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INVESTMENT NEWS

GEORGIAN ECONOMY GROWS BY OVER FIVE PERCENT

The Georgian economy grew by 5.2 percent in the first quarter of 2018, according to official statistics, agenda.ge reported on April 30.

The government has forecast 4.5 percent growth this year, the report said.

It noted that international financial institutes have also predicted positive growth for the Georgian economy: the World Bank forecast 4.2 percent growth; the European Bank for Reconstruction and Development (EBRD) predicted 4.5 percent growth, as did the Asian Development Bank.

The International Monetary Fund has increased its estimate for Georgia’s economic performance this year, predicting the country will grow by 4.5 percent this year and 4.8 percent in 2019.

“According to the International Monetary Fund forecasts, Georgia will have one of the highest economic growth rates among the countries of Eastern Europe and Central Asia in 2018-2023,” the Georgian Economy Ministry said in a press release published on April 23.

“Growth in 2018 is expected to remain strong [. . .] The current account deficit is expected to widen slightly due to higher oil prices and public investment. Over the medium term, the sustained implementation of Georgia’s economic reform program is expected to support higher and more inclusive growth by fostering private investment, productivity, and competitiveness.”

GEORGIA, EUROPEAN FREE TRADE ASSOCIATION SIGN DEAL

The Georgian government and the European Free Trade Association’s trade agreement went into effect on May 1, economy.ge reported the same day.

The European Free Trade Association (EFTA) is comprised of four countries: Iceland, Liechtenstein, Norway, and Switzerland. The deal gives Georgian producers access to a market of 14 million consumers.

$93-MILLION DOLLAR AIRPLANE PARTS FACTORY OPENS

A factory set to manufacture civil aircraft parts for Boeing, Airbus and Bombardier passenger planes opened in Tbilisi on May 10, agenda.ge reported the same day.

The first production lines will start working by 2020, the report said.

The factory was built by a joint Israeli-Georgian venture company, Aeronautical Technologies Cyclone (ATC). An estimated 300 locals will be hired and will receive specialized training.

FIREFIGHTING VEHICLES TO BE PRODUCED IN GEORGIA

An Austrian company plans to start building firefighting vehicles in Georgia, agenda.ge reported on April 26, citing information provided by the Emergency Management Service of Georgia.

The plant will be built at Delta, Georgia’s State Military Scientific Technical Center.

“The time has come when it is necessary to fully re-equip the firefighting apparatus in Georgia. We have chosen [the] company Rosenbauer and together we will manage to achieve this goal. I have great expectations of fruitful cooperation with Rosenbauer,” agenda.ge quoted Giorgi Mgebrishvili, the head of the Emergency Management Service of Georgia, as saying.

NEW SEWING FACTORY OPENS IN KUTAISI

A new factory opened in Kutaisi on May 16 as part of the government’s Produce in Georgia program, agenda.ge reported on May 17.

The factory, MGMTex, will produce clothing for H&M stores and is projected to employ as many as 400 people.

There are currently 130 people working at the factory, which was built with a Georgian-Romanian investment of 7 million lari (about $2.81 million), the report said.

ASIAN DEVELOPMENT BANK TO FUND RENOVATIONS AT GUDauri

The Asian Development Bank will fund renovations at Gudauri.

Over a million tourists visited Georgia’s mountain resorts during the 2017-2018 winter season, a 25 percent increase from last year, agenda.ge reported on April 27.

Goderdzi, located in Adjara, saw the biggest increase in visitors, the report said.

There was a 129 percent increase in the number of people who traveled to Goderdzì, compared to a 122 percent increase at Tetnuldi, 119 percent increase in Tatsvali and a 25 percent increase in Gudauri.

The Georgian National Tourism Administration will be targeting European and Middle East tourists with a series of YouTube advertisements this summer, agenda.ge reported on May 17.

The three-month campaign will start on May 29. It is estimated that the clips will be viewed over 21 million times.

LE ROChE, ONE OF THE TOP THREE HOTEL SCHOOLS IN THE WORLD, HAS ANNOUNCED IT WILL START OPERATIONS IN GEORGIA

Le Roche, one of the top three hospitality schools in the world, has announced it will start operations in Georgia, gov.ge website reported on May 18.

Prime Minister Giorgi Kvirikashvili attended the presentation, the report said.

“Thanks to the opening of Le Roche, we will improve the quality of our tourism services and provide high-level managers in our country,” Kvirikashvili said.

This is why we are eager to welcome Les Roches, one of the world’s top three hospitality schools, entering Georgia to operate at the University of Business and Technologies and to start training high-level managers. We certainly welcome this fact,” Kvirikashvili said.

THE THREE-MONTH CAMPAIGN WILL START ON MAY 29. IT IS ESTIMATED THAT THE CLIPS WILL BE VIEWED OVER 21 MILLION TIMES.

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TOP SWISS TOURISM SCHOOL OPENS IN GEORGIA

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the second phase of work on water supply, sanitation and wastewater treatment systems at Gudauri ski resort, agenda.ge has reported.

The bank is also helping to fund the development of Georgia’s transit system and its tourism sector, including the construction of a 24-km-long section of the road leading from Mtskheta to the Larsi checkpoint at the Georgia-Russia border.

The Asian Development Bank has invested over $2 billion in Georgia over the past 10 years, the report said.

**EUROPEAN INVESTMENT BANK TO OFFER €250 MILLION FOR GEORGIAN ROADS**

The European Investment Bank (EIB) is proposing €250 million to help improve regional connectivity and road transport efficiency in Georgia, agenda.ge has reported. The bank has already financed over €500 million within the Georgian Transport Communication Project. The project includes the construction of a 14-km section of the Grigoleti-Choloki road, as well as rehabilitation work on other international and secondary roads in the country, the report said.

**AUSTRIAN LOGISTICS COMPANY EXPANDS IN GEORGIA**

The Austrian Gebruder Weiss transportation and logistics company will invest €2 million in Georgia to expand its logistics terminal, agenda.ge reported on April 19. “We entered Georgia about five years ago and are satisfied with our investments. We have attracted a number of businesses [. . .] We intend to invest €2 million to enlarge our logistics terminal in Georgia,” Wolffram Senger-Weiss, a member of the Gebruder Weiss Management Board, told Prime Minister Giorgi Kvirikashvili.

Gebrüder Weiss has invested €10 million in Georgia, establishing one of the largest premium logistics terminals in the South Caucasus region.

Gebrüder Weiss includes 150 branches in 28 countries and employs more than 7,000 people.

**GEORGIA PLANS FINANCING REFORM**

Georgian Finance Minister Mamuka Bakhtadze has pledged to make it easier for start-ups to receive funding, agenda.ge reported on April 12, quoting the Minister’s remarks to journalists.

“Today our budget is dependent on about 300 companies, which is a bad tendency. This means that we have such sectors in the economy where a high risk of monopolization has occurred. This makes our economy less sustainable,” he said.

“At the same time, we see high interest rates, which do not allow the chance to start businesses. The banking system should not be a brake for economic development, but its driving force.”

“Taking into account these circumstances, we decided to start a large-scale reform in our economy, which aims to provide young start-ups with zero-interest-rate capital,” said Bakhtadze.

**GEORGIAN POST STARTS E-COMMERCE PLATFORM**

Georgian Post has created a platform to help small- and medium-sized businesses sell their goods in Georgia and abroad, Economy Minister Dimitry Kumsishvili announced on May 16.

The new service is called ‘Georgian Products to the World’ and aims to strengthen the e-commerce industry of Georgia, agenda.ge reported on May 17.
A small Tbilisi-based team of IT and start-up specialists is nothing if not ambitious. What began as their project to cut medical prescription costs for Georgians is now targeting the $500-billion U.S. pharmacy market. Almost up-and-running with it, they are collecting seed money to complete an app, widen their U.S. business-to-business (B2B) client base and sign up more partners.

As founders Giorgi Bezhitashvili and his start-up partner Josuah Rechtsteiner explain, their international research for electronic prescription and distribution business models for pharmaceutical products drew them inevitably to the vast U.S. market. In most countries, medicines cannot beretailed alongside other e-commerce traded products because medicines are controlled by extensive government regulations. In the U.S., dedicated online prescription fulfillment is a well-established and accepted business in its own right, with a number of companies claiming to deliver the cheapest possible drugs.

Yet, after just a few months of delving into the U.S. business models, Bezhitashvili and Rechtsteiner found them full of flaws. Not only could they see only too clearly what in other countries would be conflicts of interest and third-party influences, with multiple cases of cross-ownerships, but customer complaint levels are rising. Industry players and professionals with whom they were meeting also expressed a clear level of discontent.

The Georgians found themselves thinking that by working with disaffected professionals within the U.S. distribution chains they could offer a better and competing service. The great advantage of the internet is that the fact that they are Tbilisi-based is not an obstacle. It is enough that their industry and medical partners, advisers and mentors are well-entrenched, connected and respected locally in the U.S.

“The solution is to restore competition and market forces by creating an efficient platform within which manufacturers, pharmacies and patients can act freely without the pricing interference of third-parties and other conflicts of interest that have degraded U.S. healthcare,” says Bezhitashvili.

What they have designed is an app that allows patients to “select drug, price and pharmacy just seconds after the doctor has submitted the e-prescription,” adds Rechtsteiner. “Instead of sending the electronic prescription to a normal pharmacy, doctors are able to send prescriptions to our app over existing prescription networks.”

“With our app installed on the patient’s smartphone, the patient is immediately notified at which prices the medication is available at and which allowed substitutes are available,” he added.

The app, says Bezhitashvili, also in-

INVESTOR.GE IS STARTING A NEW COLUMN ON THE ENTREPRENEURS PUSHING GEORGIA’S DEVELOPMENT FORWARD. FOR OUR SECOND INTERVIEW, WE SPOKE WITH GIORGI BEZHITASHVILI AND HIS START-UP PARTNER JOSUAH RECHTSTEINER ABOUT THEIR APP TO CUT MEDICAL BILLS, WHICH THEY PLAN TO LAUNCH IN THE U.S. MARKET.

SALLY WHITE
forms the patients of any industry deals or government help offered on products. Then the patient makes a choice on the drug and price and the prescription is forwarded to the chosen pharmacy.

Their partnerships with established pharmacists mean they can offer online consultation, giving the ability to understand how to choose the right drug at the right price before buying. The app includes drug information and reviews, too, so that the patient can be fully briefed on the options.

