

GEORGIA UPDATE

WEEKLY EDITION • 26 January 2012

A Publication of the Government of Georgia

www.georgiaupdate.gov.ge

TOP STORIES

- President Saakashvili Embarks for US for White House Visit, Congressional Meetings, Public Speeches
- Russia Escalates Rhetorical Attacks on Georgia, Plans Large-Scale Exercises
- Georgia Reaffirms Commitment to NATO in Afghanistan
- Australia Cautions Moscow as Lavrov Undertakes Latest Round of Checkbook Diplomacy in Pacific
- As Inflation Falls, Central Bank Cuts Key Rate to 6.5%

 World Bank

www.worldbank.org/ge



FIGHTING CORRUPTION IN PUBLIC SERVICES: CHRONICLING GEORGIA'S REFORMS

Next Tuesday in Washington, the World Bank will launch a major new study on the success of Georgia's reforms, entitled "Fighting Corruption in Public Services—Chronicling Georgia's Reforms." The book details step-by-step what Georgia's government did after the Rose Revolution to overcome corruption, and how Georgia's experience might be replicated in other countries. The study focuses on eight public-service areas: patrol police, tax administration, customs, power supply, business regulations, civil and public registries, university entrance exams, and municipal services. President Saakashvili will speak at the launch. The electronic version of the book will be available Tuesday at: www.worldbank.org/ge

INTERNATIONAL MEDIA ON GEORGIA

- XINHUA:** Georgian foreign ministry criticizes Russian military exercises
- AGENCE FRANCE PRESSE:** Putin slams critics, liberal media
- RADIO FREE EUROPE:** Putin vs. Akunin
- NATIONAL INTEREST:** Russia's toxic deep state
- AGENCE FRANCE PRESSE:** Georgia, Stalin's birthplace, shuns Soviet legacy
- BOSTON GLOBE:** Georgia in color a century ago
- EURASIANET:** Georgia—politics and the billionaire housewife
- FORBES:** As Europe builds statues to Reagan, Russia rebuilds its empire
- EURASIANET:** Russian exercises in Caucasus prepping for Iran war?
- AFRICA NEWS:** Local farming skills are sought-after
- THE INDEPENDENT:** Pianist Elisabeth Leonskaja—Artistry without peer
- USAID:** The domino effect of reform

QUOTES OF THE WEEK

"Do we have to direct our offensive weapon system towards Georgian territory?"

♦ Russian Prime Minister Putin

"We can stay calm, we should continue our rebuilding process, our reforms, which have become a source of admiration for many Russian opposition politicians and a very significant part of Russian society, too. We should take care to maintain this non-corrupt and fast-developing environment.... We really do not want to be a part of their [Russia's] internal politics."

♦ President Saakashvili

"Unfortunately, the Geneva talks are stalled in both working groups, because our Russian partners are explicitly refusing to discuss security arrangements in the first working group and they are explicitly refusing to discuss the voluntary, dignified, and safe return of IDPs and refugees in the second one."

♦ FM Vashadze speaking Wednesday to the Parliamentary Assembly of the Council of Europe

UPCOMING MILESTONES

Jan. 30: President Obama, President Saakashvili meet at White House

Jan. 31: President Saakashvili speaks at launch of World Bank study on "Fighting Corruption in Public Services—Chronicling Georgia's Reforms"

Feb. 1: President Saakashvili speaks at the United States Institute of Peace

Feb. 2: President Saakashvili addresses Georgetown University School of Foreign Service

Mar 28-29: Next round of Geneva peace talks

May 15-22: NATO summit in Chicago

May 26: Parliament relocates to Kutaisi

Oct: Parliamentary elections

TOP STORIES

President Saakashvili Embarks for US for White House Visit, Congressional Meetings, Public Speeches

