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Will Russia and its billionaire ally accept defeat in Georgia?



Reluctantly, and under pressure from large civil protests, Georgia's parliament has withdrawn a repressive law labelling critical media and NGOs "foreign agents". This withdrawal represents a defeat for Russia and its influence on Georgian politics, but also a personal defeat for the richest Georgian, former Prime Minister Bidzina Ivanishvili (67). However, this is not the final defeat of Russia and Ivanishvili, just as it is not a definitive victory for pro-European and democratic forces in Georgia. Ivanishvili, who led the government of Georgia from 2012 to 2013, still controls the ruling party Georgian Dream, which tried to pass a rewritten Russian law on the persecution of critical media and activists in the parliament, under the accusation that they work in the interests of the West. The victory of pro-European forces over the parliamentary majority was accomplished by large street protests, and the law was withdrawn. What has taken place given the ambitions of Russia and its main ally in Georgia to control this former republic of the USSR? Protests in Georgia have two parallel and equal nuances which are crucial for Russia. The first is ideological; the second commercial. The commercial factor is more important to Russia, because it relates to the evasion of sanctions. In order to explain that motive, we need to examine the business and political background of Mr. Ivanishvili.

Ivanishvili, the master of political life in Georgia

The richest Georgian, according to the Forbes list from the beginning of March "weighing" 4.8 billion USD, acquired most of his wealth in Russia during the 1990s, as a banker and participant in the privatisation of state assets. During his rule from 2012, Georgia reversed its many pro-European initiatives and made a shift towards Russia. Bidzina Ivanishvili had sold most of his assets in the Russian Federation and relocated them to Georgia, before he assumed post of Georgian Prime Minister (2012). Many of his entities in Georgia, including Cartu Bank, were involved extensively in various Russia-related schemes,

including credit card processing in favour of Russian online betting and casino companies. Ivanishvili's Cartu Bank has corresponding relations with various banks, including those in Turkey and in Russia. The banks in Turkey have corresponding relationships with Russian and Georgian banks, which enable them to conduct settlements internally within the framework of one bank. During the late 1990's and early 200's, Mr. Ivanishvili sold some of his Russian assets to Putin's famous group of oligarchs, which included Alisher Usmanov, Oleg Deripaska and many more, including partners of Roman Abramovich. It is fair to say that Ivanishvili and top Russian oligarchs have been on good terms. In fact, at one point Mr. Ivanishvili was one of the most influential and capable Russian bankers and investors. His Credit Bank was one of the most active participants in the privatisation of state property in the mid-1990's. Ivanishvili's junior partner, Vitaly Malkin, was a member of the famous group Semibankirschina, or seven bankers, during the mid-1990's in Russia. It was an informal union of the most powerful moguls and bankers of the time in Russia, which included Boris Berezovsky, Mikhail Khodorkovsky, Mikhail Fridman, Petr Aven and Vladimir Potanin. About a half of this informal group of Russian all-powerful people is still thriving at the top of the Russian Forbes lists, and are now called the Kremlin's emissaries and oligarchs. Fridman and Aven, the owners of Alfa Bank, are under sanctions. Vladimir Potanin is also under sanctions. Potanin recently purchased Tinkoff Bank from Oleg Tinkov.

Man in the shadows

Ivanishvili was then powerful, and tended to stay in the shadows instead of joining the influential seven bankers group himself. He was represented by his junior partner Vitaly Malkin, whose wealth and political influence in Russia have since then significantly deteriorated. One of the main political duties of the group was to support Boris Yeltsin, and block any possibility of communism returning to Russia. The advancement of Mr. Ivanishvili's political party in Georgia and his becoming

Georgian Prime Minister was an incredible success for the Kremlin. Ivanishvili is not the Kremlin's puppet, and he is probably less financially dependent on Russia in comparison to many other pro-Kremlin leaders around the globe. Ivanishvili may have close comradeship and friendly relations with many of the Kremlin's oligarchs today because they shared adventurous, turbulent and dangerous episodes during the 1990's in Russia, when Soviet state property was distributed between a few dozen people. Ivanishvili was among those few, and was then one of the most successful. Bidzina Ivanishvili is not an ordinary politician. He may not even care about ideology. He could perceive the protests in Georgia's capital Tbilisi as a personal insult. All those criminal deals in which Georgia may be involved is business as usual to him.

Commercial reasons for Georgian support to Russia

It is no secret that since the Russian aggression against Ukraine began, Georgia has become a payment and export hub of the Russian Federation. In order to cheat American and European regulators, the payments made from the Russian Federation to Georgia are camouflaged as payments from Uzbekistan and other CIS countries. Russia has been using planes to send large amounts of hard dollars and euros to Georgia in order to buy sanctioned goods and products. Iran is also very close to Georgia, and there is a very large Iranian community permanently stationed in Georgia. This community is connected to Iran and the Iranian regime. It would not be surprising if Georgia, under Ivanishvili, is used as a transit station for a supply of Iranian products to Russia and to occupied Crimea. Ivanishvili wants Georgia to remain a hub because his brothers, basically the same bosses from Moscow, may have asked him for a favour. The relationship between Ivanishvili and people such as Alisher Usmanov can be of a criminal nature.

The Kremlin will not give up on its ally

Since Russia is preparing for a long war in Ukraine, it needs Georgia as its hub. Mr. Ivanishvili wants to retain his post and status of a winner. If he is ousted, he will then assume the pathetic and miserable life that awaits him in exile in Russia. The life that Ukrainian Viktor Yanukovych is currently leading. To avoid any such humiliation, Ivanishvili will fight with all his might. He knows how to fight. He fought and won the fights in Russia during the 1990's. Fights which many brave and talented Russians have lost. His idea regarding the controversial law, which was withdrawn from parliament, was to privatise political life in Georgia and to become the permanent leader of Georgian politics. That is why he viewed the protests that led to the withdrawal of the law as a personal defeat. In order to accomplish his ambition, Ivanishvili will continue to have the full support of Russia. Moscow wants Ivanishvili to rule endlessly in Georgia, because in the new and sanctioned economical architecture of the Russian Federation, Georgia, being loyal to Russian Federation, has an important role. This role includes supplying various Iranian products to the Crimean Peninsula and other nearby regions.