

GEORGIA UPDATE

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EU foreign policy chief Catherine Ashton (above) visited Tbilisi on Wednesday and confirmed that the European Union would soon launch talks with Georgia both on a deep and comprehensive free trade agreement and on visa liberalization. "I want to begin with the issues of trade, because as you might have sensed, this is of enormous importance to the people of Georgia and also of enormous importance to the people of the EU," Ashton said at a press conference with President Saakashvili. "I am glad to see how much progress has been made. And the expectation we have is to be able to inform you very quickly, in the next few weeks, about the start of negotiations—I know you have worked hard for this and we are very pleased to see this coming into being."

INTERNATIONAL MEDIA ON GEORGIA

BLOOMBERG: Georgia making progress on Alliance membership, NATO says

WASHINGTON TIMES: Georgia is eager to join NATO

EURACTIV: Saakashvili—Georgia "should never leave path" of EU integration

XINHUA: NATO—Georgia on road to membership

REUTERS: NATO says elections next step for membership plans

AFP: Georgia claims victory in Russia WTO membership deal

FINANCIAL TIMES: The least risky FTSE bank—Bank of Georgia

EURASIANET: Georgia—kings of the hill at war

BLOOMBERG: Georgian food retailer says Auchan eyeing two Tbilisi grocers

QUOTES OF THE WEEK

"While I am talking about trade, I also want to pay tribute to you, Mr. President, and to the people of Georgia for the way in which you have negotiated your position in Russia's accession to the WTO. You have put a huge amount of effort into this issue and I congratulate you for the way in which this has been done."

♦ EU foreign policy chief Catherine Ashton in Tbilisi yesterday

"The EU does not recognize the constitutional and legal framework [of the elections in S. Ossetia]. The EU reiterates its support to the territorial integrity and sovereignty of Georgia, as recognized by international law."

♦ Catherine Ashton in a statement

"We reiterate our strong support for Georgia's sovereignty and territorial integrity within its internationally recognized borders and we, again, urge Russia to fulfill all of its obligations under the 2008 ceasefire agreement, including withdrawal of forces to pre-conflict positions and free access to humanitarian assistance to the Georgian regions of S. Ossetia and Abkhazia."

♦ US State Department

"The holding of such elections does not contribute to a peaceful and lasting settlement of the situation in Georgia."

♦ NATO Secretary General Anders Fogh Rasmussen

UPCOMING MILESTONES

Nov. 17: EU foreign policy chief, Catherine Ashton, visits Georgia

Nov. 23: 8th Anniversary of the Rose Revolution

Dec.: Venice Commission recommendations on Georgian electoral code

May 15-22: NATO summit in Chicago

May 26: Parliament relocates to Kutaisi

Oct.: Georgian Parliamentary election

TOP STORIES

EU Foreign Policy Chief, in Visit to Georgia, Confirms Imminent Launch of Free Trade, Visa Liberalization Negotiations

EU foreign policy chief Catherine Ashton confirmed that Georgia and the EU will soon launch talks on a deep and comprehensive free trade agreement, as well as on visa liberalization. "As a former Trade Commissioner I am glad to see how much progress has been made. And the expectation we have is to be able to inform you very quickly, in the next few weeks, about the start of negotiations—I know you have worked hard for this and we are very pleased to see this coming into being."

Ashton also hailed Georgia's diplomatic efforts that allowed Russia to join the World Trade Organization. "I want to pay tribute to you, Mr. President, and to the people of Georgia for the way in which you have negotiated your position in Russia's accession to the World Trade Organization. You have put a huge amount of effort into this issue and I congratulate you for the way in which this has been done."

Meanwhile, Ashton also signaled the imminent start of talks on visa liberalization. "You have rightly, too, talked about visas and the value of our work towards ensuring that there is easier access for students, for business people, the opportunities to engage more effectively together," she told President Saakashvili. "In the spring we will see the technical discussions finally come to fruition, I hope, and then again we will see significant progress in this in the next few months. I know that the Commissioner responsible for this is particularly pleased to see this happening. So these are good times for you and I to meet when the key issues in our relationship are coming to fruition and are moving forward."

[CIVIL GEORGIA: Saakashvili Meets EU Foreign Policy Chief](#)

Georgia Reaffirms Plans to Boost Troops in Afghanistan; NATO Hails Georgian Contributions to Euro-Atlantic Security

Georgia last week reaffirmed plans to increase its troop contribution to NATO's mission in Afghanistan, making Georgia the largest non-NATO contributor to the force. Georgia will send an additional battalion, supplementing 950 Georgian soldiers already deployed, said Defense Minister Akhalaia. "In parallel to participating in the NATO-led operations, we have to operate in a very difficult security environment, which requires from us to have a two-pronged effort," he said. "On the one hand [our efforts are] directed towards continuing to recover from damage caused by the August war, and on the other hand toward further transformation of our military."

