

GEORGIA UPDATE

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President Saakashvili Rings Closing Bell at NASDAQ Stock Exchange

In a whirlwind New York City week, where he attended the UN General Assembly, President Saakashvili took time on Tuesday to ring the closing bell at the NASDAQ stock exchange—where he was honored for having transformed Georgia. “He is a historic leader,” said NASDAQ VP Ed Knight in introducing the President. “In his role as a leader of the government in Georgia, the President promised to combat corruption, stabilize the economy, bring the budget to order, reorient the government and the economy towards privatization and free markets. He has delivered on all these promises.” The President this week gave two addresses to the General Assembly, offered a keynote speech at a global economic forum, and spoke at several other events as well. In addition, he held numerous bilateral meetings with counterparts and met with business leaders from around the world.

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QUOTES OF THE WEEK

“While many of these reforms have been tried—with varying degrees of success—by many developing economies, it is rare that all of these reforms have been pursued simultaneously and comprehensively, over such a short period.”

—President Saakashvili speaking of Georgia's economic transformation at the Harvard Club in NYC

“In reality, transformational leadership means that my government systematically decided to empower people, to allow them to change their own lives and their social environment. This is the way you can transform a society without gulags or guillotines— by allowing initiatives— by giving to individuals and groups a say and a stake in their nation destiny.”

—President Saakashvili speaking to NYU students

“Even where the international community has stepped in, lack of leadership, selfish calculation, and a craven reluctance to make a stand increasingly characterise much of what is happening now. Georgia's South Ossetia and Abkhazia regions remain under Russian occupation, despite the French-brokered 2008 deal for a troop withdrawal.”

—Simon Tisdall in *The Guardian*, Sep. 23, 2010

UPCOMING MILESTONES

Oct. 4-7: PM Gilauri leads ministerial delegation to Washington for talks on the US-Georgia Charter on Strategic Partnership

Oct. 5-6: FM of Armenia visits Georgia

Oct. 8: FM of Switzerland visits Georgia

Oct. 11-12: FM of Turkey visits Georgia

Oct. 14: Next round of Geneva talks

Nov. 3-4: FM of Iran visits Georgia

Nov. 8-13: UN permanent representatives from South/Central America visit Georgia

Nov. 19-20: NATO summit in Lisbon

Dec. 1-2: OSCE summit in Astana

TOP STORIES

In New York City, President Focus Attention on Georgia's Economic Success, Occupied Territories

President Saakashvili continues a whirlwind week in New York City today with his main address to the annual United Nations General Assembly. On Monday, he spoke in the same hall on the progress Georgia and the international community have made in meeting the Millennium Development Goals. The President also delivered a keynote address to the International Economic Alliance, where he recounted Georgia's successful efforts at reforming the economy.

"While many of these reforms have been tried—with varying degrees of success—by many developing economies worldwide, it is rare that all of these reforms have been pursued simultaneously and comprehensively, over such a short period," he told the business and political leaders assembled yesterday at the Harvard Club. "Our comprehensive approach is the core of this Georgian experience that the *Economist* recently described as 'Georgia's mental revolution'." The President also met with many counterparts from around the world, spoke to students at New York University, rang the closing bell at the NASDAQ stock exchange, and discussed investment opportunities with business leaders, including Donald Trump.

At NASDAQ, the President told a rapt audience of traders: "Georgia is a country where you can take pleasure on the Black Sea coast and, 30 minutes later, ski in the mountains like in California." He added: "It is a state with less bureaucracy and taxes. The country is actually free from criminals and corruption. Nowhere in the region have there been so many reforms as in the last five years in Georgia."

[AGENCE FRANCE PRESSE: Donald Trump to build tower in Georgia](#)

Georgia Concludes Presentation on Russia's Ethnic Cleansing Campaign at International Court of Justice

Georgia concluded its oral pleadings last week before the UN's International Court of Justice in its case on Russia's responsibility for the ethnic cleansing of Georgians. "The Russian Federation has made a series of unfounded accusations against Georgia that are legally irrelevant," said Georgia's First Deputy Minister for Justice, Tina Burjaliani, in her closing statements. "Georgia comes before this court as a last resort," she continued. "It comes before this court to protect the human rights of hundreds of thousands of citizens against discriminatory violence and forced displacement from their homes as a result of the acts of the Russian Federation and the forces under its control and authority." She added: "Georgia has emerged as a democratic, multiethnic state with different ethnic groups, living in harmony. But it has suffered from the instigation of conflict on its territory, which was used as an instrument of control and domination by the Russian Federation. For almost 20 years, ethnic Georgian IDPs have been prevented by the Russian Federation from returning to their homes, on discriminatory grounds."

