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Last week's review

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Economics

Despite the pandemic, FDI from the U.S. rose by 34% in Q1

Economy Minister meets US Ambassador.



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BY NATALIA KOCHIASHVILI

The constitutional amendments, which change the rules of distribution of seats in the elections, were supported by 136 deputies in the first reading. During the second hearing, 115 deputies supported the amendments to the bill. The Georgian Dream party prepared the amendments on the basis of an agreement reached with the opposition parties on March 8. American and European diplomats took part in the negotiation process.

Adoption of constitutional amendments requires the support of at least 113 deputies and three hearings. Among the 136 lawmakers who voted in favor of the first

Parliament passes constitutional amendment on election at second hearing



Mzia Saganelidze (RFE/RL)

Irakli Kobakhidze is sure that the constitutional amendments will be adopted in the third reading as well.

ballot, 20 votes were from European Georgia. They refused to vote in the second hearing, saying that it was the government's turn to release Giorgi Rurua, who the opposition considered to be a political prisoner. The government does not share this opinion. Rurua, accused of illegal purchase, storage and

carrying of weapons, whose case is being considered by the Tbilisi City Court, is still in pre-trial detention.

The members of the National Movement did not take part in the voting in the second reading either. Georgian Dream has garnered the necessary votes for constitutional changes from its former

teammates and the Patriots Alliance. There were 119 MPs registered and Bidzina Gegidze, Alexander Erkvania, Kakha Okriashvili voted against the document; Nato Chkheidze refrained from participating in the voting.

According to the constitutional amendments, the number of proportionally elected deputies will change from 77 to 120, and the number of majoritarian constituencies will be reduced from 73 to 30. According to the bill, proportional elections will be held with a 1% threshold and the so-called Lock to rule out the formation of a parliamentary majority by a political party or electoral bloc with less than 40% support and the formation of a government independently.

This electoral system will be in effect until 2024, because according to the Constitution of Georgia, from 2024 the parliamentary elections will be held in a completely proportional system.

Irakli Kobakhidze, one of the leaders of the Georgian Dream and authors of the amendment, expects that the same will happen at the third hearing. According to him 116 votes have been counted before the sitting, and one vote was lost only because one MP, Ada Marshania, left for health issues and couldn't participate in the voting. "We are confident that Monday, we will pass the bill with 116 votes, without any problems," said Kobakhidze, thanking all deputies who supported the constitutional changes, which is 'a very important step that will contribute to the



Facebook

The EU Ambassador hopes that the constitutional amendments will have unanimous support.

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Last week's review

BY MALKHAZ MATSABERIDZE

The main topics of Georgian politics recently have been whether constitutional changes will be adopted, whether the opposition will be able to unite, and so on. Last week, new scandalous topics appeared- it became known that the murder of Georgian journalist Giorgi Gabunia was being prepared, the idea of postponing the elections was voiced by the government, and a group of American congressmen announced Bidzina Ivanishvili to be pursuing Russian policy. In addition to that, the upcoming anniversary of the night of June 20th was widely discussed.

The public discussion of the draft constitutional amendments is nearing the end. Last week, the releasing of Giorgi Rurua was expected to stop the opposition's boycott and allow

constitutional changes to be implemented with the support of the government and the parliamentary opposition. It is up to the government to make constitutional changes. It has two options - either to mobilize the votes of his supporters to ensure that the constitutional amendments are passed, or to make the changes fail and his non-acceptance will be blamed on the irresponsibility of the opposition.

The idea of postponing the parliamentary elections was first voiced by the government last week - if the situation with the Corona epidemic in the country becomes complicated, the elections will be postponed to December. Such is the essence of this plan. The idea of postponing the elections was followed by outrage from the opposition.

Statements have been made that the government is afraid of holding elections due to low rat-

ings, that the anti-crisis plan launched by the government is intended for 6 months and will end in December. The issue of how the elections can be postponed will also be discussed - the constitutional amendments will take into account if a state of emergency is declared again, which will automatically mean the postponement of the elections. However, postponing the elections will be a politically dangerous step and will call into question the legitimacy of the government. In 2007, Saakashvili tried to postpone the elections, which was followed by protests.

Last week, Mikheil Saakashvili again sharply criticized Bidzina Ivanishvili and called on the opposition to unite, adding that only in this way will the oligarch be defeated. Opposition parties, including European Georgia, the Labor Party and the newly formed Lelo didn't agree with the former president. Bidzina Ivanishvili is likely to

have more concerns than worrying about Saakashvili, who has been criticized in Ukraine. The Republican National Committee's work on the National Security Strategy, which says a lot about supporting Georgia and protecting it from Russian aggression, also states that "Bidzina Ivanishvili, Georgia's richest man, is a close ally of Putin and is involved in destabilizing Georgia on behalf of Russia."

