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Iranian Nuclear Deal: Myth or Reality???



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On p. 6

“Creeping Occupation” – Dangerous Prediction Has Come True

By DR. VAKHTANG MAISAIA

Once upon a time, The Georgian Times reported the following: “At present, Russian troops are 3-5 km from it near the village of Khurvaleti. Russian state conglomerates such as ROSNEFT and TRANSNEFT are also trying to disrupt all the projects which would pipe Caspian energy resources to the West without passing through Russia. Some time ago the Russian Armed Forces took control of 1,000 metres of the Baku-Tbilisi-Supsa oil pipeline near the Tbilisi-Gori central highway, so steps are already being taken to achieve this” (The Georgian Times, Monday, March 30, 2015 – “Crimeanisation Continues: Russia Has Annexed South Ossetia” by Dr. Vakhtang Maisaia).



tain segments of the oil pipeline have fallen behind the new “border” signs. The pipeline was



previously entirely on Georgian territory, but is now in occupied land since Russian occupation forces have installed so-called border signs in Georgian villages” (see <http://agenda.ge/news/38872/eng>).

Unfortunately this prediction has come true in July 2015. At the time it was made no one paid any attention to it, including the Government of Georgia, whose representatives seem never to have the time to read even Georgian newspapers. Consequently “creeping occupation” has become an accepted norm, and no one bothers when more Georgian territory is lost.

As we said in March, the occupation is not simply a matter of where the border is. It is designed to damage Georgia’s high potential of becoming a significant transit state and could reduce the country’s economic indicators and foreign investment flows. This has been confirmed by Georgian information agencies: “Additionally, the latest creeping occupation has seen a portion of the BP-operated Baku-Supsa Pipeline in Georgia come under Russian control in the break-away Tskinali region, as cer-

The Baku-Supsa Pipeline is an 833-kilometre oil pipeline that runs from the Sangachal Terminal near Baku, Azerbaijan to the Supsa terminal in Georgia. It transports oil from the Azeri Chirag-Guneshli field and is operated by BP. After it was incorporated into their “territory” the de facto authorities of “South Ossetia” began blackmailing BP and its partners. An official statement by Khokh Gagloyty, head of the South Ossetian delegation to the IPRM peace mission, said: “We inform you that in this area South Ossetian border guards have carried out planned work to set up border markers of the Republic of South Ossetia, on its own territory, 50 m. from the state border of South

Ossetia. In some cases replacement of boundary markers, previously damaged by unidentified persons, was undertaken. The anxiety of some persons from the Tbilisi political and administrative establishment about the functioning of the international section of the Baku-Supsa oil pipeline, which runs through the territory of South Ossetia, looks far-fetched. The “suggestions” of an alternative route, which are obviously intended to increase the possibil-

ities of drawing funds from foreign sources, cause us an ironic smile. The section of the Baku-Supsa oil pipeline which passes through the territory of South Ossetia is functioning in a proper way. If you, as the operating company, have questions concerning the work of the Baku-Supsa pipeline, you may apply to the RSO, but there is no doubt

that everything will be done to ensure its full operation”. This makes clear why the “border signs” were installed just 450 metres from the Tbilisi-Gori central highway near Khurvaleti village and why part of the oil pipeline (about 1,800 metres of it) is now under the control of Russian-Ossetian troops. However, the direct aggression which this “creeping occupation” has become has not only local but geopolitical implications, which are the

himself confirmed that it was connected with plans to transit Turkmen energy resources via Georgia to international markets. Furthermore, the energy ministers of Turkey and Azerbaijan, the head of Turkmenistan’s hydrocarbon resources agency and the European Commission Vice President in charge of Energy Union met in Ashgabat on May 1 and agreed to work on a legal framework agreement on natural gas supply from Turkmenistan to Eu-



more powerful concerns. Firstly, the Russian government fears the expansion of Caspian energy deliveries, and the involvement of Turkmenistan in this process. The official visit of Turkmen President Gurbanguly Berdimuhamedov to Georgia on 2-3 July reinforced The Kremlin’s suspicions, as Berdimuhamedov

Oil and gas are the backbone of Turkmenistan’s economy, and the country has huge natural gas reserves and 600 million bbl of proved crude oil reserves, according to the 2014 BP Statistical Review of World Energy. Therefore it is also interested in sending oil to Europe via Georgian ports, again

confirmed by Berdimuhamedov after his meeting with Georgia’s President Margvelashvili. A draft oil delivery project will be discussed in December during Margvelashvili’s return visit to Turkmenistan. Consequently Russia is seeking to disrupt any transit operation via Georgian territory in order to monopolise energy transit from the Caucasus-Caspian Basin and keep prices high. Secondly, Moscow needs to gain control of the Tbilisi-Gori central highway. Control of this key transit route will enable the Russian Federation Armed Forces to block any transit they do not like and obtain a permanent land route for their own military transit to Armenia. This would ensure the uninterrupted delivery of military armaments, cargos and volunteers to Syria, via Armenia and Iran, in support of the Assad regime. This will cement the Russia-Iran-Syria geopolitical alliance at a most difficult time for the Syrian government. According to Russia’s military doctrine, adopted in December 2014, its Armed Forces are entitled to protect national economic interests by providing military security for any facilities the Russian Federation considers strategic, wherever they may be.

The third aim of the occupation is to impose economic sanctions on the West in retaliation for those the West has imposed in Russia. By impeding energy deliveries via the Baku-Tbilisi-Ceyhan, Baku-Tbilisi-Supsa and Baku-Tbilisi-Erzurum gas pipelines they will really harm Western economic interests, and preventing energy deliveries could also have negative consequences for international energy markets.

These are three of the key geopolitical goals The Kremlin is seeking to achieve through its “creeping occupation” but there could be many more. All possibilities need to be addressed, as the aggression will continue for the foreseeable future and Russia will do everything it can to achieve its geostrategic ambitions.

The Georgian Institute for Geostrategic and Euro-Atlantic Studies Institute, Chairman

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Georgian Carriage Building Holding

- the innovative company with 8 international licenses

The Georgian Carriage Building Holding, which has existed for 132 years, is the biggest such company in the Caucasus. It has three different plants and has always had a patriotic ideology, seeking to create as much revenue as possible for the state budget to prevent the outflow of money abroad.

Despite various economic problems, the Georgian Carriage Building Holding is continually developing and setting new objectives. Here the Georgian Times interviews the Chair of its Supervisory Board Nino Tsilosani and its General Director Giorgi Areshidze.

What role does the government play in the development of your business?

