

GEORGIA UPDATE

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Estonian President Toomas Ilves, meeting with President Saakashvili in the Black Sea port of Batumi on Monday, said Georgia had managed to significantly reduce corruption in law enforcement, contribute to the NATO mission in Afghanistan, and improve the country's economy, including transforming Batumi into a modern resort city. These successes, he said, could serve as a model for additional reforms. "All this is part of Georgia's future. Now is the time to build the future of Georgia," he said, adding that Estonia will continue to support the country's territorial integrity. Saakashvili said that Georgia would never forget Ilves' visit during the Russian invasion of Georgia in 2008, when Russian tanks were in the vicinity of the capital.

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"The U.S. does not support a specific person or a specific party in Georgia. We support the people of this country in their efforts to develop a stronger and deeper democracy with stronger institutions, with greater public confidence in those institutions and in the electoral process, in an environment that elects representatives and in a stronger development of the society that fully respects the principle of equality before the law."

♦ US Ambassador to Georgia John Bass speaking after the governing party and several opposition parties agreed on electoral reforms last week

"These reforms have been reflected in a number of indicators. The State Legitimacy indicator has improved by a remarkable 0.6 points, while the Public Services and Human Rights and Rule of Law indicators both improved by 0.4 points. The clamp-down on corruption has also likely created a better commercial environment, and may go some way to accounting for the significant 0.5 point improvement in the country's Economy indicator.... The example of Georgia should not be seen as the country miraculously turning around to complete stability. But it can be seen that Georgia is on track for continued improvement, by dealing with issues that really matter for national stability."

♦ Foreign Policy magazine

UPCOMING MILESTONES

Jul. 7-8: NATO-Georgia conference on "Emerging Security Challenges," Tbilisi

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

Georgia Seeks Talks With Russia on Ethnic Cleansing

Tbilisi last week invited Moscow to begin bilateral talks on longstanding ethnic cleansing violations committed by Russia in Georgia's occupied territories. Georgia's Foreign Ministry asked Russia "to participate in further negotiations to resolve the disputes that have arisen with respect to the Russian Federation's responsibility for breaches of the UN Convention on the Elimination of All Forms of Racial Discrimination," the ministry said. The request comes three months after the International Court of Justice declined to hear Georgia's ethnic cleansing charges against Russia, ruling that Tbilisi should first attempt to resolve the issue with Moscow through diplomatic means. By requesting talks with Russia, Georgia hopes to resolve this technical problem that halted the ICJ case. Georgia filed the case shortly after Russia's 2008 invasion; it accused Moscow of committing mass "ethnically motivated violence" and cleansing Georgian citizens in the country's Russian-occupied territories of S. Ossetia and Abkhazia during three distinct phases dating from 1990 to August 2008. Russia has long denied the right of return to ethnic Georgian IDPs who once lived in the now Russian-occupied Georgian regions of Abkhazia and S. Ossetia.

[AFP: Georgia Wants "Ethnic Cleansing" Talks With Russia](#)

[GLOBAL INSIGHT: Georgia Urges Russia to Hold Talks on Human Rights Violations During 2008 War](#)

In Effort to Prevent Violence During Protests, New Restrictions Put in Place

Georgian lawmakers last week approved legislation to tighten rules on demonstrations in an effort to promote public safety, prevent violence, and protect journalists. The bill comes one month after two people, including a policeman, were killed by opposition protesters during rallies led by Georgia's Moscow-backed radical opposition. Lawmakers were careful to respect Georgians' constitutional right to publicly assemble while advancing the safety measures. The final version of the new law prohibits rallies from encroaching within 20 meters of some government buildings without express permission from the courts, state agencies, or ministries. Demonstrations also must not block railways, highways, and ports. Meanwhile all protestors will be restricted from possessing dangerous objects and consuming alcohol. President Saakashvili must sign the bill before it takes effect.

[BLOOMBERG: Georgia Backs Restrictions on Protests After Deaths](#)

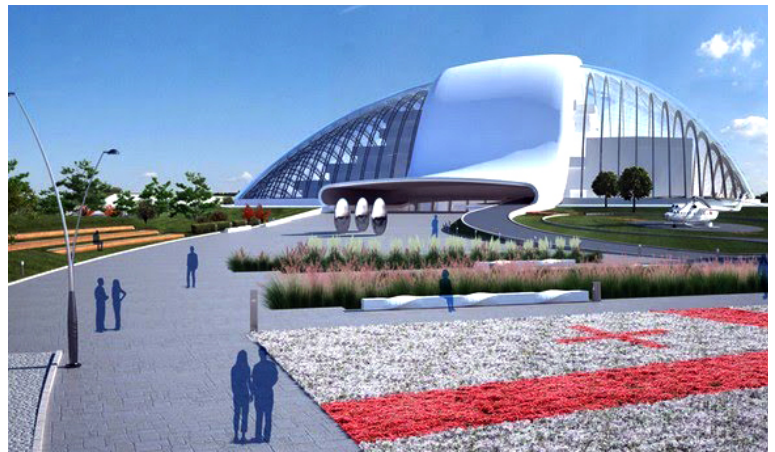
[AFP: Georgia Toughens Protest Law After Rally Violence](#)

