

GEORGIA UPDATE

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Foreign Minister Vashadze met last week in Berlin with his German counterpart, Guido Westerwelle, as well as with Chancellor Merkel's foreign policy advisor, Christoph Heusgen. Germany, which stressed its support for Georgia's sovereignty and territorial integrity, is working with its EU partners to help Georgia forge closer ties with the EU. Germany is also Georgia's fourth largest trading partner in Europe and its second largest partner after the US in the field of bilateral development cooperation.

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QUOTES OF THE WEEK

"We continue to call for Russia to end its occupation of the Georgian territories of Abkhazia and South Ossetia, and in parallel have worked with the Russian government to prevent further military escalations in the region."

—White House statement (June 24, 2010)

"We respect Georgia's sovereignty and territorial integrity, and we call on Russia to abide by its commitments in the August 2008 ceasefire, which not only called for the non-use of force and an end to hostilities, but called upon the parties to move their military forces back to where they were before the conflict began, and that hasn't been done."

—US Assistant Secretary of State Philip Gordon

"We have no interest in having a confrontation with Russia; we are ready to talk with the Russian leadership. We recognize it as a partner in negotiations and we want to have talks with them providing Georgia is recognized as a united, sovereign, independent state."

—President Saakashvili

"According to an investigation by the Austrian Federal Criminal Police Office, an influential Georgian mafia group that operates throughout Europe had significant influence on the 2009 demonstrations against President Saakashvili."

—Report in *Frankfurter Rundschau* (see page 3)

UPCOMING MILESTONES

Jul. 3-4: FM Vashadze attends high-level democracy meeting in Krakow

Jul. 5: US Secretary of State Clinton visits Tbilisi

Jul. 12-13: Estonian FM Paet visits Georgia

Jul. 14-15: French FM Kouchner visits Georgia

Jul. 15-16: Luxemburg FM visits Georgia

Jul. 27: 12th Round of Geneva peace talks

Aug. 8: 2nd Anniversary of the Russian invasion

TOP STORIES

Secretary of State Hillary Clinton to Visit Tbilisi Next Week, Signaling American Support for Georgia

US Secretary of State Hillary Clinton will visit Georgia on Monday, in a move the White House said underscores strong US support for Georgia. "The secretary's trip will be a tangible manifestation of our ongoing commitment to Georgia's territorial integrity," State Department Spokesman Philip J. Crowley said this week.

Briefing reporters on the trip, Assistant Secretary of State for European Affairs Philip Gordon said the Obama administration is dissatisfied with Russia's failure to date to live up to requirements of the 2008 ceasefire it signed. "We respect Georgia's sovereignty and territorial integrity, and we call on Russia to abide by its commitments in the August 2008 ceasefire, which not only called for the non-use of force and an end to hostilities, but called upon the parties to move their military forces back to where they were before the conflict began, and that hasn't been done," he said.

Secretary Clinton plans to meet with Georgian officials and civil society leaders to "discuss bilateral issues, as well as issues related to regional peace and stability," Crowley said. The Secretary's Tbilisi visit will conclude a five-day tour to the South Caucasus and Eastern European countries where she is seeking to promote stability and bolster relations in the region. Announcing Clinton's trip, Crowley underscored that the US had "invested a great deal of energy" to try to improve relations and said the visit showed US commitment to try to resolve their territorial disputes.

[REUTERS: Hillary Clinton to Visit Volatile South Caucasus Region](#)

[AFP: Clinton to Visit Eastern Europe, Caucasus Next Week](#)

[CIVIL GEORGIA: Clinton to Visit Georgia](#)

Georgia's Economy Emerges Strongly from Crisis, as GDP Shows 4.5% Rise

Georgia's economy grew 4.5 percent between January and March year-on-year after falling 5 percent in the same period last year. In nominal terms, Georgia's GDP grew from \$2.32 billion to \$2.47 billion, according to Georgia's official statistics office, Geostat. The country's GDP per capita also marked the highest first-quarter growth in five years. Trade and industrial sectors account for 16 percent, or a third, of the country's GDP; transportation and communication sectors draw in 13 percent of the GDP, followed by government spending and agriculture with 13 and 10 percent, respectively. The government revised its 2010 GDP forecast to 4.5 percent growth from an original forecast of 2 percent and boosted budget spending by \$119 million earlier this month, mainly due to the Parliament's passage of critical amendments and additional grants from international donors.

[REUTERS: Georgia GDP up 4.5 pct in Q1 '10/09—Statistics](#)

Representatives of Russian-Occupied Abkhazia Pull Out of Geneva Peace Talks

Russian proxies in Georgia's occupied region of Abkhazia announced last week their temporary withdrawal from the Geneva peace talks, one month before the next round of the negotiations. The Georgian government denounced decisions by the Russian puppet government to withdraw: "We consider the Geneva talks as an important mechanism, despite many problems," said Deputy Foreign Minister Bokeria, who heads the Georgian delegation in Geneva. "We are interested in the continuation of this process." Georgian Foreign Minister Vashadze cited Abkhazia's sudden withdrawal as evidence of Moscow's effort to undermine the five-party peace talks: "It is an outstanding example that Russia does not seek peace, stability, and security in the S. Caucasus and Georgia," he said. "The so-called government of Abkhazia is simply a puppet in the hands of Moscow," he added, saying that the international community should exert pressure on Russia, rather than on Abkhazia, to return to the discussions.