Nino Tsilosani – Compared to other businesses, ours has a very specific remit. Our management board and founders have always tried to keep the company in working order, able to address the dynamics of change in the country. In return, the government has been friendly to us. But I don't mean that it offers us support or subsidies, although the experience of other countries is that similar industries do require such



The founder of the carriage building company Badri Tsilosani introduces casting technology to the governor of Kvemo Kartli region Paata Khizanishvili.

support to develop. Of course, we wish that domestic heavy industry was more protected by the government, with the help of different legal mechanisms, and this became the main policy priority.

Giorgi Areshidze - There is currently a serious crisis in the post-Soviet states, and so many foreign companies are trying to enter the Georgian market by offering cut price products. Our company has suggested that domestic manufacturers should receive certain legal concession and be given priority. If both Georgian and foreign companies take part in tenders Georgian manufacturers must be given an advantage,

as this creates new jobs in the country, brings money into the state budget and prevents the outflow of money from the country.

The Georgian Carriage Building Holding has been internationally successful and the Rustavi Metallurgical Plant, as part of the holding, has acquired an international licence for the production of large and medium-sized carriage mouldings. How has the holding managed to be successful so far, and how will having an international licence affect it?

Nino Tsilosani –It was only a few days ago that Rustavi Metallurgical Plant, part of our

holding, acquired its international licence. This is a very important development. The leftover metal from our carriage building work, which is usually sold abroad, is now being used by the Rustavi Metallurgical Plant to cast the new items it has won the licence to produce. We used to import smaller-scale mouldings from Russia and Ukraine, but we now produce 27 types ourselves. Now every item we need will be cast in our plant, and this is an important step forward, as it will decrease the price of our products and give us a competitive advantage.

The casting of these items will require an additional labor force, approximately 500 new workers. More money will go to the state budget and we will prevent money leaving the country.

How are the various companies of the holding doing? Do you have any news or plans to share with us?

Giorgi Areshidze -The holding consists of three companies: the Georgian Carriage Building Company, the Electro Carriage Building Company and the Rustavi Metallurgical Plant, properly titled 'Gorgasali'. The carriage building compa-



საქართველოს ვაგონმშენებელთა ჰოლდინგი
GEORGIAN CARRIAGE BUILDERS HOLDING



ny has licences to conduct all the necessary repairs to railway carriages and to produce new freight carriages. We have acquired a large number of important licences during recent years. We have recently acquired four licences for producing different kinds of freight carriages and currently have eight licences in all. This gives our company the opportunity to respond to any tender. We have the licence for the production of carriages which are much in demand, and that gives us a competitive advantage in price, quality and production efficiency.

The Georgian Carriage Building Holding won't limit its production to these however. We are also beginning production of 20 and 40 foot carriages. We acquired a licence to produce these in autumn 2014. Consequently, if the Kars-Akhalkalaki railway is opened as predicted, domestic and foreign transport operators will be provided with new containers. We acquired a licence for the production of new universal containers at Russian Maritime Registry. We are currently working out the best way to mass produce these containers. We are also working on launching a hot galvanization

line which will be unprecedented not only in Georgia but in the Caucasus. the government has already approved this project within the framework of the "Manufacture in Georgia" programme. We are currently holding negotiations with the banking sector for the provision of financial support for this unique project. The line will be built in Rustavi at the carriage building plant.

Hot galvanization of black metal differs significantly from cold galvanization, and is method now used by all leading factories. This is a big project, and as soon as our importers got to know about it they concluded consumer agreements with us.

How are you going to set the prices of these new products?

Our prices will, of course, be competitive. Otherwise, these products would have to be imported.

How important is the holding in the Georgian market and how does it contribute to the Georgian economy?

Nino Tsilosani -The holding deals with a very specific business area. Georgia is the third biggest carriage building country in the post-Soviet space after Russia and Ukraine. Some

more developed countries than Georgia do not have such an industry. Our priority is to maintain our base: our 132-old plant, its strong technology and its labour force. No less importantly, we are continually developing. With regard to the question of why carriage building is important for the country: Georgia is a transit country, and the carriage building industry is essential for any railway service. It gives the industry price and time flexibility. As there is always a large turnover of newly sold or repairable carriages, the money we make from this work prevents the money needed to pay for these going out of the country. We have paid 60-65 million GEL into the state budget over the last 5 years, and this is not a small figure. It once more proves our importance to the country.

Are you going to expand and create new products?

Nino Tsilosani –As we said, we will be introducing container production and galvanization. We also intend to enter the agriculture sector and establish tea and fruit recycling works in Guria. We have already held negotiations with Chinese investors and are now negotiating with our government so that we can undertake this project under the "Manufacture in Georgia" programme too. We also intend to start producing wine storage tanks.

I'd like also to point out that thanks to the founder of our company, Badri Tsilosani, our plant has remained viable despite the crisis in our region, the variations in the currency exchange rates and other problems, while plants in Russia and Ukraine have closed, and has continued to develop new products.



Greece in Disgrace: Bailout Deal - Crisis Versus Welfare???

By DR. VAKHTANG MAISAIA



The financial crisis in Greece has had very decisive political consequences. The Greek electorate has voted in a referendum not to pay the country's debts to international financial structures, primarily the EU central bank and the International Monetary Fund (IMF), by 61% to 39%. Consequently it was expected that the EU Summit of 12 July would retaliate with harsh measures, but it has adopted a more conciliatory approach. Greece will remain in the Eurozone and the European Community for the time being, and further negotiations will be held to try and find a sustainable solution.

The leftist Greek government, led by Prime Minister Alexis Tsipras, has accepted all the requirements laid down by the EU, which mainly satis-

fy the German government, even though the Greek population told it not to in the referendum. Officials in Brussels have thus outlined proposals for short-term financing for the debt-stricken country, promising to provide Greece with about 50 billion Euro. This is necessary because all Greece's commercial banks have closed and the country simply does not have any money left. The Greek Parliament has just supported the anti-crisis programme including these requirements by 251 to 32. Although there is mounting anger amongst Greek politicians, world equity prices rallied at news of the plan to keep Greece afloat and within the euro zone with a bailout.

The leftist government led by the Syriza Party has pursued populist political goals in order to increase its popularity and reinforce its position after the parliamentary elections. However, it has now been



forced to accept the requirements of international economic and financial institutions. As the recent IMF report on Greece's debt sustainability pointed out: "The financing need through end-2018 is now estimated at €85bn and debt is expected to peak at close to 200 percent of GDP in the next two years, provided that there is an early agreement on a program. Greece's debt can now only be made sustainable through debt relief measures that go far beyond what Europe has been willing to consider so far. Greek debt is on track to peak at close to 200% of GDP in the next two

years. Only Japan, after two lost decades, comes close to that ratio".

