



GEORGIAN FOUNDATION FOR
STRATEGIC AND INTERNATIONAL STUDIES

THE THREE SEAS INITIATIVE AND GEORGIA: PERSPECTIVES AND CHALLENGES

GRIGOL JULUKHIDZE

156

EXPERT OPINION





საქართველოს სტრატეგიისა და საერთაშორისო ურთიერთობათა კვლევის ფონდი
GEORGIAN FOUNDATION FOR STRATEGIC AND INTERNATIONAL STUDIES

EXPERT OPINION

GRIGOL JULUKHIDZE

**THE THREE SEAS INITIATIVE AND GEORGIA:
PERSPECTIVES AND CHALLENGES**

156

2021



The publication is made possible with the support of the US Embassy in Georgia. The views expressed in the publication are the sole responsibility of the author and do not in any way represent the views of the Embassy.

Technical Editor: Artem Melik-Nubarov

All rights reserved and belong to Georgian Foundation for Strategic and International Studies. No part of this publication may be reproduced in any form, including electronic and mechanical, without the prior written permission of the publisher. The opinions and conclusions expressed are those of the author/s and do not necessarily reflect the views of the Georgian Foundation for Strategic and International Studies.

Copyright © 2021 Georgian Foundation for Strategic and International Studies

ISSN 1512-4835

ISBN

What Does the Three Seas Initiative Mean?

The Three Seas Initiative (3SI) aims to strengthen ties in the region of the wider Central Europe (between the Baltic, Adriatic and Black Seas) which creates a solid foundation for economic development in terms of energy, transport, digital communication and the economy.

It was established as a forum for cooperation between 12 countries: Austria, Bulgaria, Croatia, the Czech Republic, Estonia, Lithuania, Latvia, Poland, Romania, Slovakia, Slovenia, and Hungary. The area comprising the countries belonging to the Three Seas Initiative constitutes almost one-third of the total area of the European Union. Over 112 million people live there. The region is experiencing stable economic growth and a limited unemployment rate.

The priority for the 3SI is to build a coherent and well-integrated infrastructure in Central Europe which will render the possibility to make up for development lags resulting from historical events. As a result, the infrastructural and economic inequalities of the common European market will be reduced and this will limit the division of the EU into less and more developed areas of integration. The most important added value of the Initiative is the assurance of political support at the highest level of state authorities for investments which have so far been a neglected field of cooperation between the Central European countries. The Three Seas is, therefore, pro-European and complementary to the existing regional cooperation formats (Ministerstwo Spraw Zagranicznych, 2020).

The first meeting of the Initiative took place on September 29, 2015 in New York while the first formal Three Seas Summit was held on August 25, 2016 in Dubrovnik. Its participants adopted a joint declaration - **they agreed that cooperation in the Adriatic-Baltic-Black Sea area, both within the EU and in the wider trans-Atlantic space, must be revitalized but without creating parallel structures to the existing cooperation mechanisms.** Countries have endorsed the Three Seas Initiative as an “informal platform” for gaining support for projects in Central and Eastern Europe in the energy, transport, digital communications and economy sectors.

The second summit of the Three Seas Initiative took place on July 6-7, 2017 in Warsaw. The co-hosts of the summit were the Presidents of Poland, Andrzej Duda, and Croatia, Kolinda Grabar-Kitarović. US President Donald Trump was a special guest. The event accompanying the summit was the

Global Forum - a meeting of representatives of governments, business and media as well as leading experts in trans-Atlantic affairs on the subject of Europe-America relations.

The third summit of the Three Seas Initiative was held on September 17-18, 2018 in Bucharest. The participants of this summit adopted a joint declaration according to which the business and economic nature of cooperation under the Initiative will be extended. This will be achieved by the goals achieved during the third Three Seas Summit: signing a declaration on the establishment of the Three Seas Economic Chambers Network, signing a letter of intent on the establishment of the Three Seas Fund and adopting a catalog of priority projects for the Initiative. Apart from the representatives of the highest authorities of the 12 countries, the third Summit in Bucharest was also attended by Rick Perry, Heiko Maas, Jean-Claude Juncker and Corina Cretu.

The fourth Summit of the Three Seas Initiative was held in the capital of Slovenia on June 5 and 6, 2019 with the participation of the president of the Federal Republic of Germany, the president of the European Commission and the US secretary for energy as well as partners from the UK, the Balkan states and the Eastern Partnership. During the Summit, a declaration was adopted confirming the formal registration of the Three Seas Initiative Investment Fund whose authorities were joined by representatives of Polish, Romanian and Czech institutions.

