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NEW SECTION OPENS ON EAST-WEST (E-60) HIGHWAY
Georgian Prime Minister Giorgi Kvirikashvili and other officials opened the 11th section of the new East-West Highway on July 15. The highway improves transit infrastructure between Tbilisi and Batumi. The latest section, which allows cars to drive around the town of Samtredia, was financed by the Japan International Cooperation Agency (JICA) and the European Investment Bank.

GEORGIA AIRPORTS SERVE 21 PERCENT MORE PASSENGERS
Over 21 percent more travelers used Georgian airports in the first six months of 2016 than the same period last year, according to official statistics, from 892,468 passengers to 1,082,828.

NEW, SIMPLIFIED LAND REGISTRATION LAW
A law that streamlines land registration is set to go into effect from August 1. The new rules are intended to help the state resolve ownership disputes, help land owners obtain the proper documents, and develop a unified standard for survey drawings.

EBRD LOANS MAGTICOM $100M
The credit will help MagtiCom improve and expand its broadband penetration in the regions of Georgia by purchasing Caucasus Online’s fixed-line broadband internet network platform, the company said.

FTA FOR GEORGIA, EUROPEAN TRADE ASSOCIATION
Georgian Prime Minister Giorgi Kvirikashvili signed the free trade agreement with Norway, Iceland, Liechtenstein and Switzerland on June 27. The deal is “comprehensive” and includes trade in goods and services, Civil.ge reported.

EU VISa LIBERALIZATION FOR GEORGIA POSTPONED
In June the Coreper, the committee of EU ambassadors, met to discuss Visa Liberalization for Georgians into the EU. A decision was postponed and the issue will be reconsidered in September, according to media reports. EU law stipulates that the measure must be approved by the European Parliament and the Council of European Union.

IMPORTS, EXPORTS AND TRADE TURN OVER DOWN
Georgia’s foreign trade turnover declined by 11 percent year-on-year to $4.22 billion in the first half of 2016, according to GeoStat, the official statistics body.

Exports fell by 12.3 percent in the first six months of the year, to $948 million, and imports were down by 10.6 percent y/y to $3.27 billion, excluding one-offs, with trade deficit declining by about 10 percent y/y to $2.32 billion.

Georgia’s trade turnover with the EU-member states declined by 9.3 percent y/y to USD 1.16 billion in the first half of this year.
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DUSTIN GILBREATH

Georgia’s newly minted upper-middle income status is at base about statistics, and specifically how the statistics that determine income status are calculated: population and Gross National Income. Given that Georgia’s official population estimate shrank to 3.7 million people from over 4 million following the most recent census conducted in 2014, the per capita GNI number has been increasing at a faster rate than previously thought. This means the Georgian census resulted in Georgia becoming an upper middle income county. This article will address why this happened and its possible consequences for Georgia. While the change could have some benefits for Georgia in terms of foreign investment and Euro-Atlantic integration, it might also have a negative impact on foreign aid.

TO START, THE 2002 CENSUS WAS WAY OFF

In 2002, the census found that there were 4.37 million Georgians in the country. However, this number was and is widely considered to be suspect. According to a 2014 UNPF report (and notably, Geostat employees in 2002), the main problem with the 2002 census was its method of counting the migrant population. Specifically, the 2002 population count included 114,000 Georgian emigrants who may have permanently rather than temporarily settled abroad. Since 2002, inaccurate accounting of births and deaths made the situation worse.

Between censuses, governments update population counts based on birth and death registrations. Since many births in Georgia happened outside of hospitals (and to a certain extent still do), they were not always registered. Incomplete death registrations also contributed to mis-estimation of the population between censuses.

INCOME GROUP CLASSIFICATIONS

The second important part of this story is understanding how countries are classified into income groups. The World Bank classifies countries by GNI per capita. Specific definitions change year by year, but for 2016-17, countries with a per capita GNI of less than $1,025 are considered low-income countries. Countries with a GNI per capita between $1,026 and $4,035 are classified as lower middle-income countries. Countries below $12,475 but above $4,035 GNI per capita are considered upper middle-income countries, and finally, if a country is above the $12,475 mark, it qualifies as a high-income country.

Even though Georgia’s status only formally moved to upper middle-income status, on July 1st, 2016, the country actually became an upper middle-income country when GNI per capita moved from $3,920 in 2012 to $4,240 in 2013. Notably, in 2014, Georgia’s GNI was $4,490 per capita, well above the $4,035 threshold for upper middle-income status according to World Bank data. As the chart on page 10 shows, had the census not taken place, however, Georgia would still not qualify as an upper middle-income country.

The chart is based on Giorgi Tsuladze’s estimates, Geostat’s pre-2014 census data, the 2014 census, and World Bank GNI data.

WHY DOES THIS MATTER?

Well, there is good and bad news for Georgia.

To start with the bad, foreign aid is sometimes distributed in part based on a country’s economic status, and Georgia receives a substantial amount of foreign
FROM THE HEART OF EURASIA

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aid – over half a billion dollars in 2014, according to World Bank data. There are many other important factors at play when aid decisions are made, however, so Georgia is unlikely to experience a dramatic cut in aid from the income group status change. Still, Georgia may expect lower levels of aid in the coming years.

The good news is there are a number of potential benefits from the status change. First, foreign private capital flows may increase, as the country could be perceived as having a more enticing investment environment, with a relatively richer domestic market.

Second, the downward population adjustment means that GNI per capita has been growing at slightly under one percent higher than previously thought since 2002.

While 1% may sound measly, when it comes to an economy as a whole over a number of years, this percentage point adds up, and means that average wealth has likely been increasing faster than previously thought. Clearly, however, it is important to note that income inequality persists in Georgia (and GNI per capita says little if anything about the distribution of incomes).

Third, the upward adjustment could aid Georgia’s Euro-Atlantic integration prospects. Generally speaking, a key barrier to prospective EU membership is low income levels. As Georgia’s income level gradually increases, it will make Georgia a more attractive partner country.

In the grand scheme of things, the adjustment is good as well. While not necessarily good for Georgia, countries in more dire straits may receive more aid that would have been aimed at Georgia. Better decisions about what kind of aid the country receives may also result from the more accurate data and income categorization.

So, Georgia is an upper middle-income country, and this is how the census made it that way. While the label is just that—a label—and there hasn’t been an overnight lifting of Georgia out of poverty, the change still can be seen as a sign that the many years of slow progress toward economic development Georgia has experienced are leading somewhere.

Dustin Gilbreath is a Policy Analyst at CRRC-Georgia. The views expressed in this article are the author’s alone and do not necessarily represent the views of CRRC-Georgia.
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Over Two Million Tourists and Counting: Georgian Railways gains traction with new trains, services

Since January, over a million tourists have traveled on Georgian Railways, taking advantage of new services and new schedules. Investor.ge spoke with Georgian Railways about its new double-decker trains, and other new innovations planned for this year.

Lika Jorjoliani

New trains, new schedules, newly trained staff – Georgian Railways is ushering in a new generation of train travel for locals and foreigners alike.

One of the most visible changes will be the fleet of double-decker trains, scheduled for the Tbilisi-Batumi-Tbilisi route this summer.

The trains, purchased from Switzerland, will seat 400 passengers, up from the current 275, and shave 30 minutes from the five-hour Tbilisi-Batumi trip. The government spent $40 million to purchase four trains; two trains will arrive in July and two are scheduled to arrive in 2017. The price of tickets, currently between 24 and 40 lari on the fast train, will not change.

Better Trains, Better Services

Dachi Tsaguria, the Head of the Press Office at Georgian Railways, told Investor.ge that the new trains will provide the latest in services, including easy-access doors and restrooms for disabled passengers. In addition, the railway is improving customer service. Staff members are being trained at Ilia State University in a number of areas, and the railway is using “mystery passengers” to check how staff is treating passengers in real time.

“In 2019, this project of Georgian Railways will be completed. [The project] aims to provide maximum safety.
Two decades of successful operations in Georgia

BP has marked two decades of successful operations in Georgia, with the country's Prime Minister hosting a special reception to celebrate 20 years since the launch of the strategic energy corridor.