The IMF itself advocates writing off at least a third of Greece's external debt. Two weeks ago it estimated that Greek debt would peak at 177% of GDP, and fall to 142% by 2022. Now it is saying that debt will still be at 170% of GDP in 2022 after hitting a peak of 200%. Greece owes 325 billion Euro to other countries, of which about 85 billion is owed to Germany and 65 billion to France. This enormous debt is impossible to pay off in a short period, so it is

entirely unrealistic to draw up plans which require Greece to do so.

It is clear that Greece is in a deep financial crisis equal to a default. The anti-crisis programme agreed consists of 6 points:

- Drastically reducing pension allocations and making associated reforms such as increasing the pension age
- Reducing military expenditure by 300 million Euro
- Decreasing the size of the state budget by 12 billion Euro
- Increasing taxes for the private sector and the business community

- Reforming the VAT system immediately

- Steadily decreasing public spending by targeting public sector salaries and reducing the number of public sector employees

These measures will have a very serious negative effect on Greece's economic and social sectors, but a less serious one than they would have suffered under the German government's previous proposals, which included expelling Greece from the Eurozone for 5 years. However, politics could still be overtaken by financial deadlines. Athens has to repay €7bn of its debt this month, including €3.5bn due to the European Central Bank on 20 July. The EU has also insisted that it repay 7 billion Euros of its previous loans immediately. Greece has agreed to sell off state assets worth €50bn, with the proceeds earmarked for a trust fund supervised by its creditors: half this money will be used to recapitalize Greek banks, while the remaining €25bn will pay off Greek debts. But the Greek crisis will still damage the political climate inside the European Community and undermine the fundamental on which the EU stands.

The Georgian Institute for Geostrategic and Euro-Atlantic Studies Institute, Chairman

NEW GENERATION

Reasons for Depreciation and our Priorities

Luka Tutarasvili

It is already 7 months since, Georgian economy is struggling with the significant depreciation of its national currency. It depreciated by approximately 30% since November 2014 (XE.com, 2014). There are many factors which contributed to such depreciation and some major factors will be analyzed in this article.

One of the main reasons for depreciation Georgian Lari (GEL) is the economic crisis which occurred in our trading partner states such as, Russia and Ukraine. Conflict between Russia and Ukraine caused a deep recession in Ukraine and crisis in Russia where economic sanctions were implemented by EU and USA. Therefore, less Georgian products are ex-

ported to our main trading partners, so less currency was flown to Georgia and therefore less GEL's were bought and the demand for local currency fell. Also, money transactions from Russia and Ukraine fell. In comparison to 2014 in 2015 transactions from Russia are reduced by approximately 24 million USD (commerciant.ge, 2015).

As a result of oil prices decreasing from 110 USD per barrel till 62 USD per barrel, US dollar began to appreciate. It caused many currencies to depreciate towards USD. Even British Pound depreciated by approximately 5% during the last year due to US dollar getting more expensive. For example: Georgian Lari depreciated by 15% towards Euro, while

US dollar became more expensive by 30% since November 2014. So, it can be said that depreciation of Georgian Lari towards US dollar is partly caused by the factors which cannot be influenced by Georgian government or National Bank.

According to experts that the exchange rate between US dollar and Georgian Lari has to be: 1USD=2.05GEL, however today 1USD equals to 2.24 GEL. Further fall of Georgian currency was caused by the expectations of people. People preferred to hold stronger currency (e.g. US dollar) as it was expected that Georgian Lari would further depreciate. As a result, demand for GEL decreased and exchange rate fell.

In every country, National Bank's duty is to regulate exchange rate and money market and National Bank of Georgia is not an exception. However, in Georgia, National Bank's effort was not enough to stop exchange rate from falling. By using its reserves National Bank could buy more GEL's than it did. Also, banking system in Georgia needs more transparency as it is done in successful free market economies such as in United Kingdom.






Overall, our country needs to set priorities and make stronger economy for being less vulnerable towards external factors mentioned above. First of all, we must implement better educational system where people will become

skillful employees. Strong educational system is the key for the long term development of our country. In addition, strong educational system can be very profitable for the country, for example: UK has an enormous amount of world recognized universities which contributes greatly to UK's GDP. Hence, educated population will be the basis for creating strong middle class which will help to eliminate disparities within the population and help people to overcome poverty. In addition, national income has to be increased by creating sufficient environment for investors, also focus should be made on industries such as: agriculture, tourism, transit potential and on other

natural resources. When there is higher national income it will be possible to reduce rate of interest and hence encourage further investment. What is more, it is essential for Georgia to have a fair share of the market in European Union. However, it will be very difficult to implement, because our production needs to satisfy European standards and solid investment into the industries has to be made for gaining fair market share in EU. On the other hand, recently Georgia signed Association agreement with EU, gave credits worth 800 million USD into Agricultural sector of economy and it released Business from any political pressure which was implemented by previous government.

ავერსი  AVERSI

Customers' idea about ideal lottery

-  There must be a wide variety of prizes;
-  It would be good to win several times;
-  Receive the prize the moment you win;
-  The rules must be easy;
-  In case of cash prizes, decide myself what to buy.

Having taken into consideration your wishes
“Aversi” **grand lottery** has begun!

The prizes are



The lottery will be held on the 20th of November 2015 in the broadcast of “Rustavi-2”,
after “Kurier” 18:00.

Iranian Nuclear Deal: Myth or Reality???

By DR. VAKHTANG MAISAIA

Iran has achieved the peak of its geopolitical success. Very soon economic sanctions could be lifted due to the successful completion, on July 14, of the Vienna negotiations concerning its nuclear programme. This is a major breakthrough, as these talks have been going on for more than 10 years.

There was a significant worldwide response to the announcement of the agreement. Most countries and international organisations welcomed the deal. However, Iran's own theocratic leadership sharply criticised it, as did other regional countries, including Israel.

The **Joint Comprehensive Plan of Action (JCPOA)**, as it is known, was signed between Iran and the P5+1 (the five permanent members of the United Nations Security Council—the United States, Russia, China, France and the United Kingdom, plus Germany and the European Union). It runs to 109 pages, including five annexes. Under

It has also agreed to not enrich uranium by more than 3.67 percent or build any new uranium-enriching or heavy-water facilities for the next fifteen years. Uranium enrichment will only be allowed at a single facility, known as Natanz, using first-generation centrifuges, and only for eight years, and other facilities will be converted to avoid proliferation risks.