The fifth Summit of the Three Seas Initiative took place on October 19-20, 2020 in Tallinn where another important partnership direction was defined – Georgia (among others) - the only country in the South Caucasus with a declared will of Euro-Atlantic integration and pro-Western aspirations. Additionally, Tbilisi is the closest ally of Poland in the region (as we know, Warsaw is a principal advocate/sponsor of the 3SI and a co-architect of the Eastern Partnership). But before focusing on the potential role of Tbilisi in this multinational format, let us illustrate the economic and energetic perspectives of the Three Seas Initiative.

The 3SI from Economic and Energy Prisms

In the last 15 years, the Three Seas countries have been one of the most dynamically developing regions of the European Union. In the years 2004-2018, the share of the Three Seas countries in generating the EU

GDP increased by almost 4% up to 19%. The leaders were Poland (5.3%), Slovakia (4.8%) and Romania (4.7%). All countries in the region (except Croatia) grew at least three times faster than the EU average.

The Three Seas countries are already an important industrial center of the EU, especially for the automotive industry. In these countries, the average share of the added value generated by industrial production to GDP is 16.7% while the corresponding indicator for other EU countries is 13%, almost one-fourth lower. For decades, infrastructure investments in the region have focused on the effective connection of the Three Seas Initiative with industrial centers in Western Europe while development on the north-south axis has been neglected. This is one of the reasons for the relative stagnation of intra-Three Seas trade as compared to trade with other EU countries. The common denominator of almost all of Central Europe is the relatively underdeveloped transport, logistics, energy and digital infrastructure - both within countries and in the cross-border dimension. In this respect, catching up with the most developed economies of Western Europe is a basic condition for the further development of the Three Seas Initiative as well as for the creation of a regional network of connections that will fuel economic growth (Popławski and Jakóbski, 4-5, 2020).

One of the most important areas of cooperation between the 3SI Member States is the energy sector. The ultimate objective is energy independence from the Russian Federation. Moscow plays a key role in the gas supply to the CEE¹ region. The initiating countries are well aware that the Kremlin's presence as a major supplier of natural gas calls into question the security of the entire region. For Russia, the energy lever is a mechanism of political manipulation and pressure, pushing the 3SI to diversify its energy resources. The LNG² system is considered as an alternative gas supply mechanism. It aims at the connection of Polish and Croatian LNG terminals and the other member states should have a stable natural gas supply through interconnectors thanks to a north-south corridor. In this regard, the Świnoujście terminal (on the Polish Baltic coast) should be mentioned which already received its first tanker in 2018 and reaches the Krk LNG terminal in the Adriatic Sea (Omišalj, Croatia).

Additionally, there are several plans to enhance energy security. One of the most ambitious ones is Baltic Energy Market Interconnection Plan

¹ Central and Eastern Europe.

² Liquefied natural gas.

(BEMIP). This plan envisages the creation of an integrated electricity and gas supply system between the Baltic States and the rest of Europe plus the eventual elimination of energy isolation. The initiative's members are Denmark, Germany, Estonia, Latvia, Lithuania, Poland, Finland, Norway and Sweden (European Commission, 2020). It is worth mentioning that the above-mentioned projects are implemented with the political, technical and financial support of the European Commission which underscores the importance of the Three Seas Initiative for the EU (Pipia, 2019).

US Support for the Three Seas Initiative and Nord Stream 2

In February 2020, the former Secretary of State, Mike Pompeo, announced that the United States pledged to donate a billion dollars to finance the Three Seas Initiative to promote energy and economic security.

This initiative/resolution, brought to Congress over 18 months ago, had 42 sponsors. The main one was Marcy Kaptur, a Democrat from Ohio, who has been involved in the affairs of Central and Eastern Europe for years. The document supports the Three Seas Initiative in its efforts to increase energy independence and infrastructure connections, thus strengthening the security of the United States and Europe (News Today, 2020).

US congressmen noted the US government's commitment to donate one billion dollars to the Three Seas Fund in the aforementioned resolution. They also recall the "Communist governments imposed on Central and Eastern Europe by the former Soviet Union which left the region with a significant infrastructure deficit, especially in terms of transport routes and power lines along the north-south axis."

At the same time, the resolution notes that insufficient infrastructure development "causes the excessive dependence" of the countries in the region on Russia and the Kremlin "aims to weaken democratic institutions and freedom in Europe by hybrid means," including by using energy supplies.