Last week, NATO Secretary General Anders Fogh Rasmussen hailed Georgia's commitment to NATO's Afghanistan mission, calling Georgia's troop contributions "vitally important" to preserving Euro-Atlantic security. Speaking to Georgia's 33rd infantry battalion, Rasmussen, together with NATO's North Atlantic Council, thanked Georgian soldiers. "Your service in Afghanistan is vitally important. Your duties in the Helmand province were particularly demanding," he said, referring to one of Afghanistan's most volatile regions. Georgia's military contributions were a "key part" in preparing for NATO membership: "You not only have helped Afghanistan to stand on its own feet, you have also helped Georgia move closer to Alliance membership," he said.

Rasmussen reaffirmed his support of Georgia's territorial integrity and its path to membership: "We will continue our dialogue in the run up to the summit in Chicago. I hope to see language, texts from the Chicago summit that reflects the progress we have seen in reforms in Georgia, the progress we have seen in our relationship since we last met in Lisbon year ago," he said, referring to the upcoming NATO Summit in Chicago. President Saakashvili said he hoped the Alliance will take concrete steps to advance Georgia's membership. "We've heard NATO's praise for our reforms, but we also know that we have to do homework and proceed with further changes," he said.

[CIVIL GEORGIA: Georgia Reaffirms Plans to Boost Troops](#)

[CIVIL GEORGIA: Saakashvili, Rasmussen Hail NATO-Georgia Ties](#)

**Cameron to Saakashvili: UK Backs Georgia's NATO Ambitions**

President Saakashvili met with British PM David Cameron in London last week, where the two discussed Georgia's reform and western-integration efforts. "Britain and Georgia have a friendly and close relationship...and we also support the integration of your country into NATO," Cameron said. "I am impressed by your recent economic and political reforms and the success you have achieved." He also hailed Georgia's contributions in Afghanistan. "I am glad that British soldiers fight alongside Georgian soldiers in Afghanistan and would like to note that your soldiers distinguish themselves by their extraordinary bravery." Cameron also reiterated Britain's support for Georgia's territorial integrity and sovereignty, and applauded Saakashvili's leadership in the Georgia-Russia WTO talks.

[CIVIL GEORGIA: Saakashvili Meets British PM](#)

International Community Condemns S. Ossetia Elections

The international community condemned the so-called presidential elections in Georgia's Russian-occupied territory of S. Ossetia last week. The US "does not recognize the legitimacy or the outcome of the... so-called presidential elections and referendum that were held in Georgia's S. Ossetia region," the State Department said. The EU and NATO also weighed in. "The EU does not recognize the constitutional and legal framework" of the elections, said EU foreign policy chief Catherine Ashton. NATO meanwhile said the elections did not contribute to "a peaceful and lasting settlement" in the region. "We pursue a clear non-recognition policy," said NATO Secretary General Anders Fogh Rasmussen, referring to Abkhazia and S. Ossetia.

[DPA: EU, NATO Condemn Vote in S. Ossetia](#)

[EURACTIV: EU Blasts Poll in Georgian Region](#)

US VP Biden Congratulates Georgia for its WTO Leadership

In a call with President Saakashvili, US Vice President Biden commended Georgia for its leadership in negotiating the Georgia-Russia WTO trade deal. He called the treaty a "historic step" in enhancing economic ties, border transparency, and regional stability in the Caucasus. "For the first time, Georgia will have full transparency regarding trade from Russia, including trade to and through the occupied territories," he read. "The US stands ready to support the full implementation of this agreement."

[AFP: Biden calls Georgia's president, hails WTO entry deal](#)

Parliament to Launch in Kutaisi Next May; Constitutional Amendment to Increase MPs

Parliament will launch its first session in its new, permanent home of Kutaisi next May. "We have all agreed that on May 26 the Parliament will hold its first session in Kutaisi," said President Saakashvili. Meanwhile lawmakers voted last month on a draft amendment to increase the number of MPs in Parliament from 150 to 190. Lawmakers established a parliamentary group to lead month-long public discussions on the proposed constitutional amendments, a formal, legislative process for approving draft amendments.

[CIVIL GEORGIA: Parliament to Be Relocated in May](#)

[CIVIL GEORGIA: Procedures Launched for Constitutional Amendment](#)

INTERNATIONAL MEDIA ON GEORGIA

BLOOMBERG: Georgia making progress on Alliance membership, NATO says

NATO Secretary General Anders Fogh Rasmussen said Georgia is making progress toward joining the alliance. "Georgia has come a lot closer," Rasmussen last week during a two-day trip to Tbilisi. "Further reforms will be Georgia's ticket to membership and NATO is here to help." Georgia is seeking to join NATO and contributes to the international force led by the alliance in Afghanistan.

