

GEORGIA UPDATE

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Georgia's Orthodox Christians celebrated Christmas last week, marking the annual Feast of the Nativity. Christmas for Georgia's Orthodox Christians falls on January 7th, following the Julian calendar. Keeping with tradition, the faithful donned traditional garb during Alilo, a religious procession, and attended mass to celebrate the festive holiday. The Patriarch of the Georgian Orthodox Church, Ilia II, held a special sermon at St. Trinity Cathedral in Tbilisi late Sunday night, speaking about Georgia's ancient history, traditions, and national pride. Joining in the holiday spirit, President Saakashvili attended a Christmas mass at the Gelati Cathedral in Kutaisi and wished fellow worshippers a Merry Christmas.

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QUOTES OF THE WEEK

"In many countries Christians are deprived of fundamental rights and sidelined from public life; in other countries they endure violent attacks against their churches and their homes. At times they are forced to leave the countries they have helped to build because of persistent tensions and policies which frequently relegate them to being second-class spectators of national life. I would also like to bring up several encouraging signs in the area of religious freedom. I am referring to the legislative amendment whereby the public juridical personality of religious minorities was recognized in Georgia."

♦ Pope Benedict XVI speaking Monday to members of the diplomatic corps accredited to the Holy See

"First of all it was an opportunity for me as former defense secretary to thank the Georgian government... for the cooperation we have in Afghanistan. Georgia's participation is hugely appreciated in the United Kingdom and in ISAF as whole."

"We discussed the situation in Afghanistan, the pattern of violence and how we would respond to that. We discussed the situation in Iran and the fear of Iran's nuclear program and also of wide instability in the region, which of course affects not just the region itself, but the wider global picture."

♦ Former UK Defense Secretary Liam Fox in a visit to Georgia last week

UPCOMING MILESTONES

Jan: EU, Georgia begin talks on a deep and comprehensive free trade agreement

Mar: Next round of Geneva peace talks

May 15-22: NATO summit in Chicago

May 26: Parliament relocates to Kutaisi

Oct: Parliamentary elections

TOP STORIES

Pope Benedict XVI Praises New Georgian Legislation on the Freedom of Religious Minorities

In an address Monday to the foreign diplomatic corps in the Holy See, Pope Benedict XVI singled out for praise Georgia's recent legislation that grants full status to religious minorities. "In many countries Christians are deprived of fundamental rights and sidelined from public life; in other countries they endure violent attacks against their churches and their homes," he said. "At times they are forced to leave the countries they have helped to build because of persistent tensions and policies which frequently relegate them to being second-class spectators of national life." The Pope then added: "I would also like to bring up several encouraging signs in the area of religious freedom. I am referring to the legislative amendment whereby the public juridical personality of religious minorities was recognized in Georgia."

Parliament passed the legislation last July to create greater freedom for religious minority groups, a move hailed by the Council of Europe, the US, and religious groups. The civil code amendments allow minority religious groups "with historic ties to Georgia" to register as legal public entities—thus, granting longstanding requests by the Armenia Apostolic, Roman Catholic, and Evangelical Baptist Churches, among others. President Saakashvili when the law was passed, underscored that "everyone is equal," adding: "I want Georgia to be strong; I want a Georgia that is based on unity, equality, and equal chances for all of its citizens regardless of their origins."

[CIVIL GEORGIA: Pope Hails Legislation on Religious Groups](#)

Twelfth Georgian Soldier Killed in Afghanistan

A twelfth Georgian soldier was killed in action last week while supporting NATO forces in Afghanistan. Corporal Shalva Pailodze of the 31ST infantry battalion died from a wound sustained during an attack by Taliban insurgents, the Ministry of Defense said. Cpl. Pailodze was fighting alongside US Marines while serving in the volatile Helmand province. Pailodze's death was the second fatality suffered by Georgian forces in Afghanistan last week, with Cpl. Besik Niniashvili dying just seven days earlier in a mine explosion. Parliament recently authorized the deployment of an additional infantry battalion to support the NATO-led mission in Afghanistan, bringing Georgia's total troop contribution to 1,685. With 749 soldiers, the extra battalion will make Georgia the largest non-NATO contributor to the mission.

