

GEORGIA UPDATE

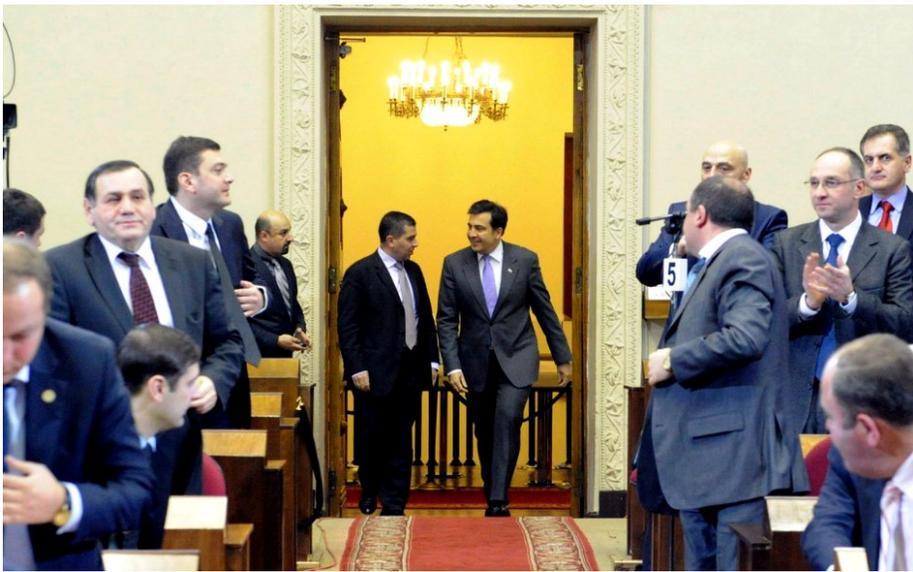
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www.georgiaupdate.gov.ge

TOP STORIES

- President's Annual Address to Parliament: "We Will Turn Georgia Into a European State"
- EU Special Representative: European Engagement in Caucasus Must Grow Stronger
- Turkey's Foreign Minister Discusses Closer Ties With President
- Georgia Plans Major Investments in New Hydro-Power Plants, as New Deal Is Announced
- Asian Development Bank to Invest \$500 Million in Georgia's Infrastructure
- New Zealand Rugby Hero Fitzpatrick to Advise Georgia



In his annual state of the nation address on Friday, President Saakashvili focused on the impact of inflation on Georgian citizens, announcing a series of measures to blunt its effects. These include food and electricity vouchers, as well as major investments in Georgian agriculture. "Georgian agricultural production will double by 2015, agricultural exports will double as well, and the number of bottles of wine produced in Georgia will reach 50 million annually," he said. "In addition to lowering our dependence on global food markets, these enterprises will create thousands of new jobs." The President also highlighted an ambitious agenda of reforms by 2015. "A modernized Georgia means a Georgia with a developed economy, in which there are many jobs and sources of income, with the means to realize the potential of our citizens."

INTERNATIONAL MEDIA ON GEORGIA

TAGESSPIEGEL: Georgia hopes for Merkel's support

AGENCE FRANCE PRESSE: Georgia expects Russia will oppose pipeline

EURACTIV: Europe's southern gas corridor—the great pipeline race

EURASIA DAILY MONITOR: Georgia provides more security than it consumes

NATIONAL POST: Track was an issue year before luger's death

BUILDINGS ONLINE: Wilford's Tbilisi embassy may mark end of an era

EURASIANET: Georgia still betting on an "economic miracle" in Poti

XINHUA: Hydropower—A potential growth booster in Georgia

THE GUARDIAN: Swansongs of a superpower—Russia's secret architecture

AGENCE FRANCE PRESSE: Georgian police welcome virtual crime-fighters

QUOTES OF THE WEEK

"EU engagement in the South Caucasus must continue to be visible, strong, and consistent."

—EU Special Representative Peter Semneby

"Modernization means the reforms that have been implemented and those that will be implemented by the State will make Georgia a more civilized, more progressive, and more democratic state. It means change and innovation that will illuminate the path for Georgia to become a more open, more successful, more contemporary society."

