

Perceptions about Georgia: Leading or Losing the Struggle for Democracy.

Report by

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A joint seminar on May 10th, 2011 in The Hague by Clingendael Institute and the Eurasian Partnership Foundation, and co-sponsored by the Netherlands Ministry of Foreign Affairs, debated the state of the rule of law and democracy in Georgia, and the possible application of a “Georgian model” in the wider region.

Following a keynote speech by Robert de Groot, Dutch Director General for European Cooperation (speech attached to this report), high level speakers and participants from the Georgian government (including Vice Prime Minister Giorgi Baramidze), parliament (including opposition leader Irakli Alasania), media and civil society, from EPF’s regional network, and the European Union were asked to present their views in three panels. These panels were preceded by an informative data presentation.

Data Presentation

Speaker: Hans Gutbrod, Regional Director, Caucasus Research Resource Centers, EPF’s Program

Based on CRRC’s surveys (attached to report) regarding the public perception of major trends in the sectors of interest over the last two years in Georgia, the following data and conclusions were presented on the “Georgia Model”:

- After many years as a “failed state” Georgia is on the road of state and institution building. There is an extremely low level of corruption. The president and the police are generally trusted, but the courts, the executive government, parliament and NGO’s less so. People want to learn English and are generally westward oriented. The desire for NATO membership is not just a hobby of the leadership.
- Even though 44% of the population does not consider Georgia a democracy yet, people trust that Georgia is on the road to becoming a full democracy. While still imperfect, administration of justice is slowly moving in the right direction and impunity is not perceived. Recent elections are generally judged as fair, but their administration less so. Access of parties to media remains problematic, but trust in public media is on the increase after a low in 2010. Citizens in the major cities considered themselves to be reasonably informed. Internet access is increasing.
- Citizens feel that infrastructure, water and waste management are strongly improved. Unemployment, agricultural production, transportation cost and cost of communal services remain problematic. Prices, jobs, access to affordable healthcare and poverty are a serious concern. Education, tax, judicial and electoral reform remain a priority for citizens. The Georgian people want concrete actions for concrete problems. The opposition is seen as passive. Georgians see a future for themselves in Georgia. This squares well with the fact that interest for permanent emigration is lowest (7%) in Georgia, when compared to Armenia and Azerbaijan.

Panel 1: Rule of Law

Statement for discussion: *Despite public statements to the contrary, the Government of Georgia is not dedicated to relinquishing central control over the judiciary*

Chair: Per Eklund, Ambassador (ret.), former Head of the European Union Delegation to Georgia.

Speaker: Giorgi Baramidze, Vice Prime Minister and State Minister for Euro-Atlantic Integration.

Speaker: Irakli Alasania, Head of Georgian Free Democrats Party, former Ambassador to the United Nations.

Key points:

- It is emphasized that Georgia has made considerable progress in terms of its development into a Western state model. The conditions merely two decades ago in areas such as public freedoms, property rights, health care and infrastructure have significantly improved, despite the public mistrust caused by the Soviet experience. Similarly, since the Soviet era, GDP capacity and the size of the government public spending budget have grown, while tax burdens have been reduced.
- Hope is generally expressed for Georgia to join the EU and NATO and for its ambition to fulfill the commitments imposed by these organizations.
- However, many challenges remain. The lack of a mature political culture and the imbalance between executive/presidential power and judicial independence are strong concerns, as well as the overly strong role of the public prosecutor's office, as reflected in the relatively low acquittal rates, high imprisonment rates and lack of pre-detention grants. One participant underlines the need to effectively separate the executive and judicial powers, in order to really reduce the dominance of the Ministry of Justice.
- Regarding the judiciary, it is argued that the newly implemented method (October 2010) of trial by jury would bolster its capacity to act more independently. However, as of yet no jury trials have taken place in Georgia. Moreover, it is pointed out that despite low public trust in the judiciary, 63% of Georgian citizens that has in fact interacted with the courts did express trust.
- The use of the legal tool of plea-bargaining is a source of contention. While seen by many participants as an effective weapon against organized crime, the excessive use of relatively high plea-bargain sums by Georgian Courts and the profit this entails for government actors are questioned. Regulating plea-bargaining procedures is advised, particularly with regards to the setting of maximum plea-bargain sums.
- On the one hand, vetting and higher wage levels have considerably reduced corruption in the Georgian Police force, making it one of the least corrupt police bodies in the world.
- On the other hand it is discussed whether the decrease of Foreign Direct Investment into Georgia is the result of high corruption levels elsewhere, especially within the judiciary and public procurement sector. Some commentators argue that corrupt practices may have shifted to the top. As is pointed out however, there are no concrete data to support such a shift. With regard to dubious practices in the public procurement sector, specifically the abolishment of the anti-monopoly system during the current presidency and the involvement of various (ex)-politicians as important stakeholders in successful energy companies in Georgia are discussed. It is objected

by some that mere links between (former) Georgian politicians and some companies do not necessarily imply corruption.

