



ANAKLIA PORT- ANOTHER STEP IN SHIFTING FOREIGN POLICY



"Unfortunately, American and European companies have not entered [the Anaklia port project], and they are doing the right thing, in my opinion...because if you ask me, Anaklia port loses any meaning," declared Paata Kvizhinadze, the chairman of the Budget and Finance Committee of the Georgian Parliament, on May 29, 2024.

On the same day, the Minister of Economy and Sustainable Development of Georgia, Levan Davitashvili, [announced](#) that within a few days, the Chinese-Singaporean consortium China Communication Construction Company Limited and China Harbor Investment will be declared as the winner of the public-private partnership selection process for the Anaklia port development project. Remarkably, the names of the companies that took part in the competition remained unknown up until that day, even after we asked for information from the Ministry of Economy and Sustainable Development of Georgia and the Development Agency of the Anaklia Deep Water Port multiple times. This lack of openness gives rise to serious concerns.

According to their statements, the Ministry of Economy and Sustainable Development of Georgia hired the Dutch company Maritime & Transport Business Solutions. Along with updating the port's development studies and developing a new marketing plan, this company additionally provided the Ministry with the most favorable conditions for the public-private partner selection competition. The cooperation between the Government of Georgia and Maritime & Transport Business Solutions concluded in February 2022. During the same period, the state also hired two additional consulting companies to address legal issues and develop the application of intent.

In February 2023, the partner selection statement was finally published, concreting that the state's share in the port of Anaklia would be 51%, while the partner's share would be 49%. It was disclosed that only four companies initially expressed interest:

- Terminal Investment Limited (TIL), a Swiss-Luxembourg company;¹
- China Communication Construction Company Limited and China Harbor Investment, Chinese-Singaporean consortium;
- China Construction Sixth Engineering Bureau – PRC state-owned company; ²
- Edgar Engineering - a company based in Israel;

According to the initial announcement, the deadline for expressions of intent was June 2023. Following the completion of the initial selection process, two companies advanced to the second stage:

- Terminal Investment Limited (TIL), a Swiss-Luxembourg company
- China Communication Construction Company Limited and China Harbor Investment, a Chinese-Singaporean consortium

According to Georgia's Minister of Economy and Sustainable Development, only these two companies met the initial qualification requirements. Despite extensive and costly consulting

¹ TiL was founded in [2000](#) by the Aponte Family, the [5th richest](#) in Switzerland. The company operates in major [ports](#) located in Singapore, Pusan, Los Angeles, Rotterdam, Antwerp, New York and New Jersey.

² The company is a subsidiary of China State Construction Engineering Group Co. For more information about the scandals connected to this entity, you can read Civic IDEA's China Watch [report](#) #10 „CSCEC in Georgia”.

services, the Georgian government took four months after releasing primary results to announce the acceptance of detailed proposals in December 2023, with a final submission deadline in February 2024. However, the competition deadline was extended to [May](#) 2024, as both companies requested additional time to prepare their documents.

Ultimately, it was revealed that only the Sino-Singaporean consortium, China Communication Construction Company Limited and China Harbor Investment, submitted a detailed proposal within the relevant deadline. [According](#) to the Minister of Economy and Sustainable Development, Levan Davitashvili Terminal Investment Limited (TIL) withdrew from the competition because the 51% state involvement was unacceptable to them; they had anticipated a larger share of the project. It is crucial to note that applicants were aware of this share distribution from the very first stage of the competition, raising doubts about why TIL had filed a proposal if the condition was always unacceptable to them. It remains vague how such a company advanced to the second stage without agreeing to the core terms of the project.

Common sense suggests only one conclusion - the advancement of such a company to the second stage could have been influenced by the numerous statements made by various government representatives during the summer of 2023.

According to the minister, the Chinese-Singaporean consortium, China Communication Construction Company Limited and China Harbor Investment, has two subcontractors:

- China Road and Bridge Corporation (CRBC), a subsidiary of China Communication Construction Company Limited³
- Qingdao Port International Co., based in Qingdao, People's Republic of China, company responsible for the operation of the existing port

In March 2024, a tender was announced for the [construction](#) works at Anaklia port. Interestingly, proposals for the competition started to be received even though the state had not yet selected a partner. We reached out to the Ministry of Economy and Sustainable Development of Georgia to clarify whether they had implemented any additional measures or protective mechanisms to prevent potential conflicts between the winner of the partnership competition and the winner of the construction tender. Unfortunately, we did not receive a response to our inquiry.

