

GEORGIA UPDATE

WEEKLY EDITION • 14 June 2012

A Publication of the Government of Georgia

www.georgiaupdate.gov.ge

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The European Union drew Georgia closer by initiating visa liberalization talks last week that could lead to visa-free travel for Georgians into the EU. The move came after the Union's decision in February to launch negotiations on Deep and Comprehensive Free Trade Agreement with Georgia. "Today we demonstrate once more our longstanding commitment to strengthen the ties between our countries and people," said EU Commissioner for Home Affairs Cecilia Malmström in making the announcement. "The start of this visa liberalization dialogue indeed marks an important political milestone in EU-Georgian relations. It recognizes the efforts made by Georgia in the different areas relevant for a future visa-free travel to the EU and constitutes a further incentive for Georgia to pursue those reforms."

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QUOTES OF THE WEEK

"I strongly condemn all loss of life, and reiterate that there is no alternative to a peacefully negotiated settlement of the conflict. During my visit I am calling on all parties and all actors to refrain from the use or threat of force and to abstain from retaliatory measures."

"Any escalation in hostilities should be avoided, and the recent incidents are of concern. However, I believe that a firm and decisive message by the international community that force will not resolve the conflict is helping to reduce the tensions."

♦ Irish FM and current OSCE Chair Eamon Gilmore during his visit to Georgia this week

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♦ EU Commissioner for Home Affairs Cecilia Malmström

"Georgia is an especially advanced and constructive partner. The country often acts as a model and intermediary in the region."

♦ German Development Minister Dirk Niebel

UPCOMING MILESTONES

Jun. 11-16: "NATO Days" in Georgia

July: US Congress delegation visits Georgia

Aug. 7: 4th anniversary of Russian invasion

Oct.: Parliamentary elections

TOP STORIES

European Union Brings Georgia Closer to Visa-Free Travel

Georgia and the European Union launched visa liberalization talks that bring the country one step closer to securing visa-free travel. "Today we demonstrate once more our longstanding commitment to strengthen the ties between our countries and people," said EU Commissioner Cecilia Malmström. "The start of this visa liberalization dialogue indeed marks an important political milestone in EU-Georgia relations." Malmström underscored that the discussions represent the EU's official recognition of Georgia's reform achievements and serve as an incentive to encourage further reform related to international travel.

FM Vashadze met with Malmström to discuss the Visa Liberalization Action Plan, a list of preconditions that a country must meet before EU visa barriers are removed. The two also discussed other travel-related areas including security, border management, migration, mobility and asylum, corruption and organized crime, and human rights issues. Georgia is expected to present its action plan to the European Commission later this year. The talks come a year after officials signed the EU-Georgia visa facilitation agreement, which saw the relaxing of EU travel requirements for many Georgians. The agreement cut the visa fee, waived fees for Georgian children, and awarded multiple-entry visas for specific categories of Georgian citizens such as businessmen, journalists, and family members of Georgians residing in the EU.

[EUROPEAN COMMISSION: EU-Georgia Visa Liberalization Dialogue](#)

Geneva Talks Conclude, Mediators Condemn Gali Killings

The 20th round of the Geneva peace talks concluded with little progress, as a recent shooting in a Russian-occupied town in Georgia inflamed tensions. Representatives from Tbilisi, Moscow, and Georgia's Russian-occupied territories of Abkhazia and S. Ossetia saw their discussions over a non-use-of-force-agreement come to a standstill. Tbilisi expressed dissatisfaction with the round of the EU/OSCE/UN-mediated talks, as Moscow once again failed to reciprocate Georgia's 2010 pledge not to use force. Obtaining a non-use-of-force agreement from Russia is particularly important in light of the Kremlin's upcoming mass military exercises, Kavkaz 2012, which will be held in September on Georgia's borders, Deputy FM Kapanadze said.

The talks were overshadowed by last week's shooting in the Gali district. Two policemen and a resident were killed at a café after two armed men opened fire. The EU's Monitoring Mission in Georgia (EUMM) expressed "concern" over the Gali shooting. "Such violent acts are unacceptable and can only destabilize the situation," the EUMM said in a statement. "The EUMM calls for restraint so that the local population in the Gali region can safely go about their daily lives." The next round of Geneva talks is planned for early October.

