GEORGIA UPDATE

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Addressing the UN Climate Summit in Cancun Mexico on Wednesday, President Saakashvili said small countries like Georgia have "a critical role to play as laboratories for innovation-testing new ideas, setting ambitious targets, and serving as a model for others," adding: "Our overarching goal in Georgia is to show that lowering our consumption of fossil fuels can help us increase growth-and can do so in a sustainable way." The President pointed to the extraordinary expansion of hydropower in Georgia, thanks to which about 80 percent of the country's electricity is produced from renewable sources. "In fact," he said, "we are exporting renewable energy to our neighbors, and we will eventually transmit it through Turkey to the EU."

INTERNATIONAL MEDIA ON GEORGIA

DPA: Clinton, Medvedev disagree on OSCE role in Georgia

LE FIGARO: Suspicions of Russian involvement after explosions in Tbilisi

WASHINGTON TIMES: Russia waged covert war on Georgia starting in '04

THE GUARDIAN: Russia armed Georgian separatists

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RADIO FREE EUROPE: Georgia "on its way" to NATO, EU, top official says

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MINNEAPOLIS STAR-TRIBUNE: Liquid assets-Georgian wine from vine to table

QUOTES OF THE WEEK

"We can start with Georgia, whose sovereignty and territorial integrity the United States strongly supports. It is regrettable that a participating state has proposed to host a mission and the OSCE have not been allowed to respond. We here at this table must let this organization do its job and restore a meaningful OSCE presence to Georgia. We also call on all parties to fully respect and implement the August and September 2008 ceasefire arrangements. In this regard, we particularly welcome President Saakashvili's pledge not to use force unilaterally. And we hope this pledge can help us break new diplomatic ground."

—US Secretary of State Hillary Clinton

"The US remains firmly committed to Georgia's sovereignty and territorial integrity. We enjoy a strong defense relationship, and we're currently working closely with the ministry of defense and other dinistries in Georgia to improve Georgia's ability to defend itself."

—John Bass, US Ambassador to Georgia, at a ceremony to transfer 74 off-road vehicles to Georgia

"The UK, like the vast majority of states represented here, unequivocally recognizes Georgia's territorial integrity and sovereignty within its internationally recognized borders.... Russia must meet its ceasefire commitments and withdraw its troops from Abkhazia and S. Ossetia."

—UK Deputy PM Nick Clegg, calling for the re-establishment of the OSCE mission in Georgia

UPCOMING MILESTONES

Dec. 13: Eastern Partnership ministerial meeting in Brussels

Dec. 15-16: FM Vashadze visits Croatia

Dec. 16: Next round of Geneva talks

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TOP STORIES

Georgia Arrests Six Suspected of Bombings Targeting US Embassy, Railway, Labor Party Headquarters

The Ministry of Internal Affairs Tuesday announced the arrest of six Georgian citizens suspected of carrying out a series of five attempted bombings in Georgia between September and November of this year. The attacks targeted the US embassy, railway stations, and the Labor Party headquarters in Tbilisi. The evidence gathered thus far in the case points to a clear connection between the six suspects and an active-duty major in the Russian army, who appears to have directed and financed the attacks. He is currently serving in the Russian-occupied Georgian territory of Abkhazia.

The Government of Georgia did not comment on any political ramifications of the arrests. The Ministry of Internal Affairs has indicated its willingness to cooperate with Russian authorities in the investigation. Deputy Minister Zguladze underscored that there is no evidence yet to link the bombings with Russia's political leadership.

President Saakashvili did not make any link to Russia. "All evidence gathered by our law enforcement agencies suggests these individuals were acting on orders from the occupied territories," he said, emphasizing that "the allegations have yet to be established by due process of law." He added: "We have managed to avert additional serious terrorist acts, which were already planned and for which the suspects had received instructions and explosive materials.

The investigation that led to the arrests hinged on a series of witness statements, telephone records, and other evidence. One of the suspects, Gogita Arkania, in a deposition said that he was ordered to carry out the attacks by Evgeni Borisov, an active-duty Russian major serving in Russian-occupied Abkhazia. The ties between the two men also were evidenced by a series of phone calls between them before and after the attacks.

AGENCE FRANCE PRESS: Georgia averted series of terrorist attacks

EU Calls on Russia to Cooperate in Establishing OSCE Mission in Georgia; Hails Georgian Progress

The EU wants Russia to renew its efforts to improve its strained relations with Georgia. Addressing a joint press conference with Russian President Medvedev, the President of the European Council, Herman Van Rompuy, called on Moscow to closely cooperate with the EU on restoring the OSCE mission in Georgia. "Progress in this field will create momentum for EU-Russia cooperation in general," he told reporters following the EU-Russia summit on Tuesday in Brussels.