[REUTERS: Georgian Rebel Region Pulls Out of Security Talks](#)

[CIVIL GEORGIA: Moscow Tries to Undermine Talks](#)

American Tycoon Donald Trump Plans Investments in Georgian

Donald Trump is in talks with the Silk Road Group, a real estate and transportation company with investments in Georgia and Central Asia, to jointly invest in business projects in Tbilisi and along the country's Black Sea coast. Trump Organization Vice President Michael Cohen visited Georgia earlier this month to discuss development opportunities and plan investment projects. According to Maia Lomadze, public relations manager of the Silk Road Group, several large-scale projects are expected to be unveiled soon. Cohen confirmed that Trump met with President Saakashvili for several hours in New York City in April and discussed Georgia's business climate and reform process. Trump, Cohen said, was "very interested" in Georgia's real estate market and discussed the possibility of investing in Georgia. Meanwhile, Ivana Trump is also planning to invest in Georgia, namely, to set up a multifunctional entertainment center in Batumi.

[RFE/RL: US Business Tycoon Trump Plans Investment in Georgia](#)

[EURASIANET: Georgia-A Trump Tower for Tbilisi?](#)

A New York Philharmonic First—A Visit to Georgia

The New York Philharmonic will make its first visit to Georgia in October of this year, performing in Tbilisi and Batumi as part of its acclaimed European tour. Lisa Batiashvili, a violin soloist, is one of the most famous classical musicians to have emerged from Georgia, and has played a large role in organizing the New York Philharmonic's first trip to her native country. President Saakashvili met with Batiashvili before a rare concert appearance in Tbilisi, and the seed of an idea was planted. Batiashvili, who has had a long association with the New York Philharmonic, began to plan the Tbilisi performance with the orchestra. "The country is flourishing," said Eric Latzky, the orchestra's spokesman. "It's a great time for an orchestra like the New York Philharmonic to visit, as we cultivate new destinations for classical music." The Philharmonic will perform on Oct. 21 at the Djansug Kakhidze Tbilisi Center for Music and Culture, named for the most prominent conductor in Georgia.

[NEW YORK TIMES: Next Philharmonic First](#)

Georgia Replaces Stalin Statue With Memorial to His Victims & Those of 2008 Invasion

Georgian authorities last week removed a towering statue of Soviet dictator and Georgian native Joseph Stalin from the central square of his hometown of Gori. The statue will be replaced with a memorial commemorating victims of Stalin's totalitarian regime and of the 2008 Russian invasion of Georgia. President Saakashvili said it was inappropriate to have a monument to a man who enslaved his own country. The statue will be re-erected in the grounds of the Stalin Museum, less than half a mile from the square. "We know that his roots are Georgian, we can't deny that," said Gigi Tsereteli, vice speaker of the Georgian parliament. "But we also can't deny the terrible things he did to Georgia." Saakashvili said the decision to move the statue to the Stalin Museum demonstrated "a civilized attitude to history."

[CIVIL GEORGIA: Stalin Statue Removed from Gori](#)

[REUTERS: Stalin Statue Removed in Georgian Home Town](#)



INTERNATIONAL MEDIA ON GEORGIA

FRANKFURTER RUNSCHAU: Georgian mafia planned revolt

According to an investigation by the Austrian Federal Criminal Police Office, an influential Georgian mafia group that operates throughout Europe had significant influence on the demonstrations against President Saakashvili in 2009. The mafia group reportedly tried to fuel violent protests to destabilize public order and thus revolt against the Georgian government. The police report found that Saakashvili's effort to fight corruption was the main reason for the mafia trying to revolt against the government and thus to recover the influence the group had before 2005.

www.fr-online.de
new.interpressnews.ge

LE MONDE: The Elysée wants to readjust its diplomacy by bringing Georgia closer to Europe

By giving a message to the Georgian President—who for months had been trying to meet with Sarkozy to obtain French support for his efforts to get closer to the EU—the Elysée reasserted its interest in the Caucasus. This issue had for months been passed over in silence after having been celebrated as an area of grand diplomatic achievements. Receiving Saakashvili before Putin could present an advantage for the Elysée: that of sending a softer message to its partners in Central and Eastern Europe who are horrified by the plan to deliver Mistral warships to Moscow, a plan that continues being criticized as an inappropriate policy. “The negative repercussions on France’s image are substantial,” a Central European diplomat said. In the runup to his 2011 diplomatic engagements, Sarkozy must show a better capacity to bring together the members of the EU.

