

# GEORGIA UPDATE

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[www.georgiaupdate.gov.ge](http://www.georgiaupdate.gov.ge)

## TOP STORIES

- European Union to Ease Visa Regime for Georgians,
- Parliament to Launch Debate on Draft Constitution in Autumn
- Georgia Seeks to Entice IT Companies to the new “Silicon Valley of the Caucasus”
- United Nations, Government of Georgia Sign Program of Cooperation
- Georgian Central Bank Strengthens Cooperation With Kuwait to Boost Investments



Foreign Minister Vashadze and his Spanish counterpart Miguel Moratinos—whose country currently holds the EU Presidency—sign the EU-Georgia visa facilitation agreement last week. The accord will significantly ease travel from Georgia to EU member states. Said Stefan Füle, EU Commissioner for Enlargement and Neighbourhood Policy: “This is part of our commitment to bring Georgia closer to the EU, not only at institutional level but also at people’s level’.”

## QUOTES OF THE WEEK

“The conclusion of a visa facilitation agreement is a concrete step forward in EU-Georgia relations. It is the EU’s message of openness to the Georgian citizens.”

—Cecilia Malmström, EU Commissioner for Home Affairs

“This is part of our commitment to bring Georgia closer to the EU, not only at institutional level but also at people’s level’.”

—Štefan Füle, EU Commissioner for Enlargement and European Neighbourhood Policy

“France never let Georgia down. The fact that my visit is taking place two days before Putin’s sends a clear message. It buries Russia’s efforts to isolate our country.”

—President Saakashvili

“We can not afford to stop the reforms. We need permanent progress.”

—President Saakashvili

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**RFE/RL:** Forgotten work by master Georgian composer reincarnated in US

## UPCOMING MILESTONES

**Jun. 21- 24:** PM Gilauri visits UK

**Jul. 24-25:** State Minister Yakobashvili visits Paris

**Jul. 27:** Next round of Geneva peace talks

**Aug. 8:** Second anniversary of Russian invasion of Georgia

**TOP STORIES**

**EU to Ease Visa Regime for Georgians**

Georgians are set to enjoy easier access to the EU as the government and the European Commission last week signed a visa facilitation agreement. “The conclusion of a visa facilitation agreement is a concrete step forward in EU-Georgia relations,” said EU Commissioner for Home Affairs Cecilia Malmström, adding that the agreement sent a message of openness to Georgians. “The visa facilitation and readmission agreements are very tangible results of the Eastern partnership and will promote interaction between citizens of the EU and Georgia and strengthen our cooperation in the fight against irregular immigration,” she added. Bona fide frequent travelers will be issued multi-entry visas with longer validity, simplifying the visa application process for Georgian business professionals, students, and journalists. Meanwhile, the agreement reduces visa fees significantly, while eliminating them altogether for certain categories of travelers.

It also ends a de-facto preferential treatment of people living in Georgia’s Russian-occupied territories. The agreement would also end a de-facto preferential treatment of people living in the Russian-occupied territories of Abkhazia and South Ossetia. Their populations currently enjoy easier access to the EU by using passports issued by Russia, which has already signed visa-facilitation deals with the EU. This will end once the new EU-Georgia agreement goes into force sometime in late summer or early autumn.

The visa facilitation and readmission agreements must now be ratified by the European and Georgian parliaments. Commenting on the success of the two agreements, EU Commissioner for Enlargement and European Neighborhood Policy, Štefan Füle, said: “This is part of our commitment to bring Georgia closer to the EU, not only at institutional level but also at peoples’ level.”

[EUROPOLITICS: EU and Georgia Sign Visa Facilitation Agreement](#)

[DEUTSCHE PRESSE AGENTUR: EU to Ease Visa Regime for Georgians](#)

[CIVIL GEORGIA: EU, Georgia Sign Visa Facilitation Treaty](#)

**Parliament to Launch Debate on Draft Constitution in Autumn**

Parliament is expected to launch a debate on constitutional reform in the coming months. “Probably this autumn very active discussions will start in the Parliament on Georgia’s future constitution,” said Speaker Bakradze. Last month, the state commission on constitutional reform endorsed a basic draft that could serve as a basis for the new constitution. It includes new checks and balances, decreases presidential authority, and increases the role of the prime minister. Its authors dub it “a mixed governance” model wherein the president will act as “an arbiter” between the legislative and executive branches. Meanwhile, MPs this week initiated debate on a new tax code that will bring down the income tax rate from 20 to 18 percent in 2014. The government also intends to increase excise taxes on alcohol, telecoms, and the export of specific metals, while exempting “micro-businesses”—those with profits below \$16,000—from paying income tax. President Saakashvili last week highlighted his administration’s commitment to continued reform in a meeting with lawmakers: “We cannot afford to stop the reforms; we need permanent progress,” he said.

