

“Closeness” of PRC and Russian interests in Anaklia and Ochamchire ARVAK Center comment, 07.08.2024¹

On 30.07.2024, it became known that the International Court of Arbitration has rejected the claim of the Georgian-American consortium against the Georgian government in connection with the termination of the contract for the construction of Anaklia deep sea port. The claim was filed in January 2020 after Tbilisi terminated the contract with the “Anaklia Development Consortium” (ADC), which included Georgia's largest commercial bank *TBC Holding* and the US Company *Conti International LLC*. The Georgian-American consortium insisted on the “*illegality of the termination of the contract*” and demanded that the Georgian government reimburse the initial investment of \$80 mln in the port construction. However, after lengthy proceedings, the International Court of Arbitration found the Georgian-American consortium's arguments untenable, dismissed the claim, and ordered the complainant to pay the Georgian government \$650,000 as compensation for legal costs.

Tbilisi thus won a protracted legal battle that prevented the project from being developed with other partners. Following the termination of the contract, the Georgian government announced a new tender for the project “Anaklia”, which was won by a Chinese (also Sino)-Singaporean consortium consisting of *China Communications Construction Company* (China) and *China Harbour Investment Pte. Ltd* (Singapore). In May 2024, official Tbilisi announced that the said consortium had been awarded all rights to the project and 49% of its future profits. The remaining 51% will be retained by the Georgian government.

The project “Anaklia” is of strategic importance for the future of Georgia and its plans to participate in transcontinental trade programs. From this point of view, the connection between the construction of the named port and the tunnel through the Greater Caucasus mountain range, as well as the Georgian-Chinese “Declaration on Strategic Partnership” signed in July, is beyond doubt. Tbilisi is increasingly relying on China, its investments and international support, which to some extent allows it to weaken the strong pressure exerted by the United States and its European allies, on the one hand, and Russia, on the other. At the same time, there is every reason to believe that Georgian projects involving China remain in the focus of the West and Moscow, which do not give up their attempts to create difficulties for them, both of a technical and political-informational character.

In this regard, attention should be paid to almost synchronous appearance in the media space of news about China's involvement in the project “Anaklia” and Russia's activation in Abkhazia. It is about the construction of a naval base of the Russian Navy in the Abkhazian town of Ochamchire, only 30 km north of Anaklia. The agreement was reached in October 2023 at a meeting in Moscow between Vladimir Putin and Abkhazian President Aslan Bjanias. According to Russian, Western and Georgian analysts, the decision to build the base was taken by Moscow because Ukraine's increased naval firepower has made the permanent bases of the Russian Black Sea Fleet in Crimea unsafe. In particular, amid constant attacks from the air and sea on the Bay of Sevastopol, Russia was forced to withdraw some of its warships to Novorossiysk and Theodosia, but the infrastructure of these bases is insufficient

¹ The original (in Rus.) was posted on our website on 05.08.2024.

to fully ensure the mooring of ships and compliance with security measures. Moreover, some argue that in the conditions of extreme militarization of the region, Moscow is trying to secure its southern Black Sea coast by creating an additional maritime defense frontier there. Objectively, these arguments are not unfounded, but there is another interpretation of Russia's motives. In particular, the Dutch investigative journalism group *Bellingcat* does not rule out the possibility that the construction in Ochamchire is related to the project “Anaklia”, and more precisely - to Russia's desire to “*get closer*” to this Georgian port. At the same time, *Bellingcat* refers to the concerns of the Georgian society, allegedly related to the threat of the Russian naval base Anaklia, which Tbilisi wants to turn into an international transit hub. *Bellingcat* analysts also claim that the construction of the naval base in Ochamchire has been progressing slowly, but in the spring referring to the satellite images at their disposal the work was noticeably intensified. Thus, the Western investigative team suggests that Moscow intensified construction after it became known that the tender for the project “Anaklia” had been awarded to the Chinese, who are investing heavily in trade routes bypassing Russia.

This version deserves attention, but at the same time one cannot overlook another important coincidence. The *Bellingcat* report was published exactly two days after the Decision of the International Court of Arbitration not to satisfy the claim of the Georgian-American consortium on Anaklia, which in fact finally deprived the West of any chance to influence the fate of a major logistics project in Georgia.

Thus, it is felt that the West is trying to make Georgian politicians and society in general worry about the fate of Anaklia, which is “*in the Russian Navy's crosshairs*”, as well as to strain relations between Russia and China. And such calculations may not be unfounded.