

# GEORGIA UPDATE

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- In Apparent World Record, Georgian Matriarch Celebrates 130th Birthday



Bernard Kouchner, the French foreign minister, celebrated Bastille Day in Tbilisi yesterday, arriving late in the day for meetings with the President, senior government officials, and members of the opposition. Stating clearly that Russia was “occupying” Georgian territory, Kouchner underscored Thursday that “Russia must leave the territory of Georgia and France must apply maximum strength so that this is done.”

## INTERNATIONAL MEDIA ON GEORGIA

**THE ECONOMIST:** Hillary Clinton tests the waters in ex-Soviet states

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## QUOTES OF THE WEEK

“Russia must leave the territory of Georgia and France must apply maximum strength so that this is done.”

—French Foreign Minister **Bernard Kouchner** speaking to reporters in Tbilisi on Thursday

“The EU reiterates its firm support for the security and stability of Georgia, based on full respect for the principles of independence, sovereignty and territorial integrity recognized by international law.”

“The EU is ready to contribute to these efforts in line with its non-recognition and engagement policy and fully supports Georgia's approach based on confidence building and facilitation of people-to-people contacts as well as freedom of movement.”

“The adoption of these negotiating directives is a clear sign of our strong commitment to further deepen the relationship between the EU and the countries of the South Caucasus, on the basis of shared values and principles, including democracy, the rule of law and respect for human rights.”

—EU foreign policy chief **Catherine Ashton** on Georgia's Action Plan for engaging with the country's occupied territories and on the EU-Georgia Association Agreement

## UPCOMING MILESTONES

**Jul. 14-15:** French FM Bernard Kouchner visits Georgia

**Jul. 15-16:** Luxembourg FM visits Georgia

**Jul. 27:** 12<sup>th</sup> round of Geneva peace talks

**Aug. 8:** 2<sup>nd</sup> Anniversary of the Russian invasion

**TOP STORIES**

**EU Welcomes Tbilisi's Action Plan for Engagement With the Occupied Territories**

The EU last week lauded Georgia's Action Plan for Engagement, which seeks to systematically engage with the populations of Georgia's Russian-occupied regions of Abkhazia and S. Ossetia, reduce their isolation, and improve their welfare, in the interest of human and regional security. This plan includes a broad array of initiatives that promote the welfare of residents, enables greater access to benefits and participation in wider civic life, and lays the foundation for future reconciliation between divided communities. It is overseen by Temuri Yakobashvili, who serves as deputy prime minister and state minister for reintegration.

Senior EU officials said the policy was a "significant step forward" in promoting and sustaining peace: "Reaching out to the populations is a prerequisite for finding a peaceful resolution to the conflict," EU foreign policy chief Catherine Ashton said. "The EU is ready to contribute to these efforts in line with its non-recognition and engagement policy and fully supports the approach based on confidence building and facilitation of people to people contacts as well as freedom of movement." The plan, passed earlier this month, outlines seven instruments for engagement, including a status-neutral liaison mechanism; neutral identification card and travel document; trust fund; joint investment fund; cooperation agency; financial institution and an integrated social-economic zone.

Meanwhile, EU Special Representative Peter Semneby emphasized "a clear need" for the international community to remain fully engaged in the S. Caucasus region. Addressing unresolved conflicts in the region remained a priority for the EU, he said: "Those conflicts are the primary threats to the region's stability since the status quo is inherently unstable and contains dangers of escalation."

[DEUTSCHE PRESSE AGENTUR: EU's Ashton welcomes Georgian outreach to breakaway zones](#)

**EU Foreign Policy Chief in Georgia to Begin Negotiations on Association Agreement**

EU foreign policy chief Catherine Ashton arrives today in Georgia to formally open negotiations on an EU-Georgia Association Agreement together with President Saakashvili in the Black Sea town of Batumi. "The adoption of these negotiating directives is a clear sign of our strong commitment to further deepen the relationship between the EU and the countries of the South Caucasus, on the basis of shared values and principles, including democracy, the rule of law and respect for human rights," Ashton said after EU Member States gave the European Commission the go-ahead in May to begin negotiations. In advance of the launch of negotiations, President Saakashvili appointed Tornike Gordadze—a former director of Caucasus Studies at the French Institute of Anatolian Studies in Paris—as deputy foreign minister responsible for European affairs and chief negotiator on EU-related matters.

[CIVIL GEORGIA: EU Association Agreement Talks in Batumi](#)

**Tax Amnesty for TV Stations Promotes Media Pluralism**

Georgia's Parliament has approved with its third and final hearing a tax code amendment for TV stations, helping to promote media pluralism in the country. According to the legislation, all tax debt accumulated by regional and national television stations before March of this year will be forgiven. "All Georgian TV channels, whether regional or national, will be granted a tax amnesty so that they are able to develop stronger foundations," President Saakashvili said in his February state of the nation address. "The Georgian democratic and political culture will be enhanced by their development." Government officials say that an estimated \$20 million of debt incurred by Georgian television stations has been written off as a result of the amnesty. The government, however, did not provide the amount of unpaid taxes per individual television station, citing article 122 of the tax code which protects certain commercial information. Georgia has approximately three dozen TV stations.

