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GEORGIA'S SECURITY CHALLENGES

**SPEAKER:
MIKHEIL SAAKASHVILI
PRESIDENT OF GEORGIA**

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ROBIN NIBLETT: Ladies and gentlemen, thank you for your patience. My name is Robin Niblett. I'm the executive vice president of CSIS. I'd like to welcome you all here. Thank you very much for joining us today – this great opportunity here to host President Mikheil Saakashvili. This in fact is the fourth visit that the president has made to CSIS, having come here before I believe as justice minister and a couple of times when he was in the opposition. So we're especially grateful – John Hamre, all of my colleagues at CSIS, Cory Welt – to be able to have him here to speak today.

This is an unofficial visit, which means that he has just come from the White House. And I believe he was visiting with the Defense Department this morning, so a typical Washington unofficial visit. But his real opportunity here is to come and receive the American Bar Association's Central European and Eurasian Law Initiative Award for leadership in legal reform. This reflects the position that he's held as justice minister back in 2000. You all know, I think, well his background as a member of the opposition, an expert on constitutional legal issues. I don't want to take up too much time right now from the opportunity that he'll have to speak, especially as I believe we do have to stick to our closing time of about 3:00 of this presentation.

Let me make two procedural comments before we continue here. First of all, you do have note cards on your seats. As we have a large group here and we do have limited time, I think it's more efficient from everyone's perspective to have the opportunity, if you could, write your questions on the cards. They will be collected and brought up here and Cory and I will sort them out and be giving them to the president after his comments.

The second thing that I want to do – and this is one of John Hamre's great inventions here at CSIS – is to present a little bit of a – a little award here to the president from CSIS to welcome him to CSIS yet again. And it is in fact something that John's had developed. It's a peace pipe – (laughter) – which we've developed quite often. And from my limited knowledge I have to say, Mr. President, of Georgia, in its position, this may be a prospective peace pipe rather than a historical peace pipe. But nonetheless, we'd like to give this to you and welcome you to CSIS.

(Applause.)

MIKHEIL SAAKASHVILI: Thank you. It's like you really have to come here five times to get it, right? (Laughter.) I'm so happy that it's one of my greatest achievements to get this one. In fact, I keep telling everybody for the last three or four days that I'm here, I'm going to Washington for an unofficial visit, that I'm not going to have anything decisive to say when I get there. Basically I'm going to get an ABA award in Atlanta. And I stopped by and I was trying to explain to Georgian journalists that somehow sneaked into the town, I didn't bring them with my group, because we came on a regular commercial flight, and I was trying to convince them that I'm here to have

lunch at a Chinese restaurant Mister K's – (laughter) – and that's my only function in Washington. But I just had a longer-than-expected meeting with Dr. Rice at the White House, and I met Secretary Rumsfeld, and I'm meeting Colin Powell immediately after this meeting here.

I'm always very pleased to be here. CSIS has always been a terrific forum for any visiting foreign dignitary. And I think it also deserves special recognition for keeping countries like Georgia in the spotlight and bringing much attention to our part of the world.

We may be a small nation but as you know, we, along with our neighbors, do lots of things that are interesting and exciting. (Laughter.) Even if we wish we could become as predictable and routine as some of the small European mountain states, like Switzerland, for instance – (laughter) – I mean, it does work. And I must say I look forward to the article in *The Economist*, which will make this comparison with Switzerland, and not just because we will be members of the European Union, but for some other reasons.

And of course I really appreciate your being here in this August heat. And I never expected to find so many interesting people in town at this very special holiday season.

I think I was here a few months ago. And I got a very good introduction then from Zbigniew Brzezinski at that moment, and I was quite honored and pleased. At that moment we were talking about our plans.

Well, of course, all politicians in the world like to boast about their achievements but I can and did say that this small country of Georgia had tremendous achievements for the last several months. To say just a few figures – we almost doubled our tax collection within three months' time. We started – not only spoke about it of course, but we embarked upon the road of the reforms that we implemented – most of the reforms about which we were talking here just four months ago. I mean, four months ago we were saying that we were going to downsize bureaucracy, decrease its functions, increase salaries. Now I can tell you that we already cut the number of policemen by half, dramatically reducing the number of tax collectors, customs officers, but at the same time we are paying them eight or ten times bigger salaries than before.

