

# GEORGIA UPDATE

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

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Inaugurating a new resort development in the seaside town of Anaklia, near the administrative boundary line with occupied Abkhazia, President Saakashvili said Georgia would continue to respond to Russia's militarization of the region not with arms but by promoting the economic well-being of its residents. "We have chosen a different path, which I think is the right path: five- and seven-star hotels instead of trenches; the best aqua parks in Europe instead of land mines; this beautiful amphitheater with its dance club and very beautiful football fields and new spa resorts instead of new military bases," he said. Anaklia, situated where the Enguri River meets the Black Sea, is being promoted by the government as an emerging center of tourism. Major tax incentives, a new highway, a new airport, and other initiatives are drawing many foreign investors to the area.

## INTERNATIONAL MEDIA ON GEORGIA

**DIE WELT:** Günter Verheugen on the Russian-Georgian conflict

**ECONOMIST:** Russia-Georgia war, three years on—can't we all just get along?

**NEW YORK TIMES:** Russian president says US had role in Georgian conflict

**WASHINGTON TIMES:** Russia uses dirty tricks despite US "reset"

**LE SOIR:** Moscow vociferates, Tbilisi hopes

**THE INDEPENDENT:** Medvedev reignites war of words over Georgia conflict

**THE AMERICAN:** Moscow to annex S. Ossetia as US-Russia "reset" crumbles?

**CHRISTIAN SCIENCE MONITOR:** Russia, Georgia remain in distrustful deadlock on anniversary of 2008 war

**AGENCE FRANCE PRESSE:** Georgia sacks theatre legend for xenophobia

## QUOTES OF THE WEEK

"Russia has failed to live up to the ceasefire brokered by President Sarkozy in the name of the EU. In recognizing both regions, Russia is violating the territorial integrity of Georgia. Russia continues the economic blockade of Georgia and thus prevents it from using its economic potential for its own development."

"Not only in domestic policy but also in foreign policy, credibility is the ultimate good. With respect to Georgia, this means the West must insist first and foremost on Russia's full compliance with the terms of the ceasefire."

—Former EU Commissioner Günter Verheugen

"I warned in 2008 that we in the West should not neglect Georgia. That concern remains as true then as it does now. The Russians will be taking not of our level of interest and hoping we turn a blind eye. David Cameron told the Commons recently that he intends to raise Georgia when he visits Moscow later this year. Other leaders must do the same. In 2008 we were caught off guard. We must not make that mistake twice."

—British MP Tobias Ellwood

"The root of the Russian-Georgian antagonism is that Georgia has shown that creating a liberal democracy in this part of the world is possible, and that Georgia can be an example for other countries in the Russian sphere. The objective of the 2008 war wasn't to recognize the regions, but to change the regime in Georgia. Since that hasn't happened, they have failed. The Russian objective is now to discredit the government [by other means]."

—Deputy FM Tornike Gordadze, in an interview with the *Christian Science Monitor*

## UPCOMING MILESTONES

Aug. 25: FM Vashadze visits Brazil

Mid-Sep.: Next round of Georgia-Russia WTO talks

Oct. 4: Next round of Geneva peace talks

TOP STORIES

**Foreign Investment in Georgia Soars, Latest Figures Show**

Lured by Georgia's steady economic growth and attractive business climate, foreign companies invested a total of \$814 million in the country last year—a 24% increase from 2009. The revised figure is 47% higher than a preliminary estimate of \$553 million made in March by Geostat, Georgia's national statistic office. The agency attributed the "sharp difference" between the preliminary and final data to its adoption of new methodologies to compile and analyze FDI data. The largest amounts of FDI in 2010 came from the US (\$136M), Turkey (\$92M), and the Netherlands (\$73M), with the UK (\$59M), Azerbaijan (\$58M), and the UAE (\$56M) following. Meanwhile Georgia's mining, transportation, and communications sectors drew in the largest amount of foreign capital, totaling \$443.9M. The government expects FDI flows to exceed \$1 billion this year.

