

# GEORGIA UPDATE

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

## TOP STORIES

- European Union, Georgia Launch Formal Negotiations on Free Trade Agreement
- South Ossetia Vote Draws Condemnation from International Community
- NDI Survey Shows Strong Support for NATO, EU Membership; Endorses Georgia's Democratic Progress
- Georgian Economy Grew 7% in 2011, Riding Blistering 8.8% Pace in 4th Quarter
- World Bank Commits \$130 Million to Roads, Regional Development
- South Korea, Georgia Pledge Closer Economic Cooperation



President Saakashvili joined over 50 world leaders at this year's Nuclear Security Summit in Seoul, and met one-on-one with US President Barack Obama, European Council President Herman Van Rompuy, and numerous others. "Georgia, given our location at one of the globe's most dangerous crossroads, also faces a heightened nuclear security risk," Saakashvili told his counterparts. "In recent years, and in cooperation with our allies in this fight, we have interdicted numerous traffickers seeking to illegally transport radioactive materials across our borders. This is why we have made it one of our highest priorities to strengthen our national nuclear and radioactive security capabilities and to deepen cooperation with our and relevant international organizations." He underscored that the Russian-occupied Georgian territories of Abkhazia and S. Ossetia remain a black hole of rampant trafficking.

## INTERNATIONAL MEDIA ON GEORGIA

**WALL STREET JOURNAL:** Russia's stake in Syria and Iran

**GLOBAL POST:** South Caucasus nations fear Iran-Israel war

**EDM:** Iran and its adversaries wage covert war in the South Caucasus

**WASHINGTON TIMES:** Batumi "miracle"

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**AGENCE FRANCE PRESSE:** Georgia fines opposition tycoon \$1.65 million

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**EURASIANET:** Georgia—in a valley of tradition, women

**OPEN DEMOCRACY:** Putin's plan for Russia's neighbors—a Eurasian Union

**EDM:** North Caucasus Circassians warm to Georgia

**THE ROAR:** Georgia crushes Russia's rugby invasion

**FRANKFURTER ALLGEMEINE:** Georgia potential honoree at Frankfurt Book Fair

## QUOTES OF THE WEEK

"Since the Rose Revolution in 2003, Georgia has made tremendous progress on its reform agenda and today seeks full Euro-Atlantic integration. It is punching well above its weight, to use a boxing term, as a NATO partner country in Afghanistan and will soon be the largest per-capita contributing nation in that fight.... Georgia deserves to see some forward movement on its membership aspirations at the upcoming NATO summit in Chicago"

♦ US Senator Jeanne Shaheen

"Georgians continue to be optimistic about the direction the country is going in and the government's ability to make changes that matter to them."

♦ Luis Navarro, National Democratic Institute country director in Georgia

"Most of the Georgian people expelled from their homes in Abkhazia and South Ossetia were not able to participate in the elections and have no opportunities to return to their homes."

♦ US Embassy in Georgia following the sham elections Sunday in Russian-occupied S. Ossetia

"The government has made good progress in implementing its 2007 strategy for IDPs. Since 2008, it has made significant efforts in building and refurbishing housing, and set standards to guide the implementation process with the international community.

♦ Internal Displacement Monitoring Center in its "Report on Georgia's IDPs"

## UPCOMING MILESTONES

**Mar. 26-30:** First round of free trade negotiations between EU and Georgia

**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

**European Union, Georgia Launch Formal Negotiations on Free Trade Agreement**

The first round of EU-Georgia free trade talks opened on Tuesday in Tbilisi, marking a significant deepening in bilateral relations. "This is one of the most important issues in the framework of the association agreement and we salute the negotiations," said Deputy FM Kalandadze. Negotiators are tackling a broad range of issues during the initial four-day negotiating period, discussing measures to open markets, remove trade and investment barriers, and enforce trade regulations in line with EU standards. The sides aim to fashion a deep and comprehensive free trade agreement (DCFTA) to boost economic growth and integration and create a transparent trade environment.

