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AN INTERVIEW WITH  
SOSO GALUMASHVILI

SAYING  
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Average school exit exam results for **girls** and **boys** in Georgia (2011-2012)



% of students who report that:

"I am good at working out difficult problems in ..."

"My teacher tells me I am good at ..."



They are less encouraged by **teachers** and **parents**

**only 59.2 %** of parents agree that women have the same level of capabilities in technical subjects as men

**while 95.9 %** of school students consider their parent's role important in the study process



# Investment NEWS

A BRIEF LIST OF MAJOR INVESTMENTS IN GEORGIA AS REPORTED BY GEORGIAN MEDIA. IF YOU HAVE ANY INVESTMENT TIPS OR PROJECTS YOU WOULD LIKE TO INCLUDE IN THE LIST FOR THE NEXT ISSUE, PLEASE CONTACT [AMCHAM@AMCHAM.GE](mailto:AMCHAM@AMCHAM.GE).

## EU COMMITS TO €330-410 MILLION (780-970 MILLION GEL) IN ASSISTANCE

The EU has pledged to provide Georgia with up to 970 million Lari from 2014-2017 to help finance the country's democratic reforms, Georgian media reported on July 18. The funds are part of two deals that were signed between Tbilisi and Brussels with Georgia to ratify the country's Association Agreement with the EU: Single Support Framework (SSF) 2014-2017 and The Financing Agreement for the European Neighbourhood Program for Agriculture and Rural Development (ENPARD), agenda.ge reported.

## GEORGIAN GOVERNMENT ANNOUNCES NEW ANAKLIA PORT PROJECT

Georgian Prime Minister Irakli Ghari-bashvili formally launched the state's new program for developing Anaklia Port on July 10, Georgian media reported.

"It is very important that the Anaklia Port is able to receive large sized Pana-

max and Post-Panamax ships. The Port will be able to process more than 100 million tons of mixed cargo. This is a really large scale and undoubtedly gives Anaklia the basis to become a crucial logistical hub for Caucasus and Central Asia," he said during the presentation.

## 34 HOUR CARGO TRANSPORT TO AZERBAIJAN

A Poti-Baku cargo train route was restarted on July 15, Georgian media reported. The route, known as the Silk Bridge, will cut transport time for cargo from "several days" to just 34 hours, agenda.ge reported on July 17.

The train will operate on Tuesdays and Saturdays, agenda.ge quoted Levan Jgarkava, the director of Trans Caucasus Terminals LLC, as saying.

The route, which will eventually extend to Central Asia and China, will be operated by a German company through an agreement with Trans Caucasus Terminals and Azerbaijan Railways, the website said.

Trans Caucasus Terminals is a part of Georgian Railway.

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# Georgia Ratifies EU Deal

On July 18, the Georgian Parliament ratified the country's Association Agreement with the European Union, paving the way for Georgia to implement the reforms and obligations the country needs to fulfill to become closer to the European Union and its Common Market. The agreement is a huge step for Georgia, a step toward European standards for business, trade and economic policy – as well as for a higher level of democracy, human rights protection, and rule of law. The following is a collection of quotes from Georgian and European politicians about the agreement, its potential impact on Georgia and the road forward to implement it.

## PRIME MINISTER IRAKLI GHARIBASHVILI, SPEAKING AT PARLIAMENT ON JULY 18:

“I congratulate, on this historic event, everyone for whom democratic values are precious, as well as those who are committed to European democratic ideals and who see Georgia's future within the large family of European states...

“I am confident that Georgia has already overcome its most critical time...

“June 27, 2014 was written in the history of our homeland as a new date of importance. The historic dream of all Georgians came true on this day. This day has brought us closer to Europe – the space which is so near and natural for us, the space which our country had been artificially kept apart from for hundreds of years, and the idea of unification with which has been brought to us by numerous generations of Georgians...

“Now we are standing on the verge of this space. We should enter Europe as a country with an ancient history and unique culture; a country which will make its contribution to the diverse European culture.