[CIVIL GEORGIA: ICJ to decide on Merits of Georgia v Russia Case](#)

UN Human Rights Representative Praises Georgia's Treatment of IDPs, Notes Scope for Progress

Walter Kälin, the UN Secretary-General's representative on the human rights of IDPs, last week commended Georgia's efforts in providing housing and social services to IDPs: "IDPs were able to receive property and their living conditions are much better now than earlier," he said. According to Georgia's Reintegration Ministry, 24,391 IDP families have received apartments or houses, or opted for monetary compensation. Another 2,035 IDP households also have been given farmland. Kälin added that while the government has provided "very good housing" for those in dire need, the IDPs' livelihoods still needed improvement. He was blunt about the need for Russia to allow the IDPs to return home. "This situation of protracted displacement should not continue," he said. "The right of return has to be recognized and conditions for return have to be created."

[CIVIL GEORGIA: UN Official on IDPs Briefs on Georgia Visit](#)

Economy Exceeds Expectations, as Georgian GDP Rises 8.4% in Second Quarter of 2010

Georgia's investment-driven economy registered gross domestic product growth of 8.4 percent in the second quarter from a year earlier, accelerating from a 4.5 percent year-on-year increase in the first quarter. Overall in the first half of the year, the Georgia's real GDP grew 6.6%, according to preliminary figures released by Geostat on Tuesday—higher than previous forecasts. Last year the economy contracted 3.9 percent. Government spending and industry accounted for about one-third of the country's GDP (15% each), followed by trade (14%), transport and communication (13%), and agriculture (9%).

[REUTERS: Georgia not only block on Russia WTO entry-Saakashvili](#)
[CIVIL GEORGIA: Georgia's GDP Grows 6.6% in H1](#)

Ex-Bulgarian PM Dimitrov Chosen as EU Ambassador to Georgia

Former Bulgarian PM Philip Dimitrov has been selected as the first EU Ambassador to Georgia as the Union sets up its formal diplomatic service. Catherine Ashton, the EU's foreign policy chief, selected Dimitrov to become the head of mission in Georgia out of a group of five applicants. "My task will be to find ways to even out relations between Georgia and EU, ways that can help better assess the situation and to take up more efficient action," Dimitrov said after his appointment. Dimitrov will become the third EU envoy with responsibility for Georgia, joining Peter Semneby, a Swedish diplomat who serves as the EU's special representative to the South Caucasus, and Pierre Morel, a French diplomat overseeing Georgia-Russia peace talks. He is said to have won out over four other candidates, including a European Commission official in charge of policy towards post-Soviet states, John Kjaer; the current French ambassador to Georgia, Eric Fournier; Latvia's ambassador to the EU, Normunds Popenis; and Poland's ambassador to Romania, Wojciech Zajackowski.

[EURACTIV: Ashton picks 28 ambassadors for EU "foreign service"](#)

**Thomas Dworzak Featured in Magnum's Caucasus Exhibition**

The Magnum Gallery in Paris last week opened its Caucasus exhibition, featuring the works of renowned Bavarian photographer Thomas Dworzak. "It was love at first sight," he says of his initial encounter with the Caucasus, in 1993, when he moved to Tbilisi. "I began to discover the cultures of the Caucasus, without preconceptions. The hospitality of the people. The beauty of the languages. The incredibly fast changes in the post-Soviet period. The wars and conflicts, bravery and cruelty," he said. "This place of such extremes could provoke such extreme emotions," he added. "I became fascinated and overwhelmed by the region. I meant to stay for only a few months and ended up staying for several years."

Dworzak's images will be on display until late October.

events.magnumphotos.com

INTERNATIONAL MEDIA ON GEORGIA

NEWSWEEK: The republic of spies

A rotating cast of former and current Russian FSB officers has arrived in the occupied Georgian territories of Abkhazia and S. Ossetia. They have come to rent and privatize luxury hotels, sanitariums, and dachas on prestigious bits of land. In the two years since Russia went to war to “liberate” the regions from Georgia, the Russification in those provinces has accelerated. Many young Abkhaz feel concerned about the Russian elite buying up their proud, small state. “I do not think Russians understand that we are different; we do not want to be a KGB state again,” says a youth community activist in Sukhumi.