"We want to establish a stable and solid framework for closer economic ties with Georgia," said EU Trade Commission Karel De Gucht when the talks were announced. Trade analysts expect the DCFTA to provide a growth boost of as much as 6.5% of GDP for Georgia, according to a recent study by the EU Center for Social and Economic Research. Officials expect the negotiations to advance swiftly. It's "realistic" to have a free trade agreement as soon as 2013, said President Saakashvili who sees trade doubling with the 27-member bloc. The DCFTA is a byproduct of the EU-Georgia Association Agreement. Signed in July 2010, the cooperation treaty serves as a mechanism for developing political, social, security, and trade ties within the framework of the Eastern Partnership.

[XINHUA: 1<sup>st</sup> Round of EU DCFTA Negotiations Underway in Tbilisi](#)

**South Ossetia Vote Draws Condemnation from Europe, US**

The international community strongly condemned Sunday's so-called "presidential" vote in Georgia's Russian-occupied territory of South Ossetia. "The European Union does not recognize the constitutional and legal framework within which these elections have taken place," said EU foreign policy chief Catherine Ashton. She also underscored the EU's support for Georgia's territorial integrity and sovereignty "as recognized by international law."

The US State Department also denounced the vote as illegitimate, saying the elections in both occupied Abkhazia and S. Ossetia do not accurately represent the population that should be entitled to vote. "Most of the Georgian people expelled from their homes in Abkhazia and South Ossetia were not able to participate in elections and have no opportunities to return to their homes." Added State Department spokeswoman Victoria Nuland on Monday: "The U.S. does not recognize the de facto elections held in the Abkhazia region of Georgia, nor does it recognize those that were held in South Ossetia."

Over 400,000 ethnic Georgians have been forcibly removed from their homes during Russia's 2008 invasion and in previous Russian-stoked periods of civil conflict in Georgia. Russian forces and their proxies have since refused Georgians their right of return based on their ethnicity, altering the region's ethnic landscape and political allegiance. "It's impossible to hold any kind of electoral process against the background of ethnic cleansing," said Deputy Prime Minister and Reintegration Minister Eka Tkeshelashvili. "This is a farce which insults people who were made refugees."

[AFP: EU Refuses to Recognize South Ossetia Election](#)

**Georgian Economy Grew 7% in 2011, Riding Blistering 8.8% Pace in 4th Quarter**

Georgia's economy expanded by 7% in 2011, exceeding analysts' forecasts of 4.5 percent made earlier last year. The 12-month economic growth rate was boosted by blazing 8.8% GDP rise in the fourth quarter of last year. According to Geostat, the country's growth was fueled by surges in the financial sector, which grew by 24.3% year on year. Georgia's industrial and trade sectors were also major contributors, expanding by 17.3%. Other growing sectors included processing (14.3%), energy (8.9%), hospitality (8.4%), communication (8%), and agriculture (5.5%).

[CIVIL GEORGIA: 2011 Real GDP Growth 7%, Geostat](#)



*President Saakashvili met with US President Barack Obama in Seoul Tuesday (seen greeting each other, with Australia PM Julia Gillard).*

**NDI Survey Shows Strong Support for NATO, EU Membership; Endorses Georgia's Democratic Progress**

A new survey by the National Democratic Institute finds widespread support for the government's Euro-Atlantic integration efforts and leadership. The results show that 70% of respondents support the ruling party's commitment to have Georgia join NATO. EU integration, meanwhile, enjoys support from 74% of Georgians. Respondents ranked NATO membership and relations with Russia as the two most important foreign policy issues, while job creation ranked as the top domestic priority. Meanwhile, the data shows that public perception of Georgia's democratic progress and potential has improved. Of those polled, 49% believe Georgia is a democracy, markedly higher than last September; only 34% disagreed. "Georgians are optimistic about the direction of the country and the government is seen as being able to make changes that matter to citizens," said NDI country director Luis Navarro. The survey found that 65% of Georgians polled believe that their country is "definitely" or "mainly" going in the "right direction." The results reflect data collected by NDI partner Caucasus Research Resource Center over a two-week period that began in late February.

