

ABOUT THE ORIGINS OF MODERN GEOECONOMIC FOUNDATIONS OF GEORGIA

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Abstract

Georgia is a country with a favorable geographical location, soil, climate conditions, natural and civilization resources, culture, human capital. Georgia is at the ancient transport crossroads which connected and connecting the countries of the North and South, West and East. The old Silk Road was the main artery crossing the country and connecting Europe and Asia. Georgia borders the Black Sea. To the east, via Azerbaijan, the country has historically been linked to the Caspian Sea and then to Central and Eastern Asia. Such a location provides the country with favorable conditions for the development of the international economy as well as the economy as a whole. However, Georgia often did not use these favorable conditions. For many centuries, the country struggled for physical and spiritual survival. The country often lacked the necessary historical function, which is completely defined by the historical function of the country in the international political, economic, cultural and religious system.

The situation has changed since Georgia has firmly taken the way towards Euro-Atlantic values. It is now important for Georgia to perform the function of transport corridor, including not only the movement of energy carriers. As a result of the reinforcement of integration processes, the United States, NATO and the European Union have become key strategic partners of the country. Georgia is becoming the center of economic and political interests of various world powers. The government of Georgia, its strategic partners and international investors have developed projects on Anaklia deepwater port, as well as Poti port and on the increase of the Batumi terminal's international transit potential, and other major projects that represent a long-term guarantee of stakeholders interests.

Georgia has become an associated member of the European Union. Citizens of the country are already enjoying visa-free travel and free trade with Europe. It forged relations with its strategic ally, the United States. Georgian citizens gained the right to legal employment in European countries by their respective professional qualifications. In such a geo-economic context we can think of ways to move Georgia forward. With such an approach, the country will play an important role in the pursuit of Euro-Atlantic policy in the Caucasus sub-region as well as in the interests of traditional partners and other countries in the region.

Keywords: *Georgia, strategic partner, transit systems, geo-economic space of Georgia, transport and economic hub.*

JEL Classification: *P20, P21, P28, P29*

I. INTRODUCTION

The role of the geoeconomic factor is important for the development of any country. On the basis of the geoeconomic approach to the situation on the world market, it is possible to tackle the challenge: in what areas of the world economic system, with what technologies and with what kind of professional staff should the country engage to succeed. Such an approach helps us to formulate the state's geoeconomic strategy, its implementation tactics and effective geoeconomic thinking.

For this purpose, the State should ensure: the country's involvement in the world economic system while safeguarding national interests; favorable strategic positioning in world markets; flexible and dynamic use of various forms of international integration; studying strategic rules and methods of competition.

II. GENERAL ANALYSIS

The successful reforms in Georgia since independence have provided the basis for the country's continual development. Now it is important for the country to overcome the challenges facing the economy. This requires expanding the export base, especially by developing industry, transport and tourism, by entering new markets, by boosting economic diversification, and by more balanced economic growth. Many people fall into the category of long-term unemployed. There is a great deal of inequality in society. For more inclusive growth, it is necessary to overcome the imbalance and inconsistency of professional skills with labor market demands. Working conditions must be constantly changing and driving innovation in line with technological developments and new business models. The major challenge for Georgian companies is to find skilled workers, improve the quality of primary and secondary education, provide adequate vocational education, develop curricula and

teacher performance standards, orientate to the needs of the new economy, and effectively utilize the country's geo-economic potential.

Historically, Georgia's geo-economic foundations have been shaped by a variety of economic-historical and political factors. These factors were attributed to epochal geopolitical shifts taking place in the sub-regions of Asia Minor, Central Asia, the Middle East and the Caucasus. These changes were accompanied by continuous wars with neighboring and distant states. The state of Georgia was in constant battles for survival.

Georgia's natural resources include mineral, biological, land and water resources, the World Ocean and recreational resources. Minerals include coal, various minerals, oils, mineral waters, natural fuels and inert gases. Georgia is one of the promising countries on the Eurasian Crossroads with its geographical location, land, sea, climate, natural, civilization resources, culture, human potential. Georgia is at the ancient transport crossroads linking the countries of the North and South, West and East. The Old Silk Road - the main transport artery linking Europe and Asia, crossing Georgia.