The U.S. business is called My Drug App. The service is designed to be free for patients, the revenue coming from multiple B2B sources. These include client sourcing fees, ad sales to pharmaceutical companies and healthcare providers, provisions for cross-selling complementary services, monetization of analytical insights from currently uncaptured point-of-sale data, plus revenue from various features of the U.S. medical system.

In addition, changes in the U.S. pharmaceutical industry could open up huge opportunities. At the moment, patients may not know the names of generic medications because their manufacturers do not advertise them. Yet even now, more and more patients are switching to these cheaper versions. Patients are very much more likely to pay and take-up generic, as opposed to branded medicines. In 2016, 3.9 billion prescriptions were dispensed, according to the U.S. Association for Accessible Medicines.

More income from generic medicine sales is forecast. The pace of change is expected to speed up as U.S. President Donald Trump’s new appointee running the Food and Drug Administration, Scott Gottlieb, strives to move the needle on America’s “sky-high drug bills.” He is making a concentrated push toward expanding generic drug competition.

The Georgian team has pitched My Drug App to meet this. It “allows generic manufacturers to launch ad and rebate campaigns with very high precision and optimal efficiency,” says Bezhitashvili. The data captured by My Drug App also provides manufacturers with information on customer decision-making at the point of sale, and this is going down “very well” with prospective customers.

Currently, the team expects to very quickly reach the stage of processing around 100,000 prescriptions a month, helped by their strong local connections.

Not bad for a small Tbilisi start-up! The team members already have several IT start-ups under their belts, and a next step is a similar drug distribution app for Georgia – Health Hub.
The Best Minds in the Business: Famous Economists Weigh In On Georgia

For the third column in the series, Investor.ge is looking at what international financial institutions and other international bodies are saying about Georgia’s reforms and the country’s economic outlook. In particular, the United Nations Economic Commission for Europe’s recent findings on the impact of reforms on the trade sector; the World Bank’s latest report on the Georgian economy; and the latest findings from the IMF.

TRADE REFORM

The United Nations Economic Commission for Europe (UNEC) named Georgia one of the top trade reformers in the region in a report published on May 3.

“With its lean institutional set-up and paperless trading environment, Georgia stands among the top trade reformers in the UNECE region,” the organization announced.

“Today, it takes 30 minutes for imports to pass customs and documentary requirements are reduced to two documents only (transport document and commercial invoice or sales contract). Exports are cleared in only 10 or 15 minutes, depending whether standard or advance procedures are used. Georgia exported goods worth $2.11 bn in 2016, and imported goods worth $7.27 bn,” the report said. The study was conducted during the period of October 2017-January 2018.

It included assessments from traders working in Georgia, as well.

Moreover, the 65 traders from across the country representing leading sectors, expressed their appreciation of the procedures’ high level of transparency in interviews. Traders are kept abreast of trade-related regulatory and procedural requirements through online information dissemination systems and public-private consultation managed by the different line Ministries,” the report said.

“Reaping further benefits will require strengthening state agencies with technical skills and expertise, particularly for completing the approximation to the European Union Acquis Communautaire; consolidating the existing paperless trading systems; and, improving the country’s transport infrastructure,” the UNECE noted.

ECONOMIC DEVELOPMENT

The World Bank’s 2018 Systematic Country Diagnostic (SCD) “highlights the country’s core development challenges and opportunities. It takes stock of Georgia’s development progress since its “rebirth” a quarter of a century ago. It also takes a forward look at the social and economic landscape,” the report states.

The SCD notes that Georgian economy suffered a 65-percent contraction over three years from 1993-1993, an “unprecedented economic collapse,” even among former Soviet republics.

Over the past ten years, however, the Georgian economy has made real progress, the authors of the SCD note.

“Georgia is a fundamentally different and better country today than it was a generation ago. Georgians can be proud of having achieved middle-income status, dramatically reduced extreme poverty to 8 percent, and implemented social policies that support the poorest people and regions. At the same time, the country is still far from the level of broad-based prosperity that EU accession countries now enjoy,” the report said. The SCD highlights the challenges Georgia faces as it seeks to create sustainable growth and warns that, among other things, the government needs to watch spending and prioritize protecting the environment.

“In the absence of sound macroeconomic and fiscal policies, attracting investment, financing the required infrastructure, and upgrading service delivery will not be possible. Likewise, environmental degradation would undermine a key asset of the country in leading sectors of the economy, namely tourism and agriculture,” the report said.

REFORM PROGRAM

“ADVANCING WELL”

Mercedes Vera Martin, the IMF mission head, praised Georgia for meeting many of its structural reform benchmarks.

“Sustained implementation of Georgia’s economic reform programme is expected to support higher and more inclusive growth by fostering private investment, productivity, and competitiveness,” she was quoted as saying in an April statement published by the IMF mission as part of its announcement concerning the third tranche of a three-year program.

Martin noted that economic growth was expected to remain strong this year and the country’s risks are balanced. The current account deficit will likely widen, she warned, due to higher oil prices and public investment, the statement said.
Azura Bar and Restaurant - this exotic and alluring name is a tribute to the beauty of The Biltmore Hotel Tbilisi’s pool deck’s azure surrounds, where the turquoise waters of the shimmering pool run into the endless blue of the Tbilisi sky.

The contemporary Azura speaks of an example of al fresco dining and extends to modern lifestyles.

The cuisine served at the venue is light and fresh, reflecting the airy feel of the space itself. Healthy smoothies, salads, pizzas and burgers – this simple but sophisticated menu is created with great knowledge.

Inspired by the pool deck’s close proximity to the outdoors, Azura’s design draws from the rippling of the pool water and the richness of surrounding greenery to create a wordmark that’s entirely connected to nature.

Resting at Azura Garden offers a much-needed portion of the sweet, nourishing scent of the blooming flowers all around the garden. True spiritual retreat right in the center of the city. Guest will enjoy spectacular sight of the flowers and fountains throughout the day, with pinkish-purple tones that paint the surroundings into a work of art.

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Big Georgian Brands Look to Lari Bonds for Expansion

THE DECISION OF TWO MAJOR GEORGIAN CONSUMER GOODS COMPANIES TO SEEK LARI-FINANCED BONDS TO FUND EXPANSION PROJECTS IS A SIGNAL THAT THE GEORGIAN FINANCIAL MARKETS ARE DEVELOPING BEYOND BANKS

SALLY WHITE

Georgia’s consumer goods and financial industries are both modernizing rapidly, and to mutual benefit. A recent prime example is two of the country’s biggest consumer brands, Nikora Trade (Nikora) and Georgian Beer (GBC). Both are in the throes of funding rounds for new moves to expand their businesses and are sourcing around 50 million lari from the emerging local lari bond market, with public issuance planned in Q2-Q3.

GBC has about 30 percent of the local beer market, and 17 percent of the soft drinks and lemonade market (according to European ratings agency Scope). Its needs the GEL 20 million bond to realize its growth ambitions: a market share of 20 percent in juices and a “significant” increase in exports to neighboring countries. Nikora has over 19 percent of Georgia’s food retail market, again according to Scope, (which excludes bazaars and brand shops) with 220-plus shops. Its funding is to enable it to continue consolidation of the food retail market, expediting the contraction of Georgia’s bazaars by opening 400 new stores over the next three years. It also plans discount shops and own-label products. Scope believes Nikora can do this despite the presence of Carrefour, since the international retailer’s format is for city hypermarkets, while Nikora is focused on a national network of smaller, neighborhood shops. There should be plenty of space for it to grow given that the size of the “informal” retailers’ market share is put by Scope at around 70 percent. Its 30 million GEL bond is hoped to achieve just that kind of market share.

For Georgian financial markets, these new bonds are a signal that the country is able to develop a funding base in its local currency outside of bank loans.

MOVING BEYOND BANKS

For Georgian financial markets, these new bonds are a signal that the country is able to develop a funding base in its local currency outside of bank loans. The corporate sector has historically funded bonds in dollars, and even in that currency, bond issuances have been a relatively infrequent event. The authorities are now steering the markets away from dollars, and GEL bonds have already been issued by the financial sector.

GEL bonds are gaining acceptance, says Irakli Elashvili at TBC Capital, the advisory and investment banking arm of TBC Bank, which is the sole arranger of both these two bond issuances. “The level of interest is steadily increasing as corporates hear of more examples of bond placements,” he commented. Investors are being found, though so far largely from among local financial institutions (banks and funds) and individuals. For the rating agency Scope, a Berlin-based group and relative newcomer to international ratings markets (joining Moody’s, Standard & Poor’s and Fitch), these bonds are evidence of Georgian potential. Companies (and countries) are required to undergo a credit rating assessment by one of the major agencies before acceptance in international financial markets. Scope, along with the other major rating agencies, has been approved to do this in Georgia by the Georgian National Bank, and is offering helpful terms.

OPTIMISTIC OUTLOOK

“Our pipeline is promising and we are optimistic that our activities in this market will continue to grow,” says Torsten Hinrichs, managing director of Scope Ratings. Scope’s Georgian ratings are largely favorable in international comparisons both for Georgia as a country and the companies it has analyzed so far.

Scope approved of GBC’s diversified portfolio, market share and strong balance sheet, which give a “high level of credibility and financial sustainability.” It also praises the achievements of just five years of production, “reflecting GBC’s focus on premium brands and quality vis-à-vis the competition.” GBC is the
first domestic brewer to operate under licenses from international brewers.

The new bond will, Scope says, cover most of 2018’s scheduled 22 million GEL capital investment. It notes that Czesar Chocheli, “who has a 65 percent stake in the company,” has built a “Western-style brewery, equipped with a state-of-the-art brewhouse and filling line technology (KHS, Krones) from scratch.”

GBC’s own comment is that “Georgian companies should come up with European-level companies in terms of market organization and production.” At a recent press conference, GBC Director Kakhaber Kotrikadze said it has a 7 million euro budget for 2018-19 for developing a natural juice production project. The company has invested heavily over its entire history, spending 150 million GEL to create a wide product range, with a split of 60 percent in beer brands and the rest in soft drinks.

On Nikora, Scope commented that it has “strong purchasing power and integrated holdings with product suppliers,” as well as “possibilities for consolidation in this industry.” It anticipates that “the Georgian government will gradually implement new laws and frameworks (based on the stricter control of hygiene standards, for example,) to decrease the weight of this kind of retail in the overall economy.” Scope praises Nikora for gaining one of the highest market shares (at 19 percent in 2017 versus Carrefour’s 22 percent) and its plan to open 120 shops in 2018, followed by 122 in 2019 and 229 in 2020. It likes the cost advantages that exist with ownership of food suppliers: “In 2017 this vertical integration led to 26 percent of Nikora’s revenues [. . .].” It also praises the fact that Nikora’s profits “rank it with international peers.”