[RUSTAVI: NDI Publishes Social Survey Depicting Public Opinion](#)

**World Bank Commits \$130 Million to Roads, Regional Growth**

The World Bank last week approved \$130 million to fund infrastructure and regional development projects in Georgia. The Bank will allocate \$70 million to rehabilitate of 225 kilometers of roads and highways. A separate \$60 million loan will finance regional services and institutional capacity in Kakheti. Officials hope to "support the development of tourism-based economy and cultural heritage circuits" in Kakheti, a region known for its rich, wine-making traditions. The agreement comes after the Bank issued a landmark report hailing Georgia's "unique success" in tackling corruption.

[BLOOMBERG: Georgia, World Bank Sign \\$70 Million Loan](#)  
[WORLD BANK: Report on "Chronicling Georgia's Reforms"](#)

**South Korea, Georgia Pledge Closer Economic Cooperation**

South Korean President Lee Myung-bak and President Saakashvili agreed today to seek closer economic ties, especially in trade and development cooperation. Saakashvili is the first Georgian president to visit South Korea since the two countries forged diplomatic relations in 1992. Lee welcomed Georgia's establishment of its embassy in Seoul in August last year, saying the mission has contributed to enhancing exchanges and strengthening friendly ties between the two countries, while Saakashvili expressed hope for South Korea to share its development experience with his nation.

[YONHAP NEWS: S. Korea, Georgia Pledge Closer Cooperation](#)

**INTERNATIONAL MEDIA ON GEORGIA**

**WALL STREET JOURNAL: Russia's stake in Syria and Iran**

Now that Vladimir Putin has allowed the Russian electorate to rubber-stamp him back into power, he can return with redoubled purpose to his consistently regressive interference in world affairs. If the mystique of Russian hegemony were to deflate, if formerly subject colonies suddenly rose to stability and affluence—as is happening in Georgia—Putin's threadbare illusionism would fall apart entirely. He would never recover from the triumph of freedom in Syria and Iran.

[online.wsj.com](http://online.wsj.com)

**GLOBAL POST: South Caucasus nations fear Iran-Israel war**

All three countries that comprise the South Caucasus maintain important relationships with both the West and Iran. Conflict between these two sides could destabilize the fragile but strategically crucial peace in the region. While Georgia has cultivated close ties with Tehran since Russia's 2008 invasion, its pro-Western president has also placed NATO and EU membership at the forefront of his foreign-policy agenda, sending as many as 1,700 troops to Afghanistan's most violent province in support of the Alliance's war effort there

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

**EURASIA DAILY MONITOR: Iran's covert war in the Caucasus**

The South Caucasus has emerged as a battleground between Iran and its adversaries. Georgia has found itself caught between a desire to maintain tolerably decent ties with Iran while respecting the strategic interests of the US, its main foreign partner. All three South Caucasus states fear a war involving Iran would harm their economies by scaring off foreign investors who still recall Russia's 2008 invasion of Georgia.

[www.jamestown.org](http://www.jamestown.org)

**WASHINGTON TIMES: Batumi "miracle"**

While most high-income countries are in the process of squandering the wealth they once created, there are places on the globe that are making great progress merely by doing the right things. One of these places is the small, relatively poor country of Georgia. The secret of Georgia and Batumi's success is simple—less regulation, lower taxes, and more freedom. That is a formula that can work everywhere.