www.bloomberg.com

WASHINGTON TIMES: Georgia is eager to join NATO

Georgia's second-most-powerful man vows that his country will not drag NATO into a war with Russia if accepted into the Western alliance. "We made a unilateral commitment to nonuse of force, so there is no way we will become a problem for NATO in terms of Article 5 or in terms of a possible military confrontation between Georgia and Russia," said Parliament Speaker Bakradze. "[The Germans] had some specific regulations when they entered NATO... so there are already precedents, and in the case of a decision, I don't think that this is an unresolvable obstacle."

m.washingtontimes.com

EURACTIV: Saakashvili—Georgia "should never leave path" of EU integration

"We have very important reforms to be accepted by the parliament by 2013," said President Saakashvili last week in an interview. "The president retains considerable power under our new constitution and the prime minister is important, but completely dependent on the parliament." Saakashvili also highlighted Georgia's commitment to Western integration: "Georgia should never leave the path of European integration. The more closely Georgia integrates with European Union institutions, the more Russia will have to rethink its policy towards Georgia."

www.euractiv.com

XINHUA: NATO—Georgia on road to membership

NATO Secretary General Anders Fogh Rasmussen said last week that Georgia still had work to do before it could join the Alliance, but progress had been made and membership would happen. PM Gilauri underscored the public's sentiment to join NATO. "It's not just the political motive of the government to join NATO, it's the aspiration of the general public," he said. "This was shown in a survey conducted in the past few months; almost 80 percent of respondents supported the concept of joining NATO."

news.xinhuanet.com

REUTERS: NATO says elections next step for membership plans

NATO Secretary General Anders Fogh Rasmussen told Georgia's parliament next year's parliamentary election and a presidential poll in 2013 would be key tests on the country's readiness to join the alliance. "They will require you to pass a strong electoral code and to ensure a level playing field with equal opportunities for all," said Rasmussen. "Georgia has done a lot; the upcoming elections will be an important indicator of just how strong the democratic institutions are and how ready Georgia is for NATO membership."

www.reuters.com

AGENCE FRANCE PRESSE: Georgia claims victory in Russia WTO membership deal

Georgia claimed a small victory over Russia last week saying Russian acceptance of its conditions for joining the WTO confirmed customs frontiers. "It is very important principle that even an occupier recognizes international monitoring," said President Saakashvili, adding that the international community has acknowledged Georgia's customs regulations. "Our position was crystal-clear: either this, or Russia will not become a WTO member."

www.france24.com



FINANCIAL TIMES: The least risky FTSE bank—Bank of Georgia

Nobody is likely to get their knickers in a twist, no changes will need to be made to the London market rules and no probing editorials will be penned when Bank of Georgia gains a premium listing on the London Stock Exchange. With a liquidity ratio of 25% of total assets, a BIS tier 1 ratio of 18%, total capital ratio 27% H1 2011, and loans to deposit ratio of 1.17x, we believe Bank of Georgia has the lowest risk balance sheet of any bank in the FTSE. This low risk balance sheet is also reflected in the low level of indebtedness of the bank's customers. This provides a solid platform for strong structural growth.

ftalphaville.ft.com

EURASIANET: Georgia—kings of the hill at war

The reclusive tycoon himself also faces a hearty dose of skepticism. Some local commentators find Georgian presidential candidate Bidzina Ivanishvili as bizarre as his Tbilisi residence, and doubt that the billionaire, who made his money in Russia during the murky 1990s, can walk the walk when it comes to democracy. In a to-do list shared with all of Georgia, Ivanishvili avoided mention of the country's NATO aspirations and criticism of Georgia's Public Enemy Number One, Vladimir Putin.

www.eurasianet.org

BLOOMBERG: Auchan eyeing two Tbilisi grocers

French grocer Auchan plans to buy two Georgian hypermarket groups, Goodwill and G.mart, both based in Tbilisi, said Goodwill's director Mikheil Charkviani. Goodwill has three stores, while G.mart has one. The French group has agreed to supply its products to Goodwill in advance of any purchase in order to test the market, Charkviani said.

www.bloomberg.com

NGO/THINK TANKS

McKINSEY: Innovation in government-Kenya and Georgia

Georgia has three one-stop government centers offering individuals and businesses a range of services, including customs clearance, new-business licenses, land deeds, and automobile licenses. Thirteen more public-service centers are scheduled to open by the end of 2012. While the halls currently provide services only from the Ministry of Justice, in the future they will include services from the Ministry of Energy and Natural Resources, the Revenue Service of Georgia, the Ministry of Finance, and more. Eventually it might be possible to register a car and a marriage at the same place.

www.mckinseyquarterly.com

COUNCIL ON FOREIGN RELATIONS: Impact of Russia's WTO

The Georgians are now happy because their concern has been that Russian membership should not in any way imply that trade across the border from Russia into S. Ossetia and Abkhazia is not trade into Georgian territory. And they've gotten the mechanism now that satisfies them on that point. They want other things from the US, and they are going to be pushing their case for closer security cooperation between now and the NATO summit next spring in Chicago.

www.cfr.org