

# GEORGIA UPDATE

WEEKLY EDITION • 23 June 2011

A Publication of the Government of Georgia

[www.georgiaupdate.gov.ge](http://www.georgiaupdate.gov.ge)

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- Ruling Party, Opposition Renew Talks on Election Reforms
- Parliament Advances Status-Neutral IDs for Residents of Occupied Territories
- As Russia & France Sign Mistral Carrier Deal, Opposition Intensifies
- US Warship Visits Batumi for Joint Training Mission; Second US Port Call in Two Weeks
- Public Defender Confirms That No Protesters Went Missing in May Demonstrations



Calling him a “pioneer of the French-Georgian partnership,” President Saakashvili this week awarded French Minister for Cooperation Henri de Raincourt with one of Georgia’s highest honors, the Saint George’s Victory Order, for his efforts in deepening relations between the two countries. “France stood with us in the most painful period for Georgia and I am sure that you will be with us in the period of our development,” Saakashvili said at the award ceremony. Replied de Raincourt: “Georgia managed to overcome the challenges it faced with dignity and success. This country has never denied its values and principles.” Among other project de Raincourt has backed is a newly opened hospital in Georgia’s eastern town of Gurjaani that was funded by France.

## INTERNATIONAL MEDIA ON GEORGIA

**REUTERS TV:** Interview of Prime Minister Gilauri

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## QUOTES OF THE WEEK

“It is deeply troubling that France, a NATO ally, has decided to ignore the clear danger of selling advanced warships to Russia even as Moscow is taking an increasingly hostile approach toward the US, its neighbors, and Europe itself. Many of our allies in the region, such as Georgia and the Baltic states, have experienced cyber attacks, severe economic pressure, and even invasion by Russia.”

♦ US Congresswoman Ileana Ros-Lehtinen on France’s Mistral warship sale to Russia

“Georgia is getting closer to the EU, and no one can weaken its aspiration for Europe.”

♦ Sergio Di Gregorio, head of the Italian delegation to the NATO Parliamentary Assembly

“Wherever we have been, the magical name of Georgia came up constantly. People who had never been there, and who possibly would never go there, spoke of Georgia with a kind of longing and great admiration. They spoke of Georgians as supermen, as great drinkers, great dancers, great musicians, great workers and lovers. They spoke of the country in the Caucasus as a kind of second heaven. Indeed we began to believe that most Russians hope, if they live very good and virtuous lives, they will go not to heaven, but to Georgia, when they die.”

♦ John Steinbeck writing in 1947, as quoted in *The Globe & Mail*, June 18, 2011

## UPCOMING MILESTONES

**Jun. 29:** Armenian FM Nalbandian visits Georgia

**Jul. 1:** FM Vashadze attends ministerial of Community of Democracies in Vilnius

**Aug. 12:** 3rd Anniversary of Sarkozy-Medvedev ceasefire agreement

**Aug. 18-20:** FM Vashadze visits Austria

**Aug. 25:** FM Vashadze visits Brazil

**Oct. 4:** Next round of Geneva peace talks

## TOP STORIES

**First Quarter Economic Growth Reaches 5.8%, As Parliament Passes Liberty Act**

Georgia's economy grew at a brisk 5.8% pace in the first quarter, continuing to power ahead after a string 2010. The country's official statistics agency, Geostat, on Monday also released final growth figures for last year, which saw the economy expand by 6%. The financial sector led the way in the first quarter, growing by 24%, followed by energy, water production, and distribution at 12.4%, real estate at 9.5%, transport at 9.1%, and hotels and restaurants at 8.6%. Meanwhile, in a first reading, Parliament last week approved the Liberty Act, which would cap government spending at 30 percent of GDP, budget deficits at 3%, and the public debt at 60%. The legislation—which has been revised since it was first introduced in 2009—would allow Parliament to exceed these limits in times of crisis, but only on the condition that they are brought into line again within two years. The draft law is expected to go into force in late 2013.

[CIVIL GEORGIA: Q1 Real GDP Grew 5.8%](#)

[CIVIL GEORGIA: Parliament Endorses Revised Liberty Act](#)

**Georgia Expects \$1 Billion of Foreign Direct Investment in 2011**

Economy Minister Kobalia says the government forecasts a sharp rise in foreign direct investment this year, reaching \$1 billion. "Our goal is to double last year's FDI results," she said. "We are going to see better numbers." Hydropower should be the main driver of FDI growth, with Georgia having signed 42 agreements to develop hydropower projects as the country seeks to attract \$5 billion to reduce dependence on fossil fuels and become a major exporter of electricity in the region. Inter RAO UES, Turkish builder Kolin Insaat, and a venture between Solon, Ohio-based Robbins Co. and Georgia's Peri Ltd. are among companies that have recently signed deals in the sector. Tourism also is luring investors after more than 2 million people visited Georgia last year, the most since 2003. FDI fell to \$553.1 million in 2010 from \$658.4 million in 2009 and \$1.56 billion in 2008—the year Russia invaded Georgia, according to data compiled by Bloomberg

