

GEORGIA UPDATE

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Prince Edward Inaugurates New British Embassy, Visits EUMM

The UK's Prince Edward, the Earl of Wessex, last week made an official visit to Georgia to mark the opening of the new British Embassy in Krtsanisi, Tbilisi. The Prince also met with government officials and British businessmen in Georgia to discuss trade affairs. He joined the EU Monitoring Mission in Georgia on a trip to Odzisi, near the S. Ossetian Administrative Boundary Line, to view border checkpoints, and was briefed by Mission staff on the local situation in the Russian-occupied territory.

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QUOTES OF THE WEEK

“Russia’s relationship with many countries around the world—indeed, its reputation around the world—will never be what it could be, what Russians want it to be, so long as in the view in much of the world, it’s occupying a sovereign country. And when Russia recognized S. Ossetia and Abkhazia, they may have expected a number of countries would go along, but they haven’t. And it will constantly be an issue for many countries around the world, for many countries in the EU and certainly for the US.”

— Philip Gordon, Assistant US Secretary of State for European and Eurasian Affairs

“Not only did they monitor secret military information, but they continued to do so during the war. They wanted to know how many weapons we had, where we had them, and planted agents everywhere to seek information.”

—Shota Utiashvili, interior ministry spokesman, on the suspected spies apprehended last week

UPCOMING MILESTONES

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

Nov. 12-13: FM Vashadze visits Morocco

Nov. 12-16: NATO PA in Warsaw

Nov. 17: FM Vashadze visits Tunis

Nov. 19-20: NATO summit in Lisbon

Nov. 23: 7th anniversary of the Rose Revolution

Nov. 28-3: Parliament Speaker Bakradze visits Paris

Dec. 1-2: OSCE summit in Astana

Dec. 7-8: Parliament Speaker Bakradze in Slovakia

Dec. 16: FM Vashadze visits Croatia

TOP STORIES

Government Releases Rare Details of Success in Breaking Up Nuclear Smuggling Ring

Georgian authorities this week released details on their success in breaking up a nuclear smuggling ring, shedding light onto the country's recent efforts to thwart the sale of nuclear material in the region. Georgian police arrested Armenian citizens Sumbat Tonoyan and Hrant Ohanian last March in a sting operation after they smuggled 18 grams of highly enriched uranium (HEU) from Yerevan to Tbilisi. "The operation is a big success for our nuclear smuggling unit," said interior ministry spokesman Shota Utiashvili.

Tonoyan had met with an undercover agent posing as a buyer from a rogue Islamic organization earlier this year, demanding \$1.5 million. He then coordinated with Ohanian, a retired nuclear physicist, to smuggle the nuclear weapons-grade material from the Armenian capitol aboard a regional train to Tbilisi. The HEU was encased in lead within a Marlboro Reds cigarette pack to avoid discovery by radiation detectors stationed along the border. Tests have confirmed that although small in quantity, the material was 90% enriched—good enough to be used in a nuclear warhead.

US officials last April hailed Georgia's successful operation in preventing the proliferation of nuclear material: "We are very grateful for the efforts that Georgia has made, not just recently, but over an extended period of time interdicting the flow of dangerous materials out of the region," said Philip Crowley, the State Department spokesman. Archil Pavlenishvili, chief of Georgia's nuclear smuggling unit in the interior ministry, said the investigation highlighted the difficulty in stopping nuclear smuggling in the Caucasus because of the region's porous borders, widespread corruption, and unknown quantities of unsecured materials left over from the Soviet period. The US has signed agreements with a number of ex-Soviet states under its Smuggling Outreach Initiative aimed at preventing nuclear trafficking, including Ukraine, Kazakhstan, Georgia, and Kyrgyzstan.

[AP: Georgia Details Nuclear Smuggling](#)

[AFP: Two Plead Guilty Over Nuclear Smuggling in Georgia](#)

Georgia Apprehends Alleged Russian Spies After 4-Year Investigation

Georgia on Friday accused 13 people, including four Russian citizens, of passing information to Russia's GRU spy agency during the brief August 2008 war between the two countries. Officials said the investigation into the alleged spy ring had been going on for years. "Not only did they monitor secret military information but they continued to do so during the war," said Interior Ministry spokesman Shota Utiashvili. "They wanted to know how many weapons we had, where we had them, and planted agents everywhere to seek information. We think it is one of the most serious spy rings we have caught in this country."