Georgia is connected to the Black Sea countries by the Black Sea, and by the Straits of Bosphorus and Dardanelles - the Mediterranean countries; The Gibraltar Strait can connect it with the rest of the world, via the Danube River - to eastern and central European countries. Georgia is at the crossroads of Eastern Europe and Western Asia and is at the same time socio-politically and culturally part of Europe.

Through Azerbaijan, Georgia is linked to the Caspian Sea. Because of this, the country could export its products to the East as well as to the West through the Black Sea. This created favorable conditions for the development of international trade and raising the people's well-being. But for a long time, the country could not use these favorable conditions. Its state borders were often violated and changed.

In the second half of the first millennium BC, the territory of Georgia was 140.4 thousand sq. km., In the I-IV centuries - 134.2 thousand sq. km., in the IX -X centuries -131 thousand sq. km., at the beginning of the XIII century - 205.3 thousand sq. km., in the second half of the XVII century - 133.1 thousand sq. km, by the end of the XIX century (according to the 1886 data) -102 thousand sq. km., Km. As it turns out, the historical territorial area of Georgia varied from 130 to 135 thousand sq. km. and was characterized by certain stability. The territory of independent Georgia is 69.7 thousand sq. km., without territorial waters, accounting for 7099 sq. km.

It is important for Georgia's success to fulfill its historic function. The first was Vakhtang Gorgasali who tried this on a large scale. When Georgia ceased to be the outpost of the Steppe Resistance campaign, David the Builder and his political entourage sought to strengthen the state. They tried to turn Georgia into a cultural and economic power in Asia Minor and the Middle East. Georgia became the country deserving regard in the world. Georgia of the Queen Tamar was an important participant in establishing the world order. Then Georgia, along with other countries, was greatly affected by the Mongol hordes. In 1453 the Byzantine Empire fell. The state of Georgia soon weakened as well. Later, in the 18th century, Erekle II wanted to launch a geographically opposite operation from Vakhtang Gorgasali and link it with Russia in the north. At the end of the 18th century, the country was forcibly integrated into the Russian Empire. This was followed by a policy of Russification, which ultimately led to the strengthening of our national identity and the protection of our language, as well as our love for freedom. In the last decade of the 20th century, post-independence conflict began in Georgia, which continued until the 2008 war. Almost all empires were coming in and leaving Georgia, conquering alternative parts of Georgia. Nevertheless, for centuries Georgia has almost always managed to survive as a state and continues to do so.

The geo-economic space of Georgia was violated and reunited many times. It should be noted that Georgia emerged as a classically completed, historically, geographically, economically and ethnographically united territory. In the past, Georgia's political borders often changed, but at least, the same territory always called Georgia. These are the eight provinces where the Georgian people lived for centuries: Kartli, Kakheti, Samtskhe-Saatabago, Imereti, Guria, Samegrelo, Svaneti and Abkhazia. These 8 historic provinces are linked with each other by strong economic ties. At the same time, they are surrounded by natural barriers from neighboring countries. Consequently, they could not exist economically without unity. So there was a historical, genetic link between them. Georgia's geopolitical and geoeconomic space has undergone changes throughout its three-hundred-year history, both due to external and inter-regional challenges, and to the contradictions of certain historical, cultural, and administrative areas of the country. The individual kingdoms and principalities of the country had different rates of development at different historical stages of Georgian statehood. Frequent political instability was an integral part of the development of Georgian statehood. Tbilisi has always been the center of unification of Georgian geopolitical and economic space.

Modern globalization has taken competition to the nation level. Rapid upgrading of technologies has been a key to success in the competition. The global technology market has become a complex mechanism for the breakdown of relationships between technology producers and their users, the alignment of their interests, and the creation of a single competitive market. States and transnational corporations have become major subjects of geoeconomics. Georgia's economic development has largely depended on scientific and technical ideas and development, creative people, modern infrastructure, advanced technologies and innovations.

As a result of the reinforcement of integration processes, the United States, NATO and the European Union have become key strategic partners of the country. Georgia has become an associated member of the European Union. Citizens of the country are already enjoying free trade and visa-free travel with Europe. Relations with our strategic ally, the United States, have been significantly strengthened and deepened. In many countries, Georgian citizens have been granted the right to legal employment by their respective occupational qualifications.