[BLOOMBERG: Georgian Foreign Investment Rose 24%](#)

[CIVIL GEORGIA: Geostat Revises 2010 FDI Figure Upwards](#)

**Georgia Warns of Lack of Progress in Russia WTO talks**

Georgian authorities last week warned international leaders of the lack of progress in discussions with Moscow on Russia's WTO admission. Georgia's ambassador in Geneva, Zurab Tchiaberashvili, said negotiations have failed to achieve any breakthrough on the issue of border controls between the two countries—a key Georgian requirement. "To the dismay of Georgia, the Russian Federation has so far refused to satisfy any of the key elements of Georgia's request," wrote Tchiaberashvili in a letter circulated to all 153 WTO members. "Therefore, bilateral negotiations have not yet resulted in any deliverable whatsoever," he added, saying that Russia's "politicization" of the issue has been the main obstacle to engaging in constructive dialogue. "Under these circumstances it becomes extremely difficult to maintain realistic hope to achieve any substantive result in the Georgian-Russian negotiations." The next round of bilateral WTO talks is planned for mid-September.

[REUTERS: Georgia Warns of Lack of Progress in Russia WTO talks](#)

**Russia's Duma Set to Ratify Long-Term Agreements for Abkhaz, Ossetia Military Bases**

Russian officials advanced plans to establish military bases in Georgia's occupied territories, in continued defiance of the 2008 ceasefire agreement. Earlier this month, the Kremlin sent two agreements for ratification to the Duma that would allow Russia to keep 3,800 soldiers based in S. Ossetia and Abkhazia for 49 years. The agreements can be prolonged for an indefinite period and without the consent of the Georgian government—a clear breach of international law. Moscow is dedicating a sizable part of its latest weaponry to the Caucasus. The garrisons in Abkhazia and South Ossetia have been supplied with the newest T-90 tanks, long-range Smerch and Iskander missiles, and new armor and artillery. Airbases in the North Caucasus have all been given the new Mi-28N night attack helicopters, Su-34 bombers, and new Su-25SM attack planes.

[EURASIA DAILY MONITOR: Moscow Believes it has Successfully Isolated Georgia](#)

**Husband of Fringe Opposition Leader Sentenced for in Protests**

Tbilisi City Court last week sentenced Badri Bitsadze, husband of radical opposition leader Nino Burjanadze, for his role in organizing attacks on Georgian police and inciting violence during last May's protests. "Based on an examination and analysis of evidence, the court found Badri Bitsadze guilty of the accusations leveled against him and sentenced him to five years and six months in jail," the court declared. The evidence against Bitsadze—who was convicted in absentia and whose whereabouts remain unknown—included witness testimony and a series of audio and video recordings, released by the interior ministry, wherein Bitsadze discusses his intentions to organize a paramilitary force to sweep President Saakashvili from power and stage "armed provocations."

[AFP: Husband of Georgia Opposition Leader Sentenced in Absentia](#)

**Ahead of Abkhazia Vote, Russia Tightens Grip on S. Ossetia**

After statements earlier this month by Russia's leaders that the "annexation" of S. Ossetia might be an option, Moscow has continued to maintain unyielding control of the occupied region's political institutions. Russia's Kommersant newspaper reported last week that a high-level Russian inter-agency group has selected S. Ossetia's Minister of Emergencies Anatoly Biblov as Moscow's choice to replace Eduard Kokoity, the incumbent president of the occupied territory. "The candidacy is now undergoing approval process at the level of President Medvedev and PM Putin," the daily newspaper reported. S. Ossetians, who are supposed to pick new leader in November, will also vote on a Russian-backed referendum that which would make Russian, together with Ossetian, the official language of the region. Meanwhile, ahead of Friday's elections in Abkhazia, one of the candidates was injured in a car accident, triggering suspicions of foul play. The vote is not recognized by the international community, which considers Abkhazia to be an integral part of Georgia. It is further delegitimized by Russia's iron grip over the politics in the region, and by the inability of IDPs and refugees—who constitute almost 80 percent of Abkhazia's rightful residents—to participate in the political process.

