



Run for the Rose Revolutionaries

By Michael Cecire : 24 Oct 2006

"Is this the stadium of a failed state?" I asked myself, mesmerized, sitting in a gorgeous football (soccer) stadium in the heart of Tbilisi, Georgia amidst a raucous fervor during the Eurocup qualifier game between Georgia and France. Between the patriotic songs blaring over the loudspeakers, the video clips of Georgia's proud football tradition on the giant television monitor, and the roar of a fiery audience, it was easy to believe you were sitting in Arsenal's Emirates Stadium. The most significant thing about it was that only a few years ago, such a sight would have been unthinkable. Though it was once the greatest hope of the former Soviet Republics, Georgia by the 2000s had become an economic ruin and a textbook case of post-communist conflict and oligarchy. Yet on that day, sitting in that beautiful stadium and watching a proud and optimistic sea of Red and White in the stands, the future was bright. Anything was possible. There was no way we could lose.

Alas, Georgia was crushed 3-0 by a flawless French squad.

Today, all the signs seem to indicate that Georgia - that often overlooked Caucasian republic - is headed for an economic boom. Built on a flurry of foreign investment on the heels of the 2003 Rose Revolution, Georgia's GDP grew by 9.3% in 2005, with growth estimates projected to be between 7.5% and 10% for 2006. Possibly more indicative was a 26% growth in the construction sector during Q1 2006, indicating an underlying optimism among investors. While the effects of the Rose Revolution created a great deal of new confidence in the Georgian economy, the rapid new growth can be best correlated with a slate of new reforms.

Since the Rose Revolution of 2003, the Pro-Western government led by American-educated opposition leader Mikhail Saakashvili has instituted a number of reforms including a simplification of the tax code, broad tax decreases, streamlining licensure, and aggressive privatization measures.

These reforms seem to have paid off, reflected by and World Bank/International Finance Committee (IFC) index, which cites Georgia as having made the most progress of any country in the world for business reform. According to the report, Georgia jumped 75 places in the global standings from last year's 112th place to 37th this year - the largest single-year improvement ever recorded. In addition, NATO - membership typically viewed as a milestone towards EU integration - has solidly, if indirectly, endorsed Georgia's political and economic trajectory by granting the small republic the status of 'Intensified Dialogue,' despite the promise of dissatisfaction by the Russian Federation. It is worth noting that so far no country that has ever reached this level of cooperation with NATO has been denied membership.

Five years ago, most of the good things about Georgia could have been written off as being merely crumbling remnants of the Cold War era, when Georgia was known as the "Soviet Riviera." However, today the situation is most certainly reversed; construction is booming in Tbilisi, and more indicatively, new projects are beginning to take shape across the agriculturally-dependent regions.

What does all this mean? Georgia is on the brink - of something. While progress is real and continually occurring, Georgia isn't out the forest yet. Endemic corruption, crime, and underdeveloped industries are only the beginnings of the uphill battle Georgia faces. Perennial security issues with two breakaway provinces - Abkhazia and South Ossetia - as well as frequent spats with Russia herself make Georgia an even more uncertain market.

Nevertheless, Georgia has shown remarkable resilience in the face of crisis, and has not

allowed itself to be provoked. When Russia banned Georgia's top exports - mineral water, wine, and oranges - citing 'quality concerns,' Georgia was dealt a severe economic blow. However, Georgia is responding by seeking newer, healthier export markets in Europe and the United States, which could well put Georgia on track towards a more sustainable economic position while building new ties with the West. Undoubtedly, continued economic growth, reforms, and investment could well put Georgia in the company of the Estonias and Slovakias of the world. It is a country rich in culture, spirit, and opportunity - opportunity that the West would remiss to ignore.

While the Rose Revolution brought Georgia on the long-overdue track to progress and prosperity, such changes are not irreversible. Like the soccer game, bright lights and banners don't guarantee that the game will be won. Georgia is doing her part, and has more than a fighting chance against elements that champion failure, but the international community cannot afford to sit on the sidelines, lest they see a rising star - and an important ally - fall far short.