"Modernization means that we will turn Georgia into a European state from a post-Soviet country; it means replacing a clan and tribal mentality with civic consciousness."

"Today, the entire civilized world calls Russia an occupier. There is no longer any question regarding where international law stands. Today, Georgia has more political support than ever. Our strategic partnership with the United States is getting stronger, and our course towards the EU and NATO is irreversible."

"Our unyielding position is to be devoted to peace and to restore what was damaged by war and aggression only through non-violence, constructive engagement, and development."

—President Saakashvili in his annual state of the nation address to Parliament

UPCOMING MILESTONES

Feb. 16-18: FM Vashadze visits Washington

Feb. 25: FM Vashadze visits the Czech Republic

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

Mar. 15-17: Parliament Speaker Bakradze in Israel

Mar. 25-27: State Minister for Reintegration

Tkeshelashvili attends Brussels Forum 2011

Apr. 15-20: Parliament Speaker Bakradze attends IPU meeting in Panama

TOP STORIES

President's Annual Address to Parliament: "We Will Turn Georgia Into a European State"

President Saakashvili on Friday set out a series of ambitious targets for the modernization of Georgia in his sixth state of the nation address to Parliament, while also announcing a series of measures to blunt the impact of inflation for Georgian families. "Modernization means that we will turn Georgia into a European state from a post-Soviet country; it means replacing a clan and tribal mentality with civic consciousness," he said.

"Modernization means our citizens will be more educated, more competitive, will have contemporary knowledge and feel like patriots of Georgia...but at the same time, they will be citizens of the world, standard-bearers of mankind, and free persons for whom all opportunities are open and who have no inferiority complex." The President pledged to reform the country's educational system, create a more open and modern society, and advance agriculture, tourism and infrastructure development programs. He also focused extensively on the pain caused by inflation for families throughout Georgia, and outlined a series of measures to ease the blow—including electricity and food vouchers for every household. Fulfilling these promises, the government already has launched an electricity bill subsidy and food coupon program, and is investing \$84 million to boost agricultural production.

The President also highlighted Georgia's significant diplomatic achievements, and outlined the administration's foreign policy objectives for 2011. "Today, the entire civilized world calls Russia an occupier," he said. "There is no longer any question regarding where international law stands. Today, Georgia has more political support than ever. Our strategic partnership with the United States is getting stronger, and our course towards the EU and NATO is irreversible."

The President held out hope for easing relations with Russia. "Our unyielding position is to be devoted to peace and to restore what was damaged by war and aggression only through non-violence, constructive engagement, and development," he said. "This is why we are ready for dialogue with Russia, but we will never accept the dismemberment of Georgia and the occupation of our country." Saakashvili also emphasized the importance of holding a direct dialogue with Russia. Several foreign diplomats, at the invitation of the president, listened to the address as well as to the rebuttal speeches from opposition lawmakers.

[PRESIDENT OF GEORGIA: Full Text of Annual Address](#)
[NEW EUROPE: Saakashvili Announces Inflation, Unemployment Plan](#)

EU Special Representative: European Engagement in Caucasus Must Grow Stronger

The EU's Special Representative to the S. Caucasus, Peter Semneby, argued last week for intensifying the Union's engagement in helping to resolve the conflicts in the Russian-occupied territories of S. Ossetia and Abkhazia. "EU engagement in the S. Caucasus must continue to be visible, strong, and consistent," he said in his speech at the OSCE permanent council in Vienna, adding that effective conflict prevention and mitigation requires a human security approach. "In particular, this includes a strong engagement of the OSCE throughout the region. The loss of the OSCE Mission in Georgia has been very keenly felt by the OSCE's partners," he said. "These activities should not be held hostage by the conflict agenda. The termination of the mission left not only a vacuum in the field of conflict prevention and resolution, but also in the area of democratization and human rights," Semneby added. The Georgian government welcomed the EU's renewed call to action, and underscored the role of the international community in ensuring regional stability and preventing Russia's re-militarization and de facto annexation of Georgia's occupied territories.