[TREND DAILY NEWS: Tbilisi Dissatisfied with Geneva Talks](#)
[CIVIL GEORGIA: EUMM 'Concerned' over Gali Shooting Incident](#)

Georgia, Turkey, & Azerbaijan Sign New Agreement to Boost Regional Cooperation

The foreign ministers of Georgia, Azerbaijan, and Turkey have signed a new accord to boost trilateral cooperation and promote regional peace and security. Dubbed the "Trabzon Declaration" after the Turkish city where the agreement was signed, the treaty outlines the parties' top areas of cooperation: international organizations, regional development projects, and regional security efforts. "[The Parties] have agreed to enhance the existing cooperative partnerships among the parties to promote common development and contribute to peace security, stability and prosperity of the region and the world at large," the declaration read. The foreign ministers agreed to hold their next meeting in Georgia later this year. "All of the issues that are important for us are reflected in this declaration, including, of course, respect towards territorial integrity and sovereignty," FM Vashadze said. "This format is not directed against anyone; this is directed towards protection of our countries national interests and towards further deepening of our strategic relations,"

[CIVIL GEORGIA: Azerbaijan, Georgia, Turkey Sign Cooperation Declaration](#)



Thousands of Georgians gathered on the outskirts of the capital city for the inaugural Tbilisi Open Air Music Festival. The two-day concert featured an impressive line-up, including eight Georgian and six foreign bands. The festival closed with an energetic performance by the popular Russian band DDT.

Georgia Endorses Council of Europe Convention on Cybercrime

Georgia last week endorsed the Council of Europe's Convention on Cybercrime, becoming the 34th state to do so, and aligning Georgia with other member states—in the fight against combat cybercrime. The agreement is the first international treaty to address Internet and computer crimes, including copyright infringements, fraud, child pornography, and network security violations. The convention was first opened for signature in Budapest in 2001, and will enter into force in Georgia in October.

[BBC: Georgia Endorses CE Convention on Cybercrime](#)

German Development Minister Pledges €57.5 Million in Aid

German Development Minister Dirk Niebel, in a visit to Tbilisi, pledged €57.5 million in new aid. "Georgia is an especially advanced and constructive partner," he said in signing the agreement. "The country often acts as a model and intermediary in the region." Germany's partnership with Georgia focuses on three high-priority areas, Niebel said: democracy, rule of law, and biodiversity protection. The aid will finance the rehabilitation of drainage systems in Batumi and waste management networks in Georgia's Imereti region, as well as renewable energy and biodiversity projects throughout the country.

[CIVIL GEORGIA: German Economic Cooperation Minister in Georgia](#)

Georgia Fourth Straight Month of Deflation

Georgia in May posted its fourth consecutive month of deflation as food prices continue to decline. According to Geostat, last month's annual inflation came in at -3.3%, 1.2% lower than the rate registered in April. Geostat attributed the deflation trend to falling food prices, which dropped by another 2.2% in May, on top of an 8.1% decrease last April.

[XINHUA: Georgia Posts 4th Monthly Deflation](#)

Alitalia to Launch Direct Rome-Tbilisi Route in July

Alitalia will launch a new route to Georgia next month, flying between Tbilisi and Rome twice a week, on Tuesdays and Sundays. Other future projects between Alitalia and Tbilisi will be announced in coming weeks, said the airline's regional manager, Giovanni Simonini.

[TREND: Alitalia to Begin Flights from Georgia on July 2](#)

Bank of Georgia Joins Major London Stock Exchange Indices

The Bank of Georgia has joined the FTSE 250 and All-Share Indices. "Our inclusion in both the FTSE 250 and FTSE All-Share Indices is another major step forward for Bank of Georgia to further increase the liquidity of our shares and our profile in international capital markets," said CEO Irakli Gilauri. "We offer UK and emerging market institutional investors' access to the fast-growing Georgian economy."

[LONDON STOCK EXCHANGE: Bank of Georgia Hold to Enter Indices](#)

INTERNATIONAL MEDIA ON GEORGIA

NEW YORK TIMES: Calming the Roiling Caucasus

How can the America and Europe lessen risks in the Caucasus? They should continue to stand firm for the independence of Georgia and against the illegal occupation of one-fifth of its territory. Moscow ought not to be allowed to assert control over the export of Caspian energy through Georgia. Europe and America should importune Georgia not to stir anti-Russian animosities in the North Caucasus. They ought to cooperate with Russia to prevent terrorist acts around the Olympics.

www.nytimes.com

AFP: Clinton pledges deeper defense ties with Georgia

Clinton announced plans to help Georgia improve its defenses with programs that include training the Georgian military in the use of coastal and air defense radars, training its officers to command brigade-size units, and upgrades of its fleet of transport helicopters, a senior State Department official said. She used her two-day visit to this Black Sea port to assure Georgians of unwavering US support for its territorial integrity and to call on Russia to pull back troops in two breakaway Georgian regions that were the focus of the 2008 war.

www.afp.org

REUTERS: Russia accuses US of encouraging Georgian revenge

In a strongly worded statement, Russian spokesman Alexander Lukashevich said the US support of Georgia's bid to join NATO, as well as "massive supplies of arms from abroad," encouraged President Saakashvili's "criminal adventures" that led to the five-day war. "Senior US officials have once again made strong statements in support of Saakashvili, word for word repeating the false theses of his propaganda regarding the 'Russian occupation of Georgia,' thus fuelling the revanchist aspirations of Tbilisi," Lukashevich said.

