

Main Aspects of Economic and Business Cooperation between Georgia and China

Nika CHITADZE *

Abstract

Bilateral relations between Georgia and Peoples Republic of China were established in 1992.

China was one of the first countries who recognized independence of Georgia after the disintegration of USSR. Very soon China opened the embassy in Tbilisi, which gave a strong boost to the historical, political and economic relations between two countries.

Georgia-China ties in the trade/economic relations have expanded from the period when Georgia managed to overcome the crisis, related to the Georgia-Russia war.

During the last period, China has shown growing interest in Georgia. Notably, Chinese interests in Georgia currently focus on the economic sphere. However, the two countries share a common foundation for closer diplomatic cooperation. Additionally, deepening economic and business relations have a geopolitical corollary—by increasing its economic footprint China would have a growing interest in Georgia's stability and security, especially, after presenting the Belt and Road Initiative (BRI) in 2013. The BRI is a diverse series of projects and encompasses both land and sea corridors and includes 65 countries - nearly two-thirds of the world's population, and one-third of global GDP. Within this project, Georgia can help shorten the distance between China and Europe, which will be positively reflected on the transit potential of this South Caucasus country.

Keywords: belt and road initiative, China, cooperation, geopolitics, Georgia, trade

JEL: M21

Introduction

Relations between the two countries began during the functioning within the ancient period “Great Silk Road” – changed: began in the ancient period when the Great Silk Road was functioning, which connected China with the Black Sea coast. This road started in China and 2 branches were heading towards the West. Central Asia was connected with the Caucasus crossing Georgia and the Black Sea to Greek cities and reaching Rome.

The development of the Great Silk Road contributed to the development of economic and cultural ties between the East and West.

In the modern era, diplomatic relations between China and Georgia were established on June 9, 1992, when bilateral communiqués were signed (Chitadze, 2011).

China and Georgia deepen cooperation every year. The Chinese side recognizes the independence and territorial integrity of Georgia and welcomes the efforts of Georgia aimed at ensuring stability and economic development of the country.

Various public and private circles in China are expanding business cooperation with Georgia in the humanitarian, educational, and cultural fields. Between the regions and cities of the two countries, exchanges often take place.

In the future, the Chinese side will continue to develop friendly relations between China and Georgia. Both countries are particularly focused on strengthening ties and consultations between the respective authorities of the two countries at different levels. On the other hand, the volume of trade and economic relations between China and Georgia is increasing. Cooperation in agriculture, transport, infrastructure, and other areas is also a priority.

* Professor, Director of the Center for International Studies, International Black Sea University, Tbilisi, Georgia.

Email: nchitadze@ibsu.edu.ge

In recent history, bilateral relations are becoming more intense. In 2006, joint business forums were held as part of the visit of the President of Georgia and the Minister of Economic Development to China. The Agreement on Technical and Economic Cooperation between the Government of Georgia and the People's Republic of China was concluded on March 21, 2008. New agreements in this area were concluded on December 29, 2009 and July 4, 2010 (Chitadze, 2011).

On March 17-22, 2010, by the invitation of the Chinese side, a delegation of the Georgian parliament visited China (Chitadze, 2011).

At the beginning of 2014, the Georgian delegation visited China, led by then-Minister of Economy Giorgi Kvirikashvili. During the visit, the Georgian delegation met with the leaders of the Silk Road Foundation, the parties discussed the new initiative of China, bilateral trade and prospects for China-Georgian relations. It was after this meeting that the Chinese side first announced that the new Silk Road would also pass through Georgia. It also became known that Georgia will be the first country in the region with which China will begin negotiations on free trade (Topuria, 2015).

After the Davos summit in early 2015, a meeting of Chinese and Georgian officials once again confirmed the start of a free trade agreement between China and Georgia. In addition, a Memorandum of Understanding was signed and the future active cooperation between the countries was emphasized in the framework of the Silk Road Economic Belt project. China's Minister of Commerce Kao Huchen stated that this step is of "strategic importance" for Sino-Eurasian economic cooperation.