[CIVIL GEORGIA: EU Diplomat: Conflicts 'Primary Threat' to South Caucasus Stability](#)

Georgia Plans Major Investments in New Hydro-Power Plants, as New Deal Is Announced

The Government is planning to build an array of privately funded hydro-power plants as it continues to attract foreign investors. Last week, Czech engineering firm Energy agreed to invest \$675-950 million to build a power plant in Tkibuli. The agreement is the latest step in the government's ambitious plan to become a key electricity exporter in the region. Investors have pledged to invest nearly \$3.5 billion to build at least 15 hydro-power plants over the next four years. "Georgia has the potential to be a regional champion for hydro energy production," said EBRD executive Laurent Chabrier. Meanwhile, the government also is considering an IPO for a 25 percent stake in the state-owned Georgian Oil and Gas, which operates the North-South Gas Pipeline, and in Tbilisi's electricity distribution company, Telasi.

[REUTERS: Georgia Plans New Hydro Plants, Power IPOs](#)

ADB to Invest \$500 Million in Georgia's Infrastructure

The Asian Development Bank will invest \$500 million in Georgia, helping to modernize the country's critical infrastructure. The aid will finance the restoration of the country's water supply and sewerage systems. "The sewerage system will be rehabilitated in some places and a new one will be built in others," PM Gilauri said. He added that the \$500 million will be disbursed in several tranches. The aid is part of the ADB's 2010 pledge to allocate over \$1 billion toward urban development, infrastructure, and water pipeline projects in Georgia.

[TREND NEWS: ADB to allocate \\$500m for Georgia](#)

New Zealand Rugby Hero Fitzpatrick to Advise Georgia

New Zealand rugby hero Sean Fitzpatrick will advise Georgia's national team, as it seeks to become a world force. Fitzpatrick was one of New Zealand's finest ever players and captained the All Blacks in the 1990s. He said he had been attracted by Georgia after watching an impressive performance by the national team at the 2007 Rugby World Cup. "What I saw was a country that has a whole lot of passion and commitment."

[www.france24.com](#)



Turkey's Foreign Minister Discusses Closer Ties With President

Turkish FM Ahmet Davutoglu was in Georgia last week to meet with President Saakashvili, who highlighted his vision of a "united Caucasus," based on open borders and a common cultural heritage with Turkey. "There is still a long road ahead before the materialization of this idea, but this is a positive step forward," he said, referring to a decision to simplify border crossings between Turkey and Georgia. "Georgia should turn into a major economic link for the Central Asia and Caspian regions and for Turkey," he added. Davutoglu also visited Batumi prior to his meetings in Tbilisi. Georgian and Turkish authorities plan to implement the new one-stop border crossing procedures in May.

[CIVIL GEORGIA: Saakashvili Speaks of "United Caucasus"](#)

INTERNATIONAL MEDIA ON GEORGIA

TAGESSPIEGEL: Georgia hopes for Merkel's support

Georgia hopes to gain increased support from German Chancellor Angela Merkel, especially regarding negotiations on an accession agreement with the EU and the facilitation of dialogue with Russia. "Any contact is better than confrontation," President Saakashvili said last week in an interview. Germany should use its contacts and appeal to Russia to stop its confrontations and military build-up on the border, and to enable meaningful dialogue, he added. The president added that Georgia would be "more than happy" if Germany moderated future bilateral discussions with Russia.

www.tagesspiegel.de

AGENCE FRANCE PRESSE: Georgia expects Russia will oppose pipeline

FM Vashadze last week said he expected Moscow to oppose a regional pipeline aimed at supplying Azerbaijani gas to Europe and reducing dependence on Russian energy. "I can imagine there is opposition, but so far it has not been expressed openly," Vashadze said in Bucharest. "Let's wait a little while and you will hear from Moscow why [the pipeline] is opposed to the political and economic interests of this region," he added. The pipeline would carry Azerbaijani liquefied natural gas to Western Europe, via Georgia and Romania.

www.calgaryherald.com

EURACTIV: Europe's southern corridor—the great pipeline race

The best-known pipeline project in the southern gas corridor is Nabucco. But other smaller projects, such as the Trans-Adriatic Pipeline, the Turkey-Greece-Italy Interconnector, or the Azerbaijan-Georgia-Romania Interconnector all have the potential to be important elements of the southern gas corridor—and even call into question the future of Nabucco.

