

## Georgia's Compliance with International Sanctions on Russia and Judiciary Concerns: US State Department's 2023 Report

By Liza Mchedlidze

The US State Department's published report titled '2023 Investment Climate Statements: Georgia' expressed concerns about the lack of independence in Georgia's judiciary and political interference in the judicial system, especially in high-profile cases. The report also highlighted worries about the integrity of the judicial appointment process and the court's ability to deliver quality outcomes, which have a negative impact on investor confidence in the country's court system.

Furthermore, the report mentioned the government's hesitance to conduct a full assessment of the judicial system to ensure compliance with recommendations from the Venice Commission, which further undermines faith in the independence of the judiciary. Despite the efforts by the Georgian government to strengthen the judiciary under its Georgia 2020 strategy, the report pointed out that the existing framework for adjudication of civil disputes in Georgian courts continues to face significant problems, particularly in terms of the independence, accountability, and capacity of the High Council of Justice and the judiciary.

Investors' perceptions of Georgia's court processes as slow, inefficient, lacking transparency, and hindered by a lack of technical expertise were also highlighted in the report. These issues were noted to significantly impact public trust in the judicial system and were among the



The Department of State released the 2023 Investment Climate Statements today. The reports help U.S. companies make informed business decisions by providing up-to-date information on the investment climates of more than 165 countries and economies that are current or potential markets for U.S. companies. The Investment Climate Statements also serve as references for partner governments seeking to mobilize high-quality, sustainable investments to facilitate their economic growth.

most pressing concerns for investors when assessing the investment climate in Georgia, according to the report.

"The lack of independence of Georgia's judiciary and political interference in the judicial system, especially in high-profile cases, is troubling. Concerns regarding the integrity of the judicial appointment process and the capacity of the courts to deliver quality outcomes continue to affect investor confidence in the court system. The Government's hesitance to conduct a full assessment of the judicial system to ensure full compliance with Venice Commission recommendations further undermines faith in the independence of the judiciary. OECD's 2020 IPR notes the Georgian government's efforts to strengthen the judiciary to improve the country's business and investment environment under its Georgia 2020 strategy. However, the report highlights that "the existing

framework for adjudication of civil disputes in Georgian courts nonetheless continues to suffer from several significant problems despite the reforms. Foremost of these are persisting concerns with the independence, accountability, and capacity of the High Council of Justice and the judiciary. Many investors perceive Georgia's court processes as slow, inefficient, lacking in transparency, and hampered by a lack of technical expertise. All these issues affect public trust in the judicial system. They are among the most pressing concerns for investors in their assessments of the investment climate in Georgia," the report reads.

According to the US State Department's report, Georgia allows foreigners to establish bank accounts without restrictions. Several local banks in Georgia are subsidiaries of international banking groups and are subject to the same regulations.

The report states that the National Bank of Georgia (NBG) and Georgian financial institutions fully comply with the financial sanctions imposed by the United States and other countries on Russia. Compliance with international financial sanctions is regularly assessed during onsite inspections of financial institutions.

In 2020, the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MoneyVal) approved the Fifth Round Evaluation Report of Georgia. The report evaluated the NBG's supervisory process and practices and found them to have effective outcomes. It also noted that financial institutions in Georgia generally demonstrate a good understanding of risks and are part of large banking or financial groups that have implemented sophisticated internal systems and controls to effectively mitigate

money laundering and terrorism financing risks.

Overall, the report suggests that Georgia's financial institutions are in compliance with international standards and regulations related to financial sanctions, anti-money laundering, and countering the financing of terrorism.

"Georgia does not restrict foreigners from establishing a bank account in Georgia. Several local banks are subsidiaries of international banking groups and are subject to the same regulations.

The NBG and Georgian financial institutions act fully in accordance with the financial sanctions imposed by the United States and others on the Russian Federation. Compliance with international financial sanctions is systematically checked during the onsite inspections of financial institutions.

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## GYLA Urges MFA to Respond to Cruise Ship Passengers' Possible Law Violation

By Liza Mchedlidze



On July 26, the ASTORIA GRANDE cruise ship from the Russian city of Sochi docked in Batumi, and Russian tourists disembarked, sharing their perspectives on the occupation. Journalists from "Formula" and "Mtavari Channel" conducted interviews with some of the tourists.

One of the Russian citizens claimed to be unaware of any occupation, stating that Georgia was once a republic and union, not occupied. They further asserted that Russia had 'helped' and 'liberated' Abkhazia from Georgia's influence.

Another tourist conveyed their belief that Georgia is the Soviet Union and emphasized that Russia is not an occupier.

A third tourist expressed a lack of awareness regarding Russia's occupation of Georgian territories, viewing the Soviet Union as still existing. They also maintained that Russia is not an occupier, seeing Georgia and Russia as part of the same united country.

In contrast, some Russian tourists deliberately chose not to comment on the occupation when approached by the media.

