



## Briefing On U.S. Economic Support Package for Georgia

**Reuben Jeffery III, Under Secretary Economic, Energy and Agricultural Affairs**

Washington, DC

September 3, 2008

### Additional Speakers:

Matt Bryza, Deputy Assistant Secretary for European and Eurasian Affairs

Richard L. Greene, Deputy Director of Foreign Assistance

**UNDER SECRETARY JEFFERY:** Okay. If you have any follow-up questions, we'd be happy to try to field them for a few moments.

**QUESTION:** I'm Andrei Sitov from TASS, from Russia. My question, I guess, is to Matt. Matt, the Russians are calling for demilitarizing Georgia, the zone of conflict, and for embargoing weapons deliveries. What's the U.S. attitude to those calls?

**MR. BRYZA:** Sure. Well, first of all, what does Russia mean by the zone of conflict? If Russia means demilitarizing the actual zone of conflict of South Ossetia and Abkhazia, well, that's probably something worth exploring, which would mean that Russian troops would not be able to be present in either zone of conflict, Abkhazia or South Ossetia.

**QUESTION:** (Inaudible) demilitarizing Georgia?

**MR. BRYZA:** Demilitarizing – well, that includes South Ossetia and Abkhazia, so my statement remains. I'd also like to underscore that there is no such thing as a buffer zone, which the Russian Government has claimed. Secretary Rice just talked about the six-point ceasefire agreement, the clarification letter of President Sarkozy, as well as the additional clarifications that she helped negotiate. And together, those documents make clear there's no such thing as the ability for Russia for conduct patrols – I mean, to conduct anything other than patrols within a few kilometers of Tskhinvali, no buffer zone whatsoever.

In terms of arms embargoes on Georgia, now, Georgia is a sovereign state, a peaceful state, a democracy that has a right to develop its own military, to defend itself, as well as to contribute to Coalition operations as it did so effectively in Iraq.

**QUESTION:** Could you – a billion dollars is a lot of money considering the population of Georgia and previous U.S. assistance there. Could you tell us what that money's going to be spent on –

**UNDER SECRETARY JEFFERY:** Sure.

**QUESTION:** -- and how you came up with what would put Georgia per capita way up in the recipients of U.S. assistance?

**UNDER SECRETARY JEFFERY:** Sure, the – first, I should say at the outset that last week the Secretary referred to a visit a number of us took to Georgia. There were probably eight economic agencies that the U.S. Government represented: Treasury; State; Commerce; U.S. Trade Representative, and then we had Trade Development Authority; Millennium Challenge Corporation; AID and OPEC. We spent two and a half days with the Georgian leadership where we discussed -- and representatives of the IMF and the World Bank -- where we discussed at great length their preliminary assessments of their needs. And I stress, they remain preliminary; this will be an iterant process as we move forward.

The commitment, the \$1 billion number, as the Secretary had indicated, is a multi-year commitment. It will be targeted in three broad areas: ongoing humanitarian assistance, first and foremost. There's a significant issue with internally displaced persons. Second, physical reconstruction of infrastructure and facilities that have been damaged or destroyed by the Russian incursion. And thirdly, support for ongoing – Georgia's ongoing economic growth, to keep them on a trajectory of positive economic growth.

We expect to be working extensively with Congress – members and their staffs – in the days to come to fine tune the specific modalities by which that assistance can and will be delivered.

**QUESTION:** Can I just follow up on that? Can you give us a sense of how much of this is intended to bring Georgia back to where it was before the events of last month, and how much of it is additional beyond what you would have expected to contribute to Georgia's economic development?

**UNDER SECRETARY JEFFERY:** Well, I think you have to remember that the country was invaded and that's a significant shock to the economy. Fortunately, the fundamentals of the economy going into this event were quite strong. This is a country that has experienced significant economic growth, GDP -- if I'm not mistaken -- increase was only like four billion in 2003 to ten billion this past year. Foreign direct investment increased commensurately over that period.

