

GEORGIA UPDATE

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www.georgiaupdate.gov.ge

TOP STORIES

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- Estonian Airlines Launches Flights to Tbilisi
- IMF to Issue Georgia \$387 Million in New Stand-by Program



President Saakashvili attended Easter services at Holy Trinity Cathedral in Tbilisi on Sunday, together with his wife, Sandra Roelofs, and David Bakradze, Chairman of the Georgian Parliament. In remarks he made after attending the services, the President spoke of Easter as a moment of great hope, saying it symbolized the triumph of good over evil—and, as such, it was a holiday that befits "the optimistic nature of the Georgian nation." Holy Trinity Cathedral, commonly known as Sameba (Georgian for "trinity"), is the main Cathedral of the Georgian Orthodox Church and was built between 1995-2004; it is the third-tallest Eastern Orthodox Cathedral in the world.

INTERNATIONAL MEDIA ON GEORGIA

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DPA: Georgia election will be transparent, Saakashvili tells NATO

WEEKLY STANDARD: Russian oligarch hires army of D.C. lobbyists

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BLOOMBERG: Georgia sees tourism gaining share of GDP on Russian visitors

QUOTES OF THE WEEK

"Saakashvili, like his countrymen, may not particularly revel in the idea of cozying up to the Kremlin, but his recent gestures are commendable, and Russia should rise to the occasion.... But while Georgia has taken baby steps forward, Russia has remained stuck in the past. It's time for the Kremlin to return Tbilisi's offers of goodwill."

♦ *New York Times*, April 13, 2012

"If Georgia slips back into Russia's orbit instead of being drawn into the European family of nations, the West will have no one to blame but itself."

♦ Daniel Hamilton writing in *The Washington Times*, April 10, 2012

"Economic performance in 2011 was stronger than envisaged, inflation dropped to single digits, government debt declined, and international reserves increased."

♦ The International Monetary Fund on Georgia's recent performance in an April 12 statement

"Georgia was ranked as the world's third-fastest growing tourist destination last year with a 39% increase in international arrivals, according to a March report by the World Tourism Barometer."

♦ Bloomberg, April 4

UPCOMING MILESTONES

May 15-22: NATO summit in Chicago

May 26: Parliament relocates to Kutaisi

May: Georgian Railway IPO on London Stock Exchange

Jun. 7-8: 20th round of Geneva peace talks

Oct: Parliamentary election

TOP STORIES

Georgia Invites International Observers to Monitor Campaign & Election

Georgia last week formally invited international observers to monitor the election campaign in the lead up to October's parliamentary vote. The government expressed its readiness to host an "unlimited number of observers as soon as conveniently possible" for long-term monitoring of electoral campaigns and election-day activities. "We are sure that the parliamentary elections in Georgia will fully meet internationally recognized standards," said presidential spokesperson Manana Manjgaladze. Among those invited were the OSCE, the Council of Europe's Parliamentary Assembly, the European Parliament, and several EU institutions. The foreign ministry also asked EU foreign policy chief Catherine Ashton to help secure funding to monitor local media coverage and ensure unbiased reporting. Georgia's request for observers is "an unprecedented event in international electoral practice," coming nearly seven months before the elections, said the MFA. Host-countries typically send invitations to elections observers six to eight weeks before an election.

The initiative comes a week after President Saakashvili underscored Georgia's commitment to transparency and encouraged international observer groups to monitor the entire electoral campaign. "We have elections this year and we strongly call on the internationally community...to send not only short-term, but long-term observers," he said after meeting with NATO Secretary-General Rasmussen. Saakashvili called on observers to conduct public opinion polls, monitor media coverage, and track party financing to ensure that the "whole process is transparent," and not just Election Day, he said. The move was warmly welcomed by electoral watchdog groups. Meanwhile the OSCE's democracy and civil rights arm, ODIHR, plans to deploy a small team of experts to determine the scale of long-term observation activities in the lead up to the October elections.

[CIVIL GEORGIA: Georgia Sends Invitation to Election Observers](#)

Proposed Constitutional Amendment Opens Pathway for Ivanishvili Candidacy

Parliament has tabled a bill that will allow any EU citizen born in Georgia and who has resided in the country for the past 10 years—a group that includes billionaire presidential hopeful Bidzina Ivanishvili—the right to run for any political office in Georgia. Proposed by the Christian-Democratic Movement and supported by the ruling United National Movement, the amendment aims to help secure a pluralistic electoral environment. "It is our political goal to have an absolutely open and an absolutely free electoral environment—we think that this initiative provides such an opportunity," said senior ruling party lawmaker Giorgi Gabashvili. Only Georgian citizens can become parliamentary or presidential candidates under the current law. When he announced his political ambitions in October, Ivanishvili also revealed that he had acquired French citizenship—a fact that compelled the Civil Registry Agency to automatically revoke his Georgian citizenship. Georgians who acquire a second nationality automatically lose their Georgian citizenship; since 1996, 30,565 Georgians have thus lost their Georgian citizenship. Parliament will hold public discussions on the proposed amendment in the coming weeks before it goes to a vote.