Our ideological links and those of Euro-

peans have already existed for centuries. This is a relationship which has stood time...

“The Association Agreement is an action plan for our country's modernization, Europeanization, and we should implement this plan thoroughly. This plan envisages commitment to democratic principles and I believe that it will be the process of tireless work.”

## EUROPEAN NEIGHBORHOOD POLICY, STEFAN FÜLE:

“Using the Association Agreement as its foundation, Georgia will introduce reforms which will progressively bring the country into the European mainstream – economically, socially, and politically...

“Given the difficult situation in the wider region, I believe that Georgia's pro-European forces have a strong interest in uniting. You have a common interest in capitalizing on this great potential for unity,” Füle said. “I urge all of you to reflect a spirit of unity and solidarity in the execution of your responsibilities as Georgia's leaders.

Disagreement and debate are essential in a healthy democracy, along with respect for divergent views and, above

all, for the institutions of democracy, and for the law...

“Your commitment over recent years, under successive governments, to pursue ambitious reforms leaves no room for doubt,” Füle said. “Georgians know only too well that rewards come to those who put in the effort. But this is your choice, and you can count on the European Union to support you in that choice...”

“I know that some Georgians fear that implementing the Association Agreement will prove costly. No one should be under the illusion that these reforms will be easy. Investment will be needed to meet new regulatory standards, for example. But some benefits will quickly become apparent.”

## EU AMBASSADOR TO GEORGIA PHILIP DIMITROV:

“As for the recommendations, you have to fulfill the Association agenda. Of course, the Association Agreement considers that the Georgian market will enter the joint European market...

“This process will have its stages, but Georgia will immediately receive the main benefit. Of course, I do not mean that Georgian business will be given breakfast in bed, but the country will be provided with modern resources and your effort should be great to receive them.”

## US AMBASSADOR RICHARD NORLAND:

“The signing and ratification [of the Association Agreement], following the ‘pause’ in the political season after the recent elections, represent an opportunity for all Georgians to now focus on a future-oriented agenda that will enhance political stability, improve the investment climate, expand economic growth, and create jobs...

“While only Georgians can decide their national priorities, the challenges of the moment call for all of Georgia's energies to be focused on the future, and the U.S. is committed to supporting that path.”

## MP GIGLA AGULASHVILI:

“The ball is in our court and now it is fully up to us to use the opportunities provided by this agreement...With the ratification of this agreement we are carefully knocking on the EU's door... and we will keep on knocking on this door.”





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Georgian Prime Minister Irakli Gharibashvili

## **REGIONAL IMPLICATIONS OF THE GEORGIAN-EU ASSOCIATION AGREEMENT**





Armenian President Serzh Sargsyan



Azeri President Ilham Aliyev

GEORGIA RATIFIED ITS ASSOCIATION AGREEMENT WITH THE EU ON JULY 18. INVESTOR.GE ASKED RICHARD GIRAGOSIAN, THE DIRECTOR OF THE REGIONAL STUDIES CENTER (RSC), AN INDEPENDENT THINK TANK IN YEREVAN, ARMENIA, TO ANALYZE THE POTENTIAL IMPACT OF TBILISI'S MOVE TOWARD EUROPE ON THE REST OF THE REGION.

RICHARD GIRAGOSIAN\*



RICHARD GIRAGOSIAN IS THE DIRECTOR OF THE REGIONAL STUDIES CENTER (RSC), AN INDEPENDENT THINK TANK IN YEREVAN, ARMENIA.

In a largely symbolic move, the Georgian parliament formally ratified its Association Agreement with the European Union (EU) on July 18. The agreement, which was signed on June 27 in Brussels, represented a crowning achievement for Georgia after several years of complex negotiations, and elevated Georgia one step closer to Europe.

Although the endorsement was no surprise, the Georgian government fulfilled a key tenet of the country's strategic bid to solidify its Western orientation. Together with Ukraine and Moldova, the Association Agreement is also an essential move towards strengthening Georgian statehood in the face of looming Russian pressure. Beyond the strategic significance, the agreement also offers Georgia concrete benefits. It will grant "unfettered access" to the large EU market, while also offering a serious reduction of EU tariffs on Georgian imports. In turn, although Georgia will also be required to slash its own tariffs on EU imports, such a reduction will be imposed on a more gradual basis, allowing Tbilisi to "protect" its own "strategic sectors" from immediate competition.