www.newsweek.com

LE FIGARO: South Ossetia reprimanded by Moscow

Two years after the Russian invasion of Georgia, which led to Moscow’s annexation of S. Ossetia, the relationship between the Kremlin and its protégé, Ossetian president Eduard Kokoity, are souring. The latter is accused by his powerful protectors of ignoring the diversion of Russian funds destined for the territory’s reconstruction, and of harboring too strong a desire for independence. Meanwhile, the Russian Minister for Regional Development, S. Ossetia’s primary financial backer, warned Kokoity: “Although the reconstruction program has been fully financed, its progress is very worrisome.”

www.lefigaro.fr

THE ECONOMIST: Reset and unsettled

Private worries about the Obama administration are palpable. Its habit of referring to “partners” instead of “allies” jars. Some ill-chosen ambassadors to eastern Europe and the Caucasus rankle. One snooty envoy seems to regard meeting anyone below the prime minister as a breach of protocol. Poles mind a lot that, despite huge efforts in Iraq and Afghanistan, they still face costly and tiresome visa rules that have been lifted for others. Meanwhile the big worry is that since the “reset” is a rare bit of American foreign policy showing signs of life, it creates momentum, expectations and pressure on unrelated matters.

www.economist.com/

BUSINESS NEWS EUROPE: Interview—Georgia’s economy ministry dances to new beat

Georgia’s new economy and sustainable development minister, 29-year-old Vera Kobalia, has made more noise in her first three months in office than her predecessors did in the previous two years. The two economy ministers before Kobalia were each fired after less than a year in the job for failing to deliver on their promises. To her credit she’s managed to shift the attention on to the economy and vowed to push ahead with privatization, look for fresh sources of foreign direct investment and lure budget airlines to Georgia. “It’s very important that privatization happens as quickly as possible,” she says.

businessnewseurope.eu

GLOBAL POST: Georgia looks to replace Russian with English

The “Teach and Learn with Georgia” initiative is the brainchild of Georgia’s staunchly pro-Western president who announced in August an ambitious program to have every Georgian schoolchild speaking English in the next four years. English language and computer skills are essential to Georgia’s economic and technological development, he said. “Teach and Learn with Georgia” teachers are mostly in their 20s and hail from the US, Canada, Australia, New Zealand, western and eastern Europe, Scandinavia, and the Philippines.

www.globalpost.com

**NEW YORK TIMES: Glamour revives Port of Batumi**

A once-decrepit resort town 12 miles from the Turkish border, Georgia’s Black Sea coast-town of Batumi (above) is undergoing a frenzied facelift. As recently as four years ago, water and electricity were sporadic, functioning sewage disposal did not exist, and peeling paint marred most historic buildings in the town’s Belle Époque quarter. Not only have those issues been resolved, but the town has also renovated dozens of Old Town buildings and completed a swanky extension to its four-mile oceanside walkway as part of a \$104 million government investment into infrastructure. But Batumi is seeking to retain an appeal beyond its beachfront. It is home to the world’s second-largest Botanical Gardens, perched on a cliff 5.5 miles north of town, where there are 5,000 species of plants — including 100 different kinds of roses — from around the globe. “Thanks to the changes here we are getting tourists from Israel, Canada and Switzerland,” said Eka Gogiberidze, manager of the four-year-old Hotel Rcheuli Villa, an elegant boutique property. “They don’t go to the beach, they are interested in nature and Old Batumi.”

travel.nytimes.com

VOICE OF AMERICA: Azerbaijan, Georgia, Romania sign gas deal

Azerbaijan, Georgia, and Romania have signed a deal to create a transit corridor for natural gas that will bypass Russia and run directly from the Caspian Sea to Europe. Officials said last week that under the deal, a liquefied natural gas pipeline will link the Caspian energy supplies to Georgia. The gas then will be carried by tankers across the Black Sea and into the rest of Europe via existing pipelines. Azerbaijan’ state energy firm SOCAR said in a statement that state-run energy corporations in each country will hold equal stakes in the estimated \$5 billion venture.

www.voanews.com

EURASIANET: UN says Georgians must be allowed back into breakaway regions

Over Russian objections and to Georgian applause, the UN General Assembly reaffirmed the right of all displaced persons to an unconditional return to Georgia’s Russian occupied regions of Abkhazia and S. Ossetia. Passed by a 50-to-17 vote, the latest in a series of non-binding resolutions calls for creating a timetable for the repatriation of all displaced people and their descendants, and respecting their right to property left behind. This may be a paper victory for Georgia, but Tbilisi said it has rekindled homecoming hopes for as many as 400,000 people, mostly ethnic Georgians, who over the past two decades fled the two enclaves that Russia has recognized as sovereign states.

www.eurasianet.org