



# Georgia's October 2012 Legislative Election: Outcome and Implications

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## Summary

Georgia's continued sovereignty and independence and its development as a free market democracy have been significant concerns to successive Congresses and Administrations. The United States and Georgia signed a Charter on Strategic Partnership in early 2009 pledging U.S. support for these objectives, and the United States has been Georgia's largest provider of foreign and security assistance. Most recently, elections for the 150-member Parliament of Georgia on October 1, 2012, have been viewed as substantially free and fair by most observers. Several Members of Congress and the Administration have called for a peaceful transition of political power in Georgia and have vowed continued support for Georgia's development and independence.

In the run-up to the October 2012 election, Georgia's Central Electoral Commission registered 16 parties and blocs and several thousand candidates to run in mixed party list and single-member constituency races. A new electoral coalition, Georgia Dream—set up by billionaire Bidzina Ivanishvili—posed the main opposition to President Mikheil Saakashvili's United National Movement, which held the majority of legislative seats. A video tape of abuse in a prison released by Georgia Dream late in the campaign seemed to be a factor in the loss of voter support for the United National Movement and in the electoral victory of Georgia Dream. According to observers from the Organization for Security and Cooperation in Europe, the election freely reflected the will of the people, although a few procedural and other problems were reported.

In the days after the election, Saakashvili, Ivanishvili, and other officials from Georgia Dream and the United National Movement have met to plan an orderly transition, including the appointment of a new cabinet. Ivanishvili has pledged that GD will continue to support Georgia's democratization and anti-corruption efforts, and its European and Euro-Atlantic orientation.

The White House has described the election as “another milestone” in Georgia's development as a democracy, and has called for Ivanishvili and Saakashvili to work together to ensure the country's continued peaceful transition of power. The Administration also stated that it looked forward to strengthening the U.S.-Georgia partnership. Several Members of Congress observed the election, and several Members of the Senate issued a post-election statement commending President Saakashvili for his efforts to transform Georgia into a prosperous democracy, and pointing to the competitive and peaceful election as evidence of his success. At the same time, they raised concerns about some bickering and unrest in the wake of the election, and cautioned that the future of U.S.-Georgia relations depends on the country's continued commitment to democratization.

Some observers have suggested that relations between the two parties in the legislature and between a Georgia Dream cabinet and the president may well be contentious in coming months, as both sides maneuver before a planned 2013 presidential election. Saakashvili is term-limited and cannot run, but the United National Movement plans to retain the presidency. Under constitutional changes, the legislature is slated to gain greater powers vis-à-vis the presidency, so a divided political situation could endure for some time. In such a case, statesmanship and a commitment to compromise and good governance are essential for Georgia's continued democratization, these observers stress.

## **Contents**

Background.....	1
The Campaign.....	2
Results and Assessments.....	3
Implications for Georgia.....	4
Implications for U.S. Interests .....	7

## **Tables**

Table 1. Election Results .....	3
---------------------------------	---

## **Contacts**

Author Contact Information.....	10
---------------------------------	----

## Background

Since President Mikheil Saakashvili came to power in late 2003, Georgia has made notable progress in increasing economic and political freedoms and reducing police corruption and crime, according to many observers.<sup>1</sup> However, these observers—including international organizations such as the Organization for Security and Cooperation in Europe (OSCE) and the European Union (EU), and governments such as the United States—also have viewed this progress as uneven, and have judged Georgia's legislative and presidential elections in 2008 as promising but falling somewhat short as free and fair contests.<sup>2</sup> These observers strongly impressed upon the Georgian government that the conduct of the October 1, 2012, election to the Parliament (also called the Supreme Council) would affect future relations and the country's hopes for eventually joining the European Union and NATO.

The seminal event in the run-up to the October 2012 legislative race was multi-billionaire businessman Bidzina Ivanishvili's announcement in late 2011 that he would enter politics in opposition to Saakashvili (See Box). A few days after this announcement, Saakashvili signed an order revoking Ivanishvili's Georgian citizenship on the grounds that he also held Russian and French citizenship (Ivanishvili subsequently relinquished his Russian citizenship, but France deferred action on his request to relinquish his French citizenship). With his citizenship revoked, Ivanishvili was barred from running for office.

