

GEORGIA UPDATE

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- Georgia Seeks to Revive Film Industry; Directors Gravitate to Country’s Stunning Landscapes



President Saakashvili was in New York City last week to attend the announcement of a major investment in Georgia by Donald Trump, who, together with the Silk Road Group, will develop luxury residential towers in Tbilisi and Batumi. The President also met with senior business leaders while in New York City, and spoke at the Council on Foreign Relations and the Business Council for International Understanding. This week, Saakashvili is in Washington to meet with Congressional leaders and to deliver a speech today at the Brookings Institution.

INTERNATIONAL MEDIA ON GEORGIA

FOREIGN POLICY: Russia, Georgia talking again, but US not involved

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QUOTES OF THE WEEK

“We have a genuine disagreement not only with Russian leadership but with the vast majority of the Russian people over Georgia.... We think there’s a larger principle at stake here. As I said when I announced the reset at Munich, I said ‘It will remain our view that sovereign states have the right to make their own decisions and choose their own alliances.’ And further: ‘We will not recognize any state having a sphere of influence.’ And almost regardless of the difficulty, we don’t support any state deciding through force changing the leadership of a democratically elected individual.”

♦ US Vice President Joe Biden in a speech at Moscow State University

“Given the importance of the issue and the level of its politicization in the region, a special mechanism is required. Although the EU Monitoring Mission’s work is often complicated by its inability to access S. Ossetia, deepening its involvement in investigating incidents and refuting unsubstantiated claims would make it a positive influence. Bolstering the role of the EUMM would imbue it with greater trust and give it the ability to become a much needed mediator.”

♦ International Institute for Strategic Studies on the administrative border between Georgia proper and Georgia’s occupied territory of S. Ossetia

“This is a country with amazing leadership. It shows what can happen to a country. Now in this case it was a small country, but it’s becoming a very powerful country economically.”

♦ Donald Trump on Georgia

UPCOMING MILESTONES

Mar. 22-25: PM, ministers present government’s plans to Parliament

Apr. 1: ICJ to issue initial ruling on ethnic cleansing cases against Russia

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

Jun. 7: Next round of Geneva peace talks

TOP STORIES

Donald Trump Signs \$300 Million Deal to Develop Luxury Properties in Georgia

Donald Trump last week signed a \$300 million agreement to develop two luxury properties in Georgia. The includes plans to build the Trump Tower Tbilisi in Revolution Square, in the heart of the capital, and the Trump Riviera in Georgia's booming Black Sea resort town of Batumi. At a press conference in New York attended by President Saakashvili, Trump praised Georgia for its political and economic progress. "This is a country with amazing leadership," he said. According to the agreement, Trump will license his name in Georgia, and his company, The Trump Corporation, together with the Silk Road Group, will manage, finance, and market the two properties. President Saakashvili applauded the agreement and Trump's commitment to Georgia. "I think Donald Trump has amazing intuition," he said. "He got it faster than many people." The residential buildings will each include 100 apartments and rise nearly 40 stories. Construction on the towers will launch in 2013.

[NYT: Trump Signs Deal to Develop Two Towers in Republic of Georgia](#)
[ASSOCIATED PRESS: Georgia's President to Make Weeklong US Visit](#)

Georgia, Russia Launch Talks on WTO Membership

Talks between Georgia and Russia on the latter's admission into the World Trade Organization will continue next month, after the two sides made no significant progress last week during bilateral negotiations in Switzerland. Russia needs the approval of Georgia, a WTO member, in order to join the group. "We are maximally constructive in the ongoing dialogue," Georgia's Deputy FM Kalandadze said. Georgian officials indicated they want to ensure that international trade laws are enforced by having EU monitors deployed to the administrative border of the Russian-occupied territories of Abkhazia and S. Ossetia, and allowing Georgian customs officers access to those checkpoints. "We want transparency in this region and our position has not changed," said a government spokesperson.

[BLOOMBERG: Georgia Says Talks With Russia on WTO Membership to Continue](#)
[SUEDDEUTSCHE ZEITUNG: Meeting on Neutral Ground](#)

OSCE Chair: "Very Much Concerned" About Russia's Military Build-up in Georgia

The OSCE's Chairman-in-Office, Lithuanian FM Audronius Ažubalis, arrived in Tbilisi from Baku earlier this week to discuss regional security concerns with Georgian officials and other stakeholders. Meeting with FM Vashadze, Ažubalis said he was "very much concerned" about Russia's military build-up in Georgia's occupied territories, particularly in S. Ossetia. "It really worries us," he said. "We put this on the table to our European colleagues, to our allies and of course to our Russian partners." He called on Russia to strengthen dialogue with Georgia in a "very open and honest way." The OSCE chief applauded Georgia's unilateral non-use-of-force pledge toward Georgia's occupied regions, and urged Russia to reciprocate: "We are waiting now from the Russia's side to do the same," he said. Among other moves, Russia deployed an additional 300 troops to S. Ossetia earlier this month, as well as powerful new rockets, boosting Russia's illegal military presence in Georgia's territories. The Lithuanian FM also praised Georgia "for internal democratic reforms" and said the country "is on the right track." Ažubalis, whose visit is part of a S. Caucasus tour, also met with PM Gilauri, senior lawmakers, and civil society representatives to discuss OSCE priorities.

