

GEORGIA UPDATE

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TOP STORIES

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- Parliament Passes Legislation to Strengthen Ties With Georgian Diaspora
- GDP Growth Upgraded to 6%, As Foreign Investment Tops \$1 Billion; Central Bank Lowers Rates



Armenian President Serzh Sargsyan visited Georgia this week, underscoring the continued warming of relations between the two countries. President Saakashvili used the opportunity to underscore his vision for a united Caucasus. "It is in the interests of all the people and states of the Caucasus to have a united Caucasus, a united economic space in the Caucasus, and the prospect of creating a united political commonwealth," he said. "There is no alternative for our people, for our small countries," he added. "I am sure the conflicts, which were artificially imposed on our countries, will be resolved sooner or later—I think much sooner than anyone can imagine it. We will manage to find more common language and to integrate into the European space faster, if there is less interference from outside." President Sargsyan noted that relations between the two countries have been "developing dynamically."

INTERNATIONAL MEDIA ON GEORGIA

- REUTERS:** Russia says Georgia war stopped NATO expansion
- WALL STREET JOURNAL:** Russia may target US missile defense sites
- ASSOCIATED PRESS:** Georgian president unveils monument to Reagan
- FOREIGN POLICY:** Cracks in the reset? US stops honoring arms treaty
- THE GUARDIAN:** Abkhazia must raise its game on human rights
- EUROPOLITICS:** MEPS want Georgia recognized as "European state"
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- BLOOMBERG:** Georgia sovereign-debt rating raised one notch to BB- by S&P
- SUEDDEUTSCHE ZEITUNG:** Nino Haratishvili's scintillating new novel

QUOTES OF THE WEEK

"If we had faltered in 2008, the geopolitical arrangements would be different now. And a number of countries, which (NATO) tried to deliberately drag into the alliance, would have most likely already been part of it now."

"We have simply calmed some of our neighbors down by showing them that they should behave correctly in respect of Russia and in respect of neighboring small states. For some of our partners, including NATO, it was a signal that they must think about geopolitical stability before making a decision to expand the alliance. I deem these [issues] to be the major lessons of those developments in 2008."

♦ Russian President Medvedev speaking last week on the Kremlin's rationale for Russia's invasion of Georgia in 2008

"Twenty years ago, Ronald Reagan destroyed the Soviet empire and liberated millions of people."

"While they [Russia] have restored the anthem of the Soviet Union, we are unveiling a statue of Ronald Reagan in a sign of difference between our ideology and of theirs."

♦ President Saakashvili, unveiling a monument to Reagan in Tbilisi on Nov. 23

UPCOMING MILESTONES

- Nov 30-Dec 1:** FM Vashadze participates in EU-Georgia Cooperation Council Meeting in Brussels
- Dec 6-7:** OSCE Ministerial Council in Vilnius
- Dec:** EU and Georgia begin talks on a deep and comprehensive free trade agreement
- Dec:** Venice Commission recommendations on Georgian electoral code
- May 15-22:** NATO summit in Chicago
- May 26:** Parliament relocates to Kutaisi
- Jul 1:** Voter List Commission concludes verification
- Oct:** Georgian Parliamentary election

TOP STORIES

European Union Sets December Start Date for Launch of Free Trade Talks With Georgia

Just days after the European Parliament passed a resolution in support of Georgia, the EU confirmed plans to launch this month free trade talks with Georgia, signaling yet another step forward in EU-Georgian relations. Preparations to start the dialogue on a deep and comprehensive free trade agreement with Georgia were in their "final stages," said EU Commissioner Stephan Füle after meeting with Georgia's Euro-Atlantic Integration Minister Baramidze in Brussels. Füle added that discussions on visa-free travel could begin before the summer if Tbilisi continued implementing the EU-Georgia visa facilitation and readmission agreements, which were signed last March. "It's a recognition that real free-market policies work, keeping bureaucracy slim, and creating an investment-friendly environment," Baramidze said. President Saakashvili also welcomed the news: "That means that in a year-and-a-half, maximum in two years, our products will gain free access to the European market—this is of vital importance for Georgia's economy," Saakashvili said at a cabinet meeting in Kutaisi, adding that PM Gilauri will visit Brussels early this month to open the free-trade talks. "Sometime in March or April we will launch talks with EU on visa-free travel," he added. The announcement follows Standard & Poor's recent move to upgrade Georgia's credit rating from a BB- to B+, a key indicator reflecting Georgia's strong growth potential.

[EU OBSERVER: EU Awards Georgia with "Deep" Free Trade Talks](#)

Medvedev Admits Georgian Invasion Was Designed to Stop NATO Expansion

In an unusually candid speech last week, President Medvedev admitted Russia's motive for invading Georgia: to stop Tbilisi from joining NATO. "If we had wavered in 2008, the geopolitical layout would have been different; a range of countries which NATO tries to artificially 'protect' would have been within it," he said at the Vladikavkaz military base, located just north of the Georgian border. "We have simply calmed some of our neighbors down by showing them that they should behave correctly in respect of Russia and in respect of neighboring small states. For some of our partners, including NATO, it was a signal that they must think about geopolitical stability before making a decision to expand the alliance. I deem these [issues] to be the major lessons of those developments in 2008." The Georgian government said Medvedev's statement confirmed Russia's guilt in originating the 2008 war: "This is yet another sign [showing] the international community what aggressive goals Russia was guided by," said a government spokesperson. "This is yet another confirmation of what we and the entire international community knew about who started the 2008 August war and why."