Following domestic and international criticism, several constitutional changes were enacted by Saakashvili's United National Movement (UNM)-led Parliament and went into force in May 2012. One such change permitted a citizen of an EU country who has lived for five years in Georgia to be elected to high political office. This provision was designed to permit Ivanishvili's participation in the October 2012 legislative election. However, Ivanishvili proclaimed that he would not run in the election except as a citizen of Georgia.

The UNM-controlled legislature passed other provisions in late 2011 barring corporate contributions and limiting corporate employee contributions to political parties. Critics viewed these provisions as attempts to hinder Ivanishvili from financing prospective or existing parties. Instead, state financing of campaigns by existing parties that had won past elections was stepped up, also viewed by critics as a means to constrict any new party created through Ivanishvili's interests. The State Audit Chamber was given responsibility to monitor campaign spending.

### **Bidzina Ivanishvili**

Born in 1956 in the Georgian village of Chorvila. He studied engineering and economics at Tbilisi State University and received the equivalent of a doctorate at the Moscow State Institute of Railway Engineering. In the late 1980s, he began to purchase factories, mines, hotels, banks, and other businesses and turned them around for resale. In the late 1990s, he left Russia for France. In 2004, he returned to Georgia and engaged in philanthropy.

<sup>1</sup> For an assessment based on various indicators of economic freedom, ruling justly, and investing in people, see *Georgia FY2012: Country Scorecard*, Millennium Challenge Corporation, at <http://www.mcc.gov/pages/selection/scorecards>. See also "Georgia," *Freedom in the World 2012*, Freedom House, 2012.

<sup>2</sup> In the January 2008 presidential election, seven candidates were registered, including Saakashvili, who won with 53.5% of nearly 1.9 million votes cast. In the October 2008 legislative election, half of the 150 members were elected by party lists and the rest by constituencies. In the party list voting, 4 out of 12 parties and blocs running passed a 5% vote hurdle and won seats. In total, the ruling United National Movement (UNM; led by Saakashvili) won 119 seats, the United Opposition bloc won 17 seats, the Christian Democrats won 6 seats, and the Labor Party won 6 seats. In addition, the Republican Party won two constituency races. UNM's 119 seats were more than the 100 required by the constitution to amend it.

Also in late 2011, a new electoral code provided for 77 members of the 150-seat legislature to be elected through proportional voting and the remaining 73 through constituency voting in single member districts, replacing the previous election of 50% of the members by each method. Another provision guaranteed that a party that gained a minimum of 5% of the vote would get at least six seats in the legislature.

Ivanishvili launched his new political party, Georgia Dream-Democratic Georgia (GD), in April 2012, and formed a coalition with several parties headed by individuals who once supported or were a part of the Saakashvili government, and other groups and individuals left behind by political developments in the country. These include two parties that broke with Saakashvili in 2004: the Republican Party of Georgia, headed by Davit Usupashvili, and the Conservative Party, headed by Zviad Dzidziguri. Another party, the Free Democrats Party, headed by Irakli Alasania, broke with Saakashvili at the end of 2008. Two other parties moved into opposition during or soon after Saakashvili's rise to power: the National Forum Party, headed by Gubaz Sanikidze, and the Industry Will Save Georgia Party, headed by Gogi Topadze. Besides these party leaders who ran as candidates under the GD umbrella, other past and present politicians and celebrities joined the GD as candidates. Although these parties and individuals represented a broad range of views from xenophobic and socially conservative to pro-Western and reformist, in launching GD, Ivanishvili affirmed support for Georgia's integration into NATO and the EU; vowed to reduce poverty, unemployment, and emigration and to increase health, education and other social services; and generally pledged to bolster Georgia's democratic and free market orientation.

In June-July 2012, the State Audit Chamber obtained court rulings levying substantial fines on GD and its campaign donors, and authorities seized tens of thousands of satellite dishes belonging to two Ivanishvili-related television stations, alleging that the provision of dishes to customers represented illicit vote-buying. Domestic and international criticism of these moves may have contributed to the reduction or deferral of some of the fines and the enactment of a "must carry" law that allowed programs from Ivanishvili-related stations to be carried by cable providers until election day.

## **The Campaign**

By early September 2012, the Central Electoral Commission (CEC) of Georgia had registered 14 parties and two electoral blocs (GD and the Christian Democratic Union)—comprising 2,313 candidates—for the proportional part of the legislative election. In the constituency races, the CEC had registered 429 candidates, including four nominated by independent initiative groups. There were no uncontested constituency races.