It is important to note that although China is a member of the Shanghai Cooperation Organization, despite Kremlin efforts, official Beijing, refused to recognize the "independence" of the two occupied regions of Georgia.

In general, it can be mentioned, that China's interest in Georgia and the South Caucasus as a whole is neither new nor unexpected, because China always considered this region as very important from geopolitical and geo economic points of view.

The purpose of this paper is to analyze the main historic, geo-economic and other significant aspects of commercial and economic relations between China and Georgia since the period of restoration of national independence of Georgia.

Research Questions:

- 1) How the relations with China will be reflected on further socio-economic development of Georgia?
- 2) What is the dynamics of Georgia-China business and economic relations?
- 3) What are geopolitical and geo economic factors of the Chinese interests toward Georgia and South Caucasus Region?

The following research methods have been used:

- 1) Quantitative, particularly a statistical approach, related to the determination of the amount of volume of Chinese investments in different sectors of the economy of Georgia, volume of trade between two countries, etc.
- 2) Historical analysis for determining the main dates of Georgia-China relations within the most important historic period – post-cold war period;
- 3) Comparative analysis – related to the analysis of the volume of trade during different years of Georgia-China relations;
- 5) Content analysis – the documents, which have been adopted in the framework of China-Georgia relations were studied among other ones;
- 6) Narrative analysis – related to deep analysis of all those processes which are interrelated with bilateral relations between two countries.

As for the **methodological framework** of the paper, the theory of complex interdependence is used. Also, the paper is based on different concepts related to the geopolitics and geo-economics – for example, analysis of geopolitical interests of China in the South Caucasus Region.

With regards to the findings of the paper, different aspects of Georgia-China cooperation and concrete projects are analyzed in detail, which significantly promotes relations between two partner states.

Economic-Trade Cooperation between Two Countries before Signing the Free Trade Agreement

As it was noted, diplomatic relations between China and Georgia were established in 1992, mainly focused on the economic aspect, but even in this respect it wasn't perfect. Thus, in the twentieth century, trade between the two countries amounted to only \$ 3.7 million. However, in recent years, China's interest toward Georgia has grown significantly. For example, if at the beginning of the XXI century, bilateral cooperation was manifested in Chinese loans for the development of infrastructure of Georgia, in recent years, China itself has become one of the main investors and players in Georgia and South Caucasus region. Very soon, the "Middle Kingdom" became the third trading partner of Georgia after Turkey and Azerbaijan. If trade turnover between the countries in 2006 amounted to 115 million US dollars, by 2014 it was 820 million US dollars. Exports from Georgia increased by 1800 percent in 2014 compared to 2009 (Topuria, 2015). As to the period of January-November 2020, the total volume of trade despite COVID 19 was 946.8 Million USD. With regard to foreign direct investment, by 2011 they amounted to 9.6 million US dollars compared with 200 million US dollars in 2014 (Anguridze, 2020). At present, China can already be considered one of the closest economic partners of Georgia. However, China's interest is only growing now and these numbers will increase significantly in the future. China begins to invest in energy, transportation systems and infrastructure.

This is because as already mentioned, China indeed shows vested interest in Georgia and, therefore, invests significantly in this country. Although, Georgia was not even mentioned in the initial plan and this evokes certain doubts. But, this factor can be explained by several aspects, particularly, by the important geopolitical location of Georgia on the crossroad between Europe and Asia from one side, and because of economic activation of China in the different regions of the World.

One Belt One Road Initiative

"One Belt One Road" (Chinese: 一帶一路) is a proposal which was discussed since the 2010s by the People's Republic of China (PRC) for the implementation of combined projects of the Silk Road Economic Belt and the 21st Century Maritime Silk Road.