"Twenty years later, we witness the rational continuation of the important efforts that were aimed at launching of the Southern Energy Corridor. It was preceded by the Baku-Supsa pipeline - the project that triggered utilization of Georgia's transit potential, entrance of the country into the international arena and formation of its image as an important and reliable transit country," prime minister said.

Addressing the audience, Peter Mather, BP group regional vice president, Europe & Head of Country UK, talked about BP's past, present and future in Georgia. "Back in 1996, when BP first opened its offices here in Tbilisi, we made a commitment to Georgia's long term economic progress and we remain committed for the long term," he said.

BP Georgia held special recognition events with its staff across the country in tribute to their dedication and contribution for 20 years of success in Georgia. BP Country Manager Chris Schluter thanked staff and contract community, recalled the remarkable journey and achievements made. Pointing to a bright future ahead and acknowledging BP's massive new project construction works underway in Georgia, Chris said, "Success has bred success".
more than books: modernizing georgia’s libraries

georgian libraries are slowly adapting to their new roles as places for collective knowledge and community.

nino bakradze

georgian libraries are struggling to meet the needs of their communities; with dated collections, dilapidated infrastructure and few resources, they lack the means to attract new readers and provide modern services. several new projects, however, are trying to modernize libraries in the capital and the regions.

the concept of libraries has changed over the years, evolving from a quiet place where people seek books, to something akin to a community center for collective knowledge.

today, libraries around the world strive to reflect the needs of the communities they serve, be they places for reading, gathering, sharing information, training others or just entertaining.

out of the hundreds of libraries in georgia, however, there are just four “modern libraries” in the country.

building a place to learn

a joint project between international research & exchanges board (irex) and the public service development agency project, called public libraries for local development, sought to fill that gap.

the project, which ended in 2015, looked for new approaches in library management.

four libraries in the regions that participated in the project were given a modern makeover, and now provide services beyond the traditional functions of a library, according to giorgi kekelidze, the head of national parliamentary library of georgia (nplg), which was a partner in the project.

“They are integrated with local community centers, a project of the ministry of justice, and provide different legal services like issuing certain documents, property registration and so forth. you can find more computers in such libraries and special spaces for children,” he said.

“The aim of a modern library is to give every opportunity to a person who wants to get information and improve their knowledge. libraries should be cultural and educational centers that help each member of society to be more active and involved in the process of civil development.” irex and the public service development agency work on re-concepting more than 14 libraries in regions of georgia, noted salome chukhua, the project manager from the public service development agency. the project should end by april, 2017.

but these modern public spaces make up a very small part of the libraries in georgia. according to rusudan asatiani, president of the georgian library association, 900 public libraries serve the communities in the country’s regions and 36 serve the capital city of tbilisi. “most of them have infrastructural problems like damaged buildings and old storage areas, and staff that do not have competitive salaries,” she said.

libraries in georgia are decentralized, so there is a different level of funding for each municipality. “I know librar-
ians in Georgian villages whose monthly salary is equal to $35, but some of them have good income, too. It depends on the region’s local budget.”

According to Kekelidze, the NPLG is also helping regional libraries, including the Books for Every Village project. Another idea, called Internet for Every Village, belongs to the President of Georgia, Giorgi Margvelashvili. IREX was one of the donors for the project, which equipped 48 libraries in the Kakheti region with a computer, printer and internet. The staff also received additional training on how a modern librarian should work. Every villager can use the equipment, Asatiani said.

**WHAT ABOUT LIBRARIES IN TBILISI?**

Tbilisi’s local government runs 36 libraries across the city—and just two are categorized as modern libraries. “Mediathek,” also known as Tbilisi Media Center Union, is a project initiated and funded by Tbilisi City Hall.

100 people join the libraries each month, and the project includes “a reading space for children and adults,” according to the Mediathek webpage.

Other libraries in Tbilisi have more or less same problems as libraries in the regions, says Kekelidze. But unlike village libraries, they do not receive assistance from projects focused on the development of public spaces. Libraries in Tbilisi are receiving some help, however.

Georgia’s Innovation and Technology Agency, in cooperation with the National Information Society Agency (NIA) of South Korea, is going to renovate one of the city’s libraries in Tbilisi and equip it with innovative technologies, such as an internet access center. The IT lab at the library will be accessible for people with disabilities, as well. In addition, the local government has a strategy on how to develop libraries’ infrastructure, according to Nutsa Abashidze, Spokesperson of the Department of Culture at the Tbilisi’s Mayor Office. “The government’s plan covers three main areas, such as the infrastructural development of Tbilisi’s libraries and establishing social-cultural centers, converting to an electronic library management system, and providing other innovative services, such as mobile libraries for the disabled.

At the same time, we are renovating old libraries and transforming them into something modern. For instance, a special space for children and additional rooms to organize presentations or conferences was added to the headquarters of the Tbilisi City Library in 2015,” says Abashidze.
B R E X I T
AND GEORGIA
George Welton

Short-term economic consequences of Brexit are the easiest to predict. Economic uncertainty has already hit share prices and the value of the Euro and the British pound (though U.S. stocks are at an all-time high). This has driven the dollar higher globally, which will drive down the dollar value of the GEL and other regional currencies. It will also make the markets more risk averse and therefore make the FDI environment more difficult.

It is worth fleshing this out a little, specifically as it relates to Georgia. The significant decline that occurred in the GEL at the end of 2014 and continued throughout 2015 was driven by a range of factors. A big part of the picture was that the U.S. dollar was stronger globally than it had been at any time in the last 13 years. This was the result of a drop in the growth rates of developing countries, particularly China, which made developing countries less attractive for international investment and reduced the value of commodities like oil.

Developing countries that were also dependent on commodities were hit twice. Georgia was hit three times, because the sanctions that followed Russia’s invasion of Ukraine further depressed the regional market.

However, historic highs, almost by definition, are unlikely to last and as oil prices started to recover a bit this year we have seen the dollar decline from its 13 year high relative to the Euro and developing-country currencies. This is the main reason that the GEL has become stronger since the spring.

Brexit has reversed this trend by making investors nervous again. General nervousness usually helps the dollar but in this case the dollar is further helped by concerns about how the Eurozone will manage Brexit. A dropping value of the Euro means a rise in the value of the dollar. This has helped to weaken the GEL relative to the dollar. If Britain and Europe mishandle Brexit and the Euro drops further against the dollar, then we could expect to see the GEL get weaker still.

This weakness in global markets also reduces interest in investment risk. Assuming all things are equal, this would negatively affect Georgian FDI. However, Georgian FDI is hard to predict and rarely simply reflects global trends.

Georgia’s small size and underdeveloped capital markets mean that its foreign investment profile can be very idiosyncratic. As a result, if any of the major capital or infrastructure projects currently under consideration (ports, road, rail, hydro, etc.) move forward in the next year or two, it would almost certainly be big enough to overwhelm any negative global trends created by Brexit.

Politically, the most predictable result of the Brexit vote is that the EU will be distracted and its Eastern Neighbourhood seems unlikely to be a priority.

The most obvious likely impact is that it may make it less likely that we will see a resolution of the visa-liberalization issue anytime soon. European member states will be even more concerned than they were previously about the risks of fueling the nationalist movements in their own countries – which have been given a boost by the UK’s Brexit vote.
As most people understand, the recent delay of Georgia’s visa liberalization aspiration had more or less nothing to do with Georgia. Georgia had done all that was asked of it. Instead, the delay was principally a reflection of German internal politics. Angela Merkel, who had allowed over 1 million refugees to enter Germany in less than a year, saw a backlash in Germany’s March local elections. As a result, Germany has joined the increasingly large pool of EU countries that are concerned about the rise of the nationalist politics.

Unfortunately, in this context, softening visa rules for a developing economy like Georgia is more than France or Germany seems likely to do.