The most significant events occurring late in the campaign were the release of videos by GD purporting to show shocking prison abuse by guards, and allegations by UNM that GD was consorting with organized crime. The airing of the videos on September 18 led to large protests throughout Georgia. On September 20, Saakashvili emphasized that the videos showed "disgusting" human rights abuses that were "failures of the system," but he urged that voters "should not throw the baby out with the bathwater," by punishing UNM at the polls. In his address to the U.N. General Assembly on September 25, he emphasized that "we did what

democracies must do,” by replacing the Minister of Prisons with a human rights official, ousting the Minister of the Interior, and arresting other prison officials.<sup>3</sup>

The release of the videos late in the campaign undermined Saakashvili's image as a anti-corruption fighter and champion of democracy in the eyes of many voters, according to many observers. Opinion polls taken by the U.S. National Democratic Institute in June and August 2012—before the release of the videos—seemed to indicate that more Georgians preferred UNM to GD and that support for GD may have weakened (perhaps a caveat to these findings, a large percentage of individuals declined to indicate who they would vote for). After the videos were released, the views of the electorate may have shifted. Perhaps indicative of this shift late in the campaign, over 100,000 individuals reportedly turned out at a final campaign rally held by Ivanishvili in Tbilisi on September 29, among the largest turnout at a rally in recent years.

## Results and Assessments

The CEC reported that almost 2.16 million of 3.6 million registered voters turned out for the election (about 59.8%) on October 1. Only UNM and GD won enough party list votes to pass the 5% hurdle and win seats in the legislature (see **Table 1**). Citing irregularities in the voting in several precincts, the CEC ordered repeat elections to be held on October 14 in three constituency races, which resulted in reversals in two with wins by GD candidates and the re-confirmation of a tentative win by a GD candidate in the third. Looking at the results for both the party list and constituency races, UNM lost 54 of the 119 seats it held after the 2008 election. The polarization between the two major political forces—GD and UNM—appeared to attract the attention of the bulk of the electorate, so that all the other parties were sidelined, including the Christian Democratic Union and the Labor Party, which had won legislative seats in 2008 but failed to win any during this election.

**Table 1. Election Results**

Party/Coalition	Proportional Vote (percent)	Proportional Vote (Seats)	Constituency Vote (Seats)	Seats
Georgia Dream	54.85	44	41	85
United National Movement	40.43	33	32	65
Christian Democratic Union	2.05	0	0	0
Labor Party	1.24	0	0	0
Other 12 parties	1.43	0	0	0

**Source:** Central Electoral Commission, October 5, 2012 and October 15, 2012.

**Notes:** Results include repeat elections that were held on October 14, which reversed tentative results in two constituency races, giving wins to GD candidates. In the third, the tentative GD winner was re-confirmed.

<sup>3</sup> Open Source Center, *Central Eurasia: Daily Report* (hereafter, *CEDR*), September 20, 2012, Doc. No. CEP-950225; September 26, 2012, Doc. No. CEP-964054.

On October 2, after 29% of the votes had been counted and GD appeared to have a wide lead over UNM, President Saakashvili made a concession speech, repeating past statements that he thought GD's views were "extremely mistaken," but that he respected the decision of the people. He voiced the hope that the UNM could work with GD to govern, but stressed that UNM would oppose any rollback of the party's achievements, including "fighting against corruption, fighting against crime, modernizing Georgia, and building new institutions."<sup>4</sup>

On October 3-4, the CEC reported that groups of GD supporters were threatening the work of electoral officials at nearly a dozen district headquarters, demanding that the election officials reverse "fraudulent" vote counts resulting in wins for UNM candidates in constituency races.<sup>5</sup> The European Union's mission chief in Georgia, Philip Dimitrov, warned that such threats against election officials reflected badly on party leaders. On October 4, U.S. Ambassador to Georgia Richard Norland traveled to Zugdidi to urge GD supporters protesting against a local electoral win by a UNM candidate to respect democratic processes. That same day, Ivanishvili issued an appeal for these protests to stop. Georgian National Security Council Secretary Giga Bokeria warned that "violence and the threat of violence" at electoral commissions was the main impediment to the orderly transfer of power, and urged the protesters to heed Ivanishvili's appeal.