- The tension between the current Georgian government and the opposition is discussed. Particular issues include the lack of equal exposure in the media, as well as the feeling shared by the opposition of not being able to engage in a constructive debate with the government. It is agreed that one should no longer perceive Georgian politics as a zero sum game, and that interaction between the government and opposition should be facilitated. It is emphasized that both sides should work together.
- The importance of the new Georgian media law that will enable disclosure of TV company data, in particular the identities of stakeholders, is welcomed by both speakers. In addition, the increased popularity of public TV channels with a more balanced division of airtime for different political parties is seen as a positive development. However, government influence on the most popular Georgian channel: Rustavi 2 is criticized, as it is the most viewed channel in the state. This is complicated by the fact that Rustavi 2 is a private channel (its ownership is apparently unknown), and owes no formal responsibility to provide a politically balanced programme. Continuing work on safeguarding a balanced media environment is essential to ensure fair elections.
- The upcoming elections in 2012 and 2013 naturally occupy a central role in the debate, and both speakers acknowledge its great significance as a defining moment for the future of the Georgian state and a commitment to fair and open elections.
- The future role of president Saakashvili is a particular point of contention and lively debate, with different participants arguing for and against the possibility of his future involvement in Georgian politics. This refers in particular to the possibility of president Saakashvili taking up the position of prime minister in 2013. As a result of the constitutional revision the power of the prime minister is to increase, while the president's position weakens. This makes it more attractive for mr. Saakashvili to become prime minister after finishing his present term as president. It is questioned whether this legal context would not prevent the Georgian opposition from being able to offer a credible political alternative. Saakashvili's own ambitions in this regard remain uncertain. However, as is pointed out by commentators, the results of current election polls favouring Saakashvili's United National Movement Party do provide an argument against outright excluding him from the political arena.
- The issue of the meager results obtained through the use of international (financial) assistance for political (opposition) parties in Georgia is raised. Commentators point out that many Georgian politicians do not stay in office for long, instead favoring a quick career. In light of this, it is questioned whether donor assistance should perhaps become less pronounced, thereby strengthening the internal coherence and inter-party cooperation of the opposition forces.
- Responses to this inquiry vary. The lack of political clout and organization reflected by the opposition is believed by some to be engineered by the current government, through arresting opposition party members, preventing opportunities for political fundraising and controlling the media. Other speakers point at a lack of a common agenda and mature political environment amongst opposition parties themselves.
- Near the end of the debate, the impact of the Russian occupation of up to 20% of Georgian territory is identified as a factor which certainly complicated rule of law reform efforts. Russian influence in Georgia, can hamper the development of a state model anchored in democratic values and guided by a strong rule of law. While the Russian presence should not provide excuses, it should be acknowledged that Georgian reform is not happening in a geopolitical vacuum.

Panel 2: Democracy

Statement for discussion: *A strong presidential system characterizes most of the former Soviet states and facilitates authoritarian political trends. Until Georgia moves away from this system and the dominance of one person, efforts to build a vigorous and sustainable democracy in Georgia will fall short.*

Moderated by: Kenneth Yalowitz, Ambassador (ret.), former US Ambassador to Georgia and Belarus; Director, Dickey Center for International Understanding, Dartmouth College; EPF Trustee

Speaker: Giorgi Kandelaki, Deputy Head, International Relations Committee at the Georgian Parliament

Speaker: Shorena Shaverdashvili, Journalist, MPublishing Owner, Publisher and Editor of Print-Online Publication “The Liberal”

Key points:

- If Georgia wants to join the European Union, the question whether the country is moving towards democracy is crucial.
- Another important question is who decides whether a country switches from a presidential to a parliamentary system. In the Netherlands for example, there are safeguards to avoid too many constitutional changes. If Georgia keeps changing the rules of the game, the aspirations of joining the European Union cannot be considered very credible.
- In order to make the process more stable, the Georgian government created a constitutional commission to explore all possibilities – a very intensive but open process.
- One of the participants is convinced Georgia is in the middle of the process of democratic consolidation. The most important factor for completion of the consolidation is political will; it is subject of debate whether this will is currently present among the Georgian people and politicians.
- The process of democratic consolidation is connected to Georgia’s deeply rooted western ambitions. It is emphasized that Georgia is and will always be an independent country.
- However, the opposite opinion is widely represented as well: different aspects that make a country a democracy – strong media, people’s right to defend their political rights, human rights, a strong but transparent government – are difficult if not impossible to realize in Georgia under the present political circumstances. For the past seven years, real opposition was impossible. Moreover, there has not even been one real investigation by the government into possible corruption within the judiciary and the police. The government can get every law passed; the parliament serves solely as an affirmation for government decisions. If diversity does not increase within parliament, this would benefit the radical opposition outside parliament.
- It might be necessary to view the current situation in a broader (historical) context, in order to get a full understanding of the political situation in Georgia. After all, Georgia comes from a situation in which the public and the state were diametrically opposed to each other and where criminality was interwoven with the state. For example, only



8 years ago the police force itself was implicated in crime. Statistics show that the situation has improved greatly since the election of President Saakashvili in 2004.

- Corruption remains a big problem in Georgia, even though more and more police officers and public servants are being prosecuted. Critical voices state that, although it was a good idea from the government to come up with a special audit on tax inspection, they never take these cases to court.
- The upcoming constitutional reform is important in two ways: both the content and the process are innovative and offer great opportunities to improve the political debate. There was a clear focus on the substance; observers say the quality of the debate has improved. The process was taken out of the parliament, and executed by an independent body; it was a parliamentary change in which the President had no say.
- The constitutional reform has many merits. Foremost, it helps Georgia moving towards a parliamentary model. It offers a possibility for more parties to successfully form a government without interference from the President. After all, it is important for political parties to remain part of the system and to be able to take office through elections. It is widely believed that a parliamentary model will stimulate more dialogue.
- The implementation of the new parliamentary code will not only boost the confidence of the public in courts, but will also improve the quality of justice. Moreover, it will be a contribution to civil participation in democratic political culture.
- The 2010 local elections, won by President Saakashvili's party United National Movement, could be regarded as an example of the successful democratic consolidation that is taking place in Georgia, for various reasons. The elections were not contested; they were the most issue-based elections in contemporary history; hardly any violations of the freedom of election were reported. The work of the electoral working group – both prior to and during the elections – highly contributed to the free and fair character of the elections.
- All types of decisions and reforms are currently presented by the president in the parliament. Even critical participants state that is initially a good idea. However, they think the character of the decisions is too centralized, there are too few checks and balances, and visual opposition is made impossible. The discourse about checks and balances should become part of the political system, but the Soviet legacy of “if you're not with me, you're against me” is too deeply rooted in Georgian politics.
- There is nothing necessarily wrong or anti-democratic about supporting the government; moreover, it is logical that the people supporting the government form a strong team, when they have such a fierce opposition against them.
- All participants agree that criticism is crucial, though it should always be constructive. However, opinions about the degree of freedom to be critical in Georgia differ widely.
- The freedom of the media is subject of discussion; it is said that the Georgian government is in control of the whole media environment. 88 % of the Georgian people is believed to obtain all their news from only three national broadcasters, all (in)directly controlled by the government. For many people, this is the only media they have access to. The government often is the direct owner of the broadcaster, and it controls almost all streams of revenue that go to the media. Moreover, the government appoints cooperative journalists on key positions and generally blocks all access to public information (e.g. internal affairs, finances, budgetary issues). Also most of the advertising agencies, internet providers, press distribution agencies et cetera are owned by groups somehow closely affiliated with the government.
- The regulatory board is said to be completely controlled by the government: they don't hand out new licenses under the pretext that they have not completed a media-



survey among the people. The board supposes Georgians are not interested in political news anymore. Other surveys show precisely the opposite result: people want investigative reporting on television, political talk shows et cetera. However, investigative journalism in public TV stations had actually gone down.