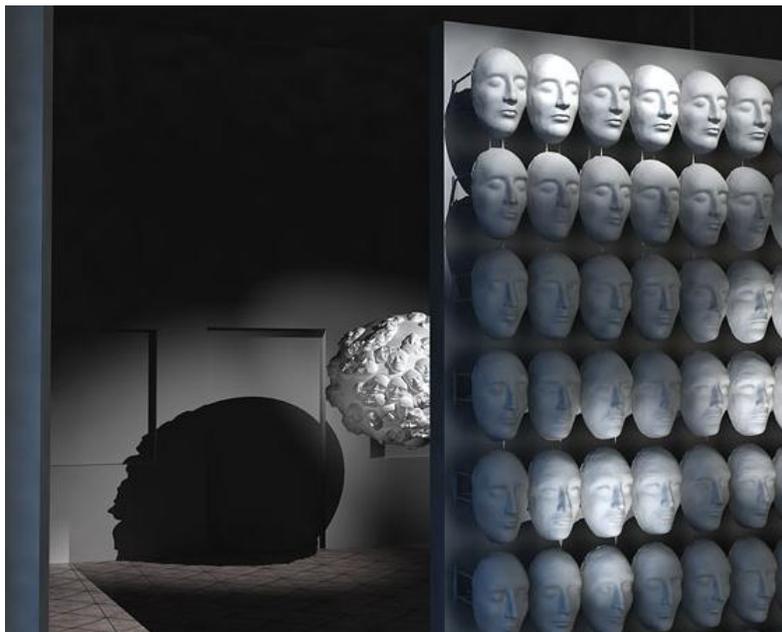
[CIVIL GEORGIA: Moscow Picks New Leader for S. Ossetia](#)

[CIVIL GEORGIA: Shamba Slightly Injured in Car Accident](#)

**Canada Opens Consulate in Tbilisi**

Canadian diplomats earlier marked the official opening of a new consulate in Tbilisi. "The Government of Canada is happy to expand its consular services abroad and assist Canadian companies seeking trade opportunities," said Canadian FM Diane Ablonczy. Canada's Honorary Consul Clifford Isaak will head the new consulate, which will offer consular services to Canadians in the region. It will also serve to facilitate commercial ties between Canada and Georgia. Georgia meanwhile is also preparing to mark the opening of its new embassy in Ottawa in the coming weeks.

[GOVERNMENT OF CANADA: Government of Canada Opens Consulate in Republic of Georgia](#)



**Tamara Kvesitadze at the 54th Biennale di Venezia**

*The 54th Biennale di Venezia features renowned Georgia artist and sculptor Tamara Kvesitadze, whose work will be highlighted in early September. Kvesitadze's work is all about contrasts: between the organic and the mechanic, the cold stone and the warm flesh of the body. Georgia is at the crossroads of the East and the West, so such contrasts are consistent with her work. There is a Georgian saying which reflects this idea: "Unless you die, you cannot be reborn." This concept of rebirth and continuity continues in the timelessness of her figures and their simplicity (shown above is "F=F").*

**INTERNATIONAL MEDIA ON GEORGIA****DIE WELT: Günter Verheugen on the Russian-Georgian conflict**

The Russian-Georgian conflict still remains unsolved and thus could break out again anytime, former EU Commissioner Günter Verheugen stressed in an interview. "Russia has failed to live up to the ceasefire, brokered by President Sarkozy in the name of the EU," Verheugen said. "By constitutionally recognizing both territories, Russia is opposing the territorial integrity of Georgia called for by the international community." He urged the international community to intensify its cooperation with Georgia.

[www.welt.de](http://www.welt.de)

**THE ECONOMIST: The Russia-Georgia war, three years on—can't we all just get along?**

Tbilisi and Moscow remain at loggerheads over Georgia's Russian-occupied territories of Abkhazia and S. Ossetia. A few days ago, Putin even implied that S. Ossetia could join the Russian Federation. But Georgia also worries about Russia's increased military might in both regions: multiple-launch rocket systems near Tskhinvali, for instance, could hit Tbilisi. Meanwhile, Russia's insistence that it is not a party to Georgia's conflicts hampers peace talks in Geneva.

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

**NEW YORK TIMES: Russian president says US had role in Georgian conflict**

Medvedev said top US officials played a key role in events that touched off the war. His were some of the toughest remarks directed toward the US in months, heightening the impression that the rapprochement between the two countries—the so-called reset—is beginning to unravel. He also dismissed as "pure provocative nonsense" the notion that a Russian military intelligence officer was linked to an explosion outside the US embassy in Tbilisi, a charge that was tentatively corroborated by a US intelligence assessment.

