

# GEORGIA UPDATE

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

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- Parliament Launches New Council to Foster Better Ties With Business Community
- IMF Disburses \$153 Million to Georgia; EU Offers \$60 Million in Budget Aid
- Freedom House Shows Improvements in Georgia's Democratic Development



President Saakashvili met with President Obama for the second time in the past two months, this time in Washington. "The leaders discussed Georgia's efforts to advance its economic development and increase trade," the White House said in a statement after the meeting, which VP Biden and Secretary of State Clinton also attended. "They also discussed security challenges in the Caucasus and the work of ISAF forces in Afghanistan, where brave Georgians stand shoulder to shoulder with American forces."

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## QUOTES OF THE WEEK

**"The leaders discussed Georgia's efforts to advance its economic development and increase trade. They also discussed security challenges in the Caucasus and the work of ISAF forces in Afghanistan, where brave Georgians stand shoulder to shoulder with American forces."**

—White House statement following meeting Friday between President Saakashvili and Obama

**"Resolving existing conflicts in the OSCE area in a peaceful and negotiated manner must be our highest commitment.... [We must] use the Geneva process to rebuild trust and will work to restore a meaningful OSCE presence in Georgia."**

—Lithuanian Foreign Minister Audronius Ažubalis, whose country currently chairs the OSCE

**"Georgia is well positioned to resume economic expansion. The business environment is supported by a competitive tax regime and an efficient regulatory framework. Reforms in public financial management are ongoing."**

—The Heritage Foundation on Georgia's 29th ranking in the 2011 Index of Economic Freedom

## UPCOMING MILESTONES

- Jan. 22-24:** President Saakashvili visits Armenia
- Jan. 24-25:** GUAM ministerial meeting in Kiev
- Feb. 1:** Easter Partnership ministerial meeting in Brussels
- Feb. 1-2:** US-Georgia health-care conference in Washington
- Feb. 2:** FM Vashadze visits Luxembourg
- Feb. 4-6:** Munich Security Conference
- Feb. 25:** FM Vashadze visits the Czech Republic
- Mar. 3-4:** Next round of Geneva peace talks

## TOP STORIES

**President Saakashvili Meets President Obama in Washington, Attends Holbrooke Memorial**

For the second time in less than two months, President Saakashvili met with President Obama to discuss a range of bilateral issues. “The leaders discussed Georgia’s efforts to advance its economic development and increase trade,” the White House said in a statement following the meeting in Washington last Friday. “They also discussed security challenges in the Caucasus and the work of ISAF forces in Afghanistan, where brave Georgians stand shoulder to shoulder with American forces.” The White House also noted that President Obama expressed his gratitude to President Saakashvili for making the trip to Washington for the memorial service for Amb. Holbrooke. Saakashvili was among just a handful of foreign leaders who attended the memorial service commemorating Amb. Holbrooke’s life, which took place at the Kennedy Center last Friday. The President also met with numerous members of Congress, including House Speaker John Boehner, becoming the first foreign leader to meet with the Republican since he became the third-ranking US elected official last week.

[WHITE HOUSE: President Obama’s Discussion with President Mikheil Saakashvili of Georgia](#)

[FOREIGN POLICY: World leaders converge on Washington for Holbrooke memorial](#)

**European Court of Human Rights Dismisses Half of War Complaints Against Georgia**

The European Court of Human Rights last week rejected over 1,500 ungrounded war complaints lodged by Russian lawyers against Georgia, citing inadequate evidence and data. Tbilisi hailed the Court’s decision to dismiss the illegitimate cases: “The present decision of the European Court of Human Rights once again underscores the fact that applications against Georgia regarding the August 2008 Russia-Georgia war are without sound legal basis,” Georgia’s foreign ministry said. The applications belonged to a group of complaints accusing Georgia of crimes committed during Russia’s 2008 invasion. The court said that, despite repeated requests, the plaintiffs failed to produce information related to their claims. “No response to the above letters has been received from the applicants’ representatives,” the ECHR said. “The Court considers that, in the circumstances described above, the applicants in the present cases may be regarded as no longer wishing to pursue their applications.”

[EURASIANET: European Rights Court Nixes Over 1,500 South Ossetian/Russian Complaints Against Georgia](#)

**Parliament Launches New Council to Foster Better Ties With Business Community**

Georgia’s Parliament last week announced plans to establish a business council to foster better communication between lawmakers and the business community. “The Parliament plays an important role in what kind of tax and business environment we will have,” Parliament Speaker Bakradze said in a meeting with representatives from the Business Association of Georgia. “Therefore, we want such meetings to be held periodically in order to listen to your recommendations, your remarks, your advice, and you will hear from us what is happening in the country, what are our assessments, and what particular plans we have.” The council will address legislative problems impacting business development and investment in Georgia. The new tax code, which went into force last month, was also discussed.