In a statement released after the EU-Georgia Cooperation Council meeting, which took place on the same day in Brussels, the EU reiterated its strong commitment to "Georgia's security and stability, based on full respect for the principles of independence, sovereignty and territorial integrity". It also welcomed the declaration on the non-use of force made by President Saakashvili in his speech to the European Parliament in November, calling it "a positive step towards peaceful conflict resolution."

Meanwhile, Štefan Füle, Commissioner for Enlargement and European Neighbourhood Policy, said Georgia was "one of the most active partners" in the framework of the EU's Eastern Partnership and hailed Georgian negotiators' "determination and professionalism" in Association Agreement talks, which were launched last summer. Said Georgia's ambassador to the EU, Salomé Samadashvili: "We hope to be a success story in making this policy operational and important tool for transformation of the countries in the region."

<u>EUROPOLITICS: EU urges Moscow to fully engage in regional conflict resolution</u>

Parliament Set to Bar Offshore Ownership of Broadcasters in Latest Push for Media Transparency

A draft law passed in its first hearing by Parliament on Tuesday would ban offshore companies from owning shares in Georgian broadcasters. The provision is the centerpiece of a new push for greater media transparency by the ruling UNM party, which introduced the bill. Minority parties had criticized the original draft of the legislation, which would have limited offshore ownership of broadcast media to 10 percent. "We should not leave any question marks with respect to transparency of media ownership," said UNM MP Pavle Kublashvili, who chairs the legal affairs committee. "Not a single percent of a share can belong to an entity registered offshore." The draft also includes provisions to enhance the financial transparency of broadcasters, a key concern among the legislation's critics. "Society should have full and comprehensive information about media owners, who is behind media organizations and how they are financed." Parliament Speaker Bakradze said prior to the draft's initial release last month. "The initiative is part of our democratic reform package and it will be a step forward toward our democratic development."

CIVIL GEORGIA: Draft Banning Offshore Ownership of Broadcasters Endorsed

CIVIL GEORGIA: Ruling Party Agrees on Ban of Offshore

World Bank, IFC Point to Georgia as Model Reformer

The World Bank and IFC last week praised Georgia as a model reformer at a World Bank conference in Tbilisi. According to the IFC's recent "Doing Business 2011" report, Georgia is among the 10 economies that made the greatest strides in reforming their regulatory environment. "Georgia's persistent efforts have resulted in Georgia becoming among the first of the 174 world economies by this measure, and as the 12th easiest place to do business globally," said Snezana Stoiljkovic, the IFC's director for Eastern European and Central Asia, addressing over 100 delegates from 30 Eastern European and Asian countries who participated in the event. "Georgia remains the leader in Eastern Europe and Central Asia," she added, expressing confidence that Georgia's achievements will bolster the network of reformers across the region and motivate them to support each other. According to the IFC report, "Georgia improved access to credit by implementing a centralized collateral registry, with an electronic database accessible online. Georgia also strengthened investor protections by allowing greater access to corporate information during a trial," the report read. PM Gilauri attributed Georgia's success to the government's efforts to sign free trade agreements, create flexible regulations, lower corporate taxes, and reduce bureaucratic processes.

GEORGIA TODAY: Conference Hails Georgia as a Model Reformer

Georgia to Host MTV Summer Festival in Batumi

After several weeks of intense, active negotiation, America's MTV music network announced that Georgia's Black Sea resort of Batumi will host the MTV all-star summer festival next year. Dozens of international stars are expected to attend the high-profile concert, and over a billion spectators will watch their performances live on television. The concert will be coordinated under the auspices of MTV Impact, a recently formed division of the music entertainment network that stages concerts designed to encourage economic development and expand MTV markets in Eastern Europe, Russia, Africa, India, and the Middle East. The government hopes the project will promote tourism and infrastructure development in Georgia.

EURASIANET: MTV Deal Could Rock Tbilisi

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INTERNATIONAL MEDIA ON GEORGIA

DEUTSCHE PRESSE AGENTUR: Clinton, Medvedev disagree on OSCE role in Georgia

Secretary of State Clinton put herself on a collision course with Russia last week by calling for the re-establishment of a mission in Georgia by the OSCE. "It is regrettable that a participating state proposed to host a mission, and the OSCE has not been has not been allowed to respond," Clinton said, clearly referring to Russia efforts to block the mission. "We here at this table must let this organization do its job and restore a meaningful OSCE presence in Georgia.

dailyme.com

LE FIGARO: Suspicions of Russian involvement after explosions in Tbilisi

"Even if they do not constitute a large-scale terrorist attack, even if the bombs were evidently not designed to kill many, we are still dealing with officials who occupy parts of a foreign country and organize attacks on an independent country," said one Georgian about the six suspects arrested this week for several bombing attempts this autumn and who were allegedly directed by an active-duty Russian major serving in occupied Abkhazia. "What for? To destabilize the country, to show that it is not safe." The Georgian Government, after revealing the case on Tuesday, will ask Moscow to hand over the suspected ringlease, Evgeni Borisov. Yet it has no intention, just weeks after having extended an olive branch to the Kremlin in the European Parliament, to make the issue a casus belli. Reacting to the arrests on Tuesday, President Saakashvili refrained from citing Russia. www.lefigaro.fr