The proposal was first put forward by the Chinese President Xi Jinping during his visits to Kazakhstan and Indonesia in the fall of 2013. In such political documents as the "Social and Economic Development Plan for 2015" and "Government Performance Report", the construction of the Belt and Road was included in the list of important tasks set for the new Chinese government. Chinese Foreign Minister Wang Yi stressed that the implementation of this initiative would become the "focus" of the PRC's foreign policy activities in 2015. It was confirmed that this huge project would be included in the 13th Five-Year Plan, which had to be adopted in 2016. The essence of this Chinese initiative is to search, form and promote a new model of international cooperation and development by strengthening the existing regional bilateral and multilateral mechanisms and structures of interaction with the participation of China. Based on the continuation and development of the spirit of the ancient Silk Road, One Belt and One Road calls for the development of new mechanisms for regional economic partnership, stimulating economic prosperity of the countries involved, strengthening cultural exchanges and ties in all areas between different civilizations as well as promoting peace and sustainable development. According to Chinese official figures, Belt and Road covers most of Eurasia, connecting developing countries, including, new economies, and developed countries. On the territory of the megaproject, rich reserves of natural resources are concentrated, 63% of the world's population lives, and the estimated economic potential is 21 trillion US dollars (World Bank, 2019).

The Role of Georgia within "Great Silk Road"

For Georgia, as for the hub of the "Silk Road Economic Belt" the fact that the possibilities of the establishment of the free trade regime between China and European Union are actively being discussed is especially important. From this point of view, "Silk Road Economic Belt" creates the new stage of economic relations between European Union and China. Both, Georgia and China, are the members of World Trade Organization. For the development of economic relations between two countries, it is important to point out the fact, that, from one perspective, the free trade agreement between two countries has been signed, whereas from another, Georgia signed the document with the EU on Deep and Comprehensive Free Trade Area (DCFTA). At the same time, Georgia signed Free Trade Agreement with European Free Trade Association. Accordingly, trade relations between China and EU and its enlargement will promote the establishment of Georgia as a hub, which will connect with each other China and EU (in the framework of those relations, special attention is paid to the implementation of the Anaklia Deepwater port and Baku-Tbilisi-

Akhalkalaki-Kars railway projects). Furthermore, the above-mentioned factors will create the convenient base for strengthening the security environment in Georgia. It is important to mention that due to the transportation of Caspian oil and gas from Azerbaijan to Turkey, Georgia already implements the role of energy resources transport hub. If we take into consideration the fact that Azerbaijan practically introduced its role as a transport hub of energy resources, it can be underlined that Georgia and Azerbaijan, together have the hub function for transport and energy resources in Central Caucasus. From this point of view, it is necessary to consider the fact, that owing to the DCFTA agreement with EU, it is important for Georgia that for exporting the products at the European market, those goods should be produced in Georgia. This aspect will make Georgia as an attractive country for all those states, which still have no free trade agreement regime with the European Union. Companies from those countries will be interested in the implementation of investments to Georgia and the products to be produced in Georgia will afterwards be exported to European market. Those conditions fully concern China, which already carries out investments in different economic sectors of Georgia. From this point of view, Georgia can become an economic hub, which adequately corresponds to the content of the project "Central Asia-Western Asia Economic Corridor" (Papava, 2019).



Picture 1. China's Belt and Road Initiative

Source: <https://georgiatoday.ge/news/18786/Securing-the-Belt-&-Road-Initiative:-China%E2%80%99s-Approach-to-Georgia>

“Middle Kingdom” in the Middle of Europe and Asia

It may be very difficult to point when and why China decided to include Georgia in its ambitious plans. The main reason is probably related to the geopolitical situation of Georgia, in which the “Middle Kingdom” can consider this Caucasus country as the best bridge between Europe and Asia. In addition, we can also consider the Baku-Tbilisi-Kars railway as an extra advantage since one of the points is that the rail link between Asia and Europe is already attractive to China.

