

GEORGIA UPDATE

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TOP STORIES

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- Rating Agency Moody's Lauds Georgia's Economic Progress, Reform Effort; Raises Rating
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Memorial for Georgian Troops Killed in Afghanistan

(From left to right) Lt. Col. Steven Grass, Regimental Combat Team 2 executive officer, 1st Sgt. Jeffrey Beegle, RCT-2 headquarters company first sergeant, Col. Ebdulhai Neshat, executive officer of 2nd Brigade, 215 Corps, Afghan National Army, and Lt. Col. Lasha Benidze, senior national representative, Georgian Army International Joint Command, stand before the memorial site of four Georgian soldiers from the 31st Georgian Battalion who died Oct. 7 during combat operations in Helmand province. The four soldiers were patrolling alongside Afghan National Army forces during an operation conducted in southern Musa Qal'eh. During the ceremony, service members from RCT-2 headquarters, 2nd Brigade, 215th Corps and the 31st Georgian Bn., came to show their respect.

INTERNATIONAL MEDIA ON GEORGIA

CNBC: Georgia's comeback—cold war and hard cash

ASSOCIATED PRESS: US repeats demand for Russian withdrawal from Georgia

REUTERS: Door to NATO still open for Georgia—Rasmussen

JAMESTOWN: Secretary General's visit rekindles hopes in Tbilisi

AOL NEWS: Is there a better supply route to Afghanistan?

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QUOTES OF THE WEEK

“We do not approve of what happened in Abkhazia and South Ossetia. We firmly support Georgian democracy and territorial integrity.”

—British Foreign Secretary William Hague

“The US will continue to strongly support Georgia's sovereignty, independence, and its territorial integrity. I would like to affirm recent statements by the White House and Secretary of State Clinton calling on Russia to abide by its August 2008 cease-fire commitments, to withdraw Russian troops to their pre-conflict positions, and to allow for the full return of IDPs to the occupied territories.”

—US Senator Jeanne Shaheen

“These persons should be released and immediate steps should be taken to allow them to join their families.”

—Council of Europe's Human Rights Commissioner Thomas Hammarberg calling for the release of Georgian detainees held captive in S. Ossetia

UPCOMING MILESTONES

Oct. 12: Azerbaijani FM Mammadyarov in Georgia

Oct. 12-14: NATO Assessment Commission in Georgia

Oct. 14: Next round of Geneva talks

Oct. 28-29: Montenegrin FM visits Georgia

Nov. 3-4: Iranian FM visits Georgia

Nov. 8-13: UN permanent representatives from South/Central America visit Georgia

Nov. 12-13: FM Vashadze visits Morocco

Nov. 17: FM Vashadze visits Tunis

Nov. 19-20: NATO Summit in Lisbon

Nov. 23: 7th anniversary of the Rose Revolution

Nov. 24-25: Ukrainian FM visits Georgia

Dec. 1-2: OSCE summit in Astana

TOP STORIES

Council of Europe Human Rights Commissioner Calls for Release of Georgians Held in Tskhinvali

The Council of Europe's Human Rights Commissioner, Thomas Hammarberg, last week demanded the release of all Georgians held captive by Russian proxies in Georgia's Russian-occupied territories of S. Ossetia and Abkhazia. "These persons should be released and immediate steps should be taken to allow them to join their families," Hammarberg said. In a report, the Council called for their release on humanitarian grounds of Georgians imprisoned in S. Ossetia: "The Commissioner is particularly concerned that some of the detainees in Tskhinvali are in bad health, and urges the relevant decision-makers to treat these cases as a matter of priority on humanitarian grounds." It also addressed the status of the implementation of six principles—enumerated shortly after Russia's 2008 invasion—for ensuring human rights and humanitarian protection in the war-affected areas. Hammarberg, who has helped secure the freedom of a number of detainees, submitted earlier this year a memorandum calling for the release of all detainees without delay, conditionality, or bargaining based on head-counting. In a show of goodwill, Georgia last March released all six persons remaining in detention in Tbilisi. The CoE's report also called for the right of IDPs to return to their homes, to receive care and support, to be protected against dangers from explosives and other remnants of war, and to receive protection from lawlessness and hostage-taking.