Last summer Nikora issued a $10 million bond two-year bond, which it has already repaid. Further growth in the GEL bond market looks assured. Prospects are improving as corporates become accustomed to the necessary disclosures of business details, Irakli Elashvili notes. It helps that there is new Georgian legislation requiring large companies to regularly publish IFRS figures, anyway. These are standards for the presentation of companies’ accounts that are followed internationally, giving full disclosure of their finances which enable analysis and comparisons. Aware of the need to help companies grasp the GEL bond opportunities, TBC is not only pitching it but “intends to lead a series of discussions on the topic with wider audiences to promote better understanding,” Elashvili says. “There are a number of advantages to having the bond in a funding-mix structure. Namely, tenor (bonds are usually medium- to long-term funding instruments), bullet structure (the company only pays coupon [payments/interest] until redemption, therefore improving the cash flows), security structure (in most cases the bonds are unsecured liabilities), withholding and capital gains tax benefits (exemptions) for investors if a public bond,” he adds.

“Last but not the least, is the diversification benefit that corporates get while getting a bond into their funding mix,” he explained.
Explainer: Georgia’s New Pension System

The long-discussed government plan to revamp Georgia’s universal pension system is in the works in Parliament. MPs are scheduled to pass the final vote this summer, and the reform should be actively implemented after the third quarter of 2018.

The plan devised by the government would create a pension fund and encourage citizens to save for retirement.

The universal pension system would remain in effect for certain social groups.

Over 734,000 pensioners live in Georgia currently; the state budget spends about 132 million lari each month on their pensions.

**HOW WILL THE NEW PENSION SYSTEM WORK?**

Participating in the accumulative pension scheme would be obligatory for any employee under age of 40; persons over the age of 40 could opt into the system if they want.

Under the new system, six percent of every worker’s monthly paycheck would be deposited in the state-run pension fund: employees would save 2 percent of every monthly paycheck, while the government and employer would each also put aside 2 percent of workers’ monthly salaries.

For instance, a person earning 1,000 lari a month would accumulate 60 lari in the pension fund every month.

**HOW WOULD THE SYSTEM TREAT THE SELF-EMPLOYED?**

Half of Georgia’s active workforce is self-employed, according to official statistics.

Under the proposed system, people who are self-employed are not legally obligated to participate in the new pension program.

Nikoloz Gagua, Deputy of Finance Minister, argues, however, that the accumulative pension system will be very beneficial to the self-employed.

“The government decided to help self-employed people declare their income by setting a 1 percent income tax for them, which is very low compare to 20 percent, the common rate for employers [. . .] Once a self-employed person pays 1 percent [of his or her monthly income] as income tax, the government will deposit [the equivalent of] 2 percent [of that person’s monthly income] into that person’s pension account,” Gagua told Investor.ge.

Otar Sharikadze, the Managing Director of Galt & Taggart, says it is likely that only a small number of self-employed people may participate in the accumulative pension scheme.

“They will remain under the universal pension scheme funded by the state budget,” he said.

“Going forward, I think that the existing universal pension scheme should be limited to certain segments of population in order to avoid major spending from the state budget in a long term. Moreover, the acceleration of economic growth in Georgia should reduce the number of self-employed people in the country and increase their involvement in the second pillar pension scheme,” Sharikadze said.

Martin Hutshebaut is an independent expert of pension systems from Belgium. He evaluated this upcoming reform for Friedrich Ebert Stiftung’s Georgian office, and believes that the pension scheme provided by Georgian government lacks some social safety nets.

For example, in the case of a prolonged illness, maternity leave or unemployment, a person will not be able to save money in the pension fund.

Gagua stressed, however, that the universal pension system will continue to operate for some groups and no citizen
will be left without a pension in his or her old age.  

**WHO WILL MANAGE THE PENSION FUND?**  

According to the draft law, the pension fund will be managed by the LEPL Pension Agency, which will appoint an investment council. Gagua underscored that the members of this council will be internationally qualified experts.

The council will be created after Parliament approves the pension reform law, which should happen in early summer this year. The investment council will be tasked to decide how to use the savings accrued in the pension fund, i.e. where to invest the money. The council will have the right to invest the pension savings in private companies or lend it to the government.

A transparent competition process will be used to determine where to invest money from the pension fund and should have a good international reputation and experience, according to the Georgian Ministry of Economy.

Sharikadze agreed that the asset managers should be selected based on their reputation and experience. He noted that Galt & Taggart is a clear candidate for the position in light of its experience managing the pension fund for Sakaeronavigations Ltd. (Georgian Air Navigation).

**WHAT ARE SOME CHALLENGES FOR THE REFORM?**

There are serious questions about how successful the reform will be, based on the fact that half of Georgia’s active workforce is self-employed and over a million citizens currently live abroad.

Gagua noted, however, that based on the government’s calculations, 35-40 percent of employed citizens will voluntarily participate in the program initially, and there is an expectation that the number will double in 12 years.

At initial stage of the pension scheme, Sharikadze, does not expect a high rate of involvement of those segments of employed population who are not obliged to participate in this scheme. “People will wait to see how successful this reform is and how carefully money is managed by the fund. We need to clearly explain to potential participants the benefits of the accumulative pension system. If we want to consume more in the future, we should reduce current spending and save more today,” Sharikadze said.
Fake Cement is a Problem in Georgia: How to Spot Counterfeits

PAUL RODZIAŃKO, THE CHAIRMAN OF THE GEORGIAN CEMENT ASSOCIATION, OVERVIEWS GEORGIA’S COUNTERFEIT CEMENT PROBLEM AND EXPLAINS HOW CONSUMERS CAN BE SURE THEY ARE PURCHASING THE REAL THING.

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In this article, we will tell you how and why these counterfeit products are made; what are the tell-tale signs of these bagged forgeries; how these faked products cheat you and expose you, the consumer, to risk; and the impacts of these products on the economic well-being of Georgia as well as about the mission of the Georgian Cement Association.

HOW FAKE CEMENT IS MADE

When they can, unscrupulous people worldwide try to make an extra buck by trying to pass off cheap “knock-offs” as genuine products. With cement, cheating is not a harmless exercise: it can lead to injuries and fatalities from collapsed construction. If a proven-quality cement sells for 11-12 lari a bag and similarly marked bags generally sell in the range of 9-10 lari (but sometimes even as low as 6-7 lari), a customer might think that they are making a great buy because both bags describe the cement inside as M400, CEM II, 32.5 or something similar. Even if a customer looked inside the bag that he or she had just purchased to make sure the physical product conformed to the characteristics described on the bag, it would be impossible for the customer to tell visually or by touch. Cements even of vastly different grades look and feel pretty much the same. In fact, even if you added water in a test, you would not know the result for 28 days: the time it takes for cement or concrete to reach its full strength.

Quality cements that are made to specification require the use of a certain blend of materials. The most expensive of these is clinker, which generally accounts for 75-95 percent of the physical cement, depending on the grade. Clinker is mixed together with gypsum, slag and other additives following the specific formula needed to yield a specific type of cement. On average, a quality cement must produce a compressive strength of about 110 percent more than a given standard, for instance 35.75 mpa rather than the minimum 32.5 mpa for M400. The reason for this margin of safety is that all manufacturing processes are inevitably subject to some modest fluctuations in quality. If the average compressive strength is higher than the minimum specified, it is extremely unlikely that any cement sample produced by that mill will be below its specified strength. Only this manufacturing approach can produce 100 percent reliable cement for sale to the consumer in bags or in bulk.

In the case of counterfeit cement products, their approach is very simple to understand. If the clinker alone represents 75 percent of the composition—and somewhat more of the cost of the cement—using only half the clinker needed will increase that mill’s profitability by about 35-40 percent. Even if their bagged product is sold for 10-20% less than the genuine product, this reduction in the amount of clinker used will still increase the profitability of that product to the owners—at the cost of a dramatic reduction in the quality of the cement. Such manufacturers can even afford to provide extra incentives for their distributors to sell their bags more aggressively than the more expensive quality products by offering them a larger commission.

The Georgian Cement Association has been conducting blind testing in the marketplace for one year now, with the most recent testing having taken place last December. The counterfeit cement results were truly discouraging: 14 out of the 25 of the cement samples tested in December 2017 were substantially below specifications, ranging from minus 39 percent (-39%) to an astounding low of minus ninety percent (-90%). Approximately 300,000 tons (13 percent of the total cement market) of such products were sold to consumers last year.

THE TELL-TALE SIGNS OF COUNTERFEIT BAGS

Since a consumer cannot distinguish visually or by touch whether the physical product he or she just bought is the product described on the packaging or whether it is an inferior product, what can a consumer do? Here are some clues for a consumer to bear in mind:

Neither the name nor the contact information of the producer of the cement is listed on the bag.

The sub-standard cement in bags labeled as coming either from Iran or Armenia appears to have been produced locally since no cements from these countries were imported legally into Georgia in 2016 or 2017.

Green bags that look like Heidelberg bags but with mis-spellings, other small distinguishing marks or no contact information must be avoided.

Avoid dealers who stock obviously fraudulent bags next to legitimate ones.

Consider contacting reliable, GCA-approved producers for the names of recommended dealers, or buy directly from these companies.

Unfortunately, there are some producers who produce bags containing low-grade cement-like material and nevertheless still list their names and contact information on the bags. They substitute the essential materials needed to make good cement with worthless fillers. These companies seem to bank on the fact that customers either will not notice the poor quality of the product or do not care.

HOW CONSUMERS ARE CHEATED AND EXPOSED TO RISK

Obviously, if a consumer needs to choose which brand of cement bag to buy (of identical quality according to the
markings on the bag), he or she will need to ask: How can there be such a large price difference between products of allegedly the same quality? The answer to this excellent question is that, barring some sort of real sale price, such a price difference has to represent a quality difference.

And, as Georgian Cement Association testing has shown, the difference in quality is generally far worse than the difference in price.

Cement is a commodity product. There is no mystery that you have to put the right specific amounts of the right raw materials together to produce a certain grade of cement. There are no shortcuts. If a customer thinks that he or she will save 20 percent off a certain product and yet the cement inside the bag has one tenth of the quality specified on the bag, the customer has been cheated.

Then there is the issue of safety. Certain projects using cement do not have structural issues. They are more decorative or constitute surface covering. While strength is not a factor in these cases, durability is. If one carries out such a project expecting that it will last 5-10 years but then discovers he or she has used sub-standard cement, and have to repeat the work every two years, any “savings” realized on the purchase price of the cement is entirely illusory. In the short-, medium- and long-terms, such “savings” actually cost the consumer money.