President Saakashvili left Georgia for the United States yesterday, where he will meet President Obama next Monday in the Oval Office. President Saakashvili also is scheduled to meet dozens of leading Democratic and Republican members of Congress, as well as media and other opinion leaders in Washington. He will make a series of public addresses to discuss Georgia's democratic development and reform achievements. On Tuesday, he will speak at the launch of a major new World Bank study of Georgia's reforms, entitled "Fighting Corruption in Public Services—Chronicling Georgia's Reforms." On Wednesday, in an appearance at the United States Institute of Peace, the President will talk about "Post-Revolutionary Societies and What Comes After the Arab Spring." On Thursday, at the invitation of Georgetown University's School of Foreign Service, he will discuss "Why Georgia's Transformation Matters in the Post-Soviet Space."

The State Department, meanwhile, last week launched a new website dedicated to advancing the US-Georgia Strategic Partnership. The launch was greeted warmly by Georgian officials: "The Georgian Foreign Ministry welcomes the creation of a special website for the US-Georgia Strategic Partnership Commission," the Foreign Ministry said. The US-Georgia Charter on Strategic Partnership was signed shortly after Russia's August 2008 invasion of Georgia. Under the agreement, the two countries pledge to intensify bilateral relations on democracy, defense and security, economic and energy issues, and people-to-people contact and cultural exchanges.

[US STATE DEPARTMENT: US-Georgia Strategic Partnership](#)

[USIP: President Saakashvili on Post-Revolutionary Societies](#)

[WORLD BANK: Fighting Corruption in Public Services](#)

[GEORGETOWN: Why Georgia's Transformation Matters](#)

Russia Escalates Rhetorical Attacks on Georgia; Plans Large-Scale Exercises in Autumn

Moscow's aggressive rhetoric towards Tbilisi intensified in recent days alongside news of Russian plans to host a major military exercise in Georgia's occupied territories next autumn. Russian PM Putin hinted last week at the possibility of deploying "offensive" weapons systems targeting Georgia: "Do we have to direct our offensive weapon system towards Georgian territory?" he said rhetorically in a meeting with Russian state media last week. His hostile rhetoric is the latest in a series of anti-Georgian statements made by Russia's political and military elite—including by Russian Lieutenant General Yuri Netkachev: "Maybe Russia will have to break through the Georgian transport blockade and provide military supplies through the transport corridors leading to Armenia."

Dubbed "Kavkaz-2012," the large-scale regional military exercises will be held in September along Georgia's perimeter near the Russian-Georgian border, in Armenia, and in the Russian-occupied territories of Abkhazia and S. Ossetia. According to Russian defense officials, Kavkaz-2012 will be larger and strategic in nature—as opposed to last year's tactical exercises—to prepare for possible military activity in the region. Russia further advanced its military infrastructure in the region during the 2011 Kavkaz exercises, laying a 75-mile gas pipeline to transport fuel to S. Ossetia. Georgia's Foreign Ministry denounced the plans. "The international community should pay attention to the fact that Russia's foreign policy has not changed," the ministry said. "It continues the aggressive actions, including a demonstration of military force and provocations. Russia is a source of destabilization and negative development in the international arena."

[XINHUA: Georgia Foreign Ministry Criticizes Russian Exercises](#)

[CIVIL GEORGIA: Putin Says No Guarantee that US Will Not Deploy Missile System in Georgia](#)

[TABULA: Russia plans large-scale military trainings in the Caucasus](#)

**Georgia Reaffirms Commitment to NATO in Afghanistan**

Georgia plans to strengthen its almost 1,000-strong peacekeeping contingent in Afghanistan by 700 more troops in 2012, Georgian Foreign Minister Grigol Vashadze said on Wednesday. Addressing the Parliamentary Assembly of the Council of Europe (PACE) in Strasbourg, Vashadze said Georgia "has solid intentions to continue participating in the NATO-led operation in Afghanistan." He added that it is "impossible to grow further without taking security issues into account... and we [Georgia] are constantly working on the issue of joining NATO." Georgia currently has around 750 troops in the Helmand Province and 175 in Afghanistan's capital, Kabul. (Above: US Maj. Gen. John A. Toolan, commanding general of Regional Command Southwest, last year visits Combat Outpost Shukvani to meet with leaders of 32nd Georgian Light Infantry Battalion. "The Georgians have done amazing work out here," he said. "They're warriors, absolute warriors. Here they are near Sangin and Musa Qala, one of the most dangerous places in Helmand province, and there's nowhere else they'd rather be.")