[CIVIL GEORGIA: CoE Human Rights Commissioner Calls for Release of Georgians Held in Tskhinvali](#)

US Senator Shaheen Reaffirms US Support for Georgia, Urges Russia to End Occupation

Senator Jeanne Shaheen—Democrat of New Hampshire and Chair of the Senate Foreign Relations Subcommittee on European Affairs—met with PM Gilauri in Washington and expressed the US's unmitigated support for Georgia's territorial integrity. She also urged Moscow to end Russia's illegal occupation of Abkhazia and S. Ossetia. "We discussed at length the ongoing illegitimate occupation of the Georgian territories of Abkhazia and S. Ossetia," said Sen. Shaheen following her meeting with Gilauri. "The US will continue to strongly support Georgia's sovereignty, independence, and its territorial integrity. I would like to affirm recent statements by the White House and Secretary of State Clinton calling on Russia to abide by its August 2008 cease-fire commitments, to withdraw Russian troops to their pre-conflict positions, and to allow for the full return of internally-displaced persons to the occupied territories." Shaheen also emphasized the importance of the US-Georgia partnership. "Georgia is a critical ally for the US, and we will remain committed to deepening and strengthening this important bilateral relationship," she said while commending Georgia's military commitment to NATO's Afghanistan mission. Gilauri and Shaheen also discussed Georgia's economic and political reforms, as well as trade, aid, and regional security issues.

[US SENATE: Shaheen Meets With Prime Minister of Georgia](#)

Georgia Adopts Visa-Free Rules for the North Caucasus

Georgia this week liberalized domestic visa rules for Russian citizens and residents in the North Caucasus republics, helping to ease travel restrictions between Georgia and its Caucasus neighbors. Russian residents living in Russian territories of Chechnya, Ingushetia, North Ossetia, Dagestan, Kabardino-Balkaria, Karachay-Cherkessia, and the Republic of Adygea will be permitted to enter and stay in Georgia without a visa for 90 days. Georgia has already unilaterally simplified visa rules for all Russia citizens in Russia proper seeking to travel to Georgia. "It is our desire to restore our traditional relations with our neighboring peoples," Deputy FM Kalandadze said. The official decree was signed by President Saakashvili earlier this week and went into force on Wednesday.

[CIVIL GEORGIA: Georgia's Visa free Rules for North Caucasus](#)

Rating Agency Moody's Lauds Georgia's Economic Progress, Reform Effort; Raises Rating

Ratings agency Moody's last week praised Georgia for its economic progress and impressive reform effort, and raised the country's credit rating. Moody's applauded the "progress in building social, political, and economic institutions and providing a healthy operating environment for business that is unique in the region." The agency, in upping its rating for Georgia to Ba3, said the government had undertaken a "pro-active response to the global crisis and the 2008 conflict with Russia," and addressed a major drop in foreign direct investment while maintaining "affordable debt service." Tbilisi welcomed the rating, saying it showed the economy was returning to confidence levels seen before Russia's disastrous 2008 invasion and the global economic downturn. The agency also lauded anti-corruption efforts: "The authorities undertook a major effort to combat corruption, which led to a rapid improvement in government effectiveness."

[AGENCE FRANCE PRESSE: Moody's Praises Georgia Economic Reforms, Assigns Ba3 Rating](#)

Government Sees Foreign Investment Rising in 2011

The government is projecting a modest increase in foreign investment in 2011, giving the economy an added boost for the new year. "I think we'll be able to attract \$1 billion in foreign investment next year," said Finance Minister Kakha Baidurashvili. "Next year won't be an absolute breakthrough, of course, in attracting investment, but I think it will be a turn towards real growth." He cited agriculture, energy, and tourism as the most attractive sectors for investors. Meanwhile Georgian officials said the country's inflation rate is expected to slow next year: "Annual inflation next year will be less than this year, in a range of 6 percent," said Baidurashvili, adding that reducing the budget deficit to 4.3 percent of the GDP—a two-point drop—would be a top government priority in the new year. "We expect to get more tax revenues next year than in 2010 and plan to use it to finance the deficit," he said. Although the expected rise in GDP is slightly less than 2010's exceptional growth, experts have cited growing bank deposits and credit portfolios, a revival in tourism, and new infrastructure projects as signs of recovery after the economy contracted 3.9 percent in 2009 following Russia's August 2008 invasion.

[REUTERS: Government Sees Foreign Investment Rising in 2011](#)

**Georgia Ties Latvia, Defeats Malta in Euro 2012 Qualifiers**

Surprising Georgia remained unbeaten and nearly made it to the top of its Euro 2012 qualifying group after tying Latvia 1-1 on Tuesday night in Riga and edging Malta 1-0 last week in Tbilisi. Georgia has six points from four games in Group F, and is well positioned behind Greece and Croatia.

INTERNATIONAL MEDIA ON GEORGIA

CNBC: Georgia's comeback—cold war and hard cash

Georgia expects 5-6% GDP growth this year, followed by 4.5% growth in 2011—all of which to say that Georgia continues to itself from the effects of the 2008 Russia invasion. PM Gilauri said that the first six months of 2010 were especially impressive, as the country saw GDP growth of 6.5%. Tourism, banking, and exports, mainly of agricultural goods, have been the main drivers of growth. As for energy, he said: "We were dependent on one source, and that was Russia. Now, Georgia is a regional hub for energy and gas."

