

Trade Can Build Peace in Georgia and Abkhazia

By [David Phillips](#)

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Engaging the private sector in peace building activities can help reduce tensions in even the most intractable conflicts. It also creates conditions for resolving problems that gave rise to conflict in the first place. There are many examples of commercial contact as a tool for conflict resolution. The Southeast Europe Economic Cooperation Initiative promoted stability after Yugoslavia's breakup. The Greek-Turkish Business Forum catalyzed bilateral agreements on trade, tourism, maritime and environmental issues. And trade between China and Taiwan has helped reduce tension across the Taiwan Strait. The private sector is well suited to taking a cooperative approach to engagement. Its priorities are market access and a stable environment for doing business.

Peace building through commercial contact is also applicable to Georgia. After Georgia declared independence from the Soviet Union in 1991, Georgia and Abkhazia fought a bloody war in 1992. The frozen conflict remained static until 2008 when Russia and Georgia fought a war over South Ossetia, another breakaway territory in Georgia. Today Abkhazia and South

Ossetia are heavily militarized with Russian troops. Except for some suitcase trade, there is little contact between Abkhaz, South Ossetians and Georgians.

Georgia strongly discourages the recognition of Abkhazia and South Ossetia as independent states. But it recently adopted an action plan for engagement through cooperation. Its progressive approach emphasizes people-to-people and commercial contact to improve conditions and gradually build confidence on both sides. For sure, the current climate of conflict and distrust is prohibitive. There are, however, mutually beneficial economic opportunities in construction, agricultural, tourism and power generation.

A project to extract sand and gravel from the Enguri River is a win-win for Georgia, Abkhazia and Russia. The Enguri marks an administrative boundary line dividing Abkhazia from the rest of Georgia. Materials would be loaded onto barges for construction markets across the Black Sea. Russia urgently needs sand and gravel to build facilities for the 2014 Winter Olympics in Sochi. In addition to jobs, Georgia would benefit from the upgrading of roads, railways and nearby bridges. Abkhaz would receive royalties in exchange for guaranteeing security and safe passage.

Most of the tea consumed in the Soviet Union came from Georgia. Tea plantations existed for 200 years across western Georgia, including Abkhazia. But tea production all but ended with the onset of hostilities in 1992. Restoring tea plantations would encourage displaced Georgians to go back to their villages to work. Improved infrastructure from the Enguri sand and gravel project would also enable tea producers in Abkhazia on the western side of the Enguri to sell their product at processing centers on the eastern side of the river, where Georgians reside. The trade would catalyze both social and economic interaction.

The same model could be explored for other agricultural industries such as hazelnuts, tomatoes, citrus and apple products. Agricultural enterprise zones would commingle Abkhaz and Georgians creating a web of shared interests. The equivalent of a free-trade zone, where commodities, machinery and equipment could be sold, is also possible.

Resort and family entertainment centers could also be built near the Enguri site. Hotel facilities on the beautiful Black Sea coast in western Georgia and Russia would generate tourism with revenue streams across the region.

In addition, hydropower has great potential. The Enguri hydroelectric power plant currently generates 1.3 million kilowatts. With the reservoir on one side and the plant and distribution transformer on the other, electricity supplies are shared between Georgians and Abkhaz. With Georgia's plans for a high-voltage transmission system, including the Khudoni dam and hydroelectric power plant, electricity could be transmitted to the Krasnodar region, where Sochi is located.

Trade would also lessen Abkhazia's isolation. To this end, Turkey can play a pivotal role. Georgia should loosen restrictions on Turkish cargo ships headed into Abkhaz ports. In addition to opening a land route from Turkey to the Gali district, a commercial ferry service between Sukhumi and Trabzon would stimulate trade and tourism.

Commercial contact does not occur in a vacuum. It can only happen if Georgia and the leadership in Abkhazia and South Ossetia want it — and if Russia allows it. While Georgia

previously sought to isolate Abkhazia and South Ossetia, it now realizes that nonrecognition and working toward deisolation are not mutually exclusive projects.

Georgia published its “State Strategy on Occupied Territories: Engagement through Cooperation” in early 2010. The strategy rejects violence as a tool for resolving conflicts, but it doesn’t address status issues, nor does it give ground on recognition. Abkhaz believe that Georgia’s state strategy is too politicized. They reject deisolation vis-a-vis Georgia in favor of enhanced ties to Russia and other countries.

Despite obstacles, grassroots contacts between Georgians and Abkhaz are increasing. Each day, as many as 1,800 persons cross the Enguri River to conduct suitcase trade of commodities and agricultural goods. Medical equipment and pharmaceuticals, such as insulin drugs, polio vaccinations, AIDS and tuberculosis medications, are also procured in Georgia for sale in Abkhazia. Planning for educational exchanges is under way.

Russia, however, turns a blind eye to these people-to-people exchanges. The Georgia-Russia narrative is highly polarized, but the two countries still have extensive economic relations. Russia is Georgia’s fifth-largest trading partner and the fifth-largest exporter of goods to Georgia. Last year, the Verkhny-Lars Kazbegi land crossing was opened, and charter flights were resumed between Tbilisi and Moscow.

The United States wants good relations with both Georgia and Russia. Washington provided more than \$1 billion in foreign aid to Georgia after the war. Georgia, in turn, contributes 1,000 troops to NATO operations in Afghanistan. Georgia’s location makes it a vital trans-Eurasia energy transit country enhancing energy supplies to the West. The administration of U.S. President Barack Obama is also taking a strategic approach to U.S.-Russian relations. The “reset” has enabled better cooperation on nonproliferation by Iran and in hot spots such as Afghanistan and Libya.

Peace building through business reduces tensions within Georgia. By involving Russians in mutually beneficial transactions, it can also reduce the possibility of renewed violence between Russia and Georgia. Business and civil society can still interact when political leaders and diplomats do not.

David Phillips is director of the peace building and rights program at Columbia University’s Institute for the Study of Human Rights and a fellow at Harvard University’s Future of Diplomacy Project.

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