The phrase received unanimous approval from the United Opposition and confused the Georgian Dream, whose statements seemed rather weak, saying it has been artificially added to the text.

Meanwhile, another congressman, Mike Conway, has joined the sanctions against Bidzina Ivanishvili and Georgian Dream leaders. This is the 11th signature on the document initiated in 2019.

The messages sent by Congressmen against Ivanishvili would probably have received

more attention, but this topic was also covered by sensational information about the preparations for the murder of journalist Giorgi Gabunia. The Russian citizen, who was supposed to have committed a terrorist act, was allegedly sent by Ramzan Kadyrov and he is arrested on charges of forging documents. The information about the expected terrorist act has been revealed by the Ukrainian special services.

Journalist Giorgi Gabunia, on July 7th, cursed Vladimir Putin live on TV. Recall that this happened after the June 20th news, when journalists denounced Gabunia's form of protest, and the government condemned Gabunia's behavior. There has been talk of imposing new sanctions on Georgia in the Russian Duma, but Putin said he forgave Gabunia, while Ramzan Kadyrov has threatened to retaliate against Gabunia.

(Translated by Mariam Mchedlidze)

“Beyond the crisis: clean energy for green recovery and growth” – EU and MoESD launch EU Sustainable Energy Week campaign

On June 22, 2020, the EU in cooperation with the Ministry of Economy and Sustainable Development of Georgia is launching an EU Sustainable Energy Week Campaign under the slogan “Beyond the crisis: clean energy for green recovery and growth”.

The Sustainable Energy Week information campaign is being conducted from June 22 to June 26. Due to COVID-19-related health and safety recommendations, the majority of activities are being implemented on social, broadcasting and online media.

A series of awareness raising activities have been prepared for Sustainable Energy Week including facts and figures, video success stories, tips, and other information materials.

EU Sustainable Energy Week in Georgia is an opportunity for all actors engaged in the sector to promote their work and motivate change.

“It is clear that we cannot afford to continue to live at the environment's expense by depleting natural resources and polluting air, water and soil. Every year, the EU organises a Sustainable Energy week to raise awareness of this issue and

highlight the central role that energy plays in it. There are two main messages: we need to reduce our energy use, and we need to transition from fossil fuels to green energy. Both these avenues have environmental, but also financial, benefits.

Georgia has several untapped clean energy resources, which have the potential to make the air cleaner and safer to breathe, prevent global warming, improve the health of citizens as well as creating new jobs.

The European Union has been actively supporting Georgia to improve its energy supply, security and connectivity, as well as to promote energy efficiency and the use of renewables. We are helping the country to reform its energy sector to make its energy supply more reliable, transparent and affordable for households and businesses. I would like to once again reiterate my support and congratulate Georgia on its recent adoption of energy efficiency

legislation, which was another solid step towards a greener and more sustainable Georgia!” – said Carl Hartzell, EU Ambassador to Georgia.

“We greatly appreciate the support of European union and international donors provide for the implementation of energy reforms in Georgia. These reforms aim to improve the country's energy security through harmonization of the national legislation with the EU's legal framework; through sustainable development based on renewable energy sources; energy efficiency in the household and commercial sectors; energy market liberalization; enhancement of investment prospects in the energy sector; etc.

In 2006, Georgia joined the European Commission's Sustainable Energy Week, and has been annually celebrating the Week ever since. Sustainable Energy Week is a good communication forum for building an

effective dialogue with the public to share what we are doing for the country's safe energy future and to hear their feedback. The Week was even more important this year, as the country is now entering an active phase of the energy reforms, meaning implementation of all requirements or measures envisaged by the new laws recently adopted in the energy sector.

Sustainable energy is important for Georgia's energy independence. Our country is one of the Europe's lead producers of abundant renewable energy, yet it uses only a small part of the generated energy.

We have a balanced energy policy that envisages construction of new energy infrastructure in parallel with support for energy efficiency and energy saving as well as alternative energy development and introduction of new European technologies in

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Parliament passes constitutional amendment on election at second hearing

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stable development of democratic processes in Georgia.

According to Kobakhidze, the United National Movement and European Georgia, which re-

fused to participate in the voting, grossly violated the March 8 agreement. He called on the deputies of these opposition parties to fulfill the agreement and go to the polls scheduled for next Monday. However, as Kobakhidze says, without them, the changes will pass without any problems.

Mamuka Mdinardze, chairman of the Georgian Dream faction, says that due to non-participation in the voting, the

United National Movement and European Georgia have a responsibility to both the public and all signatories to the March 8 agreement.