[REUTERS: Russia says Georgia War Stopped NATO Expansion](#)
[RADIO FREE EUROPE: Medvedev gets Caught Telling the Truth](#)

Rapporteur for Historic European Parliament Resolution on Georgia Honored in Tbilisi

President Saakashvili last week honored European Parliament member Krzysztof Lisek with the St. Georgia's Victory Order for spearheading the European Parliament's recent resolution on Georgia. "This document is really historic," Saakashvili said at the award ceremony held at the Presidential Palace in Tbilisi. Saakashvili thanked Lisek and the European Parliament for their efforts in approving the resolution. Said Lisek: "This resolution is a very important voice of almost the entire European Parliament. We see Georgia as a European state; we see Georgia as a state, as a country showing all European values and principles, including democracy and human rights." Passed by a vote of 527-23, the resolution called on key EU institutions to recognize Georgia's Russian-controlled regions of Abkhazia and S. Ossetia as "occupied territories," urged Moscow to "fulfill unconditionally" the 2008 ceasefire agreement, and to immediately advance free trade talks with Tbilisi.

[CIVIL GEORGIA: Saakashvili Awards Polish MEP](#)



PM Gilauri met in Prague this week with his Czech counterpart, Petr Necas, to discuss a range of bilateral issues. Necas underscored the Czech Republic's support for Georgia's NATO aspirations. He noted that when talks on his country's NATO accession were held in the late 1990s, Russia opposed them, as it does the idea of Georgian accession. Yet time had clearly demonstrated, Necas said, that the step had brought greater security and stability in Europe.

Russian-Occupied S. Ossetia Descends Into Chaos After Vote

The Russian-occupied Georgian region of S. Ossetia fell into chaos this week when the Kremlin-backed candidate for the "presidency" suffered a staggering loss to a schoolteacher given little chance of winning. The occupied region's highest court intervened to cancel the results and to try to ban the winner, Alla Dzhioyeva, from running in the rerun, now set for March. When Dzhioyeva backers protested in the streets, they were confronted by the proxy regime's armed militia firing into the air. The so-called "presidential" election, and its farcical aftermath, was condemned by the international community. "If there are any doubts that the upcoming elections in Russia will be a farce, they should be put to rest by the recent events in South Ossetia," said US Senator John McCain. "This breakaway state is part of Georgia's sovereign territory that Russian forces continue to occupy. But when the Kremlin's preferred presidential candidate was overwhelmingly defeated in elections this weekend, the supreme court of this Russian proxy state declared the results illegal and nullified the vote." Wrote *Time Magazine*: "But the whole operation, from the use of armed goons this summer to the bumbling reaction when it all went awry, has revealed such clumsiness, such a total lack of tact, that even Russia's loyal media have been unable to hold their tongues."

[TIME: Russian Bungling](#)

[NEW YORK TIMES: Political Standoff Escalates in S. Ossetia](#)

New Legislation Strengthens Ties With Georgian Diaspora

Parliament approved new legislation to strengthen ties with Georgians living abroad, providing them more greater services and benefits. Under the new law, Georgian expatriates can qualify for 30-day visa free travel, state-funded educational opportunities, participation in international sport competitions, among other services. The bill's provisions also will apply to descendants of Georgians who have resettled in Iran and Turkey.

[CIVIL GEORGIA: Parliament Passes Law for Georgian Expats](#)

GDP Growth Upgraded to 6%, As Foreign Investment Tops \$1 Billion; Central Bank Lowers Rates

The government has upgraded to 6% its forecast for 2011 GDP growth due to higher-than-expected economic activity during the third quarter. Meanwhile, the latest estimates show that foreign direct investment will soar past \$1 billion by year's end. The National Bank of Georgia also sounded a positive note on inflation, which slowed to 2.3% in October, from a 4.6% year-on-year rise in September. As a result, the central bank lowered its key policy rate by 25 basis points to 7%.

