# **GEORGIA UPDATE**

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- Radio Free Europe Opens Media School to Train Journalists in Georgia



Georgia's new Parliament is nearing completion in Kutaisi, the country's second largest city. Parliamentarians will hold their inaugural session there on May 26, which also is Independence Day in Georgia. The move is part of a larger effort to reenergize the regions of Georgia by more evenly distributing economic activity. "This is really a historic process, because we are not only building the most modern parliament building in the world," President Saakashvili said after the move was announced, "but what is important is that it is a complete change of social psychology in Georgia."

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# **QUOTES OF THE WEEK**

- "They're always trying to accuse Georgia and its secret services of everything in any situation and without any grounds. This is a sign of severe paranoia."
- Interior Ministry Chief of Staff Shota Khizanishvili rebutting Russian allegations today that Georgia was involved in a bomb plot linked to the Sochi Olympics
- "There are currently four aspirant nations that are interested in pursuing membership, including Georgia, Bosnia and Herzegovina, Montenegro and Macedonia. It will be important for NATO to maintain the credibility of our 'open door' by identifying a clear path to NATO membership for deserving countries.
- US Senator Jeanne Shaheen speaking today at a Senate hearing on the NATO Summit in Chicago
- "We hope the fact that Georgia fulfills its commitments very well will be acknowledged at the NATO summit in Chicago. This will become the basis for its full membership in the alliance in the future."
- ◆ Josep Antonio Duran, Chairman of the Committee on Foreign Relations in the Spanish Parliament
- "I can only reiterate the standpoint of the European Union on this: the non-use of force pledge has to be entered into by those states recognized by the international community that are obligated under the Six Point Agreement namely Georgia and the Russian Federation."
- Andrzej Tyszkiewicz, who heads the EUMM

# **UPCOMING MILESTONES**

May 19-22: NATO summit in Chicago

May 26: Parliament relocates to Kutaisi

May 29: Europe Week begins in Tbilisi

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

Aug. 7: 4th anniversary of Russian invasion

Oct: Parliamentary elections

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# **TOP STORIES**

#### Constitutional Amendment to Allow Ivanishvili Candidacy Makes Progress in Parliament; Party Financing Legislation Passed

A constitutional amendment that will allow Georgian-born EU citizens to vote and to run for office in October's parliamentary elections—as well as in the 2013 presidential election—was approved by Parliament in its first reading on Tuesday. The amendment—which could clear the way for Bidzina Ivanishvili to run for office—was proposed by the Christian Democrats and is supported by the ruling United National Movement. The precise wording of the amendment, including residency requirements, could still change ahead of final approval.

Also on Tuesday, Parliament endorsed a series of amendments to relax political party funding rules, heeding key recommendations from electoral advocacy groups. The amendments will narrow the scope of organizations whose political contributions can be audited by Georgia's new campaign finance monitoring agency, the Chamber of Control (which will be renamed the State Audit Office). They also lower penalties for violations, increase annual campaign spending caps for individual donors, and strengthen judicial oversight of the Chamber's operations. Lawmakers also added a provision requiring the monthly publication of political party donations.

Finally, Tuesday also saw Parliament, in a first reading, approve a constitutional amendment that will lower the age limit for election to Parliament from 25 to 21 years old.

CIVIL GEORGIA: Ivanishvili-Related Amendment Passed
CIVIL GEORGIA: Amendments to Law on Political Parties Approved

# International Finance Corporation: Georgia Has Effectively Eliminated Corruption in Customs Clearance

Georgia's reform efforts have reached another important milestone, this time in tackling corruption in customs clearance. According to a new study by the International Finance Corporation, an affiliate of the World Bank, corruption has been effectively eliminated in the country's customs clearance zones (CCZ) of Batumi, Tbilisi, and Poti. Out of 515 importers and exporters surveyed in the three CCZs, only two respondents (0.4%) reported instances of bribery. The study also found exceptional levels of satisfaction with customs clearance services in the zones. Over 98% of respondents reported that they were "very satisfied" or "quite satisfied" with CCZ services. Data showed that widespread satisfaction among importers and exporters was due to improved customer service, simplified import-export registration procedures, reduced clearance times, and the near elimination of "red tape" bureaucracy. Over 89% of respondents say the import-export procedures were "extremely streamlined" with the CCZ launch. Similarly, 99% of respondents said that clearance times either "declined" or "declined extremely," which resulted in faster transportation and higher productivity for importers and exporters. Meanwhile, 90% of importers found clearance fees appropriate for the quality of service provided.