“They ignored the call of the facilitator ambassadors. “With this decision, the United National Movement, with all its divisions, withdrew from the March 8 agreement,” Mdinardze said.

EU Ambassador to Georgia Carl Hartzel responded to the

support for the second reading of the constitutional amendments on Twitter. He expressed concern over the ‘narrow margin’ and hoped the bill would have unanimous support for a third hearing. “I hope the spirit of the 8 March agreement will be reclaimed, incl. the 142 votes backing it then, in view of the final vote on 29/6.” he wrote.

German MEP Viola von Cramon also wrote on twitter: “Good news! Parliament of Georgia passed Constitutional amendments with 2nd reading. 1 more to go! ElectoralReform is in interest of Georgian democracy & every party has to take

responsibility for political processes by voting for the amendments.”

US Congressman Adam Kinsinger also commented on the adoption of the constitutional amendments by the Parliament of Georgia at the second reading. He spoke about this at a video conference with Georgian journalists and expressed hope that the changes in the third ballot will have the support of all parties. He also noted that all signatories to the March 8 agreement are well aware of its terms and he is not going to judge who is right and who is wrong.

Weather

Wednesday, June 24

Day Clear
High: 35°C
Night Partly Cloudy
Low: 20°C

Thursday, June 25

Day Partly Cloudy
High: 31°C
Night Clear
Low: 20°C

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Despite the pandemic, FDI from the U.S. rose by 34% in Q1

BY NATALIA KOCHIASHVILI

Natia Turnava, the Minister of Economy and Sustainable Development, met with the US Ambassador to Georgia Kelly Degnan, during which bilateral trade and economic relations were discussed. The Minister stressed that the United States has always been and remains one of the main investing countries, from which investments in Georgia increased by 34% in the first quarter of 2020 and ranked sec-

ond among the largest investor countries with 17%. She said that despite the pandemic of Covid-19, the volume of investment from the United States has increased.

Meeting also focused on US assistance to Georgia over many years and projects in various fields. Sides talked about the so-called Holding a high-level trade and investment dialogue (HLTID) meeting at the USTR leadership level in the near future. It was noted that with the support of the US Department

of Commerce, it was planned to organize another targeted trade mission in Georgia in April 2020. Turnava expressed her desire to pay a visit to the mission this year as well, which will facilitate the arrival of American companies in Georgia and interest in our strategic sectors.

Georgia's readiness to be actively involved in the initiative announced by the US President in the spring of this year was underlined as well. It's the Economic Prosperity Network, which will further deepen economic cooperation, which includes global economic recovery in the areas of digital business, energy, infrastructure, trade, education or research. The creation of this network includes the so-called Establish an Alliance of Trusted Partners, which will include representatives of private companies and civil society from various countries.

The Minister also briefed the US Ambassador on the package of legislative changes in terms of working conditions and rights, which includes a draft law on labor inspection and the establishment of an independent LEPL Labor Inspection Service



The meeting was held on 23rd of June.

in Georgia. It was noted that the agency's mandate will be to protect and supervise all working conditions and rights.

"Our cooperation covers many areas, which already contributes to the development of the Georgian economy. Our goal is to help Georgia ensure prosperity in all regions of the country," said Ambassador Degnan after the meeting. She emphasized the importance of "extensive programs in the fields of energy, small and medium production, agriculture and the maritime sector."

"We are working closely with the Minister and the Ministry of Economy and Sustainable Development, and we look forward to further expanding our cooperation to attract more American investment to Georgia," Degnan

announced.

One of the issues discussed at the meeting was the future cooperation with the American side in the Georgian mining sector. The talks focused on preliminary studies in the sector to determine the potential of minerals and mineral resources in the country, which in turn will help to invest in the sector, including US investment.

"A memorandum of understanding will be signed soon and we, with the help of the United States, will have detailed geological information to attract more investors in the mining sector, including from the United States," Turnava noted. The US Ambassador to Georgia confirmed that the implementation of this project will have her support.



Ambassador Degnan: "We look forward to expanding cooperation with Georgia to attract more American investment."

"Beyond the crisis: clean energy for green recovery and growth" – EU and MoESD launch EU Sustainable Energy Week campaign

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this sector. The new Energy Efficiency/Renewable Energy Law provides a legal basis for the country's energy sector to become more competitive and attractive. Maximum utilization of renewable energy and introduction of energy efficient measures along with reduced environmental impact are also prerequisites for the country's energy independence. Therefore, these activities are important not only for the energy sector but also for the Georgia's sustainable development in general." – noted Ms. Natia Turnava, Minister of Economy and Sustainable Development of Georgia.