www.reuters.com

VOICE OF AMERICA: Clinton chides Russia

Clinton says the Obama administration is continuing to push Russia to withdraw its troops from Georgia's Russian-occupied territories of Abkhazia and S. Ossetia. The US remains steadfast in its support for Georgia's sovereignty and territorial integrity, she said. "We reject Russia's occupation and militarization of Georgian territory and we call on Russia to fulfill its obligations under the 2008 cease-fire agreement, including withdrawal of its forces to pre-conflict positions and allowing free access for humanitarian assistance."

www.voanews.com

THE TELEGRAPH: Putin the peacemaker for Syria? That's not how it's worked out in Chechnya and Georgia

What might a Russian-brokered transition in Syria look like? Georgia is one case study. Abkhazia and S. Ossetia, its two Russian-occupied regions, over which the 2008 war was fought, have effectively been annexed by Russia. In these territories, Russia has engaged in the deliberate dispossession of ethnic Georgians, much like Assad's Alawite-majority militias are now ethnically cleansing Sunni areas in Hama. Ten thousand Russian troops and security personnel equipped with battle tanks, artillery, and aircraft are now stationed in S. Ossetia and Abkhazia, where many villages have been razed or burnt to ground to make way for Russian military installations.

blogs.telegraph.co.uk

HERITAGE: Georgia's defense reforms are an example for NATO

NATO should live up to its promise of eventual Georgian membership. Some European countries are concerned that Georgia's membership into NATO would trigger a war with Russia over S. Ossetia and Abkhazia. However, Georgian officials say that they are happy to accept a NATO membership arrangement or compromise that excludes the two occupied territories from NATO's Article 5 security guarantee until the matter is resolved peacefully with the Russians. After all, Georgia is not the aggressor in this situation.

blog.heritage.org



KHALEEJ TIMES: Tbilisi—The Perfect Getaway

Tbilisi is a place for culture vultures. The city offers free daily walking tours to Old Town and Rustaveli Avenue, a main boulevard lined with historic buildings, churches, and monasteries. Browse through the Museum of Contemporary Fine Art, the Museum of Ethnography, the State Museum, and the National Art Museum, where much of Georgia's cultural heritage and art is showcased. Other must-sees include the 4th century Narikala Fortress, which provides a fantastic view of the city, the famed sulphur springs and baths, and the historic Paliashvili Opera House.

www.khaleejtimes.com

RADIO FREE EUROPE: US to recognize "status-neutral" passports from Georgia's breakaway regions

Visiting Secretary of State Clinton has said the US will recognize "status-neutral" documents issued by Georgia's government, which would allow residents of its Russian-occupied territories of Abkhazia and S. Ossetia to travel to the West. "Soon, US Embassies and consulates around the world will accept the status-neutral travel document for any resident from these regions who chooses to use them for travel or study in the United States," Clinton said. "This would be a strong step toward reconciliation that supports a peaceful and just resolution of the conflict."

www.rferl.org

RADIO FREE EUROPE: User's guide to Georgia's neutral passports

Residents of Georgia's two Russian-controlled regions will soon be allowed to visit the US with so-called "status-neutral" documents issued by the authorities in Tbilisi. While US Secretary of State Clinton hailed the move as a "strong step toward reconciliation" between Georgia and its Russian-occupied territories, the Russian Foreign Ministry has described the documents as a misleading "scam." It says the documents, while not specifying that their holders are Georgian citizens, are "not quite neutral" since they indicate Georgia's country code and state the documents are issued by the Georgian government.

www.rferl.org

BBC: Russian tourists return to Georgia despite 2008 war

In February Georgia scrapped visa restrictions for Russians. The next month the number of visitors from Russia tripled, says the Georgian government. And in the first four months of 2012, there were 55% more Russian visitors than the same period last year. "There are a lot of lies spread about Georgia," explained one Georgian tour operator. "But when people come here, they see what's really going on. Word of mouth undermines the lies the Russian government tells."

bbc.co.uk

BLOOMBERG: Georgian investment on target to exceed \$1 billion

Georgia's first-quarter foreign direct investment grew as much as 33% from a year earlier, a "good sign" that FDI flows will exceed \$1 billion in 2012, said PM Gilauri. Georgia's debt relative to economic output is at 28% and falling. The \$14.4 billion economy grew a preliminary 7 percent in 2011, according to the statistics office. Meanwhile, gross domestic product rose 8.8 percent from a year earlier in the fourth quarter.

www.bloomberg.com