The head of the OSCE election observation mission stated on October 2 that "the Georgian people have freely expressed their will at the ballot box ... despite a very polarizing campaign." The nearly 400 observers reported that the legislative elections "marked an important step in consolidating the conduct of democratic elections," although some problems remained. The observers reported that voting appeared to be administered in a competent manner in almost all of 1,260 polling stations visited. However, they evaluated vote counting somewhat less positively, reporting that in nearly two dozen of 135 counts observed, there were procedural errors in completing voting protocols. The monitors mostly focused their concerns on the campaign environment, which they typified as "polarized and tense," with the use of harsh rhetoric and occasional violence, and as emphasizing incumbency and private financial assets over political programs. The observers raised concerns that a majority of fines levied and activists detained during the campaign involved supporters of GD. The monitors praised the efforts of the Inter-Agency Commission to address uses of resources or other actions by government officials that violated campaign laws, but raised concerns that the State Audit Office appeared to target the opposition for violations of campaign financing laws.<sup>6</sup>

## Implications for Georgia

The October 1, 2012, legislative election is the first in the South Caucasus resulting in a competitive and peaceful transfer of power. As such, the election meets Saakashvili's pledge in his state of the nation address in early 2012 that it would be the "freest, most transparent and most

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<sup>4</sup> CEDR, October 2, 2012, Doc. No. CEP-950101.

<sup>5</sup> Central Electoral Commission, "Briefing of the CEC Chair," October 3, 2012 "Briefing at the CEC," October 4, 2012.

<sup>6</sup> OSCE, *International Election Observation, Georgia, Parliamentary Elections, 1 October 2012: Statement of Preliminary Findings and Conclusions*, October 2, 2012; *Press Release*, October 2, 2012. See also "Parliamentary Elections Summary," Transparency International Georgia, at <http://transparency.ge/en/post/general-announcement/parliamentary-elections->.

democratic ... ever held in Georgia.”<sup>7</sup> Also for the first time during Saakashvili’s tenure as president, he will face a legislative majority from an opposing party.

In a briefing the day after the election, Ivanishvili stated that he expected to become the new prime minister (but see below). He emphasized that the election results meant that Saakashvili should resign and that new presidential elections should be held. Barring Saakashvili’s resignation, Ivanishvili indicated that GD legislators would move to constrain Saakashvili’s ability to govern. He stated that he had informed Members of Congress and other U.S. visitors that Saakashvili was unlikely to respond to cooperative overtures by GD. Ivanishvili claimed that GD would not seek to prosecute members of the former government and would work with them, except for those guilty of “crimes.”<sup>8</sup>

The next day, however, Ivanishvili softened his tone toward Saakashvili, claiming that he had not demanded but only suggested that the president resign. Belying Ivanishvili’s expectations that Saakashvili would not cooperate, on October 5 a working group of government officials met with a similar group of GD officials to work out future cooperation. Ivanishvili reported that the first meeting between the two sides was constructive, with Saakashvili’s representatives understanding that GD planned all new appointments to the cabinet. Bokeria, a member of the UNM working group, underscored that the President would nominate a candidate for prime minister suggested by GD.

Under the Georgian constitution, after the new legislature convenes in late October or early November, the president will nominate a candidate for prime minister after consulting with GD. The candidate then will form a cabinet, and within ten days will present the choices to the legislature for a vote of confidence. Georgian constitutional expert Avtandil Demetrashvili has suggested that Saakashvili may well be reluctant to totally replace the cabinet, as called for by Ivanishvili, but that both also have stated that they will cooperate to form a new government.

On October 8, Ivanishvili announced the names of prospective cabinet members. Maia Panjikidze, the former spokeswoman for GD, was nominated to be foreign minister. She pledged to uphold the strategic partnership with the United States and Georgia’s European and Euro-Atlantic orientation. She averred that efforts would be taken to improve relations with Russia, but that Georgia would not move to re-establish diplomatic relations with Russia as long as it denies that Abkhazia and South Ossetia are part of Georgia. She also termed “absurd,” a call by the Russia-led Commonwealth of Independent States for Georgia to re-join. Alasania, the nominee for defense minister, likewise promised to continue efforts to join NATO. Pro-Western Davit Usupashvili was nominated to be the legislative speaker. Bokeria stated that outgoing ministers would meet with and brief these nominees in coming days so that the political transition would move smoothly.

