GEORGIA UPDATE

WEEKLY EDITION • 11 August 2011

A Publication of the Government of Georgia

www.georgiaupdate.gov.ge

TOP STORIES

- US Senate Unanimously Backs Georgian Sovereignty, Decries Russian Occupation
- US Helsinki Commission Calls on Russia to Withdraw from Georgia
- American Intelligence Reports Confirm Russian Involvement in Georgian Bombings
- Russian Leaders Suggest Possible Annexation of South Ossetia
- As Inflation Falls, Georgia's Economy Gets a Lift
- Korea's Daewoo Begins Building Refinery in Georgia



Georgia marked the third anniversary this week of the Russian invasion and occupation of Georgia with a series of commemorative events and calls to action. The Coalition for Justice, an NGO that advocates on behalf of Georgia's IDPs, undertook a public awareness campaign with the theme of "bring me back home"—including a flash mob (above), an art exhibition, and a tribute to the hundreds of thousands of Georgian victims of ethnic cleansing. President Saakashvili, meanwhile, addressed the families of soldiers who lost their lives in the war.

INTERNATIONAL MEDIA ON GEORGIA

NEW YORK TIMES: Russia replies sharply to US Senate's support of Georgia

THE NEW YORKER: Russia and Georgia, three years later

NEW YORK TIMES: US ties a Russian to bombings in Georgia

WASHINGTON TIMES: Clinton raised issue of a Russian link to Georgia bombing

AFP: Norway massacre victim's body arrives in Georgia

AP: Georgian church leader calls for peace with Russia

DEUTSCHE PRESSE AGENTUR: Spiderman Putin looks to build a new Russia

MOSCOW TIMES: Trade can build peace in Georgia and Abkhazia

EUROPEAN CIRCLE: Georgia, a rising country **DIE ZEIT:** Georgian wine over Russian vodka

AGENCE FRANCE PRESSE: Ex-Soviet Georgia seeks pop star glamour

QUOTES OF THE WEEK

"Today, the Senate spoke with one voice in support of Georgia's territorial integrity. While I am pleased by the Senate's action and the clear message we are sending to Georgia and the Russian Federation, the situation there remains fragile and unresolved, as Russian troops are still occupying Georgia's Abkhazia and South Ossetia regions."

US Senator Jeanne Shaheen

"Russia's invasion of Georgian land in 2008 was an act of aggression not only to Georgia, but to all new democracies. I will continue to stand by Georgia to make sure this young democracy moves forward and becomes a shining example of what can happen after the fall of the Soviet Union."

US Senator Lindsey Graham

"[The Senate] urges the Government of Russia and the authorities in control in the regions of S. Ossetia and Abkhazia to allow for the full and dignified return of internally displaced persons and international missions to the territories of Abkhazia and S. Ossetia."

 Excerpt from US Senate resolution supporting Georgia's national sovereignty

UPCOMING MILESTONES

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

PAGE 2 www.georgiaupdate.gov.ge

TOP STORIES

US Senate Unanimously Backs Georgian Sovereignty, **Decries Russian Occupation**

The US Senate voted unanimously in support of a resolution condemning Russia's illegal occupation of Georgia's territories of Abkhazia and S. Ossetia. "Today, the Senate spoke with one voice in support of Georgia's territorial integrity," said US Senator Jeanne Shaheen, a Democrat from New Hampshire. "While I am pleased by the Senate's action and the clear message we are sending to Georgia and the Russian Federation, the situation there remains fragile and unresolved, as Russian troops are still occupying Georgia's Abkhazia and South Ossetia regions. As we near the three-year anniversary of the war in the South Caucasus between Russia and Georgia, it is critical that we remain engaged in the region, strengthen US-Georgia relations, and continue to seek long-term peace and stability."

Republican Senator Lindsey Graham, who joined Shaheen in sponsoring the resolution, said: "Russia's invasion of Georgian land in 2008 was an act of aggression not only to Georgia, but to all new democracies," he said. "I will continue to stand by Georgia to make sure this young democracy moves forward and becomes a shining example of what can happen after the fall of the Soviet Union."