This does not mean that visa liberalization will not happen in the fall. It just makes it more difficult. Though the Brexit decision makes nationalism more of a pressing concern for Europeans, it is also possible that, by the time we get to the next EU meeting on the subject in September, we will be far enough passed Germany’s political woes that cooler heads will prevail.

Certainly, in practical terms, any likely increase in illegal immigrants from softening rules on tourist travel from Georgia is likely to be small. And there do seem to be signals coming from a number of countries that the EU understands the importance of living up to their commitments in this area. However, Brexit does create further negative pressures and is a convenient excuse to delay, if member states choose to do so.

More broadly, the Brexit vote will probably mean that foreign policy issues will get less attention. In fact, its new Draft Global Foreign and Security Strategy was published on June 27th. This seems unlikely to be a focal point for discussion in Brussels anytime soon.

**LONGER-TERM SCENARIOS**

The longer-term picture is a lot more speculative and, of course, depends on the reaction to the Brexit vote on all sides. Probably the most important question is whether this is the beginning of the end for the EU altogether.

That seems unlikely, even in the longer term. Problems with security and the Euro may persist, but France and Germany are committed to the idea of the EU in a way that Britain never was. In addition, in the aftermath of the Brexit vote, it seems unlikely that any of Europe’s overwhelmingly pro-European governments would risk a similar referendum.

On the other extreme, it is possible that the UK figures out a way to ignore this decision, or to put it back to a second vote? If that happens then one would expect that in the medium/long term, the world would return to normal and, like previous EU crises, this drama would soon be little more than a cautionary tale.

This also seems unlikely. No senior British politician has suggested that this is a likely scenario, and no one except Nicola Sturges from the Scottish Nationalist Party is taking the idea of a Scottish veto seriously. Theresa May, the new Prime Minister, has been clear that “Brexit means Brexit” (though she has not been clear what that means).

Alternatively, if the UK does leave, is it possible that it gets a deal so close to membership that it makes little difference to the UK or the world? The most common version of this scenario is the so-called “Norway model”. This allows the UK to remain as part of the common market, which would leave economic and trade relations generally unchanged, though the UK would have little role in European political decision making.

It is hard to see how the British electorate would accept this, as the Norway Model would mean continuing to allow the free movement of labor and this issue, more than anything else, is the reason why the UK voted to leave.

Some politicians have wondered if it is possible to get a deal that includes greater access to the Common Market with more control over labor migration. As of today, the EU has made it clear that this so-called “Norway-plus” model is a non-starter, for the obvious reason that they can’t give the UK such a great deal because other countries would want the same thing. That would almost certainly mean disaster for the EU.

Therefore, currently the most likely scenario is for the UK to substantially leave the EU. This will most likely happen following a two-year negotiation that will, according to new Prime Minister Theresa May, start toward the end of the year.

If that does happen, most economic assessments conclude that it will be bad for the UK and for the EU. Economically, the UK is currently expected to have a short recession over the next 12 months and will then to grow more slowly than it would have. At the same time, this will add to the EU’s many economic woes. In leaving the UK, the EU will have lost more than 10% of its population and its GDP.

However, this economic weakening probably won’t matter much to Georgia.
Exploring new markets for business?

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The drop in size and growth of the EU still leaves the EU as a massively attractive market for Georgian businesses and, while Georgia exports around 30 percent of its goods and services to the EU, it only exports around 1 percent to the UK. The biggest factors affecting Georgia’s export growth to the EU are how Georgia implements the EU Association Agreement and how well the Georgian economy reshapes itself to suit that market, not EU growth levels internally.

In addition, unless the EU significantly collapses, it will continue to be an economic powerhouse, with a population of over 400 million people and a collective GDP that is approximately the same as the United States’. As a result, the implementation of the Association Agreement, as a means of gaining access to that market, will continue to be incredibly important for Georgia’s economic development.

The political changes to the EU are likely to be far more important to Georgia than any general impact to the EU economy, though these are even harder to predict. One big political impact for the EU is that Britain is currently the EU’s biggest military power and second largest economy. Losing the UK will diminish the EU’s standing in the world. Perhaps more importantly, the loss of the UK will change the general structure of the EU and could change its political orientation.

The UK is strongly open-market oriented, fairly low-tax and low-spending (compared to the rest of the EU) and, in the Anglo-Saxon tradition of business, the UK sees regulation of business as something to be avoided where possible. In the absence of the UK, one might expect the EU to become more “French” — which would mean more social protection and regulation. This may make the EU an increasingly problematic model for a developing country to mirror.

With the UK gone, the EU will also be more dominated by Germany and France, which will together account for around 40 percent of the region’s GDP (based on 2015 IMF numbers). This centralization of power could be worrying.
AMENDMENTS TO THE RULES ON PRELIMINARY INJUNCTION

Long awaited amendments on preliminary injunction have been introduced to the Civil Procedures Code of Georgia.

Companies and practicing lawyers have been widely criticizing the law because of its rather rigid and outdated approaches that in most cases, overly favored parties seeking injunction, to the detriment of defendants.

Under former regulations, injunctions, in most cases were used to freeze defendant’s property, including bank accounts, of exceedingly higher value than the claim itself. As a result, companies were paralyzed throughout the entire litigation to the extent that they sometimes were not able to pay even salaries to their employees.

Effective from 7 July 2016, the new regulations require that the value of the property to be seized does not exceed the value of secured claim. If, however, collateralized property is defendant’s only asset, he may offer the court an alternative, more adequate collateral. Defendant is also entitled to request the partition of the property.

Even though, the critics doubt whether the judges will be able to handle the applications for changing or partitioning the property within 5 days, the amendments were well welcomed and we shall await to see how the new rules actually operate in practice.

OTHER IMPORTANT CHANGES TO PERFECTION OF PROPERTY RESTRICTIONS

Effective from 17 June 2016, parties willing to end the dispute with settlement or a defendant acknowledging the claim, shall submit the note to the court confirming absence of any restriction on the disputed property.

According to explanatory note, this amendment aims at protecting the interests of third parties by restricting the ability of a party to circumvent a seizure, established in the course of the litigation or otherwise, by way of initiating a sham dispute and enforcing the court decision through such property.

Important amendments were also introduced to the Law of Georgia on Public Registry. According to previously established practice, an application for registering restriction on a property, even if not substantiated with all required documents, was given a priority over all subsequent applications, effectively barring registration of all subsequent rights by at least 30 days. According to the changes enacted from 17 June 2016, suspension on such applications will last for not more than 3 days or, if appealed, until the decision of Court of Appeals on the injunction. Amendments are expected to decrease frivolous applications in the future.

In addition to this, under new changes, restriction imposed on the property under the court injunction can be lifted if the party to whom the injunction has been granted submits an application to the Public Registry to that effect.

IMPORTANT COURT INTERPRETATION OF PRINCIPLE OF MORALITY IN THE GEORGIAN CIVIL LAW

Recently, Tbilisi Court of Appeals (case 2b/4259-14) delivered judgment that introduces new interpretation of principle of good faith and morality, likely to change previously established court practice.

In its decision of 12 January 2016, Tbilisi Court of Appeals declared that monthly 10% interest on a loan is inconsistent with rates established by the National Bank of Georgia (14.5% per annum) and therefore runs head against the principle of morality in private law.

In its decision, the Court of Appeals stated that unfair and unequal distribution of the rights and obligations makes transaction immoral, hence invalid.

In highly debatable TV Rustavi 2 decision, affirmed by Tbilisi Court of Appeals (case 2b/6052-15), Court clarified that when purchase price is much lower than a market price and the parties are not able to provide reasonable explanation of such a significant difference, agreement is immoral and invalid.

Establishment of such practice will bring entirely new chain of arguments into the Contract Law disputes. Opponents argue that Georgian legislation has never restricted the parties from negotiating the terms of their own bargain, even when they look unusual to third party observers. This seems to unnecessarily restrict party autonomy, especially with respect to qualified and experienced entrepreneurs, who fully understand the consequences of their bargain.

The ball is in the Supreme Court now to establish unified and consistent court practice.
The biggest factors affecting Georgia’s export growth to the EU are how Georgia implements the EU Association Agreement and how well the Georgian economy reshapes itself to suit that market, not EU growth levels internally.