We had a number of government ministers arrested for corruption. But the main thing was to change the system, not to go after individual ministers. And that's something where we achieved a tremendous breakthrough.

We managed to form the government, which is very unusual in its composition – the most innovative government of the former Soviet Union, the most – the youngest one maybe, but at the same time we have a number of very bright young individuals that have the best of education. We have a foreign minister who was acting French ambassador and great patriot of our country because she's Georgian by her origin. We have a minister of economy who was a top Russian CEO that took over the most hopeless

Russian heavy industry enterprises and made them work, an achievement that is unparalleled in Russia until now. And he was one of the ultra liberals in Russia and when we brought him over, that was the time when the Russians woke up and Putin called me and told me that he wanted him as his minister of economy. And I told him it was too late. (Laughter.) But basically we have all these wonderful people.

We are bringing a new tax code that will have the lowest tax regimes in the region, dramatically slashing the taxes. And again, we believed that it could be done because we've achieved quite some room for maneuver through these reforms and through these improvements that we already had.

So I believe that results speak for themselves. And we are talking about serious institutional and revolutionary change, which happened in our society. And this is very important because when things happened in Georgia, the first reaction was they're going to fail – all the presidents – but in reality it would be more precise to describe some as dictators – all through this region were saying that these people will fail. They will fail, Georgia will break up in many different parts, they will not be able to administer, and they will have no results. This is one side of it.

The other side of it – I've seen leaders of the opposition saying that – I just read an article by a leader of, I believe, the Krygyz opposition in a Russian magazine titled "If Saakashvili and his government fails I have to commit suicide." And so we have another type of people that have tremendous hopes and expectations that we will succeed. So it gives me enormous pride to stand now in front of you and say that, indeed, we are succeeding, and Georgia will never again be a failed state.

There are a number of things where we managed to have breakthroughs. I spoke about corruption. Nobody thought that in Georgia this problem could have been tackled. I can say now that we have a clean government that will reform the system down to the bottom. We are working on eradication of poverty and we are part of the Millennium Challenge Project. We need this money for reform, for strengthening the reforming structures, for downsizing the bureaucracy.

But we never waited for this money, which will come at best in six months time. We already started to do all the right things. We already started to downsize. We already found our own money to do those things because we have political resources now, and we cannot fit our reform agenda towards the availability of foreign assistance. This would be the wrong way to do it. Foreign assistance should catch up with the reform agenda, rather than to have it vice versa and wait until somebody gives us money to do things. We need to proceed ourselves.

We need to protect our promise of fixing our destroyed infrastructure without waiting for any other outside assistance. And we really started to reform our institutions of governance without this kind of international help.

The other problem, which was haunting us, was the problem with regional conflicts. And you know, the way we did it in Ajara, where we were basically dealing with a madman, who was heavily armed – he had more weapons than the whole Georgian army together. He had numerous militias, and he was ready to use those weapons. And the way we overpowered that was not by our guns, was not with our American-trained troops, was not through some kind of subversive activities. It was with popular will and the decision to take over with resolve and use a very steady approach. And in the end, the thing was solved without a single shot fired and without people being injured. And I know more than the others just how unacceptable and how foolish it would be to believe that wholeness and lasting stability of my country could be achieved at the end of a gun. I know that that's not the way to proceed.

I think we proved in Tbilisi and in Ajara that when people are united behind the principles of democracy – respect for human rights, freedom of speech, and tolerance – they can be successful without using any violent means. These principles are part of our fabric, part of our identity, and together they form an idea of what a stronger state means.

Taking these factors, these lessons, and these principles into consideration today, I need to draw your attention to a situation that has made my colleagues and I quite nervous. Indeed, I believe all of Georgia's friends throughout the world share our anxiety over recent developments in South Ossetia and Abkhazia, where truly criminal and separatist regimes that for years have profited from illegal smuggling and contraband now threaten to draw us all into conflict because of their fear of the very principles that I've just mentioned.

These current tensions in South Ossetia began as a result of our successful and resolute efforts to put an end to criminality and the illegality that for too long was the norm in the South Caucasus and South Ossetia and Abkhazia – tolerated by the previous governments of Georgia and unfortunately promoted by the so-called Russian peacekeepers that were rightly characterized like “piece” keepers – like keeping a piece here and a piece there of the former empire. (Laughter.)