Then there are projects that at least to some degree require structural strength. In the countryside in particular, bagged cement is often used for dwelling construction.

If sub-standard counterfeit cement is used because it appears to be cheap and its bag states that the product inside is of, for example, CEM II 32.5 grade, then the customer bears the risk that the structure that is built using this product could collapse. Let’s remember that Georgia is an earthquake-prone zone. If a house built with counterfeit cement collapses, physical injury or death could result for its inhabitants or visitors.

Are these the consequences consumers want? About 100,000 families are being cheated every year by as much as 60 million lari. Commodity products simply cannot have such wide variations in price and be in fact what they are labeled supposedly to be.
COUNTERFEIT CEMENT AFFECTS GEORGIA’S ECONOMIC WELL-BEING

At the present time, all 14 of the sub-standard cements tested from the December 2017 sampling were made from clinker imported into Georgia from other countries. This fact alone does not demonstrate that imported clinker is of worse quality than clinker produced in Georgia entirely from Georgian raw materials. Private testing of some of those clinkers have, in fact, confirmed that their quality is entirely adequate and that there is no technical reason for the mills who use that clinker to produce bad cement. Quite simply, less good clinker is used in these counterfeit cements in order to reduce the manufacturing cost of the product and to create higher profit for the owners of these companies.

Not so long ago, most of these same companies were utilizing good clinker produced in Georgia to produce similarly counterfeit sub-standard cement products. Clearly, the issue is not the source of the clinker but in the behavior of the mills who use that clinker. In addition to continuing to produce “fake” cement, these companies are also thus exporting Georgian jobs by importing clinker when sufficient quantities of domestic clinker are available to meet Georgian construction needs for infrastructure, roads, buildings, residences, dams, and so forth.

These companies are also competing unfairly with the honest companies. By offering false economies and diluting imported clinker with worthless filler, they are seeking to increase their market share unfairly at the expense of those companies who produce cement whose quality corresponds to what is specified on the bag. Georgian jobs are therefore put at risk.

One final point needs to be made, particularly in the area of road-building. Currently, most paved roads in Georgia are being built out of concrete, for which all raw material ingredients are available in Georgia. Roads—especially with bridges and tunnels—require quality (on- or above-spec) cement and concrete. The remaining roads are currently made of asphalt which requires the importation of bitumen. If all or almost all roads were built of concrete, substantial imports of road-building materials could be avoided, thus helping Georgia’s balance of payments, and more local jobs would be created throughout this entire sector.

CONCLUSION

Eliminating counterfeit cement products in Georgia will provide safe and quality construction materials for Georgia, protect the consumer, and create more jobs.

The Georgian Cement Association urges all concerned parties in government agencies as well as in the construction and the building-materials sectors to demand integrity in the quality and pricing of cement products manufactured in Georgia.

Tbilisi Overhauling Master Plan, Tackling Traffic

Tbilisi mayor Kakha Kaladze’s team has an ambitious program, including a revamped master plan for the city and changing the mentality of Tbilisi drivers. Investor.ge spoke with Deputy Mayor Irakli Khmaladze about making Tbilisi a green city, the parking problem and sustainable renovations to the old city.

Mayor Kakha Kaladze and his team are bringing new ideas and new designs to the existing plan for the city, and revamping Tbilisi’s master plan to help develop a better, greener, cleaner city.

PLANNING A GREEN CITY

“In one or two months we will have the final document that will be adopted by our local council, and after that the city will have a general master plan,” Deputy Mayor Irakli Khmaladze told Investor.ge, noting that it is a matter of redoing—not just updating—the master plan, including some radical changes.

“The exciting part is increasing green areas. This is what we are missing in our city. We are trying to bring this benefit to the public at a reasonable expense. It costs money: if you want to have more green areas it means that you have to build less, so it means that you have to privatize less, so this means a decrease in the income for the local budget. We can make every part of the city green but it will cost a lot,” Khmaladze said.

The changes will introduce the best urban development policy for the city, according to the deputy mayor—a major update. But it is a difficult process.

Part of the challenge is dealing with private property owners who purchased and invested in land under the previous master plan and who now could face new or different restrictions on how the land can be used.

“That is why this is a very complicated issue. At the same time we should not forget the main priority: this is the correct urban development so it should be done in cooperation with the private sector in order not to harm many interests—not public, not private. This is one of the key issues at the last stage which we are discussing with the expert,” he said.

HOW TO SOLVE A PROBLEM LIKE PARKING

One major challenge for Tbilisi is the transportation system.

“Day by day it is becoming impossible to move around the city[...]. If we compare 2011 to 2016, we have almost 3 times more use of private cars. So if we do not change anything, it means that in 2020-2021, we...”
NEW LAW ON LABOR SAFETY

The absence of precise regulation of safety at workplace remained as a red flag in Georgian legislation over the decades. The legislation of Georgia did not ensure provision of adequate protection to employees working on hazardous jobs leading to many unfortunate accidents on the sites. New Law on Safety of Labor aims to integrate the European standards in Georgian reality and sanction the violation of basic safety rules.

According to the new law, the entities engaged in hazardous activity or with the increased danger at the workplace, shall undergo mandatory registration at the Registry of Economic Activities. The list of such businesses shall be issued by the Government of Georgia. Training the employees on how to comply with basic safety standards as well as providing them with health insurance packages are few of the obligations imposed on employers under the new law. Employers shall maintain a qualified work safety specialists to monitor and control compliance with the safety standards at the workplace and report the casualties to the regulator. The Ministry of Labor, Health and Social Affairs of Georgia shall supervise and inspect the execution of the new safety regulations.

Violation of the law is sanctioned with warning, suspension of work proceedings and/or penalties of up to GEL 50 000. The principal provisions of the law are already set into effect, however, the law shall become fully effective gradually: the liability measures and certain obligations (including obligation to provide insurance to the employees) shall become effective from August 2018 and January 2019, respectively.

AMENDMENTS TO THE CIVIL PROCEDURES CODE OF GEORIA AIMING AT INCREASING THE EFFICIENCY

As widely discussed, long timelines and thus increased legal costs of litigation in Georgia create dissatisfaction of the beneficiaries of the court system, often pushing them to reach an out-of-court settlements or even refrain from choosing the court as dispute resolution mechanism. On 29 March 2018, several amendments were implemented to the Civil Procedures Code of Georgia aiming at increasing the time and cost efficiency of the judiciary.

According to the amendments, any evidence can be submitted by the parties at the first (preparation) phase of the proceedings. This is to speed up the trial by eliminating discussions as to the relevance and admissibility of the evidence presented by the parties. Moreover, appealing the ruling on security measures no longer adjourns the pending trial and such appeal is reviewed by a higher instance court in parallel.

Further, the minimum value of the dispute that may be brought to the court of appeals has been increased up to GEL 2 000. Due to the same rationale of lightening the workload of the general judges of the city courts and thereby increasing the quality of their input on high-profile cases, the disputes with the value of GEL 3 000-5 000 are now subjected to the jurisdiction of the magistrate judges. Additionally, prior to the amendments, the disputes with the value above GEL 10 000 were reviewed in the court of appeals by the panel of three judges, whereas, now, the property disputes with the value up to GEL 20 000 shall be reviewed unilaterally by a single judge.

Lastly, in order to minimize the number of cases annually handled by Tbilisi City Court and distribute the caseload evenly between first instance courts of Georgia, the disputes related to the loan agreements executed (including electronically) with banking institutions, microfinance organizations and non-banking deposit institutions shall be subject to the jurisdiction of the court of the residence of the respondent (usually, the borrower). Also, the appeal on such cases may be reviewed by a judge, upon its discretion, without oral hearing.

DISCUSSING CHANGES TO THE RESIDENCY POLICY

On 10 May 2018, the Government of Georgia announced a new package of legislative amendments pertaining to issuance of Georgian residency. The amendments aim at preventing illegal migration, closing loopholes in current legislation and eliminating fraudulent practices by foreign individuals when obtaining Georgian residency. Among other changes, request for asylum will no longer be considered as a valid basis for granting temporary residence permit, obtaining permanent residence permit will be tied to consecutive stay in Georgia for at least 10 years (instead of 6), the term for temporary residence permit shall be extended from 6 years up to 12 years, value of investments in Georgia as a prerequisite for obtaining residency will increase. The bill is in the court of the Parliament of Georgia to further shape up the proposed amendments. Stay tuned for more updates on this law.

RECENT SUCCESS OF BLC TEAM

BLC is proud to announce another successful outcome in the largest divorce case ever reviewed in the courts of Georgia. Our team represented Mr. Temur Ugulava, a prominent businessman operating several hotel chains and casinos in Georgia, in divorce case. The case involved complex issues related to distribution of assets between the spouses. BLC assisted the parties to bring a rigorous court dispute to an amicable settlement and resolve the case in a time and cost efficient manner.

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Georgia Plans Recycling Programs to Tackle Growing Waste

GEORGIA SUFFERS A MYRIAD OF PROBLEMS DEALING WITH WASTE BUT NEW DEADLINES ON EU-MANDATED REFORMS COULD BOOST THE LEVEL OF RECYCLING IN THE COUNTRY AND HELP CREATE NEW BUSINESS OPPORTUNITIES IN WASTE MANAGEMENT.

LIKA JORJOLIANI

Georgia’s waste problem is obvious to even the most casual observers: too much trash, not enough recycling and far, far too few trash cans. But a new timeline to make EU-mandated changes is set to change that.

Starting in 2019, manufacturers and importers will be legally obligated to collect and process waste connected with their products under the Extended Producers’ Responsibility regulation.

COUNTRY-WIDE RECYCLING BY 2025

The new rules, which will go into effect in December 2019—11 months later than initially planned—call for all municipalities to start recycling waste, Caucasus Environmental NGO Network (CEN) Executive Director, Nana Janashia, told Investor.ge. “Since 2014, we have been working on the project ‘Waste Management Technology in the Regions’ in Georgia... . According to the Association Agreement concluded between Georgia and EU, each self-governing body and municipality was obliged to develop a plan of management of municipal waste before the end of 2017,” she said.

The current deadline calls for a nationwide recycling system to be in place by 2025, according to Georgia’s 2015 Code on Waste.

“We have developed a plan for 19 municipalities, and additionally, with the support of foreign experts, our organization is assisting the Tbilisi Mayor’s Office in developing a master plan on waste management. Currently, there are not enough recycling plants and, if we look at the country as a whole, there are only 15 waste recycling plants, among which four plants are recycling paper,” Janashia said.