With its hawkish attitude to the Russians, this trend might be a beneficiary of possible UK aid-budget increases.

**IMPACT ON WESTERN AGENDA?**

Perhaps most importantly, is the Brexit result likely to have any broader impact on Georgia’s Westernization agenda? If the Brexit result helps to encourage nationalism and protectionism in the EU, then that would certainly be bad for a country like Georgia, which is looking for an expanded role in the EU club. If it makes the EU look weak and distracted, that may embolden Russia, or more coherent global path for themselves after the split. The UK, separated from the need to be part of an EU consensus, may choose to be a more strident foreign policy actor. Its hawkish position on Russia, for example, may no longer be held back by an aspiration for EU unity.

For the EU, the optimistic scenario is that Brexit will encourage reform and allow for necessary further integration. Most obviously, it has been accepted for a long time that the Euro cannot work unless the EU integrates its finances, allowing for far bigger internal fiscal transfers and greater rigor in governance.

Similarly, the recent terrorist attacks in Paris and Brussels have suggested that if Schengen is to work, the EU needs to better integrate its policing and internal security systems.

The UK was never very comfortable with ever-deeper integration in the EU, but with the UK leaving and with the shock of Brexit, it is possible that the EU will figure out how to make these changes and communicate its importance better to its member state populations. This would ultimately mean a stronger and more integrated Europe, which would seem to be a very good thing for Georgia, sitting on Europe’s periphery.

One bad possible future scenario sees the possibility that the Germans and the French, who have always been less hawkish on Russia, decide that it is in their interest to normalize relations. This might encourage Russian aggression, as the West would seem even more internally conflicted and weak.

On the other hand, there are brighter possibilities. The optimistic scenario for the EU, the UK and Georgia is that, like many amicable divorces, both parties can end up better than they were in an unhappy marriage. Under this thinking, both the UK and the EU club. If they are able to make a
John Kerry Visits Georgia

DURING HIS JULY 6 VISIT, THE US SECRETARY OF STATE MET TOP OFFICIALS AND MEMBERS OF THE OPPOSITION. KERRY AND GEORGIAN PM GIORGI KVRIKASHVILI AGREED TO INCREASE EDUCATION EXCHANGES AND SIGNED A MEMORANDUM ON DEEPENING THE GEORGIAN-US DEFENSE AND SECURITY PARTNERSHIP.

US Secretary of State John Kerry sought to reinforce strong relations between the US and Georgia during his visit to Tbilisi on July 6. The trip included a pledge of more support for Georgia’s defense in a multitude of areas, including new weaponry and information exchange. Kerry also signed a memorandum to more than double the number of Fulbright scholarships for Georgian citizens, from five to 12.

“I have a strong sense of the challenges that Georgia has faced, but we’ve been proud to be very much a part of helping you define the future. The United States has proudly contributed some $4.3 billion and we are working very hard on the strategic onus of the partnership, defense,” Kerry told Kvirikashvili.

AmCham Georgia has praised the trip as a “symbol of America’s continued engagement with Georgia.”

“Secretary Kerry’s visit, the signing of the defense agreement, the commitment to increase support of US-Georgia education programs and his engagement with a wide range of political players, is exactly the kind of continued support that we love to see. It is great to see that senior US government officials remain so engaged and that Georgia is still a priority for the United States,” said George Welton, Executive Director of AmCham Georgia.

The US’s top diplomat told journalists that the memorandum provides new depth for defense relations between the two countries.

“The memorandum… will support the acquisition of defense and related articles to improve the interoperability, sustainability and deployability of Georgia’s forces… to be able to work and cooperate with the other forces of NATO,” Civil.ge quoted Kerry as saying.

Among other things, the memorandum includes assistance for education and training, personnel exchanges and will help Georgia “implement the best practices in defense governance.”

That includes joint exercises and cooperation on border, maritime and airspace security.

Kerry also met with other members of the cabinet, President Giorgi Margvelashvili and members of the opposition.

He touched on Georgia’s NATO aspirations and thanked Georgia for its “efforts in Afghanistan.”

The US Secretary of State stressed the importance of the 2016 parliamentary elections.

“Free and fair elections will be an important step towards greater security, towards greater stability and towards prosperity for all of the people of this country. And in all of our conversations we talked about the need for an electoral environment that is free of intimidation and for continued progress to protect media freedom,” he said.

Kerry underscored that Georgia has experience at holding good elections and is a “model” for the region.
The 2016 Transparify report found that Georgia has become a leader in policy research transparency. Transparify assesses how transparently think tanks disclose their funding sources on their websites. The report uses a five-star ranking system to grade the level of think tanks’ transparency.

Transparify, which was founded in Tbilisi, ranks the transparency of think tanks’ funding because opaque funding can undermine public trust in their work, according to the organization’s website. The report is an analysis of how think tanks disclose their funding and donor information online. A five-star rank means the think tank is highly transparent; four stars mean it provides information on donors but not precise amounts. Think tanks with one or zero stars do not disclose the names of “some or all of their donors.”

The report, which assessed the level of transparency of 150 think tanks in over 40 countries, found that prominent Georgian think tanks CIPDD and ISET Policy institute are highly transparent, and that Georgia is now a “world champion in policy research transparency.”

“These highly transparent institutions set a positive example for the sector as a whole, both nationally and internationally,” commented Dr. Hans Gutbrod, the Executive Director of Transparify, in a press release about the 2016 report.

“Once one think tank discloses exactly how much money it receives from each donor, and for what purposes, it raises the bar for all other players in the country. If one institution can do it, all institutions can do it.”

In fact, 70 percent of the Georgian institutions included in the study (seven out of ten) “are highly transparent.”

The report also noted that “numerous models of transparency now exist” throughout the region.

“Think tanks aspiring to excellence in Bosnia, Georgia, Macedonia, Montenegro and Ukraine can all turn to local role models for inspiration and guidance. Only Serbia still lacks a local champion for full disclosure,” the report read. Transparify also found that transparency has increased in think tanks throughout Europe.

“Think tanks in Europe have continued their movement towards greater transparency. At the time of our first baseline assessment, only five institutions were transparent, and ten were highly opaque. Today, 15 think tanks are transparent, including 13 that are highly transparent. Only seven highly opaque institutions remain,” the report stated.

Dr. Gutbrod noted that Transparify researchers “have documented highly transparent think tanks in 23 countries across Africa, the Americas, Asia, and Europe.”

“Top transparency performers can be found in places as far apart as Canada, Ecuador, Ethiopia, Pakistan, and the Ukraine,” he said.

“Clearly, transparency is a feasible option in a huge variety of political, economic and social contexts. Excellence knows no borders, and that includes excellence in financial disclosure.”
The night of June 13-14, 2015, tragedy struck Tbilisi. Vere River, normally a small tributary of the Mtkvari River, flooded, water rushing into the Tbilisi Zoo and the surrounding neighborhoods. At least 20 people were killed and the zoo was destroyed. The outpouring of public support, from home and abroad, raised over $38 million, according to statistics from the mayor’s office, as reported by EurasiaNet.org. Today, a year later, signs of the damage are still visible, even as the zoo and families affected by the flooding rebuild. Questions remain, however, over how the donations for flood victims, particularly the zoo, have been used.

Building on Tragedy

The zoo is focused on rebuilding, according to its director, Zurab Gurielidze. It has already started to receive new animals from partner zoos across the Europe.

The zoo is also trying to create a better future out of the tragedy, Gurielidze said. One example is the decision to create modern, more animal-friendly cages after the Soviet-era facilities were destroyed by the flood.

“After the flood, we needed to build several new open-air cages for animals, so we invited a Dutch architect who is a specialist on zoo architecture and planned new spaces according to modern standards. At the same time, during the planning process, we took into consideration our previous experience and designed cages in a safer way,” he said.

Besides renovating the zoo’s current territory, the administration has another, bigger goal: finally moving the entire park to the Tbilisi Sea territory, a suburb of the capital.