Some Russian analysts have commented that everything was just fine and calm until my government came along. Calm is a distorted and cruel way to describe the criminality and illegality that prospers in those separatist areas.

In the post-September 11th world, illegality and pockets of separatists can no longer be ignored or tolerated because all of us know the type of friends that come home from those lawless havens and black holes. The tension there which has been building ever since my government cracked down on crime went to truly dangerous proportions when Georgia once again confirmed its commitment and capability to join Euroatlantic institutions, especially after the summit in Istanbul where the commander of the Russian peacekeepers told our journalists that you will see now what promise you will get in South Ossetia because of your statements in Istanbul.

Sometimes it sickens me to see how these forces can find one another in times of need, forming temporary alliances of criminality and destabilization that threaten the international order, that threaten the daily lives and progress of ordinary civilians who have suffered too long already. The international community must not allow those forces of instability and illegality to gain strength.

Now, let me say for the record – Georgia cannot, and Georgia will not, attempt to solve this conflict through the use of force and violent means. In fact, what we did once we shut down the smuggling – and we’re talking about a place in South Ossetia where around 20 (thousand) or 25,000 people live, not more than that. We knew that most of these people survived on their income from smuggling. And we offered them help, we offered them Georgian pensions, we offered them unemployment benefits, we offered them free food, help, and fertilizers, we took around 1,000 children for holidays in five-star hotels on the Black Sea, and we offered a number of leading local officials high positions in the central government in Tbilisi, the head of the Tskhinvali police agreed to serve as Georgia’s deputy minister of the interior – some other people – we already had this agreement. So things were going in the right direction.

So the secessionists and their backers in Moscow started to fear that human bridges and human bonds were building up. They stand to lose the most from reconciliation, lasting peace, and a return to the rule of law and democracy. And we saw the panicked effort they made to undermine those efforts.

And we are trying our best to calm down the tensions. But alone we will not, cannot make it. The international community should robustly join us in our efforts to promote peace and a lasting settlement. And this means activating our friends here in Washington and around the world, so that those on the ground such as the OSCE can be further empowered to monitor and prevent conflicts. We want to extend and strengthen their mandate across the whole territory of those conflicts.

Some observers, one of whom is present here – Steve Sestanovich – seemed to enjoy the idea of comparing myself with Putin (laughter). And if it means doing as well as we can to avoid separatist criminality and disregard for the rule of law, then it is okay with me – that comparison. But if it means encouraging the national parliament, or the Duma, to make incendiary statements, if it means encouraging weapons and fighters to enter the conflict zone, and if it means denying Georgia’s territorial integrity, I don’t like such comparisons, because I would never tell my parliamentary members like the Duma said today, let all of us go on holiday in Abkhazia. I would never tell them please go and study the mountainous parts in Chechnya and see the beautiful nature there. I would never mention the Russian Federation as they mentioned in an official statement today, not Georgia, but the territory of the former Georgian Soviet Socialist Republic. That’s how Georgia is mentioned in official Russian statements.

Today one of the leaders of a Russian Duma Committee was openly inquiring about the itinerary of my plane when I get back and about positions of Russian artillery,

whether they could get it or not. Well, I came here with Air France and I don't know – (laughter) – whether it's good publicity for Air France, that these messages get back.

And certainly, what they are saying today – they're saying we – whatever Georgia is doing to unite the country, it's a great infringement on the sovereignty and independence of the Russian Federation. Since when does Russia own a piece of Georgia so that we can infringe on its sovereignty like this? We are not talking about – only about Georgian and Russian relations. We are talking about a new geopolitical threat that's emerging. We are talking about the people who are saying we have their nationals there – poor people from rural areas to whom they are giving passports because they don't have travel documents; to whom they promised unemployment benefits, pensions; whom they promised job opportunities in Russia. And once they take those passports like poisonous pills now they say, now we are true to our policy. Now whatever happens here we can have legitimate rights to get in and do whatever we want.