Shaheen and Graham also currently co-chair a bipartisan task force on Georgia, sponsored by the Atlantic Council, which was launched on the second anniversary of the Russia-Georgia war and aims to encourage a bipartisan consensus on policy toward Georgia. In addition to Shaheen and Lindsey, 17 other Senators co-sponsored the resolution. "It is the policy of the US to support the sovereignty, independence, and territorial integrity of Georgia and the inviolability of its borders, and to recognize Abkhazia and S. Ossetia as regions of Georgia occupied by the Russian Federation," reads the resolution in part.

The Government welcomed the Senate's support. "This is another important example of the deep alliance and friendship Georgia shares with the United States," said Temuri Yakobashvili, Georgia's Ambassador to the US. "The resolution offers a sound basis for the peaceful resolution of the conflict, for the de-occupation by Russia of these two regions, and for the return of the IDPs. It underscores once again the indispensable role America plays in championing international law and defending human rights."

US SENATE RESOLUTION: S. Res. 175

US Helsinki Commission Calls on Russia to Withdraw from

Dubbing the regimes in occupied Abkhazia and S. Ossetia "puppet governments" of Moscow, the US Helsinki Commission Tuesday called on Russia to withdraw its remaining troops from Georgian territory and allow refugees and IDPs to return to their homes.

"Russia must cease its continuing, illegal occupation of the South Ossetia and Abkhazia regions of Georgia and allow those who fled their homes during the 2008 war to go back without preconditions," declared Rep. Chris Smith. "Still today there are rampant human rights violations in the Russian-controlled areas—and Russia and its proxy authorities refuse to permit international monitors to enter S. Ossetia and Abkhazia. Korea's Daewoo Begins Building Refinery in Georgia The Russian government is not upholding its international commitments, Korean investment company Daewoo Engineering has launched the in particular, maintaining respect for the sovereignty and territorial integrity of other participating States of the OSCE, and refraining from the threat or use of force to resolve conflicts. Our government should put this at the top of the OSCE agenda." Added Co-Chair Senator Ben Cardin: "It is important for Russia to act now and remove all of its troops from S Ossetia and Abkhazia. Moreover, the Russian Federation must immediately permit the full return of the OSCE mission."

The Helsinki Commission consists of nine members from the House of Representatives, nine members from the Senate, and one member each from the Departments of State, Defense, and Commerce. US HELSINKI COMMISSION: Statement on Georgia and Russia

American Intelligence Reports Confirm Russian Involvement in **Georgian Bombings**

US intelligence agencies confirmed in a classified report Russia's involvement in a bomb blast that targeted the American Embassy in Tbilisi, echoing previous findings by Georgian authorities. "It is written without hedges, and it confirms the Georgian account," said one US official familiar with the CIA-authored report to The Washington Times last week. Georgia's Interior Ministry traced the bombing—which occurred near the embassy on Sep. 22-to Maj. Yevgeny Borisov, a Russian military intelligence officer. In December, authorities charged a Georgian with carrying out the attack; he confessed to having been recruited by Borisov to bomb the embassy. While Secretary of State Clinton has guestioned her Russian counterpart, Sergei Lavrov, twice in recent months about the report's findings, several Senators have pressed the Administration for a more vocal response.

WEEKLY STANDARD: US Confirms Russia Bombed U.S. Embassy NEW YORK TIMES: US Ties a Russian to Bombings in Georgia

Russian Leaders Suggest Possible Annexation of South Ossetia

Russian leaders provoked controversy last week by raising the specter of the full annexation of Georgia's Russian-occupied region of S. Ossetia. Asked about the possibility of folding S. Ossetia into Russia, "The future will depend on the S. Ossetian people themselves," said PM Putin, alluding to a potential referendum on the matter. President Medvedev echoed Putin in an interview with Russian and Georgia media. There are "no prerequisites" for S. Ossetia to join the Russian Federation, he said, "It's impossible to predict what will happen in the future...there are neither legal nor factual prerequisites for that." Georgia slammed the duo's statements as "Cold War-era" rhetoric. "It is regrettable that the president of a neighboring country speaks in such a manner not only about Georgia, but about other neighbors and their statehood as well, and expresses complete disrespect towards partner countries," said presidential spokesperson Manana

