

GEORGIA UPDATE

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TOP STORIES

- EU, US Condemn Russian Foreign Minister's Visit to Abkhazia, S. Ossetia
- Georgian Parliament Aims to Pass New Electoral Code in Fall
- Tbilisi, Moscow Set Next Round of WTO Talks for Later This Month
- US Marine Corps General Praises Georgian Troops in Afghanistan
- Danish Shipping Giant Buys Control of Georgian Port
- Georgian Exports Rise 35% in First Quarter



Dr. Ronald Asmus, a former US diplomat who championed the enlargement of NATO and was a great friend of Georgia, died of complications from cancer Saturday at the age of 53. He is seen above receiving the St. George's Order of Victory from President Saakashvili, awarded for his significant contributions to the country. Writing in the Washington Post, Robert Kagan called Asmus a "great defender of the people of Georgia," and added: "While both Americans and Europeans, embarrassed by their inaction in the face of that aggression, turned to blaming the victim, Asmus, already ill, devoted himself to keeping the record straight. His book, "A Little War That Shook the World," stands as a model of scholarship informed by passion and empathy for a small country that became the casualty of the ambition of one great power and the callous timidity of the democracies." Wrote The Economist: "Asmus was one of the prime architects of NATO expansion: a world-changing idea that seemed wildly impractical to many when he broached it in the early 1990s, and which became commonsensical 10 years later. 100 million people between the Baltic and the Black sea owe their security to him."

INTERNATIONAL MEDIA ON GEORGIA

- FINANCIAL TIMES:** Georgia to veto Russia's WTO bid?
- RFE:** US senator says Georgia's future should not be "sacrificed for reset"
- BLOOMBERG:** Georgia blames border shootout on Russian-fueled criminality
- EURASIANET:** Georgia stops Russian military transit to Armenia
- EUROPOLITICS:** MEPs urge greater support for Tbilisi's democratic aspirations
- RADIO FREE EUROPE:** Georgian minister eyes EU membership in 15 years
- FINANCIAL TIMES:** Schumann and stilettoes
- EURASIA DAILY MONITOR:** Lavrov elaborates on non-use-of-force proposals
- REUTERS:** Bank of Georgia posts 82 pct rise in Q1 net profit
- AGENCE FRANCE PRESSE:** Georgia rediscovers ancient culinary traditions

QUOTES OF THE WEEK

"Russia's recent efforts to conclude formal state-to-state agreements with the 'de facto' authorities in Abkhazia and South Ossetia during a visit this week to those separatist regions are inconsistent with the principle of territorial integrity and Georgia's internationally recognized borders. The United States remains committed to a peaceful resolution to the conflict in Georgia's separatist regions and the restoration of Georgia's sovereignty and territorial integrity within its internationally recognized borders."

◆ US State Department

"The European Union notes with concern that the Minister of Foreign Affairs of the Russian Federation, Sergei Lavrov, has paid a visit to the Georgian regions of Abkhazia and South Ossetia on 25 and 26 April 2011, without prior consent of the Georgian authorities. The EU does not consider these visits compatible with the principle of territorial integrity."

◆ Catherine Ashton on behalf of the European Union

"Georgia is an important partner for the EU. No one could possibly question that Georgia's place is alongside the European democracies. Europe has the ambition to play a major role on the world stage; therefore it must assume its responsibility and ensure peace and stability in the S. Caucasus."

◆ MEP Joseph Daul (France), chair of the European People's Party group in the European Parliament

UPCOMING MILESTONES

- May 6-7:** Latvian Foreign Minister visits Tbilisi
- May 10-11:** FM Vashadze attends the Council of Europe ministerial meeting in Istanbul
- May 15:16:** FM Vashadze visits Rome
- May 26:** Georgian Independence Day
- May:** Third round of Georgia-Russia WTO talks
- Jun. 7:** Next round of Geneva peace talks