www.cnbc.com

ASSOCIATED PRESS: US repeats demand for Russian withdrawal from Georgia

US Secretary of State Hillary Clinton is reiterating US demands that Russia pull out of Georgian territory: "We continue to call on Russia to end its occupation of Georgian territory," Clinton said. Meanwhile, US support of Georgia is an irritant with Moscow at a time of improving relations. Yet, Russian troops have remained in two territories of Georgia since Moscow's 2008 invasion despite a ceasefire agreement that stipulated a pullout.

www.winnipegfreepress.com

REUTERS: Door to NATO still open for Georgia—Rasmussen

The door to NATO membership remains open for Georgia, Secretary-General Anders Fogh Rasmussen said in Tbilisi. "I would expect the NATO summit in Lisbon to reaffirm our position which we took already in Bucharest in 2008 that Georgia will become a member of NATO, once Georgia fulfills the necessary criteria," he said. Meanwhile, President Saakashvili reiterated his country's eagerness to join the Alliance: "There is one thing that Georgia can never compromise on: It's an issue of freedom," he said. "For us right now NATO stands for the idea of freedom and that's why it still has very strong support of the Georgian nation."

in.reuters.com

JAMESTOWN: Secretary General's visit rekindles hopes in Tbilisi

Analysts in Tbilisi believe the atmospherics at the NATO-Georgia meetings, as well as the concrete plans being designed for the future, will portray how much the US is dedicated to a secure and democratic Georgia that is fully integrated in Western institutions. As the US seeks to reset relations with Russia (and now NATO appears to have started just the same)—amid fears of the Iranian nuclear program and other outstanding threats such as international terrorism—a level of dedication toward a small country in the European periphery will showcase if Washington is really serious about not sacrificing Georgia for improved relations with Moscow.

jamestownfoundation.blogspot.com

AOL NEWS: Is there a better supply route to Afghanistan?

The idea of a South Caucasus route, which would run through Georgia and Azerbaijan, has been suggested in the past. The president of Georgia, which aspires to join NATO, has previously pitched the idea of using his country as a hub. The route would involve using Georgia's Black Sea ports, then going overland by train to Azerbaijan, then to the Caspian Sea, and finally through Kazakhstan and Uzbekistan. "The fact is, there is unused capacity in the South Caucasus," said former deputy assistant secretary of defense Richard Douglas. He noted that routes that use Georgia and Azerbaijan are "safer and friendlier" than the route through Khyber Pass. "All sorts of people are ready and waiting to do the work. We just have to make a decision to do more through the Black Sea," Douglas said. "It's not exotic science."

www.aolnews.com

**NATIONAL GEOGRAPHIC: The new Silk Road**

The Iron Silk Road, a South Caucasus railroad that will soon connect Europe and Asia, will launch a new chapter in the history of the Caucasus. Once completed, by 2012, the railway will begin in Baku and travel through Tbilisi, before carrying on to the port town of Kars in Turkey. Georgia is counting on the Baku-Tbilisi-Kars railway to boost economic activity.

www.nationalgeographic.com

AGENCE FRANCE PRESSE: Georgia rejects "nonsense" in luger death report

Georgia's Olympics Committee last week angrily rejected claims in a coroner's report that a "lack of experience" contributed to luger Nodar Kumaritashvili's death at this year's Winter Olympics. "It is nonsense to say that his lack of experience on this track was a factor. It is nonsense to say that an athlete who was officially listed among the world's 40 best lugers lacked experience," said the head of Georgia's Olympic Committee. "This tragedy would not have happened in conditions of better safety for the athletes at the track."

news.yahoo.com

EURASIANET: Trump takes on Tbilisi real estate market

The announcement that American real estate mogul Donald Trump intends to build in Tbilisi has many Georgians hoping the country's foreign-investment woes are over. Trump's special counsel, Michael Cohen, would not disclose the amount of the investment, the nature of the financing, or the size of the planned building. He did, however, "personally congratulate" President Saakashvili and The Silk Road Group for choosing Trump as a business partner. "If Michael Jackson is the king of pop, Trump is the king of real estate," he said. Meanwhile, as Georgia basks in the glow cast by the Trump deal, the government is pressing ahead with an initiative designed to stimulate investment in Georgia's tourism industry. Specifically, the government is offering hotel developers 27 plots on 11.3 hectares of undeveloped, state-owned Black Sea-area land for \$1 per plot.

www.eurasianet.org

THE ECONOMIST: Rebuilding Old Tbilisi

A year after the Tbilisi municipality launched a plan to revitalize Old Tbilisi, the signs are positive. Government incentives have helped complete 16 new apartment blocks, creating living space for 500 poor families who were slumming it in the old city. Discussions now focus on how to retain the spirit of Old Tbilisi as the vacated sites are developed: ideas include securing neighborhood agreement to the plans, and forming a "parity council" to approve and oversee the work. Praised by the *Architectural Review* as a good example for other cities hit by the financial crisis, the "Tbilisi model" will be the subject of a conference next year.

www.economist.com