In order to monitor and verify Iran's compliance with the agreement, the International Atomic Energy Agency (IAEA) will have regular access to all Iranian nuclear facilities. The agreement provides that in return for verifiably abiding by its commitments, Iran will receive relief from some U.S., European Union and United Nations Security Council nuclear-related sanctions. The agreement provides that if Iran fails to fulfill its commitments these sanctions will automatically "snap back" into place. Iran will also become further involved in international politics, particularly energy delivery agreements (Iran has nearly 10 percent of the world's



Many of the countries not happy with the deal are leading energy producers. They include Saudi Arabia (a key rival for hegemony in the Middle East) and the Russian Federation (at present a strategic partner of Iran). The Iranian delegation left

The difference this will make to Iran's nuclear programme is significant. The 98% reduction in the stockpile means it will be reduced from 10,000 kg to 300 kg. The 3.67% enrichment level is sufficient for providing civilian nuclear

make 130 inspections, and then compile a provisional report. Only if this is satisfactory will international organisations be prepared to lift all the economic sanctions against Iran. Despite the easing outlined in the deal, some of these remain in

Therefore this agreement does indeed represent a significant achievement in itself, but its consequences are not so clear-cut, given the hostility to it in some quarters. Whether it creates a safer world, as the signatories would have us believe,

IRAN'S DEAL OF THE CENTURY

| IRAN GETS: | WE GET: |
|--------------------------------|--------------------------------|
| \$3 billion in cash | 0 centrifuges dismantled |
| \$9.6 billion in gold | 0 ounces uranium shipped out |
| \$5+ billion in petrochemicals | 0 facilities closed |
| \$1.3 billion in automobiles | No delay on plutonium reactor |
| Enriched uranium for 1 bomb | No stop in missile testing |
| 3,000 new centrifuges | No stop in terrorism |
| 1 plutonium reactor | No stop in human rights abuses |

"This is a very, very bad deal."
- Israeli Prime Minister Benjamin Netanyahu



the agreement, Iran will cut its stockpile of low-enriched uranium by 98% and reduce its centrifuges by about two-thirds for at least fifteen years.

oil reserves and 18 percent of its natural gas reserves) which will expand energy security parameters and slow increases in oil prices.

the last Shanghai Cooperation Organisation (SCO) Summit in Ufa in protest, and this can be considered a manifestation of this energy security rivalry.

power and undertaking research but not for building a nuclear weapon. Previously Iran had enriched uranium by nearly 20%. The IAEA will

place: those relating to ballistic missile technologies will remain for eight years, and conventional weapons sales to Iran are still banned for another five years.

remains to be seen.
The Georgian Institute for Geostrategic and Euro-Atlantic Studies Institute, Chairman

NEWS

CONTROVERSIAL BILL ON BANKING SUPERVISION PASSED WITH SECOND READING



A man enters into office of the Georgian National Bank in Tbilisi, June 29, 2015. Photo: Eana Korbezashvili/Civil.ge

Parliament passed with its second reading on July 16 bill removing banking supervisory functions from the Georgian National Bank and transferring them to a separate agency.

The proposal has drawn criticism from international financial institutions, business associations, opposition parties and a group of civil society organizations. President Giorgi Margvelashvili has indicated that he would veto the bill.

Although the bill has been amended, as Parliament speaker Davit Usupashvili said on July 16, to put it in line with international financial institutions' recommendations, the key principle of removing banking supervision from the NBG remains unchanged.

In a joint letter late last month to PM Irakli Garibashvili and Parliament Speaker Usupashvili the International Monetary Fund (IMF); European Bank for Reconstruction and Development (EBRD); Asian Development Bank (ADB), and the World Bank said in "Georgia's case, moving banking supervision out of the NBG does not seem prudent."

"Our best advice is to keep banking supervision inside the NBG," reads the letter.

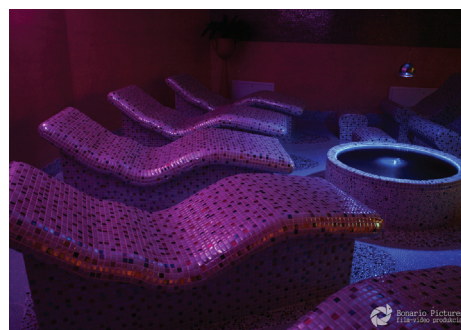
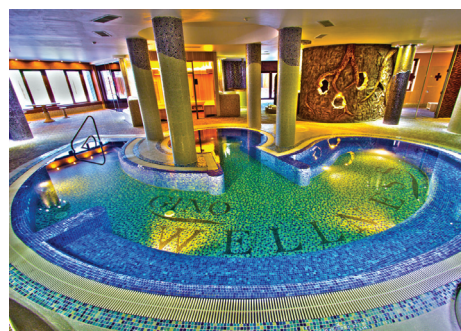
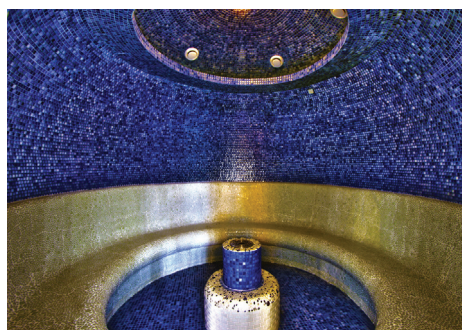
The proposal, which has yet to be approved with the third and final reading, envisages setting up of the Financial Supervisory Agency, which will be in charge of monitoring and oversight of banking sector and other financial institutions; these functions are currently carried out by departments, which are part of NBG.

According to the bill, the planned Financial Supervisory Agency will be governed by a seven-member board. President of NBG and one more member of central bank's board will take two seats; five other seats will be occupied by candidates nominated by the government and confirmed by the Parliament. The head of the agency will be nominated by the board members and confirmed by the parliament.



GINO
ჯინო
PARADISE
შპს პარადაისი

GINO PARADISE TBILISI
Resort in the City



GINO PARADISE TBILISI

- an amazing resort for Georgian and foreign guests

Summer season at GINO PARADISE keep on going on. GINO PARADISE annually hosts numerous as Georgian, as foreign guests. The multi-function entertaining centre unites several swimming pools, well-equipped beach, wellness spa centre, fitness complex, massage and other types of procedures, dinosaur thematic park and etc. This is the best place for rest not only for Georgian, but foreigners as well and it should be mentioned that GINO PARADISE significantly contributes to the development of tourism in Georgia.

Tourism is one of the most important priorities for our country. It is well known that one of the main hindrances of tourism development is low quality service. With regard to the service, GINO PARADISE is known for ecologically pure environment, high-quality service and wide variety of entertainment- recreational services. The centre may therefore meet the requirements of all guests.

Ekaterine Tsulukidze-Tbilisi, visitor: "I have visited GINO PARADISE several times and am very satisfied with it. GINO PARADISE environment and services meets the demand of guests of all ages. I liked the swimming pool with waves most of all and Jacuzzi with massage. I have come here with my children and they are also very pleased."

Steve Wilson- London, visitor: "Thanks to a wide variety of services, GINO PARADISE is the only place in Tbilisi where you may spend the whole day and not get bored. It takes only 10-15 minutes to get here and feel

like in another world any time of the year. Such relaxation after a busy working day is necessary and I am very pleased that there exists such a unique resort in Tbilisi."