TOP STORIES

EU, US Condemn Russian Foreign Minister's Visit to Abkhazia, S. Ossetia

Leaders from both sides of the Atlantic condemned last week Russian FM Sergey Lavrov's recent visit to Georgia's occupied territories, criticizing Moscow for disregarding international laws on territorial integrity. "Russia's recent efforts to conclude formal state-to-state agreements with the 'de facto' authorities in S. Ossetia and Abkhazia are inconsistent with the principle of territorial integrity and Georgia's internationally recognized borders," said State Department spokesperson Mark Toner. "The US remains committed to a peaceful resolution to the conflict in Georgia's regions and the restoration of Georgia's sovereignty and territorial integrity within its internationally recognized borders," he said, calling on Russia to abide by the 2008 ceasefire agreement. The EU's foreign policy chief, Catherine Ashton, also strongly denounced Russia's provocative actions: "The EU does not consider these visits compatible with the principle of territorial integrity," Ashton said. "The EU reiterates its support for Georgia's sovereignty and territorial integrity, and underlines the importance of a peaceful conflict resolution." Without the express approval from Georgian state authorities, as international law demands, Lavrov met with Moscow's proxies in Sukhumi and Tskhinvali to forge an agreement on visa-free travel, rescue operations, and cultural centers.

[AGENCE FRANCE PRESSE: US Criticizes Russia visit To Abkhazia, South Ossetia](#)

[DEUTSCHE PRESSE AGENTUR: EU Denounces Russian Minister's Visit to Abkhazia, South Ossetia](#)

Parliament Aims to Pass New Electoral Code in Fall

Parliament plans to approve a new electoral code by next fall, aiming to strengthen the country's democratic processes in advance of the 2012 parliamentary and 2013 presidential elections. "The main criterion is to have a new electoral code by this autumn," said MP Akaki Minashvili, the ruling party's negotiator on the Election Working Group. He also suggested that Parliament invite the Venice Commission, the Council of Europe's legal affairs body, to oversee the negotiation process. Ruling and opposition party lawmakers plan to negotiate in coming months the major axes of reform and determine the winning threshold for the first round of the majority party MP vote. Georgia's steadfast effort to improve democratic processes earned praise from US officials last week: "We are really encouraged to see that the grouping of opposition parties was willing to sit down, talk to the ruling party to try to get through a number of issues that really are important and that matter in a pre-electoral season," said Tina Kaidanow, US deputy assistant secretary for European and Eurasian affairs.

[CIVIL GEORGIA: MP: New Electoral Code Should be Passed in Autumn](#)

[CIVIL GEORGIA: U.S. Official on Electoral Reform](#)

Tbilisi, Moscow Set Next Round of WTO Talks for Later This Month

The second round of Georgia-Russia WTO talks ended in Switzerland last week on a relatively positive note as both parties plan to reconvene later this month to continue discussions. Talks between Georgian and Russian negotiators addressed "very serious concrete matters on substantive issues, which in itself is a positive step," said Deputy FM Kalandadze, highlighting progress made during the Swiss-mediated talks. While specific details on the deal were not disclosed, Georgia's chief negotiator, Tamara Kovziridze, said Tbilisi's position on Russia's accession into the WTO remains firm: "Georgia's demands remain unchanged; these concern the creation of a mechanism at the border-crossing points that would enable joint monitoring of the movement of goods," she said. Georgia is interested in seeing Russia join the WTO on the condition that Moscow abides by the organization's rules and guiding principles, Georgian officials said.

[CIVIL GEORGIA: Tbilisi Hails WTO Talks with Moscow](#)

[CIVIL GEORGIA: Tbilisi, Moscow to Hold Next Round of WTO Talks](#)



Tina Kaidanow, US deputy assistant secretary for European and Eurasian affairs, praised Georgia's electoral reform process during a visit to Tbilisi. "We are really encouraged to see that the grouping of opposition parties was willing to sit down, talk to the ruling party to get through a number of issues that really are important and that matter in a pre-electoral season," she said. "Georgia is making good progress towards the democratic future, but there's lots of work to be done. We have faith that the process of reform has real momentum."