While the plan for a new, 48-hectare zoo has been discussed for years, the lack of funding was always an obstacle.

Now, it appears to be slowly moving forward: the construction of couple of cages has already started. According to Gurielidze, they are building 12,000-square-meter cages in the forest for wolves and bears right now, with plans to finish the cages by August.

As soon as the cages are ready to host new residents, animals will be moved to near the Tbilisi Sea. The new zoo on the Tbilisi Sea will soon host large mammals, as well. Their cages, a comparable size to those wolves’ and bears’ cages, will also be finished by September.

A Question of Funding

The German Society for International Cooperation (GIZ) provided financing for the Zoo to build new cages at the Tbilisi Sea. The plans for the new Zoo will make it bigger than Wroclaw’s Zoo in Poland, one of the best developed zoos in Europe, Gurielidze said.

Despite a public outpouring of support for the Zoo following the flood, paying for the project is still a problem.

Following the flood, Georgians started funds to help both the city and
the Zoo recover. A couple of different foundations opened bank accounts and asked people to donate money. But, Gurielidze says, they didn’t get a single lari from any outside foundation. “A legitimate question has arisen among people about the money they donated to different accounts. Tbilisi Zoo opened its own bank account and established its own foundation; we raised some money there, but not too much. We use this fund to partly sponsor animals’ transportation, since it is a very expensive process. Otherwise, we have not gotten financial aid from foundations created after the flood. Such foundations should have to answer how they spent money donated from people across the world,” Gurielidze told Investor.ge.

The Tbilisi Hippo Fund was among the foundations established after the flood. Bidzina Kumiashvili, the Fund’s Director of Operations, said the foundation’s preliminary goal was to support the Zoo and help all the victims of the flood. “We did not raise as much money as we expected; the PR was much better than the actual help. We had some suggestions for the Zoo administration on how to raise funds, but we did not receive proper feedback from them. After that, we decided to spend our funds on other victims, for instance the Elizbar Elizbarashvili Dog Shelter and on taxi drivers who lost their cars and only source of income. We were like a middleman between companies willing to donate money and the victims who needed our help. We only once gave a 300 GEL salary to one of our staff members because of extreme need,” says Kumiashvili.

He noted that the fund has since changed its focus and, for the past six months, it has been working on education programs.

Kumiashvili added that the Tbilisi Hippo Fund is planning on releasing details on its financial activities in the near future and will answer all questions regarding the Fund’s spending.

Maka Meshveliani put a fund-raising announcement on www.indiegogo.com on June 15, 2016 and managed to raise $80,020 in just a few days to help Tbilisi recover from the disaster. She told Investor.ge that the fund ended up with $74,365.60 after Indiegogo fees, and $54,381 was spent on combating potential Post-Traumatic Stress Disorder in children and adolescents affected by the floods. “Given that all other relief efforts had been or would have been directed toward material compensation and no stakeholder had mentioned mental health, the campaign team made a decision to allocate the Indiegogo funds toward an area where no one was looking. During our research and meetings, we came across a group of [volunteer] psychologists and social workers who had provided the very first help to kids of the affected families by organizing a summer school, and ad hoc art therapy sessions...The group united under the local organization FELIX and became the recipient of our campaign funds. However, $19,984.6 has yet to be allocated,” Meshveliani said.

**A NEW SWIMMING POOL FOR BEGI**

Gurielidze noted that the Zoo only received financial help from Tbilisi City Hall: 95,000 GEL to build a new swimming pool for the Zoo’s well-known hippo, named Begi, and 1.5 million GEL to build a wall around the park’s territory. In total, Tbilisi City Hall received over 9.6 million GEL in donations from business and members of the community after the flood.

Article 42, a human rights watchdog, has been monitoring how City Hall has been spending the donations. Rusudan Mchedlishvili, an Article 42 lawyer, told Investor.ge that the donations were transferred to the city’s central budget, which makes the monitoring process very difficult.

“Now, we cannot provide detailed information about how this money was spent, since Tbilisi City Hall did not share very detailed information with us,” she said.

“Documents given by the Mayor’s office are incomplete and do not show precisely how the money was spent.”
If you ask the people of Tbilisi they will tell you that for quite some time the city has been transfiguring into a shiny piece of cheap jewelry that no one wants to wear more than twice. The change is not universally accepted, and there are individuals who oppose the common acceptance of everything new. Hipsters follow modern art and the latest trends and fashions, but also try to preserve vintage style. Hipsters oppose cultural mainstream. They favor old and less-popular places soaked in a different aura than the rest of the city.

The following article aims to uncover a few places that seek to preserve Tbilisi’s spirit. Here is a brief guide to what is left of Tbilisi’s hipster soul.

ZOESTAN

“Zoestan” (translation: “At Zoe’s place”) is a tiny little bar on Leselidze (5 Vakhtang Beridze Str.). The place welcomes everyone who wants to grab a bite before hopping to another bar. Its home-like, casual environment captures the spirit of the city as the most down-to-earth people understand it. You go a few steps into the basement and there’s immediately no cell signal, so you won’t be able to get a late-night call from the office or order a taxi without stepping outside. Also, there is no need to wear heels or have your hair straightened for Zoe. You can’t even smoke in here. So the sweethearts of high-class society are advised to keep away.

For some strange reason, Zoestan reminds me of “A Moveable Feast,” spelling out simple pleasures of ordinary lives for those who can’t afford “Lolita.” Honestly, you can have the night of your life playing cards and drinking.
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cheap wine, devouring sandwiches and potatoes like a gentleman and feeling as though everything in this world is exactly as it should be.

**BASSIANI**

“Where there is a lot of glitter, deeper souls tend to seek darker corners.”

Electronic music is a universal platform uniting contemporary lives from the most unexpected parts of the world. And Georgia is one of them. Recent festivals such as 4GB, Tbilisi Open Air (July 29-31) and GEM Fest (August 10-14, Anaklia) prove how rapidly Tbilisi’s catching up with the times. And Bassiani is Tbilisi’s cosmic machine cast into outer space for endless exploration. The club opened in October 2014 and since then it has become the nebula of total isolation from the bursting lights of the conventional city. Located at the largest Dinamo arena (2 Akaki Tsereteli Avenue), Bassiani seeks no spotlight, as it owns them all. It is the unique place for electronic music lovers to break free from the mandatory roles of our society. Students, accountants and doctors by day mutate into the heaving moths drawn to the laser lights of the night. The place is the Georgian version of Berghein or Chalet. Bassiani has hosted names like Tommy Four Seven, ATEQ, Blawan, Answer Code Request, Paula Temple and many others.

**ROYAL DISTRICT THEATER**

Royal District Theater complies with no conventional logic. It is a church for alternative thought and a knife to your self-comforting ideas. RDT challenges your perceptions of sexuality, conformity, parents, social norms, class action, forgiveness, neglect, war and healing…

“Early morning. I am coming out into our garden. I didn’t think spring would finally come this year. We had been through so much cold that winter. And I see our pear tree, covered in white blooms.” (“The Trojan Women” by Data Tavadze and Davit Gabunia).

The theater has raised the standard by premiering controversial Georgian and foreign plays: “Miss Julie,” “The Trojan Women,” “Translations,” “Striptease,” “The Poor One,” “Marina Revia,” “A Long Break,” “The Maids,” “Olympic Games,” “Pain is Youth,” etc. Being surrounded by these tremendously talented young directors, play wrights, actors, painters, designers and musicians who rip their guts out creating life-changing performances might make you feel … little. Because in RDT actors know how to be other people. They don’t play with you. They play inside your mind.