³ For more information about this company, you can read Civic IDEA's China Watch [report](#) #7, „China Road and Bridge Corporation in Georgia.”

WHO ARE THE PRC-CONNECTED COMPANIES ANNOUNCED AS WINNERS?

The PRC state-owned company, China Communications Constructions Group (CCCC) owns the majority shares of China Communications Construction Co. (CCCC).

See the shareholders of China Communications Construction Co. (CCCC) according to the data of 2023:

Name of Shareholder	Nature	Percentage	Number	Number of shares subject to trading restriction	Number of shares pledged or frozen
1. CCCC	State	57.64	9,374,616,604		Nil
2. HKSCC NOMINEES LIMITED	Foreign legal person	26.92	4,377,734,962		Unknown
3. China Securities Finance Corporation Limited	State-owned legal person	2.98	483,846,064		Unknown
4. Central Huijin Asset Management Ltd.	State-owned legal person	0.59	95,990,100		Unknown
5. Hong Kong Securities Clearing Company Limited	Foreign legal person	0.17	27,016,026		Unknown
6. Industrial and Commercial Bank of China Co., Ltd. – Huatai Bairui CSI 300 Trading Index Securities Investment Open-ended Fund	Unknown	0.16	26,360,300		Unknown
7. Bank of Communications Co., Ltd. – GF China Securities Infrastructure Project Index ETF	Unknown	0.16	26,321,368		Unknown
8. China Life Insurance (Group) Company – Traditional – Normal insurance product – Southbound Trading (Innovation Strategy)	Unknown	0.16	25,444,508		Unknown
9. Aeon Life Insurance Co. Ltd. – Owned Fund	Unknown	0.13	20,999,901		Unknown
10. National Social Security Fund Portfolio 503	Unknown	0.11	18,000,000		Unknown

Source: The annual [report](#) of China Communications Construction Company Limited for 2023.

China Communications Construction Co. (CCCC) is one of the main actors of the Belt and Road Initiative, with 923 active projects in 157 countries as of [2020](#). However, despite its growing influence, the company has a questionable reputation.

In 2021, CCCC and its subsidiaries [were announced](#) as sanctioned companies for their fraudulent practices in a project in the Philippines. Consequently, the companies were debarred from participating in any construction projects financed by the World Bank until January 12, 2017. Notably, CCCC is the successor of the PRC-connected company, China Road and Bridge Corporation (CRBC), which had previously [been sanctioned](#) by the World Bank for eight years.

The World Bank's sanctions were not the only instances of the company's illegal practices. In 2020, the US Department of Commerce blacklisted 24 companies, including several CCCC subsidiaries. This likely prompted US companies such as [BlackRock, Inj., JPMorgan Chase & Co.](#)

and [The Bank of New York Mellon Corporation](#)⁴ to leave China Communications Construction Co. (CCCC).

Remarkably, a statement from State Secretary Mike Pompeo preceded the US Department of Commerce sanctions. He remarked that the PRC uses CCCC and its subsidiaries “as weapons to impose an expansionist agenda” within its Belt and Road Initiative. The blacklisting of these companies was primarily caused by the fact that they were creating artificial islands in the disputed areas of the South China Sea, enhancing the military aspirations of the PRC. Furthermore, the announcement [highlighted](#) that “CCCC and its subsidiaries have engaged in corruption, predatory financing, environmental destruction, and other abuses across the world”.

Following Mike Pompeo’s statement, representatives of the US State and Commerce departments [said](#) during the briefing that these sanctions were intended to “encourage all sorts of parties and institutions and governments around the world to assess risk and reconsider business deals with the sort of predatory PRC state-owned enterprises... to include China Communications Construction Company and its subsidiaries...”.