LE FIGARO: Vladimir Putin Never Disappoints his Fans CIVIL GEORGIA: Putin on "Two Ossetias"

Manjgaladze. She added that it was alarming that the Russian

president "still justifies with cynicism the ethnic cleansing and

As Inflation Falls, Georgia's Economy Gets a Lift

occupation" carried out against Georgia.

Georgia's annual inflation fell sharply last month, dropping from 10% in June to 8.5% in July as the country's economy continues to gain strength. Geostat called the 1.5% month-on-month fall in consumer prices "significant," and attributed it to a decrease in the cost of fruits and vegetables. Consumer prices are down 4% from last July. Instability in global food and oil markets has led to sharp hikes in domestic prices for produce and transportation services, causing inflation to soar to 13.9% in the first quarter of 2011. Food prices account for more than 40% of Georgia's consumer-inflation basket. Authorities anticipate inflation to fall to 7.5% by year's end. BLOOMBERG: Georgia Inflation Rate Slowed to 8.5%

first stage of a multimillion dollar development project in Georgia, conducting preliminary studies to build an oil refinery near the Black Sea. According to the Georgian Center of Coordinated International Investments, Daewoo will determine in September the size and capacity of the plant. The company also intends to work on energy generation, and plans to develop two domestic airports: one on Georgia's Black Sea coast and another in central Georgia near the industrial hub of Kutaisi. The oil refinery will be built near the Supsa oil terminal in western Georgia.

TREND DAILY NEWS: Korean Daewoo launches Preliminary Work to **Build Refinery in Georgia**

PAGE 3

www.georgiaupdate.gov.ge

INTERNATIONAL MEDIA ON GEORGIA

NEW YORK TIMES: Russia replies sharply to US Senate's support of Georgia

Russia bristled at a resolution approved unanimously by the US Senate in support of Georgia, saying that it "leaves the impression of a broken record." An MFA spokesman was especially scathing about the Senate's use of the word "occupation" to refer to Russia's presence in the Georgian territories of Abkhazia and S. Ossetia. Meanwhile, a group of senators is pressing the Obama administration to explain its response to a series of mysterious bombings that Georgian officials traced to a Russian military intelligence officer in Abkhazia.

www.nytimes.com

THE NEW YORKER: Russia and Georgia, three years later

When Nicolas Sarkozy brokered an end to the fighting, it was exactly that: a cessation of armed conflict. Three years later, little has been resolved, and the area has returned to its familiar state of frozen conflict. S. Ossetia and Abkhazia are full of Russian troops, and yesterday Medvedev introduced legislation allowing "unified" military bases in the region—that is, Russian-run. He spoke also of the "elderly" US senators who, on July 29, unanimously adopted a resolution calling on Russian troops to leave the occupied territories and to give those regions back to Georgia.

www.newyorker.com

NEW YORK TIMES: US ties a Russian to bombings in Georgia

American intelligence officials have concluded in a classified report that a Russian intelligence officer may have been behind a string of bombings in the nation of Georgia last year, including an explosion near the US Embassy. The official said the assessment implicating the Russian officer draws upon information from several intelligence and law enforcement agencies. The blast was one of a string of similar explosions over several months; one person was killed. Georgian officials investigating the explosions identified 12 bombing plots—some of which were not executed—and linked them to Russian agents. The Georgian police traced the blast at the embassy to Maj. Yevgeny Borisov, an officer for Russia's military intelligence service, who is stationed in the breakaway Georgian territory of Abkhazia. www.nytimes.com

