

GEORGIA UPDATE

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President Saakashvili is in Washington this week to attend Friday's memorial service for the late Ambassador Richard Holbrooke. The President has a full slate of Congressional meetings on tap. Yesterday, he became the first foreign leader to meet with the new Speaker of the House, John Boehner (right), who commended Georgia for its reform progress and thanked the President for providing troops in Afghanistan. Yesterday evening, the President awarded Senator Joseph Lieberman with the St. George's Victory Order for his unwavering support of Georgia. Also on the agenda are Senators Carl Levin and Richard Lugar, as well as Ileana Ros-Lehtinen, who chairs the House Foreign Relations Committee.

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QUOTES OF THE WEEK

"The Georgian people understand all too well that the rights of a free people can never be taken for granted, and have been an important ally in our campaign against terrorism and radical extremism. We are grateful for their commitment of troops in Afghanistan and Iraq, and we mourn the loss of those Georgians who have given their lives to ensure stability and security for, and to deny malevolent interests sanctuary in, both of those countries."

—US Speaker of the House John Boehner after meeting yesterday with President Saakashvili in Washington

"We are substantially satisfied that they have implemented the compact well and we are expecting that the compact will achieve the impact we are looking for and that Georgia predicted."

—Millennium Challenge Georgia Director Jim McNicholas on the MCC's awarding a second compact to Georgia.

UPCOMING MILESTONES

Jan.11-14: President Saakashvili visits Washington, attends memorial for Amb. Richard Holbrooke

Jan.16: FM of Lithuania visits Georgia

Jan.17: FM of Hungary visits Georgia

Jan.18: FM Vashadze visits Baku

Jan.24-25: GUAM ministerial meeting in Kiev

Feb.1: Eastern Partnership Ministerial Meeting in Brussels

Feb 2: FM Vashadze visits Luxembourg

Feb. 4-6: Munich Security Conference

Feb. 25: FM Vashadze visits the Czech Republic

Mar. 3-4: Next round of Geneva peace talks

TOP STORIES

President Saakashvili, in Washington, Meets With New Congressional Leadership

President Saakashvili, in Washington this week for the late Ambassador Richard Holbrooke's memorial service, met with Congressional leaders from both sides of the aisle. The President yesterday became the first foreign leader to meet with House Speaker John Boehner since he formally became the third-ranking US elected official last week. "We had a constructive conversation about the importance of ensuring Georgia's commitment to freedom and democracy is not undermined," Boehner said afterwards. "The United States has long seen it as a moral duty to assist those who seek the blessings of self-government for themselves. That is why the American people will continue to stand with others struggling for democracy over the forces of despotism, dignity over degradation, and freedom over subjugation." Boehner praised Georgia's help in the war on terrorism, including in Afghanistan and Iraq, and mourned the loss of Georgians in those campaigns. "We also reaffirmed other cherished values, including the role and involvement of citizens in petitioning their government, and the necessity of peaceful resolutions to political conflict," he said. Yesterday evening, President Saakashvili awarded Senator Joseph Lieberman the St. George's Victory Order medal, Georgia's highest honor, for his tireless support of Georgia and defense of freedom and democracy around the world.

[AFP: Georgia president meets new US House speaker](#)

[USA TODAY: Boehner talks democracy with leader of Georgia](#)

Georgia Awarded Second Compact by Millennium Challenge Corporation

The US Millennium Challenge Corporation selected Georgia last week as eligible for a second Compact. Georgia's first five-year Compact, signed in September 2005 and due to be completed in April 2011, brought a total of \$395.3 million in aid for infrastructure projects and business development. The Government designed the first Compact to help accelerate economic growth and alleviate poverty by improving access to jobs and markets through rehabilitated regional infrastructure and improved enterprise development, particularly for agribusinesses. "While our work with all the different US agencies has taught us much, the Millennium Challenge Corporation has cemented our relationship with the United States in ways that other American programs do not," President Saakashvili said in Washington this week. "The MCC rewards responsible behavior, and engages governments on their own visions for development, thus ensuring that a local understanding of what is needed drives development—with the crucial backing of US technical expertise." A large portion of the initial funding was used to build the road to Samtske Javakheti, connecting a long-isolated region of Georgia and an enclave of ethnic Armenians to the capital and to the benefits of economic reform. The Government has been working to ensure that all of Georgia's communities are benefitting from development initiatives and given the economic building blocks that will measurably improve lives. Signs of economic revitalization can already be seen along the road.

[CIVIL GEORGIA: Georgia Becomes Eligible for U.S. MCC Aid Again](#)

Tourist Arrivals to Georgia Soar 35 Percent in 2010

Tourism to Georgia soared by 35 percent in 2010, as the government pursues economic reforms to foster foreign investment and tourism. Georgia attracted more than two million visitors last year. The number of visitors has increased since Russia's 2008 invasion of Georgia, when tourism's share of GDP fell to 3.6 percent, the statistics office said. In November, the President promised free land and the construction of a new airport to lure hoteliers and other investors to build a tourist resort at the Black Sea ports of Anaklia and Kobuleti.