[CIVIL GEORGIA: Business Council Planned at Parliament](#)

**Georgia Ranks High in 2011 Index of Economic Freedom**

Georgia earned a top ranking in this year’s Index of Economic Freedom, published by the Heritage Foundation and the Wall Street Journal. Georgia ranked 29th out of 183 countries surveyed. With an “economic freedom” score of 70.4 points, the country far exceeded the regional average. “Notable reforms in business freedom, trade freedom, fiscal freedom, and labor freedom have spurred economic development in recent years,” the report concluded. “Despite a sharp contraction due to the Russian invasion and the global recession, the economy has averaged 4.8 percent annual growth over the last five years. Georgia is well positioned to resume economic expansion.” The Index assessed countries based on 10 economic characteristics: business freedom, trade freedom, fiscal freedom, government size, monetary freedom, investment freedom, financial freedom, property rights, freedom from corruption, and labor freedom. The International Monetary Fund, World Bank, and the Economist Intelligence Unit provided the data on which the survey was based.

[HERITAGE FOUNDATION: 2011 Index of Economic Freedom: Georgia](#)

**IMF Disburses \$153 Million to Georgia; EU Offers \$60 Million in Budget Aid**

The IMF last week disbursed \$153 million of new funding to Georgia, saying the country’s economy has shown “better-than-expected growth.” The Georgian government does not yet plan to draw on the amount, aiming to keep them in reserve. “We can use these funds anytime we need—we do not need them yet,” PM Gilauri said. Meanwhile, last week the EU offered to lend Georgia \$60 million in budget aid over the next two years. The funding “will contribute to cover Georgia’s external financing needs in 2011,” as long as Georgia meets reform goals with the EU and the IMF.

[DEUTSCHE PRESSE AGENTUR: EU Commission Proposes 60 Million Dollars in Budget Aid to Georgia](#)

**Freedom House Shows Improvements in Georgia’s Democratic Development**

In its annual report, US-based NGO Freedom House underscored improvements in Georgia’s democracy, which it attributed to increased stability following Russia’s 2008 invasion, the government’s proactive reform efforts, and “greater media diversity, including the launch of satellite broadcasts by the opposition television station Maestro.” Georgia’s score in the civil liberties category jumped one point from 2009’s ranking.

[FREEDOM HOUSE: Freedom in the World 2011 Survey Release](#)



PM Gilauri met with UN Secretary General Ban Ki-moon in Abu Dhabi on Tuesday, on the margins of the World Future Energy Summit. The Prime Minister said the two discussed “the situation in the occupied territories”, as well as the progress of the Geneva talks.

## INTERNATIONAL MEDIA ON GEORGIA

**AGENCE FRANCE PRESSE: Georgia president meets new US House speaker**

Republican US House Speaker John Boehner last week met President Saakashvili and reaffirmed support for Georgia's "freedom and democracy." Boehner praised Georgia's help in the US-led global war on terrorism, including in the wars in Afghanistan and Iraq, and mourned the loss of Georgians in those campaigns. Saakashvili became the first foreign leader to meet with him since the Republican became the third-ranking US elected official this month.

[news.yahoo.com](http://news.yahoo.com)

**CONSERVATIVE HOME: Daniel Hamilton—Georgia's claims about the South Ossetia conflict have been vindicated**

While David Cameron was the first foreign politician to travel to Tbilisi in the grim days of that five-day invasion to lend his support to the Georgian people, others since have fallen for the ridiculous notion that Georgia would have dared to have started a war with Russia. Indeed, such a turn of events would have seen President Saakashvili willfully deploy his country's 21,000 active soldiers against Russia's standing army of 1,027,000 troops. In reality, the country's democratically elected leader was merely acting to defend those thousands of Georgians who were being systematically ethnically cleansed by Ossetian militias supported by the Russian so-called "peacekeepers." Last month, leaked US diplomatic cables put pay to any suggestion that Georgia was the aggressor in the conflict.

[conservativehome.blogs.com](http://conservativehome.blogs.com)

**JAMESTOWN: Georgia's Caucasus strategy revisited—emerging power in the South**

As true believers in Realpolitik, western scholars Walter Mead and Oliver Bullough may indeed show contempt for Georgia's internal modernization for its potential to serve, in US Secretary of State Hillary Clinton's own characterization, as a "role model" for the entire region. There are, however, a great many other scholars in the West who would sincerely like to understand the socioeconomic and geopolitical processes in the Caucasus. To remain competitive and succeed, Georgia has to have not only a government and political elite with a vision of modernity, it also needs greater popularization of its reform agenda across the Caucasus and internationally, as well as more support in the West's political and academic circles.