IFC: Survey on Customs Clearance Procedures

# Government Approves New Heath Insurance System, Expanding Coverage to 800,000 More Georgians

The government last week approved a new insurance system, extending healthcare benefits to an additional 800,000 Georgians. "It will be quite a good benefit package," said Minister of Labor and Health Zurab Chiaberashvili. Under the new law, the state will provide healthcare insurance to men and women pensioners over the age of 65 and 60, respectively, and for children under the age of five; the insurance will be effective starting in September. Officials forecast that over 2.3 million Georgians will have publicly or privately funded health insurance by 2013. The reform is part of the government's larger social assistance initiative for 2012, announced earlier this year. "This is an important breakthrough in healthcare," said PM Gilauri at a cabinet meeting earlier this year.

TREND: Georgian Government Approves New Insurance System RUSTAVI: New Insurance System Determined



Tbilisi is preparing for its annual European Week. Hosted by Europe House, the weeklong festivities will kick off May 29<sup>th</sup> with a panel discussion on social transformation—the theme of this year's event. Prominent Europeans, influential thinkers and leaders from around the world will take part in the event, participating in debates, lectures, presentations, book launches, and photo exhibitions. The seven-day program also features the Tbilisi Photo Festival and open-air film screenings in the city's beautiful Old Town. European Week in Tbilisi is a signature event of Europe House, which works to foster closer ties between Georgia and the rest of Europe in the spheres of culture, civil society, education, and politics. Details can be found at <a href="http://www.europeanweek.ge/">http://www.europeanweek.ge/</a>.

#### Russian-Linked Terrorism Plot Foiled in Zugdidi

Georgian police arrested a man in connection to a foiled bombing attack last week in Georgia, as evidence pointed to Russian links. Interior Ministry officials said Gali resident Roland Khurtsilava planted a bomb near the regional prosecutor's office in the town of Zugdidi. In video testimony, Khurtsilava spoke of Russia's involvement in orchestrating the crime, saying he was bribed. The plot was hatched in Gali, a district in Georgia's Russian-occupied territory of Abkhazia. The foiled attack comes a year after Georgian police connected a string of bombings in Tbilisi to Russian security forces operating in Georgia. INTERFAX: Georgia Shows Video to Prove Russia Behind Attack CIVIL GEORGIA: Resident of Gali Arrested Over Bomb Attempt

#### **European Investment Bank to Finance Road Construction**

The European Investment Bank has approved a €170 million loan for the construction of the 51 kilometer-Samtredia-Grigleti highway, a key transportation route in western Georgia. Also included in the 30-year loan package is a €20 million grant, giving the infrastructure development project an added boost in funding. The section is the last part of a larger development effort, which aims to build a massive eastwest highway in the region.

TREND DAILY NEWS: European Investment Bank to finance roads

## **Opposition "Channel 9" TV Launches Nationwide Operations**

A new opposition-funded nationwide TV station began test broadcasts last week. Funded by Georgian opposition billionaire Bidzina Ivanishvili, "Channel 9" will feature news and talk shows, documentaries, films, and political satire. "Broadcasting will start with the New at Nine news bulletin that will be hosted by TV presenter Natia Lazashvili," said channel director Kakha Bekauri. Channel 9 is expected be fully operational this summer.

BLOOMBERG: Ivanishvili's Georgian TV Station Starts Trial Run

#### Radio Free Europe Opens Media School to Train Journalists

Twenty aspiring journalists are set to begin a year of hands-on training in modern media. Radio Free Europe's Georgian Service—Radio Tavisupleba—is partnering with USAID and IREX to launch the Radio Tavisupleba Media School, a one-year certificate program in Tbilisi. "This school and internship program will give Georgia's next generation of journalists the sort of training that they can't get anywhere else," says RFE President Steve Korn. "Our journalists represent the height of professionalism, and these programs are testament to that." RFE: Radio Tavisupleba Media School Opens in Georgia

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#### INTERNATIONAL MEDIA ON GEORGIA

#### **FOREIGN POLICY: Medvedev the phony**

The reset policy overlooked the fact that the Russian system, notwithstanding the softer Medvedev facade, had not changed; this reality has become more apparent in the past year over differences on Syria, missile defense, and human rights. Moreover, one shouldn't forget that the August 2008 Russia-Georgia war happened on Medvedev's watch, and Moscow's annexation of the Georgian regions of South Ossetia and Abkhazia reflects its continuing neo-imperialist tradition. It should have been obvious to all much earlier that Medvedev's liberal, pro-Western image was more fiction than fact. <a href="https://www.foreignpolicy.com">www.foreignpolicy.com</a>

XINHUA: Georgia's ruling party has best chances election—poll A candidate from Georgia's ruling UNM party would have the greatest winning chances in the 2013 presidential election, according to a survey released last week. The poll, conducted by Gallup on behalf of the International Republican Institute, found that 37 percent of respondents would vote for a UNM candidate should the presidential election take place tomorrow. The Georgian Dream and the Christian Democratic Movement would see their candidates enjoy 19 percent and 10 percent respectively, the survey showed.