www.euractiv.com

EURASIA DAILY MONITOR: Georgia provides more security than it consumes

NATO aspirant countries used to be assisted in advancing from sheer consumers to net providers of security as part of the process of entering the Alliance. Georgia's involvement in US-led and NATO missions, and its pivotal position in energy security, turned it into a significant security provider. Unlike past NATO aspirants, however, Georgia is not receiving the benefits of a security consumer in terms of national defense support. "Georgia should be a significant partner for future defense cooperation with the US, whether as a future member of NATO or in another capacity; it is already one of our nation's most loyal allies," wrote four US Senators this month in a letter to US Secretary of Defense Gates.

www.jamestown.org

NATIONAL POST: VANOC's story feels all wrong; track was an issue year before luger's death

Vancouver Olympic Organizing Committee CEO John Furlong mused about the possibility of an accident in e-mails obtained by the CBC under the Freedom of Information Act. "While I am inclined to ignore this as not our deal—embedded in this note (cryptic as it may be) is a warning that the track is, in their view, too fast and someone could get badly hurt," Furlong wrote. "An athlete gets badly injured or worse and I think the case could be made that we were warned and did nothing. That said, I'm not sure where the way out is on this. Our legal guys should review at least." Perhaps tragedy just happens. But it feels wrong, all of it, and it has since the terrible moment that 21-year-old Nodar Kumaritashvili died, flying off the Whistler Sliding Track and into a pillar at 145 kilometers per hour—faster than any luger had ever gone before this particular track was built.

www.nationalpost.com



BUILDINGS ONLINE: Wilford's Tbilisi embassy may mark end of era
Michael Wilford's \$27 million British Embassy in Tbilisi (above) has opened, becoming perhaps the last of the Foreign Office's grand projects. The Foreign Office said Wilford's new secure, earthquake-proof building was a sign of Britain's commitment to its relationship with the former Soviet republic. It was designed to blend in with the local environment and is covered in local basalt contrasted by aluminum cladding.

www.bdonline.co.uk

EURASIANET: Georgia still betting on an "economic miracle" with Poti tax-free zone

In a large grassy field a few kilometers from Georgia's Black Sea port of Poti lies a Free Industrial Zone that President Saakashvili in 2008 predicted would help transform Georgia into the "Dubai or Singapore" of the Caucasus. Over the past 18 months, 22 companies, ranging from a Georgian wood-processing plant to an Indian consulting company, have committed to setting up operations within the 300-hectare zone.

www.eurasianet.org

XINHUA: Hydropower—A potential growth booster in Georgia

Georgia has turned from an electricity importer to an electricity exporter in only five years. The abundant hydropower resources in the country have not only made the change possible, but created potential for increasing exports due to an overlap between Georgia's peak generating capacity and its neighbors' peak demand period in summer. The government has therefore planned to attract \$1.7 billion in the next four years to help further develop the country's hydropower generating capacity by adding another 1,000-megawatts in electricity generation. "Georgia has the potential to be a regional champion for hydro energy production," says EBRD executive Laurent Chabrier.

www.worldenergymedia.com

THE GUARDIAN: Swansongs of a superpower—Russia's secret architecture

And so began a seven-year odyssey to seek out and photograph some of the Soviet era's most unusual architectural creations, many under threat. Each one, says photographer Frederic Chaubin, was amazing. "It was like finding an undiscovered monument—a Machu Picchu of your own." Take the highly improbable Georgian Ministry of Highways, a heroic, Jenga-like arrangement of windowed oblongs completed in the mid-1970s. Based on a concept called the Space City method, and showing an eco-awareness way ahead of its time, the ministry takes up little ground area, allowing nature to swarm in under it.

www.guardian.co.uk

AGENCE FRANCE PRESSE: Georgian police welcome virtual crime-fighters

Computer gamers can now join crime-fighters on the mean streets of Georgia with the help of a new all-action game produced by the former Soviet republic's police force. The game is the first ever to be produced in Georgia, and is intended to publicize the ambitious reforms that have transformed the country's once corrupt police force. "We are proud of our police reform and the game is aimed at advertising it," said Shota Utiashvili of the interior ministry.

www.montrealgazette.com