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

**EURASIANET: US Marines exercise with Georgians, Russia calls it provocation**

US Marines and Georgian soldiers are conducting joint military exercises and it's become controversial, with Russia calling it a "provocation." The exercises also are taking place against a backdrop of an unrelated military controversy: the claim by a supporter of oppositionist billionaire Ivanishvili that Saakashvili is setting up paramilitary groups to use violence against his political opponents. Georgia's defense minister responded that such claims were "stupid delirium" and even US ambassador John Bass weighed in, saying that making such claims without evidence was "distressing."

[www.eurasianet.org](http://www.eurasianet.org)

**AFP: Georgia fines opposition tycoon \$1.65 million**

Georgia fined billionaire Ivanishvili \$1.65 million for illegally funding his own campaign. The Chamber of Control, which monitors political financing, said Ivanishvili had breached legal procedures while donating to his Georgian Dream group. Two of his companies were fined a total of some \$2 million for illegally contributing to his campaign under legislation forbidding company donations to political groups.

[www.rferl.org](http://www.rferl.org)

**BLOOMBERG: Georgia detains Russian cargo ship**

Georgia's coast guard detained a Russian cargo ship in the Black Sea, saying the vessel had violated navigation rules. The Pur-Navolok was stopped in the Sarpi Sea region near the Turkish border, according to Georgia's Border Police. As many as 10 crew members, all Russian citizens, were briefly held.

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



**EURASIANET: Georgia—in a valley of tradition, women**

More than 20 years after the collapse of the USSR, women in many parts of Georgia have become more outspoken on gender issues. But in the Pankisi Gorge, change is complicated. Inhabited largely by Kists, ethnic Chechens who have lived in Georgia for more than 150 years, the Gorge is predominantly Muslim, where strict traditions govern family conduct and the role of women. "Always, you have two choices to follow: your traditions and, of course, not to lose yourself as a person," says Shorena Khangushvili, an English-language teacher and single mother. "Sometimes I think I can overcome that barrier, but I always keep in mind that I am a member of this society, and if you have no authority in this society, it means you are lost. So, I have to be very careful." Photographer Justyna Mielnikiewicz documented the challenges women face as they try to reconcile their ambitions and desires with long-standing cultural traditions that do not recognize women as independent decision-makers.

[www.eurasianet.org](http://www.eurasianet.org)

**EURASIA DAILY MONITOR: North Caucasus Circassians warm to Georgia, as disappointment with Moscow grows**

Georgian moves to recognize the Circassian genocide and commemorate various important events in Circassian history have paved the way for rapidly improving relations between the North Caucasian Circassians and Georgians. In an interview this month, Circassian armed forces commander Ibragim Yaganov hailed Georgia's reforms and sent a strong signal that bilateral relations should be improved between Georgia and Abkhazia, as well as between Georgia and Circassians in the North Caucasus. It is quite likely that other public opinion leaders from the Circassian-populated republics of the North Caucasus may follow in the footsteps of Yaganov in order to see with their own eyes the profound changes being made in Georgia.

[georgiandaily.com](http://georgiandaily.com)

**THE ROAR: Georgia crushes Russia's rugby invasion**

The Russian rugby team's first visit to Georgia since the 2008 invasion ended last week in defeat for the visitors. The final score of 46-0, six tries to nil, probably flattered the Russians. The win means Georgia will win the European Nations Cup as, with one game to go, they cannot be overtaken. The game was played in a great spirit and no untoward or spiteful incidents happened. After full-time, the Georgian players made a slow circuit of the ground to soak up the rapture of their 25,000 fans.

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

**FRANKFURTER ALLGEMEINE ZEITUNG: Georgia potential honoree at Frankfurt Book Fair**

Georgia could well be the guest of honor at the 2015 Frankfurt Book Fair. Culture Minister Rurua, and the head of the Goethe Institute in Tbilisi, Stephan Wachwitz, promoted Georgia's candidacy earlier this month at the Leipzig Book Fair. "Georgia merely appears in the news as a region of political crisis—we want to change this!" Rurua said, highlighting Georgia's rich cultural and linguistic heritage.

[www.faz.net](http://www.faz.net)