## THE BROADER IMPACT

**W**hile the new Association Agreement represented an important success for Georgia, the move will also impact the broader South Caucasus region in several ways. First, the Association Agreement not only brings Georgia closer to the EU, it also creates a new dividing line in the South Caucasus. And in this context, there is a new disparity between Georgia and its neighbors.

At the same time, Georgia's successful concluding of the Association Agreement effectively reaffirms Georgia's position as the "center of gravity" for Western engagement in the South Caucasus. That prominence has waned and weakened in recent years, but with the conclusion of the Association Agreement, which neither Armenia nor Azerbaijan has attained, Georgia has once again emerged as the regional leader.

For Armenia, the Armenian president's surprise September 2013 decision to abandon its own Association Agreement in favor of joining the Russian-led Customs Union not only damaged the country's relationship with the West, but also further deepened Armenia's vulnerable position within the Russian orbit. Moreover, that sudden "U-turn" in policy was more than simply a missed opportunity. Rather, the move effectively undermined the credibility of the Armenian government, weakened the course of reform, and sidelined the political standing of reformers within the government. The decision was also seen as a strategic blunder, representing

a misguided decision to "mortgage" the country's future in favor of submitting to Russia.

Over the medium-term, however, Armenia may actually be able to salvage its strategic future and avoid being drawn into the Customs Union. As the repeated delays over its bid to join the emerging Eurasian Economic Union (EEU) have demonstrated, there are now serious doubts over Armenia's possible membership in the Russian-dominated project. Although the three member states of Russia, Belarus and Kazakhstan have agreed to launch the EEU by January 2015, it is now increasingly unlikely that Armenia will overcome resistance from Kazakhstan and Belarus. Never-

**While the new Association Agreement represented an important success for Georgia, the move will also impact the broader South Caucasus region in several ways.**

theless, Armenia remains hindered by its own over-dependence on Russia, a factor that has only helped to undermine Armenian independence and weaken its sovereignty.

For Azerbaijan, there was never any real desire for an Association Agreement with the EU. Rather, the policy priority for Baku has always been to avoid any closer alignment to Brussels, and instead, limit the relationship to energy cooperation. In this way, the Azeri government was able to further weaken European ►►





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Georgian PM Irakli Gharibashvili, Parliament Speaker Davit Usupashvili, Energy Minister Kakha Kaladze and Georgian President Giorgi Margvelashvili celebrate the ratification of the EU agreement

leverage over the country and mute EU concerns over egregious violations of human rights and serious shortcomings in democratization and reform.

### COMING CHALLENGES

In light of the new division in the region, marked by the Georgian Association Agreement, there are several significant trends now underway.

First, although there is a sincere recognition on the part of both Yerevan and Tbilisi that the future of Armenian-Georgian relations must

deepen further, each country is entering a new period of uncertainty.

This uncertainty over the course of bilateral relations stems from the direct political and economic implications from both Georgia's Association Agreement and from Armenia's possible member-

ship in the Customs Union. For example, under each scenario, the tariff structure of bilateral trade will be modified.

For Georgia, this means that possible Armenian membership in the Russian-led trade bloc would require Armenia to impose significantly higher tariffs and duties on its imports.

It may also be forced to adopt additional barriers to Armenian-Georgian trade because of the association agreements. And a likely result may be an increase by Georgia of its transit fees for Armenian exports and imports through Georgian terri-

**For the Georgian government, the challenge stems from the combination of high expectations from the Georgian population, eager for immediate economic gain, and the imperative for real reform through the implementation phase of the EU agreement.**



tory, which would directly impact over two-thirds of all Armenian foreign trade.

A second trend may be even more serious. More specifically, the impact of the EU Association Agreement on Russian policy poses a significant challenge to not only Georgia or even the region as a whole, but also to the European Union itself.