Many experts believe that when it comes to cooperation between China and Georgia on the Silk Road and the role of Georgia as a transit country, official Beijing must take into account many interesting factors, in particular, China, which considers Georgia as a reliable transit country in terms of energy and transport, seeking to become a logistics center with the help of international partners. China oversees the process of building a new deep-water port in Georgia with an annual cargo turnover of 100 million tons (Topuria, 2015). The construction of this port covers seven stages, and there is great interest from Chinese companies wishing to participate in this project.

Georgia and China are negotiating infrastructure projects: building roads, bridges, etc. In 2015, with the initiative of both parties, a pilot train was sent from China to Georgia, which took only nine days to travel from the Far East to Georgia. It was the first test train that made it clear that there was a great opportunity to reduce the time needed to travel by rail; the distance will be reduced by about 7,000 kilometers which is a clear alternative to sea travel (Topuria, 2015). Consequently, Georgia can become attractive to one of the largest countries in the world, which provides the shortest route from China and, in general, it will connect Asia and Europe through this shortest route.

While discussing China-Georgia relations, it is important to emphasize Georgia's role in the new "Silk Road Project", specifically – the goal of Georgia is to make the country a center of peace, logistics and trade, which is Georgia's historic mission.

During the meeting of the Prime Ministers of the People's Republic of China and Georgia in 2015, one of the largest companies in the world, the Chinese Railway Construction Corporation signed a Memorandum of Understanding with the Georgian Railway (Danelia, 2017).

While signing the memorandum, it was mentioned that Georgia and China have already achieved success in the rail sector. In particular, the first freight rail service from China to Georgia was implemented, which arrived in Georgia in record time – nine days, when actually it takes about 45-60 days for this to arrive from Georgia to China. Further improvement and development of this sector is planned in the future.

Within the visit to China, the head of the Government of Georgia met the president of the Asian Infrastructure Investment Bank and the parties discussed prospects for future cooperation. The representatives of the Georgian delegation focused on favorable conditions for the business sector in Georgia, the strategic geographical location of the country and importance of the free trade agreement with the European Union.

The bank's president, Litsun Son, made the following statement: "Georgia will be one of the first countries where Asian Infrastructure Investment Bank will launch projects" – (Ministry of Economy, 2017). Besides, at the meeting it was noted, that there were many areas in the Georgian economy that attracted Chinese companies. In particular, investors were interested in transport (railways, ports), energy (renewable energy, Hydro resources), industry, tourism, healthcare, agriculture, and other sectors. Most probably, this is the main reason, why China is among the leading foreign-trade partners of Georgia within the last several years period.

During the Prime Minister's visit, it was also announced that one of the largest Chinese corporations "Donfgang Elettrie" would be involved in the construction of Tkibuli's 150 MW thermal power plants. The project envisages the construction of a coal-fired thermal power plant in Tkibuli municipality. Its installed capacity is 150MW, with annual output of 1 billion kWh. The total cost of the project is 180-200 million USD (Ministry of Economy, 2018).

The Prime Minister's visit also revealed that one of China's largest companies, the "Dzuhai Dang Heng Qi Company" might launch a new road project in Georgia, with an investment worth more than a billion dollars.

It is remarkable that during the Prime Minister's visit to Beijing, the Dalian Municipality and the Autonomous Republic of Adjara (Region of Georgia) signed a memorandum of cooperation.

At the end of the visit, the Prime Minister restated that Georgia was looking forward to future cooperation with China, especially, within the project of the Silk Road. Prime Minister believes that Georgia is successfully using its strategic location to become part of the "One Belt-One Road" initiative and its vision, as indicated in the action plan of the government of China.

After the Prime Minister's visit, it became known that the largest Chinese state-owned energy company, POWERCHINA, got interested in the Anaklia port (Black Sea coast) project.