Since the GD coalition contains 6 political parties (including the GD Movement), the new legislature will not be predominantly a two-party body, as in the United States. Ivanishvili anticipates that the coalition parties will form separate factions in the Parliament but that they will cooperate on major issues. However, many observers predict that cooperation may prove difficult, since the parties long have endeavored to maintain their distinct identities.

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<sup>7</sup> “Georgian President Delivers State-of-Nation Address to Parliament,” *Open Source Center Feature*, February 29, 2012.

<sup>8</sup> *CEDR*, October 2, 2012, Doc. No. CEP-950137.



Since GD has a majority in the legislature and influence over the new cabinet government, it may well seek to revamp and replace Saakashvili's policies and priorities. A more contentious and oppositionist legislature would be somewhat similar to the one faced by former President Eduard Shevardnadze after the October 1992 legislative election (until it granted him greater powers in mid-1993 due to a deepening economic crisis and conflict in Abkhazia).

Some observers raise concerns that GD might not safeguard democracy but could move to constrain it, as has occurred in Ukraine and Russia.<sup>9</sup> Georgian analyst Gia Nodia argues that Ivanishvili is closely tied to Russia and organized crime, and warns that Ivanishvili has displayed authoritarian tendencies, as indicated by his threats against reporters and opponents. For these reasons, he argues, UNM must continue to function as an effective opposition party.<sup>10</sup> He and other political analysts argue that because the GD coalition did not win an overwhelming majority of seats in the legislature, the UNM may have ample room to maneuver, particularly if the parties in the GD coalition bicker among themselves and even ally with UNM on some votes, so that some of Saakashvili's preferred policies are continued.

A few analysts discount President Saakashvili's broad commitment to democracy and assert that he not only will use his substantial presidential powers to constrain GD initiatives but will use myriad illicit means (such assertions by Ivanishvili and others were more prevalent during the election campaign). They point out that he came to power during the 2003 "rose revolution," and warn that he could carry out another coup. They also point to several instances where the Saakashvili government exercised force against opposition demonstrators that was deemed excessive by international observers.<sup>11</sup>

A third group of analysts argue that wrangling and even policy gridlock within the legislature and between government ministers and Saakashvili may not be inevitable. GD and UNM both emphasized boosting support for social policies during the campaign, so that there are grounds for cooperation on these issues. According to this view, Saakashvili's policies of combating corruption and supporting democratization are popular, so also may be endorsed by a GD government that wishes to maintain public support.<sup>12</sup> Some observers have argued that GD may try to entice UNM legislators to join them in passing legislation, although these observers generally view it as unlikely that GD would be able to garner the constitutional majority (100 votes) needed to impeach and remove the president, although it may be possible for GD to attract votes to reach the 90 necessary to override a presidential veto.

Perhaps removing one concern of the new legislators and cabinet, outgoing Prime Minister Vano Merabishvili stated on October 8 that the state's fiscal balance was healthy, so that existing and planned government spending would not face a crisis. Some observers have raised concerns, however, that investment and foreign assistance might decrease if political turmoil increases.

Saakashvili and Ivanishvili met briefly on October 9. Ivanishvili stated that the peaceful and democratic transfer of power was "dignified" and historic, and pledged that GD would not launch prosecutions against the opposition. He also reported that he agreed with the main course of

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<sup>9</sup> Jackson Diehl, "A Landmark Election in Georgia," *Washington Post*, October 2, 2012.

<sup>10</sup> *CEDR*, October 3, 2012, Doc. No. CEP-950197.

<sup>11</sup> "Analysts Concerned About Possible Saakashvili Revenge," *The Messenger*, October 10, 2012.

<sup>12</sup> *CEDR*, October 2, 2012, Doc. No. CEP-041005; October 5, 2012, Doc. No. CEP-964115.

Saakashvili's foreign policy and would bolster its European and Euro-Atlantic orientation. President Saakashvili in turn pledged that he would work to ensure a peaceful transfer of power.