[BLOOMBERG: Georgia's Tourism Sector Increased in 2010](#)

OSCE Chair Lithuania Names Georgia as a Priority in 2011

Lithuanian FM Audronius Ažubalis said last week that promoting democracy, human rights, and fundamental freedoms in Georgia and its Russian-occupied territories would be a priority for the OSCE in 2011, when Lithuania chairs the organization. "We will work towards building a true security community, without dividing lines, where commitments are implemented, the use of force is unthinkable, and human rights and fundamental freedoms are fully respected," he said. "Regional co-operation is also vital for building long-term stability in volatile regions and may be an important contribution to addressing protracted conflicts in the OSCE area."

[CIVIL GEORGIA: Georgia Among OSCE Lithuanian Chair's Priorities](#)

Georgia to Receive €45 Million in European Aid for Hydropower Development Projects

The EU's financial arm, the European Investment Bank, agreed last week to lend Georgia \$20 million to upgrade two key hydro-electric power plants. The EU itself is to lend €5 million to the hydro projects, while the unrelated European Bank for Reconstruction and Development is to lend a further €20 million. The foreign aid will finance rehabilitation projects at the Enguri hydropower plant and the Vardnili hydropower cascade, located on the administrative border of Georgia's Russian-occupied territory of Abkhazia. More than 80 percent of the country's electricity production comes from renewable sources, primarily hydro, and Georgia is already exporting renewable energy to its neighbors. Eventually, it aims to transmit electricity to the European Union via Turkey. Construction of many new hydropower is underway, including a 78 MW plant in Paravani and a 38 MW plant in Mtkvari.

[DEUTSCHE PRESSE AGENTUR: EU bank lends Georgia millions to boost hydropower schemes](#)

Junior World Rugby Tournament Awarded to Georgia

The International Rugby Board announced that Georgia will host the IRB Junior World Rugby Trophy 2011 next May. "Georgia is a wonderful setting for this key tournament," IRB Chairman Bernard Lapasset said. It is the first time that the hosting rights to a major IRB tournament have been awarded to the Georgian Rugby Union. Meanwhile, Georgia last month marked the opening of the IRB-funded, state-of-the-art National Academy, a center that will oversee the development of future international stars, and committed £6 million in funding for the growth of Rugby across the country.

[INTERNATIONAL RUGBY BOARD: Georgia to host Junior World Rugby Trophy](#)

After Long Absence, Georgia to Appear in Detail on Google Maps

After years of being absent from Google, detailed images of Georgia's geography and infrastructure will be published. Open Maps Caucasus, a US-funded non-governmental organization, last year launched a grassroots initiative to publish aerial images of the country on Google Maps, an interactive map of the world's largest search engine. "The idea is to teach people all over Georgia how to make accurate, street-level maps of the places they live," said Austin Cowley, an OpenMaps founder. Partnering with the economy ministry, Open Maps taught community members and schoolchildren how to build aerial photography devices and street maps using a GPS device. In the past, Google Maps has shown Georgia as an empty, light gray swath of territory, devoid of highways or train tracks or rivers. The founders expect the maps to be widely used, initially for traditional transportation and business development purposes, and later aiding in research and environmental development. The new map will launch in the first quarter of 2011, becoming the first community-based, open-source map of the country.

[GLOBAL POST: Mapping Georgia From Scratch](#)

INTERNATIONAL MEDIA ON GEORGIA

FOREIGN POLICY: Spring break Batumi?

In a bid to promote Georgia's profile in world markets and attract tourists and investors, Tbilisi has signed a deal with the global music entertainment network MTV for a high-octane concert to be televised globally. Georgia already enjoys a crushing soft-power advantage over its neighbors. The country has scant resources and a small population, but delicious food, friendly people, and a beautiful landscape might be able to make up for that. And if Katy Perry gets a beach house near Batumi? Maybe the US will be willing to join in the next fight against Russia.

blog.foreignpolicy.com

EURASIANET: Gali students dodge Russian border guards for education in Georgian

Complaining about a lack of Georgian-language instruction, ethnic Georgian students from the country's Russian-occupied territory of Abkhazia are regularly sneaking past armed Russian border guards to attend classes in Georgia. Parents who take their children into Georgian-controlled territory for school say that they do so because they feel safer there than in Gali and believe the quality of education is better. Meanwhile, teachers are in short supply in Gali, Abkhazia's poorest region. Few young teachers are willing to work in Gali villages for monthly salaries that top out at only 6,000 rubles, or about \$200.

www.eurasianet.org

WASHINGTON POST: Evaluating Russian "reset"

The reality is that the Bush administration grossly misjudged Putin and was no more successful than the Obama team in curbing Russian authoritarianism at home and aggression against its neighbors. The Obama administration would be well advised to give up the fantasy that we share common values and interests with Russia and instead recognize the Russian leadership for what it is—a thuggish regime that seeks to re-establish the Soviet-era notion of a "sphere of influence."

