

PM Garibashvili discusses Russian occupation at Crimean Platform Summit

BY KHATIA BZHALAVA

Within the framework of the official visit to Ukraine, the Prime Minister of Georgia Irakli Garibashvili participated in the first Crimean Platform Summit on Monday, which hosted delegates from over 40 countries. The Summit was also attended by Georgian Vice Prime Minister and Foreign Minister David Zalkaliani and Defense Minister Juansher Burchuladze.

Garibashvili addressed the Summit attendees, highlighting that the platform is 'an opportunity' to speak out about the 'atrocities' of occupying forces. "We must remind the world that Crimea is Ukraine," stated Garibashvili in his speech.

Georgian Prime Minister praised the relationship between Georgia and Ukraine, stressing that the two countries have always stood by each other's sides during tough times. According to him, Ukrainians fought alongside Georgians in the 1990s during the armed clash 'inspired and participated by Russia'. As he noted, Leonid Tkachuk, whose remains have been handed over to his family by the Georgian Government, is a symbol of Ukrainians who bravely fought and fell for the independence of Georgia.

"Ukraine and Georgia have a long history of friendship standing shoulder-to-shoulder in times of peace and war. Our will to fight for freedom against the common enemy and our pursuit for democracy has always made us stronger against any other force that has attempted to disrupt our unity," He said.



"We must remind the world that Crimea is Ukraine" stressed the Prime Minister of Georgia Irakli Garibashvili at the Crimean Platform Summit.

As the Prime Minister mentioned in his speech, thirteen years ago the Russian Federation launched a large-scale

military attack against Georgia, which resulted in the deaths of hundreds of civilians and military, dozens of Georgian

villages being burnt and destroyed, and the occupation of two Georgian regions by Russia. "Later in 2014 Ukraine shared the same fate," Garibashvili noted.

As the PM said, Russia's policy is aimed at undermining the peace processes and destabilizing the security situation on the ground, thus, disregarding its international commitments, including the EU mediated 12 August 2008 Ceasefire agreement.

Stating that Georgia is committed to peaceful conflict-resolution, Garibashvili expressed hope that the Crimean Platform would have a far-reaching impact against existent challenges in the Black Sea region.

Within the framework of the summit, Garibashvili has been awarded an Order of First Degree for Merit by Volodymyr Zelensky, President of Ukraine.



Volodymyr Zelensky, President of Ukraine awards Garibashvili with an Order of First Degree for Merit.

Politics/Economics

Out of every 1,000 people who become infected, 10 to 13 will die, says Deputy Director of NCDC

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NBG forecasts 3% strengthening of Lari by the end of 2021

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As of August 23, 87 Covid patients are being treated at the Digomi field hospital, which started receiving patients on July 20.

By KHATIA BZHALAVA

On Monday, Georgian Health Minister Ekaterine Tikaradze held a meeting with the representatives of the clinics involved in Covid-19 manage-

ment in Kakheti focusing on the readiness of the hospital sector and the set up of field hospitals across the region amid increasing infection rate.

As Tikaradze stated, the Interagency Council will review

the issue of the Covid-19 booster shot, leading to changes in the Georgian protocol. The Minister also discussed the resumption of the studying process and noted that at least 80% of school staff must be vaccinated to consider schools as safe places for pupils.

Tikaradze announced yesterday that another field hospital had opened in Tbilisi, which will be able to receive up to 200 patients and is fully supplied with oxygen. If necessary, the arrangement of a temporary placement space in Kakheti is also considered. Currently, 87 Covid patients are being treated at the Digomi field hospital, which was opened on July 20.

As Deputy Director of the National Centre for Disease Control of Georgia (NCDC) Paata Imnadze stated yesterday, the epidemic situation in Kakheti may worsen, which will be related to the grape harvesting period in the region and low level of engagement in the vaccination process.

According to him, due to the worsened epidemiological situation, tightening the coronavirus



Georgia reported 2,354 new cases of coronavirus, 5,200 recoveries, and 60 deaths yesterday.

regulations will be considered, however, a lockdown is not under discussion. According to him, the epidemiological situation has been stabilized in the Georgian capital Tbilisi and the Black Sea resort town of Batumi, but no such progress has been observed in other regions of Georgia. He announced that out of every 1,000 people who become in-

fectured, 10 to 13 will die.