[BLOOMBERG: Georgia Expects \\$1 Billion of Foreign Direct Investment](#)

**Ruling Party, Opposition Renew Talks on Election Reforms**

Lawmakers from the ruling and opposition parties renewed talks on electoral reform, ending a three-month-long impasse. The MPs met to discuss a series of proposals put forth last March and April by the United National Movement party and the group of eight, the opposition coalition. "Time will show whether it will be possible or not or to what extent to draw our positions closer," said UNM MP Pavel Kublashvili. He expressed hope that that the Electoral Code Working Group would be restored to host one-on-one discussions with separate opposition parties, saying the group would be a "more effective" forum for negotiations. The next meeting is expected to take place next week.

[CIVIL GEORGIA: Opposition, Ruling Party Negotiators Meet](#)

**Parliament Advances Legislation on Status-Neutral IDs for Residents of Occupied Territories**

Parliament passed with its first reading new legislation on the status of persons living in Georgia's Russian-occupied territories. According to the proposals, the government will offer status-neutral travel documents and ID cards to persons legally residing in occupied Abkhazia and S. Ossetia until Georgia's jurisdiction over the regions is fully restored. Cardholders will qualify for social services currently enjoyed by residents of the rest of Georgia and will be able to travel abroad. The draft law also allows the free movement of people across the occupation lines at pre-determined entry points for residents with travel documents.

[CIVIL GEORGIA: Bill on Neutral Travel Documents Passed](#)

**US Warship Visits Batumi for Joint Training Mission; Second US Port Call in Two Weeks**

The USS Monterey docked in Batumi on Tuesday, the second port call by a US warship in recent days. "The USS Monterey is operating in the Black Sea to conduct joint maritime training with several countries adjoining the Black Sea," the US embassy said. "US ships have regularly deployed in the Black Sea region for many years and represent the continuing US commitment to Black Sea regional stability and maritime security." Equipped with advanced Aegis anti-missile weaponry, the USS Monterey and its crew of over 300 docked in Georgia to participate in exercises known as Sea Breeze 2011. Forces from Georgia and several neighboring countries engaged in the two-week-long training exercises that included counter-piracy and non-combatant evacuation operations, and search-and seizure-trainings. Deputy FM Kalandadze rejected Moscow's criticism of the exercises. "The training is aimed at improving global security in the region. It has nothing to do with Russia," she said.

[AFP: US Warship in Georgia on Training Mission](#)

**As Russia, France Sign Mistral Carrier Deal, Opposition Intensifies**

Opposition to Paris' sale of four Mistral-class warships to Moscow mounted last week as French and Russian authorities concluded the long-discussed \$1.7 billion contract. "It is deeply troubling that France, a NATO ally, has decided to ignore the clear danger of selling advanced warships to Russia even as Moscow is taking an increasingly hostile approach toward the US, its neighbors, and Europe itself," said US Congresswoman Ileana Ros-Lehtinen. "Many of our allies in the region, such as Georgia and the Baltic states, have experienced cyber attacks, severe economic pressure, and even invasion by Russia. President Saakashvili has also warned the international community that Moscow might use the ships to impose a blockade on the Black Sea, and the Baltic states have also expressed serious concerns. A Russian general said last year that such a ship would have helped it win its August 2008 invasion of Georgia within hours rather than days.

[REUTERS: Russia, France Sign Mistral Helicopter Carrier Deal](#)

**Public Defender Confirms That No Protesters Went Missing in May**

Georgia's Public Defender confirmed last week that no protesters were missing following last month's opposition demonstrations, backpedaling on earlier claims. All of the protesters were found in police custody at various detention facilities, said Public Defender Giorgi Tugushi. "Since then, no one has applied to the office with a request to assist in finding the whereabouts of protesters," he said, adding that he had no reason to believe that there were any missing protesters. Police arrested about 100 protesters on May 26 for rallying outside the Parliament after their permit to demonstrate expired, and detained them on minor charges. The announcement comes nearly month after a local legal advocacy group, Georgia's Young Lawyers Association, published on its website a list of nearly 50 persons claimed to be missing.

[CIVIL GEORGIA: Public Defender Says Missing Protestors Found](#)



## INTERNATIONAL MEDIA ON GEORGIA

**REUTERS TV: Interview of Prime Minister Gilauri**

"Georgia has gone through very transformative changes in recent years. The economy is booming; we have got out of the recession strongly. Last year's growth was 6.4%... Investors are confident about Georgia's growth because the reforms that we have done in our country in the past years are proving to be successful.... This year we are having serious investments in the tourism industry, in the banking sector, and in the energy sector. For example, five new hydro power plants have started construction just in recent months. A huge number of new hotels are being constructed and the construction will be done this year and next year. And we are seeing many large companies, large corporations coming to Georgia."