Doesn't this remind you of something from the last century? I mean, there are very, very similar parallels. Fortunately, it's not 1939 right now, and it's not even 1992 when the Soviet Union collapsed and these things were happening. It's a totally different situation. And like the founder of the communist state, Marx, used to say, history once happens like tragedy and replicates itself like a farce. And what we are seeing – I think is that on that concrete instance Marx was right. Because what's coming right now, looks very much like farce, very much like an imitation of whatever was happening in the '30s or – I mean, the doctrine of protecting one's own nationals was discredited already in the 19th century.

And, you know, Russia has not only nationals in Georgia, but it has four times more nationals in California – I especially inquired – than in South Ossetia. (Laughter.) I don't want to frighten anybody. (Laughter.)

So when we are talking about ships and other marine vessels that break the law and try to enter quasi-illegally, taking highly suspicious cargo, let no one think that these are innocent acts. These are not tourists or vacation-goers or families looking for the rest of the seashore. In most instances, these are criminals, smugglers, and perhaps even worse.

Abkhazia may have been the resort jewel of the former Soviet Union in the past. But as long as it's run by renegade separatists, it's not a holiday destination – not for Russian generals, not for smugglers, not for separatists, and not for nostalgic local or state Duma nationalists. The Russians know this, the international community knows this, and the Georgian people know this. And we will not let them try to annex our country and promote lawlessness and crime. That is our national obligation and our sovereign right. And just like in South Ossetia, we will not let their provocative behavior drive us into a fight because we know what it's all about. Georgia is progressing very rapidly. And like the Baltic States a few years ago – in fact, the prime minister of Estonia, Mart Laar, was saying that what we have as government in Georgia very much reminds him of the Pro Patria government in Estonia in the early '90s.

We are making dramatic steps forward. Geopolitics are changing. Romania and Bulgaria will soon become EU members, and they are already in NATO. Very dramatic things are expected in Ukraine. I mean, the whole geography, geopolitics, perceptions do change. Georgia is a real genuine democracy of the CIS. We are a major pain for many people around the CIS, and they present the major problem. They know it. They know the way we do politics is not acceptable for them. They know that this kind of virus – democracy – if it spreads it would undermine the whole geopolitics. It's not only about military bases, as they well know. It's about the way countries are governed.

That's why we are the biggest problem for these forces in the former CIS. They know that if we get stronger, if we consolidate our state, if we collect more taxes, if we have investment, if we have good regimes, if we get stronger, if we get a normal police force, if we get a much better army, if we get better border guards, if we get much more confidence of the people in the future of this country, we will not be an easy target for them in three or four years' time.

So now is the time to drag us into conflict. Now is the time to tell everybody don't invest there because they will have a war soon. Now is the time to get articles in the *New York Times*, like today, "Tensions are Running High, War Might Emerge Any Time." Or to have constantly on the news "Unstable Region," that everybody should stay far away, stay clear of that region. And that's the logic which they know, and I know that, and they know that I know it. (Laughter.) But, you know, they're playing on emotions. They are saying, okay, this is not Georgia; this is the former territory of former [Soviet] Georgia in the USSR. Let's shoot down the president's plane on the way back. Let's do something else. Let's send our troops to Abkhazia. Let's say whatever is most outrageous and despicable so that these hot-tempered Georgians get nervous and they do something in reaction, and they give us more reason to intervene and to get in and execute whatever we want. At best, we'll annex this country altogether or what we can attain, we can permanently plunge it into crisis, into chaos, into violence, and that's it. And NATO will never think about integrating Georgia anymore. Nobody will ever remember the military bases there, that they should have withdrawn from already three years ago, but they're still there. And nobody will ever want to look in that direction, because they're some kind of savage people whose mysterious soul can only be understood by the Russians. (Laughter.)

But that's not going to work with us. We are not mysterious, and we are not savage. We are very pragmatic. We are very down-to-earth, and we understand what we are doing. And we are very confident of what we are doing. So again, this is my message to this war propaganda that is going on. We are not going to react to it. I mean, we have our own plans. Of course we made, I guess, some errors by keeping the hope – allowing them to keep this on the news, because we don't want – I mean, nobody wants clashes. Do you think those poor Ossetians who live there want a confrontation or clash? They live in fear of war and confrontation. And certainly the last thing they need is that. Do you think the Abkhaz want confrontation? Only one-fourth of the Abkhaz population still resides in Abkhazia, and they're miserable and starving when it was the richest place

in the former Soviet Union. Nobody benefits from it, except some very crazy and very aggressive and very cynical people who earn their living on that and still want to capitalize on that.