As of August 23, a total of 979,813 people received vaccine jabs in Georgia, 24.0% of the adult population has been vaccinated with at least 1 dose, whilst only 10.3% of the adult population has been fully vaccinated. Georgia reported 2,354 new cases of coronavirus, 5,200 recoveries, and 60 deaths yesterday.

Appointment of new judges to Georgia's highest court lacked integrity and credibility, though procedure was generally well run: ODIHR assessment

WARSAW, 23 August 2021 – Despite a number of positive legal changes to the nomination process for the judges of Georgia's Supreme Court, today's final monitoring report of the OSCE Office for Democratic Institutions and Human Rights (ODIHR) shows that the stage of the appointment procedure carried out by parliament still lacks adequate safeguards, negatively affecting the integrity of the overall process.

"The decision to go ahead with an appointment process lacking in inclusivity and going against an earlier agreement to put it on hold risked its credibility at a time when public trust in the judiciary is already low," said ODIHR Director Matteo Mecacci. "I call on the Georgian

authorities to work on further improving the independence, accountability, and quality of the judicial system through a broad reform process."

The appointment process monitored by ODIHR last month took place in a challenging political environment and amidst public criticism of the High Council of Justice's (HCJ) selection of nominees. The final stage of the procedure, which resulted in the appointment of six new judges, went ahead despite a political agreement in April to halt the nomination and appointment process, and in the absence of most of the opposition parties, the Georgian ombudsperson and several NGOs.

At the same time, the hearings of the candidates in parliament were generally well conducted, with challenging questions on a range of relevant topics. The hearings were also orderly and peaceful, and allowed public scrutiny of the process and the nominees. However, final voting took place without a

plenary debate on the merits of the candidates, against the parliament's own rules. In addition, the legislation still gives parliament full discretion to appoint or reject any nominee without any justification, contrary to international standards and good practices as well as previous recommendations made by ODIHR.

It should also be noted that all six appointed judges are men, even though 38 per cent of the candidate pool and two out of the nine nominees were women. This highlights the need for Georgia to take greater efforts to achieve gender balance and ensure that



(Shutterstock)

its justice system is inclusive.

ODIHR's monitoring was carried out following an invitation from the Georgian ombudsperson. As well as monitoring all candidate interviews before the HCJ, the team monitored the hearings of the nominees by the parliament's Legal Affairs Committee, and the final vote on the nominees in parlia-

ment. The monitors followed ODIHR's well-established principles of impartiality and objectivity, ensuring at the same time that they in no way interfered in the process itself.

Today's report follows assessments of the appointments process to the Supreme Court published in September 2019, January 2020, and July 2021.

Weather

Tuesday, August 24

Day Mostly Cloudy

High: 33°C

Night T-storm

Low: 20°C

Wednesday, August 25

Day Partly Cloudy

High: 33°C

Night Clear

Low: 21°C

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NBG forecasts 3% strengthening of Lari by the end of 2021

By NATALIA KOCHIASHVILI

The National Bank of Georgia has published macroeconomic scenarios. Under the baseline scenario, the Lari's nominal exchange rate against the US dollar remains stable, although the central bank is optimistic that the national currency will strengthen against the dollar by 3% by the end of this year. NBG predicts an additional 3% strengthening in the upcoming year 2022.

In the optimistic scenario, the change in interest rates by the US Federal Reserve and the European Central Bank is similar to the baseline scenario. Since the growth of economic activity in developed countries is accompanied by an improvement in production potential, inflationary pressures are negligible and the need for early tightening of monetary policy is not on the agenda. Consequently, fiscal financial conditions in the capital markets remain, which ensures unhindered access to financial resources for countries with growing and developing economies.

Under the optimistic scenario, the growing economic activity in the trading partner countries will increase trade and investment flows from the current year. The restoration of international tourist flows is gaining momentum from 2022. Improved market sentiment and the maintenance of a relaxed monetary policy in developed countries also increase the inflow of portfolio investment into the local economy. As a result, the GEL exchange rate shows a tendency to strengthen. Given the growing demand for GEL assets, the country's risk premium is further reduced compared to the baseline scenario.