[insider.thomsonreuters.com](http://insider.thomsonreuters.com)

**NEW YORK TIMES: Georgia threatens to abandon Russia talks**

Twice in the last week, Georgian authorities arrested people who said they had been hired by Russian military officers to plant bombs inside Georgia. Giga Bokeria, the leader of the Georgian delegation in Geneva, said Tbilisi would end the negotiations if there were any more episodes. "If the campaign worsens, it affects everything," he said. "If Russia continues to be a state sponsoring terror attacks, that changes everything."

[www.nytimes.com](http://www.nytimes.com)

**AGENCE FRANCE PRESSE: Georgia's leader moves parliament to the provinces**

In his latest attempt to eradicate the legacy of communism, President Saakashvili is to move parliament in 2013 from the hammer-and-sickle-ornamented edifice in Tbilisi to a new building in the country's second-largest city of Kutaisi. Saakashvili said recently that Georgia would soon have three centers: Tbilisi, which he described as "the capital of the Caucasus," an "economic-financial center" in the Black Sea resort of Batumi, and the country's "parliamentary capital" in Kutaisi. Says analyst Gia Nodia: "Saakashvili and his team perceive themselves as the 'founding fathers' of a modernized Georgia. They have initiated profound, radical change in practically all spheres of life."

[www.afp.com](http://www.afp.com)

**WASHINGTON POST: Editorial—Trade and consequences**

The next stage of Obama's "reset" with Russia will include trade favors, if the administration has its way. The president has promised the regime of Vladimir Putin that he will support Russia's long-delayed accession to the WTO this year. For that to happen, Georgia, a US ally subjected to a Russian invasion in 2008, must still sign off.

[www.washingtonpost.com](http://www.washingtonpost.com)

**EUROPEAN VOICE: Why Georgia deserves more appreciation from Europe**

Georgia is boxing cleverly in its dealings with the Russian republics of the N. Caucasus: visa-free travel and the offer of decent higher education to the people living there undermines Kremlin propaganda. Given Russia's mismanagement of the region, and the danger of a bubbling insurrection turning into a volcano, the sight of a pro-Western country trying to be a force for stability, prosperity, and good-neighborliness deserves a bit more appreciation.

[www.europeanvoice.com](http://www.europeanvoice.com)

**REGARD SUR L'EST: Failed Spring for Nino Burjanadze**

Radical opposition member Nino Burjanadze warned in April that she would organize revolutionary protests to overthrow Saakashvili. The revolution never came. Burjanadze has gradually radicalized, even going for broke by pledging allegiance to Putin's party. Now marked as a "Kremlin's puppet," she seems to have chosen one-upmanship, promising the end of a system without explaining how hers, if victorious, would be different. Her revolution failed dismally.

[www.regard-est.com](http://www.regard-est.com)

**GLOBE & MAIL: Spending the summer in "the other Georgia"**

With a varied geography (from a prolific, yet little-known, wine district to glaciated peaks higher than anything in the Alps) and complex ethnicity (more languages exist in the Caucasus than the EU), the one thing every visitor seems to agree on is this: Georgians may be the most welcoming people in the world. Wrote John Steinbeck, who traveled through Russia in 1947: "Wherever we have been, the magical name of Georgia came up constantly. People who had never been there, and who possibly would never go there, spoke of Georgia with a kind of longing and great admiration. They spoke of Georgians as supermen, as great drinkers, great dancers, great musicians, great workers and lovers. They spoke of the country in the Caucasus as a kind of second heaven. Indeed we began to believe that most Russians hope, if they live very good and virtuous lives, they will go not to heaven, but to Georgia, when they die."

[www.theglobeandmail.com](http://www.theglobeandmail.com)

**BLOOMBERG: Georgia considers restrictions on public protests after deaths**

Georgian lawmakers may impose restrictions on public protests after two people were killed at an anti-government rally last month. Legal changes under discussion include setting out rules for organizing protests, restricting rallies from encroaching on government buildings, preventing small demonstrations from blocking roads, and prohibiting possession of dangerous objects and the consumption of alcohol, said Akaki Minashvili, chairman of the Parliamentary Committee on Foreign Affairs.

[www.bloomberg.com](http://www.bloomberg.com)

**FRANKFURTER ALLGEMEINE ZEITUNG: Economic challenges and prospects for Georgia**

Georgia is still the most promising country in the region. Its geographical position and its democratic, liberal government make the country more attractive to foreign investors than neighboring Azerbaijan or Armenia. And while its democratic institutions are still fragile, President Saakashvili's critics admit that the government has made significant progress in the fight against corruption.

[www.faz.net](http://www.faz.net)

**WIRED: New fossils push homo erectus origins back to Asia**

New archeological finds in Georgia are being promoted as evidence that *Homo erectus* didn't even get its start in Africa. The latest finds in the Georgian town of Dmanisi don't involve any new skeletons that will shed light on the relationship among the earliest members of our genus. But the stone tools that have shown up indicate that Dmanisi was occupied for tens of thousands of years, strengthening the case that the population could have served as the launching point for the global spread of *Homo erectus*.

[www.wired.com](http://www.wired.com)