WASHINGTON TIMES: Russia waged covert war on Georgia starting in '04

Russia waged a covert war against Georgia that included missile attacks, arms shipments to anti-government rebels, and car bombings since 2004, a newly disclosed US Embassy cable says. "The variety and extent of the active measures suggests the deeper goal is turning Georgia from its Euroatlantic orientation back into the Russian fold," read the cable, signed by the former US Ambassador to Georgia. Among the secret war operations were a 2007 helicopter gunship attack on the headquarters of a pro-government group in the Georgian province of Abkhazia, and the murder of Georgian police officers in the town of Gori. Known inside the Russian security services as "active measures," the tactics employed against Georgia also included political disinformation campaigns, industrial sabotage, and assassinations.

www.washingtontimes.com

THE GUARDIAN: Russia armed Georgian separatists

Russia provided Grad missiles and other arms to separatists in S. Ossetia and Abkhazia, and carried out a wave of "covert actions" to undermine Georgia in the run-up to Russia's 2008 invasion of Georgia, US diplomatic cables say. One Kremlin aim was to remove Saakashvili, former US Ambassador to Georgia John Tefft wrote. But the "variety and extent of the active measures suggests the deeper goal is turning Georgia from its Euroatlantic orientation back into the Russian fold," he said. Its aim was also to "provoke the Georgian leadership into a rash reaction that separates Georgia further from the west." In the cable, Tefft reviewed a long list of suspected Russian actions aimed at de-stabilizing Georgia. These included a missile attack in Kodori—an area of Abkhazia then controlled by Georgia—the blowing up of a Georgian police car, and a suspected plot to kill an opposition figure.

www.guardian.co.uk

FINANCIAL TIMES: US fears over Paris' ship sale to Russia

The full force of US objections to France's plan to sell four Mistral class helicopter and troop carriers to Russia is revealed in cables published by WikiLeaks, in which senior American officials warn that the move could trigger an "arms race" between the Kremlin and Georgia. At a meeting in January, Michelle Flournoy, the US undersecretary of defense, warned senior French officials the "optics and policy behind the sale were perplexing" and would "fly in the face" of President Sarkozy's personal commitment to resolve the crisis following Russia's 2008 invasion of Georgia.

www.ft.com

ASSOCIATED PRESS: OSCE flounders at end of summit

The final OSCE summit declaration was limited largely to generalities about the need for the organization to reaffirm its adherence to its historic principles—a largely unambitious position that indicates no real breakthrough was reached. "We have been fighting attempts to water down the human rights and the democracy component of the OSCE, because in our view that is fundamental part of our concept of security," Swedish FM Carl Bildt said.

www.kyivpost.com

RADIO FREE EUROPE: Georgia "on its way" to NATO, EU, top official says

Georgia is pushing ahead with reforms aimed at joining the EU and NATO, and is ready to talk to Russia. That's the message from Giorgi Baramidze, Georgia's deputy PM and state minister for European and Euro-Atlantic integration. He was optimistic about Georgia's reform progress and the prospect of EU membership: "We have 6 percent real GDP growth. The World Bank declared Georgia the world's number-one reformer during the last five-year period. Georgia is also number 12 in the World Bank's ratings in ease of doing business, and number one in Central and Eastern Europe," he said. "And according to the EBRD, we are Europe's third-least-corrupt country. Aren't these really fascinating achievements for this country?"

www.rferl.org

DEUTSCHE WELLE: Interview with Andrei Nekrasov

"Russian Lessons," a documentary on Russia's 2008 invasion of Georgia, was created to reveal the obvious contradictions between the presentation of the war in the Russian media and the events that actually took place, said the film's co-director, Andrei Nekrasov, in an interview with Deutsche Welle. "With utmost care, the film shows how Russian TV has manipulated images from the war. Shots by a Georgian cameraman of the bombing in Gori turn into images of Tskhinvali, / S. Ossetia," he said. "Georgian war victims turn into Ossetian war victims." According to Nekrasov, the Russian media gave false information on the number of victims and Western media often repeated this information without verifying its validity.

www.dw-world.de

MINNEAPOLIS STAR-TRIBUNE: Liquid assets—Georgian wine from vine to table

The Georgian winemaking tradition is among the oldest on Earth, going back about 7,000 years. So what makes Georgian wine different? Whereas European vintners traditionally discarded the grape stems when making red wine and fermented the juice (or "must") in wooden barrels, the unique character of Georgian wine derives from its fermentation along with the stems, seeds, and skins in huge clay vessels lined with beeswax, called *qvevri*. These jars are buried up to their necks in the earth, where the temperature naturally stays cool and constant.

www.startribune.com