- Others claim that in fact there are debates about politics on television, triggered by national broadcasters. They state one should go beyond the statement that there is only national broadcasting, because even channels that are known to have policies favoring the government are currently opening up. Moreover: political advertising is free of charge. The fact that there still are serious problems is acknowledged. However, the situation has improved a lot: more and more businesses are contributing to all sorts of political campaigns, and moreover, the main source of funding for parties is the state. The Georgian state has introduced new kinds of funding to improve intellectual capabilities of political parties, think tanks and NGOs. The state wants to support the evolution of Georgian civil society as well.
- The Georgian government claims to take freedom of the media very seriously: in cooperation with civil society they take many initiatives (e.g. about ownership of broadcasters) on board. They increased the emphasis on the freedom of information on government websites, because they believe in small government: the state has to stay out of certain issues whenever it can.
- Georgian journalists, however critical they might be, are believed to lack the habit of critically commenting on news. That might be the reason why most of the media has a neutral tone.
- Another issue that influences democracy in Georgia is the lack of a level playing field. Businesses are afraid to fund opposition groups or to advertise in independent media, because they fear obstruction from the authorities in the shape of for example tax inspections. For this reason businesses usually try to keep low-profile, resulting in a lack of sustainability and consistency in the support of opposition groups and critical media. For example: the government is said to have received about fourteen million lari for their campaign in the last elections; the opposition only 200.000 lari. Without international donorship there would actually be no independent media in Georgia.
- On the other hand: the Worldbank called Georgia a #1 reformer, presumably because Saakashvili introduced new laws that allow companies to act without any governmental involvement.
- The war with Russia still is a very sensitive topic, both for the government and the opposition. The latter states that, when you ask critical questions about the war, you are automatically put in the enemy camp.
- Whether the reforms will lead to a true renewal of the political system is questionable. Some fear the changes will turn out to be unfortunate; they perceive it as an ultimate stagnation point, that will finally take the country back in time to the 1990s. Georgia's enemies will try to make use of that process.
- The Georgian government is sensitive to international pressure. Opposition and critical media could use all possible help from the international community to be able to create a level playing field for political competition.

Panel 3: The Case of Georgia - Wider Policy Implications?

Question for discussion: *Does Georgia's experience so far on the road to the rule of law and democracy have clear implications for present EU policy, and can Georgia's case provide lessons for the South Caucasus as a whole, if not for other countries of the EU's Eastern Partnership?*

Chair: Adriaan Jacobovits de Szeged, former EU Special Representative for Moldova, former Netherlands Ambassador to the United Nations, NATO and United States.

Speaker: Dieter Boden, Ambassador (ret.), former Special Representative of the United Nations Secretary General in Georgia, Professor at Potsdam University, EPF Trustee.

Speaker: Richard Giragosian – Director, Regional Studies Center (RSC), Yerevan.

Speaker: Per Eklund – Ambassador (ret.), former Head of the European Union Delegation to Georgia.

Speaker: Joost Lagendijk, former Member of EU Parliament, presently Senior Advisor, Istanbul Policy Center, Sabanci University, Istanbul.

Key points:

1. *Georgia's case*

- All speakers acknowledged the progress and positive changes in Georgia. These include tangible results on improved electricity and heating production, improved infrastructure, the fight against corruption (or bribery), the tripling of GDP, etc. Unfortunately, the important institutional reforms on judicial, constitutional and business and trade matters are not as visible. Neither are these reforms immediate, as these are difficult to measure and revolve more around the perceptions of reality than on actual facts.
- Challenges remain. The main challenge can be found in the run-up to and outcome of the parliamentary and presidential elections in 2012 and 2013. The current reform of the electoral code will be crucial for these elections, as it opens the way for a peaceful transfer of power. The currently proposed electoral code, however, is claimed to increase the power of the prime-minister at a cost of the presidential powers without increasing the powers of parliament. As such, fears rise that the current president may follow the example of former Russian president Putin in search for a position as prime-minister.
- Another challenge concerns the consolidation of democracy, especially when it comes to the judiciary, parliament and media. Most important in this respect is the issue of trust, not only between opposition and government – the opposition members are neither traitors nor a threat to the state – but also between the Georgian people and their government. This is hard as Georgians have not been able to rely on their government for a long time. In addition the Georgian (political) culture, which is characterized by a high number of conspiracy theories and a love for drama and strong personalities, increases the difficulty level when proposing Brussels style bureaucratic reforms on par with EU demands.
- Other stumbling blocks for reform in Georgia include social-economic challenges, including widespread poverty, unemployment and a troubled agricultural sector.