GINO PARADISE located near the Tbilisi Sea is the only place in Georgia that is famous for its unique and numerous entertaining and health services. There are introduced 398 types of attractions and health procedures. On the basis of the above-mentioned facts, GINO PARADISE is considered to be the leading entertainment centre in the Eastern Europe.

The original pool with waves occupying 1 200m² and having 1500 m³ capacity offers sea atmosphere and unforgettable memories to the guests. With the help of artificial waves the pool sea effect is created.

There function open and closed heating swimming pools of high standard stainless steel, children water park, beach volleyball and football areas. For extreme lovers there functions the quickest and the highest (31 meter) topogane (aqua slides) that includes 6 slides of various speed and colour and each customer may choose the one he/she likes.

There is no place in Georgia other than GINO PARADISE that unites entertainment and healthy life style. You may not only have fun there, but also care about your health and peace of mind. WELLNESS & SPA unique saunas, massage and other diverse procedures are quite popular with the visitors. Beer jacuzzi, various relaxation and healing saunas with plants' fragrances, shower with snow and thunderstorm effects, as well as fragrance bathes of Cleopatra. There is also a 2000 liter

heated and oxygen enriched beer barrel, where you may also order cold beer.

Besides, there are various hydro trainers (Jacuzzi) and whirlpools. Here you may apply various procedures with Turkish-Arabian soap, dry, wet chocolate, wine, apple and honey massages that represent an amazing opportunity for your health and appearance. It should be mentioned that all procedures are conducted with the products produced by world brands with corresponding methods like insulation and envelopment.

As mentioned above, GINO PARADISE meets the demand of the guests of all categories. It, therefore, offers 50% discount to students from July 8 to August 7 (Monday-Friday). Introduce your student ID and receive discount on the most popular GINO PARADISE package JOY!

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GINO PARADISE services are particularly important for those who can't manage to leave the city this summer. You will enjoy original and interesting entertaining procedures that will definitely make you forget about hot days.

Shorena Tsivkarashvili



TBILISI PROTESTS RUSSIA'S ARTILLERY DRILLS IN BREAKAWAY S.OSSETIA



Georgian Foreign Ministry has condemned Russia's artillery drills in breakaway South Ossetia and North Caucasus as a "provocative act", which "poses a threat to peace and security in the region."

According to the Russian Ministry of Defense 1,500 artillery servicemen from the 58th Army of the Southern Military District are involved in the two-week long exercises launched on July 15 at several firing ranges in North Ossetia, Chechnya, Ingushetia, Dagestan and South Ossetia. It said that Akatsia, Msta-S and Msta-B self-propelled howitzers; Grad, Tornado-G and Uragan multiple launch rocket systems; Shturm-S self-propelled anti-tank guided missile systems, as well as mortar systems are involved in the exercises.

"This provocative act of the Russian Federation represents an infringement of Georgia's sovereignty and territorial integrity," the Georgian Foreign Ministry said on July 16, adding that the drills also violates Russia's commitments undertaken under the August 2008 ceasefire agreement.

The Foreign Ministry has also called on the international community "to duly assess this aggressive action of Russia" and to "adequately react" to Russia's "yet another destructive move and prevent the activities, which aimed at the infringement of Georgia's sovereignty and territorial integrity."

In the same statement the Foreign Ministry also reiterated concern over the placement of border signposts by the Russian troops along the sections of the breakaway South Ossetia's administrative boundary line.

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EU SAYS PUTTING S.OSSETIA DEMARCATION SIGNPOSTS LEADS TO TENSION

The installation of new demarcation signposts along the administrative boundary line of breakaway South Ossetia has "led to tension in the area, with potentially negative effects on the local population, their livelihood and freedom of movement," spokesperson for EU foreign policy chief Federica Mogherini said in a statement on July 15.

Tbilisi said that on July 10 border marking banners were placed by the Russian troops in breakaway South Ossetia close to Georgia's major east-west highway, leaving 1,605-meter portion of the BP-operated Baku-Supsa oil pipeline in the area outside Georgia's control.

"Steps that could be perceived as provocative must be avoided, as must any action that is detrimental to ongoing efforts to stabilise the situation, in an atmosphere conducive to longer-term conflict resolution and regional stability," reads the statement by EU foreign policy chief's spokesperson.

"The EU and its monitoring mission (EUMM) are closely following the situation. We call for restraint and for the use of existing mechanisms such as the Geneva International Discussions and the Incident Prevention and Response Mechanism (IPRM) to defuse tensions."

"The EU reaffirms its full support for Georgia's territorial integrity within its internationally recognised borders," reads the statement.

U.S. Department of State spokesperson, John Kirby, said when asked about the issue at a daily press briefing on July 13, that the U.S. position on Abkhazia and South Ossetia remains "clear."

"These regions are integral parts of Georgia. We reaffirm our strong support for Georgia's sovereignty, territorial integrity, and independence. We once again urge Russia to fulfill all of its obligations under the 2008 ceasefire agreement to withdraw its forces to pre-conflict positions, to reverse its recognition of the Georgian regions of Abkhazia and South Ossetia as independent states, and to provide free access for humanitarian assistance to these regions," Kirby said.

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TBILISI SAYS GEORGIAN, RUSSIAN DIPLOMATS MAY MEET IN AUGUST OVER WTO DEAL IMPLEMENTATION

Tbilisi hopes to launch a joint committee with Russia and Swiss mediators in August to supervise implementation of WTO deal between the two countries on customs monitoring, Georgian PM's special representative for relations with Russia, Zurab Abashidze, said after meeting Russian Deputy Foreign Minister Grigory Karasin in Prague on July 15.

"Quite a serious agreement has been reached over customs monitoring. A working meeting will be held in August in Switzerland, where a relevant committee will probably be formalized and contracts signed with the Swiss company and we hope that this project will be put into operation," Abashidze told Georgian journalists in Prague after the meeting.

Georgia agreed to give its go-ahead to Russia's WTO membership only after Tbilisi and Moscow signed a Swiss-mediated agreement in November, 2011, envisaging putting in place sophisticated systems for tracking and auditing of cargo passing through breakaway regions of Abkhazia and South Ossetia.

The agreement envisages, among other issues, hiring of "neutral private company" to carry out monitoring of cargo movement through three "trade corridors" two of which run in the breakaway regions and the third one on the Zemo Larsi-Kazbegi border crossing point on the undisputed section of Georgia-Russia border.

SGS, the world's largest inspection, verification, testing and certification company headquartered in Geneva, has been selected for carrying out the monitoring. Abashidze was referring to SGS when expressing hope that Georgia and Russia would

sign their respective, separate contracts with the company in August in Switzerland.

