU to intensify the Central Asia strategy.
- Anaklia could become instrumental in unfolding the U.S. Asia rebalancing strategy while China's Belt and Road initiative is on the rise.
- Georgia's ports infrastructure development could support the process of re-establishment of the Greater Central Asian States Union under the EU's flagship based on prospects of continental trade through Anaklia port and the development of common frameworks for economic policies and customs.
- Through Anaklia bidding on Central Asian Union as a sub-strategy of the U.S. rebalancing strategy along the strong presence of Euro-Atlantic institutions in the region will undermine Russia's sphere of influence.
- Anaklia could shift the gravity of Russia's 'sphere of influence' strategy from South Caucasus to Central Asia. Potentially allowing Georgia and Ukraine to become NATO and EU members.

Introduction

Anaklia is Europe's easternmost seaport in Georgia and strategically the most important first deep-sea port on the eastern coast of the Black Sea. It has an ambitious agenda as a game changer in the Eurasia region to be a world-class port bringing a positive economic impact on countries of South Caucasus, Central Asia, and the Middle East.

Project evolution

Anaklia's project with the name of 'Lazika' was announced by Saakashvili's administration with a concept of port and city altogether. It was anticipated to have the construction plan finalized in the first half of 2015. Regarding the scope of finance, it aimed to be the largest port on the Georgian coastline stretching on 85 hectares of territory with the top cap funding of GEL 535 million. The concept envisaged the establishment of the second largest city after Tbilisi next to the breakaway region of Abkhazia. Along with facilitating international trade, Lazika aimed to foster peaceful efforts by engaging people residing in conflict zones. An airport, touristic zones, business centers, and residential spaces were also part of the project design.

However, under Ivanishvili's government, the project of Anaklia first was strictly condemned but later started being considered as the promising venture for the rapid transition of the Georgian economy. Renamed from 'Lazika' to 'Anaklia,' the project took a little tilt from its original idea by complementing China's One Belt One Road concept starting from 2013. Moreover, the opening was rescheduled for 2020 instead of 2015 hiking a total volume of investment of 2.5 billion USD. Furthermore, it entailed allocating 330 hectares of land and 225 hectares of marine territory for Anaklia deep sea port. In a nutshell, Anaklia's essential idea was set to connect Europe to Asia, while the construction of a new city around the port was rejected.

Trade implications

The strategic vision of Anaklia's project is to develop port infrastructure in Georgia and subsequently to significantly improve economic opportunities domestically and regionally. Furthermore, as part of the grand idea, it is being considered to expand Batumi and Poti ports to accommodate high capacity vessels. Entangling three port cities in one package of the future economic strategy would generate a positive economic influence on the broader region.

Anaklia as a focal point for international trade, logistics and commerce will strongly affect countries of South Caucasus, Central Asia, Middle East reaching to Southern Asia. Anaklia will have a capacity to outreach population of 17 millions of three South Caucasus republics, over 150 million people to Central Asian countries and stretching to Middle East's Iran (81 million), South Asian Pakistan (197 million) with Ghulam Khan border crossing to Afghanistan through Lapis Lazuli trade route and Iraq (38 million).

In the beginning, Anaklia port will turn Georgia into the center of logistics in the Caucasus. Later, in the midterm run, the port will transform into the global value chain route positively impacting on Georgia's immediate neighborhood. In the trade and logistics domain, it will become an irreversible game changer in the wider Eurasia region. The Global Infrastructure Leadership Forum called Anaklia Port as the foundation for global prosperity and selected as top 5 strategic infrastructure projects globally.

Indeed, Anaklia is bolstering its significance globally after Russia failed to convince and achieve an agreement with China to fund modernization of Trans-Siberian railway and Baikal-Amur Mainline rail route. Moreover, Anaklia is part of the Transport Corridor Europe-Caucasus-Asia (TRACECA) program aiming to connect the European Union with Central Asia and the Caucasus providing additional capacity to overland trade. Thus, Anaklia is multi-dimensional trade axis in Eurasia along with Trans-Caspian trade route and Baku-Tbilisi-Kars railway.

As regards the country's strategic positioning on bilateral trade agreements, Georgia is the only country in the region enjoying free trade agreements with both the EU and China. It is expected to sign a free trade deal with the UK, US, and India. As a result, the EU regards Anaklia as a

top priority project in Georgia bolstering the construction of its second phase with €233 million. Also, development of a €100-million new railroad will connect Anaklia with the central railroad system of Georgia.

Security implications

Georgia boasts a number of strategic bilateral trade agreements and infrastructural projects. Though, a decade ago, the country was invaded by Russia and lost control over 20% of the territory (being occupied by Russia) for aspirations towards NATO and EU membership. Therefore, it is logical to ask what is the main priority of Anaklia deep-sea port project – addressing security concerns or facilitating business.