US State Department Praises Georgia's Efforts to Combat Human Trafficking

The US State Department praised Georgia's efforts to combat human trafficking, saying the government took proactive measures to prosecute violators, protect victims, and prevent human trafficking. Georgia was ranked in the "Tier 1" category, placing the country's efforts to abrogate human trafficking on par with the US, Great Britain, and Australia. "The Government of Georgia fully complies with the minimum standards for the elimination of trafficking," says the State Department's newly released annual report on global human trafficking. The report hailed the Georgian law enforcement agencies for prosecuting perpetrators of human trafficking, and applauded the government's commitment to its anti-trafficking training and awareness programs for police officers and border guards. The Department also commended Georgia's "sustained" efforts to identify, protect, and provide shelter and social services for victims of trafficking. "The government continued to implement a formal mechanism for its officials to identify victims and refer them to organizations providing assistance," the report read, commending the government for funding safe homes that offered medical, legal, and psychological assistance for victims.

[US State Department: Trafficking in Persons Report, 2011](#)

[CNN Freedom Project: Global Record on Fighting Slavery](#)



A modern, 40-meter-high, glass-domed structure will be the new, permanent home for Georgia's Parliament. The dome represents transparency and is supported by a dramatic, 200 meter-long concrete strip, built to symbolize strength.

Parliament Votes to Move Itself to Kutaisi, Georgia's Second-Largest City

Parliament passed last week with its final reading constitutional amendments authorizing the relocation of Georgia's legislative body to Kutaisi, the country's second-largest city. The law establishes Kutaisi as the official, permanent home for the new legislature to be elected in 2012 (although the move-in date will be in 2013). The amendments revise a 2009 law that envisioned splitting Parliament's committee hearings and sittings between Tbilisi and Kutaisi, an industrial city in western Georgia. The move is part of a broader decentralization plan to create three bustling regional, economic, and political hubs in Georgia—Tbilisi, Batumi, and Kutaisi—and to encourage greater political engagement in western Georgia. In the second millennium BC, Kutaisi was the capital of the kingdom of Colchis—known from Greek mythology as the destination of Jason and his Argonauts—and later the capital of Georgia in the 10th to 12th centuries.

[AFP: Georgia Votes to Move Parliament to Provinces](#)

FDI Hits \$173 Million in First Quarter; \$1 Billion Targeted for 2011

Foreign direct investment in Georgia reached \$173 million in the first quarter, up \$74 million from the same period in 2010, according to preliminary figures from Georgia's state statistics office. Q1 FDI also was up from \$120 million in Q4 2010. Cyprus-registered companies topped the list of investors with \$41 million, followed by companies from the UK (\$28.7M), the Netherlands (\$25.1M), Russia (\$19.8M), Turkey (\$13.9M), Azerbaijan (\$11.7M), and the British Virgin Islands. Georgia's industrial sector attracted the most foreign investment, with \$82 million, followed by the financial, energy, construction, real estate, and tourism sectors. The Government expects FDI to double this year, according to Economy Minister Kobalia. Georgia could receive more than \$1 billion of investment, mainly in hydropower projects," she said. "Our goal is to double last year's FDI results."

[CIVIL GEORGIA: Q1 FDI Up to USD 173.7 Million](#)

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

Inflation Declines, Expected to Fall to Single Digits By Year's End

Inflation is expected to fall to 7.5% by 2012, said Georgia's central bank this week. The drop to single digits is a sharp improvement after consumer-price growth accelerated to 13.9% in the first quarter of this year due to widespread volatility in global food and energy prices. While inflation could remain at 13–14% in Q2, it will slow in the second half of the year as food prices stabilize, the bank said. According to Georgia's state statistics agency, Geostat, the country's inflation rate fell from 14.3% year-on-year in May to 10% in June. Meanwhile, food prices fell 8.9% in June, leaving the year-on-year increase in food costs at 22.2%, down from 30.7% year-on-year in May.

[BLOOMBERG: Georgia Inflation to Slow to 7.5% by Year-End](#)

INTERNATIONAL MEDIA ON GEORGIA

AL ARABIYA: Letter from Cairo—fly me to Georgia

What matters is the rationale behind the change, the philosophy that enabled a young civilian woman and Deputy Interior Minister, Ekaterine Zguladze, to effect such a phenomenal change in Georgia through police reform. It was not just about hunting down the corrupt and taking them to court, Zguladze pointed out. It was changing an entire culture in which corruption had become a daily occurrence so it no longer became a crime and even turned into a socially acceptable practice. It was then that she realized that the Interior Ministry is not just an executive body and that raising awareness is no less important of a duty than maintaining law and order. "We had to start redefining corruption so that we could win the people to our side and make them our partners in fighting the same battle," she said.

english.alarabiya.net

FINANCIAL TIMES: Russia's foreign policy success in "near abroad"