US Marine Corps Gen. Praises Georgian Troops in Afghanistan

In testimony to Congress, Admiral James Stavridis, Cmdr. of the US European Command, praised Georgia's military contributions to NATO's Afghanistan mission, saying the country has greatly improved anti-terrorism operations. "This US Marine Corp-led joint program is successfully training and deploying Georgian infantry battalions to fight alongside NATO forces in the volatile Helmand Province," he said. "Through an intense partnering concept with the Marines, the Georgian Armed Forces have significantly increased their institutional capacity to plan and conduct training for units preparing to operate in a full spectrum counter-insurgency environment," he added. Georgia will send four rotations of a Georgian battalion to fight alongside US Marines in Afghanistan.

[US SENATE: Testimony of Admiral James G. Stavridis](#)

Danish Shipping Giant Buys Control of Georgian Port

Danish shipping giant APM Terminals acquired a majority stake in Georgia's bustling sea port of Poti last month, pledging to become a major investor in the country. Interested in investing in high-growth markets, APM Terminals purchased 80 percent stake in the Poti sea port from the United Arab Emirates' RAKIA investment fund. "With fast economic growth, the region's importers and exporters will require high-quality port infrastructure, and so naturally it is a market in which we have great interest," APM said. The company, a unit of Danish conglomerate A.P. Moller-Maersk, plans to invest \$100 million over the next five years to upgrade and expand the port's facilities.

[REUTERS: APM Terminals to invest \\$65 Mln](#)

Georgian Exports Rise 35% in First Quarter

Georgia's exports jumped 35 percent year on year to \$464 million in the first quarter of 2011, continuing a rising trend in foreign exports. According to the state statistics office, the re-export of vehicles was the country's top export—amounting to \$95.1 million—followed by ferro-alloys, nitrogen fertilizer and scrap metal. Imports also saw a similar rise in the same period, climbing 36 percent to \$1.38 billions. Turkey remains Georgia's largest trading partner with \$268 million, followed by Ukraine (\$204 million), Azerbaijan (\$192.8 million), China (\$102.4 million), Germany (\$98.3 million), and the US (\$90.2 million). Georgian exports increased 40 percent in 2010 to \$1.58 billion.

[CIVIL GEORGIA: Georgia's Foreign Trade up 36% in Q1](#)

INTERNATIONAL MEDIA ON GEORGIA

FINANCIAL TIMES: Georgia to veto Russia's WTO bid?

"We want to work together with Russia and the Swiss mediators to find a way out of this legal absurdity which was created by the Russian Federation's decision to recognize Abkhazia and S. Ossetia," FM Vashadze said in advance of the latest Georgia-Russia WTO talks. Even if Georgia for once has some power over Russia, the WTO talks are highly sensitive for Tbilisi, touching the painful question of its lost territorial integrity. Borders in Abkhazia and S. Ossetia that were once channels for most of Georgia's foreign trade are now out of bounds and patrolled by Russian soldiers. Georgia may have lost control of its territories for now, but is probably safe from further Russian military aggression until the Sochi Winter Olympics in 2014 are out of the way. blogs.ft.com

RADIO FREE EUROPE: US senator says Georgia's future should not be "sacrificed for reset"

The head of a US Senate delegation in Tbilisi last week said Washington should not trade off Georgia's future development for improved relations with Russia. "I hope the US would not sacrifice Georgia's future to some theoretical value of a 'reset' relationship with Russia...no country or people should be a pawn in that relationship—sacrificed by the US because of our desire to have better relations with Russia," Sen. Jon Kyl said. If ensuring Georgia's security "means the acquisition of defensive weaponry" then I support it, Kyl added. He also added that it is important for Washington to express its support for Georgia's desire to become a NATO member. www.rferl.org

BLOOMBERG: Georgia blames border shootout on Russian-fueled criminality

Georgia said Russia's support for "black holes of criminality" in the country's two disputed provinces led to a clash that killed a Russian border guard last month. The Georgian Foreign Ministry said shootouts between the Russian forces and criminals over the division of spheres of influence and money have become a fact of life in Georgia's two Russian-occupied regions. www.bloomberg.com

EURASIANET: Georgia stops Russian military transit to Armenia; where does that leave the Russian base?