For the Georgian government, the challenge stems from the combination of high expectations from the Georgian population, eager for immediate economic gain, and the imperative for real reform through the implementation phase of the EU agreement.

Although Georgia is much less vulnerable to Russian pressure, as Moscow has fewer and more meager instruments of leverage over Tbilisi, there are already signs of concern over a fresh

Moscow-inspired campaign to assault and undermine European values. Such a Russian-directed campaign may seek to exploit more conservative elements within Georgia, such as the Georgian Church, in a bid to misrepresent EU ideals as a threat to Georgian “family values.” Such a scenario would require greater efforts by the Georgian government and society in defending its own tolerance and freedom.

More broadly, however, the danger here is not coming from a Russia confident and secure in its power and influence in the region. Instead, the bigger threat comes from a weak and unpredictable Russia that no longer pursues rational policies based on any coherent cost-benefit analysis. And in the wake of Russian aggression in Crimea and its continued violation of Ukrainian sov-

ereignty and threats to its statehood, the likelihood of a resurgent Russian attempt to undermine Georgia, pressure Armenia and arm Azerbaijan has now become a greater and more realistic concern. Moreover, in light of Russian complicity in the downing of a civilian aircraft by its own proxy force in eastern Ukraine, Moscow may be even less deferential to deterrence or dissuasion.

And finally, this new post-Association Agreement period will be a serious test for the EU. This test of commitment and resolve will also not be easy, especially judging by the inadequate response by the EU to the Ukrainian crisis to date. Thus, as much as the new Georgian Association Agreement stands as a strategic victory for Tbilisi, the more difficult period of implementation is now only just beginning.

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# VATO LEJAVA: MAXIMIZING THE GAIN, MINIMIZING THE PAIN OF THE EU-DEAL

INVESTOR.GE SPOKE WITH VATO LEJAVA, THE CHANCELLOR OF THE FREE UNIVERSITY OF TBILISI AND FORMALLY A CHIEF ECONOMIC ADVISOR FOR FORMER PRIME MINISTER NIKA GILauri, ABOUT GEORGIA'S NEW EU ASSOCIATION AGREEMENT AND ITS POTENTIAL IMPACT ON THE ECONOMY.

**M**ore investment, more jobs, more trade, more contact with Europe – the Association Agreement with the European Union is casting high expectations for a better, stronger Georgian economy.

But along with the optimism, there has been a slow but steady murmur about high costs, heavy regulation and hurdles for Georgian businesses and the Georgian government to turn the potential of the EU deal into a reality at home.

One of the biggest concerns has been over the cost of implementing EU-standard legislation, especially in Georgia's struggling agriculture sector. There have also been worries about Georgia's fledgling institutions being up for the mammoth task of administering the new rules and regulations that the country will be responsible for passing under the agreement.

The key, said Vato Lejava, a former chief economic advisor for the Georgian government under ex-Prime Minister Nika Gilauri, is to "off-set" any potential pain for the economy with legislation that comprehends the gap between EU standards and Georgian reality.

## USING "GUARANTEED PAIN" TO ACHIEVE GREAT GAINS

"I would describe this agreement like a guaranteed pain with no guaranteed gain. And the whole science of implementing this agreement is to off-set the guaranteed pain by available or feasible gain," he said.

"We need to adjust to the EU regulations, which are, to put it in a nutshell, the luxury of a richer community. It is like a car. Of course everyone understands that Mercedes is a good

car – quality and safety and so on. But you have to pay for it."

That cost will come in various forms and hit different areas of the economy in a variety of ways. For example, Lejava said, Georgian businesses could feel the impact of the reforms in the new standards for inspections – which will span from food safety to labeling products that Georgia imports.

"It is a global experience that the weaker the institutions, the more painful the reforms are. We cannot claim that we have the best institutions in the world," he said.

"And institution building and strengthening, and market surveillance and supervision should go hand in hand, which is not an easy task."