[CIVIL GEORGIA: Constitutional Amendment for Ivanishvili](#)

IMF to Issue Georgia \$387 Million in New Stand-by Program

The IMF has approved \$387 million to support a two-year "stand-by" credit program in Georgia. The government used an earlier IMF loan to successfully stabilize the economy, stimulate economic growth, attract private capital, and reform fiscal policy. Gardner anticipates the government to make headway in achieving future growth, and encouraged Georgia to increase fiscal reserves and improve its foreign trade balance.

[BLOOMBERG: IMF Backs \\$386 Million of Support for Georgia](#)

**Georgia Confirms Successful Test of First Domestically Produced Unmanned Aerial Vehicle**

Georgia last week successfully completed a test flight of its first domestically made aerial drone. Despite complex terrain and weather, the flight was successful, said President Saakashvili at the Vaziani military base where the test was conducted. The drone was "designed to the highest specifications" and will be further improved, he said, underscoring the significance of Georgia's budding defense industry. Officials said the unmanned aerial vehicle can stay aloft for eight hours at an altitude of 100-3,000 meters, and can reach speeds up to 160 km/h. It is equipped with high-tech cameras used for reconnaissance, surveillance, border patrol, and civilian missions, they said.

[XINHUA: Georgia test-flies first home-made drone](#)

First Wendy's Restaurant in Tbilisi to Open in 2013; \$20 Million Caucasus Investment

International restaurant chain The Wendy's Company announced plans to develop new locations in Georgia, encouraged by the country's growth and business-friendly environment. "Georgia is a dynamic market with long-term growth potential for the Wendy's brand, and it plays an important role in our continued expansion in Eastern Europe," said the brand's president, Darrel van Ligten, adding that the first restaurant will open in Tbilisi next year. Wendy's will invest \$20 million and develop 25 restaurants in the Caucasus over the next 10 years, together with the Wissol Group, a Georgian investment firm. Officials said the deal marks a significant milestone in Georgia's development and will create new jobs in the country: "Other US companies will now see that it's safe to do business in Georgia and that the business environment is attractive for world famous brands," said Economy Minister Kobalia, adding that Wendy's entrance into the Georgian market will give other companies a "green light" to develop franchises in the country. "Many young people in Georgia will have the opportunity to work for one of the biggest US companies," she said. "This experience will prove vital for them in their future career development."

[BLOOMBERG: Wendy's Plans Up to \\$20 Million in Caucasus Restaurants](#)

Estonian Airlines Launches Flights to Tbilisi

Estonian National Airlines completed its first direct flight to Georgia last week, marking the launch of its new Tallinn-Tbilisi flight route. The Tallinn-based airline will offer four weekly flights between the two capitals for just over €200 a ticket. The new route allows Georgians swifter transportation to Estonia and other regional hubs where Estonia's national airline operates. Georgians previously had to enter Estonia through a third country. Estonia's national airline supports 11 airplanes and offers service to Amsterdam, Barcelona, Brussels, Copenhagen, London, Paris, Stockholm, and Vienna, among other European and Scandinavian cities.

[TREND DAILY NEWS: Estonian Airlines Opens Flight to Tbilisi](#)

INTERNATIONAL MEDIA ON GEORGIA

NEW YORK TIMES: A Georgian olive branch

President Saakashvili announced visa-free travel for Russian citizens earlier this year. A few months before, he agreed on a compromise that paved the way for Russia's entry into the WTO. And then, this past week, he personally welcomed Russian visitors crossing into Georgia to go to a popular ski resort. Saakashvili, like his countrymen, may not particularly revel in the idea of cozying up to the Kremlin, but his recent gestures are commendable, and Russia should rise to the occasion. Achieving stability in this region will be tough, but perhaps it can now begin—one Russian skier, beachgoer, and businessman at a time. But while Georgia has taken baby steps forward, Russia has remained stuck in the past. It's time for the Kremlin to return Tbilisi's offers of goodwill.

latitude.blogs.nytimes.com

DEUTSCHE PRESSE AGENTUR: Georgian election will be transparent, Saakashvili tells NATO

Georgia's parliamentary elections in October will be fully transparent, President Saakashvili said earlier this month, and urged the international community to deploy observers in preparation for the polls. Meanwhile, NATO Secretary General Anders Fogh Rasmussen said Georgia had already made "clear progress," and that the elections would be "an important test for Georgia's democracy and a chance to show how far you have come." Said Rasmussen: "Georgia is a model partner."