[AGENCE FRANCE PRESSE: Twelfth Georgian Soldier Killed in Afghanistan](#)

State Audit Agency Launches Unit to Monitor Political Funding

Georgia's audit agency Chamber of Control announced the launch last week of its new campaign finance-monitoring unit. "We are ready and willing to cooperate closely with each and every political party, and to develop effective communication with them in order to provide the transparency of funding envisaged by the law," said the unit's new head, Natia Mogeladze. Authorized by legislative amendments passed last month, the Chamber is responsible for ensuring that political parties and candidates comply with new campaign funding regulations. The newly created unit will liaise with Georgia's central bank to verify the accuracy of data provided by political parties, a job that was previously held—albeit in a limited capacity—by Georgia's Central Election Commission. According to the new regulations, the Chamber has enforcement authority and can issue penalties to parties that fail to adhere to the tighter funding requirements. Aiming to bring greater transparency and fairness into the campaign funding process, the new legislation bans all corporate donations to political parties, caps individual donations to campaigns, and requires parties to disclose their financial statements regularly.

[CIVIL GEORGIA: State Audit Agency Launches Party Funding Monitoring Unit](#)



Julio Iglesias performed a spectacular New Year's Eve concert in Batumi's central square. Iglesias, together with his 25-member orchestra, dazzled a packed audience for two hours. The show marked his first concert in Georgia.

PM Gilauri Emphasizes Social Assistance as 2012 Priority

PM Gilauri has outlined the government's top priorities for 2012, emphasizing social assistance programs. "Our main task is to implement a package of government-sponsored social assistance initiatives," he said at a cabinet meeting, adding: "We anticipate an increase of the retirement package from September 1 of this year." All pensioners will receive an extra financial assistance from the government as a result of newly approved social welfare laws, Gilauri said. The government also will provide health insurance to pensioners and all children under six. This is an "important breakthrough in health care," Gilauri underscored. In addition to expanding health benefits, the administration also plans to open 30 new hospitals and health-care institutions throughout the country. Educational and agricultural initiatives are also part of the administration's focus on social assistance packages, the PM added.

[GEORGIA TIMES: Gilauri Outlines Priorities for 2012](#)

Georgian Inflation to Stay Tame Near 6%, Statistics Chief Says

Government officials anticipate year-end 2012 inflation to hover near a stable 6%. "The government estimates inflation at 6 percent and I think that for a developing and growing country like Georgia, this is pretty normal," said Zaza Chelidze, chief of the state statistics agency, Geostat. The figure marks a significant improvement from last summer when inflation peaked at 14.3% due to price volatility in global food and energy markets. "We knew that toward the end of 2011, inflation had to slow," Chelidze said. Georgia's central bank expects annual inflation to remain "low" in the first half of 2012, before starting a moderate increase in the summer.

[BLOOMBERG: Georgian Inflation to Quicken to 6%](#)

Tbilisi Circus Re-opens After Five-Year Break

The Tbilisi circus reopened its door last week after a five-year hiatus. Closed in 2007 for large-scale renovation, the 73-year-old facility now features a state-of-the-art sound-and-light system. The grand opening attracted talent from all over the world. "I gladly accepted the invitation to participate in the first shows of the renovated circus in Tbilisi, and I have prepared many surprises for children," said Russian juggler Viktor Vasilyev, who has Georgian roots. Other performers including native Georgian acrobat Vepkhiya Khubayev, who canceled tours to entertain in Tbilisi. Acrobats, tumbling tigers, and other performers hailing from Georgia, Russia, France, and the Ukraine entertained audiences. The capital hosted its first circus in 1940.

[ITAR-TASS: Tbilisi Circus Re-Opens After a Five-Year Break](#)

INTERNATIONAL MEDIA ON GEORGIA

FOREIGN POLICY: The danger of neglecting Georgia

American decline would leave this tiny Caucasian state vulnerable to Russian political intimidation and military aggression. It would put new limitations on US capabilities, and could by itself stir Russian desires to reclaim its old sphere of influence. At stake: Russian domination of the southern energy corridor to Europe, possibly leading to more pressure on Europe to accommodate Moscow's political agenda; a domino effect on Azerbaijan.

www.foreignpolicy.com

IRISH TIMES: Irish experience to guide search for solutions to "frozen conflicts"

Pádraig Murphy, former Irish ambassador to Moscow, will co-chair the Geneva talks as the OSCE's special representative for the South Caucasus. "Russia is constantly increasing its forces," said Georgian FM Vashadze, adding that Ireland's new chairmanship of the OSCE faces many challenges. "There are more than 10,000 occupying troops in both regions and a range of missile systems, tanks, and all their other toys."