Good reforms, he said, will include transparent rules for inspection, check lists for inspectors – and strict limits on their discretion. It will also include clear procedures for litigation if businesses disagree with the government's assessment, and reasonable caps on fines.

Lejava underscored that, while EU standards are tough, countries are offered some leeway in how they are rolled out and implemented at home: for instance EU legislation does not define the size of the fines that should apply in Georgia, so Tbilisi has the authority to make them "proportional" to Georgian reality.

That also means the Georgian government has the power to apply other changes that Brussels requires to the reality on the ground. So, for example, in agriculture – a sector that will be sensitive to the cost of change – the government can exclude "non-industrialized activities," i.e. substance farmers in Imereti, from demanding regulations that are beyond their means.

"I think they [the Georgian government] need to very prudently start analyzing the impact of implementing the new regulations and trying to mitigate them as much as possible," Lejava said.

"The niche of EU regulations is that it is adopted by consensus and because it is adopted by consensus, it always has enough room that, on the one hand you can comply with them, and, on the other hand, find your own way of complying with them."

## "NO LIMIT" ON NEW OPPORTUNITIES

While Lejava said that the "pain" of the new regulations and responsibilities the government has taken on is guaranteed, he also stressed that "there is no limit" as to how much the EU deal can help the Georgian economy. Implemented well, the Association Agreement is an instrument for growth and prosperity.

That means the chance for more exports and investment – and the potential for the creation of new sectors and completely new businesses in Georgia.

"Nothing is limiting us to maximize the gain but also nothing is guaranteed on the minimal level either," he said. "I think what has to improve most is public administration. If public administration improves, I again trust the talent and the intuition and the knowledge of entrepreneurs that they will keep up."

Lejava noted, for instance, that by signing the Association Agreement, Georgia has a more realistic chance of falling under a Free Trade Deal with the US, since Washington is currently negotiating a US-EU trade agreement.

"There will be new businesses created by this opportunity that will relocate to Georgia," he said.

"So we are not talking about existing businesses; we should be talking about businesses which will be attracted to this opportunity [created by the Association Agreement]."

# Georgia: Preparing for NATO's "Substantive Package" in Wales

INVESTOR.GE REPUBLISHES MONICA ELLENA'S INTERVIEW WITH MINISTER OF DEFENSE IRAKLI ALASANIA ABOUT THE UP-COMING NATO SUMMIT IN WALES, SLATED FOR SEPTEMBER. THE ARTICLE ORIGINALLY APPEARED IN BUSINESS NEW EUROPE MAGAZINE'S AUGUST EDITION.  
[www.bne.eu](http://www.bne.eu)

MONICA ELLENA

Irakli Alasania does not like war. Like most Georgians of his generation, the energetic 40-year old Minister of Defence has lived through enough of it.

But he knows that Georgia's strategic position, at the crossroads between East and West, means that the country needs to be prepared, skilled, and equipped to defend itself if necessary.

As the North Atlantic Treaty Organization (NATO) is gearing up for its next summit in Wales in early September, Georgia has shifted its focus from the improbable goal of securing MAP –the Membership Action Plan, the last step before full membership

– to what the summit will bring to Tbilisi. In late June, NATO foreign ministers decided to offer Georgia, as Secretary General Anders Fogh Rasmussen put it, a "substantive package" to help the country "come closer" to NATO. In early July, NATO's special representative for the Caucasus and Central Asia, James Appathurai, held talks with the Georgian leadership to define what that means.

"This summit will not talk about enlargement, but clearly will talk about the open door policy," says Alasania in an interview with BNE in his office in downtown Tbilisi. "What I expect is the validation of Georgia's achievements. Georgia is becoming a role model to follow in the region. We are a country that reforms, that matures its political system, and that contributes to Euro-Atlantic security."

Alasania aims to increase Georgia's interoperability with NATO and to beef up the country's self-defense capabilities, such as air-defense, anti-mobile, and anti-tank capabilities." ►►

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"Georgia is today a credible partner," he adds. "So I expect two baskets (from the summit): a political declaration clearly identifying Georgia's progress and stating the next stage for integration into the alliance, and a concrete package increasing NATO's imprint and presence on Georgian soil."

