



Remarks On U.S. Economic Support Package for Georgia

Secretary Condoleezza Rice

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(1:40 p.m. EDT)

SECRETARY RICE: Good afternoon. I have a brief statement, after which I'll take a couple of questions, and then I will leave behind, to answer your more detailed questions, Matt Bryza, the Deputy Assistant Secretary in EUR; Reuben Jeffery, Under Secretary for Economic Affairs, who led the assessment mission to Georgia that helped us to produce this package; and also Rich Greene, from the Foreign Assistance Office who can talk to you about any issues concerning the foreign assistance questions.

During this past month, the United States has worked with our partners to respond effectively to Russia's invasion of Georgia. We have insisted in a multilateral context that Russia adhere to the six points of the ceasefire negotiated by French President Sarkozy, clarified further by President Sarkozy to President Saakashvili, and then backed by the European Union.

We have been determined to help Georgia to sustain itself in these difficult times. And we have sought unity among our allies to support the diplomatic efforts of France and the EU, to work with the OSCE on plans for a peacekeeping force, to mobilize the support of the G-7, and to shore up NATO's partnership with Georgia through the NATO-Georgia Commission.

The United States, our friends and our allies are achieving our objectives. Georgian democracy and independence endures. The world has rallied to Georgia's side in an unprecedented show of support. And fortunately, Georgia's strong economic fundamentals have held its economy in good stead through these trying times. The inherent strength of the Georgian economy, coupled with the industriousness of the Georgian people, have moderated the economic impact of Russia's invasion. Yet Georgia's needs are great, especially its economic needs.

The free world cannot allow the destiny of a small, independent country to be determined by the aggression of a larger neighbor. Since the invasion of Georgia, the United States has deepened its support for that nation's efforts to expand freedom and prosperity.

Today, I am pleased to announce a major United States economic support package which will total at least \$1 billion to meet Georgia's pressing humanitarian needs and to facilitate its economic reconstruction. We envision a multiyear commitment which will begin now, under President Bush, and we believe strongly will endure in the next U.S. administration.

Working closely with Congress, our Administration plans to make available up to \$570 million of this billion dollar program in a first phase by the end of 2008. We are also confident that the United States will keep a commitment that has strong bipartisan support for a second phase of support, an additional \$430 million. A significant portion of our program will provide emergency budget support quickly to the Georgian Government to meet its most pressing reconstruction and economic needs.

The proposed support package is comprehensive, drawing together funds from a broad range of U.S. assistance programs, including the Freedom Support Act, the Millennium Challenge Corporation, and the Overseas Private Investment Corporation.

These resources are in addition to U.S. assistance already being provided to Georgia under existing programs, and they will be complemented by expanded efforts to promote more trade and more investment in Georgia.

We foresee our support for Georgia as part of a larger international effort. We are pleased that the Georgian Government is working closely with the International Monetary Fund to develop a program to help Georgian – the Georgian economy recover from the impact of the invasion. That effort is essential, as are other programs of support now being generated in multilateral development banks.

We will also continue to work closely with our partners in the European Union. The EU has offered to host an international donors conference, and the United States looks forward to bringing this \$1 billion assistance package to that event and to being a part of other international efforts to coordinate donors' support for Georgia.

The billion dollar support package that I am announcing today marks a significant contribution to our long-term commitment to ensure that Georgia's economic success continues and to deepen our trade and commercial relations with Georgia. With our full support and with the support of the entire free world, a democratic Georgia will survive, will rebuild, and will thrive.

Thank you very much.

MR. MCCORMACK: We'll take a few questions. The first one goes to Sue Cornwell of Reuters.

QUESTION: What options are you considering for rebuilding Georgia's military? And why have you not come forward with punitive consequences for Russia's flouting of the ceasefire agreement? Is that because your options are limited?

SECRETARY RICE: Well, let me start with the first question. This is a reconstruction package for the Georgian economy. It is not yet time to look at the questions of assistance on the military side. Right now, we're responding to what we consider to be urgent needs to make certain that the Georgian economy survives and indeed thrives.

As to actions concerning Russia, we've been very clear that Russia cannot have it both ways. It cannot, both, behave in ways that would have been associated with another time and place decades ago and expect to enjoy the benefits of the international community into which Russia had begun

integrating, and which Russians – Russia's president, President Medvedev, laid out a very extensive vision of how Russia might modernize and integrate even further. I think President Bush put it well when he said that it does call into question Russia's commitment to the principles that underlie many of the diplomatic, economic, and security institutions into which Russia had been integrated – integrating.

But let me just make very clear that, right now, it is very clear that Russia is not achieving its objectives. Georgian democracy is standing. It is thriving. It is receiving extraordinary international support. That, despite the unfortunate Russian decision to recognize South Ossetia and Abkhazia, which are zones of conflict and which, in the very ceasefire agreement that Russia signed, were to be subject of international discussions. And that has brought widespread condemnation and almost no one following suit, I might note. It really isn't a very impressive list to have Abkhazia and South Ossetia recognize each other, and I don't know what Hamas is doing recognizing anybody, given that I don't think they're a state.

It is also the case that Russia has not yet carried out the obligations that President Medvedev has repeatedly given as assurances to the French President. That was noted by the European Union. And it's high time that Russia met its obligations to the ceasefire to withdraw its forces, to – if it is going to carry out additional security measures, they need to be in accordance with the Sarkozy understandings. And that is not for Russia to be setting up checkpoints along Georgian highways, standing at Georgian ports, which are international commercial entities, and interfering with normal commerce and traffic.

And so I think, frankly, Russia has done itself in on this because, yes, it's demonstrated it can use its military force, regional military capabilities against a small neighbor. But in doing so, it has called into question its own responsibility and its own responsible behavior, its ability for responsible behavior, and it's certainly gotten not many takers for its unfortunate decision to recognize Abkhazia and South Ossetia.

QUESTION: Madame Secretary, how concerned are you about North Korea moving around some equipment at Yongbyon? Do you believe that they are rebuilding some of their nuclear program, as the South Koreans have suggested?

And then also, do you have anything to say about Pakistan's formal complaint today about an apparent U.S. raid inside Pakistan? Thank you.

SECRETARY RICE: I don't have anything for you on Pakistan except to say that, obviously, we are working very closely with the civilian government there, the newly democratically elected, civilian government. And I am relieved, of course, that the incident aimed at the Pakistani Prime Minister did not succeed. And we're going to be in continued contact with the Pakistanis as we both try to build – help them with their strong – to build a strong economic foundation, to build a strong democratic foundation, and to fight the terrorists who are a threat not just to the United States and to Afghanistan, but obviously to Pakistan as well.

In terms of North Korea, we are expecting North Korea to live up to its obligations, and we will most certainly live up to our obligations. This process has had its ups and downs. Look, as any complex negotiating process will, it's had its ups and downs. But we believe that we should keep moving forward. All of the states in the region have a great stake in success of the denuclearization of the Korean Peninsula. And we are going to continue to work toward the completion of a verification protocol which can verify North Korean – the North Korean declaration, and we're in contact with our partners about doing that.

Thank you very much. I'll leave the real experts for you.

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 [BACK TO TOP](#)

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