So our main thing is to grow even further, to strengthen our economy, to create alternative, attractive solutions for those territories and their populations, to get closer to the EU, and to be getting 1 billion Euros from the EU within the next two years as assistance. We'll get several hundred million dollars from the U.S. Millennium Challenge account. Our budget next year, from our own tax revenues, will be 60 percent higher than this year. I'm not talking about the things that we will have much more time for to create real structures, to have investments. And once it all happens, we are ready for all kind of flexible solutions of power sharing, on integration, on giving maximum possible autonomy.

We had one problem in Ajara. We couldn't develop without Ajara. We solved it. So we solved the main problem. The rest can wait, because we have patience to wait. And meanwhile we'll certainly continue down the path of integration into Euroatlantic structures. And we will remain absolutely steadfast in our commitment to unifying Georgia by peaceful means.

And to do all that, we need you – and we are talking not only about the U.S. government or the present administration or people – we have lots of friends in the capital here, but primarily we need people who are passionate about supporting countries like Georgia, who have similar experiences, who want to be on the right side, and who really want to see people who are sincere about their willingness to be successful, peace-loving partners of this country. We certainly expect you to join and support us, because our success in the long run is also your success.

Thank you very much, and I'm willing to take all your questions.

(Applause.)

DR. NIBLETT: Thank you very much, Mr. President, for those comments. As time is tight, we have grouped questions together here to be able to cover, and I've got literally eight or nine just so you can pace yourself a little bit.

A number of the questions – perhaps we start with the most newsworthy items. We had a number of questions harking back to your comment about the steady approach and obviously not wanting, not able, to encourage peace and long-term relationships at the end of a gun. Did you expect the kind of reaction that you got to your comments recently about Abkhazia and water transport in that part of the world? And a related question that was tied into this as well is how do you expect to encourage and how do you hope to encourage societies in Abkhazia and South Ossetia to feel that their futures really potentially do belong within Georgia over the long term? How do you go about inculcating that sense of future to them from a diplomatic standpoint and a public relations standpoint?

PRES. SAAKASHVILI: Yes, well, with regards to this vessel issue, that has not started yesterday. We've been warning everybody since 1995, Russia itself, to adhere to the commitment not to allow any ships to enter Georgian maritime – not to cross over the maritime border without warning Georgia and without observing proper procedures. And you are talking about a war zone, and we've been warning them over and over again, and do you know what their response has been? Their response has been that they first sent us a diplomatic note that a Russian private company started railway communication with Abkhazia. This is specifically banned by our agreement with Russia and the CIS in international commitments, that some company is suddenly saying it started railway communications.

Then the next thing, the Russian prime minister convenes a meeting of all leading Russian enterprises, saying that a decision has been taken never ever to hand back Abkhazia to Georgia, and all Russian enterprises should go in and take over the main assets there. And the mayor of Moscow Luzhkov goes there and signs an agreement saying that they believe that there will never be Georgian sovereignty ever again so Russia has a right to buy assets there. And we are talking about the same day when Russia was protesting against us pursuing a vessel with highly suspicious cargo that basically was detained by our border-guard ship. We started to escort it, it fled, escaped, so they had to fire warning shots, and then they fired at the ship to stop it but there were no fatalities, fortunately. And when [Russia] reacted to it, their reaction was this – the same day the Russian foreign minister sent us a note saying that a private company from Russia is starting to have daily – not cruise ships, as they said, but daily boats coming from Sochi to Abkhazia, just for you to know, as if there is no obligation to curb such activities.

And this is not the way to proceed. While we are talking about South Ossetia, there were official enlistment centers in Krasnodar and in Vladikavkaz under official patronage of the Russian government where they enlist people for the Russian military, where so-called volunteers were coming, being recruited, paid by the Russians, and sent over to our borders – sent officially to shut down checkpoints, passing Russian checkpoints and coming into Georgia. And these are certainly not acts that can fit into any limitations.