- A final challenge to further successful reforms is the “frozen conflict” with the Russian Federation regarding South Ossetia and Abkhazia. This situation of occupation undermines the democratization process, not in the least because Russia, according to Georgians, is actively using Georgia’s democratic institutions to undermine the Georgian government. Georgia’s present state is not really suited for conflict resolution as Georgia needs more democracy to solve these conflicts, while at the same time the democracy process is undermined by these conflicts. Still, continuing reforms and becoming a friendly democracy is perhaps the best, and only option for solving these and other conflicts. In the meantime, the presence of the EU Monitoring Mission is of the highest importance, and any escalation should be prevented. Russia should not receive the impression? it can get away with the 2008 war. As Russia is not insensitive about its profile in the world, this could provide some leverage.
- The role of the international community in Georgia’s democratization process is two-sided. On the one hand, it stimulates the process of democratization (for example by funding independent media). On the other hand the international community is continuously increasing its demands and expectations, given that it sees Georgia as the star champion of the Caucasus. , However, the international community can only enable the Georgian democratization process. At the end of the day Georgia’s real reforms are a matter of internal success or failure. The pending elections will most likely confirm this as the political discourse in Georgia is shifting away from both geopolitics and the weight of strong personalities to more practical and local issues and challenges.

2. *Implications for EU policy?*

- On the question whether the case of Georgia has implications for EU policy, one speaker noted that for something to have policy implications there first needs to be an actual EU policy for Georgia: this is not always the case. However, as the importance of Georgia for the EU is clear (key to non-Russian energy in South Caucasus, model for local democracy, importance for a stable region, possible mediator between EU and Turkey) and since the USA currently has a policy of benign neglect for the South Caucasus, treating it as a subset of its policy towards Russia, the EU should step up its engagement with the region.
- What is more, the current Western styled democratization process in Georgia acts as a precedent for other countries, especially Georgia’s neighbours (Armenia and Azerbaijan), on the question how to enhance the sovereignty and independence of a country. As such, the current democratization in Georgia is a test for the West to show its determination, sincerity and beliefs when it comes to actual democratization processes, especially in the context of competing Russian involvement.
- It was argued that the current democratization process in Georgia would greatly benefit from an offer by the EU that includes the *prospect* of a possible EU membership. This would not only increase Georgian enthusiasm for difficult internal reforms but would also increase the regional stability. For Georgia to become a member either Turkey, or Ukraine and Moldova need to become members. As it is, an offer of a prospect of EU-membership would be very hard to accomplish in the current political atmosphere of both the EU and the individual EU-member states. The Eastern Partnership was actually installed to avoid a debate on the final borders of the European Union. The democratic transformation of Georgia is therefore at present first and foremost in its own interest.

3. *Perspectives from Turkey*

- Turkey's South Caucasus policy is marked by Azerbaijan and Armenia. Its strong relationship with Azerbaijan is based on energy and a 'one nation two countries' vision, while relations between Turkey and Armenia are improving, despite the closed borders between the two neighbours. Russian supports better relations between Turkey and Armenia, so Georgia needs to get involved. Turkey's "United Caucasus Plan", while being official, is not implemented. This plan relates, however, to an EU plan for a Southern Caucasus Security organization/cooperation. It would make sense for the EU and Turkey to combine efforts in the Caucasus, as is done in the Balkans and the Middle East.
- For Turkey its relationship with Georgia is part of its wider relations with Russia, which in turn can be described in terms of large scale cooperation and subtle competition. Large scale cooperation takes place in economic relations (especially on construction and energy) while subtle competition can be found in the Turkish ambition to become an independent energy hub. The Russian-Georgian war included a warning for Turkey: don't build an energy policy (and pipelines) on Georgia. In the end Turkey cannot do without Russia. Nevertheless, Georgia and Turkey do have certain shared interests; regarding Russian influence in the region, the South Caucasus energy corridor as a non-Russian alternative, and regarding a possible membership of the EU. In short, while Turkey and Georgia have strengthened their economic ties through trade and commerce, not much is happening on the political level.