[CIVIL GEORGIA: Parliament Expected to Launch Discussion of Draft Constitution in Autumn](#)

[CIVIL GEORGIA: Commission Agrees on Basic Draft of Constitution](#)

**Georgia Seeks to Entice Information Technology Companies to the new “Silicon Valley of the Caucasus”**

The Georgian government has proposed to eliminate taxes for information technology companies in an ambitious bid to turn the country into the Silicon Valley of the Caucasus. Finance Minister Baidurashvili hopes that the profit tax-free environment will attract Internet and computer software giants such as Microsoft and Google to set up regional operations in the new IT tax haven. “We want to declare Georgia a tax-free zone for the companies that produce information technologies and software,” PM Gilauri said last week at a cabinet meeting. The tax exemptions, if approved by Parliament, also will apply to local IT companies.

[EURASIANET: Georgia Makes Bid to Become a Second Silicon Valley](#)  
[CIVIL GEORGIA: Gov’t Proposes ‘Tax-Free Zone’ for IT Companies](#)

**UN, Government of Georgia Sign Program of Cooperation**

The Government and UN last week outlined their program of cooperation for the next five years. Known as the UN Development Assistance Framework (UNDAF), the agreement was signed by PM Gilauri and UN Resident Coordinator in Georgia Jamie McGoldrick. “This agreement...ensures that this fruitful cooperation will continue in an efficient and well-coordinated manner in the years to come,” McGoldrick said. With a budget of \$188.5 million, the programs will primarily address poverty reduction, democratic development, and disaster risk reduction. Special UN initiatives also will aim to contribute to reducing post-conflict risks and rebuilding confidence and preventing conflict. Meanwhile, the UN will also continue to reach out to the most vulnerable groups—the poor, the disabled, IDPs, refugees, and the marginalized.

[UN: Government of Georgia, UN sign program of cooperation](#)

**Georgian Central Bank Strengthens Cooperation With Kuwait to Boost Investments**

Georgia’s central bank said last week it will cooperate with Kuwait in a bid to boost foreign investment. The bank’s Executive Director Giorgi Melashvili visited Kuwait this week, meeting with central and commercial bank executives. Giorgi Kadagidze, head of Georgia’s central bank, said during a trip to Qatar in February that he met his counterpart to discuss possible investment in Georgia’s financial sector. President Saakashvili last year turned to the Middle East to revive foreign investment that slowed to a trickle following Russia’s 2008 invasion of Georgia the global economic slump.

[BLOOMBERG: Georgian Central Bank Sees Cooperation with Kuwait](#)



The Corsican a capella group Spartimu—whose repertoire of polyphonic works includes several from Georgia—is one of dozens of events being held under the aegis of French Cultural Week in Tbilisi. Among others: screenings of “Georgia, the Love of Wine,” directed by Pierre Goetschel; the Blogosphere interactive workshop about blogs and news media at European House; and numerous theatrical and musical performances. The week also includes the opening of the Caucasian French School, which will conduct its classes according to the standards of the French education system. The events run from June 19 through July 2.

## INTERNATIONAL MEDIA ON GEORGIA

**LIBERATION: Mikheil Saakashvili dreams of Europe via Paris**

Tbilisi is now expecting French support in its path towards Brussels. "France is pushing for negotiations for an association and free-trade agreement as soon as this summer," President Nicolas Sarkozy assured President Saakashvili on his visit last week to Paris, highlighting that the rapprochement with EU represents "the best guarantee of Georgia's security."

[www.liberation.fr/](http://www.liberation.fr/)

**FOREIGN POLICY: White House—We're not throwing Georgia under the bus**

When Secretary of State Clinton visits Georgia next month, she'll be paying some overdue attention to a country that has felt neglected by the Obama administration. The NSC's Michael McFaul recently defended US policy towards Georgia, while admitting the administration's shortfalls. "Is it a foreign policy objective of the Obama administration to help end Russia's occupation of Georgia in a peaceful manner and restore Georgia's territorial integrity?" he said. "Absolutely yes. Have we made progress on the central objective? My answer is no. We haven't. That's the truth." But the Clinton trip could go a long way in making the Georgians feel they are getting enough attention from the Obama administration. "They want to be seen as a loyal, Western-oriented outpost," one expert said.

[thecable.foreignpolicy.com](http://thecable.foreignpolicy.com)

**THE ECONOMIST: Resetting the reset**

Politicians and the public are gripped by fears of a sell-out arising out of Medvedev's upcoming visit to Washington, as criticism of America's policy towards Russia mounts. "We are dealing with two completely different ways of thinking here," Russian expert Lilia Shevtsova says. "Where US officials see dialogue, compromises, and concessions as a means of embracing and winning over the other side, the Russian elite consider dialogue, not to mention concessions, to be a sign of weakness." Shevtsova is skeptical of a meaningful US-Russia relationship: "Is mutual trust possible when the two sides have such different perceptions of reality?" she questions. "I don't think that US officials are naive. But if they are aware of the Russian government's guiding mentality, they should see the obvious problems with the strategy they have been following."

