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**GEORGIA'S EU-ACCESSION PATH IN LIGHT
OF THE "FOREIGN AGENT LAW" AND HUNGARY'S
EU-PRESIDENCY**

GRÚZIA EU-CSATLAKOZÁSA AZ „ÜGYNÖKTÖRVÉNY”
ÁRNYÉKÁBAN ÉS AZ EURÓPAI UNIÓ TANÁCSÁNAK
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MKI POLICY BRIEF

Summary: In May 2024, the Georgian parliament adopted the law known as the “foreign agent law”, which was followed by a barrage of Western attacks on the Georgian ruling party. The US imposed sanctions on Georgian Dream parliamentarians and Germany effectively froze Georgia’s EU accession. The Hungarian government, on the other hand, has expressed its support for the Tbilisi administration and vetoed a unified EU statement of condemnation on Georgia. However, even the Presidency of the EU Council is not enough to launch accession negotiations, thus Budapest can only offer alternative support to the EU aspiring state.

Keywords: Georgia, Georgian Dream, Presidency of the EU Council, United States, Germany, EU aspiring state

Összefoglalás: 2024 májusában fogadta el a grúz parlament az „ügynöktörvény” néven elhíresült jogszabályt, melyet követően a Nyugat összttüze zúdult a grúz kormánypártra. Az Egyesült Államok szankciókat vetett ki a Grúz Álom parlamenti képviselőire, s Németország befagyasztotta Grúzia európai uniós csatlakozási folyamatát. A magyar kormány ezzel szemben támogatásáról biztosította a tbilisi kormányt és megvétózta az egységes európai uniós állásfoglalást Grúziával szemben. A csatlakozási tárgyalások megindításához azonban még az Európai Unió Tanácsának soros elnöksége is kevés lesz, Budapest csak alternatív támogatást tud nyújtani az EU-aspiráns kaukázusi államnak.

Kulcsszavak: Grúzia, Grúz Álom, európai uniós csatlakozási folyamat, Egyesült Államok, Németország, Európai Unió Tanácsa, EU-aspiráns állam

Civil society and sovereignty in Georgia

On May 28, 2024, the Georgian Parliament adopted the so called “foreign agent law”, or the [Law on Transparency of Foreign Influence](#), which obliges Georgian NGOs and media outlets to register with the authorities as “ an organization carrying out the interests of a foreign power” if they receive more than 20 percent of their budget from foreign sources. Organisations that are required to register are also obliged to publish on their websites their annual financial statements - to which neither the public nor the authorities have had access so far. Failure to do so could result in a fine of 25.000 lari, equivalent to more than 900 dollars, or 3.3 million forints.

The adoption of the law was preceded by a lengthy public debate. The first draft was submitted to the legislature in February 2023 by a splinter party of the Georgian Dream, Khalkhis Dzala (People’s Power). The first draft was different in phrasing, as it required the registration of foreign founded organisations as “agents of foreign interests”.

This wording, and the political push to list foreign-funded organisations, appeared to show parallels with a similar [legislation](#) in Russia. The so-called “foreign agent law of Russia”, adopted in 2012 and amended several times hence, defines organisations, media outlets and even individuals that receive foreign financial support or are “under foreign influence” as “foreign agents” (иностранные агенты). However, the Russian law does not specify the scale of financial support, and foreign funding of up to 1 or 2% of the budget can entail sanctions that are not limited to fines, but can include [measures](#) that severely restrict the operation of organisations - so beyond the wording, the impact of the Georgian legislation is difficult to compare to the Russian law. The former is aimed at increasing transparency, a fundamental democratic value, while the latter is aimed at restricting civil society. Georgia enjoys one of the freest legal environments in the world for NGOs and the donors who fund them, but if these organisations take an active role in Georgia’s internal politics and have the ambition to influence decision-making, while being under the influence of foreign organisations and states, this raises serious questions about Georgia’s sovereignty. The transparency provided for by the new legislation through financial declarations does not limit the operation of these organizations, but merely makes it more transparent.