en.europeonline-magazine.eu

WEEKLY STANDARD: Russian oligarch hires army of lobbyists

Bidzina Ivanishvili's business interests may tell part of the story behind his recent upsurge of activity in Washington. The billionaire and Georgian presidential hopeful is the single largest private investor in Russia's state-owned gas giant Gazprom. He also holds a major stake in the Russian oil company Lukoil. And he owns a bank and has massive real estate holdings in Russia. Not surprisingly, Ivanishvili has offered praise for Putin and his version of "democracy." If Ivanishvili and his lobbyists succeed, Georgia's democracy and Georgia's minorities may suffer yet another grievous setback.

www.weeklystandard.com

WASHINGTON TIMES: Thatcherism still strong—in Tbilisi

Georgia has a long way to go to fulfill its Euro-Atlantic ambitions, but real progress is being made. The principles that Thatcher epitomized when she visited Tbilisi in 1987 still ring true. US policy toward Russia cannot be based on resets or wishful thinking. If Georgia slips back into Russia's orbit instead of being drawn into the European family of nations, the West will have no one to blame but itself.

www.washingtontimes.com

THE COMMENTATOR: S. Ossetia now a laughing stock

On a day to day level, Moscow's control over Georgia's region is governed by a noble-sounding "Treaty on Friendship, Cooperation, and Mutual Assistance between the Russian Federation and S. Ossetia." While the document's title may hint at cooperation, it is little more than a charter for imposing Russian military force upon part of Georgia. Now is the time for the international community's bold statements of support to translate into real action—from placing diplomatic pressure upon Leonid Tibilov's patrons in the Kremlin to imposing an EU-wide travel ban upon the "President" and his allies.

www.thecommentator.com

DEUTSCHLANDRADIO: Corruption in S. Ossetia

S. Ossetia has widespread social problems stemming from Russia's illegal occupation and the Kremlin's corrupt proxy regime. The region, which is recognized as Georgian territory under international law, is completely dependent upon its illegal occupiers for financial support. Yet, up to \$780 million of Russian aides said to have been siphoned away from the community, allowing unemployment and poor housing to become endemic.

wissen.dradio.de



A young Georgian jumps over a bonfire during the Chiakokonoba folk festival in Tbilisi. Legend has it that the ritual purifies the jumper's soul.

EURASIA DAILY MONITOR: The Russian military has an action plan involving Georgia if Iran is attacked

Moscow would be glad to see the electoral defeat of Saakashvili, but the Iranian war is a much more important issue. The Russian spearhead may be ordered to strike south to prevent the presumed deployment of US bases in Transcaucasia, to link up with the troops in Armenia, and take over the S. Caucasus energy corridor along which Azeri, Turkmen, and other Caspian natural gas and oil reach European markets. By one swift military strike, Russia may ensure control of all the Caucasus and the Caspian states that were its former realm, establishing a fait accompli that the West, too preoccupied with Iran, would not reverse.

www.jamestown.org

EURASIANET: Russia to bolster airborne presence in Caucasus

Russia is planning to increase its presence of airborne troops in Central Asia and the Caucasus, a sign that Moscow sees a greater possibility of fighting in the region. "This further step by Russia is an open and undisguised threat against Georgian sovereignty and leaves no doubt as to the target of this aggressive move by the Russian Federation. It is obvious that Russia is continuing to pursue a policy of aggression aimed at the destruction of Georgian statehood."

www.eurasianet.org

DERNIERES NOUVELLES D'ALSACE: The Georgian example

As one of the prime rallying flags of the "Rose Revolution" of 2003, the fight against corruption and organized crime was one of the Georgian government's priorities. The Saakashvili administration took swift and strong measures to eradicate corruption. The result is a 64% reduction in violent crime in six years, a 95% reduction of "hooligan" type street violence, and a similar decline in car theft.

www.thepaperboy.com

AP: Stalin museum remodeled to focus on dictator's abuses

A museum that has honored Stalin since 1937 is being remodeled to exhibit the atrocities committed during his rule. Culture Minister Rurua said that his nation can no longer host a museum "glorifying the Soviet dictator." Stalin was born in the central Georgian town of Gori in 1879, and the museum opened at the height of purges that left hundreds of thousands of people executed and millions jailed or exiled.

www.washingtonpost.com

BLOOMBERG: Georgia sees tourism gaining share of GDP

Georgia's tourism industry, whose share of economic output has grown to 7%, is set to expand further as a thaw in relations with Russia spurs an influx of visitors. "We expect their share to grow to 40% in the next few years from only 7% of total tourists this year," said Georgian tourism head Maya Sidamonidze. Georgia was ranked as the world's 3rd-fastest growing tourist destination last year with a 39% increase in international arrivals, according to a March report from the World Tourism Barometer.

www.bloomberg.com