**FABRIKA**

Adjara Group Hospitality has built Holiday Inn, Rooms Hotels and now, Fabrika – a former textile factory and now a multicultural space uniting a gigantic hostel, cafes, art studios and galleries. Located in one of the least chic neighborhoods of the city (at 8 Egnate Ninoshvili Street), Fabrika plans to open by autumn. Its post-Soviet skin has already been tattooed by more than 30 modern Georgian artists. The place aims to become a hub of alternative art: in June it launched Fabrikafitti – an unusual street art and graffiti festival.
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YOU HAVE BEEN TO THE BEACH, THE MOUNTAINS, TURTLE LAKE AND ALL THE COOLEST CAFES IN TBILISI. WHAT ELSE IS THERE TO DO? IN THE SPIRIT OF SUMMER EXPLORATION, INVESTOR. GE IS REPUBLISHING A BLOG FROM THE GEORGIASTARTHERE WEBSITE ABOUT OASIS, A HOSTEL AND CAFE ON THE ROAD TO DAVIT GAREJI. THE ORIGINAL, WRITTEN BY DARIKO, WAS PUBLISHED AT WWW.DARIKO.NET. THE BLOG IS REPUBLISHED WITH PERMISSION.

What I love about my research for WHY GEORGIA is that I’m constantly getting pumped with inspiration. Meeting people I can learn things from, discovering things I wouldn’t believe existed. Let’s say there is a place that is growing to a real cultural hub of eastern Georgia, but is not a fortress from 9th century or an important religious object.

It is located in Udabno, a village that sprang up after the experimental relocating of several Svan families from their remote green mountainous villages to this dry fruitless area, in order to create kind of a defense point against a possible threat from Azerbaijan at the end of 1980.

Nothing has really changed: the dominating ethnic group among the villagers is still Svan, and the conditions haven’t become better: +40 degrees in summer; dry winds, cold winter… Udabno means “desert” in Georgian, and perfectly suits this place.

A POLISH CAFE AND HOSTEL IN THE DESERT

In each desert there must be an oasis, right? The oasis in this udabno it was created by a Pole named Ksawery. He didn’t plant trees or dig a lake; he “only” created a place where international travelers come to have rest on their way to Gareji Monastery or back, and locals can find some entertainment. In the entire village, which has around 800 inhabitants, there is a school and a shop, and endless dry steppes – and not much else, in terms of entertainment. So the Oasis Club is a real oasis for people who have never seen anything like this. After I discovered Oasis, I have been going once a month. Recently my friends and me (15 people from 11 countries in total) decided to spend the whole weekend there, and I got a chance to “put my nose in the situation.” Despite the fact that the place was packed, Ksawery found time to tell me more about his Udabno story:

– In 2012, I was traveling with tourists all around Georgia – at that moment I already knew the country quite well. Meanwhile I was looking for an opportunity to start business,” he says. Udabno appeared to be a good one: on the way to David Gareji, an interesting tourist landmark; there was nothing at all, so why not do something here? From the beginning I could see how it should look: those white walls, colorful doors…

– Did the locals mind that a foreigner arrived and started doing things here?
– Well, they had their own ideas about renovation and so on, had plenty of advice, but I always stood my ground. First, in 2013, we opened a bar here. All the staff also lived right in this building… The good thing is that Oasis became a place where people can deliver and sell their products, earn something. Our cooks are also Georgian.

– **Your menu is very distinctive.**

– We consider the peculiarities of Udabno: you know that this village was inhabited by relocated Svans? So, our menu contains Svan sauce, kubdari, and other specialties. We depend on what products we have, so some items on the menu change according to the season. It is important that our food is always freshly prepared. Another idiosyncrasy is our experiments with taste: in Georgia the combination of sweet and salty is uncommon, but we dare to combine smoked suluguni with sour plum and sweet watermelon sauces, for example.

  (Author’s Remark: It is so delicious, I would eat a kilo of this!)

– **So, you opened the bar with this menu with Svan background, and then…?**

– Then we opened the cottages, and this year the hostel has been opened. Before we closed for wintertime, but this year, if everything goes smoothly, we are going to have a hostel with central heating and open a small restaurant there.

– Also we started constructing an art center here. The Swiss Embassy helped us with financing, so relatively soon we can show movies under the stars, organize exhibitions (twice a month), concerts (twice a month), and host a weekly Sunday regional market. I think it can positively influence regional tourism, if people from Sagarejo and surroundings will come and sell their products to tourists – as you see, they are coming quite often. Before starting the market, we plan to make several workshops on packing and presenting goods, to explain to locals how it could look better, what foreigners are interested in.

Then Ksawery went back to his work, and I stayed outside with a book and the impression that the question “WHY GEORGIA?” is simple to answer: it is a good country, and one feels comfortable even in a desert, if there is a purpose and willingness to do things. What I know for sure is that I will be going back there for any reason, if I have time. Thank God, there is a daily Gareji Line bus, which drops you there and picks you up for 25 lari… Hard to believe, but God-forgotten Udabno is becoming a small magnet for international tourists. And the most positive thing, in my opinion, is the influence on inhabitants of the village.

I saw our American fellow explaining the rules of frisbee to the local children; I heard them trying to speak English – Ksawery and his international crew also taught them extra in wintertime.

Local guys and girls come for a drink and talk with people from the outside world. There are books and board games in the bar. There is a good spirit and feeling that life is happening – even though a bit slower than in big towns. But actually this is what one needs for a real day off.

P.S.: the other posts from WHY GEORGIA? series can be found at georgiastartshere.com. More materials from me – at this website and my facebook page – Dariko. Wish you a pleasant reading! :)

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My Mom Went To Georgia and "All I got Was This Lousy T-Shirt"
Everyone has likely heard of “All I got was this” slogan t-shirts—they are funny and satisfy the taste of many people.

Souvenirs, memorabilia, and merchandise must be one of the first priorities for any self-respecting country eager to develop its tourism industry. Georgia, as its number of tourists grows by the millions, faces the same challenge: what to sell tourists?

**FROM FRIDGE MAGNETS TO WINE**

When CNN anchor Jill Doherty asked me to take her to a shop in Tbilisi to buy something to take back home for her relatives, especially for one little boy, it was hard for me to advise immediately where to take her.

We both went together to a nearby shop and it surprised me how difficult it was to choose. The fridge magnets look similar to any other magnets in the world; clay pots and vessels are fun but hard to travel with; there were t-shirts… and suddenly I came across wine bottle covers with the shape of the national costume. Who wouldn’t want that as a gift?

After 11 years being based in Tbilisi for work and family reasons, and hosting numerous visitors from all over the world, I have to say that the task of giving something to visitors has finally gotten easier. You only have to take a little trip down to Leselidze Street in the Old Town— or any of the side streets — to pick a gift.

After visiting many shops and randomly speaking to the buyers, I see that customers are happy too. Some love the khinkali-shaped candles, but denounce the wine bottles with a picture of Stalin. Others love the variety of thick felt...
dolls, but hate the image of a Georgian man with large belly and horn in his hand; some love the historic replicas of bronze figurines, Georgian tablecloths and traditional Tushuri socks. I even saw a company that sells socks with khinkali on them! But there is the potential to do more. Let’s take Great Britain, where the Queen’s birthday, the birth of any little prince or princess, their weddings – in short, their legacy – make up a healthy share of the £4.5 billion worth of souvenirs tourists buy in Britain every year, according to gov.uk. China plates with the faces of the royal family, beefeaters cookie boxes, or postcards with beautiful views of historic London – everyone benefits out of such kitsch sales, including shop owners, tourists and the state itself. So coming home from the UK, you grab something with the face of the baby Prince George. From Kyiv, you try to squeeze Kyivskii tort (Kyiv cake) into the plane; from Thailand, you stash spices in your bag – or matryoshka from Moscow. But Georgia’s basic souvenirs – a bottle of wine or churchkhela (a grape juice energy bar) are no longer the staple gift package.

CATALOGING CREATIVITY

Innovative ideas are the next big step for the Georgian gift market. China is the main manufacturer of souvenirs for Georgia, as well as for countries worldwide, but Georgia is slowly introducing more sophisticated and arty items. The potential is practically unlimited: many internationally known or locally famous artists and craftsmen have already made a mark on the gift market industry. Some efforts are already underway.

At the beginning of the summer, the Tbilisi municipality introduced a catalog of 32 artists who create hand-made gifts, many inspired by Old Tbilisi and its unique views. Mainly aimed at foreign tourists and important guests, this is a positive start, although more needs to be done to make unique souvenirs available for everyone, not just for special guests.