Background Information
Launched in 2006 as an initiative of the European Commission, the EU Sustainable Energy Week gathers every year hundreds of organisations and individuals across Europe and beyond to spread best practices, inspire new ideas to contribute to achieving the EU's climate and energy targets with regards to greenhouse gas emissions, energy efficiency, and renewable energy sources.

Georgia is working to reinforce Energy Efficiency within

the country, promote the use of Renewable Energy sources and modernize its energy infrastructure. Georgia's Intended Nationally Determined Contribution voluntarily accepted to reduce its greenhouse gas emissions by 15% compared with a business-as-usual scenario by 2030.

Energy policy of Georgia puts a strong emphasis on the development of renewable energy resources, adoption of EU acquis to ensure sustainable production and use of energy, as well as the implementation of an integrated approach to energy efficiency.

Georgian Institutions are working in cooperation with international partners to reach these ambitious goals which will contribute to a reduction in greenhouse gas emissions and environmental pollution but also provide the ground for cheaper, more secure and sustainable energy production in the country. This is a key challenge which will bring benefit to all the citizens of Georgia.

What does Sustainable Energy mean for Georgia?

Consumption of fossil fuels for power, heating, and transport has contributed 80% of increased greenhouse gas emissions since 1970. Moreover, between now and

2040, global energy demand is projected to grow by 30%. (Source: Global Environment Facility)

In Georgia, the energy sector is responsible for the largest share of greenhouse gas emissions (62%), followed by agriculture (19%), production and industry (12%) and waste (7%). (Source: UNDP)

Although Georgia is producing an important share of Renewable Energy through hydropower, the country needs also to import every year almost 70% of the energy it is consuming, including nearly all fossil fuels.

The reinforcement of Sustainable energy is an opportunity for the country and people to increase the country's independence, reduce energy costs, limit the negative impacts on the environment and climate change, as well as contribute to improving the health of all citizens and biological species.

Renewable sources of energy (wind power, solar power, hydroelectric power, ocean energy, geothermal energy, biomass, and biofuels) are **alternatives to fossil fuels** that contribute to reducing greenhouse gas emissions, diversifying energy supply and reducing dependence on unreliable and volatile fossil fuel markets, in particular oil and gas.

Energy efficiency is the biggest opportunity for advancing sustainable energy: the best Energy is the one we do not consume! Using less energy and eliminating energy waste, can **significantly contribute to climate change mitigation efforts by reducing greenhouse gas emissions.**

In addition, energy efficiency measures can **lower the costs** on a household and economy-wide level, boost sustainable growth and job creation. Apart from that, energy efficiency is one of the ways to reduce demand for energy imports and strengthening the country's **energy independence.**

Some of the most recent **progress in Georgia in this sector** are:

- In 2019 the **Energy and Water Supply Law and the Renewable Energy Law were adopted by the Parliament**

- In 2019 the **Energy Labelling Law** was adopted by the Parliament

- In 2020 the **Georgian Parliament adopted legislation on Energy Efficiency and Energy Performance of Buildings**, bringing the country closer to EU standards

- In 2020 **Georgia successfully completes the 3rd phase of the Energy Sector Reform Programme**, a joint German KfW, French AFD and EU initiative

- **EU Support to Sustainable Energy in Georgia**

In Georgia, the EU is supporting numerous programmes focused on reinforcement of sustainable Energy in the country:

- **EU4Energy (EUR 21mln)** is financing projects and programmes that help to reform energy markets and to reduce national energy dependence and consumption. Over the longer term, this makes energy supply more reliable, transparent and affordable, thus reducing energy poverty and en-

ergy bills for both citizens and the private sector;

- **Covenant of Mayors grants for municipalities and CSOs demonstration projects**; currently aiming to create sustainable biomass heating in energy efficiency renovated kindergartens;

- Joint initiative of the European Union and International Financial Institutions to scale up energy efficiency in buildings by creating the necessary regulatory framework and a programme of energy efficiency rehabilitation of 500 public schools across Georgia;

- Climate resilience upgrade of Enguri and Vardnili hydropower plants;

- E5P (Eastern Europe Energy Efficiency and Environment) Fund, providing support to sustainable municipal projects, including efficient buses and energy efficiency rehabilitation of schools and other public buildings;

- Regional International Financial Institutions lending facilities supporting renewable energy and energy efficiency projects, including Green for Growth Fund and Green Economy Financing Facility.

All these projects contribute to saving energy, making Georgia more independent and resilient, reducing costs for citizens and companies.

To follow Sustainable Energy Week activities in Georgia, visit:

<https://eu4georgia.ge/energy/>
<https://www.facebook.com/EuropeanUnioninGeorgia>