The Georgian Young Lawyers' Association (GYLA) echoed the information spread by the media regarding the incident. According to GYLA, the cruise ship's passengers may have violated the Georgian law "On Occupied Territories" by entering

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Exchange Rates: US Dollar - 2.6491; Euro - 2.9516; GBP - 3.4348; 100 Russian Ruble - 2.9456; Swiss Franc - 3.0955

# GYLA Urges MFA to Respond to Cruise Ship Passengers' Possible Law Violation

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the Batumi harbor from the Russian Federation.

GYLA highlighted that a special legal regime applies to

Georgia's occupied territories due to Russian military aggression. This regime specifies rules and restrictions for citizens of foreign countries or stateless persons entering the occupied area.

The statement clarified that entry to the occupied territories is only allowed from the directions of Zugdidi and Gori municipalities. Any entry from other directions for foreign citizens

and stateless persons is strictly prohibited and constitutes a crime under Article 322 (Prima) of the Criminal Code of Georgia.

GYLA called on the Ministry of Internal Affairs to respond

promptly by identifying individuals who violate the legislation and urged the use of the mechanisms provided by the Criminal Code to address and penalize such violations.

## The News in Brief

PREPARED BY MESSENGER STAFF

### President Zourabichvili Condemns Transfer of Sokhumi Airport to Russia and Calls for International Action

reaction of the international community!" wrote Zourabichvili.

The parliament of the de facto republic of Abkhazia supported the so-called agreement signed between Moscow and Sokhumi on June 16 by 30 votes to 2 (with one deputy abstaining). The ratification of the intergovernmental agreement opened the way for

### Georgian Parliament Chairman Urges International Partners to Refrain from 'Russian-Style'

need to address such challenges for modern democracies. Papuashvili calls for comprehensive responses and greater openness to uphold values and strengthen friendships.

former politicians and diplomats do not shy away from communicating with Russian-style disinformation campaign lobbyists.

Therefore, the obligation to explain now lies with all those



President of Georgia, Salome Zourabichvili, condemned the decision of the so-called Abkhazian Parliament to transfer the strategic facility, Sokhumi Airport, to Russia. She published the statement on Twitter.

"I strongly condemn and protest the decision by the so-called parliament of temporarily occupied Abkhazia to transfer strategic location - Sokhumi airport to Russia

The illegal act by Russia that requires a categorical and firm

Russian companies (legal entities) to restore and manage Sokhumi Airport on preferential terms for 49 years.

The EU Delegation in Georgia invites partners and stakeholders in Georgia for their opinion on the the framework of EU financial assistance to the country, as part of its mid-term assessment of the Multi-annual Indicative Programme (MIP) 2021-2027 for Georgia.

The aim of the review is to consider adjusting the programme during the second half of its term.

In order to steer the discussions, the Delegation has drafted a number of questions, and invites partners in Georgia to answer these questions, by Tuesday, 15 August, by taking part in an online survey. The results of this consultation will form



In a letter published on social media, the Chairman of the Parliament of Georgia, Shalva Papuashvili, urges those seeking friendship with Georgia to refrain from engaging in ongoing Russian-style propaganda targeting the country. The letter highlights concerns about disinformation campaigns following the arrest of Mikheil Saakashvili, emphasizing the

"Disinformation and other hybrid warfare tactics are one of the main challenges for modern democracies and rule-of-law states. Therefore, we expect that everyone who wants to be friends with the Georgian people will distance themselves from the ongoing Russian-style propaganda against Georgia.

Under these conditions, it is surprising to find that current and

organizations and individuals who, as it is evident from the registry of the US Department of Justice, cooperated with a private company producing a disinformation campaign against the Georgian people, instead of distancing themselves by giving them media platforms, making notes in resolutions, or using telephone communication," Papuashvili wrote.

## Georgia: EU invites partners to send in opinions on framework of financial support

part of the Delegation's input to the assessment process.

The current priority areas for the EU's engagement with Georgia are:

- A resilient, sustainable and integrated economy
- Accountable institutions, the rule of law and security
- Environmental and climate resilience
- A resilient digital transformation
- A resilient, gender-equal, fair and inclusive society.

(euneighbourseast.eu)



## Weather

Friday, July 28

Day ☀️ Clear High: 34°C

Night 🌧️ Partly Cloudy Low: 19°C

Saturday, July 29

Day ☀️ Clear High: 31°C

Night 🌑 Clear Low: 18°C

published by

The Messenger

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# Czech Ambassador hosts a farewell reception

Ambassador of Czech Republic to Georgia, H.E. Petr Mikyska hosted a reception say farewell to his friends and colleagues he has worked with during his 4 years in Georgia.

H.E. Petr Mikyska has been Czech ambassador to Georgia since July 2019. Earlier in his career, he was an Ambassador Extraordinary and Plenipotentiary to Armenia (2015 – 2019).

*The Messenger* wishes H.E. Petr Mikyska good health, prosperity, all the best and success in future career.