According to the 2011 agreement Russia, Georgia and Switzerland, which acts as a mediator, will establish a Joint Committee, which will be in charge of supervising the implementation of the deal, as well as will be authorized to address possible disputes between the parties.

It was the Georgian side, which reported about possible Swiss-mediated meeting on the issue in Switzerland next month.

The Russian Foreign Ministry's press release, summing up results of the July 15 meeting between Abashidze and Karasin, does not mention at all the WTO deal and possible meeting in Switzerland in August.

The July 15 meeting in Prague between Abashidze and Karasin was in the framework of bilateral direct dialogue, which was launched in late 2012 between the two countries, which have diplomatic relations severed since the August 2008 war. The so called Abashidze-Karasin talks in Prague involve discussions mostly on economic, trade and humanitarian issues.

Both the Georgian and Russian sides said that Abashidze raised the issue of installing "border" signposts at the South Ossetian administrative boundary line in the short distance from Georgia's main east-west highway, leaving a mile-long portion of the BP-operated Baku-Supsa oil pipeline on the area outside Tbilisi's control.

According to Abashidze he condemned the move as a "provocation", which poses "a serious threat" to security and stability in the region. Karasin reiterated Moscow's position that "border demarcation" issues should be discussed not with Moscow, but directly with Tskhinvali.

"Despite of existing divergent approaches to the principle political issues, business-like atmosphere of the Prague meeting allowed to successfully discuss practical issues of the bilateral relations," the Russian Foreign Ministry said.

Abashidze said after the meeting that a "serious step" has been made to achieve release of those Georgian citizens who currently serve prison term in Russia on spying charges. Last year Russia handed over to Georgia three persons, who were serving lengthy prison terms in Russia on espionage charges.

"We made a very serious step towards releasing our citizens who are serving prison term in Russia on spying charges and I think that very serious steps will be made in the nearest future in this regard," Abashidze told Imedi TV.

An official from the Russian Transport Ministry and head of Georgia's Land Transport Agency, Mikheil Khmaladze, participated in the Prague meeting for the first time on July 15.

Although restoration of railway link between the two countries via breakaway Abkhazia was raised, there was not in-depth discussion of the issue, according to both Karasin and Abashidze.

"We are not discussing this issue in this format," Abashidze said. "Their [Russia's] approach is completely unacceptable for us. They tell us: 'if you are interested in this, discuss it with Abkhazia, with other neighbors'; our response is: 'we are not interested. We are not discussing it in this context, in this format.'"

Abashidze may appear before lawmakers next week for a parliamentary hearing where he will be grilled by opposition lawmakers from UNM party, who are calling for scrapping of Abashidze-Karasin talks; UNM argues that this format creates "false impression" of normalization of bilateral relations, which is damaging Georgia's interests, in particular in terms of pushing Russia's aggressive moves against Georgia high on the international agenda.

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CHARITY



On June 25, at the University College London (UCL), with the initiative of Natia Seskuria who is a post-graduate student in Politics, Security and integration and with the help of her friend Akgush Meredova, also a student at UCL, a charity event, UCL Aid for Tbilisi Flood was held. UCL is one of the

oldest institutions in the world and according to the QS University Rankings is the world's 5th best university. The event was supported by the director's office of the university, which allocated the funds for the drinks reception. The aim of this charity event was to raise money in order to help the victims of the tragedy.

As Natia Seskuria explains: "because of the fact that me and my friends were physically unable to help people in Georgia in the moment of this crisis, I decided, with the help of my friends to organise this event in order to express our solidarity from the Great Britain and help the families that were affected by the flood".

In the first part of the lecture, the author of the idea Natia Seskuria addressed the audience and explained the purpose of the event. The deputy-director of the department of the School of Slavonic and East European Studies at UCL, professor Zoran Milutinovic also delivered a speech and welcomed the guests on behalf of the university. The Envoy Extraordinary and Plenipotentiary of Georgia in the United Kingdom and Northern Ireland, Tamar Kapanadze spoke about the consequences of the disastrous flood that had a devastating effect on the city and its population.

The special guest of the event was the Emeritus Professor in Russian and Georgian Literature; Donald Rayfield who read the lecture about Georgia's resilience in recovering from catastrophes in the past. He is an author of a number of books about Georgian literature, history and culture. For this

event, he has also donated the books of famous Georgian author Otar Chelidze translated in English by himself. All proceeds from the book sales went directly to the charitable fund. Costanza Curro, a PhD candidate from UCL, also gave a talk referring to her research about the Georgian hospitality and solidarity. The talks were followed by the question and answers series, in which the audience engaged and asked a lot of interesting questions to the speakers.

The charity lecture was followed by the wine reception that was held at the University's oldest and historic building, where the famous and one of the richest libraries in the world, UCL Main Library is located as well as several museums and the auto-icon of the philosopher and the founder of UCL, Jeremy Bentham, can be found.

During the wine reception, traditional Georgian songs were performed by the trio of British singers "Maspindzeli", who are engaged in popularisation of Georgian music in the United Kingdom. The Georgian Restaurant in London, "Tbilisi" has donated the bottles of Georgian wine. The guests had the chance to taste the Georgian wine and also purchase the bottles and contribute to the cause.

The tickets for the event were sold online; the donations box has also been placed during the drinks reception. All the funds raised went to the charitable fund that aids the victims of the flood. The university professors, students, the Georgian diaspora in Britain and the Embassy of Georgia in the United Kingdom and Northern Ireland supported this charity event.



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GEORGIAN, RUSSIAN DEPUTY FMS SPEAK BY PHONE ON S.OSSETIA 'BORDER' MARKING

Russian Deputy Foreign Minister Grigory Karasin told his Georgian counterpart Davit Dondua during a rare phone conversation between high-ranking diplomats of the two countries that Tbilisi's "complaints" about South Ossetian "border" marking are "misdirected" and Georgia should take the issue directly to Tskhinvali.

The Russian Foreign Ministry was the first to report on Tuesday about the phone conversation, which was held on July 13. It was then also confirmed by the Georgian Foreign Ministry.

Dondua is Georgian chief negotiator in the Geneva international discussions, which were launched after the August 2008 war; Karasin is Russia's chief negotiator in the same talks, who is also engaged in direct dialogue with Tbilisi launched in late 2012 and carried out from the Georgian side by PM's special representative for relations with Russia, Zurab Abashidze. Abashidze and Karasin will be meeting in Prague on July 15.

Since late 2012, direct communication between Georgian and Russian diplomats, outside the framework of Geneva talks, were carried out via Abashidze and Karasin and the July 13 phone conversation between Karasin and Dondua appears to be the first of this kind between the deputy foreign ministers of the two countries since the August 2008 war.