The win by GD sets the stage for the prospective 2013 presidential election, after which constitutional changes will come into force granting the legislature and prime minister more power vis-à-vis the presidency. This election may be called by the president at any time during 2013. Under the changes, the party that has the largest number of seats in the legislature after the presidential election (and after the resignation of the previous cabinet) will nominate the candidate for prime minister. This nominee will select ministers and draft a program, and upon approval by the legislature, the president will confirm the prime minister. The changes also call for regional governors to be appointed by the prime minister rather than the president, as is currently the case. The Venice Commission, an advisory body of the Council of Europe, has raised concerns that presidential powers will still be substantial relative to those of the prime minister and legislature, and that clashes between the president and prime minister might emerge on foreign policy and other matters.

Russia appeared to largely follow a policy of noninterference in the election, although a military exercise in southern Russia before the election was troubling to many in Georgia. The day after the election, Russian President Vladimir Putin hailed the appearance of “more responsible forces” in the Georgian legislature and stated that the ruling United Russia Party—which had “always stayed in touch” with some political forces in Georgia—was ready for further dialogue on Georgia-Russia ties.<sup>13</sup> Russian state television hailed the election as marking the “end of color revolutions” (democratization progress in several Soviet successor states in the early to mid-2000s that President Putin and others asserted was orchestrated by the United States) and the ebbing of U.S. influence in the South Caucasus region. In line with this Russian conception of U.S.-directed “color revolutions,” Russian state television also rejected the argument that the Georgian election was a democratic showpiece in the region—in contrast to Russia's elections—asserting that the United States had grown “tired” of Saakashvili and cut back his power.<sup>14</sup>

Saakashvili has stated that he will abide by a constitutional limit to two terms as president, so will not run in the planned 2013 presidential election, but that he hopes to remain in politics. He has denied an intention to become the prime minister after this election, and even so, GD's legislative victory may make this less possible. While some observers have proclaimed that the “Saakashvili era” may be winding down in Georgia, others point to Saakashvili's political crisis of late 2007—when a crackdown on protesters led him to resign and seek re-election and affirmation as president—and his political resiliency after the 2008 Georgia-Russia conflict in suggesting that he may continue to play a role in Georgian politics.<sup>15</sup>

## **Implications for U.S. Interests**

To demonstrate U.S. interest in the election, the Obama Administration dispatched an inter-agency delegation to Georgia in mid-September 2012, led by Deputy Assistant Secretary of State Thomas Melia. He testified to Congress that the delegation emphasized that the United States supported a democratic election that would advance Euro-Atlantic aspirations and that would set

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<sup>13</sup> *Interfax*, October 2, 2012.

<sup>14</sup> *CEDR*, October 2, 2012, Doc. No. CEP-950187; *Iran: Daily Report*, October 2, 2012, Doc. No. IAP-950121.

<sup>15</sup> Thomas de Waal, “Georgia's Upset,” *Foreign Policy*, October 2, 2012.

the tone for a peaceful presidential succession and alteration in the power of the prime minister in 2013.<sup>16</sup>

The White House on October 2, 2012, congratulated the people of Georgia for achieving “another milestone” in the country’s development by holding a competitive and peaceful democratic election. The White House called for Ivanishvili and Saakashvili to work together to ensure the continued advancement of democracy and economic development, and stated that it looked forward to strengthening the U.S.-Georgia partnership.<sup>17</sup>

Several Members of Congress, including Senator Jeanne Shaheen, Representative Gregory Meeks, and Representative David Dreier, observed the election and reportedly urged the two sides to cooperate in governing the country. Senator Shaheen stressed that the outcome of the election demonstrated that President Saakashvili had followed democratic procedures and that warnings by Ivanishvili that the election would not be democratic were false.<sup>18</sup>

On October 3, 2012, Senator John McCain, Senator Joe Lieberman, and Senator Lindsey Graham issued a statement commending President Saakashvili for his efforts to transform Georgia into a prosperous democracy, and pointed to the competitive and peaceful election as evidence of the transformation. At the same time, they raised concerns about Ivanishvili’s call for Saakashvili to resign and about protests by GD supporters, and cautioned that the future of U.S.-Georgia relations depends on Georgia’s continued commitment to democratization.<sup>19</sup>

Lieutenant General John Paxton, Commander of Marine Corps Forces Command, was among the first post-election U.S. visitors to Georgia. He met with Ivanishvili on October 5, 2012, and congratulated him on his electoral victory and emphasized that the United States remained an ally and looked forward to further cooperation with Georgia. Ivanishvili praised U.S. assistance in modernizing Georgia’s military and pledged to continue “our partnership in Afghanistan” and other military cooperation.<sup>20</sup>