WASHINGTON TIMES: Clinton raised issue of a Russian link to Georgia bombing

Secretary of State Clinton has questioned her Russian counterpart twice in recent months about Moscow's involvement in the bombing attempt on the US Embassy in Georgia in September. Some US intelligence officials complained that the US reaction to Russia's possible state-sponsored terrorism has been too weak. "The fact that this GRU major is still at large in Abkhazia should tell you all you need to know about how effective our response has been," said one official. www.washingtontimes.com

AFP: Norway massacre victim's body arrives in Georgia

The body of Tamta Liparteliani, a young Georgian killed in the massacre on Norway's Utoeya Island, was returned home Thursday. Liparteliani, 23, went on behalf of a Young Socialists organization to the youth camp where the gunman rampaged; another Georgian woman survived. President Saakashvili described Liparteliani's death as a "great tragedy" for the entire country as well as for her family. www.focus-fen.net

DPA: Spiderman Putin looks to build a new Russia

At a youth camp in Russia last week, Putin made a strong call for reunification with Belarus and said he was open to the occupied Georgian region of S. Ossetia becoming part of Russia. For many of those attending the camp, Putin's words sounded like the outline of a future foreign policy, touching on issues that would fall within the remit of the president's office. Medvedev, however, was not mentioned once during Putin's speech about building a modern Russia.

www.brecorder.com



DIE ZEIT: Georgian wine over Russian vodka

Russian-born German writer Vladimir Kaminer prefers Georgian wine to vodka from his native country. "Wine is a very sensual drink," he said. If both Kaminer and his wife have their choice, they want to drink wine from Georgia. Back when everything was broken under the planned economy in the Soviet Union, wine almost always came from Georgia. "That's why Rkatsiteli was my first wine," Kaminer said. Rkatsiteli is an indigenous white grape varietal that comes from a region at the foot of the Caucasus, along with the popular Saperavi grape varietal. It is believed to be one of the oldest wines in the world, as 5,000-year-old pottery with white grape seeds of this species have been found in Georgia.

AP: Georgian church leader calls for peace with Russia

On a visit to Kiev last week, the head of the Georgian Patriarch Ilya II asked Russian Patriarch Kirill to "restore friendship and brotherhood between our people." The call by Ilya, who is highly respected in Georgia, appeared aimed at easing tensions with Moscow that intensified over the recent arrests and convictions of four Georgian photographers accused of spying for Russia.

www.kyivpost.com

www.tagesspiegel.de

MOSCOW TIMES: Trade can build peace in Georgia and Abkhazia

While Georgia previously sought to isolate Abkhazia and S. Ossetia, it now realizes that non-recognition and working toward de-isolation are not mutually exclusive projects. Georgia published in early 2010 its "State Strategy on Occupied Territories: Engagement through Cooperation." The strategy rejects violence as a tool for resolving conflicts, but it doesn't address status issues, nor does it give ground on recognition. Engaging the private sector in peace building can help further reduce tensions.

EUROPEAN CIRCLE: Georgia, a rising country

Georgia has succeeded in becoming permanently independent from Russia, largely due to President Saakashvili's efforts to deregulate the economy, privatize state-run companies, and successfully fight corruption. The World Bank and the IMF have praised Georgia's recent economic performance, marked by the country's growing GDP and decreasing inflation rate. Independence from Moscow has reportedly been achieved by trading predominately with Germany, China, Turkey, and Azerbaijan. www.european-circle.de

AGENCE FRANCE PRESSE: Georgia seeks pop star glamour

Georgia may not appear the most glamorous destination, but officials hope that pop stars like Sting, Enrique Iglesias, and Macy Gray can add showbiz chic to their bid to attract tourists. "The arrival of international stars in Georgia makes the country more recognizable for millions of people around the world and this contributes to the development of tourism," said President Saakashvili after watching Sting's gig in the seaside resort of Batumi last month. The authorities recently cut a deal with music channel MTV that will see Enrique Iglesias jetting in for a branded show in August that's being billed as "the biggest party Georgia has ever seen."

www.afp.org