Dondua told journalists on July 14 that he phoned Karasin in his capacity of the chief Georgian negotiator in the Geneva talks to express "concern and protest over placement of new [border marking] banners by the Russian so called border guards" in the short distance from Georgia's main east-west highway, leaving a mile-long portion of the BP-operated Baku-Supsa oil pipeline within the "occupied" territory.

"I told him that such actions do not contribute to constructive dialogue in frames of the Geneva discussions," Dondua said, adding that he expressed protest over moving one of the "border" markers 300 meters deeper into the Georgian-controlled territory.

The Russian Foreign Ministry said in a statement about the phone conversation that Karasin told Dondua Tbilisi's "complaints were misdirected."

"Any kind of problem, related to the boundary line, is subject to discussion with the South Ossetian side, which, by the way, has stated for multiple times about readiness to engage in a dialogue over delimitation and demarcation of the border," the Russian Foreign Ministry said.

"Karasin described propaganda hype stirred in Georgia as far-fetched," the Russian Foreign Ministry said.

"Tbilisi knows it very well that there has not been and is not any kind of 'border shifting'. It is high time for the Georgian side to determine – is it intending to follow positive logic of improving relations with Russia or will it continue resorting to provocative fictions, which set back process of normalization of bilateral [relations]," it said.

Georgian Foreign Minister, Tamar Beruchashvili, said on July 14 that Russia's recent moves represent continuation of "creeping annexation."

Commenting on the phone conversation between her deputy and the Russian Deputy Foreign Minister, Tamar Beruchashvili, said that Tbilisi is using all the available "formats" to address the issue, adding that Dondua and Karasin are interlocutors within the frames of the Geneva talks.

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GEORGIA'S FIVE LARGEST FUEL RETAILERS FINED WITH GEL 51.6M

The Georgian Competition Agency has ordered country's five largest petrol and diesel fuel retailers to pay total of GEL 51.6 million (about USD 22.7m) in fines for alleged price-fixing.

Announcing about the decision on July 15, head of the agency, Giorgi Barabadze, said that the companies were violating competition rules and regulations on retail petrol and diesel market in a period between 2008 and 2014 through "artificial import barriers" and cartel-type price fixing schemes.

Financial penalties, which can be appealed in court, were imposed on SOCAR Georgia Petroleum; Sun Petroleum Georgia; Rompetrol Georgia; Wissol Petroleum Georgia, and Lukoil Georgia.

SOCAR Georgia Petroleum, wholly owned by a firm where Azerbaijani state energy company SOCAR holds 51% of stakes, has been fined with GEL 14.38 million.

Sun Petroleum Georgia, which operates chain of petrol stations under the Gulf brand, has been fined with GEL 11.26 million. The company is affiliated with Petrocas Energy Group, where 49% of stakes is owned by Russia's state-owned oil producer Rosneft.

Rompetrol Georgia, which is wholly owned by KMG International controlled by Kazakh state oil company KazMunaiGas, has been fined with GEL 10.84 million.

Wissol Petroleum Georgia, a member of one of the country's largest business groups Wissol, has been fined with GEL 10.42 million.

Lukoil Georgia, subsidiary of Russia's oil producer Lukoil, has been fined with GEL 4.74 million.

Three others companies, operating mostly on wholesale fuel

market, were also fined with total of slightly over GEL 3 million: L Oil – GEL 1.2m; ETI – 1.17m and Binuli 1 – GEL 654,445. These three companies were among those fuel traders, which were target of suspected tax evasion investigation in February.

32 smaller companies operating in the same market were fined with GEL 200 each, according to the Competition Agency.

The companies have yet to comment, but head of the Union of Oil Products' Importers, Vano Mtvralashvili, said the five largest penalty-hit companies' position is that they have not violated the law on competition.

"After the companies receive and study files [from the Competition Agency], they will decide individually whether to accept this decision of [the Competition Agency] or to dispute it [in court]," Mtvralashvili said, adding that the companies will most likely appeal the decision in the court.

The Competition Agency said that financial penalties were imposed based on a 1,100-page report compiled by the agency as a result of examination of the retail fuel market, which was ongoing since November, 2014. The report, which is not yet available, has to be released by the agency within ten days; but the agency also said that some parts of the report will not be made public because issues related to companies' commercial confidentiality are involved.

The Competition Agency claims that country's five largest petrol and diesel fuel retailers have violated those clauses of the Law on Competition, adopted in 2012, which deal with price-fixing, practices that restrict market access, and market partitioning by territory or by customer.

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WISSOL DISPUTES GEL 10.4M FINE IMPOSED BY COMPETITION AGENCY



Wissol Petroleum Georgia has rejected price-fixing allegations and said it will use all available legal means to challenge the Competition Agency's decision on fining them GEL 10.42 million.

The company is among Georgia's those five largest petrol and diesel fuel retailers, which have been fined total of GEL 51.6 million (about USD 22.7m) for alleged price-fixing.

Competition Agency's decision can be appealed in the Tbilisi City Court.

PM Irakli Garibashvili said on July 16 that he does not want companies, facing multi-million fine, to become anxious, adding that the "process is completely transparent."

Four others are SOCAR Georgia Petroleum, which has been fined GEL 14.38m; Sun Petroleum Georgia, operating chain of petrol stations under the Gulf brand, which has been fined GEL 11.26m; Rompetrol Georgia, which has been fined GEL 10.84m, and Lukoil Georgia, which has been fined GEL 4.74m.

"We have not violated any requirement of the Competition Law," Wissol Petroleum Georgia said in a statement on July 16.

"Before taking decision on this issue, a concluding session was held at the Competition Agency on July 8, 2015 with the participation of all the parties involved during which we presented to the Agency our objective, professional position, backed by arguments. Regrettably the Agency has not shared any of our objective argument," it said.

"We disagree with the opinion laid out in this decision of the Agency and, naturally, we will try to prove our truth through all the available legal means," Wissol said in a statement, which also says that the company remains committed to competition rules and regulations.

The company is part of one of Georgia's largest business groups, Wissol, which apart from retail and wholesale of fuel also runs car service chain; construction and real estate businesses; supermarket, and fast food restaurant chains. Brothers Levan and Samson Pkhakadze are holders of majority stakes in the group.

SOCAR Georgia Petroleum, where Azerbaijani state company SOCAR holds 51% of shares, and Rompetrol Georgia, controlled by the Kazakh state oil company KazMunaiGas, said they are studying Competition Agency's decision and would make statements later. Sun Petroleum Georgia, affiliated with Petrocas Energy Group, where 49% of stakes is owned by Russia's state-owned oil producer Rosneft, said it would release a statement on July 17. Representatives from the Lukoil Georgia, subsidiary of Russian oil producer Lukoil, were not available for comment.