Basic Principles of Enacting the Free Trade Agreement with China

The free trade agreement with the second largest economy in the world entered into force on January 1, 2018. As a result, according to January-October 2020, China is Georgia's number one export partner. For example, Georgian wine export to the Chinese market is growing rapidly. During the given period, the volume of products, having been exported from Georgia to the Chinese market amounted to 418.9 million USD, while import from China amounted to 572.9 million USD (Chitadze, 2020).

Chinese Investments in the Georgian Economy

Chinese Foreign Direct Investment first appeared in Georgia in 2002 with the volume of \$ 2.5 million, with periodic volatility. Although, in 2014 it reached its highest target of \$ 220 million and accounted for 12% of total investment in Georgia. It should be noted that after 2007, the year of 2014 was a record year for Georgia in terms of foreign direct investment - \$ 1.83 billion. For the modern period, the total volume of Chinese investments in Georgia is 679 million US dollars.

Recent statistics show that Chinese sectors of interest for investment are: construction, real estate and the financial sector.

As of 2019, about 200 companies having been founded with Chinese capital are registered in Georgia and enjoy active status. "Hualing Group" can be considered as the most successful one. It is represented in the real estate, tourism (Company MyWay Airlines - 100%) and financial sectors (95% of the Basis Bank). Company "Eastern Energy Corporation" has been operating in the field of energy in Georgia since 2004. It owns the Khadori Hydro Power Station, which is the first station with Chinese capital in Georgia after gaining independence. "Rustavi Steel Corporation Company" Ltd., which has a construction fittings factory near Rustavi. In addition, participation of the company China Nuclear Industry 23 Construction Co., LTD is very important in the development of the first wind power plant project in Georgia, which was successfully put into operation in December 2016 and its installed capacity is 20.7 MW. In January 2020, another 2 thermal power plant was successfully launched with the participation of the Chinese company - China Tianchen Engineering Corporation (TCC) in Gardabani, with an installed capacity of 230 MW. As the current situation analysis shows, Chinese capital is interested in establishing a significant place in the Georgian economic space. Practically, in every major field Chinese companies are trying to establish certain types of positions. Recently, Chinese capital has entered the free economic zones of Poti, Kutaisi and Tbilisi.

It should be noted that one of the most tangible and important projects of Chinese investments is the electric car factory, which should be built in Kutaisi and which was scheduled to be completed in August 2020. The project has to be implemented by the Chinese company "Changan", which is one of the leaders in the world in the field of electric vehicles and cooperates with such giant manufacturers as "Volkswagen", "Volvo" and "Ford". According to the company's announcement, this high-tech enterprise will be able to produce 4 types of models and 40,000 electric cars per year, 50% of which will be intended for foreign markets, with the inscription "Made in Georgia".

This project is a good opportunity to establish positions at the international leading markets within the framework of free trade agreements, which helps Georgia to develop industrial production, new technologies and employment. Georgian-Chinese cooperation in the field of innovation and technology is a relatively small but important area. In particular, the Chinese government has already allocated funding in the form of grants in the amount of approximately \$ 7.2 million. The mentioned project envisages the construction of a scientific techno park in Tbilisi, which will be equipped with the necessary equipment for innovation. It is also necessary to mention about some important projects that have been announced but for some reason have not been implemented. However, at the same time, they could have a significant economic impact in Georgia, in particular:

- In 2018 the foundation of the Development Bank of Georgia **was announced** with a capital of 1 billion by "CEFC China Energy Company Limited" And by "Eurasian Invest LLC". This bank will be new for attracting Chinese investors to Georgia in strategic terms;

- Development of tea industry in Georgia;

- Establishment of the Georgian-Chinese Fund for Regeneration of Georgia, which will be implemented with the support of the Georgian Partnership Fund and the Chinese CFC and within its budget of 50 million (51% of the amount is Chinese and 49% is Georgian contribution) the Georgian startups will be funded;

- Creating a "Silk Road Common Market Zone", which should facilitate the development of an innovative trade model. At the same time, it is clear that the Chinese side is quite interested in the port of Anaklia, which was confirmed by their participation in the construction competition and their desire to be involved in the future. However, on the other hand, this factor has caused a mixed reaction in Georgian partner states. Also important is the experience of Chinese companies and / or their need in areas such as:

- Business Process Outsourcing (BPO);

- Tourism;

- Construction and real estate;

- Light and heavy industry;

- Maritime industry;

- Logistics centers;

- Traditional and renewable energy (including solar and wind energy) and others (Charaia, Lashkhi, 2020).