[CIVIL GEORGIA: OSCE Chairman-in-Office Visits Georgia](#)

In Fight Against Inflation, Government Issues Food Vouchers

Georgian authorities last week distributed \$17.5 million worth of food vouchers to Georgian citizens in an attempt to counter rising food prices. Almost a million Georgian families will receive an \$18 voucher, welfare distribution official David Dvaladze said. The move comes just days after the officials provided Georgians with \$12 worth of electricity coupons to minimize the impact of increasing energy prices on the population. Meanwhile, earlier today the National Bank of Georgia announced that it would keep its key refinancing rate steady, as it sees inflation declining in coming months.

[BLOOMBERG: Georgia to Distribute \\$17.5 Million in Food Vouchers](#)
[ASSOCIATED PRESS: Georgian Authorities Distribute Food Vouchers to Counter Rising Prices](#)

Ruling Party Tables Proposals for Election System Reform

Georgia's ruling party last week laid out a series of proposals for electoral system reform, moving Georgia closer to achieving the recommendations outlined by the OSCE and other international organizations. Aiming to protect equality of the vote, proposed changes would redraw electoral district boundaries and increase the number of majoritarian MPs elected in districts where the population exceeds 100,000. The party also presented proposals allowing independent candidates to run for majoritarian seats in single-mandate districts, and ensuring that convicts with minor offenses retain the right to vote—responding to the OSCE's recommendation to ensure detainee rights. MPs also proposed the use of a biometric ID system to compile voter lists in Tbilisi before next year's parliamentary elections.

[CIVIL GEORGIA: Ruling Party's Election System-Related Proposals](#)

Parliament Close to Consensus on New Media Transparency Law

Parliament is expecting to reach a final consensus next week on a new media transparency law that would conclude several months of negotiations between ruling and minority party lawmakers. There is agreement in principle that the law will include provisions to ensure the transparency of broadcasters' finances. In response to opposition demands, the provision will require broadcasters to produce a public report of their finances and regulators to uphold international accounting standards when conducting financial audits. The law also bans offshore-registered companies from owning shares in Georgian broadcasters.

[CIVIL GEORGIA: Draft on Media Ownership Nears Completion](#)

Georgia Seeks to Revive Film Industry; Directors Gravitate to Country's Stunning Landscapes

Georgian moviemakers are banking on European partners, international stars, and their rich landscape to breathe new life into their budding film industry. "The Loneliest Planet," an independently financed thriller that will be released later this year, stars Mexico's Gael Garcia Bernal and Israeli actress Hani Furstenberg, and was entirely shot in Georgia last summer. "It will be seen all over the world because of Bernal, and the beautiful Georgian mountains will grab people's attention too," the film's first assistant director Zaza Rusadze said. "This is part of the Georgian film industry's strategy. We are looking at the West, and we need new markets and collaborations," he said. With this strategy in mind, Georgia's film industry is aiming to make a strong comeback after losing Soviet funding and skills following the dissolution of the Soviet Union over 20 years ago. And new filming opportunities are on the horizon, since Georgia's National Film Center applied last year to the 35-member European Cinema Support fund, which helps finance and distribute European films. The Center joined forces with Spanish filmmakers to launch a new joint film project.

[REUTERS: Ex-Soviet Georgia Eyes Film Industry Rebirth](#)

INTERNATIONAL MEDIA ON GEORGIA

FOREIGN POLICY: Russia and Georgia are talking again but US not involved

"Georgia's support to Russia's WTO membership is conditional," PM Gilauri said in an interview with Foreign Policy. "The precondition is fulfillment of the obligation taken by Russia in our bilateral accession protocol in 2004 and solving issues of customs administration on the Georgian-Russian border," he added. "Unregulated illegal trade as it takes place now is counter to WTO rules. Russia should become member of this rules-based organization but only if it respects trade rules."

thecable.foreignpolicy.com

NEW YORK TIMES: Georgia's veto power vexes US-Russia ties

On Monday, with the 17-year process of Russia's WTO accession nearing its endgame, Georgian officials confirmed that they will sit down with their Russian counterparts in Switzerland. Giorgi Kandelaki, deputy chairman of the parliament's Foreign Relations Committee, said he would like to see international observers on the Russian side of the border, along the lines of an EU monitoring mission that is based outside the separatist region of Transnistria in Moldova. The observers would pick up the smuggling of goods or drugs, as well as movements of Russian military hardware, he said. "Georgia does not want to be a hurdle. But Georgia is not the reason for this hurdle."