Georgia's deputy counterintelligence chief, Otar Orjonikidze, told journalists at a press conference that the investigation began in 2006, after Georgian authorities offered an amnesty to any citizen who came forward and admitted working for the Russians. Government officials said the spy ring involved dozens of others who have not so far been detained. They said the ring was broken by a Georgian double agent who "gained the trust of Russian military intelligence and started working for this agency as a liaison officer."

"In order to carry out espionage activities, the Russians gave him special computer hardware and software for encrypting the exchanged information," the ministry said. Six of the arrested Georgians are air force pilots whom the ministry said were recruited by the GRU a decade ago when they were stationed in the Georgian region of Adjara. Another was a naval radio operator who allegedly passed on secret communications codes to Russian intelligence.

[BBC: Georgia praises Russian "spy ring" discovery](#)

[CHRISTIAN SCIENCE MONITOR: Georgia nabs Russian "spy ring"](#)

[CIVIL GEORGIA: 9 Georgians, 4 Russian Citizens Among 'Spies'](#)

**Council of Europe Praises Conduct of Georgia's Local Elections**

The Council of Europe's Congress of Local and Regional Authorities released its report on Georgia's May municipal elections, praising the country for showing evident progress towards meeting European standards. According to CoE observers, the election administration organized the first direct election of Tbilisi city mayor in a professional, transparent, and inclusive manner, maintaining a calm yet competitive election environment. The report also noted several shortcomings, recommending that the country pursue measures to consolidate progress and enhance public trust. Meanwhile, on Wednesday, Parliament Speaker Bakradze convened representatives of the ruling and opposition parties to begin a new round of talks to reform the electoral code (above).

[RUSTAVI: Council of Europe's Report on May 30 mayor's elections](#)

World Bank Ranks Georgia 12th in Ease of Doing Business

The World Bank has ranked Georgia as the 12th best country to conduct business in the world. According to the annual "Doing Business 2011" report, published by the World Bank and IFC, Georgia was also the most active country out of the world's 174 economies in reforming its business environment over the last five years. President Saakashvili lauded the ranking and the country's progress in relaxing business regulations. "This is one of the main achievements of the Rose Revolution after what the Georgian people did in 2004, when they stood in the street in the snow and rain and wind to protect their rights," he said, adding that the Soviet-influenced days of bribery, queuing, and winking eyes to conduct business were over. Georgia was also the only east European country to make the top 15 on the global index, setting the pace for regulatory reform. Economies were ranked based on a variety of indicators assessing government regulations on starting and closing a business, enforcing contracts, accessing credit, paying taxes, dealing with construction permits, trading across borders, registering property, and protecting investors.

[WORLD BANK: Doing Business 2011: Making a Difference for Entrepreneurs](#)

New \$45 Million Investment Backs Municipal Infrastructure Projects

The World Bank last week approved \$45 million to finance municipal and regional infrastructure development projects in Georgia, scaling up its investment in the country. The original project, funded with \$40 million, was launched after Russia's August 2008 invasion in a measure to mitigate the armed conflict's impact. Funding is allocated mainly for rehabilitating municipal services, preparing strategic development plans for several cities, improving local roads and water services. The current World Bank portfolio in Georgia consists of 12 active investment projects for a total of \$469 million.

[CIVIL GEORGIA: WB Adds USD 45 mln for Georgia Municipal Infrastructure Funding](#)

INTERNATIONAL MEDIA ON GEORGIA

WALL STREET JOURNAL: Avoiding the next war in the South Caucasus

In 2008, Brussels dismissed President Saakashvili's warnings of potential Russian aggression, and when Russia recognized the independence of Georgia's regions of Abkhazia and S. Ossetia, and war broke out between the two countries, Europe struggled to respond. (Two years on, we are still struggling.) Yet, Saakashvili's message to Europe at the Bucharest NATO Summit in 2008 was an important one: that stability in the South Caucasus will remain fleeting as long as the region's frozen conflicts remain unresolved. This implies that Europe must recognize the security realities in the region, which after all is part of Europe, and under which run major energy pipelines that connect Europe with Caspian oil and gas.

online.wsj.com

NEW YORK TIMES: NATO sees threats, but is reluctant to say just who the enemy might be

Asked what he would tell anxious Georgians about the "reset" with Russia, NATO Secretary General Anders Fogh Rasmussen said that the Alliance would not recognize the independence, autonomy, or annexation of Georgia's Russian-occupied regions, Abkhazia and S. Ossetia; that it continues to respect Georgia's sovereignty and territorial integrity; and that NATO would keep its promise to some day admit both Georgia and Ukraine.

