

**Economic Situation Now More Difficult to Improve, LIBERTAS Director Says**

During a round table of analysts, the LIBERTAS director, Hans-Juergen Zahorka, also former M.E.P., said that now, after and lifting the state of emergency, the economic prospects of Georgia are not bad, however they will not be as they were in early autumn 2007. The reason is "the unreasonable imposing of the state of emergency". If in Berlin, Paris and Rome because of likewise demonstrations the state of emergency would be imposed, the countries concerned would be out of breath for imposing and lifting this state permanently. LIBERTAS is a think-tank on European and international economy based near Stuttgart/Germany, with strong pro-integration orientation.

Zahorka criticized heavily the reasons given for the state of emergency; "media freedom is something which can't be played with, and if there is any opposition media this must be a political challenge for governments". Storming into a broadcasting station and suspending the work of media however is "primitive and against any democratic and European mainstream". Also it was ridiculous to blame Moscow for the demonstrations, and all transcripts made from mobile phone talks would bring the readers to laughters about the Georgian government. Georgia can say now "good bye to all its aspirations for NATO in the nearer future, as well as to the European Union". LIBERTAS stresses that Mr. Zahorka was one of the few people who had always advocated a Georgian EU accession as strategic objective – maybe in 15-20 years, however with this "anti-European approach of dealing in an anti-democratic way with opposition", which easily could have been done in a political way, Georgia unfortunately has put itself aside for a long while. Georgia has lost now their lobby within the European Union civil society; it had been taken serious in belonging more and more to EU standards but the behavior of the government has seriously killed this attitude.

While it would be "high time" that a new prime minister would cover now social policy – it should be waited if this really can be the case, as the person has not much to show in this field – he gives the election of 5<sup>th</sup> January a bad start. The elections can be as democratic as possible, but the suppression of any opposition media during the campaign leads to a clear inequality of conditions, he stated. If the incumbent president would be reelected, he also would have to cope with the difficulty that nobody serious from the EU would "play ball with him" for a longer time.

Regarding investment from the EU, the "putsch from inside" as he called it, already had very badly damaged Georgia. There are above all small and medium enterprise

investors who would have liked to invest in Georgia, because it was outspoken in favour of European Union standards. But now the events showing the opposite have lead to either a “wait-and-see” position or to diversification into other CIS countries, like Armenia, Russia, or Central Asia. Foreign direct investment would always be also a “love affair”, he said, with around 50% of the decision making elements in the emotional sphere. If investors would be chased away – and SMEs are more sensible than big companies, but also more willing to go into smaller markets – then it is a damage for the country. Alone LIBERTAS could tell of three German possible investors who said they would wait now or go for other places. Until November, Georgia has been the favourite among the South Caucasus countries, which is now finished. In this context it was also analysed how the positive statement of some Georgian companies about the crack-downs could have been made, which was not a very convincing way for the government.

Georgia should now find back to a democracy, which might be better in a parliamentary form than in a “too presidential way”, which always might induce problems which are buffered off in parliamentary and more compromise-leaning discussions, and prove this system change during several elections. At the same time it should keep its policy towards the EU and keep on approaching it further, thus making the country economically attractive also for its breakaway provinces. They are no problem for the EU, but for NATO, as Georgia has made no attempt not to use force to recover them. This is the “Okruashvili Syndrom” which still lasts de facto.

Altogether, the events from Georgia have thrown back the country in its approach to NATO and the EU for several years. It is a tragedy that the man who has for sure his merits for democracy and foreign policy orientation of Georgia, has led the country by a kind of short circuit to the opposite direction, which will and can not be totally cleaned by the election in January, Hans-Juergen Zahorka said.

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