[CIVIL GEORGIA: Tax Amnesty for TV Stations Approved](#)

**Georgia Eyes London IPO for State Gas Pipeline; Parliament Passes Law to Clear Flotation**

Georgia is planning to sell a small portion of its main gas pipeline on the London stock market, taking a significant step to privatize the company. "We are thinking about selling up to a 15 percent stake of North-South gas pipeline on the London Stock Exchange in two to three years' time," PM Giluari said. Giluari reassured skeptical stakeholders that the government will maintain majority control of the lucrative state asset. "The state will in no way give up the controlling stake," he said. Meanwhile, Parliament passed a draft law on the privatization of state assets, lifting restrictions on the sale of the North-South gas pipeline, which carries gas from Russia to Armenia. Rehabilitation of the pipeline is a part of the US-sponsored Millennium Challenge program, and the US has invested \$35 million in the project since 2006. Georgia also hosts the Baku-Tbilisi-Erzurum gas pipeline, which is used to transport gas supplies from Azerbaijan to Western markets via Turkey.

[REUTERS: Georgia eyes London IPO for state gas pipeline](#)

**In Apparent World Record, Georgian Celebrates 130th Birthday**

In an apparent world record Georgian matriarch Antisa Khvichava marked her 130<sup>th</sup> birthday last week. "I feel a bit weak, but I don't want to stay in bed," she said, while celebrating at her home in a remote Georgian village. Numerous official documents and records, including her Soviet-era passport, pension book, and notes in archives, verify that Khvichava was born on July 8, 1880. "I wish all the best to my Mom. My mother will be my mother, even if she is 300 years old," said her son Mikheil Khvichava. Khvichava spent her life growing tea, corn, and vegetables. and looking after cattle. "I always worked and cultivated my plot," she said. Although Khvichava outlived her husband and an older son, she has ten grandchildren, 11 great grandchildren—and many great-great grandchildren. A Japanese woman was considered the world's oldest person, at 114 years of age.

[REUTERS: Georgian Matriarch Celebrates 130th Birthday](#)



**Georgia's Troops Spreading Security—and Cheer—in Afghanistan**

*The soldiers of Company B, 31st Georgian Battalion, Regimental Combat Team 2, spread hope and good cheer last week while patrolling through the village streets of Bakwa, Afghanistan, delivering stuffed animals, school supplies, and radios to local Afghans. Sergeant Zaza Chapodze, a Georgian fire support chief with the company, hands a stuffed toy polar bear to a young Afghan boy in Farah province. The Georgian soldiers carried out their mission during Operation Desert Penguin in 110-degree heat, in order to bring smiles to Afghan school children. Senior US officials, including President Obama, have expressed appreciation for the country's significant contribution to Afghanistan. Richard Holbrooke, US Special Envoy for Afghanistan, called Georgia's contingent an "extraordinarily important contribution to the international effort in Afghanistan." With 950 Georgian troops stationed in Afghanistan, Georgia is the largest per capita contributor to the Afghan operation.*

## INTERNATIONAL MEDIA ON GEORGIA

### THE ECONOMIST: Hillary Clinton tests the waters in ex-Soviet states after the “reset” with Russia

The success of Secretary of State Clinton's stop in Georgia, the most sensitive part of her voyage, was helped in some ways by the vibrancy of Georgian civil society. Georgia has more reason to worry about America's rapprochement with Russia than any other country. Secretary Clinton did not mince her words in Tbilisi, describing Russia's military action in August 2008 as an “invasion” and an “occupation.” Russia's unilateral recognition of Georgia's occupied regions of S. Ossetia and Abkhazia, she argued, does not exempt the Kremlin from the 2008 agreement brokered by France, under which Moscow agreed to withdraw its troops to pre-war positions.

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

### WASHINGTON POST: US tries to calm Georgia's fears about reset of relations with Russia

Secretary of State Clinton last week assured Georgia's pro-American leaders that they will not be abandoned as the Obama administration improves relations with Russia. “We continue to object to, and criticize, actions by Russia which we believe are wrong,” Clinton said. “At the top of the list is the invasion and occupation of Georgia.” Meanwhile President Saakashvili appeared satisfied with Clinton's reassurance, noting that the Obama administration had recently begun to describe Russia's military action as an “invasion” rather than a disproportionate use of force.

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

### REUTERS: Clinton condemns Russia over Georgia bases

US Secretary of State Hillary Clinton last week condemned Russia for building bases in two Georgian rebel regions and underlined US backing for the West-leaning nation two years after Moscow's invasion. “I came to Georgia with a clear message from President Obama and myself: The US is steadfast in its commitment to Georgia's sovereignty and territorial integrity,” Clinton said. “The US will do everything we can to assist our partners, inside and outside the Georgian government, as they strive to strengthen democratic institutions and processes,” she continued, adding that the countries “share a deep friendship.”