[www.economist.com](http://www.economist.com)

**20 MINUTES: Mikheil Saakashvili—"My visit buries Russia's efforts to isolate our country"**

"France never let Georgia down," President Saakashvili said in an interview. "The fact that my visit is taking place two days before Putin's sends a clear message. It buries Russia's efforts to isolate our country." Saakashvili highlighted the Georgian public's steadfast and strong support for his government: "I have not lost my credibility with my people; I just obtained 65 percent of the votes there," he said, adding that Georgia's Russian-occupied territories continue to be a source of contention. "Certain people hate me, that is normal, I am a politician. But a lot of people support us and that is what is important."

[www.20minutes.fr](http://www.20minutes.fr)

**INTERNATIONAL HERALD TRIBUNE: The future of EU-Russian relations**

What we now have is a chaotic EU policy toward Russia, with some member states holding the others hostage. Surely it is time governments realized that medium- and long-term interests are better served by consistency rather than bilateralism. The EU should speak with one voice in its strategy towards Russia. We need to remember, however, that Russia's relationship with the EU is dependent on positive change within Russia—whether the country's leaders decide to push toward more competition, the rule of law, and more personal freedom. Deeds should follow words, and we should respond accordingly, with good will in proportion to every positive step.

[www.nytimes.com](http://www.nytimes.com)

**RADIO FREE EUROPE/RADIO LIBERTY: Unusually quiet elections mark end of revolutionary cycle in Georgia**

Georgia's May 30 municipal elections marked the end of a political cycle that began in the fall of 2007, when the country's opposition collectively decided it needed to mobilize popular discontent to change the government. The myth that if you gathered a few tens of thousands of angry citizens outside the parliament building and demanded the government's resignation, the government would comply without fail, has now been demolished. Extreme radicalism has ceased to be a winning strategy. The results of the elections confirm this. Of the various opposition parties, it was the moderate wing comprising the Alliance for Georgia and Christian Democrats that achieved relative success.

[www.rferl.org](http://www.rferl.org)

**EUROPEAN VOICE: The risks of losing a special role in the Caucasus**

The S. Caucasus is the EU's most fragile neighborhood and potentially the one most conducive to its transforming capacities. It needs the agile personal leadership of a single envoy to help make that mission achievable. International policy towards the S. Caucasus would be shackled if it turned into three bilateral policies towards Georgia, Armenia, and Azerbaijan, a strategy recently proposed by the EU's foreign policy chief Ashton. If this region is to have a promising future, it has to work, eventually, as a region.

[www.europeanvoice.com](http://www.europeanvoice.com)

**BLOOMBERG: Georgian railways hires JP Morgan, Merrill for Eurobond sale**

Georgian Railways last week said it hired JPMorgan Chase and Merrill Lynch to manage a sale of Eurobonds. "We already have signed agreements with JP Morgan and Merrill Lynch to place our Eurobonds on the market, but we cannot say when or what amount is being discussed," said the company's director general.

[www.bloomberg.com](http://www.bloomberg.com)

**REUTERS: Russia to build ski complex in volatile Caucasus**

Russia aims to build a \$15 billion ski resort in its mainly Muslim N. Caucasus region, where an Islamist insurgency claimed the lives of almost 1,000 people last year. Dotted across the same mountain range where the 2014 Winter Olympics will be staged, the government hopes it will bring tourism to Russia and employment to the impoverished, violence-racked region the Kremlin calls its biggest problem. Meanwhile, many insurgents in the region want to create a pan-Caucasus, sharia-based state independent from Russia, and also consider the Christian-dominated Krasnodar region where Sochi is, and Adygea as occupied territory.

[www.alertnet.org](http://www.alertnet.org)

**EURASIANET: Novella's publication provokes culture war in Georgia**

An irreverent novella in Tbilisi has provoked a culture war that has Georgians fighting over the limits of individual freedom. The work takes swipes at the Georgian Orthodox Church, Georgian patriotism, and Georgian mothers. Its attack on religion and nationalism, often viewed as overlapping concepts in Georgia, has generated most of the fury.

[www.eurasianet.org](http://www.eurasianet.org)

**RADIO FREE EUROPE/RADIO LIBERTY: Forgotten work by master Georgian composer reincarnated in US**

Master Georgian composer Zakaria Paliashvili's spirit was raised as the Capitol Hill Chorale sang the "Divine Liturgy of St. John Chrysostom." Paliashvili is renowned as the father of Georgian classical music. "This is a major piece, but the further we went into this and talked to people as we were going along, it became interesting because no one had ever really heard the piece," said Chorale founder Parker Jayne. "There are particular cadences which come up in Georgian traditional music that are employed here are beautiful, and suspensions that are very beautiful, and certain voice leadings that are just magnificent—things that I haven't really heard anywhere else."

[www.rferl.org](http://www.rferl.org)