Parliament has annulled a deal allowing Russia to transit military cargo to its base in Armenia via Georgia. It's kind of remarkable that Georgia had been allowing it at all (apparently Tbilisi was doing it as a favor to Armenia), but no more. "Armenian-Georgian military cooperation is effectively developing, encompassing peacekeeping, military education, exercises and other areas," Defense Minister Seyran Ohanian said last month. www.eurasianet.org

EUROPOLITICS: MEPs urge greater support for Tbilisi's democratic aspirations

MEPs called for greater support for Georgia's democratic aspirations at a conference on the future of EU-Georgia relations in the European Parliament. "Georgia is an important partner for the EU. No one could possibly question that Georgia's place is alongside the European democracies," said Joseph Daul (France), chair of the European People's Party group. www.messenger.com

RADIO FREE EUROPE: Georgian minister eyes EU membership in 15 years

"We know that neither Georgia is ready today nor is the EU ready for Georgia to become a member of the EU," Deputy PM Baramidze said. "But in the future—let's say in 15 years plus, minus, I don't know—it is quite realistic to speak about Georgia's EU membership." Baramidze's discussion with EU Enlargement Commissioner Fuele focused on the possibility for Georgia to start negotiations on a free-trade agreement with the EU by the end of this year. www.rferl.org



FINANCIAL TIMES: Schumann and stilettos

One of the striking things about Khatia Buniatishvili, an 18-year-old Georgian pianist, is her unusual combination of youthful impetuosity and worldly wisdom. She's declined invitations to play in Moscow, for example, because she fears that in the wake of the Russo-Georgian war, to play there would be misinterpreted as a political betrayal of her country. "I will play there one day, because I love the Russian people and their culture. But in my own time, and

differently," she says. Though this CD marks her official international debut, she's long been building a reputation, as a BBC Radio 3 New Generation artist and as the prize protégée of top international pianist Martha Argerich. www.ft.com

EURASIA DAILY MONITOR: Lavrov elaborates on non-use-of-force proposals

Russian FM Lavrov wants the Georgian government to sign legally binding non-use-of-force agreements on a bilateral basis with each of the two territories, this time in their purported capacity as "states." Russia offers to "guarantee" the observance of such agreements, whether singly or as part of some international guaranteeing format. Yet, promoting this proposal as Lavrov's "high priority" at the Geneva process would serve Russia's tactics to divert that process away from its mandated issues: demilitarization of occupied territories, international access there, and return of expellees to their homes. www.jamestown.org

REUTERS: Bank of Georgia posts 82 pct rise in Q1 net profit

The Bank of Georgia reported an 82 percent year-on-year rise in first quarter net profit, as deposits grew and bad loan provisions fell in line with economic recovery. Net profit rose \$17.9 million in the first three months of 2011 from \$10.2 million in the same period last year. "We continue our efficient growth path by achieving 20 percent plus operating leverage year-on-year in Q1 2011, while the quality of the loan book continues to improve," said Irakly Gilauri, the bank's CEO. www.reuters.com

AGENCE FRANCE PRESSE: Georgia rediscovers ancient culinary traditions

Keen to assert itself as an attractive destination for culinary tourists, Georgia is rediscovering some of the ancient traditions of its unique cuisine. Cosmopolitan in its essence, the Georgian culinary tradition has been infused with foreign influences over centuries of invasions and occupations by foreign empires, including Romans, Arabs, Persians, Ottoman Turks and Russians. But instead of copying others' traditions, Georgians fused them with indigenous cooking styles. www.france24.com

THINK TANKS/NGOs

MILLENNIUM CHALLENGE CORPORATION: Building energy security through sustainable investments in Georgia

Prior to MCC's compact with Georgia, the nation's north-south natural gas pipeline was poorly maintained and in danger of catastrophic failure. Now, as the five-year compact closes out, MCC's \$36 million investment—together with other investments by the Government of Georgia—has secured and diversified Georgia's domestic gas supply for both household and commercial use. As a result, not only is Georgia's energy future brighter, but MCC's investment is expected to generate a \$50.9 million increase in incomes for Georgians over the life of the investment. www.mcc.gov