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

### AGENCE FRANCE PRESSE: Hillary Clinton slams Russia on visit to Georgia

US Secretary of State Hillary Clinton reassured Georgia last week with a pledge of continued support and criticized Russia's “occupation” of two of the country's regions. “We continue to object to and criticize actions by Russia which we believe are wrong, and on the top of the list is the invasion and occupation of Georgia,” Clinton said during her visit to Tbilisi. “The more vibrant, effective a democracy and economy Georgia becomes, a greater contrast there will be between S. Ossetia and Abkhazia and the rest of Georgia.”

[www.france24.com](http://www.france24.com)

### EURASIA DAILY MONITOR: Lavrov hints at fomenting ethnic tensions inside Georgia

Russian FM Lavrov last week outlined a revised and updated policy of regime change towards Georgia, raising the possibility of fomenting tensions among the Armenian and Azeri ethnic minorities inside Georgia. With this, Lavrov became the first senior Russian official in memory to hint openly that Moscow might stir up ethnic minority tensions in Georgia. Treating Georgia's authorities as illegitimate in his interview, Lavrov placed his warning about ethnic tensions clearly in the context of Russia's regime-change policy toward Georgia. If Moscow initiates such a policy, the destabilizing effects could spread throughout the region, potentially impacting on Armenia and Azerbaijan.

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

### EURASIANET: Tbilisi tries soft power to win back the breakaways

A week before she comes to Tbilisi, the EU's chief diplomat, Catherine Ashton, announced that Brussels is looking to assist Georgia's Action Plan for Engagement, a fence-mending scheme for ties with Georgia's Russia-occupied territories of Abkhazia and S. Ossetia recently tabled by the Georgian authorities. The plan conspicuously makes no mention of Russia, which has recognized both regions as independent countries and keeps both under protective cover. Although Putin recently called for direct talks between Tbilisi and the two regions, it is doubtful that he had in mind the kind of contact proposed by the Action Plan.

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

### FINANCIAL TIMES: Midnight train to Georgia—Packed with oil, steaming ahead

When Russia invaded Georgia in 2008, Georgia's future as a strategic corridor for Caspian oil exports to the west looked uncertain, if not doomed. But as the second anniversary of the war approaches confidence has returned. Georgia's oil transit business is booming, driven by surging oil production in the Caspian region. Most of the Caspian oil exported across Georgia is transported through the Baku-Tbilisi-Ceyhan (BTC) pipeline to the Turkish Mediterranean. But BTC, built with the backing of the US a decade ago, is full, forcing Caspian producers to rely more heavily on Georgian Railways to export their oil. Kazakhstan and Azerbaijan have even bought oil export terminals on the Georgian Black Sea to diversify their trading routes.

[blogs.ft.com](http://blogs.ft.com)

### RADIO FREE EUROPE/ RADIO LIBERTY: Georgia's main gas pipeline up for grabs

Georgia's parliament passed last week in the first reading by a vote of 88 to five a draft law on the privatization of state assets that abolishes the existing restrictions on the sale of the main North-South gas pipeline. The Georgian opposition has already expressed concern that Russia might acquire a controlling stake in the pipeline, giving it huge economic leverage. Meanwhile, there is concern in Armenia, which receives a large share of its gas via that pipeline that Azerbaijan, which already manages much of Georgia's gas distribution network, might seek to acquire it.

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

### SYDNEY MORNING HERALD: Georgia on my mind

Visiting Georgia has been at the top of my wish list for the past 10 years. I'm intrigued by a country that can produce some of the warmest and most welcoming people you're likely to meet and the tyrant Joseph Stalin, who was born in Gori, a city near Tbilisi, in 1878. I am also fascinated by stories about Georgian wine, rumored to be the oldest in the world.

Meanwhile, Georgia is hoping to revive its reputation as a tourist destination. President Saakashvili has a raft of infrastructure projects in the works, including transforming the resort town of Batumi into the “Barcelona of the Black Sea,” building a sleek visitors' centre in Omalo, a remote mountain town near the border with Chechnya, and developing wine tourism in the Kakheti Valley.

[www.smh.com.au](http://www.smh.com.au)

## THINK TANKS/NGOS

### INSTITUTE FOR WAR & PEACE REPORTING: South Ossetia—ethnic Georgians alarmed at new passport

Ethnic Georgians from the Akhgori district, taken over by Russian proxies in S. Ossetia during Moscow's 2008 invasion, fear new rules obliging them to accept local passports will make it harder to cross into Georgia. One change worrying Akhgori residents is a proposal to impose a tax on people wishing to leave or enter areas under S. Ossetian control. “We buy most of our food in Tbilisi, so we have to cross the administrative border several times a month,” said Tamar Mearakishvili, adding that the payments will make life harder for many locals. Meanwhile, the International Crisis Group's (ICG) recommendations against restricting the free movement of goods and people are likely to be ignored.

[www.iwpr.net](http://www.iwpr.net)