One major challenge, she said, is the lack of modern recycling equipment in Georgia. “Existing equipment is outdated and new equipment needs to be purchased. Another problem is obtaining secondary raw material for production,” she said.

Without modern equipment and quality raw material, Georgian recycling companies are not able to produce high-quality goods. “Mainly, they produce carton board and toilet paper. In the nearest future, we will announce a grant competition for companies dealing with the recycling of solid waste to receive grants to procure equipment. The winner will take part in a co-financing project in the amount of 15-20 percent [of the cost of equipment]. Grants will be worth up to one million lari,” Janashia added.

RECYCLING ELECTRONIC GOODS

The new regulations also call for businesses to recycle electronic goods and other types of waste within the framework of Extended Producers’ Responsibility.

In addition to Georgia’s legal obligation to start recycling electronic goods, there is also concern about the growing quantity of waste from telephones and other devices.

The Head of the Waste Management Division of the Ministry of Environmental
Protection of Georgia, Alverd Chankselian, told Investor.ge that the expanded obligations for companies are a “key component of the waste management system.”

“The process has already started, and we already have a legislative base and a national waste management strategy and action plan... The registration of collectors of different types of waste (electronic and metal) started on January 1 of the current year. Now the Ministry is planning to create a database of collectors and the category of waste they are dealing with,” he said.

Based on the national plan, companies were supposed to start recycling waste at the beginning of 2019, but that deadline has been pushed back to later in the year.

“We are planning to process 20 percent of collected waste in 2020, the types of waste defined [by the law]. We now have to work a great deal in order to successfully implement this plan. We have to conduct meetings with companies and representatives of different structures to develop normative acts to regulate this activity. In addition to electric and electronic equipment, the types of waste [for recycling] include batteries, car batteries, packaging materials, oils and tires,” Chankselian said.

He added that this reform is completely new for Georgia and, in addition to developing necessary laws, there is also a need to increase awareness and bolster the capabilities of state agencies and the private sector.

**TARIFF CONCERNS**

Businesses have expressed concern, however, about the cost of recycling the waste.

Vera Tabidze, the financial manager of ACC Distribution, told Investor.ge that there are currently no laws regulating the recycling of electronic waste in Georgia and no companies in the country provide that service.

“We import computer and household equipment and 150 different brands. Today, no company in Georgia deals with the processing of electronic wastes. There is not any legislation base supporting the processing and production from secondary raw material. We have very high taxes, and it is not beneficial to deal with recycling. For example, if we supply waste from electric and electronic goods, we will be charged tax for the sale of new goods. Now, we transport waste to the landfill and utilize it on-site,” she said.

Director of the Solid Waste Company of Georgia Giorgi Shukhoshvili agreed that the tariffs are too low to cover the cost of disposing of or recycling waste.

“Today, the tariff for waste removal is symbolic and doesn’t cover expenditures. Currently the tariff is 3 lari in the municipalities, but local governments are able to establish this tariff themselves, and the average tariff on waste removal in the regions is 50 tetri. Surely this is not enough to cover even the expenditures for waste removal, let alone disposing of the waste in landfills,” he said.

Janashia said CENN specialists are working on the tariff issue.

“Our specialists have developed a methodology to calculate the tariff for waste management, as the current tariff doesn’t cover the whole cost of waste management, including collection and disposal. Based on our methodology, the tariff must be reviewed annually, and it will depend upon definite parameters that are changeable, including the rate of inflation, the cost of fuel and others,” she said.

“We are working on such a methodology and [plan] submit it to the government. We have also calculated a real tariff for waste collection and for the entire process,” Janashia added.

CENN, with the support of USAID, has created the Georgian Waste Management Association to help businesses “establish and develop recycling methods, help with waste separation and the manufacturing of products using recycled goods,” she said. The Association is also working to create a business-friendly environment in the waste-management field.

Janashia added that CENN is already helping companies adapt to the new legal requirements.

“We already have companies that deal with the separated collection of waste in Tbilisi and Batumi. They collect and deliver already pre-sorted materials to recycling companies: plastic, glass, paper and aluminum. We have opened eight sites in Tbilisi where people can bring sorted waste for further recycling... the company Supra Samkaro collects and delivers the waste to the companies, and exports any remaining waste to Turkey,” she said.

The current deadline calls for a nation-wide recycling system to be in place by 2025, according to Georgia’s 2015 Code on Waste.
TBILISI’S NIGHT ECONOMY: A NEW MAYOR AND A NEW PLAN TO BOOST JOBS

Tbilisi has created a night mayor post to help make the city a 24-hour town for tourists and locals alike. The plan, inspired by successes in cities in Australia, the U.S. and the UK, aims to attract investment, inspire business and bolster the city’s economy.

Mayor Kakha Kaladze has announced an ambitious program to expand the city’s offerings—building on what is currently provided and developing new attractions, as well as the infrastructure, to make it happen.

The man tasked with the job is Sergi Gvarjaladze, a long-time club promoter and a cofounder of the Electronauts, which has been advocating and supporting electronic music in Georgia for the past decade.

There are plenty of challenges to build Tbilisi’s night economy including a lack of public transportation from midnight to 6 a.m.; the absence of transportation routes connecting Tbilisi’s central night clubs and main restaurants/theaters; public concerns about noise pollution; and the budget to pay for it all.

But Gvarjaladze is optimistic, in part because this initiative is being driven from the mayor’s office.

He is also drawing inspiration and optimism from the similar—and successful—undertakings in major (and not-so-major) cities around the world, especially in Australia, the U.S. and the UK.

There is also evidence that night mayors make a major difference in towns closer to home: Vilnius, Lithuania—the only city in the former Soviet Union with a night mayor—has seen a growth of around 200,000 more visitors, attracted by new events since the night economy program started in 2016, Gvarjaladze said.

BRINGING NEW BUSINESS TO THE ‘BURBS

The main goal is to bring more business to local districts that are underdeveloped. To do that, Gvarjaladze is looking at what events draw people and where brownfield investment packages can be developed to pitch to investors, among other initiatives.

“The goal and the main idea is to create jobs, to support small- and medium-sized businesses here in Georgia, and to develop and position Tbilisi as a 24/7 city for tourism. And we are very interested in cultural life, and we want to develop the outskirts of Tbilisi, the suburbs of Tbilisi, for tourism,” he told Investor.ge.

“You probably know we had 28 percent growth in tourism last year and 50 percent of those visitors were coming to Tbilisi. They mostly spend 2.5-3 days here generally; we want to increase the number of days here and increase the late-night activities for our visitors. In this case it is not just for club life, since club life right now is very successful; they don’t need our help. Mostly we want to create—creative ideas, creative projects,” Gvarjaladze added.
He believes a combination of planning, investment and community outreach can help push Tbilisi tourism past the Rustaveli-Shardeni loop, creating jobs and rejuvenating the suburbs.

“We have been thinking about nights in museums, a very successful project . . . and we want to create summer activities, especially at night. Things like open air cinemas, mobile theater activities, but also I think sport activities will be a priority for us,” he said, adding “we are a southern country and I am always very jealous when I see, in Spain for instance, people playing football at night.”

These projects can also create summer jobs for young people, as well as business opportunities.

For instance, he has his eye on Gldani—and Mukhrani, as well as other Tbilisi suburbs—as potential locations for brownfield investments on old buildings that can be repurposed as multifunctional spaces.

“I did a documentary about the history of Gldani, and I have been intently researching this part of the city. This was one of the most innovative projects of that time; very young architects had their vision of modern cities. Actually, this involved a lot of buildings and places for cultural events, sports life—which have been abandoned,” Gvarjaladze said.

“Also we understand, especially in the European Union countries, there is a trend to get into those old industrial buildings. If you take Berlin, that is basically those old industrial textile buildings. But I have also been to many places in London, like an old munitions factory that young people turned into a very nice, interesting place,” he said.

While these buildings may not be attractive for the casual observer, Gvarjaladze stressed that there is the potential to make them into something great.

“I think that whatever will be done inside and around those buildings will make them more attractive. This is a part of our history, these buildings; this is a part of Tbilisi if we want it or not. This is part of the architecture and the urban part of the city, so why don’t we do something with this because it is impossible to destroy them and do something new,” he said.

**COMMUNICATION IS KEY**

The night economy program will last several years, Gvarjaladze told Investor.ge, stressing that community support will be crucial to its success.

“On one side, we have the citizens who cannot not sleep at night, and on the other side, business, which we need as well . . . I think the major challenge and issue will be to mediate between those two big groups and to try and find solutions. Generally, the nighttime economy is about communication; it is about the involvement of different groups, and this is what I am trying to provide and support and help with,” he said.

“We have been working: we have a plan for the next six months. For the first steps, we have been researching strategies and international experience. Right now, we are compiling models for general research; the next step will be the strategy . . . I think this strategy will be [in place] for at least five years and we will definitely discuss the strategy with the citizens. We do not want to make any decisions without the stakeholders,” Gvarjaladze added.

The process has already started: nearly 50 different festivals are planned for this year and Gvarjaladze and his team are working to find late-night elements to tie into the festivals.

In addition, this summer they are planning a large international forum on the late-night economy, where cities from around the region can learn from other countries’ experiences with night economies.