The draft law, however, has sparked significant social opposition – thousands have [taken](#) to the streets of Tbilisi to demand its repeal, while a debate between pro-government and opposition MPs has turned into a scuffle in parliament. Georgia’s Euro-Atlantic partners have also voiced their opposition. Josep Borrell, the EU High Representative for Foreign Affairs, [said](#) that if the law was passed it would have serious consequences for Georgia’s EU accession process. The US embassy in Tbilisi [expressed](#) doubts about the country’s Euro-Atlantic integration. Under pressure, the bill was eventually removed from the legislature’s agenda in March 2023, but the debate on the functioning of NGOs in Georgia has not been resolved.

There are some 26,000 [registered](#) NGOs in Georgia - one NGO for every 143 citizens in a country of 3.7 million people, an extremely high number by global standards - although it is not known how many of these are active. [According](#) to Nikoloz Samkharadze, chairman of the Georgian parliament’s foreign affairs committee, 90 percent of Georgian NGOs receive foreign funds, which are spent in forms and for purposes unknown to the authorities. According to the [EU Roadmap for Engagement with Civil Society in Georgia](#), last updated by the European Union’s diplomatic service in 2021, only half of Georgian CSOs (Civil Society Organisations) produce annual financial reports and only 26% publish them. In contrast, the Georgian government operates with the most transparent budget in the world – Georgia has been ranked number one for years in the [world ranking](#) of national budget transparency.

Although the civil society in Georgia is engaged in a wide range of socially useful work, from rural development to education, the political and cultural engagement of NGOs is a source of serious tension in the Georgian public sphere, which is increasingly [criticised](#) in connection with the Georgian entrenchment of liberal political discourses and socio-cultural processes typical of Western democracies, such as the “culture war” for multiculturalism or the LGBTQ lobby. This may be part of the reason why trust in NGOs among the Georgian population fell from 35 to 20 percent between 2008 and 2019, according to a Caucasus Research Resource Center [poll](#). A typical example is that

while Georgia is considered to be the “most homophobic country in Europe” by several international surveys – 84 percent of the population, well above the European average of 37 percent, [considers](#) same-sex sexual relations to be always wrong –Tbilisi Pride, [supported](#) by the National Endowment for Democracy, the UN and the Netherlands, [holds](#) scandal- and violence-filled parades in the Georgian capital every year.

The Georgian Dream party, which has been in power since 2012, is trying to make the finances of organisations more transparent, mainly because of the close links between the civil sector and the political opposition. NGOs and newspapers, which are predominantly funded by the US and EU, essentially support the liberal opposition against the conservative ruling party – the newspaper Tabula, for example, which is affiliated with the Evrop’uli Sakartvelo (European Georgia) party, is [funded](#) by the Finnish government, while the US-based National Democratic Institute [funds](#) women opposition parliamentarians. A particularly serious case was when a USAID-funded NGO invited “revolution experts” from Serbia in September 2023 to train civil activists in a workshop on how to organise successful civil discontent movements – a case the ruling party [called](#) an attempted coup.

Between East and West

The government of Georgia, a state situated between Russia and Türkiye, taking into account geographical, historical and economic realities, has not fully aligned itself to the Euro-Atlantic geopolitical agenda, but has pursued a multi-alignment foreign policy and a set of pragmatic, transactional bilateral relationships. While the government is committed to Georgia’s EU and NATO accession – a commitment that was included in the [constitution](#) in 2018 during the second government of the Georgian Dream with an absolute parliamentary majority – it also maintains close economic-political relations with a range of regional and international actors, notably Azerbaijan, Türkiye and China, and in some respects seeks to normalise economic relations with Russia.

Georgia, uniquely in the region, has not only joined the Belt and Road Initiative, but since July 2023 has had a strategic partnership agreement [governing](#) its bilateral relations with China. The Free Trade Agreement, [signed](#) in May 2017, has led to a year-on-year increase in trade between the two countries, with China [becoming](#) Georgia’s fourth largest trading partner in 2023. However, the top ranking in terms of economic relations is taken by Türkiye – Georgia’s largest trading partner since 2007, with bilateral trade [reaching](#) nearly \$3 billion in 2023. Political relations between Ankara and Tbilisi are also governed by a strategic partnership agreement, and the two sides have recently [expressed](#) openness to bilateral defence cooperation.