[jamestownfoundation.blogspot.com](http://jamestownfoundation.blogspot.com)

**BLOOMBERG: Georgian ministry detains three after explosion at army base**

Georgian authorities detained three military personnel in connection with last week's explosion at the Krtsanisi military base that killed three and injured 13. The officers being held may face as much as 10 years imprisonment if an investigation finds they were responsible for failing to provide safe training. The explosion occurred near Tbilisi, at a base that Georgia and the US use to conduct military preparations for deploying additional troops for service with the NATO-led international force in Afghanistan.

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

**EUROPOLITICS: EU urges Moscow to fully engage in regional conflict resolution**

The EU wants Russia to renew its efforts to improve its strained relations with Georgia. In a statement released after the EU-Georgia Cooperation Council meeting, which took place on the same day as the EU-Russia summit in Brussels, the EU reiterated its strong commitment to "Georgia's security and stability, based on full respect for the principles of independence, sovereignty, and territorial integrity." It also welcomed the declaration of non-use of force made by President Saakashvili in his speech to the European Parliament in November, "as a positive step towards peaceful conflict resolution."

[www.europolitics.info](http://www.europolitics.info)

**EU OBSERVER: Democracy vs. reformism**

Georgia has been the most reformist state in the post-Soviet area in the last 20 years. The state budget increased something like 20 times since Saakashvili came to power in 2004. The sources of increased revenues were the fight against corruption, radically improved tax collection, and significant inflows of foreign investments. The police has been reformed and corruption drastically reduced. Georgia is also in the top of the ease-of-doing-business ranking of the World Bank. No other post-Soviet state (the Baltics aside) have managed to modernize from such a low base as successfully as Georgia did.

[blogs.euobserver.com](http://blogs.euobserver.com)

**BLOOMBERG: Georgia urges product registration to fight counterfeiting**

Georgian companies must complete registering their products this year as the government tries to boost exports and fights counterfeiting and false labeling in the country. "Georgian companies must work hard to patent their products, as there are many false products selling abroad," Economy Minister Vera Kobalia said. "This will significantly boost exports for wine, Georgian cheese, and delicacies." The total value of trade for Georgia rose an annual 19 percent to \$5.8 billion through November last year, with exports rising 37 percent.

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

**HUFFINGTON POST: Designing students in Georgia**

On our recent visit to the Republic of Georgia and its second-ever Fashion Week, we were also introduced to Georgian art. The most meaningful stop on our cultural tour of Tbilisi was at the Tbilisi State Academy of Fine Arts, where young designers had prepared a show for us. I'm not sure if I have ever been touched more deeply than by these design students who were thrilled that we "foreign guests" were stopping by to meet them as well as to see their work. One has to remember that fashion didn't exist throughout generations of the USSR's occupation of Georgia. Freedom of expression was prohibited, and state-approved thought and life were the only acceptable choices until the breakup of the Soviet Union in 1991. So, in some sense, Georgians are reinventing their wheel, especially in their arts departments.

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

**AGENCE FRANCE PRESSE: Georgian wine enjoys export boost**

Exports of Georgian wine saw an upturn in 2010. Fifteen million bottles were exported over the past year—a 34 percent increase on 2009. "This is one of the government's priorities—to promote our traditional products and increase exports," a government official said. Georgia claims to be the birthplace of wine, citing archaeological finds that suggest viticulture may have begun in the country as early as 8,000 years ago, before it reached Western Europe.

[www.independent.co.uk](http://www.independent.co.uk)

**THE GUARDIAN: Call of the wild in Georgia**

We had come by horseback over the brow of the mountain and there spread before us was all the High Caucasus in magnificent array: great soaring peaks surrounded by the clutching fingers of glacial ice. To our right was Dagestan, to our left Chechnya; below were the deep valleys of the Tusheti region of Georgia. When we drove out of Tusheti, crossing the awesome 3,000-meter pass that guards it from the outside world, I think we all felt a keen sense of regret at leaving that magical place. Next day I was relieved to see there was a bridge for our river crossing and the subsequent days passed without drama—just wonderful landscapes and friendly villages. There was naturally some debate among the group about adventure and risk, but most were happy to accept the potential for calamity ever-present with horses, a potential magnified by the remote location.

[www.guardian.co.uk](http://www.guardian.co.uk)