“I think if we manage the transportation issue and solve a couple of big epicenters of noise pollution . . . and create a couple of good, creative events in the outskirts, in the suburbs, that could already be a step ahead,” he said.
SUMMER FUN:
A Cultural Calendar of Events, Performances, Exhibitions and Festivals in Georgia

FROM THE CONCERTS AND THE SPORTING EVENTS TO THE MUSEUMS AND EXHIBITS, THERE IS PLENTY TO DO IN GEORGIA IN THE SUMMER. THE FOLLOWING IS A PARTIAL LIST OF EVENTS SCHEDULED FOR JUNE-AUGUST IN THE CITY AND ELSEWHERE IN THE COUNTRY. INFORMATION IS AVAILABLE ON TKT.GE AND BILETEBI.GE,
UNLESS OTHERWISE NOTED, OTHER LINKS TO CHECK FOR GREAT SUMMER EVENTS: CULINARYBACKSTREETS.COM - GREAT WALKS AND OTHER FOOD TOURS HAPPENING ALL THE TIME; MUSEUM.GE; EVENTS.GOV.GE; CREATIVEGEORGIA.GE; MCS.GOV.GE.
MUSIC / CONCERTS:

STEHENNE
When: June 7 at 20:00
Where: Tbilisi Concert Hall

SIMON BOCCANEGRa
When: June 10,13,16,17 20:00
Where: Tbilisi Opera and Ballet Theatre

Tbilisi Open Air 2018
When: June 22-24 at 15:00
Where: Lisi Wonderland

CHRIS BOTTI
When: June 28
Where: Black Sea Arena

ELTON JOHN
When: June 30, July 1 at 20:00
Where: Black Sea Arena

NINO KATAMADZE & INSIGHT
When: July 8 on 12:00
Where: Tbilisi Open Air Museum of Ethnography

ASEA SOOL
When: July 9 at 12:00
Where: Tbilisi Open Air Museum of Ethnography

HIP HOP DAY
When: July 10 at 12:00
Where: Tbilisi Open Air Museum of Ethnography

ROBI KUKHIANIDZE & “OUTSIDER”
When: July 11 at 12:00
Where: Tbilisi Open Air Museum of Ethnography

GROUP FRANI
When: July 12 on 12:00
Where: Tbilisi Open Air Museum of Ethnography

GROUP REGGAEO
When: July 14 at 12:00
Where: Tbilisi Open Air Museum of Ethnography

NIAZ DIASAMIDZE & 33A
When: July 15 at 12:00
Where: Tbilisi Open Air Museum of Ethnography

ROBERT PLANT
When: July 19 at 18:00
Where: Black Sea Arena

HOUSEBAND AFTERPARTY
When: July 19 at 23:00
Where: Batumi Tennis Club
Where:

When:

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When:

www.expogeorgia.ge/calendar;  www.winexpo.ge

11TH INTERNATIONAL WINE AND SPIRITS FAIR
When:  June 14-16
Where:  ExpoGeorgia
www.expogeorgia.ge/calendar;  www.winexpo.ge

ICE CREAM FESTIVAL
When:  July 15 at 11:00-18:00
Where:  Mtatsminda park, Tbilisi

E2O ART AND MUSIC FESTIVAL 2018
When: Multiple days (June 15-16; July 14; September 7-8)
Where:  Mtatsminda Park, Tbilisi

ART GENE FESTIVAL
When:  July 8-15 All Day
Where:  Tbilisi Open Air Museum of Ethnography

EXHIBITIONS

GEORGIA THROUGH THE EYES OF MAGNUM PHOTO
When:  May 19 - August 19

SOSO DUMBADZE: A YELLOW BUS
When:  June 8-10
Where:  Fabrika, Rooftop, 8 Egnate Ninoshvili St, Tbilisi

DJ LO LORETTA BROWN AKA ERYKAH BADU
When:  July 20 at 19:00
Where:  Batumi Tennis Club

WYC LE J EAN
When:  July 21 at 19:00
Where:  Batumi Tennis Club

R&R NOW - ROBERT GASPER
When:  July 22 at 19:00
Where:  Batumi Tennis Club

SUMMER SET
When:  July 27 at 21:00
Where:  Tbilisi Sea

GEM FEST 2018
When:  August 9 at 11:00
Where:  Anaklia

AKCENT LIVE IN GEORGIA
When:  August 10 at 21:00
Where:  Mtatsminda Park

NINO KATAMADZE
When:  August 21
Where:  Black Sea Arena

THE CHEMICAL BROTHERS
When:  Sep 1 at 17:00
Where:  Rustavi International Motopark
THEATER/PERFORMANCES

WELCOME TO GEORGIA - THE MUSICAL
When: Multiple Dates at 20:00 (June 8, 15, 22, 29 check tkt.ge for more info)
Where: Music & Drama State Theatre (182 Davit Aghmashenebeli Ave., Tbilisi)
facebook.com/musical.ge/
http://musical.ge/

SOUNDS OF GEORGIA - HOMEMADE MUSIC
When: Multiple Dates at 17:00 (June 6, 13, 20, 27; July 11, 18, 25; August 1, 8, 15, 22, 29). A cozy atmosphere of Tbilisi “Italian” yard with the aroma of homemade food.
Where: Ivan Turgenev Str., 2 / Tbilisi yard
facebook.com/soundsofgeorgia (for more information, map and additional dates/times)

SOUNDS OF GEORGIA - CITY OF TUNES
When: Multiple Dates at 17:00 (June 7, 14, 21; July 12, 19, 26)
Where: Europe square, Dutu Megreli Str., 2 / Hotel “Nata” / Terrace
facebook.com/soundsofgeorgia (for more information, map and additional dates/times)

SOUNDS OF GEORGIA - SING AND DRINK
When: Multiple Dates at 17:00 (June 8, 15; July 13, 20, 27)
Where: Aghmashenebeli Ave., 21, wine salon “Papa Hemingway.” New Tillis
facebook.com/soundsofgeorgia (for more information, map and additional dates/times)

BU SEHIRDE
When: June 16 at 19:00
Where: Tbilisi Concert Hall

THE WISHING TREE
When: June 15, 16 at 20:00
Where: Shalikashvili Theatre

HOST AND GUEST
When: June 22, 23 at 20:00
Where: Shalikashvili Theatre

SHAKESPEARE SONNETS
When: June 30 at 20:00
Where: Shalikashvili Theatre

BASTI BUBU & BBB ACADEMY
When: July 7, 19 at 16:00
Where: Batumi State Musical Centre

SUKHISHVILEBI
When: July 13 at 12:00
Where: Tbilisi Open Air Museum of Ethnography
Nodia, Urushavili and Partners is a highly regarded full-service law firm based in Georgia. Within its practice, it has developed a specialised team dedicated exclusively to tax law practice. The firm is actively involved in the major projects of different industry sectors, including Agriculture, Banking, Insurance, Hospitality, Pharmaceuticals, Utilities etc., and, as a result, have consolidated its position as a leading firm in the tax field.

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THE FIRST LINK IN THE CHAIN OF SAKARTVELO’S 
CONTEMPORARY BORDER CROSSING 
CUSTOMS-LOGISTICS COMPLEXES

It gives me great pleasure to advise our readers and Club members of the contribution made by Murphy Kazbegi LLC towards the improvement of Sakartvelo's transport infrastructure. We can proudly declare that from the date of its trial opening (expected to take place in the first week of June) Murphy Estate Kazbegi – our latest multifunctional customs-logistics and trading complex, will bring Sakartvelo physically closer to the Caspian Sea. It will provide new trading opportunities for companies interested in the Central Asian, Indian and Chinese markets and will offer a completely new travel experience.

Murphy Estate Kazbegi is the newest project in Murphy's electronically controlled chain of border crossing complexes in Sakartvelo. Although there are 12 more border crossing projects still to be developed by the Murphy Georgia Group of companies in Sakartvelo, Murphy Estate Kazbegi occupies a unique position on the Georgian transit route, providing, at last, a safe, comfortable and economically sound passage between the Black and Caspian Seas offering an alternative to the existing TRASECA route between Europe, Central Asia or China via the territory of the Republic of Azerbaijan.

TRASECA route
The total distance between Poti or Batumi and Aktau via the Azerbaijani ferry crossing is 1447 km, with an ideal estimated transit time of 31-39 hours.

Whilst the alternative route is at present 1000 km longer, amounting to a total of 2372 km, the estimated transit time is actually shorter, at 36 hours. This is route E117 via Stepantsminda – the only border crossing between Sakartvelo and the Russian Federation.

Murphy Estate Kazbegi is conveniently located at the foot of Pansheti village, 14 km from the border between Sakartvelo and the Russian Federation. It permits a significant increase in transit traffic flow, while decongesting the road and provides a sound and economically predictable route with excellent conditions and a range of high-level services, including customs clearance, secure parking, banking, currency exchange, shopping, food, leisure and accommodation, all in one place. The complex, which is located just 400 meters away from the town of Stepantsminda, is set to become a community hub for locals and tourists alike, offering an extensive pedestrian area in the form of the first ever boulevard built along the Terek river.

Elizbar Okruashvili
Murphy Georgia Group CEO
SWOT: Georgia’s Tourism and Hospitality Sector

A May study by Galt&Taggart found that tourism is “the most flourishing part of the Georgian economy.”

Not only have tourism numbers been increasing significantly over the past several years, but the sector was unaffected by regional economic turmoil in 2015-2016.

In fact, the $2.8bn earned by the tourism sector in 2017 helped Georgia to “significantly reduce the country’s current account deficit,” the report said, noting that it fell to single digits (8.7 percent of GDP) that year.

“Importantly, Georgia has never seen a decline in its tourism revenues—not even in 2009 and 2015, beating peers which experienced reduced tourism revenues in those years,” the report said.

In addition, the report found that tourism numbers should double over the next five years. That does not mean, however, that increased revenue will automatically follow, warned Galt&Taggart Economist Eva Bochorishvili.

“Given the ongoing trend in arrivals as well as examples of other comparative countries, we think that doubling of tourist number in the next five years is
quite realizable. However, more tourist arrivals do not mean that revenues in the sector will increase by the same rate if the services Georgia offers to tourists will not be further diversified,” she told Investor.ge.

“So the emphasis should be on diversification of tourist services and quality of service in order to generate more revenues in the tourism sector,” Bochorishvili added.

Tourism and hospitality professionals agree. In a survey of AmCham members involved in the tourism industry, many pointed out the need to do more to continue developing and growing the sector. They also underscored the many strengths and opportunities in the sector.

GEORGIA’S STRENGTHS

From culture to climate, safety to accessibility, professionals in the tourism industry in Georgia say the country has an incredible number of strengths to build on.

Georgia’s biggest strength is the “heartfelt experience” it offers tourists, noted Hilton Batumi’s Torsten Weller.

“From my professional point of view the strengths are definitely the culture, it is the heartfelt hospitality, the feeling you get from the people who live in Georgia, from the Georgians, who are really welcoming and hospitable,” he said.

“lt is the culture, the culinary, it is the wine, the landscape, the people themselves...everyone who experiences this is bragging about it. That is why we [tourists] want to come back,” Weller said.

Riverside Hotel’s Dito Shvedidze agreed that Georgia’s legendary hospitality plays an important role. “People here are very hospitable and go the extra mile to make guests’ stay unforgettable,” he said.

The country’s ancient culture heritage is an important draw for tourists, noted Alliance Group Founder Akaki Songulia.

He added that Georgia’s liberal visa policy and public safety also add to its ability to attract tourists.

Others underscored the sheer variety Georgia offers tourists, in terms of where to go and what to do—as well as in terms of budget.