Georgian Wine Export to China

One of the largest and most important export products of Georgia - wine, is characterized by a high growth trend in recent years. In 2018, 86.2 million bottles of wine were exported from Georgia to 53 countries, from which the country received \$ 203 million and ranked at 17th place in the ranking of world wine exporting countries. According to 2019 data, 94 million bottles of wine were exported, which is by 9% more than in the same period of 2018, from which the country received the highest income of \$ 240 million, which is also by 17% more than in the same period of previous year. Unlike traditional markets, China is a relatively new market for Georgian wine, although it is characterized by growing trends. According to 2019 data, China is also among the leading countries by the distribution of Georgian export production, with 7 089 259 bottles and it takes the honorable third place, after Russia and Ukraine. Along with the free trade agreement, Georgian wine marketing campaigns, exhibitions, festivals, weeks, etc. were intensified in the Chinese market, which helped to raise awareness of the country and its 8,000-year-old wine tradition. For the last few years, a series of events has been held in the cities of different provinces of China, which serve one goal - to get acquainted with Georgian wine. Introductory tours of Chinese wine importers are frequent in Georgia, where they get acquainted with the varieties, installation technologies, meet local producers, negotiate and draw up future plans, which actually have tangible results. This is proved by the statistics. In particular, within the last 6-8 years, Georgian wine exports to China have increased for 8 times, and within the period 2015-2019, Georgian wines (more than 20 types) on the Chinese market have moved from 18th to 9th place. Pitcher wine is also gradually gaining popularity. As studies have shown, there is a special demand in the Chinese market for red dry wine, where it mainly occupies the middle and premium segment. In 2013-2017, Georgian wine exports to the Chinese market grew at a record rate and reached a peak in 2017 when the number of bottles exported amounted to almost 8 million. Since then, an 8% decline has been observed in 2018, and an increase of about 1.5% in 2019. For reference, in 2017, Chinese companies pre-replenished stocks, which was facilitated by subsidies issued by the Chinese government under the Belt and Road Initiative. The entry into force of the free trade regime also played a role, during of which companies preferred to monitor the processes and study them better. Today, even under the conditions of COVID-19 spreading, Chinese companies make purchases according to local market demand (Charaia, Lashkhi, 2020).

Tourism in 2019

Before the spread of COVID 19, a new historical maximum for Georgian tourism in 2019 was marked - 9.35 million international visitors. The number of Chinese visitors to Georgia was growing rapidly, which has been facilitated by simplified online visa procedures for Chinese citizens and the appointment of air traffic. As a result, 48071 Chinese visitors visited Georgia in 2019, by 51% more than in 2018. It should be noted that Chinese visitors are in the seventh place in the top ten most spent visitors, with an average cost per visit - 2253 GEL.

Simple calculation shows that the expenditures of Chinese visitors to Georgia in 2019 were equal to 108 million GEL, which is 1.1% of revenues from tourism (Charaia, Lashkhi, 2020).

Role of Baku-Tbilisi-Akhalkalaki-Kars Railway on the Development of China-Georgia Relations

On December 4 of 2020, the first train (consisting of 42 wagons) departed from Istanbul to China, transporting cargo from Turkey to Far East via the Baku-Tbilisi-Akhalkalaki-Kars railway (a total distance 8,693 km. Railway crosses the territory of 5 countries). It is noteworthy that if previously travel the same distance took at least 18 days, at this stage it took 12 days to transport goods by this railway. Overall, the commissioned railway will connect Europe and China and bring significant revenue to transit countries (including Georgia).