4. *The immediate region*

- For the internal frozen conflicts in the region there is no military solution. More focus on patriotism instead of nationalism is needed, and states should prioritize internal reforms first and foremost. In general the present stage is less about geopolitics than about local politics.
- Independent and westward looking Georgia shows the difference between governing and ruling, as opposed to Azerbaijan and Armenia where the rule of law is actually the law of the ruler, and where business interests are turning parliaments into business clubs. It is not likely that the Georgian "model" can be applied in Armenia and Azerbaijan. Armenia is too much dependent on Russia (both economically, socially and security wise), and the elite in Azerbaijan, with its abundant energy reserves and income, feels it does not need to apply the Georgian model. Religion is also a factor, as are peer pressure and subtle competition between the countries.
- Besides the lessons on the changing political discourse (from personality to issues) and the difficulties arising from internal conflicts, Georgia's "model" shows the importance of an institutional system of checks and balances. The difficult relationship between opposition and government shows how hard it is to internalize these checks and balances, especially without adequate institutions. A lesson for the EU therefore might be that democratic institutions matter more than individual democrats. Fortunately, Georgia also showed the world that it does not take many or much to initiate extensive democratic reforms (as opposed to the Middle East). It is also blessed with a number of highly intelligent young people taking up leadership positions and making these reforms happen. Demographics and new levels of youth activism also give reason for optimism in Azerbaijan and Armenia.
- Throughout this discussion the question was raised whether Georgia's experience can provide specific lessons, if not a "model" to others. This question evokes multifaceted responses. Most participants agreed that Georgia's experience does offer lessons and examples for the region, especially regarding its anti-corruption

measures and successful police reforms. In other areas Georgia is still a work in progress, which offers lessons but not a complete model. Furthermore, in order for it to be a model it should be seen as a model, which it not always the case. Country specific backgrounds and competition would stand in the way of comprehensive acceptance of any model. Finally, any impact of Georgia's lessons would depend on the willingness of other countries to listen and learn. It could be a task for the EU to stimulate this willingness, for example by providing more information.

Conclusion

The different views as expressed in the panels about the rule of law and democracy generated an impressive and constructive debate on the state of reforms and democracy in Georgia. The final question about a Georgian model and its applicability elsewhere in the region led to interesting, multifaceted responses. In conclusion it can be said that the debate about sensitive political issues in Georgia took place in a truly open?, constructive atmosphere.

Attachments

- Speech by Robert de Groot, Dutch Director General for European Cooperation
- Available online at <http://www.clingendael.nl/events/20110510/> Survey "Georgian model as seen by Georgians," May 2011, by CRRC, Eurasian Partnership Foundation

‘Perceptions about Georgia: Leading or Losing the Struggle for Democracy’ Opening Remarks by Mr. Robert de Groot, Director-General for European Cooperation

Your Excellencies, Ladies and Gentlemen

On behalf of my authorities, I bid you a warm welcome to the Netherlands. We are particularly pleased that Clingendael’s partner in this international seminar, the Eurasia Partnership Foundation, has managed to attract so many high-level Georgian players to this meeting.

Why this seminar?

‘Why organize a seminar on Georgia in the Netherlands?’ some may ask. This, I would respond, simply reflects the nature of a nation with a global outlook that emanates from the very nature of its economy and its society. Since many centuries, we earn a large share of our national income abroad, often in the most distant corners of the globe. And hence, we have an acute interest in a fair international order, in transparency, in a level playing field for investors and in democratic and effective governance in the countries with which we cooperate. In that sense, the convening of this seminar has part of its basis in a national interest.

But our support for this endeavor also reflects a genuine interest in the wellbeing of the people of Georgia in particular. Our personal ties with Georgia include the First Lady and the prolific soccer scorer Shota Averladze.

When we look at basic trends affecting Europe’s place in the world, it becomes obvious that the European Union and its member states have a keen interest in extending the scope, geographical and otherwise, of cooperation with our neighbors, whether in the East or in the South.

First of all, we have a keen interest in contributing to stability. Experience shows that such stability is closely related to issues of governance and the rule of law. When governments can successfully meet the expectations of their citizens, stability is being served. Recent events in North-Africa and the Middle East underline this. Furthermore, electorates confront leaderships with demands for more democracy and for the rule of law. We salute the leadership in Tbilisi for its early recognition of the strategic importance of political and economic pluralism as basic conditions for meeting the aspirations of its people. Also in geostrategic terms, countries such as the Netherlands have a clear interest in supporting Georgia’s quest for freedom in a region where democracy and the rule of law do not always prevail.

