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### Special Report for Alex Poole-Warren

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## HEADLINES

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### Georgia

War: Risk to aviation in and out of Tbilisi has reduced; however, cargo and marine risks around Poti are still significant.

## EURASIA

### Georgia

**War: Risk to aviation in and out of Tbilisi has reduced; however, cargo and marine risks around Poti are still significant.**

#### Key Judgment

The likelihood of an early negotiated peace settlement between Georgia and Russia has decreased following Russian recognition of independence of South Ossetia and Abkhazia. Risk to aviation operations in and out of Tbilisi has reduced; however, cargo and marine risks around Poti remain significant.

#### Some Recent Risk Relevant Events

**31 Aug 08** The president of Venezuela recognised independence of Georgia's breakaway regions of Abkhazia and South Ossetia, following Russia's and Belarus' decision.

**28 Aug 08** Secessionist South Ossetia claimed that a Georgian unmanned surveillance aircraft had been downed while flying over Tskhinvali.

**27 Aug 08** A US ship with humanitarian aid docked in Batumi, Georgia; Russian military naval vessels docked elsewhere in response.

**27 Aug 08** Reports said that Russia might set up three military bases in Georgia's secessionist

regions of South Ossetia and Abkhazia.

**27 Aug 08** Officials said that South Ossetia had released 85 Georgians and Georgia had released 13 Ossetians detained during recent fighting.

**27 Aug 08** A Russian official said a Georgian reconnaissance drone had flown over Russian soldiers in South Ossetia, breaching a peace deal.

**27 Aug 08** US warship Dallas arrived at Georgia's Batumi Port to deliver humanitarian aid; US warship McFaul arrived at Poti Port recently.

**26 Aug 08** President Medvedev recognised the independence of Georgia's breakaway regions of Abkhazia and South Ossetia.

### **Detailed Analysis**

**Cargo and marine risks are most significant around the Poti area because of Russia's continued military presence in the area and an increased naval deployment off Georgia's western Black Sea coast.**

Although Russian troops have withdrawn from a military base in Senaki and the town of Zugdidi, both south of Georgia's breakaway region of Abkhazia, they maintain presence outside Poti. Media reports have stated that the Russian military set up a checkpoint some 7 kilometres outside the port and block the main land entry to the port facilities. Four other checkpoints have been set up within 35 kilometres of Poti and in the vicinity of the main road leading to Tbilisi. Russian ships are also reportedly patrolling Georgia's western coast. However, unlike in previous weeks, there have not been any major attacks on the port facilities in recent days. There has also been an increased naval deployment to Georgia's western coast. On 27 August, Russia sent missile cruiser Moskva and two smaller missile boats (part of Russia's Black Sea Fleet stationed at Sevastopol, Ukraine) to the port of Sukhumi, located in Abkhazia. Given the situation in Poti, the US re-routed its Coast Guard cutter Dallas with 34-38 tonnes of humanitarian aid to the Georgian port of Batumi, south of Poti on 27 August. The US had sent destroyer USS McFaul,

delivering small humanitarian aid to Batumi on 24 August. The Russian authorities have also accused NATO of reinforcing its presence in the Black Sea, claiming that 18 NATO vessels were present in the area; NATO officials said that the additional deployment was for a routine and long-planned naval exercise off the coast of Bulgaria and Romania. Regardless of the reasons, the increased naval deployment in the Black Sea increases the risk of accidental escalation and of business disruption around the Poti area, especially for Western vessels off Georgia's western coast.

**Operations in and out of Tbilisi International Airport have returned to normal; military aircraft over Abkhazia and South Ossetia are at risk of shutdown.**

Tbilisi International Airport has seen an increased number of flights with humanitarian aid in recent days and commercial airlines have also gradually resumed their chartered and scheduled flights to Tbilisi. Military aircraft over the secessionist regions of Abkhazia and South Ossetia are still at risk of intentional shutdown. Indeed, on 28 August, South Ossetian officials claimed that a Georgian unmanned surveillance aircraft had been downed while flying over the capital of South Ossetia, Tskhinvali. Civilian and military aircraft in Georgia will be at risk of accidental shutdown, mainly if Russia resumes its military operations there, which we, however, consider unlikely in the coming weeks.

**The likelihood of a negotiated peace settlement between Georgia and Russia has decreased significantly, following Russia's decision to recognise an independent Abkhazia and South Ossetia.**

On 26 August, Russian President Dmitry Medvedev signed decrees that recognised the independence of Georgia's breakaway regions of Abkhazia and South Ossetia, the first country to do so. While the US and a number of EU members have put pressure on the Russian authorities to reverse the decision, President Medvedev has confirmed that the decision was 'irrevocable'. Since then, Belarus, and Venezuela have recognised independence of the two

regions; Russia's other allies are likely to follow suit. The decision significantly decreases the risk of a negotiated peace agreement between Georgia and Russia. Since the signing of an EU-brokered ceasefire agreement, Georgia has severed its diplomatic relations with Russia, recalling its diplomats from Russia. Similarly, the two countries, as well as the secessionist regions of Abkhazia and South Ossetia, have refused to hold direct peace talks with each other. As a result, the present stalemate in the peace process and mutual accusations of violations of the EU-sponsored peace plan are likely to persist in the coming weeks.

**The European Union is unlikely to impose any substantial economic sanctions on Russia.**

On 1 September, the EU held an emergency meeting aimed at finding a common stance on relations with Russia after its military operations in Georgia. Although several states in the EU had called for tough measures, including sanctions on Russia, in the build-up to this meeting, the EU failed, according to preliminary reports, to impose any sanctions. Several countries (i.e. Italy, Germany and France) are reluctant to adopt measures that would alienate Russia in general, and affect energy supplies in particular. Reports indicated that, together with a demand from Russia to abide by Sarkozy's 6-point peace plan, and an offer to send EU observers and peacekeepers to the region, the EU offered support for Georgia. This reportedly comprised an offer to establish a free trade zone with Georgia and to loosen visa restrictions. Instead of sanctions, the EU decided to 'examine' its relations with Russia in the coming weeks, thus giving itself more time to find a common stance and suggesting that any actions would be small scale or unofficial (e.g. visa or business delays rather than outright restrictions or sanctions).

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