[TREND DAILY NEWS: Georgia Expects 6% Economic Growth](#)

[TREND DAILY NEWS: Investments in Georgia to Reach \\$1 billion](#)

INTERNATIONAL MEDIA ON GEORGIA

REUTERS: Russia says Georgia war stopped NATO expansion
 NATO would have expanded by now to admit ex-Soviet republics if Russia had not invaded Georgia in 2008 to defend a rebel region, said President Medvedev last week. "If you...had faltered back in 2008, the geopolitical situation would be different now," Medvedev said. "And a number of countries, which (NATO) tried to deliberately drag into the alliance, would have most likely already been part of it now."
in.reuters.com

WALL STREET JOURNAL: Russia may target US missile defense sites
 President Medvedev said Russia has long objected to US missile defense plans in Europe. He said Russia was prepared to deploy Iskander missiles, which officials said have a range of up to 500 kilometers, in Russia's Kaliningrad region, an enclave inside Europe bordering EU members Poland and Lithuania. He also said a weapons system could be deployed in Russia's south—closer to Russia's foe Georgia and to Turkey—that would also be used to demolish missile-defense systems.
online.wsj.com

AP: Georgian president unveils monument to Reagan
 Georgia's pro-Western president has unveiled a monument to Ronald Reagan in the capital of the ex-Soviet state, praising the 40th US president for "destroying the Soviet Empire." President Saakashvili, whose government has for years had tense relations with Russia, also lambasted Moscow's attempts to "restore" the Soviet Union by creating an economic bloc with other ex-Soviet nations. He said last week that the bronze statue that depicts Reagan sitting on a bench "deserves a place in the heart of Tbilisi, the heart of Georgia."
www.seattlepi.com

FOREIGN POLICY: Cracks in the reset? US stops honoring arms treaty with Russia
 The State Department announced today that it would stop fulfilling its obligations under the Conventional Armed Forces in Europe (CFE) Treaty with respect to Russia, in retaliation for Russia's 2007 decision to stop honoring that treaty altogether. "The Obama administration has adopted a limited countermeasure that is too late and too weak," said a senior GOP Senate aide. "Since Russia refuses to end its occupation of Georgia, there is little point in attempting to bring it back into compliance with its obligations under the CFE Treaty."
thecable.foreignpolicy.com

EUROPOLITICS: MEPS want Georgia seen as "European state"
 One of the key recommendations in the European Parliament's resolution is the call for EU institutions to "recognize Georgia's regions of Abkhazia and the Tskhinvali region/S. Ossetia as occupied territories" and for the EU to "recognize Georgia as a European state." President Saakashvili described the resolution as "historic." It was adopted by a large majority of 527 MEPs; only 23 voted against.
www.europolitics.info

THE GUARDIAN: Abkhazia must raise its game on human rights
 The fact that Abkhazia is a largely unrecognized state does not diminish the duty on the authorities, as the territory's controlling power, to meet their human rights obligations under international law. These include the right of ethnic Georgians to return unhindered to their pre-war homes. Abkhazia's evident moves to institutionalize its sovereignty, through playing dominoes and by other means, should not come at the cost of human rights, including the rights of returnees to live peaceful lives.
www.guardian.co.uk



Snow covered Tbilisi this week, including the ancient fortress of Narikala.

WASHINGTON POST: Is this journalism or advocacy?
 But the substance of the report—that Rice blamed Georgia—was wrong. The very first sentence of the piece reads: "Former U.S. Secretary of State Condoleezza Rice says Georgian President Saakashvili alienated potential NATO allies by 'letting the Russians provoke him' into starting a war over South Ossetia." That's false, as Rice told the *Weekly Standard*. It's the Russian propaganda line, but it's not Rice's view. The *EurasiaNet* piece is so obviously a misreading of Rice's book and so clearly an attempt to mislead readers that it is shocking, frankly, that *Atlantic* would stand behind the piece. (Notice how the misleading elements in *EurasiaNet's* work all point in the same direction — in Russia's favor.)
www.washingtonpost.com

DEUTSCHE WELLE: Kosovo Serbs apply for Russian citizenship
 The chairman of the Russian parliament's standing committee on foreign affairs, Konstantin Kossatchov, described Kosovo Serbs applying for Russian citizenship as "a key development in the history of Europe." Kossatchov doesn't believe that these Kosovo Serbs actually want to emigrate to Russia. He sees it as "a political action," as a cry for help from "desperate people, who have been left in the lurch by the local authorities, Belgrade and Brussels."
www.dw-world.de

BLOOMBERG: Georgia debt rating raised one notch by S&P
 Georgia had its sovereign-credit rating raised by S&P last week. "The upgrade reflects our view of Georgia's strong growth prospects and improving public finances," S&P said. "These strengths are underpinned by its commitment to market-oriented policies and its previous structural reforms and fiscal consolidation."
www.businessweek.com

SUEDDEUTSCHE ZEITUNG: Nino Haratishvili's scintillating novel
 Georgian playwright and director Nino Haratishvili was awarded last week with the "Buddenbrookhaus" prize, a renowned German literary award, for her novel "Juja." Haratishvili, a Tbilisi native, was presented with the award and €2,000 at a ceremony in Lübeck. She read excerpts from her second novel "The Gentle Twin."
www.schwaebische.de

NGO/THINK TANKS

USAID: The domino effect of reform
 The new customs regulations are just one of the many reforms that have moved Georgia from number 112 to number 12 out of 181 countries ranked by the World Bank in its annual Ease of Doing Business survey. The transformation was called "unprecedented" by the World Bank. Georgia is now ranked as having a more attractive regulatory climate than France, Germany, and the Netherlands. Other results include more efficient hospitals, gas pipelines to heat remote villages, and a range of improvements to make government offices more responsive to citizens.
www.usaid.gov