The modern port is a vital node for China’s Silk Road economic belt, essential for EU’s strategy towards Central Asia and strategically crucial for the U.S. interests. If in the past mainly the Euro-Atlantic institutions were engaged with Georgia, China under a new taxonomy of ‘great country’ adds to the list with a weighty investment in the region. Thus, the construction of Anaklia’s port could reshape not only the South Caucasus security environment but also diversify the landlocked Central Asian countries security landscape. Eventually, the development of Anaklia port will gradually bolster the security in the region and hike the capacity of the sovereignty of South Caucasus countries.

Aside from the trade and economic opportunities for the broader region, Anaklia deep-sea port could play a strategically central role in helping the Euro-Atlantic institutions to expand their reach and boost their presence in Central Asia.

Currently, Central Asian countries, due to the geographic location, are beyond the choice of the alliance. In comparison to Eastern European countries, Central Asian states are facing only two regional pathways such as developing China and recently established Russian Federation. The construction of Anaklia deep seaport along with the trading ecosystem including Poti and Batumi ports in an assembly with Georgia’s full transit routes and geographical location will turn it to be a game changer for the future security landscape in Central Asia.

At this moment, the reach of Euro-Atlantic institutions is feeble in Central Asia. The EU’s presence here understood through the chain of “neighbors of the EU neighborhood.” Through connecting Europe and Asia, Anaklia port operation will allow Greater Central Asian countries to connect to the Euro-Atlantic institutions with a historical possibility of direct engagement.

Mainly, Anaklia could be a new strategic ‘gate’ for Euro-Atlantic institutions to strengthen their presence in the region. Therefore, the regional interlinking of the Caucasus to Central Asia will significantly enhance the process of closer integration within Central Asia. Noticeably, it bears a promising potential to have diversity in strategic choice and freedom to orient towards alternative political pathways.

Through Anaklia, the U.S. and the EU could easily reach landlocked Central Asian countries enabling actors to foster a more in-depth integration process as a vital measure for the prosperous development of the whole region. In the long-term run, in spite of social, cultural, ethnic, religious, and linguistic distinctions across the region, the project opens up an opportunity to create a union of these countries. It is crucially important that the EU coordinates and assists countries of Central Asia in establishing the Greater Central Asian States Union.

Moreover, launching the EU Central Asia strategy is significant as China’s Belt and Road initiative prompts the EU to come up with its blueprint and increase connectivity with Asia through a rule-based approach. For instance, in the past, the Central Asian Union was proposed, being formed, but appeared defunct. However, Georgia’s ports infrastructure development could support the process of re-establishment of the Greater Central Asian States Union under the EU’s flagship based on prospects of continental trade through Anaklia port and the development of common frameworks for economic policies and customs. As a result, the coherence and consistency of Central Asia’s future institutional structures will measure their effectiveness along with gradually growing deeper cooperation based on protected and secured interests of all participating states. Anaklia could be an active channel for the EU’s intention to continue support for the implementation of programs for improving business and investment climate in Central Asia. Along with new ports built on the Caspian shores, Anaklia will enable the EU to develop human capital, human exchange and directly engage with Central Asia.

On top of that, Anaklia can play an essential role in unfolding the U.S. Asia re-balancing strategy. As never before, the U.S. needs new allies in Asia. If transatlantic relations are facing significant divergences, Central Asia could become a place of cooperation for the U.S. and the EU. Supporting the idea of the establishment of the Central Asian Union could be equally interesting for the EU concerning EU Central Asia strategy and for the U.S. in the scope of China re-balancing strategy.

Bidding on Central Asian Union as a sub-strategy of the U.S. rebalancing strategy and the strong presence of Euro-Atlantic institutions in the region will undermine Russia’s sphere of

influence game and eventually rebalance China. Furthermore, the structural, strategic approach could potentially shift the gravity of the ‘sphere of influence’ strategy from South Caucasus to Central Asia. It, possibly, can allow Georgia and Ukraine to become the NATO and EU members.

Conclusion

Finally, Georgia’s strategic geographic location and unique access to European, Central Asian, East Asian, and Middle Eastern markets will transform the country into the vital hub for EU-China trade. Anaklia port will influence its neighbor states and increase the haggling power with Russia. Ports infrastructure, overland trade, transportation infrastructure in the mid-to-long-term will bring unique tangible economic benefits to all participating countries.

The construction of Anaklia’s port will foster the regional trade ecosystem along with international trade routes, further enhancing the deeper cooperation and integration between the South Caucasus and Central Asian states. Anaklia’s development will strengthen the broader presence of Euro-Atlantic institutions in the South Caucasus region and intensify the direct engagement with countries of Central Asia and the Middle East. Thus, the port infrastructure will unify and interlink two regional dimensions, South Caucasus and Central Asia, through an influx of international trade leading to an unprecedented scale of positive political, social, and economic transformation.

About author

Beka Kiria is the Founder and Director of the first fully cloud operated policy think tank, the Gagra Institute. Before the institute was established, Beka was an independent political analyst and worked at the Ministry of Defence of Georgia in his capacity as a Senior Specialist at the Defence Policy and Planning Department. He developed a number of crucial national defence and security documents and led a legislative review of the defence and security sector legislation. Beka graduated from the University of Leicester with a Master’s degree in Public International Law. Previously, he studied International Relations at Cambridge Art and Science College.

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