One of the potential investors of the port of Anaklia is China Harbor Engineering Corp., which represents the subsidiary company of CCCC. China Harbor Engineering Corp. does not have a good reputation like its parent company. Notably, the government of Bangladesh [blacklisted](#) the company for bribing one of the officials. Besides, the court of Bangladesh detected that the son of the Bangladeshi prime minister was among those individuals who were paid bribes and, therefore, was sentenced to prison. China Harbor Engineering Corp. also faced corruption accusations in the Hambantota Port project in Sri Lanka.

As previously mentioned, CCCC and its subsidiaries have been embroiled in various international scandals in numerous countries, including the Philippines, Sri Lanka, Malaysia, Bangladesh, Thailand, Canada, Australia and Kenya.

Taking into consideration the project of Anaklia Port, it is noteworthy that the company [is involved](#) not only in the construction of bridges and roads but also in various port-related projects. So, the company has been active in Sri Lanka’s Hambantota Port, Pakistan’s Gwadar Port and Italy’s Trieste and Genoa ports. Given the company’s poor reputation, these projects have faced significant criticism. For instance, in 2020, Philippine Senate Minority Leader Franklin Drilon [called](#) the government to terminate an international airport project contract with a PRC-connected company. Drilon argued that cooperation with a company known for its dubious practices is unacceptable, citing Malaysia as a cautionary example. In Malaysia, CCCC has been accused of paying kickbacks to the former prime minister, Najib Razak, to secure the right [to engage](#) in the East Coast Railway Project. Notably, after these corruption allegations surfaced, the company’s president, Chen Fenjian, committed suicide.

A significant case for Georgia is the Tanzania port project. In 2014, the head of the Tanzania Ports Authority and his deputy [faced charges](#) of involvement in corrupt practices. Allegations

⁴ JPMorgan Chase & Co. is indicated as the shareholder in China Communications Construction Co. Ltd’s annual reports for [2016](#), [2017](#), and [2018](#). The company is not mentioned in [the annual report](#) for 2019. On the other hand, BlackRock [is detected](#) as the shareholder until 2020. The Bank of New York Mellon Corporation appeared in 2018, but in 2021, this company also [left](#) China Communications Construction Co. Ltd.

suggested that these individuals accepted bribes in return for favoring the PRC-connected company with bloated terms for a port expansion project. Consequently, the government of Tanzania terminated the contract.

Back in 2019, US Secretary of State Mike Pompeo [stated](#) that the port project should increase Georgia's relations with free economies and avoid the economic influence of Russia and the PRC. Despite the statements of American Officials, the Georgian Government authorities are getting closer to authoritarian regimes. Moreover, their messages coincide with the rhetoric of the representatives of the People's Republic of China. For example, in 2022, the PRC ambassador to Georgia, Zhou Qian, [noted](#) that Anaklia is crucial for the Middle Corridor's success, and the embassy encouraged the PRC-connected companies to get involved in this project. Accordingly, the alleged victory of the company mentioned above about the port of Anaklia is another sign of the change in Georgia's foreign policy course and distance from the West.

In addition to changes in foreign political courses, another significant issue involves economic interests related to the port of Anaklia. The strategic importance of this port has been underscored by statements from Georgia's Western partners. Notably, former U.S. Vice President Mike Pence [highlighted](#) that Anaklia represents an opportunity to strengthen the bilateral relationship between the U.S. and Georgia.

Given the port's economic importance, the Georgian authorities should have prioritized the reliability of the partner company when selecting a potential investor for the project. The state is obligated to conduct a thorough assessment, considering and mitigating all risks that could harm the country's interests. However, as previously mentioned, a PRC-connected company involved in numerous international scandals related to various construction projects (including port construction) will be announced as the competition winner in a few days.

The port of Anaklia is a project that can significantly enhance Georgia's geostrategic importance. With the potential to become a crucial geographical point and a transport corridor connecting Europe and Central Asia, the port holds immense promise. Hence, involving the PRC state-owned company, a country closely aligned with Russia, in such a strategic initiative presents numerous security risks. In the long run, this involvement could amplify the People's Republic of China's influence within Georgia, including its economic leverage, thereby creating obstacles to Georgia's path toward Euro-Atlantic integration.