It is very important that negotiations between the US and Georgian airlines on the issue of direct flights between Georgia and the US have begun. To this end, the Ministry of Economy and Sustainable Development conducted a survey. Direct flights to the US are both strategically and commercially attractive. This is not just a strategic task for Georgia, because the US is a strategic partner of the country and the launch of direct flights will be a very clear, unambiguously positive political regime. It is also commercially attractive to companies who can afford it.

It is important for Georgia to integrate into all sectors of the European Union, be it cultural, educational, social, transport or economic spheres. It is important for the EU to provide financial and political support to the country in order to resolve the issues of illegal borderization and to resolve difficult relation with its neighbor peacefully. Today illegal borderization, occupation of territories, denial of territorial integrity, restriction of free movement of citizens, separation of families and villages are contrary to the principles of international law, respect for human rights, freedom of movement. Only with the support of Georgia's international strategic partners and the involvement of international organizations can the long-term stabilization of the country's challenges and complicated relations with Russia be possible.

The above developments characterize the geopolitical choices of modern Georgia. The American analyst A. Cohen gives his estimation on the country's geopolitical location. He noted that Turkey's control of the Black Sea strategic region and by blocking access to the west of Armenia Georgia holds the key to the Caucasus Gateway which is the key to the Caspian Sea and the Silk Road to Western countries. US interests are important in enhancing diplomatic involvement, assisting in foreign policy and security, developing energy resources, developing a transportation and communications system that will support the development of American companies in the region. The geographical significance of the Caucasian subregion lies in its proximity to the "hot spots" of the Middle East. Moreover, its geopolitical significance is due primarily to Caspian energy reserves and their transportation plans, a key factor in the fact that Georgia is becoming a center of interest for various world powers. The country's strategic interests can be understood in this context. Georgia can become a transport and logistical, regional economic hub.

In terms of geoeconomics, the importance of the country in the world has largely been determined by its key regions - the nodes that link global flows of goods, finance, people, technologies and information.

The term "geoeconomics" indicates the change of the era of geopolitical struggle. The geopolitical struggle between states has been replaced by economic competition. In modern geoeconomics three levels can be distinguished: world, regional and national levels. Countries participate differently at each of these levels. From the strategic management point of view, there are strategic people at the top level who take and implement decisions "from top to bottom" in the areas of responsibility, jurisdiction and sovereignty. These individuals represent a group of leading countries united in various formats of interaction (G7 or G8, G20, NATO, IMF, etc.), and in some international organizations that govern the world. This is a conceptual level of management-coordination aimed at identifying possible areas of world development, solving problem situations, making conceptual decisions. Mistakes at this level of management can endanger the world system.

Geoeconomics, the pursuit of sound geoeconomic policies, has become an important development factor for all countries in the world. The US and other major countries have vast geoeconomic space and diverse resources. They are less dependent on the rest of the world. Small countries can only participate in the distribution of world resources and revenues through strong strategic partners.

The State of Georgia, its strategic partners, international investors have developed Anaklia deepwater port, Batumi terminal international transit potential, and other major projects that represent a long-term guarantee of stakeholders interests.

Anaklia Port will play a major role in the Black Sea region. The largest port of Constanta will ship containers through the Danube to Central European countries. European countries will have an interest in making Georgia a safer country. This is a historic opportunity and opportunity and chance.

The implementation of the Anaklia deepwater port project is important in the context of the development of Georgia's economy, strengthening of its geopolitical function and bringing an additional component of security. There is also a project of deepening the Poti port. The constitution of Georgia states that the implementation of the Anaklia deepwater port project is a state priority. The port of Anaklia will have great benefits and assistance from the state. The state is ready to offer the investor \$100 million investment, 1000 hectares of land, free economic zone with special status and exclusive status. The port will be 16 meters deep, enabling it to receive 10,000-container vessels (TEU - 20-pound equivalent). Anaklia's deep-water port is on the strategically important section of the Georgia Silk Road, One Belt - One Road initiative, the shortest route

between China and Europe. This has made it a major gateway for cargo transportation in those regions of Central Asia and the Caucasus. Anaklia Port will serve markets in the Caucasus region (Georgia, Azerbaijan, Armenia), (Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyzstan and Tajikistan) and northern Iran.