voices.washingtonpost.com

RADIO FREE EUROPE: Bringing it all back home

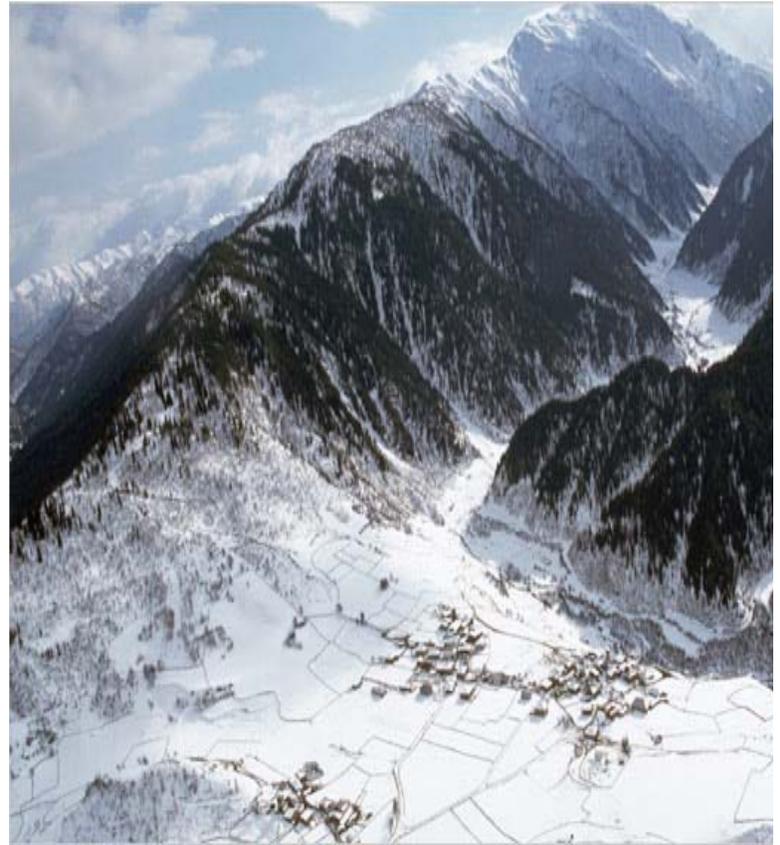
In contrast to Russia, the post-Soviet countries that have moved furthest from Soviet-style stagnation and corruption are the Baltic states and Georgia. RFE recently published a commentary that gave an impressive rundown of the world-class education credentials of many Georgian officials, up to and including PM Gilauri, who studied in the US and Ireland. "The [Georgian] government in fact encourages this migration from the old system and openness to new ideas by offering study grants for postgraduate Georgian students under age 40 who are accepted into select global universities," one study noted. This is the government that has pulled Georgia up from 127th place on the Transparency International corruption index in 2003 to 68th place last year.

www.rferl.org

EUROPEAN VOICE: Time to get tough on the Kremlin crooks and bullies

The "wet West's" message to the Russian leadership after the arrest of pro-Western, pro-justice advocate Boris Nemtsov is clear: We don't really mind what you do, and even if we did mind, we wouldn't and couldn't do anything. That clears the way for more of the same: What will Europe do when the next demonstration is met with more truncheons, more arrests, and longer sentences? Or if the flickers of remaining media freedom are snuffed out? Or if Russia starts bullying neighboring countries?

www.europeanvoice.com

**NEW YORK TIMES: The 41 Places to Go in 2011—Georgia, #6**

Tucked between the Black and Caspian seas and smattered with mountains, Georgia has the kind of terrain that adventurous skiers yearn for: peaks reaching 16,000 feet, deep valleys, and largely untouched slopes. Known best for spectacular off-piste and heli-skiing, Bakuriani and Gudauri—each a short drive from Tbilisi—saw 30,000 visitors in 2009 and are expanding fast. In efforts spearheaded by President Saakashvili, the ski-resort bug is spreading even further. In Mestia, the first groomed slopes of a new resort opened last month. Also earmarked as a winter hot spot is Goderdzi pass, which can have snow coverage six months a year.

www.nytimes.com

EURASIA DAILY MONITOR: Mistral and other arms sales to Russia mark NATO's first post-summit defeat

A political precedent, the French Mistral deal seems to have opened a floodgate of arms sales to Russia by West European arms industries. These deals were in the offing before NATO's Lisbon summit held last November, but Russian confirmations were held in abeyance until the summit was over. In this regard, the Lisbon summit may indeed have marked a "historic" watershed, though not in the sense conveyed in the immediate post-summit euphoria.

www.jamestown.org

HANDELSBLATT: The forgotten entrepreneurs

Georgia's structural reforms and economic liberalization have improved the business environment for entrepreneurs and investors, setting an example for other developing countries. The Georgian government, together with the IFC, established a special service center for entrepreneurs seeking to register and license their businesses, helping to reduce administrative steps to gain market access. Although entrepreneurs often report funding obstacles, restrictive administrative processes, and market access as significant factors hindering start-up companies investing in developing countries, Georgia proves to be an exception, according to a recently published survey by McKinsey and the IFC.

www.handelsblatt.com