Brave steps were taken, for instance in police reform, that produced immediate and tangible results that are, for example, reflected in Georgia’s scores under the World Bank’s Doing Business Index. In a recent report, Transparency International is slightly more critical, pointing at insufficient independence of the judiciary and the civil service. The degree of attractiveness of the Georgian model is likely to impact on the people in Abkhazia and South Ossetia and thus influence the long-term perspective for bringing these two regions into the fold again. People prefer winners over losers. Please allow me to reiterate that the Netherlands supports Georgia’s sovereignty and territorial integrity. The utterly small number of recognitions of the two occupied regions as independent shows that helping to uphold the principle of Georgia’s sovereignty is not an empty gesture, but a matter of maintaining international legal reality.

As participating States in the OSCE, we have agreed at the Moscow Conference on the Human Dimension in 1991 that scrutinizing each other’s performance in the domains of democracy, the rule of law and human rights does not constitute undue interference in internal affairs. As member states of the Council of Europe and in the context of the Eastern Partnership we have subscribed to similarly high standards. At a time where others are putting question marks behind these earlier commitments, it is a good thing that countries such as Georgia and the Netherlands make it clear that they wish to be held accountable under those standards.

1. Democracy

One key indicator of the quality of democratic rule is the ability of ruling parties to relate positively to the parliamentary minority and to gracefully lose elections. The centrality of this test nowadays is not just recognized in western democracies, but is increasingly accepted as proof of the pudding in Africa and on other continents. Ever since the establishment of the OSCE Office for Democratic Institutions and Human Rights (ODIHR) in the early 1990's, election observation has become a growth industry where ever more sophisticated standards are being applied. Like in business, in elections the importance of creating level playing fields is increasingly being recognized. Far before voting day, long-term observers assess the fairness of electoral procedures, including equal access of all political contenders to free media.

When it comes to the quality of democracy, all countries of Europe must be self-critical. In this country it remains a subject of intensive and lively debate. Like in other countries in Western Europe, the political landscape in the Netherlands has become more fragmented. Insecurity about questions of national identity and the effects of globalization on people's income could have something to do with these shifts. Some of this is connected with Euro-skepticism and feeds into a critical attitude towards EU-enlargement and inflows of migrants

So, when in your Panel 2 you assess democratic institutions and democratic culture in Georgia, we in the Netherlands have our own frame of reference and will be far from smug or self-content when following your lines of argument. We salute you for your courage to conduct such discussions in the presence of outside observers. It is important that we all open ourselves up to such scrutiny, as Europeans who have willfully submitted ourselves to the *acquis* of the OSCE and the Council of Europe. We all stand to learn from this and strengthen our political and economic base at home, in an increasingly interdependent world in which such strength vitally counts.

2. Rule of Law

The far-reaching importance of the rule of law in the performance of domestic rule and in positioning countries in the global economy is becoming ever more obvious. Visiting parties of Dutch businessmen talk to me about this all the time. More and more it is being appreciated that there is a direct link between the rule of law, transparency, anti-corruption, the investment climate and conditions for increased productivity of one's economy.

The wide exposure Georgia is giving to its favorable ratings under the World Bank's Doing Business Survey, the large advertisements in international newspapers, suggest that your authorities appreciate the vital importance of these links in attracting the direct foreign investment that your economy so badly needs. As you know, such concerns are equally at play in our part of Europe. After the fall of the Berlin Wall, Dutch investors and Dutch banks were quick to expand their operations to the countries of Central-Europe. Enlargement has served the Dutch economy well, as our statistics confirm. No wonder, that they are now eager to explore the potential of more distant, and sometimes smaller markets further east, and south-east. But in some cases initial enthusiasm ends in disappointment, because these markets are proving more difficult to penetrate profitably than those in Central Europe.

Our experience with EU enlargement has taught us and our colleagues in the new member States the sheer magnitude of the challenges of political and economic transformation. But countries, such as Poland and the Baltic republics, have done their homework with admirable persistence and have since mastered the new challenges emanating from the financial and economic crisis.