Australia Cautions Moscow as Lavrov Undertakes Latest Round of Checkbook Diplomacy in Pacific

Diplomatic eyebrows are being raised by the visit of the Russian Foreign Minister to Fiji, with concerns that Russia is engaging in what Australia last year labeled "checkbook diplomacy" in the Pacific. The Sergey Lavrov is due to meet Fijian military leader Frank Bainimarama next week at the end of a five-country trip through the Asia-Pacific region. Before visiting Fiji, Lavrov will meet Australian FM Kevin Rudd, who is expected to ask that Russia maintain transparency in its Pacific dealings. This is because of concerns that Lavrov's visit may be in part to lobby Fiji to accept the independence of the occupied territories of S. Ossetia and Abkhazia—the scene of Russia's 2008 invasion of Georgia. Last year, Russia was accused of providing tens of millions in aid to the Pacific Island nations of Tuvalu and Nauru in return for their recognition of the Russian puppet states. At the time, the parliamentary secretary for Pacific Island affairs, Richard Marles, said the Russians were "exploiting" some of the world's smallest countries. "This kind of checkbook diplomacy undermines development assistance in the region," Mr. Marles said.

[SYDNEY MORNING HERALD: Visit Spotlights Russia's Pacific Bid](#)

As Inflation Falls, Central Bank Cuts Key Rate to 6.5%

Georgia's central bank last week cut its key interest rate to 6.5% as inflation remains in check. "Inflation is expected to remain low in the first half of the year," said the Georgian National Bank. Consumer prices will likely rise during summer months, but will "remain below the target." The bank's monetary policy committee reduced the rate by 25 basis points, marking the fourth consecutive month of interest rate cuts. Annual inflation hovered at a stable 2% in December, according to state statistics office, Geostat.

[BLOOMBERG: Georgian Lowers Interest Rate as Inflation Risk Wanes](#)

INTERNATIONAL MEDIA ON GEORGIA

XINHUA: Georgian criticizes Russian military exercises

Georgia's Foreign Ministry on Tuesday criticized Russian military exercises planned for September. "The international community should pay attention to the fact that Russia's foreign policy has not changed," the ministry said. "It continues the aggressive actions, including a demonstration of military force and provocations. Russia is a source of destabilization and negative development in the international arena."

news.xinhuanet.com

AGENCE FRANCE PRESSE: Putin slams critics, liberal media

Several well-known actors, authors, and bloggers, including writers Boris Akunin and Lyudmila Ulitskaya last week established a non-partisan Voters' League aiming to ensure transparent elections in Russia's presidential polls. Putin questioned Akunin's motives due to his Georgian roots. "As far as I know, he is an ethnic Georgian. I understand that he could have not accepted Russia's actions during...armed conflict between Georgia and Russia," Putin said, referring to Moscow's invasion of Georgia in 2008.

www.saudigazette.com

RADIO FREE EUROPE: Putin vs. Akunin

"That is how Putin was trained in his special [KGB] school, it is his normal method of smearing an opponent," said writer Boris Akunin, in response to Putin's comments on his Georgian heritage. "I don't feel smeared. OK, I'm Georgian, so what? There are people of many ethnicities in our country. Actually, he was hinting that since I'm an ethnic Georgian, it means I'm an enemy of Russia."