In the event of a pessimistic scenario, the GEL exchange rate is expected to depreciate by 10% against the current level this year and by an additional 5% in 2022. In such cases, the spread of new waves of pandemics in trading partner countries continues to lead to restrictions, which worsen expectations and hamper economic activity. As a result, the positive dynamics observed in trade flows in the first half of the year are lost.

"Restrictions on movement and economic activity, as well as uncertainty over their duration, will harm investment activity, international tourism flows, and remittances. Deteriorating external balance and increased risks lead to the depreciation of the Lari.



Investment activity will increase significantly from 2022.

In 2023, against the background of economic recovery, the GEL will strengthen by 5%. "The depreciation of the nominal effective exchange rate is relatively moderate during this period, as global trends also harm the currencies of trading partner countries," the Central Bank said.

According to the NBG, inflation will remain above the target level this year, which poses risks to the growth of long-term inflation expectations. In response to these risks, the Central Bank plans to maintain a relatively long monetary policy. The pace of exit from the tightened monetary policy regime will depend on the reduction of inflation expectations.

In the baseline scenario, inflation will remain above the target this year, which is largely due to the sharp rise in commodity prices in the international market. The rise in oil and food commodity

prices in international markets have been compounded by additional inflationary pressures stemming from rising utility costs. However, the disinflationary effect of weak demand in previous periods has ended in the wake of economic activity growth. In the resulting high inflation environment, short-term inflation expectations have increased. It is expected that with the exhaustion of temporary factors acting in the direction of growth in inflation together, under the tighter monetary policy, inflation will begin to decline from 2022 and approach the target in the medium term. Maintaining high inflation targets in the baseline scenario this year also poses risks of rising long-term inflation expectations.

According to the document, which provides the forecast given in the monetary policy report for August 2021 and additional information avail-

able for the current period, in 2021 economic activity in the country will gradually recover.

Improved management methods and enhanced vaccination of Covid-19 are expected to control the spread of the pandemic, reducing uncertainty and improving market sentiment. The rapid recovery of the global economy will also contribute to the gradual recovery of international trade and tourism flows.

According to the baseline forecast, global economic activity in 2021-2022 will grow at a higher rate than the previous forecast. This is the result of unprecedented fiscal support programs implemented in developed countries and growing consumer spending in the face of improved epidemiological conditions. The world's leading central banks continue to pursue a relaxed monetary policy to support economic recovery, as reflected in the Federal Reserve and the

European Central Bank's minimized interest rates and massive asset purchasing programs. However, in recent years, in the wake of increased economic activity, there have been signs of rising inflation, which may accelerate the process of normalization of monetary policy in developed countries.

The vulnerability of these countries to the possible tightening of global financial conditions is exacerbated by the increased external debt during the pandemic period and the deepening current account deficit. In the baseline scenario, as a result of the stabilization of the epidemiological situation, economic activity in the trading partner countries will increase from the current year, which will lead to an increase in investment and trade flows. The dynamics of remittances are also growing. Due to the changing epidemiological situation between the countries this year, only a partial recovery of international tourist flows is expected. As a result, the current account will start to improve, with a more active recovery of tourist flows, from next year, and the external imbalance will be further reduced. This ensures the stability of the nominal effective GEL exchange rate in the medium term.

The nominal exchange rate of the Lari against the US dollar also remains stable. In the context of economic growth and a stable exchange rate, the burden of existing external debt is reduced. All this reduces the economy's vulnerability to external factors and maintains a reduced level of sovereign risk premium.

According to the baseline forecast, economic activity is expected to grow by 8.5% in 2021. The recovery of the economy is mainly driven by local demand, which will be supported by the continuation of the expected fiscal stimulus throughout the year and credit growth. Strong growth in local demand for consumers and businesses this year along with the improved mood, reflects the effect of delayed demand during the pandemic period. External demand remains relatively weak this year, due to only a partial recovery of international tourist flows. From 2022, following the reduction of uncertainty related to the pandemic, foreign demand and investment activity will increase significantly, although domestic demand remains the leading factor in economic growth.



Tighter monetary policy will be maintained for a relatively long time.