Makuna Bakhtadze owns a gift-shop called Makuna’s Mortuloba, which means “hand-made by Makuna.” This shop is never short of visitors, and most are amazed at her unique silk garments, thick felt hair accessories and Georgian natural-mineral stone jewelry.

But she said more can be done. “There is no unified vision for Georgia on what our iconic image is,” Makuna said in an interview. “I believe we have many images we could turn into our trademark look, our icon.” People like Makuna have a point. Georgians could still come up with dozens of ideas to create souvenirs representing Tbilisi or any of Georgia’s regions, but most of all, Georgians need to agree on what can be produced and sold that would help tourists remember their sweet days in Georgia.

A BIT OF STALIN FROM THE DRY BRIDGE

For some wealthy Russians, dropping down to Tbilisi for a weekend to sip some wine, simply to attend a wedding in the Georgian countryside, or to visit Old Tbilisi, has become a habit. About 18 months ago, I first heard of a local designer selling largely to these weekend visitors. Cotton shirts and dresses quickly became a very distinctive look among young girls all over town, or at the seaside resorts like Batumi. These dresses, earrings and other fashion items are also a kind of souvenir for them. Fashion trademark and signature dresses are indeed a good idea. However, many wish these to become more affordable and accessible, as these items run out quickly, despite their high price tags.

The blog Georgia Starts Here has even more boutique suggestions, including Gallery 27 (8 Sioni Street), Badagi Shop (2 Miminoshvili Street), and Studio Ornament (7 Erekle II Street). http://georgiastartshere.com/georgian-memory-souvenires/

Those who do not favor fashion, go to the Dry Bridge market, probably the largest souvenir store in the country, under the open sky in downtown Tbilisi. Here you can find Stalin merchandise and Soviet memorabilia, such as old tea cups and Stalin-era room knickknacks.

Some free advice: Do try to find funky stuff here, really memorable, unlike you will find in any regular shops. Do not try to find expensive artifacts, worth reselling in other markets. Don’t forget, it’s just a souvenir.

Nearby, there are also dozens of merchants selling traditional Caucasian carpets.

Just before I left Tbilisi in late June, I searched for the perfect gifts to bring relations overseas. I finally purchased several key rings with Georgian symbols on them, two bottles of wine, hygienically wrapped churchkhela and a box of spices. Despite the lack of a definitive Georgia-related icon, this was the best I could manage because, really, who could leave Georgia without those?
U.S. AMBASSADOR DISCUSSES CURRENT EVENTS WITH MEMBERS

U.S. Ambassador to Georgia Ian Kelly spoke to AmCham members at the Chamber’s monthly meeting on June 15 at the Tbilisi Marriott Hotel.

The Ambassador provided a frank overview of Georgian, U.S. and international politics, including a discussion of the Georgian parliamentary election, Georgia’s aspirations to join NATO and to receive a visa liberalization regime from the EU, as well as Georgian economic, judicial and political reforms and U.S. efforts to enhance those reforms. His presentation was followed by an energetic Q&A session.

AmCham Meeting with Railway CEO Mamuka Bakhtadze

AmCham Georgia hosted a Member luncheon with Mamuka Bakhtadze, CEO of JSC Georgian Railway on July 6, at Radisson Blu Iveria Hotel.

Mr. Bakhtadze presented recent developments of the Georgian Railway system. He also gave an overview of the company structure and its strategy. Mr. Bakhtadze outlined a few major projects, including the Baku-Tbilisi-Kars project and infrastructure developments, which could dramatically increase the railway’s capacity in the near future. Mr. Bakhtadze answered questions regarding the Anaklia Deep Sea Port and prospects of using Georgia as the shortest route to transport goods from Europe to Asia and vice versa.

AmCham Members Discuss Open Government Partnership

AmCham hosted a meeting on June 6 between its members and representatives of the Ministry of Justice of Georgia who serve as the Secretariat of the Open Government Partnership in Georgia. The OGP Secretariat briefly overviewed the OGP process, Georgia’s achievements, and the role of the private sector in the OGP movement in Georgia. The meeting was followed by questions from members related to the transparency of government procurement procedures. At the end, the Secretariat expressed its readiness to further discuss the issues concerning the private sector under the OGP framework.
AmCham Georgia hosted K.G. Moore’s Farewell and Appreciation Cocktail Reception at the Tbilisi Marriott on June 16.

AmCham President Sarah Williamson greeted the guests and expressed our gratitude to K.G. Moore for his persistent and determined support over the last few years. K.G. has been engaged at an incredibly high level with AmCham. As his time in Georgia comes to an end, we know that KG will miss Georgia and all of us, but that is nothing to how much we will miss him!

Members used the opportunity to say goodbye to K.G. and wish him all the best, as well as reconnect with friends, colleagues and fellow representatives of member companies.
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DZEGVI GARDENING PROJECT

American Friends of Georgia (AFG), in the framework of Corporate Social Responsibility and in collaboration with long-term partners and friends BDO, E&Y, Deloitte and the College of Decorative Gardening, organized a garden planting activity in Dzegvi Shelter/Community. With donated funds of AFG, BDO and E&Y, administrative help of Deloitte and consultations from the College of Decorative Gardening pro bono and saplings given in kind, and after purchasing additional saplings and plants including the Arborvitae, Georgian Maple, Lavenders, Abelia, Smoketrees, Barberries, Multiflora Roses, and others, AFG held its scheduled garden planting activity on May 27th in the Dzegvi Shelter courtyard. BDO intensely participated together with Dzegvi Shelter dwellers in arranging and planting the garden in the courtyard of Dzegvi. A BDO team of 10 volunteers visited Dzegvi with lots of presents for its children. Children happy with presents, toys and sweets, cheerfully played with some of the BDO staff, while the others were involved in planting. We hope that together we can continue to make a difference for lots of people in need!

PRESERVATION PROJECT OF DAREJAN’S PALACE COMPLEX

American Friends of Georgia, with the financial support of New York Landmarks Conservancy and the Ford Foundation, hosted two leading engineering experts from the top U.S. engineering company (Silman & Mueser Rutledge Consulting Engineers) who surveyed and shared their expertise on ways of preserving Darejan’s Palace.

American experts Edmund Meade and Roderick Ellman met with Georgian professionals working on Darejan’s Palace’s reconstruction, reinforcement and geological surveys in different years. At the same time, the U.S. experts worked intensively with the National Agency of Cultural Heritage Preservation of Georgia.

Besides various activities, Edmund Meade gave a lecture organized by American Friends of Georgia with the support of the National Agency of Cultural Heritage Preservation. The lecture was on Preservation Engineering from a Structural Engineer’s Perspective.

The lecture hosted lots of professionals and students in the field and a representative of the U.S. Embassy’s Public Relations Department. Mr. Meade discussed the application of new technologies on historic structures, interventions that are durable and preserve the most historic fabric, and investigative and analysis methods that their company advanced over the past 20 years. For illustration, he presented such works (which he personally worked on) as the Guggenheim Museum in New York, the Puerto Rico Cathedral and several other world monuments. The interesting presentation of world cultural preservation samples was followed by a Q&A session discussing the modern ways of preservation of cultural heritage from the structural point of view.
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Salvation Army’s General André Cox and Commissioner Silvia Cox to Georgia

In the early hours of Wednesday, June 1, about twenty officers, soldiers and friends of The Salvation Army in Georgia gathered at Shota Rustaveli International Airport in Tbilisi to greet General André Cox and Commissioner Silvia Cox. This was only the second time in the 23 year history of The Salvation Army in Georgia that the international leaders would spend time here, encouraging local people in all the work they do. Their visit to Georgia was planned to last just over twenty four hours, but a great deal was packed into this day. After conducting two Officers’ meetings, visiting a site of significant historical and religious interest and enjoying a Georgian ‘supra’ with officers, a public celebration meeting was held at a Baptist center in Tbilisi.