“Georgia is a wonderful, adventurous, and curious place to visit. Not only for those who come to see the nature but also if you just walk around the capital. Online services and maps are fairly easy to use and the multiple taxi services are also helpful. There are lots of choices for accommodation which enables tourists to visit on almost any budget,” Betsy’s Hotel owner, Steve Johnson, said.
“For a small country, it’s capacity to offer vastly different experience options is truly astounding—one can relax at a high-end hotel in the city center and head toward the wilderness of mountainous villages within a blink of an eye. Exciting destinations coupled with the easy immigration laws, investment friendly climate and political stability contribute to the recent growth spurt of Georgian tourism sector,” Radission Blu Iveria Hotel Tbilisi’s Avtandil Tsurtsumia said.

CHALLENGES TO OVERCOME

Overwhelmingly, tourism professionals told Investor.ge that infrastructure remains a real challenge for the industry. “The country’s biggest challenge is to develop infrastructure not only in major cities but in regions and villages as well. It is also important to raise the tourism education, especially in rural areas, to directly involve local communities in the management of regions tourism and to make it more effective,” Vinotel’s Benedikt Kashakashvili said.

Batumi Hilton’s Torsten Weller also noted the need to provide people with better infrastructure to move around the country. He said the work on the new roads connecting Batumi and Kutaisi as well as between Batumi and the capital are a “very great start” but more work is needed.

In addition, Weller pointed out to the high cost of flying into Batumi.

Others echoed his concerns about the flights into the country—a situation that is improving, but still requires work. “It has been, and continues to be a challenge for the airlines arriving and departing in the middle of the night into and out of the capital. Kutaisi’s airport is a good option for less expensive flights and better arrivals and departures but, not for the main tourist trade since it is located 3-4 hours drive from Tbilisi,” noted Johnson.

He added that finding quality studies on how much tourists are spending—and on what—is still difficult. Johnson underscored that this is “important information” and the data that is available also seems to be “over reported and
inaccurate."

Songulia said more hotels are needed, especially mid-class hotels in the regions outside of the capital. But he stressed that a qualified workforce is also necessary to fill the demand.

“Service quality and qualified management is what Georgia’s hospitality sector needs to strongly focused on,” he said.

Others echoed his concerns.

“Human capital remains a serious challenge within the hospitality sector. Whilst there are educational institutes that provide training in this field, and develop local talent, as the hospitality sector grows, further specific training is required to enhance and develop service delivery and educate on current trends in order to be competitive to other destinations and to meet and exceed customers growing expectations,” noted Cameron McNeillie, Multi-property General Manager, Marriott Hotel, Courtyard by Marriott, and Moxy Hotel.

“The increased tourism figures are creating further jobs opportunities within this sector, however the lack of educational institutes are apparent and certainly need to be a future consideration,” he said.

**OPPORTUNITIES FOR GEORGIA’S TOURISM SECTOR**

Providing affordable education is actually “the biggest opportunity in this sector,” McNeillie noted.

He added that Georgia also needs a proper convention center, which “if in place, could attract large international business in order for Georgia to compete within the international arena.”

Valeri Chekheria, the director general of Adjara Group Hospitality, noted the potential of agro-tourism as well as wellness tourism.

Tsurtsumia also pointed out to the opportunities to expand “existing popular locations” and explore lesser known, but equally interesting parts of the country, including Rachia, Imereti and other regions.

Vinotel’s Kashakashvili agreed.

“One of the important directions of hospitality and tourism development in Georgia is to increase adventure tourism and to move toward sustainable tourism development in mountain regions, to place mountains and alpine areas in a dominant position, as mountain tourism represents an important segment of the global tourism industry today,” he said.

Vakhtang Chipashvili, the general manager of Best Western Tbilisi Art Hotel, noted that the tourism sector has the “opportunity and huge potential to increase of economic contribution, social, cultural and humanity heritage values.”

“To capture the country’s full potential, we have to explore new opportunities. Aparthotels are becoming popular accommodation, both in sea and ski resorts and this could be a good solution for tourism development in different parts of Georgia,” noted Songulia.

Batumi Hilton’s Weller noted that Georgia has a great opportunity to continue to grow as a tourism destination, especially if the country is able to create and promote a united “story” about Georgia as a destination.

“What do people like? They like to listen to a story;” he said, noting that a good narrative about a place—like Italy and France have accomplished—attracts people and makes them want to learn more. “I think a story would be a great opportunity, it would be more effective to the outside world [to package] all those heartfelt experiences.”
In Numbers: Georgia's Growing Tourism Sector

Georgia's three international airports served 839,612 passengers Jan-March, 2018

36% increase year-on-year

- 37% increase y/y
  Tbilisi International Airport
  724,024 passengers

- 55% increase y/y
  Batumi International Airport
  36,762 passengers

- 15% increase y/y
  Kutaisi International Airport
  67,892 passengers

2017 - more than 7.5 million people visited Georgia

18% increase on 2016

30% increase of visitors from Western Europe

Visits in January-March period for 2017 & 2018
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Mixed drinks have long played second fiddle to wine in Georgia—a fact that, while not surprising, has made it difficult to get anything more complicated than a gin and tonic at Tbilisi bars.

But that is changing, and Georgia’s own grappa-esque chacha is playing a starring in the country’s budding cocktail culture.

“Despite the fact that Georgia is known as a cradle of wine, a lot of people, especially those of the young generation, love to drink cocktails,” Joni Tarziani, bartender of the Funicular Lounge Bar on Mtatsminda at the Upper Funicular station, told Investor.ge. “You do not always feel in the mood for wine, for example, if you are about to experience wild night-life. Therefore, cocktails are a perfect choice as an alternative,” he added.

Diana Grigorian, Manager at Dinehall restaurant, agreed, noting that while foreigners often drink wine at the restaurant, Georgians are ordering more cocktails.

MORE BARTENDERS, BETTER COCKTAILS

Igor Boriskin, Group Bar Manager at Tbilisi’s La Boheme restaurant, noted that “the bar culture, particularly cocktail bars, is a few steps up from a few years ago.”

“It is a growing industry in Georgia. Anyone can make a drink, but people leave their homes to interact with other people. Uptight cocktail bars have gone. Any neighborhood ‘beer and shot bar’ can now make a Manhattan and a Negroni,” he told Investor.ge, adding that one reason for the increased interest in cocktails is growing competition among the bartenders and establishments, Boriskin added.

At Dinehall, one can order classic cocktails, such as the Cosmopolitan, based on cranberry juice and tequila, which is popular especially among women diners, Grigorian said.

GEORGIAN COCKTAILS

Bars and restaurants are also introducing local variations on classic cocktails, as well as creating new drinks based on local tastes.

At La Boheme, bartenders are respecting fresh and local produce the way chefs do. “Sours and cocktails that are based on herbaceous plant and fresh ingredients are becoming a newer trend in cocktail making,” Boriskin said, adding “they take on so many flavors if you want to add a spirit or liquor flavor to accompany them that it will be a next level thing in big cities.”

The Zesty Martini is a very good example. A refreshing blend of coriander kick is paired with fresh, crisp ginger and the vibrant taste of pineapple. The
Esmaki Martini is notable for its unusual mix of ingredients: chili, cucumber, pineapple, passionfruit and gin.

What is the most popular cocktail of all? “I would say it is the Bohemian Grove,” Boriskin said. “It is simple and perfect, based on 100% agave tequila, Mexican lime, Demerara sugar, fresh mint and a dash of cranberry juice stirred into crushed ice. This cocktail reminds you of warm summer evenings on winter nights and is refreshing during hot summer days.”

Funicular Lounge Bar’s cocktail menu is expanding with the season, noted Tarziani. In addition to famous cocktails, one can find such drinks as Between the Sheets and Funicular Iced Coffee, made with Georgian brandy, shaken with coffee and dark chocolate, and served over ice and seasoned with vanilla.

**CHACHA PUNCH**

The bar also serves Chacha Punch, made with chacha, the Georgian grape-based spirit; Martini Rosso vermouth and some syrups; as well as the Cucumber Ginger Collins.

La Boheme also offers Georgia-inspired signature drinks.

“They adapted the old classic Bloody Mary to local flavors: Svnetian salt, homemade ajika, and Saperavi wine,” Boriskin said, adding that right now they are “experimenting with seasonal ingredients such a tarragon, pennyroyal, and mulberries.”

They have also developed chacha-based cocktails.

“Chacha is noble and a very good ingredient for cocktails. A good-quality chacha is never harsh on the palate and should leave a long and pleasant aftertaste and a generous feeling of warmth. Chacha mixes well with chocolate, honey, mint and nuts.

Our signature cocktail, Crema- tion of Care, is based on Oaked Saperavi chacha.

The distinctive flavor of chacha shines through in this smooth drink, with Frangelico adding rich noisette, herb notes and pear with a touch of honey.”

In La Boheme’s cocktail list, there are also two drinks based on Georgian wine: Sangria, which uses semi-sweet Kindzmarauli wine, and Punch, made with Saperavi wine.

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Georgia Celebrates the Centenary of the Georgian Democratic Republic
Georgia Celebrates the Centenary of the Georgian Democratic Republic

A MILITARY PARADE, HIGH-RANKING POLITICAL GUESTS, CELEBRATIONS ABROAD, Nationwide Concerts and a Savvy Social Media Campaign: Georgia has been preparing for months to celebrate the 100th anniversary of the Democratic Republic of Georgia (1918-1921).

The Georgian government has been working hard over the past several months to create a special celebration for the country’s Independence Day and the 100th anniversary of the Georgian Democratic Republic.

In addition to official events, at home and abroad, a lively social media campaign was launched to engage young Georgians with the words and ambitions of the men and women who founded the Georgian Democratic Republic.

While more events are planned for the rest of the year, May 26 was a major celebration across the country and in diaspora communities abroad.

The presidents from six countries and the European Commission President
Jean-Claude Juncker, in addition to a host of high-ranking officials from other nations, joined Georgia in its celebrations. The children and descendants of the Republic’s first leader, Noe Jordania, and other prominent statesmen also attended the celebration.

DEMOCRATIC LEGACY

The Republic did not last long, just three years, from 1918 to 1921, before the democratically elected government was forced into exile and the country fell to Bolshevik Russia.

But the influence of those three years, and the patriotic men and women who strove to create a modern democracy for the Georgian nation following the collapse of the Russian Empire, is still growing.

Scholarly research into the accomplishments of the First Republic continues to uncover more and more details about those fateful years, and with it comes increased recognition for what Noe Jordania and his government were able to do: Among many other accomplishments, the first female Muslim MP was elected in Georgia; the country was one of the first to give women the right to vote; and it had a dynamic foreign policy with efforts to build ties with European powers.