Increasingly we begin to acknowledge that in some of these countries we are dealing with political cultures that are somewhat counteracting transparency and the level playing field. Some economies are heavily dominated by oligarchs whose interests do not correspond to openness. Typically, in such countries the police, public prosecutors and judges are not as independent from the executive as we believe they should be. And, as the annual Corruption Perceptions Index of Transparency International suggests, in some of these countries conditions are getting worse rather than better. Needless to say, that our business people are following such trends closely. When great stakes and large potential markets are involved, they may put up with some inconveniences, but in smaller markets such

conditions are likely to prove prohibitory, particularly in view of the emergence of enormous markets such as those in China, India and Brazil. I can tell you as a rather small country that you have to work harder and better to be able to compete. I think this explains our acute interest in your findings under Panel 1. As the examples China and Brazil prove, physical distance is something Dutch businesspeople have always been able to overcome. Distance in terms of common standards is much harder to overcome.

3. Wider Policy implications

Placing countries into groupings requires a large degree of circumspection, whether one is talking about the Benelux, the Visegrad countries, the Baltic republics, the countries of the Western Balkans or the countries of the Southern Caucasus. The temptation to disassociate one from such categorizations is always present, and I am certain this applies to Georgia no less than to, say, Croatia. Yet, from a geopolitical perspective we in our part of Europe cannot help ourselves to look for common threads, even if the dynamics of our bilateral relations with the countries of the Southern Caucasus are distinct. For one, there is the relationship with your large neighbor to the North, and to a lesser extent with Turkey, and the issue of the so-called frozen conflicts, with worrisome recent flare-ups in the conflict around Nagorno Karabakh and in the Northern Caucasus. Then there is the interdependence in terms of the energy sector. And there is the matter of market size that seems to pose a premium on regional cooperation.

The recent events in Northern Africa and the Middle East have drawn our attention to the issue of contagion. Of course, Georgians were already very familiar with this phenomenon, after their 'color revolution' had found followers elsewhere. In any case, you will not blame us for hoping that your Rose Revolution will not only succeed in its high aspirations, but will also win followers in your region, which seems to lend itself to more political and economic pluralism as a precondition for a successful integration into the global economy. The frozen conflicts obviously constitute enormous political problems, but they are also hindering all three republics in terms of transportation flows and mutual trade.

We attach great importance to the European Neighborhood Policy, and as a specific eastern dimension of that, the Eastern Partnership, both in its bilateral and its multilateral dimensions, and we are now looking forward to the upcoming review paper by the European Commission. The Eastern Partnership came into being only two years ago, but I am impressed by all the initiatives that have been developed since then. Allow me to mention a few of them. We have concluded a visa facilitation and re-admission agreement between the EU and Georgia, we are negotiating an association agreement and are preparing the ground for negotiations for a Deep and Comprehensive Free Trade Agreement. In 2009 and 2010 the EU has spent more than \square 100 million in development programs in Georgia. And there is a mobility partnership between the EU and Georgia.

We should stay ambitious the coming years. Georgia should participate in a great number of EU-programs. We should further develop our energy relations and expand cooperation to other sectorial fields, such as culture, transport and so on. We should finalize all ongoing negotiations. And we should become real political partners.

I rather focus on practical issues, that have substance and that bring clear benefits for the people of Georgia; that can stimulate economic growth and create jobs; that support the development of a strong and representative democracy with full respect for the rule of law; and that enable the people of Georgia to travel more freely to the EU. Those issues, in my view, are of much more relevance than an academic debate on whether or not Georgia can ever join the EU.

If one looks at this part of the globe through a wide-angle lens, one cannot miss the interdependency in the pattern of relations involving these countries, particularly in economic, environmental and energy terms. We just commemorated the Tsjernobyl disaster, which serves as a reminder. In terms of geopolitics, it is high time that we move away from zero-sum thinking in a world in which the Asian factor is quickly overtaking the European one.

4. Time will tell



In your seminar you will be taking a snapshot of Georgia's democratic progress during these past years. With important elections coming up, this clearly is appropriate moment to do so. The 'leading or losing' in the title may sound a bit over-dramatic, however, regression remains a possibility, as events in other countries suggest. Democracy is by no means an ideal system, as Churchill noted, but it is the best we've got, and worthy of constant improvement.

You have a few very concrete questions in front of you, so that should make for an interesting debate, from which, hopefully, an indication of the direction of Georgia's current course will emerge. There is no doubt that the central questions asked from each panel reflect key indicators. Rest assured that we in the Netherlands Ministry of Foreign Affairs will follow the debate and its outcome with great interest, as we will follow future developments in Georgia. I want to already complement the organizers, the Eurasia Partnership Foundation and Clingendael, with this initiative and wish the participants a fruitful seminar.