A crowd of about two hundred filled the venue in eager anticipation of the international leaders’ arrival. A great evening of celebration then commenced as the regional youth worship band led the congregation with vibrant singing in Georgian and Russian.

The international leaders were greeted with a traditional Georgian welcome, as they were invited to take a welcome drink. This was followed by a Georgian dance performed by children from our centers in Didi Digomi, many of whom are actively involved in the local After School Club which takes place there.

Several representatives of the eight centers in Georgia spoke about the way in which their lives have been enriched through worship of God and service to the communities in which they are situated. A very powerful piece of dramatic art drew gasps from the congregation as five young artists from Ponichala drew the hands, feet and face of Jesus in front of the congregation. As this was completed, another member of the Ponichala center slashed each painting with a knife and a trail of “blood” was seen flowing from Jesus. This powerful image will live long in the hearts and minds of those present.

In his address, General Cox spoke about the need for each of us present to play our part in bringing change to the often fractured world of Georgian society.

Throughout the meeting a cameraman and interviewer had hovered, taking appropriate video clips. These clips, coupled with an interview with General Cox featured on the Georgian TV station Tabula, giving Khsnis Armia some good and welcome publicity. As the congregation was invited to sing the closing song, another moment of history was being made. For the first time ever, a song written by the Founder of The Salvation Army, William Booth, “O Boundless Salvation” was sung in the Georgian language. This moving rendition brought the curtain down on a day which will live long in the memory of those who were able to be a part of it.
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Despite the fact that Sheraton Metechi Palace hotel is closed due to the above-mentioned major renovation, Hotel management and its owner company Ras Al Khaima Investment Authority Georgia LLC are leading dynamic social responsibility activities.

On 5th of July, the Sheraton Metechi Palace Hotel team visited the “Temi” community, in Gremi, Kvareli region and donated a variety of Hotel items: pottery, household appliances, room accessories, bed mattresses, pillows, and full sets of linens, as well as furniture and other items.

Temi welcomes residents of all ages and capacities and provides a caring and stimulating environment for children and adults with special needs, as well as for children without families, elderly people, and indeed anyone who wishes to become part of this inclusive community. Currently, there are more than 70 residents.

As part of Starwood Hotels & Resorts, since 1997, Sheraton Metechi Palace Hotel has annually lead numerous community initiative projects, including assisting socially insecure parts of society. Since its founding in Georgia, Sheraton Metechi Palace Hotel has completed dozens of different projects: delivering necessary ood & Beverage products for the homeless and the elderly; donation of all necessary products (food and beverages, linens, mattresses, blankets, pillows) to IDP’s during the August 2008 war who were staying in a neighboring school building during those 2.5 months; cleaning and tidying up different parks of Tbilisi in support of global environmental activities; planting and watering 100 trees; repairing /renovation of heating systems and bedrooms for children in the “House of the Future”; Christmas charity dinners for elderly people; “Check Out for Children” – Sheraton Metechi Palace Hotel for years has proudly lead a global initiative in support of UNICEF’s immunization and malaria programs for vulnerable children in developing countries; “green programs” in Sheraton initiatives that aim to conserve energy and water, reduce waste and enhance indoor environmental quality for Starwood guests and associates alike.

Tatiana Trofimchuk, “Temi” Volunteer, said: “It was a great pleasure for us to welcome the employees of Sheraton Metechi Palace into our community. We are deeply thankful for their donations of furniture, and kitchen and household items. These donations will provide a better quality of life for the disabled and socially vulnerable residents in our community. We sincerely appreciate Sheraton Metechi Palace’s support and we are impressed with the kindness of their wonderful employees.” For more information: http://temi-community.org/

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The idea to create VINOTEL came a few years ago, and the new boutique hotel VINOTEL hosted its first guests in 2015. Even though the hotel is relatively new, it is located in a 19th century building in a historical neighborhood of old Tbilisi and is connected to a historical 18th century church with an open terrace. The space at VINOTEL unites a hotel, restaurant, wine cellar and a conference hall, which creates the opportunity to host guests at formal and informal occasions.

The concept of VINOTEL was developed based on Georgia’s history and wine culture. VINOTEL’s idea is trademarked in Georgia and is absolutely unique. This is a place where East meets West. VINOTEL offers one of the best selections of wines from Georgia’s many boutique wineries, with exclusive varieties from historical viticulture appellations.

At VINOTEL, guests can enjoy delicious Georgian Euro-fusion cuisine and lovely live performances of Georgian folk music in a non-smoking environment. Food offered in the restaurant is prepared with biologically clean produce provided by local farmers. Not only the restaurant, but the interior of the hotel is developed with an ecologically clean concept, where most of the elements are hand-made, hand-crafted and hand-painted.

VINOTEL has hosted international and Georgian business leaders and high-level officials, and as our guests are always outlining in their comments, they feel at VINOTEL like they are at home. We take in consideration our guests suggestions and remarks for our future projects.

Based on market research, there is great interest to expand the exclusive brand of VINOTEL not only in Georgia, but also internationally, specifically in Ukraine, Azerbaijan, Russia and Bulgaria. We are also considering the USA, and specifically Alaska, as a priority. Currently, we are in the process of negotiating with international companies to establish exclusive branches of VINOTEL abroad. The establishment of our “Enoteka” is already in process.
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LTD "Alliance +" was founded in 2005. In 2008, as a result of rebranding the company continued its work with a new name “Orbi Group”. In the same period of time company launched a project “Hotel type residential house”. The product created by the company became one of the most demanded projects in Georgia and outside of its borders, it also became a milestone in attracting investments for the city of Batumi. The founders of “Alliance Group” – in cooperation with “Orbi Group” and other companies, have built more than 20 residential complexes and Aparthotels, 5000 apartments, more than 1200 000 sq. m. construction area, which undoubtedly proves the vast experience company has acquired.

Alliance LLC creates exclusive, premium class residential complexes, comfortable, and economically profitable for clients as well as for the country; Residential complexes that meet international standards by the quality of construction and materials used and by the infrastructure and services provided.

www.alliancgroup.ge

**Georgian Industrial Group**  
**Corp B**

Georgian Industrial Group is the largest industrial holding in Georgia with a diversified business portfolio, including coal mining, energy generation (hydro, natural gas and coal fired power plants), natural gas sales and real estate. With 20 years of business experience in Georgia, the group adopted a holding company structure in 2006. In 2015 company had revenue of more than 160 million USD and employees of more than 3,000.

www.gig.ge

**Primera Golf and Residence LLC**  
**Corp B**

Company Ltd Primera Residence Development and Construction is planning to develop on the existing land territory under its ownership, a large scale residence district with the appropriate infrastructure including residential trading facilities, hotels, schools and kindergartens. At the same time, it is planned to create a sport and fitness complex, which will include a Golf Course of international standards.

www.primera.ge

**Vinotel (Aigvinissakhli LLC)**  
**Corp B**

Designed as an affluent Georgian home, with great love and care for each detail, Vinotel will engulf you with beauty and comfort. With Vinotel, you will discover the rich world of Georgian wine, sample the unique tastes of Georgia with the world-class chef, and live the sense of Georgia’s history. In Vinotel you will find a harmonious synergy of unique antiques gathered throughout Georgia with the comfort of modern technology. Vinotel is an excellent example of traditional Tbilisi architecture, with its ornamented balconies and brick cellars dating back to 1880s. Garden glass facade was added in 2005 as a modernized version of the original window panes. Vinotel welcomed its first guests in 2015.

www.vinotel.ge

**ProductSavvy Dev Georgia**  
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Founded in 2006, ProductSavvy is a product acceleration company. ProductSavvy supports early-stage and middle-market technology companies in building great products that deliver commercial success.

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For more information please contact:

Otar Kipshidze, Office Managing Partner (otar.kipshidze@dlapiper.com)
Avto Svanidze, Partner (avto.svanidze@dlapiper.com) | Ted Jonas, Of Counsel (ted.jonas@dlapiper.com)

DLA Piper Georgia LP, 10, Melikishvili Street, Tbilisi 0179, Georgia
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