This corridor will facilitate the export of products which will be produced on the territory of Georgia to the world market and will also reduce the price of products exported from Georgia as well as part of the products, to be imported to the Georgian market by railway.

It can be said that this is an unprecedented case/phenomenon, because until today, railway cargo transportation from China to Europe was mainly implemented via Russia. However, a few days ago, an export train to China passed through Georgia for the first time.

In the first phase of the project, about 6.5 million tons of cargo to be transported by this rail will be possible, and it is

planned to increase the capacity to 17 million tons in the future.

In addition to the issue of cargo handling within the project, there are significant expectations regarding passenger movement as well. Experts consider that at the initial stage of the railway operation (after solving the coronavirus problem), it is estimated that about 1 million passengers will be transported. For this purpose, the Azerbaijani government already has an agreement with the Swiss company "Stadler" for the production of passenger wagons. In the long run, the number of passengers per year could reach three million people.



Picture 2. The Baku-Tbilisi-Kars Railway is a Bridge between Europe and Asia

Source: https://azertag.az/en/xeber/German_Press_The_Baku_Tbilisi_Kars_railway_is_a_bridge_between_Europe_and_Asia-1108245

It is very important to note that the railway corridor will operate in a two-way mode. Consequently, a significant part of the cargo will be concentrated on the territory of Georgia, which is very important in the future not only for the further development of Georgia's transit function, but also for the export of Georgian products to Europe and China (Chitadze, 2020).

Conclusion and Recommendations

Despite the fact, that the diplomatic relations between Georgia and China started as soon as Georgia gained national independence, close economic cooperation has been established only for the last 5-7 years and it is characterized by quite positive dynamics. Despite the establishment of intense relations, the inflow of finance resources from China is not so great. Among them, neither Chinese tourists nor remittances make a significant contribution to overall figures. The only one that is characterized by a relatively rapid growth rate is Georgia-China foreign trade. Taking into account the above-mentioned factors, it is important to make the following recommendations:

- Develop a long-term plan for economic cooperation, including, sectoral action and strategic programs in terms of large-scale penetration of Georgian goods and services in the Chinese market;
- Use different Chinese platforms (exhibitions, conferences, forums, etc.) to popularize Georgian products (other than wine or other products with wine);
- Share the Chinese experience in the field of renewable energy, mainly, in the field of solar and wind energy;
- Attract export-oriented (including, to the EU) Chinese and joint investments in the areas of light industry, maritime economy, agriculture, etc.;
- Cooperate in the field of innovation and technology, including, joint support for the modernization of techno parks and startups;

- Maximize the popularization of free trade regimes with Georgia's global economic players (China and the European Union) to attract investment from different countries;

- Actively communicate with the United States in parallel with intensification of economic cooperation with China to justify the need for such cooperation and the absence of threats to the West.

Overall, it is undoubtedly important to say that China unequivocally supports Georgia's sovereignty and territorial integrity while Georgia remains committed to the principle of "One China." Further development of cooperation with the country, which represents the second economy in the world will be positively reflected on the national political and economic interests of Georgia in the future.

Taking into account the above-mentioned railway project, it can be concluded that is a clear example of how multilateral EU-proposed TRACECA (Europe-Central Asia-Caucasus-Europe Transport Corridor) and Chinese One Belt One Road initiative will be carried out in practice, which will promote the development of cooperation between participating countries. In addition, the railway will have a significant impact on the process of further integration of Georgia into global processes.

Due to the geopolitical situation, Georgia is distinguished by a very important transport-geographical location. Its territory is not only the axis of the Europe-Caucasus-Asia transport corridor (TRACECA) but also serves as a key function of the shortest transport highway connecting with each other Eurasian countries. Therefore, taking into account the main principles of China-Georgia relations, Georgia can make a great contribution to the functioning of the "Great Silk Road", which will be positively reflected on the national interests of the country.