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

**WASHINGTON TIMES: Russia uses dirty tricks despite US "reset"**

In the past four years, Russia's intelligence services have stepped up a campaign of intimidation and dirty tricks against US officials and diplomats in Russia and former Soviet states. The most brazen act was the Sep. 22 bombing attack on the US embassy in Tbilisi. A National Intelligence Council assessment sent to Congress earlier this month confirmed that the bombing was ordered by Maj. Yevgeny Borisov of Russian military intelligence, according to four US officials who have read the report.

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

**LE SOIR: Moscow vociferates, Tbilisi hopes**

"The Russian military presence has increased in the occupied zone—it is four to five times more than what it was in August 2008," said Georgia's Deputy FM Gordadze. "This military equipment could destroy Tbilisi and the occupied territories." The insecurity also stems from the ethnic cleansing campaign orchestrated by Moscow in these two regions. Russian occupiers have forced 350,000-400,000 ethnic Georgians to flee from the regions.

[www.ouest-france.fr](http://www.ouest-france.fr)

**THE INDEPENDENT: Medvedev reignites war of words over blame for Georgia conflict**

In sharp remarks more characteristic of his predecessor, Medvedev attacked Saakashvili as "a person I will never shake hands with," and called him "a difficult man to avoid, because he is so sticky." He also said he would like to see Saakashvili put on trial for war crimes. The Russian president even hinted at US involvement in Georgia's decision to mobilize troops during Russia's invasion of S. Ossetia.

[www.independent.co.uk](http://www.independent.co.uk)

**US Marines Renovate Senior Citizens Home in Georgia**

US Marines from the Black Sea Rotational Force completed a week-long project renovating a senior citizen's home in Georgia. A team of 11 skilled marines volunteered over 950 hours to convert three storage rooms into new, habitable rooms for Georgia's elderly. "We relish the opportunity to show people that we're not just the best war fighters but can also contribute to the humanitarian effort as well and leave Georgia a better place," Captain Charles Nassar said. "More importantly, us giving to the community will continue to perpetuate over the years even after we're gone."

[DVIDS: Marines Renovate Senior Citizens Home in Georgia](http://DVIDS:MarinesRenovateSeniorCitizensHomeinGeorgia)

**THE AMERICAN: Moscow to annex South Ossetia as US-Russia "reset" crumbles?**

More noteworthy than the Russian MFA's criticism of the US Senate's resolution on Georgia was Putin's recent response to a question about Russia's potential absorption of S. Ossetia: "The future will depend on the people of S. Ossetia themselves." Putin's vague indication that Russia might annex S. Ossetia following a referendum in the territory—a referendum that would be about as free and fair as any Russian election—represents a potential policy shift in Moscow. This, in turn, may suggest that the reset is beginning to crumble.

[blog.american.com](http://blog.american.com)

**CHRISTIAN SCIENCE MONITOR: Russia, Georgia remain in distrustful deadlock on anniversary of 2008 war**

"The root of the Russian-Georgian antagonism is that Georgia has shown that creating a liberal democracy in this part of the world is possible, and that Georgia can be an example for other countries in the Russian sphere," said Georgia's Deputy FM Tornike Gordadze. "The objective of the 2008 war wasn't to recognize the regions, but to change the regime in Georgia. Since that hasn't happened, they have failed. The Russian objective is now to discredit the government [by other means]," he added.

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

**AGENCE FRANCE PRESSE: Georgia sacks theatre legend for xenophobia**

Culture Minister Rurua said he was forced to fire Robert Sturua, a famous Georgia director, after Sturua made xenophobic statements. "We are not going to finance xenophobia," Rurua said. "Georgia is a multicultural country." Provoking public outrage, Sturua was quoted in spring as saying: "Saakashvili doesn't know what Georgian people need because he is Armenian," adding: "I do not want Georgia to be governed by a representative of a different ethnicity." Saakashvili's parents are both Georgian.

[www.gulf-times.com](http://www.gulf-times.com)