Georgia has the potential to become a regional energy hub. The US has turned from the largest energy consumer to the largest energy producer for the first time, and this is a very serious situation. Ukraine may receive American liquefied gas from Qatar, Algeria and Norway in the future through pipelines already in Poland. Russia can also increase the volume of liquid gas production. For Georgia's energy independence perspective and diversification needs it is necessary a deepwater port. If there is Anaklia port, it will be possible to install a liquid gas platform. Through it, Georgia can obtain liquid gas from the United States, Algeria and Qatar. This will significantly increase Georgia's transit potential.

The port of Anaklia will allow Europeans to take advantage of an alternative corridor for the East-West land trade currently carrying out through Russia. In addition to being of strategic importance, the port has great commercial potential. Even by the most pessimistic calculations, by 2025 the port of Anaklia should be able to receive 600,000 TEU (equivalent to a 20-pound regular container) cargo and 10,000 container ships. These vessels are the largest ones on the Bosphorus Strait and Georgia's ports (Poti and Batumi) nowadays cannot accept them.

Today Georgia is really evolving into a regional transport hub. The country is actively developing a trans-European transport network, integrating the country's transit systems into the network. In order to develop the transit corridor, the project of digitizing the transit corridor passing through Georgia is planned together with the partner countries. The country, along with its significant physical infrastructure, will have a modern high-tech management model.

Today Georgia's major challenge is for the country to play its role in shaping Euro-Atlantic policy in the sub-region of the Central Caucasus. With regard to the Black Sea region, Georgia can pursue its geoeconomic objectives in the light of the strategic political and economic interests of the countries: the United States, the United Kingdom, the European Union, France, Germany, Russia, Turkey, China, the Caucasus, and Central Asia.

Given this context, Georgia's place and role in the sub-region of the Central Caucasus, in today's civilizational dimension, can be determined. Such a strategy is the highest value of all social values that express national-state development. In this regard, it should be noted that Georgia is pursuing a sound state policy that defines how Georgia can maintain its place. It is important that the government views Georgia's geo-economic role as a strategy "for itself" and for the world's strategic entities. The highest strategy of the country in the dimension of the Orthodox civilization is the strategy of ensuring the eternal existence of the people and the country, their security and prosperity, as the growth and prosperity of the population are the key factors of all changes in the economic system.

Georgia has regained its historical function. The country, with its transit geopolitical location, will facilitate the export of Caspian oil and gas resources to Europe. Railways, docks, highways, airports, the new "Great Silk Road" - all of this is important to Georgia, not just in terms of moving energy carriers.

III. CONCLUSION

Analysis of development history in the context of geoeconomic (geopolitical) economy presents Georgia's geoeconomic challenges. It is important that Georgia is a maritime state. Georgia, which holds the key to the Caucasus Gateway, is a springboard of the Western countries to the Caspian. Georgia becomes a participant in the Black Sea security system. The interests of the US, other strategic and traditional partners, and transnational corporations are important.

Georgia has historically been populated by peoples of many nationalities and religions. Accordingly, one of the most important directions of the current national policy of the country should be effective adaptation to the realities of a multinational, multi-confessional state. The solution to this problem is to establish dialogue between religions, to address the national, cultural and religious needs of minorities, to develop a new approach.

Since 1991, Georgia's geo-economic potential has been elevated as a result of a firm, enhanced orientation towards Euro-Atlantic values. This is mainly due to the Caspian energy reserves and their transportation plans. For the country, this is a key factor, as well as Georgia becoming a center of interest for various world powers. The country will play an important role in the implementation of Euro-Atlantic policies in the Caucasus subregion as well as in the interests of traditional partners and other countries in the region.

It is necessary to pay close attention to economic ties with Russia. Strained relations with Russia are hampering Georgia's economic development at a faster pace. Only with the help of international strategic partners it can be possible for countries to move to the mode of mutual understanding and dialogue. This is important for the fulfillment of the state tasks of the country.

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