References

- Azerbaijan State News Agency, 2017. The Baku-Tbilisi-Kars railway is a bridge between Europe and Asia. Retrieved from: https://azertag.az/en/xeber/German_Press_The_Baku_Tbilisi_Kars_railway_is_a_bridge_between_Europe_and_Asia-1108245
- Chitadze, N. (2020). Business media, Georgia. GEOPOLITICAL, ECONOMIC AND GEOSTRATEGIC SIGNIFICANCE OF BAKU-TBILISI-AKHALKALAKI-KARS RAILWAY. BUSINESS MEDIA, GEORGIA. [HTTPS://BM.GE/EN/ARTICLE/GEOPOLITICAL-ECONOMIC-AND-GEOSTRATEGIC-SIGNIFICANCE-OF-BAKU-TBILISI-AKHALKALAKI-KARS-RAILWAY/72096](https://bm.ge/en/article/geopolitical-economic-and-geostrategic-significance-of-baku-tbilisi-akhalkalaki-kars-railway/72096)
- Chitadze, N (2011). Geopolitics. Edition: "Universal". Tbilisi, Georgia 2011 (in Georgian).
- Danelia, I. (2018). Forbes. Free Trade between Georgia and China (In Georgian). Retrieved from: <https://forbes.ge/news/2712/Tavisufali-vaWroba>
- Georgia Today. Securing the Belt & Road Initiative: China's Approach to Georgia. Retrieved from: <https://georgiatoday.ge/news/18786/Securing-the-Belt-&-Road-Initiative:-China%E2%80%99s-Approach-to-Georgia>
- Media for Business, 2018 – Considering main economic events (in Georgian). Retrieved from: <https://m2b.ge/post/240158-2018-wlis-mnisvnelovani-ekonomikuri-movlenebi>
- Ministry of Economy of Georgia (2017). Georgia and China signed free trade agreement (in Georgian). Retrieved from: <http://www.economy.ge/?page=news&nw=180&s=sqartvelosa-da-chinets-shoris-tavisufali-vachrobis-shesaxeb-xelshekruleba-gaformdeba>
- Tsuladze, Z. (2016). Georgian wine during the searching the new markets (in Georgian). Voice of America. Retrieved from: <https://www.amerikiskhma.com/a/georgian-wine-looks-for-new-sales-markets/3662884.html>
- World Bank, 2019. Belt and Road Initiative. Retrieved from: <https://www.worldbank.org/en/topic/regional-integration/brief/belt-and-road-initiative>

ახალი აზრეუმის გზა და საქართველო. 2018. საქართველოს მომავალ დიპლომატთა კლუბი. მასალა გამოყენებულია ვებ-გვერდიდან: <http://blog.fclub.ge/2015/10/20/%E1%83%90%E1%83%AE%E1%83%90%E1%83%9A%E1%83%98-%E1%83%90%E1%83%91%E1%83%A0%E1%83%94%E1%83%A8%E1%83%A3%E1%83%9B%E1%83%98%E1%83%A1-%E1%83%92%E1%83%96%E1%83%90-%E1%83%93%E1%83%90-%E1%83%A1%E1%83%90/>

პაპავა, ვ. 2017. ერთი სარტყელი ერთი გზის ინიციატივა და საქართველო. მასალა გამოყენებულია ვებ-გვერდიდან: [mhttps://www.gfsis.org/files/library/opinion-papers/93-expert-opinion-geo.pdf](https://www.gfsis.org/files/library/opinion-papers/93-expert-opinion-geo.pdf)

ჭარაია, ვ. კურდღელია, ლ. ანგურბიძე, თ. ლაშვი, მ. გულბანი, შ.შატაკვიშვილი, დ. ჩინეთის ფაქტორი ქართულ ეკონომიკაში, 2020. Retrieved from <https://sector3.ge/Libraries/Download/365>