Our objectives, without putting too fine a point on it, are to help Georgia regain its economic – maintain and regain its economic momentum going forward.

**QUESTION:** How much of this does have to be approved, then, by Congress?

**UNDER SECRETARY JEFFERY:** I'll turn it over to my colleague Rich Greene.

**MR. GREENE:** We've divided the package up into two components. The first component Reuben talked about, a multi-year program – the first component is about \$570 million of immediate-type assistance. Of that 570, about 370 we think we can do through existing reprogramming authorities we have this year and next fiscal year. About 200 of that 570 would require congressional reauthorization of several acts that really have nothing to do with Georgia; they're more generic State Department and DOD authorities that we had previously asked Congress for. And then the balance of the billion, 430 million, it is our hope and expectation that the next Congress and the next administration will provide that funding.

**QUESTION:** Hi. I think this should be directed at Matt. The Secretary said that now is not the time for further military assistance. Why not? And when is the right time?

**MR. BRYZA:** Thanks, Desmond. Well, now, we -- as Under Secretary Jeffery just pointed out, we are focusing on the most urgent needs, which, first and foremost, are addressing the humanitarian situation, sustaining confidence in the economy, restoring economic growth. And before one talks about military assistance, it's important to

think through and assess what the situation is, what the needs are, and then the Georgian Government needs to take some decisions on its own as to what its future force structure would look like, based upon what its own goals are.

We have absolutely no question that a thriving democracy like Georgia's will remain peace-loving. You know, we have our differences with the narrative coming out of Moscow about how this conflict began. It did not begin on August 7<sup>th</sup> with the attack on Tskhinvali by Georgia, which we do believe was a mistake; but it began much sooner, thanks to provocations by South Ossetian militias, under the command, by the way, of Russian officers.

So Georgia did not launch a war. Georgia was drawn into one. It's a peace-loving country. And we anticipate that it will weigh the mutual benefits of developing homeland defense capability and the ability in line with its NATO aspirations to contribute to Coalition operations, like it has done in Iraq and like in Afghanistan, which is an aspiration as well.

**QUESTION:** Is that to say that military assistance is coming at some point?

**UNDER SECRETARY JEFFERY:** No, I think – let me – that gets to an important point. I can't stress or state more clearly there is zero military assistance component to this billion dollar package. Similarly, the ongoing humanitarian assistance that the U.S. Government is undertaking in Georgia is just that. It's humanitarian, nonmilitary in nature. As Matt indicated, the ongoing assessments are taking place in a variety of areas in Georgia of potential future needs, but this is for humanitarian, economic, and physical reconstruction.

**QUESTION:** On a related issue, perhaps, for Matt or anybody, but – it's been a few days since we asked or I've lost track of the four Humvees. Can you tell us the status of the four Humvees the Russians took into custody and what negotiations or talks are ongoing, if they're not back?

**MR. BRYZA:** Yeah. Well, yeah, we don't have any real – any new information on that either. I mean, we saw statements by Deputy Chief of Defense Lt. Gen. Nagovitsin saying rather flippantly that Russia's military was treating these Humvees as war trophies. We have worked through our Defense Attaché's office in Moscow with the general staff and the ministry of defense. Don't have anything new for you on that, though, frankly.

**QUESTION:** (Inaudible.) An important issue for the Russians. There are three missing in action Russian pilots. Missing in action over Georgian territory. Do you have any information? Have you talked to the Georgians about those individuals? Do you have anything on that?

**MR. BRYZA:** We did receive requests from our colleagues in the Russian Government to encourage the Georgians to engage with the Russian Government. This is a very important issue. It's a humanitarian and a human issue. And all the way through, by the way, we have expressed our heartfelt and honest condolences for everybody who died in this conflict, whether they were citizens of Russia or Georgia or whether they were ethnically South Ossetian or Georgian or Russian. So this is an issue that I think we do see eye to eye on with the Georgian Government, and we hope this will be resolved expeditiously.

**MODERATOR:** Thank you all.

2008/688

Released on September 3, 2008

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