Georgia’s energy security is to a large extent guaranteed by Azerbaijan – in 2022, the Caspian country [accounted](#) for nearly 80% of Georgia’s gas imports. However, since the Azerbaijani gas industry has penetrated the much higher-priced European markets, the amount of gas exported to Georgia has decreased, and could have only been replaced by Russian exports. While in 2022 Russia supplied a mere 18.4 percent of Georgia’s gas imports, in 2023 it [supplied](#) 21.5 percent. Geography and history, unlike foreign policy, do not change with governments. One of the many result of more

than two centuries of coexistence is that Georgian wine, Georgia's fifth largest export product, is by far the most popular in Russia. In total, some 32,000 companies registered in Georgia are **owned** by Russian citizens, including JSC RMG Copper, which accounts for more than 10 percent of Georgian exports, and JLC Telasi, which is the exclusive provider of electricity in Georgia.

Since the August 2008 war, however, there have been no diplomatic relations between Russia and Georgia, and apart from economic cooperation, there is practically no political link between the two sides – even the conflict management in Ossetia and Abkhazia is not being **conducted** within the frameworks of bilateral negotiations, but the Geneva International Discussion, under the auspices of the UN, the EU and the OSCE. The prospects for political dialogue have been further diminished by Russia's aggression against Ukraine, when Georgia formally applied to join the European Union in March 2022. Although the EU '**rediscovered geopolitics**' in the shadow of the war in Ukraine and gave new momentum to enlargement policy, the same obstacles to enlargement policy that had already been experienced in the Western Balkans emerged, such as the political pressure of certain member states put on candidates in line with their own economic and geopolitical agendas, disguised in the masquerade of concerns to rule of law and democratic values, disrespecting candidates' sovereignty. The **denial** of candidate status to Georgia by the European Council in June 2022, while granting it to Ukraine and Moldova, can be interpreted as a manifestation of this politically biased pressure. Although candidate status was finally **granted** to Georgia in December 2023, accession negotiations stalled before they even started.

Georgia's EU-accession and the Hungarian Presidency of the EU Council

After the adoption of the "foreign agent law", the Georgian government came under fire from the West. The United States of America has **imposed** travel restrictions on dozens of members of the Georgian Dream party and their families, and the Washington administration has indicated that it is re-evaluating its relations with Tbilisi in light of the "anti-democratic" developments in Georgia. As a result of the latter, in early July 2024, Washington "indefinitely **postponed**" the planned joint US-Georgian Noble Partner military exercise in Georgia. Further sanctions are also envisaged in the draft *Mobilizing and Enhancing Georgia's Options for Building Accountability, Resilience, and Independence Act*, or MEGOBARI Act, **introduced** by Republican Congressman Joe Wilson, Chairman of the US Commission on Security and Cooperation in Europe.

But the United States also uses the technique of the carrot and stick. The MEGOBARI Act would also grant Georgia a series of concessions if the ruling party's policies "show significant and sustained progress towards reinvigorating its democracy", with the minimum requirements of a "balanced environment" before the October elections and fair and free elections. Although this set of conditions highlight abstract expectations

for the ruling party, starting with a discursive retreat from the party's own political philosophy, the Georgian Dream could presumably not meet these expectations even if it wanted to.

European Union External Action, the EU's diplomatic service, on behalf of the whole EU, [condemned](#) the legislation the day after it was reintroduced and, following its adoption, presented a package of sanctions to the EU's Foreign Affairs Council, which would have included the withdrawal of financial aid for Georgia and visa restrictions. Germany's ambassador to Tbilisi, Peter Fischer, [said](#) Berlin would block the start of accession talks with Georgia until the government withdrew the controversial law. The deadlock over Georgia's accession process was finally [confirmed](#) by the European Commission in June 2024, and later it froze €30 million in military development aid for Georgia.

The European Union's unified condemnation of Georgia was, however, vetoed by Hungary. The Hungarian position differs significantly from that of the European mainstream, marked by Germany. Balázs Orbán, the political director of the Hungarian prime minister, [stated](#) that the Hungarian government's aim was not "not to veto #Georgia's Law on the Transparency of Foreign Influence, but to encourage the introduction of similar laws across the EU! Protecting one's #sovereignty from unwanted foreign interference is not a threat but a precondition for democracy—this is what the law is about, and instead of condemning it, #EU should perhaps also follow the lead." Unlike the US, the Hungarian government does not see the controversial legislation as anti-democratic, but as democratic, as it seeks to ensure transparency in the civil sector, and transparency is a fundamental democratic value.