Now, what would any other country do – how would they react to such a thing? Any other country is in a much better situation than Georgia. It's not like being aggressive or being erratic, or being especially nervous about something. It's the way that, after many warnings, after many diplomatic notes, after a certain time, any country is obliged – any democracy does not only have the right to act, but has the obligation to act to protect its borders. And we should know it – it's a general rule for every country. How would our people react if we did not do anything in response to these aggressive acts? So, these are the things we could do just to warn – and I warned. I said we don't want any problems. I asked the so-called tourists – because no normal family will want to go into such an area – to stay clear of those ships at least, not to use them, because we don't know what's there, and we don't know – one, you can claim that you are tourists,

but then it could be narcotics – and we have lots of information about drug dealings for that area – it could be some arms proliferation issue, it could be something else. And certainly no normal country would tolerate this.

Anyway, I think that we've been all the time trying to have people-to-people contact, to reach out to the people, and that's what alarmed them, when we took children for holidays from South Ossetia, when we started to have broadcasts in the Ossetian language – which by the way Russia doesn't have. It has a North Ossetian republic but it never encouraged the Ossetian language in Russia. We tried to encourage it totally. When we offered appointments to Ossetian officials, the reaction was that – a few days after that – 180 trucks loaded with artillery, ammunition, and weapons came in from the territory of Russia. So in reaction to our road – they send in their weapons. When we started to shout, why are you sending weapons, they sent flour with an inscription on it, you know, a present from the president of the Russian Federation. So they wanted a picture of Georgian forces stopping those loads, because technically it was also contraband.

So we stopped them and told them if you want to bring in these humanitarian deliveries you have to pay taxes, because otherwise we don't have an agreement and this is our customs territory. You cannot bring in food without paying customs duties. They said, look, this is outrageous. We have presents from the Russian Federation to starving Ossetian children and you dare to ask us for customs duties? I said, okay, if the president of the Russian Federation cannot afford to pay a few thousand dollars for these customs – for this cargo, I, president of Georgia, I am willing to pay for this customs duty and to give it – deliver it to Ossetian children. I'll pay and we'll let it pass. And you know what was their reaction? The next day they said, no, we don't want something paid by the president of Georgia so we'll not accept that load. Take it back.

So it was like they were mocking our actions. We were sending in food; they were doing things like – they were first sending weapons, then they said, no, okay – they were saying these are not weapons, these are spare parts. One day they would say these are spare parts for their cars. [Russian Foreign Minister] Lavrov would say that at 3:00 p.m., and at 6:00 p.m. [Defense Minister] Sergei Ivanov would say in London, yes, these are missiles, they want them, and they should give us back whatever they took from us.

So basically we were talking about this bunch of lies and some kind of cheap war propaganda with one focus: to keep all the time attention to that part of the world and to make this conflict more – you know, President Putin himself told me he knew very little about South Ossetia. Ninety-five percent of Russians have never heard of Ossetia because it's such a small piece of land. We are talking about the town of Tskhinvali that has right now 7,000 inhabitants, and several villages surround it. It's not strategic, there are no resources there; there is nothing. I mean, we know that in the long run these people cannot survive without integrating with Georgia. There is no other way. Most Ossetians live outside the territory of South Ossetia in other parts of Georgia.

Basically in '91, 40,000 Ossetians fled Georgia because of conflict during the breakup of the Soviet Union. We are inviting all of them back. A high-level official from North Ossetia came to serve as deputy minister for local government in Georgia, and we are bringing the first 12 families next week to Georgia to resettle. We are giving them houses, we are giving them money, we are giving them cattle because we are talking about agricultural workers, and we hope to bring within the next month a hundred other families, and we will hope to bring all the rest during the next years to come, with our own money. And we don't have problems with these people. We need the population, we need more people, and we, I, feel very comfortable with Ossetians. They are very nice, hard-working people.

This is not about them. This is all about a small piece of land being used for appealing to imperial, or some kind of, pride – the problem is that they are saying, okay, we can no longer get the Balts; they are gone. Of course, we still can get Ukraine, which is the nicest part of it and the most delicious, but these Georgians – I mean, this is not a thing about Georgia; this is like if we hit Georgia we will certainly defeat America, which is going to circle us to make Russia weak, and it will not work. And certainly the last thing we want is the world to be a battlefield of such interests. But the problem is that America doesn't perceive us that way but Russians do, and I would rather be prepared: okay, if Russians think that way then let Americans also think that way. The U.S. – I don't know, all kind of weapons, equipment, money, so that you could fight this battle for the Americans. But nobody in Washington believes in that, but almost everybody in Moscow seems to believe just that, and that's our problem. So after all, we don't want also Russians to believe that. We want to stay away from this kind of thing.