www.rferl.org

NATIONAL INTEREST: Russia's toxic deep state

Reading about the murky case of Yevgeny Borisov, a Russian military intelligence officer based in Abkhazia and alleged to have planted a series of explosive devices around Georgia, I reached the conclusion that the evidence for Russian culpability in the incidents was compelling. The problem Putin has helped cultivate 20 years after the August putsch is not one that Andropov or Vladimir Kryuchkov would recognize, but it is still toxic for the Russian state. It is a culture of impunity in which illegal activity and assassinations are possible.

nationalinterest.org

AGENCE FRANCE PRESSE: Georgia shuns Soviet legacy

Twenty years after the USSR collapsed, Georgia's fervently pro-Western government regards the Soviet Union as a repressive dictatorship and has been trying to erase its legacy. Georgia's few Communists retain no political influence or popular support, and the ageing Stalin admirers who rally each year in Gori increasingly look like relics of a past, which their country is determined to leave behind.

www.naharnet.com

EURASIANET: Georgia—politics and the billionaire housewife

The choice of Bidzina Ivanishvili's wife as his campaign manager suggests the billionaire's trust of his political allies only goes so far. Facing sagging approval rates, opposition groups have glued themselves to the billionaire in hopes to hitch a ride to power. But none were entrusted with the mission to lead Team Ivanishvili. Looks like key posts and decisions will be reserved for nearest and dearest.

www.eurasianet.org

FORBES: Russia rebuilds its empire

In Georgia, where President Saakashvili unveiled a statue of President Reagan in Tbilisi's Freedom Park, Russian troops and tanks remain in the territories of S. Ossetia and Abkhazia in southern Georgia. Meanwhile, talks geared to ensure the Russians make good on their commitment to remove their forces following the 2008 war over the disputed territory have gone nowhere. And Saakashvili, long a solid ally of the US and a sworn enemy of incoming President Putin, is under constant threat of his life.

www.forbes.com



BOSTON GLOBE: Georgia in color a century ago

From 1909 to 1912, photographer Sergei Mikhailovich Prokudin-Gorskii undertook a photographic survey of the Russian Empire with the support of Tsar Nicholas II. He used a specialized camera to capture three black and white images in fairly quick succession, using red, green, and blue filters, allowing them to later be recombined and projected with filtered lanterns to show near true color images. The high quality of the images, combined with the bright colors, make it difficult for viewers to believe they are looking 100 years back in time—when these photographs were taken, neither the Russian Revolution nor World War I had yet begun. (Above: View of Tbilisi from the grounds of Saint David Church, ca. 1910.)

www.boston.com

EURASIANET: Russian exercises in Caucasus

Russia will be holding a series of military exercises in the N. Caucasus, Armenia, Abkhazia, and S. Ossetia this fall. The exercises, called Kavkaz-2012, will be held in September and won't be tactical/operational but strategic. The exercises will, however, include officers from Georgia's Russian-occupied territories.

www.eurasianet.org

AFRICA NEWS: Local farming skills are sought-after

Since 2011 five South African farmers moved to Georgia to put their agricultural skills and experience to work in the former Soviet republic. Georgia entered into an agreement with South Africa in 2010 to recruit talented and experienced cattle and cereal crop farmers, and aims to see many more South African farmers settling there in the near future. Tbilisi hopes the Boer farmers will help bring Georgia's agricultural sector back up to global commercial standards after years of communist rule.

allafrica.com

THE INDEPENDENT: Elisabeth Leonskaja—artistry without peer

The fans packing St Luke's in London were there for Tbilisi-born pianist Elisabeth Leonskaja, rather than the venue. In the opening movement of Opus 109, Leonskaja wove arabesques of butterfly delicacy round a fine steel core, and the variations were magically spun out. Her last two works were the high peaks of Beethoven's keyboard oeuvre, and she did them proud. Leonskaja's artistry has no peer.

iso.co.uk

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, all in the span of four years. The transformation was called "unprecedented" by World Bank economist Simeon Djankov. Georgia is now ranked as having a more attractive regulatory climate than France, Germany, and the Netherlands. Other results of this transformation 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