Ivanishvili announced on October 3 that his first foreign visit would be to the United States, after the U.S. presidential election, since the country is Georgia’s “principal partner.” Secretary Clinton reportedly telephoned both Saakashvili and Ivanishvili on the evening of October 4 to urge a peaceful transition of power in Georgia. She raised concerns about protests at district electoral commissions and thanked Ivanishvili for his commitment to deepen ties with the United States. Ivanishvili in turn reportedly praised the role of the United States in Georgia’s development.<sup>21</sup>

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<sup>16</sup> Commission on Security and Cooperation in Europe, Hearing on Georgia’s Parliamentary Election: How Free and Fair Has the Campaign Been, and How Should the U.S. Government Respond? *Testimony by Thomas Melia, Deputy Assistant Secretary of State, Bureau of Democracy Human Rights and Labor, Department of State*, September 20, 2012. He also has stated that the delegation strongly urged the UNM and GD to work to prevent violence during and after the election. “Georgia’s Parliamentary Election Results and Their Significance,” The Atlantic Council, October 9, 2012.

<sup>17</sup> The White House, Office of the Press Secretary, *Statement by the Press Secretary on the Georgian Elections*, October 2, 2012.

<sup>18</sup> Ellen Barry, “Georgia’s President Concedes Defeat in Parliamentary Election,” *New York Times*, October 2, 2012.

<sup>19</sup> U.S. Senate, U.S. Senator John McCain, *Statement by Senators McCain, Lieberman, and Graham on Elections in Georgia*, October 3, 2012.

<sup>20</sup> CEDR, October 5, 2012, Doc. No. CEP-950091.

<sup>21</sup> CEDR, October 5, 2012, Doc. No. CEP-950074.

Some observers have raised concerns that two parties in the GD coalition—the National Forum and Industry Will Save Georgia—do not support NATO membership for Georgia. Two other parties in the coalition—the Free Democrats and the Republican Party—are supportive of NATO membership. Observers point to the nomination of leaders of these latter two parties—Alasania as defense minister and Usupashvili as speaker—as boding well for the continuation of this pro-NATO orientation. Meeting with NATO Liaison Officer William Lahue on October 5, Ivanishvili argued that his policies would accelerate Georgia's democratization, so that it soon would meet NATO's standards for membership.

Despite his statements in support of closer relations with NATO and the United States, Saakashvili and others have raised concerns about Ivanishvili's links to Russia and his intentions to improve Georgia-Russia ties. These observers have argued that although Ivanishvili sold his business interests in Russia, this could not have been accomplished without the Kremlin's active involvement. They worry that as a condition for improved bilateral ties, Russia will insist that Georgia loosen its ties to NATO and the United States. Perhaps militating against a substantial thaw in Georgia-Russia relations, Ivanishvili has stated that he rejects Moscow's assertion that South Ossetia and Abkhazia are independent countries rather than parts of Georgia.

While the initial period of the political transition in Georgia has appeared mostly peaceful, political in-fighting within GD and between GD and Saakashvili could increase in coming months, as both sides maneuver before the planned 2013 presidential election. The UNM plans to retain the presidency. Under the constitutional changes, the legislature is slated to gain greater powers vis-à-vis the presidency, so a divided political situation could endure for some time. In such a case, statesmanship and a commitment to compromise and good governance are essential for Georgia's continued democratization, observers stress.

Political instability in Georgia could jeopardize its role as an east-west trade corridor, including for oil and gas bound for the West and for U.S. and NATO goods and equipment transiting the region to and from Afghanistan as part of the Northern Distribution Network (NDN). Russia could gain leverage from this instability. In the case of oil and gas, Azerbaijan may be forced to rely more on export routes transiting Russia, and it may become somewhat more difficult for the European Union to reduce Russia's control over European energy supplies. In the case of the NDN, Russia's significance as a transit route could increase. Rising instability in Georgia might provide other entre to Russian influence, which could impact the regional security situation, including by placing more pressure on Azerbaijan to pursue a less pro-Western foreign policy, according to some observers.

Many in Congress have indicated that they continue to support Georgia's independence and peaceful political and economic development. As Congress considers ongoing foreign and security assistance to Georgia, it will be particularly concerned about the unfolding political transition in the country.

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