DR. NIBLETT: Can I jump in with another question?

PRES. SAAKASHVILI: Yeah.

DR. NIBLETT: Thank you. (Laughter.) I'd like to squeeze as many as I can in. I apologize to those who I miss.

One topic we haven't covered is the pipeline, the Baku-Tbilisi-Ceyhan pipeline. Two questions on that: the obvious one, your perspective on why the construction has stopped and then where things stand on that area. And the second question is –

PRES. SAAKASHVILI: Can you give me more water before it gets too hot?

DR. NIBLETT: Yes. (Laughter.) And this has ice in it, yeah.

And the second question has to do with the pipeline, with the security of the pipeline. What steps are you taking on the security front?

PRES. SAAKASHVILI: Well, I think we've got a horrible contract with BP, I have to state directly, but we want to complete it. We want to make it operational. This is very important for us strategically, politically, and we don't want to have any delays.

But the point was that we told them, okay, this is one strategic interest but, on the other hand, please understand us. This is an environmentally very fragile area, and we want additional guarantees for environmental protection, and we need you to dig deeper, and they already did it, and we want you to take extra measures for over-the-surface protection, from natural disasters as well as for eventual terrorist attacks. I mean, I don't have to fantasize – the other pipeline to Ceyhan, it's all the time under attack, as you know, in northern Iraq. I don't want to compare, but they are talking about another 50 years of this pipeline, and we want to have guarantees from all kinds of things like that.

So we made an agreement that they would dig deeper and that they would enhance over-the-surface protection. But of course there were also attempts made to push us through different people here in Washington saying, look, tell them to remove all the claims and do whatever we say and we don't need any explanations. We are not buying that. And we certainly know that we want this to be completed in time and we want to achieve maximum efficiency for this pipeline. This is a very strong interest of Georgia. But on the other hand we have a very strong interest of preserving the environment and keeping security, and the other side should also understand that. And we are not going to be bullied like the way that BP wants to bully us. And this is a very important point. And that's why we are telling the – we removed all the objections. Now they are telling us, because you are in Washington, now sign the letter that you have no claims whatsoever, that you are happy with whatever BP did, and you will be happy in the future. No, we cannot ever agree to such conditions.

We still have issues to argue about and we are not some kind of banana republic to be bullied around. We are a state that should be treated like a normal state. We are not just some kind of piece of territory. And that's something important to understand. The way that BP would never deal, like any other company, with any Western state, they should not try, or anybody on the ground, to use the same methods against Georgia. We want to be responsible, but because we want to be more responsible we are also responsible to our people, to its future, to its environmental protection, security and other aspects.

So I think the leadership of BP has this understanding, and we prefer to directly deal with it rather than with some local associates that don't want their superiors to know that there are some ongoing issues, because they want everything smooth. Everything will be smooth once those things are fixed. And on the other hand, we will be constructive; we are talking to them and I believe that in the end it will be okay – we'll get to all those aspects.

DR. NIBLETT: I think we have maybe time for a couple more questions. Just let me get them in. Let me turn quickly to domestic reform, and obviously you give some good examples of steps that have been taken initially. Two questions: one, promoting freedom of the press, and secondly, there's a specific question which, again, I think maybe you could address, this issue of the government perhaps re-instituting a department of independent observers to observe the prisons and so on. What steps are

you being able to take at the moment and could you fill in our audience a bit on press freedom, political –

PRES. SAAKASHVILI: Well, I don't think –I strongly believe that Georgia has no problems whatsoever with press freedom. Initially, there were things like why some television station was closed. Well, it was our biggest supporter. It was closed for financial reasons. We should get used to the fact that some televisions get closed for financial reasons. The other ones open up in this way.