The complete dissonance between the two opposing interpretations of the law cannot be the result of cognitive processes alone, there is a clear political motivation behind Western actions against Georgia. The European Union, and Germany in particular, is the main source of foreign aid and assistance to Georgia, according to the latest External Aid to Georgia [report](#). However, the vast majority of EU money has not been spent on social or rural development, but on projects to [improve](#) the rule of law and democratic governance. The US [invested](#) \$4.3 billion in Georgia between 1992 and 2020, making it one of the largest recipients of US aid per capita worldwide since the collapse of the Soviet Union. State oversight and transparency in the free flow of capital, measured in billions of dollars, does not seem to be in the interests of either the European powers or the United States.

The Hungarian government is committed to common European values such as peace, freedom, security and democracy. It condemns, however, attempts to interfere in the internal affairs and sovereignty of member states and candidate countries on the basis of ideological and/or political-economic interests. The European Union is making a mistake when it interferes excessively in member states – and nothing proves this better than Brexit, the United Kingdom's withdrawal from the European Union. It makes an equally serious mistake when it reduces enlargement policy to a tool for political-ideological pressure. During the Hungarian presidency of the Council of the European Union (July-December 2024), the Hungarian government will therefore [do its utmost](#) to ensure that enlargement policy can once again be seen as the most successful project of the European Union, that the accession process is linked to a balanced, merit-based set of conditions, and that it never happens again that certain candidate countries,

although they have fulfilled the requirements set out in the individual clusters and chapters, [remain](#) trapped for years on the doorstep of the European Union in the grip of current political debates. The Hungarian Presidency will therefore continue to consider the accession of individual Member States on the basis of the [Copenhagen criteria](#), namely the stability of institutions guaranteeing democracy, the rule of law and human rights, respect for and protection of minority rights; a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union; the ability to assume the obligations of membership and the commitment to the objectives of political, economic and monetary union.

All of the above is true also for Georgia. Enlargement policy is one of the few common foreign policy priorities of the European Union, on the necessity of which there is more or less consensus among the member states, which is why the Hungarian Presidency is opposed to Germany's arbitrary freezing of Georgia's accession process and the exertion of political pressure by Europe and the United States. The Georgian government has done an unparalleled job in adopting the economic and political standards of the European community, including the much-vaunted issue of corruption, by improving its ranking in the Transparency International [Corruption Perceptions Index](#) by five points since 2018 and three points since 2022, and is currently ranked 49th in the list, well ahead of Malta and Hungary. If the European Union wants to avoid losing the remaining credibility of its enlargement policy with its partners in the Western Balkans and Eastern Europe, it must return to a balanced, merit-based enlargement policy, based strictly on the Copenhagen criteria, and open accession negotiations with Georgia.

Conclusions

Hungary took over the Presidency of the Council of the European Union in July 2024 under exceptional circumstances. The devastating war in Ukraine, the likes of which have not been seen since the Second World War, in the immediate neighbourhood of both the EU and Hungary, is not only posing security risks but also a serious economic crisis. Moreover, the Hungarian Presidency will have to lead the Council's work during the political transition following the European elections, the assembly of the new EU legislature and the formation of the new Commission, which will be further constrained by the summer and Christmas holidays, thus giving the presidency a limited timeline to push through the legislative process as soon as possible. Although the new European Parliament, which will meet in October, will initially be preoccupied with the composition of the new Commission, the Council's work is fully on track. From July to December, it will [hold](#) 318 formal and informal meetings in Hungary, Belgium, France, Luxembourg and Montenegro, as well as in the digital space, dozens of which will touch on enlargement policy.

The Hungarian presidency cannot override Germany's veto, so Georgia's accession negotiations will have to wait. What it can do, however, is to meet the objectives set out in its [Programme](#), to pursue a consistent enlargement policy as one of the seven priorities, to keep the issue of Georgia's accession on the agenda of the decision-making process

and to invite its Georgian partners to all for a with regards to European integration, economic-political cooperation in the Eastern Partnership, visa liberalisation and other areas that could help advance the accession process, such as the next European Political Community Summit set to be held in Hungary in November 2024.

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