In the resolution which was passed, the congressmen spoke in favor of "building an undivided, safe, rich and free Europe." They also encouraged the countries of the Three Seas Initiative to take action on joint projects in the field of energy, infrastructure and digital connections. The congressmen called on the Three Seas countries to "extend the vision of regional

infrastructure cooperation to non-EU countries in the region, including Ukraine, Moldova, Georgia and the Western Balkans.”

“As a strong advocate for the independence and security of Europe’s energy markets, I am proud to see our Three Seas resolution pass the House today. While Russia hopes to hold our European allies hostage with their Nord Stream 2 pipeline, the Three Seas Initiative seeks to counter their malign influence. The collaboration between Eastern European countries will help strengthen their regional interconnectivity to secure the energy markets of our most important partners,” said the Chamber member Adam Kinzinger (Three Seas, 2020).

3SI Perspectives for Georgia

The declarations of the 3SI leaders perfectly illustrate that this regional platform is not an exclusive club for EU/NATO members – it is, in fact, the other way around. During the Tallinn Three Seas Virtual Summit of October 19, the Polish President, Andrzej Duda, solemnly mentioned that the 3SI provides Ukraine, Moldova and Georgia with great economic and political opportunities. And as an added value, it can relatively facilitate the process of Euro-Atlantic integration for aspirant countries.

“Interconnecting various 3SI actors would help maintain stability and democracy in countries that the Old West formally describes as ‘peripheral.’” This interconnection in terms of a ‘spillover’ effect implies more concentrated efforts to solidify institutional governance and the rule of law in the ‘peripheries’ that matter and that is rightly seen as fitting into the Western political, security and cultural context to which Georgia belongs” (Kipiani, 2020).

The 3SI-Georgia confluence automatically means a bold improvement of transport, energy, digital and IT infrastructure. In addition, Tbilisi can get a “tasty piece of cake” from the 3SI dynamically growing investment fund which may reach USD 20 billion by 2025.

Apart from the inter-state infrastructural projects from which Georgia may benefit economically, the 3SI will bring Tbilisi closer to Europe and vice versa. This political “side-effect” is extremely important for the country which is experiencing a tremendous vacuum of democracy in the region (especially after the war over Nagorno-Karabakh which resulted in the

vivid fortification of Turkish and Russian positions in the South Caucasus). The presence of Western-oriented political projects increases the visibility and credibility of Tbilisi as a reliable partner with predictable aspirations.

But the Three Seas Initiative is not a story about benefits... it requires relevant steps as well:

- First of all, Georgia has to prove that it can meet the expectations of 3SI member states (in terms of democracy, economic freedom and political stability).
- Another factor is the flexibility in decision-making which should immediately apply to the strategic needs of the alliance.
- Last but not the least, there needs to be active cooperation with the 3SI founding members in order to get an invitation before ultimate plans are defined.

The Three Seas Initiative can be considered as a new Marshall Plan for Central and Eastern Europe. It will open a path to many important economic and political initiatives. It strengthens the EU and deepens trans-Atlantic cooperation, it consolidates freedom and diffuse, prosperity and it is a chance that may grant Georgia significant tools for economic and democratic transformation.

And the most important thing, the doors of the 3SI are open ...

References:

1. European Commission. 2020. „Baltic Energy Market Interconnection Plan“. https://ec.europa.eu/energy/topics/infrastructure/high-level-groups/baltic-energy-market-interconnection-plan_en.
2. Kipiani, Victor. 2020. “The Three Seas Initiative: An All-important Project for Georgia and the Region.” The International Centre for Defense and Security (ICDS). <https://icds.ee/en/the-three-seas-initiative-an-all-important-project-for-georgia-and-the-region/>.
3. Ministerstwo Spraw Zagranicznych RP. 2020.
4. Popławski, Konrad and Jakub Jakóbowski. 2020. *W Kierunku Budowy Bliższych Powiazań: Trójmorze Jako Obszar Gospodarczy*. Warszawa: Polski Instytut Ekonomiczny.
5. Three Seas. 2020. <https://3seas.eu/media/news/resolution-supporting-three-seas-initiative-unanimously-passes-u-s-house-of-representatives>.
6. Pipia, Giorgi. 2019. „The Three Seas Initiative“. Foreign Policy Council. <https://foreignpolicycouncil.com/2019/05/06/სამი-ზღვის-ინიციატივა/>