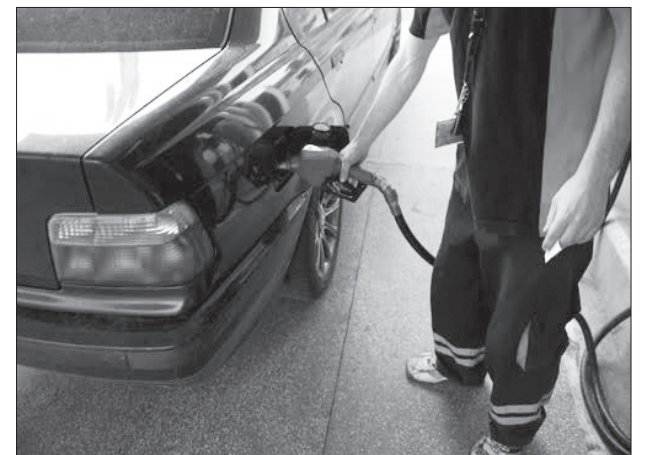
Commenting on multi-million fines imposed by the Competition Agency, PM Irakli Garibashvili said at a government session on July 16, that the companies can dispute the decision in the court.

"This is completely transparent process," he said. "I do not want the companies to get anxious."

"We should promote development of competition in Georgia once and for all. This is our direct obligation to protect our citizens, consumers, as well as the interests of companies. But we should promote healthy competition. This is one of the commitments undertaken by us under the Association Agreement and Deep and Comprehensive Free Trade Agreement with the EU. I think that this is completely transparent process. If the companies have any complaint, the dispute will continue in court and the government does not interfere in this process," PM Garibashvili said.

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SOCAR, SUN PETROLEUM DISPUTE MULTI-MILLION FINES IMPOSED BY COMPETITION AGENCY



SOCAR Georgia Petroleum and Sun Petroleum Georgia, which along with the country's three other largest fuel retailers have been accused of alleged price-fixing, said on July 17 that they will challenge the multi-million fines imposed by the Competition Agency.

SOCAR Georgia Petroleum, in which Azerbaijani state company SOCAR holds 51% of shares, has been fined GEL 14.38 million.

Sun Petroleum Georgia, which operates a chain of petrol stations under the Gulf brand, has been fined GEL 11.26 million.

Wissol Petroleum Georgia has also rejected price-fixing allegations and said in a statement on July 16 that it will use all available legal means to challenge its GEL 10.42 million fine.

Two others – Rompetrol Georgia and Lukoil Georgia, which are facing GEL 10.84m and GEL 4.74m fine, respectively – have yet to comment.

SOCAR Georgia Petroleum said in its statement on July 17 that the price-fixing allegations "lack legal grounds".

"We disagree with the decision of the Competition Agency and we will continue defending our interests through civilized legal means," SOCAR Georgia Petroleum said.

The Competition Agency's decision can be appealed in the Tbilisi City Court.

Sun Petroleum Georgia said in a statement on July 17 that the Competition Agency's decision is "completely unacceptable" and it plans to appeal it in court.

Sun Petroleum is affiliated with the Petrocas Energy Group, where 49% of stakes are owned by Russia's state-owned oil producer Rosneft and the rest is controlled by David Iakobashvili.

Sun Petroleum said that the fine imposed against the company – GEL 11.26 million – is almost twice as much as its net profit of GEL 6.2 million in 2012-2014.

In the same period, according to the company, it paid GEL 187 million in taxes to the state budget and donated GEL 1 million to charitable activities.

"It [the fine] will have an extremely negative effect on the company's operations and development," Sun Petroleum Georgia said in the statement.

It also said that the company is planning GEL 30 million investments, but the fine imposed by the Competition Agency will now "have an adverse effect" on its investment plans.

"It runs counter to the state's declared priority of improving the business climate in the country, promoting job creation and attracting investments," Sun Petroleum said.

Commenting on multi-million fines imposed by the Competition Agency, PM Irakli Garibashvili said at a government session on July 16, that the companies can dispute the decision in the court.

"This is completely transparent process," he said. "I do not want the companies to get anxious."

"We should promote development of competition in Georgia once and for all. This is our direct obligation to protect our citizens, consumers, as well as the interests of companies. But we should promote healthy competition. This is one of the commitments undertaken by us under the Association Agreement and Deep and Comprehensive Free Trade Agreement with the EU. I think that this is completely transparent process. If the companies have any complaint, the dispute will continue in court and the government does not interfere in this process," PM Garibashvili said.

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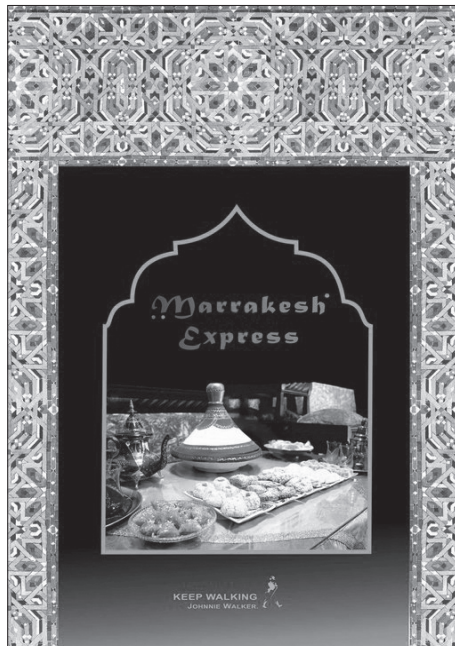
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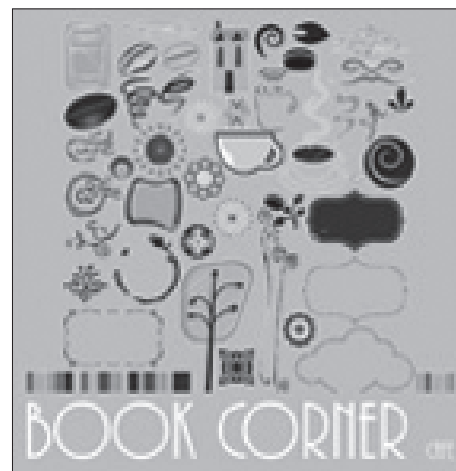
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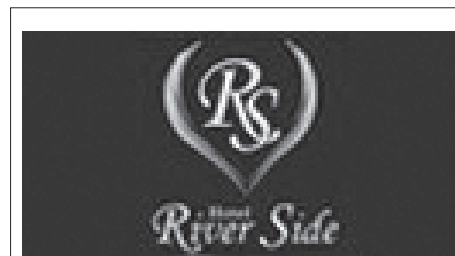
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