www.nytimes.com

WASHINGTON POST: Oil revenue gives Russia breathing room

Good relations with the West—and especially the "reset" with Washington—are not quite so pressing when the Russian economy is in good shape. An emboldened PM Putin was in Brussels in late February angrily lecturing the Europeans on energy policy and the uprisings in the Arab world. After months in which Moscow and Washington have tried to put their differences over Georgia on a back burner, President Medvedev two weeks ago accused Georgia of threatening the security of the 2014 Winter Olympics, to be held in Sochi, which is near the border of a Georgia's Russian-occupied territory of Abkhazia.

www.washingtonpost.com

EURONEWS: Russia makes tracks in Abkhazia

They are laying down new tracks in Abkhazia—but it is Russia's state-owned railway that is carrying out the work. Moscow is again upping the military ante in Georgia's occupied region with a project to restore a vast stretch of line. The railway will link Abkhazia to the Russian city of Sochi and strengthen ties between the Black Coast entity and its neighbor, and fortify its military infrastructure in Georgia's territory.

www.euronews.net

EURASIA DAILY MONITOR: The Geneva process—A balance sheet since the Russia-Georgia war

Apart from potential threats, Russian militarization of Abkhazia and S. Ossetia is changing the population structure in these territories, to Russia's long-term strategic advantage. Thousands of Russian military personnel and their dependents are settling in, many of them undoubtedly to stay on in Abkhazia after retirement from service (a pattern familiar in the case of Moldova's Transnistria and an added obstacle to conflict-resolution).

www.jamestown.org

AGENCE FRANCE PRESSE: Georgia criticizes Russia for not agreeing against force

At the Geneva peace talks, Georgian delegation head Giorgi Bokeria commended the mediators for their continued efforts to address security arrangements and human right issues such as the return of displaced people. "Unfortunately we have the same pattern of the Russian Federation refusing to engage in real substantial discussion and refusing to pledge not to use force like Georgia did," he said. Meanwhile, session mediator Pierre Morel, who represents the EU, said that last week's round of talks "appeared very positive."

www.france24.com



Plácido Domingo, Montserrat Caballé (above), and several world-class Georgian singers headlined a concert in Barcelona last week to benefit over 130 children of Georgian soldiers killed in Russia's August 2008 invasion of Georgia. The event was organized by Paata Burchuladze's charitable foundation, Iavna, "SOS," and "Opera Solidaria."

EURASIANET: What will Georgia and Russia trade for the WTO?

Just as VP Biden was promising last week to pull Russia into the WTO, Moscow and US ally Georgia were kicking off talks in Bern about Russia's WTO membership. In exchange for allowing Russia into the WTO, Tbilisi wants Moscow to let Georgians guard Russia's borders with Georgia's occupied territories of Abkhazia and S. Ossetia or, at the very least, to support the deployment of international border monitors in both territories.

www.eurasianet.org

EUROPEAN VOICE: Bringer of light

At 36, Nikoloz Gilauri is one of Georgia's longest-serving ministers and—after two years in office—a veteran PM by Georgian standards. In that time, he has proved himself perhaps the most business-like and able member of a generation brought early to power by disillusion with their parents' record. He has made a break from the past. A man of few words, Gilauri has focused on the job at hand, in the process maintaining his reputation as an executive manager whose choices are rational.

www.europeanvoice.com

STARS & STRIPES: US training a dual mission for Georgians

Georgia's 33rd Battalion is headed to volatile Helmand province to fight alongside US Marines. Its two predecessor battalions have had six soldiers killed in action and 39 wounded since April 2010, according to Lt. Col. Dan Thoele, executive officer of the US Marine Corps Training and Advisory Group. The US military has been working with the Georgians since 2003. The current training program, which includes 151 US instructors who work in Georgia, started in June 2009 and will train a fourth battalion to replace the 33rd later this year.

www.stripes.com

THINK TANKS/NGOs**International Institute for Strategic Studies: Detentions in Georgia**

Russian guards have policed the administrative boundary line (ABL) between Georgia proper and the country's Russian-occupied territory of S. Ossetia since May 2009, in accordance with an agreement between Moscow and Tskhinvali. Access to S. Ossetia remains restricted. Russian border guards claim that they apprehend those whose identity they cannot establish, or whom they suspect of smuggling or other criminal activities. Detainees are then handed over to the S. Ossetian KGB and transferred to Tskhinvali. Although the majority of detentions are very brief, some of them have turned into what Thomas Hammarberg, the EU Human Rights Commissioner, has called "hostage-taking." Although the EU Monitoring Mission's work is often complicated by its inability to access S. Ossetia, deepening its involvement in investigating incidents and refuting unsubstantiated claims would make it a positive influence. Bolstering the role of the EUMM would imbue it with greater trust and give it the ability to become a much needed mediator.

www.iiss.org