While the US and allies have been embroiled in Iraq and Afghanistan, Russia has made big progress in efforts to reassert influence in its "near abroad." Although Moscow's 2008 invasion of Georgia drew condemnation in the west, it achieved the unstated aim. Russia's intervention persuaded NATO to think hard about the consequences of admitting Georgia, or Ukraine, to membership of the military alliance.

www.ft.com

AFP: Georgia jails Russian-backed bomb plotters

A court in Georgia last week handed long prison sentences to a Russian officer and other men accused of involvement in bomb blasts near the US embassy and other targets. Prosecutors said the group staged several small explosions at locations including the US embassy, the central railway station in Tbilisi, and an opposition party office last year, killing one person. Officials meanwhile said the bombings were part of an organized terrorist campaign masterminded by a Russian officer, and aimed at causing instability in Georgia.

www.portraitofgeorgia.com

GLOBAL POST: Georgia challenges Russia's TV dominance

"Georgia sees it as extremely important to have a constructive relationship with the north Caucasus, based on factual information," said Rob Parsons, head of Georgia's new television channel First Caucasus Information. Parsons insists he has total editorial control: "Since we went on the air on January 24, I have had not one single call, email, message or complaint about what we're doing." That station offers at times critical coverage of events inside Georgia.

www.globalpost.com

EURASIA DAILY MONITOR: Mistral-class ships to strengthen Russia over maritime neighbors

Designed and equipped for coastal assault, ships of this class could support Russian ground forces in various contingencies in nearby theaters. Deployment of such ships in the Baltic or Black Sea could significantly complicate the defense planning of NATO and US-allied countries there. Russia decided to acquire Mistral ships after invading Georgia in 2008 with ground forces. Moscow concluded that its ground operation could have been more effective if supplemented with a rapidly executed landing on Georgia's Black Sea coast.

www.jamestown.org

HOUSE MAGAZINE: Gisela Stuart

At the meeting with Tornike Gordadze, the deputy FM who also oversees the negotiations with the EU, I wonder—once more—why the EU seems to be ideologically unable and practically unwilling to offer countries like Georgia an EFTA-style deal, writes British Labour Party MP Gisela Stuart. Later that night, I'm honored to sit next to President Saakashvili at the Presidential Palace. Apart from the President and the FM, the new political elite is under 40. They show a refreshing way of dealing with problems.

www.giselastuartmp.co.uk



Georgia's Ensemble Basiani, led by Giorgi Donadze, will showcase the country's traditional polyphonic singing next Sunday in a concert at the Pontigny Abbey in Yonne, France. This distinct, polyphonic style is recognized by UNESCO as part of the world's intangible cultural heritage. In addition to performing, the Basiani singers will educate the audience in the secrets of Georgian polyphony by vocally building the different layers of sounds.

THE TELEGRAPH: Georgia lobbying countries to adopt name change

In a move dreamt up to rid the former Soviet republic of the linguistic legacy of almost two centuries of rule from Moscow, the Georgian government said South Korea was the first country in the world to call Georgia by its English-language name. "We came forward with this initiative a long time ago and formally wrote to many countries asking them to officially change the name of our state from 'Gruziya' to 'Georgia,' the English name for it," said Nino Kalandadze, Georgia's deputy FM. "South Korea's decision has special significance for us since many of our friends and allies have so far failed to do the same despite their many promises."

www.telegraph.co.uk

INNER CITY PRESS: At UN, As Georgia wins "right to return" vote

The right to return was voted on last week at the UN: the right of internally displaced people to return to Abkhazia and S. Ossetia. Georgia's Permanent Representative Alexander Lomaia spoke first, followed by his Russian counterpart, who said these are now independent states and that Georgia will just have to deal with it. Perhaps because of the resonance of the concept of the right to return, Georgia's resolution passed with 57 for (compared to 50 last year), 74 abstaining and 13 against (compared to 17 last year).

www.innercitypress.com

RADIO NEW ZEALAND: New Vanuatu government re-evaluates Abkhazia ties

Alfred Carlot resumed his position as Vanuatu's FM this week following a 10-day period during which the Kilman administration was ousted after the Supreme Court ruled its previous tenure unconstitutional. Although Carlot declared earlier this month that his government had signed an agreement recognizing Georgia's Russian-occupied territory of Abkhazia, he now denies this. "There's an agreement between Abkhazia and Vanuatu but not in terms of diplomatic relations as yet...we're still looking at it at the official level," Carlot said last week.

www.rnzi.com

CNN: Eye on Georgia series

"We're out on patrol with Georgia's finest. Today officers are blunt. Their predecessors were criminals like legalized gangs, taking bribes for everything, says CNN's Paula Newton in the network's "Eye On Georgia" series. And now listen to this: "There is no crime," said police officer Goga Chanturishvili. That may be a stretch, but Georgia does now have one of the lowest crime rates in the world. So how did they do it? In one day [Georgia's Interior Ministry] fired almost the entire police force. The move was downright radical. There weren't traffic cops on the street for almost two months—but it worked."

edition.cnn.com