You know, I was asked – there was a newspaper editor in the small town of Gori arrested for trafficking drugs, and he said it's a grave infringement on the press. Of course there was always someone to write it. Sorry, but that newspaper has a circulation of 220 copies. I especially investigated. If you stand on the corner of the street in Tbilisi you can get many more people to listen to you, to your message, than that.

So, again, we should be treated more like a normal state, and not everything that is happening is suspicious. Georgia has very strong media freedom, and I strongly believe in media freedom. Why? Because I believe that that's the way to push us to develop. And there's a big difference in saying – if you compare with Putin. President Putin never gets mentioned on Russian television. Never. So if he resists – if he reforms, this will be a part of his goodwill – certainly he wants to make Russia better so he has to reform – but that's not because he is forced by anybody. I'm being denounced on Georgian television every night on all different channels, because everybody gets the floor. A correspondent might not be willing to do so, but some opposition figure might think that – they say all different things, all different things. They don't like many things: they don't like my political style, my personal style, and everything. But that's okay. I listen to it and I try to adjust – I'm trying to adjust. And that's very helpful. And that's very helpful also for the government.

And after all, it's such a small country. It's less than – it has less than 5 million people. Even if you shut down all the television stations, somebody does that, which is impossible – the previous government tried it and it didn't work – people can go around and deliver their messages anyway. It's not like Russia, that we cannot get to Vladivostok from Moscow. In Georgia you can get anywhere within one day. And during my election campaign I had very little access to television, but I shook a hundred thousand hands and I spoke to as many people. And I assure you, I delivered my message to anybody who wanted to listen to it, and it helped.

So again, we are very proud that we are the only country of the CIS that has genuinely free media, which is developing. I was very happy to hear in the last week that now the whole advertising market has grown 60 percent during the last five months, which means that they can already sustain themselves much more than before, and that's the key to their success. Now, of course television is more successful; newspapers still are in a dreadful shape in terms of circulation and in terms of public coverage and their financial situation, but television – two or three television stations can already easily sustain themselves, which is big, big progress. And I believe that that's one of the key

factors driving our reform, and why should we be really stupid, because we really had to work miracles in order to succeed in many directions, and you can only work miracles if every single individual really believes in what they are doing, and you cannot do it without strong public debates and pluralism of opinion. But once we get there it can work miracles and wonders; that I know. And that's our experience and we'll do that.

DR. NIBLETT: I understand we have time for a last question here. We have a couple – about two minutes left. Let me turn specifically to your trip here to Washington, and perhaps you could share a bit more with the audience the nature – to the extent you can – of your dialogue with the government. What would you like to get out of the U.S. administration right now, whether it be in terms of the conflicts that you're dealing with, whether it be in terms of investment and business relations, and anything you might care to comment on the closeness of the relationship, including through the presence of Georgian troops in Iraq.

PRES. SAAKASHVILI: We are very proud to be in Iraq. We are also looking forward to some kind of joint security presence with other nations of the region, and this is one of the newer aspects of our presence there. On Iraq, we are one of very few countries that does not have political limitations on doing that. People are not protesting against it. They are quite supportive. We have limitations in terms of resources and in terms of time, because it's not only material resources but you need time to prepare those troops.

What I was telling Secretary Rumsfeld – the more help we get in training our troops the better it would be for the region because it really shifts the balance in favor of more stability because if you have a vacuum of force you get lots of small militias that could stir up major trouble. If you have a force that has discipline, self-restraint, who knows the rules of engagement, you always get more peace and stability. That's important for the region but it also is important internationally because we are one of the countries that wants to contribute, wants not only to be a consumer of stability but wants to be an active contributor of international peace and stability, and it's a matter of honor. This also appeals to our self-respect – that we are important, we are playing this role – but on the other hand it also gives us lots of experience which, is of course also very handy – it's better to get such experience anywhere but in your own country, as you know. I don't want to sound cynical because I think it's really important in terms of learning more about how to keep peace and how to sustain peace.

Thank you very much. I don't want to enrage Secretary Powell, who is graciously waiting. (Laughter.)

DR. NIBLETT: If I could ask everyone to please stay in their seats to allow the president to leave to get to the next appointment. Please give him a chance to get out and then leave afterwards, but please also first thank very much the president for a fantastic speech.

PRES. SAAKASHVILI: Thank you.

(Applause.)

(END)