NATIONWIDE CELEBRATIONS

The Georgian government held a days-long celebration across the country, complete with a military parade and high-ranking foreign officials. There were also planned events in France, the U.S. and the UK, as well as other countries, and more conferences and openings in honor of the country’s First Republic are scheduled to take place until the end of the year.

On May 26th, Prime Minister Giorgi Kvirikashvili praised the legacy of the First Republic in an address.

“We created the Georgian Democratic Republic a hundred years ago, but in three short years the Red Army invaded Georgia and the country’s independence and our freedom was put on hold for 70 years.” Kvirikashvili said while addressing a ceremony. “Over these years, we never betrayed the idea of freedom and passed it from generations to generations and resulted in the restoration of the independence of Georgia 27 years ago.”

“The declaration of independence by Georgia in 1918 and its establishment as a sovereign country carries greater importance now. The First Republic’s experience is another strong argument proving our Western identity. And the fact that Georgia is now so strongly pursuing the path of integration into NATO and Europe originates from there [the year of 1918],” he added.

At the same event, Georgian President Giorgi Margvelashvili hailed the country’s successful foreign policy, its engagement with the West and its developing democracy. “Georgia has never [before] had such representative delegations as are now in Georgia, and we are confident that this is a prerequisite for victory that is leading us to our strategic goal, our membership in NATO and the European Union,” Margvelashvili said.

“Our goal is clear; we must maintain our country’s independence. We should establish a free country in which our citizens, through their multiple talents, will strengthen our homeland and leave a legacy of achievements for our future generations as our ancestors [did]....The unity of our nation clearly demonstrate that Georgia is walking the path of victory. Together with our friends we will move only in this direction.

“God Bless Georgia!” President Margvelashvili said.
AmCham Social

45 AMCHAM GEORGIA HOSTED AGRICULTURE MINISTER LEVAN DAVITASHVILI
46 AMCHAM MEETS PARTNERSHIP FUND AND THE CO-INVESTMENT FUND
46 AMCHAM BOARD HOSTS A CONGRESSIONAL DELEGATION
47 AMCHAM MEMBERS MEET BRITISH AMBASSADOR
47 AMCHAM MEMBERS MEET CRYPTOCURRENCY, BLOCKCHAIN EXPERTS
48 AMCHAM SPOTLIGHT INTERVIEW
49 NEW MEMBERS
50 MEMBERSHIP DIRECTORY
54 SOCIAL: FABRIKA COCKTAIL RECEPTION
55 SOCIAL: COCKTAIL RECEPTION AT LA BOHEME
AGRICULTURE MINISTER LEVAN DAVITASHVILI DISCUSSED THE ONGOING PROJECTS OF THE MINISTRY AT THE MONTHLY AMCHAM LUNCHEON ON MAY 30 AT TBILISI MARRIOTT HOTEL. THE MINISTER DISCUSSED A RANGE OF ISSUES, INCLUDING EFFORTS TO PROMOTE EXPANSIONS IN INVESTMENT IN THE SECTOR, AS WELL AS THOSE TO MITIGATE RISKS. THE PRESENTATION WAS FOLLOWED BY A Q&A BETWEEN MEMBERS AND THE MINISTER.

Global Business Forum

Business Sustainability A Key Business Value of the 21st Century

Global Business Forum is an annual event hosted in Tbilisi, Georgia by Union of Business Ladies and Georgia and Asia-Africa Chamber of Commerce.

The Forum features a range of guest speakers from all over the world including government officials, business executives, potential investors, CEOs and entrepreneurs.

One of the core objectives of the forum is to serve as a platform to connect the world’s top businesses and the most successful startups. Additionally, the forum sets out to assemble local and international delegates, in an effort to facilitate resource sharing and mutual support.

Global Business Forum 2017 hosted delegates from 17 countries, including UK, Kazakhstan, Greece, India, Czech Republic, UAE, Turkey, China, US etc. Around 200 people partook in the Business Forum. The upcoming event will be held on October 5-6 in Biltmore Hotel Tbilisi.

We are expecting: 300+ International delegates; 12+ Speakers; B2B Meetings; CEOs, directors, top managers and representatives of other executive branches of local and international organizations are to attend the GBF.
AMCHAM MEETS PARTNERSHIP, CO-INVESTMENT FUNDS


AMCHAM BOARD HOSTS A CONGRESSIONAL DELEGATION

AMCHAM GEORGIA’S BOARD HOSTED A CONGRESSIONAL DELEGATION LED BY CHAIRMAN OF THE HOUSE JUDICIARY COMMITTEE BOB GOODLATTE AT VINOTEL ON MAY 5.
AMCHAM MEMBERS MEET BRITISH AMBASSADOR

AMCHAM GEORGIA HOSTED A MEMBERS-ONLY LUNCHEON WITH THE UK AMBASSADOR TO GEORGIA, MR. JUSTIN MCKENZIE SMITH, AT THE RADISSON BLU HOTEL ON APRIL 23. THE AMBASSADOR SPOKE ABOUT THE UK’S ROLE IN GEORGIA AND UK FOREIGN POLICY AS IT RELATES TO GEORGIA AND THE REGION. THE PRESENTATION WAS FOLLOWED BY A LIVELY Q&A BETWEEN MEMBERS AND THE AMBASSADOR.

AMCHAM MEMBERS MEET CRYPTOCURRENCY, BLOCKCHAIN EXPERTS

AMCHAM HOSTED A PANEL DISCUSSION ON CRYPTOCURRENCIES AND BLOCKCHAIN TECHNOLOGIES AT THE CHAMBER’S MONTHLY ROUNDTABLE MEETING AT COURTYARD MARRIOTT ON APRIL 10. PANEL SPEAKERS WERE GIORGI MELASHVILI, EXECUTIVE DIRECTOR OF THE NATIONAL BANK OF GEORGIA; ANDREW THORNHILL, CO-FOUNDER OF SPOTCOIN LLC; AND NIKOLOZ KHUNDZAKISHVILI, DIRECTOR OF EFES BREWERY IN GEORGIA - JSC LOMISI. THE PRESENTATION WAS FOLLOWED BY DYNAMIC Q&A BETWEEN AMCHAM MEMBERS AND THE PANELISTS.
your business and plans in Georgia? What impact could this have on Georgia and the development of its tourism industry?

I hope to be an active member of the YGL and to have the possibility of working on global issues. My top priority is to introduce Georgia to other YGL members who are opinion leaders in their respective fields.

Through future acquaintances I would like to contribute even more to the economic growth of the country as well as to find new avenues for tourism development. I hope to further enhance my new contacts’ interest in our culture, society, history and the beautiful nature of Georgia. I want to generate new connections and build stronger ties and bridges across countries and cultures. I want to bring other YGL members to Georgia, introduce them to the business sector, to government, to civil society, to the cultural and artistic sector, and to hospitality and agriculture, creating an open dialogue.

Are you the first person from Georgia to be selected?

No, I am the fourth member.

Kakha Kaladze, the current mayor of Tbilisi, Vera Kobalia, the former Minister of Economy and Sustainable Development, as well as Nino Zambakhidze, the Chairwoman of the Georgian Farmers’ Association were all members before me.

What are you looking forward to the most from the program?

I look forward to new challenges. I am convinced that the program will encourage us to think outside the box, and that it will make us even better at what we do. Needless to say, I am keen to make new acquaintances and build new ties. I am very touched and humbled to be among the world’s most promising business leaders, public servants, technologists, social entrepreneurs and artists.
Visa International Service Association

Visa International Service Association is a global payments technology company that connects consumers, businesses, financial institutions, and governments in more than 200 countries and territories to fast, secure and reliable electronic payments. Visa operates one of the world's most advanced processing networks — VisaNet — that is capable of handling more than 65,000 transaction messages a second, with fraud protection for consumers and assured payment for merchants. Visa is not a bank and does not issue cards, extend credit or set rates and fees for consumers. Visa’s innovations, however, enable its financial institution customers to offer consumers more choices: pay now with debit, pay ahead with prepaid or pay later with credit products.

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Feel Harmony is a USA organization that has received NGO status. Its main goal is to motivate and assist people and improved environmental protection and sustainable development. The aim of the organization is to conduct scientific research, educate the public on renewable energy and energy efficiency, as well as provide consultations and monitoring. The organization is working with scientists, professors, university teachers, energy and ecology experts, local specialists, businesses, and students. The main objectives are creation and utilization environmental protection systems; environmental awareness and environmental education; public participation in EIA and EIA; participation in environmental campaigns and events; implementing education programs, implementing renewable energy and energy efficiency projects; scientific research programs; organizing conferences, seminars, workshops; monitoring and evaluating different projects; implementing projects; publishing books, scientific newspapers, leaflets and organizing TV and Radio PR.

Mr. Richard Lussen, Individual

International Education Consultant

Mr. Hans Gutbrod Individual

Based in the Caucasus since 2002, Hans works in policy research and consulting.
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AMCHAM HOSTS MEMBERS AT FABRIKA COCKTAIL RECEPTION

ON MARCH 30, AMCHAM GEORGIA HOSTED ITS MEMBERS AT A COCKTAIL RECEPTION AT FABRIKA. AMCHAM MEMBERS HEARD PRESENTATIONS FROM SALOME ZURABISHVILI, WHO SPOKE ABOUT THE UN GLOBAL COMPACT GEORGIA; SALOME ZURABISHVILI, WHO PRESENTED CENN’S “LET’S KEEP GEORGIA BEAUTIFUL” PROJECT; AND EKA GEGESHIDZE, WHO SPOKE ABOUT JUNIOR ACHIEVEMENT GEORGIA.
AMCHAM COCKTAIL RECEPTION AT LA BOHEME

ON MAY 11 AMCHAM GEORGIA HOSTED A MEMBERS COCKTAIL RECEPTION AT LA BOHEME RESTAURANT. AMCHAM GEORGIA PRESIDENT MICHAEL COWGILL GREETED THE GUESTS AND THANKED THE LA BOHEME FOR HOSTING THE RECEPTION. MEMBERS USED THE OPPORTUNITY TO RECONNECT WITH FRIENDS, COLLEAGUES AND FELLOW REPRESENTATIVES OF MEMBER COMPANIES.
Writers
Nino Bakradze, Lika Jorjoliani, Tatjana Montik, Sally White

Photos
The Office of the Georgian President and the Government of Georgia’s PR Office

Special thanks to all the contributors to the magazine, AmCham Georgia’s staff, and all our contributors, especially the Georgian government and the Georgian President’s Office, which allowed us to publish photos from the May 26 Independence Day celebrations. This magazine would not be possible without your help.
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