georgiandaily.com
www.lemonde.fr

THE ECONOMIST: Russia’s empty empire

Russia has long wished to keep the West away from its backyard. Now that America and the EU are tied up with their own problems, Russia has had its wish partly granted. Left to its own devices, however, it has shown little leadership, vision or sense of imperial responsibility in its vaunted “zone.” The events of the past two weeks in Belarus and Kyrgyzstan have provided a humble reality check and exposed the hollowness of Russia’s neo-imperialist ambitions among the states that once made up the Soviet Union.

www.economist.com

INTERNATIONAL HERALD TRIBUNE: Prisoners of the Caucasus

When Russian leaders speak of security threats, they tend to mention NATO expansion and the US missile defense program in Eastern Europe. But the unremitting violence in Russia’s N. Caucasus region shows that dire dangers lurk at home. Over the past decade, Russia has experienced spectacular terrorist attacks, and the violence has either occurred in or emanated from the N. Caucasus. The future of the N. Caucasus hinges on whether it can gain an equal place within the Russian polity and experience better governance and economic prospects. So long as the Russian state relies on proxies, proconsuls, and force to ensure order, the region will revert to what it was in the czarist era: a troublesome, exotic appendage.

www.nytimes.com

ASSOCIATED PRESS: Georgian authorities pull down another Stalin monument

Authorities in Georgia last week tore down another monument to Soviet dictator and native son Josef Stalin in Tkibuli, two days after authorities removed a bigger and more famous monument to Stalin in his hometown of Gori. “A memorial to Stalin has no place in the Georgia of the 21st Century,” President Saakashvili said. Culture Minister Rurua said the government also will soon rename Georgian streets still carrying Stalin’s name.

abcnews.go.com

WASHINGTON POST: Russia’s “new” stance remains anti-West

A recently “leaked” Russian foreign policy document clearly supports establishment of a Russian sphere of influence, emphasizing the need to “consolidate the post-Soviet area” and the imperative “actively to counter attempts by forces outside the region to interfere in Russia’s relations with the CIS countries.” It also talks about providing “high-technology” energy assistance to Georgia’s occupied region of Abkhazia but makes no mention of Georgia itself. So much for that country’s territorial integrity. Although Russia under Medvedev remains a country with which we can still get some things done, vast differences in our interests and values remain. They should not be swept under the rug.

www.washingtonpost.com

BERLINER ZEITUNG: An emperor’s granddaughter in diplomatic mission

The Georgian Ambassador to Germany, Gabriela von Habsburg, says that the 2008 Russian invasion of S. Ossetia was misrepresented in Germany, adding that the information on the war provided by the German media primarily came from the Russian side. According to von Habsburg, this had led to the false impression in the German media that an “emotionally charged” Georgian President had made the decision to “invade” S. Ossetia. The Georgian ambassador, however, rejects this false presentation and names several Russian provocations in advance of the armed conflict. Meanwhile, von Habsburg hopes that peace between Georgia and Russia will continue and that Germany will play a large role in sustaining and mediating relations.

www.berlinonline.de

RADIO FREE EUROPE/RADIO LIBERTY: Georgian opposition parties realign in wake of local election defeat

The poor showing by opposition parties in the May 30 Georgian local elections, and the crushing defeat of opposition challenger Irakli Alasania in the Tbilisi mayoral ballot the same day, mark the third failure within three years of an all-out effort to change the balance of power in the country. Although Alasania this month announced the de facto dissolution of the Alliance for Georgia, new coalitions are forming. Whatever new alliances may emerge in the coming weeks and months, the fundamental divide between the moderates, who seek to bring about legislative changes that would facilitate regime change in free and fair elections, and the more radical parties—some of which argue that doing so is impossible—is likely to persist.

www.rferl.org

MOSCOW TIMES: South Ossetia looking much like a failed state

Despite being recognized by Moscow as an independent state after the war, S. Ossetia still has no autonomous means of survival. The agricultural sector is failing, industry is virtually nonexistent, and medical services and education remain poor. Anyone who questions the authorities risks being labeled a traitor. Meanwhile, the Russian army appears to be the only thing that is thriving in S. Ossetia, an International Crisis Group report suggests, pointing to a potential future as bleak as the present: “Both local and Russian analysts agree that if the local economy does not develop, the region will in effect turn into a Russian garrison.”

www.themoscowtimes.com

HUFFINGTON POST: The myth of the Russia reset

Despite a perceived US-Russian relations reset, the truth is that almost nothing in Russia has changed outside of symbolic gestures. The signing of a replacement of the START treaty with Russia is being described as a huge and unnecessary concession by the Americans without any clear goal. Even the most respected Russia experts in the administration are unable to provide a satisfactory explanation on the current situation in Georgia, where Russia remains in open violation of a ceasefire agreement, occupying territories which no real governments recognize as independent. Somebody in this government needs to wake up and smell the coffee, and take note that it is not Russia or the relationship that has been reset, but rather Obama himself.

www.huffingtonpost.com