www.irishtimes.com

AP: Russia's Putin dreams of sweeping Eurasian Union

Putin has a vision for a Soviet Union-lite he hopes will become a new Moscow-led global powerhouse. But his planned Eurasian Union won't be grounded in ideology: This time it's about trade. While Armenia has proven positively cool on the idea, other former Soviet bloc countries such as Georgia will likely always be hostile to anything coming out of Moscow.

hosted.ap.org

BLOOMBERG: Georgia's Borjomi water starts talks on resuming Russian exports

The maker of Georgia's Borjomi mineral water, banned from Russia since 2006, plans to resume sales in the country this year. IDS Borjomi said last month that they discussed possible exports with Russia's consumer watchdog, Rospotrebnadzor. Russia prohibited imports of Georgian mineral water and wine in 2006 after Georgia expelled four Russian servicemen whom it accused of espionage.

www.bloomberg.com

AGENCE FRANCE PRESSE: Fitch upgrades Georgia's ratings

Fitch Ratings has upgraded Georgia's long-term foreign and local currency issuer default ratings to BB- from B+, highlighting improved macroeconomic stability. "The upgrade reflects Georgia's strong growth performance, the government's progress in reining in the fiscal deficit, a reduction in inflation, and rise in foreign exchange reserves," said Fitch in a statement. Vato Lejava, an advisor to the PM, said the upgrade was "a logical consequence of positive trends in Georgia's economy, which we achieved thanks to the improved investment and business environment."

news.ph.msn.com

BLOOMBERG: Georgian Q3 foreign investment rises 66%

Georgia's 3rd-quarter foreign direct investment rose 66% from a year earlier to \$266 million, said state statistics agency Geostat. The government expects FDI flows to reach \$1 billion in 2011 after investment shrank 65 percent in the previous two years, Economy Minister Kobalia said. The Netherlands, the US, and Turkey topped the list of the largest foreign investors in the third quarter, mainly in energy, manufacturing, and financial investments.

www.bloomberg.com

**THE OBSERVER: If it's January, go to Georgia**

Every destination has its best time of year. If it's January, go to Georgia, says Lonely Planet's Tom Hall, who put together a list of countries to see in 2012. Winter sports fans and city breakers looking for somewhere new should try Georgia. The country is attracting a growing number of independent travelers who are exploring mountains dotted with historic castles and churches, beautiful towns such as Svaneti and Kazbegi, and the Europe-meets-Asia capital Tbilisi. It won't be warm in January but skiers won't mind: The country's main resort, Gudauri, is a good bet for reliable snow and can be reached by road from the capital in two to three hours.

www.guardian.co.uk

GADLING: Budget vacation guide 2012—Tbilisi

Georgia's investments in infrastructure and tourism over the last several years mean that the country is raring to go. Tourist facilities have improved and Tbilisi's domestic travel agencies are well organized. For anyone itching to get into some gorgeous wilderness, there is Svaneti, a district that has slowly but surely become a backpacker destination.

www.gadling.com

HUFFINGTON POST: Drinking Georgian wine in Soviet bomb shelter

Georgia lays claim to having the world's oldest wine culture. At one famous archaeological site, residue over 8,000 years old was found. Traditional Georgian wines do not use "modern" winemaking techniques. Instead, after grapes are picked and crushed, everything is placed in clay pots that are buried underground to ferment. Georgian wine is certainly worth trying if you love the exotic and different.

www.huffingtonpost.com

THE TELEGRAPH: Magnetic Georgian man sticks 50 spoons to body

Abandoning a bid to set a Guinness world record for balancing spoons on his face, a 39-year-old Georgian sports coach instead balanced 50 on his neck and chest in an apparent feat of "magnetic" attraction. Etibar Elcheyev, a 39-year-old kick-boxing trainer, discovered his talent of attracting metal to his body less than a year ago but has quickly taken to the world of magnetism. After the still-impressive feat was successfully achieved, a happy Elcheyev promised there was more to come.

www.telegraph.co.uk

BOSTON GLOBE: A young Georgian jazz pianist dazzles in NYC

"Evolution" has grown into one of New York City's biggest and best jams. The jam is also a chance to glimpse the creative process and maybe catch a future star. One night a teenager slid onto the piano bench and the keys seemed to suddenly ignite. It was Beka Gochiashvili, 15, from Tbilisi, Georgia, who came to Juilliard with the help of former Secretary of State Condoleezza Rice. I will be surprised if I don't see him again.

www.boston.com