www.nytimes.com

EURASIANET: Georgia offers civilians for Afghanistan campaign

The recent casualty cost for Georgia's military engagement in Afghanistan apparently has not chilled the country's ardor to participate in the Alliance's war against the Taliban. Nearly a week after four Georgian soldiers died in Afghanistan, Tbilisi offered to contribute civilian manpower to shore up the US-led campaign. Georgian doctors and support personnel are expected to leave for Afghanistan next year.

www.eurasianet.org

PROJECT SYNDICATE: Beware of smiling bears

Economic growth during the Putin years, combined with the defeat of Georgia—which was regarded in Russia as the beginning of a great political comeback—provided the confidence needed to embrace efforts to re-model the transatlantic security architecture. Medvedev's proposed transatlantic security treaty would enshrine the principle of avoiding external force to resolve national disputes, which would rule out international intervention in the conflicts affecting the northern Caucasus, including Chechnya. But no treaty should be signed so long as the sincerity of Russia's commitment to the norms of international behavior remains in doubt.

www.project-syndicate.org

FOREIGN POLICY: Washington won't mediate between Russia, Georgia on WTO

The Obama administration has been touting its progress in negotiations with Russia over Moscow's bid to join the WTO, but the White House has no intention of helping Russia overcome the biggest remaining obstacle: Georgia. "This is a bilateral issue between Russia and Georgia, this is not a trilateral issue that we are supposed to solve somehow," a senior administration official said, explaining that the Obama administration has no intention of trying to exert influence on Georgia on this issue and will not offer any carrots or sticks to Tbilisi. "Too many people frame this as 'are the Georgians going to be the spoiler.' That already puts the Georgians in a box," said the Atlantic Council's Damon Wilson. "The issue is, do the Russians want in the WTO or not and if so, what are they going to do?"

thecable.foreignpolicy.com

RADIO FREE EUROPE: What is Georgia's strategy in the North Caucasus?

Georgia's actions regarding the N. Caucasus are poorly understood in the West, and this could become a problem since the support of the West is extremely important to Georgia. It is important for the country to have direct contacts in the region and to overcome the prevalent image of Georgia as an enemy. Georgians have a historic reservoir of sympathy for the peoples of the N. Caucasus, and there are pockets of sympathy for Georgia remaining in the region. It would be a sin not to take advantage of these resources.

www.rferl.org

NATIONAL INTEREST: The bumpy road between Moscow & Tbilisi

Two years after Russia's 2008 invasion of Georgia, the tiny Caucasus state is again becoming a potentially contentious issue between Washington and Moscow. And without care in both capitals, and in Tbilisi as well, Georgia could again set back not only the US-Russian relationship but many broader US foreign policy goals. Assuming that America and Russia make a deal—which is not guaranteed, and would require a major effort by the Obama administration on Capitol Hill—Moscow will need an agreement with Tbilisi as well if it is actually to join the WTO.

nationalinterest.org

JAMESTOWN FOUNDATION: Georgian premier goes to China, India to attract investments

Accompanied by his top economic team, PM Gilauri met in Beijing with China's vice premier to discuss a "broad spectrum of political and economic issues" and explore opportunities for "strengthening the already fruitful cooperation" between the two nations. For its part, Tbilisi offers a set of incentives in terms of the better use of the country's transit potential for China's air and land travel to and from Europe, including the establishment of a direct flight between Tbilisi and Beijing, multimillion energy projects in Georgia's hydro-power sector, and in general making Georgia a "regional logistical hub" in the Caucasus for Chinese businesses and tourism.

jamestownfoundation.blogspot.com

ASSOCIATED PRESS: IOC awards medal to Georgian luger who died at Vancouver Olympics

Nodar Kumaritashvili, the Georgian luger killed during training at the Vancouver Olympics, has been awarded a top IOC medal that was presented to his father. Kumaritashvili died when he lost control of his sled at nearly 145 km/h, flew off the course, and slammed into a steel pole. Kumaritashvili's father said that Georgian authorities would build a new luge track in Bakuriani that would be named after his son.

sportsillustrated.cnn.com

THINK TANKS/NGOs

CENTER FOR STRATEGIC & INTERNATIONAL STUDIES: Georgian lessons—Conflicting Russian, Western interests in wider Europe

The Kremlin has challenged the Obama administration and EU leaders to make strategic compromises by acquiescing to Moscow's goal in establishing demarcated zones of influence and a permanent "balance of power" encapsulated in a new European security treaty. One of Moscow's goals during its August 2008 invasion of Georgia was to demonstrate that the existing system of European or Eurasian security was obsolete and in need of major restructuring. Hence, Russia offered to play a major role in developing a new security architecture whereby US and NATO influence would be scaled down and equalized with that of Russia.

csis.org