www.bernama.com/

#### IRISH TIMES: The persistent Russian threat in Georgia

Russia's 2008 invasion claimed hundreds of lives and showed the world how far Russia would go to defend its interests in the former USSR, especially when challenged by a country such as Georgia. Russian forces could be in Tbilisi in 30 minutes, giving Georgia almost no warning of an attack. While Russia is not an imminent threat, it is a threat. If Russia thinks there would not be a high price to pay internationally, for an aggressive move, then it could try again. www.irishtimes.com

#### **EURASIANET:** Georgia lays out expectations for NATO summit

The Georgian government has laid out its expectations for the NATO summit—that it should receive "visible signs" of support from the Alliance. The country's deputy national security advisor, Batu Kutelia, said Georgia should "be registered as part of the structure" of NATO. "The most important thing that we expect from the NATO summit is that the group of aspirant countries, which includes Georgia along with three other countries, will be registered as a certain separate structure," he said. "This would be the kind of visible signal that the whole world, including the Russian Federation, would be able to see." www.eurasianet.org

# LA TRIBUNE: Georgia dreams of building its Dubai on Black Sea

In 10 years, half a million people will live in the skyscrapers and estates of Lazika, a "city of the future" that will be both a seaside resort and a business center. The reactions to this project are naturally mixed. People who oppose it highlight that Lazika is located between two large ports, which the government could very well modernize rather than encroach on virgin land. Supporters of the project point to similar examples in Brazil, Australia, and even to Dubai, to demonstrate the feasibility and the success of this type of grandiose project.

www.latribune.fr

#### **BUSINESS INSIDER:** Russia is massing troops in the Caucasus

The Russian military anticipates that an attack will occur on Iran by the summer and has developed an action plan to move Russian troops through neighboring Georgia to stage in Armenia, according to informed Russian sources. "Possibly, it will be necessary to use military means to breach the Georgian transport blockade and establish transport corridors leading into Armenia," said Yuri Netkachev, former deputy commander of Russian forces in Transcaucasia. The geography of the region suggests that any such supply corridor would have to go through the middle of Georgia, approaching Tbilisi, given the roads and topography of the country. articles.businessinsider.com



#### LA CONFIDENTIAL: Georgian Beauty Sizzles in New TV Series

Born in Georgia, Elenna Satine's early excursions into schoolgirl method acting ultimately led her across the globe to New York City. At the tender age of five, Elenna was the star of a Russian weekly variety show. Six years later, she earned auditioned for a performing-arts school in New York City and earned admission on the spot. "I told my mom it would be really good for me to study in New York," says Satine. "She knew it was what I wanted to do, so she convinced my dad and the rest of the family." Now the radiant red head is starring in the new 1950's period series *Magic City*. "There was never a point in my life where I considered doing anything else, or even considered a backup plan," says Satine. "Failure was just not an option. It was like, I'm either going to do this, or I'm going to be a crazy lady on the street performing one-woman plays." la-confidential-magazine.com

#### **BLOOMBERG: IMF backs \$386 million of support for Georgia**

The International Monetary Fund approved a two-year standby arrangement and a standby credit facility for a combined \$386 million to support Georgia's economy during the next two years. "Economic performance in 2011 was stronger than envisaged, inflation dropped to single digits, government debt declined, and international reserves increased," the IMF said. "However, the unsettled global economic and financial conditions have increased risks."

www.bloomberg.com

# **REUTERS:** Georgian Railway plans IPO on LSE in May

Georgia is planning to sell up to 25% of the shares in the state railway monopoly through an IPO on the London Stock Exchange in May, as the fast-growing country seeks foreign investment. "Our IPO will now mark another stage in Georgian Railway's evolution, bringing a greater profile and visibility to the value we are creating to support our long-term expansion plans in the region," said CEO Irakli Ezugbaia. Citigroup and Goldman Sachs International have been appointed as joint global coordinators and joint book runners.

www.reuters.com

#### **DER TAGESSPIEGEL:** Georgia overthrows Stalin

Georgia is transforming the birth house of Soviet dictator and native Georgian Josef Stalin into a museum exhibiting the atrocities committed during his rule, commemorating the victims of the dictatorship. "We cannot build a democratic state and see ourselves as a part of the free world when we keep on glorifying the greatest tyrant of the 20th century," said Culture Minister Nika Rurua. Younger Georgians are particularly interested in emphasizing the crimes committed by Stalin and his repression of Georgian intellectuals.

www.tagesspiegel.de

# **DEADLINE.COM:** "Tbilisi, My City" in production with

"Tbilisi, My City" is a sort of "New York, I Love You" about Georgia. David Agiashvili created the project, which is a series of 12-short films, each written and directed by natives of Georgia and all set in Tbilisi. Malcolm McDowell's vignette sees him as an actor who falls in love with the city after reluctantly agreeing to a one-month shoot there.

www.deadline.com