## OPPORTUNITIES, PAST AND FUTURE

Georgia's long quest for NATO membership started with the meltdown of the Soviet Union. The 1990s opened a window of opportunity for Tbilisi to reach out to the world beyond the former Iron Curtain. But Georgia failed to take it. "Instead of consolidating ourselves, like the Baltic states, we started shooting each other," Alasania recalls. "It was a great mistake. Back then we showed Georgia's immaturity to handle the state and state relations."

As a result, Georgia endured civil wars, the loss of 20 percent of its territory, and a quarter of a million internally displaced persons. Nevertheless, full EU and NATO membership became the foreign policy pillar of the Western-minded leadership of the Rose Revolution, which took power in 2003. Despite making rapid progress on several fronts, Georgia missed out on MAP at the Bucharest summit in April 2008. The subsequent war with Russia over one of Georgia's breakaway regions, South Ossetia, in August 2008 put NATO membership for Georgia off the table. But the idea was revived a couple of years later at the summit in Lisbon.

"Historic opportunities are opening up for Georgia again. That's why we are acting like NATO country members: to prepare ourselves for this window of opportunity. When it is next open, we'll be ready."

## REFORM, TRAIN, AND EQUIP

Since his appointment in 2012, Alasania has initiated deep structural reforms in the Ministry of Defense focused on transparency, accountability, and training. He raised soldiers and officials' salaries, conditions and benefits, abolished mandatory conscription, and increased civilian oversight and control, both at the parliamentary and NGO level.

"I personally have to report every purchase above GEL 2 million (EUR 415,000)

and explain where this money goes. The procurement system is totally transparent, with electronic tenders, so that everyone can see what we are buying, unless it is very secretive, and even then the purchase is scrutinized by a parliamentary special committee," Alasania explains. "The Defense Ministry was the most secretive institution in Georgia, now it is one of the most transparent."

The process hasn't gone unnoticed in Brussels as a NATO assessment advised the MoD to put together a team of institution building to share the experience with other countries.

"We are now exporting our reforms," he adds.

Georgian troops have also built up their combat experience. In 1999 Georgia joined the NATO-led peacekeeping mission in Kosovo. Later, it sent troops to Iraq and Afghanistan, where, by May 2013, Georgia had 1,560 troops – the largest

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**"We think people understands that's the price to keep Georgia's independence, there is high support for the army. It is the most trusted state institution in the country after the church."**

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per-capita troop contributor and largest non-Nato force in the country. It has also suffered a high number of casualties – 29 soldiers – as its troops are deployed in the unstable Helmand province.

"It is a huge number for a small nation," admits the Minister. "We think people understand that this is the price to keep Georgia's independence- there is a lot of support for the army: it is the most trusted state institution in the country after the church."

Moreover, Georgian troops are currently being deployed in the EU-led mission with French command in the African Central Republic. As a result, Georgia today boasts some 12,000 soldiers whom Alasania claims have been trained to the highest NATO and US standards.

"This exposure fundamentally changed the perception and thinking of the Georgian military. The officers that went through Afghanistan, Iraq and Kosovo know exactly how to conduct modern combat operations. Plus, 90 percent of my top military leadership has gone through

US, France, and Germany's army colleges, so they know how to plan modern warfare. So this is transformational."

Georgia is also looking forward to turning its training facilities into NATO training facilities. In fact, Georgia's forces have so impressed Western officials that its troops have been certified to join the NATO response force—the alliance's 25,000-strong rapid reaction unit—in 2015 through to 2017.

"On a military level, we are already a NATO member," Alasania adds.

But there is still a lot to do. Developing robust capabilities in terms of command and control, intelligence, surveillance and reconnaissance, and logistics takes time, practice and money. Michael Cecire, Associate Scholar at the Foreign Policy Research Institute, highlights that "conscription won't be phased out for another few years, the reserves system is still in the earlier stages of being reformed, and

increased civilian control is a reality but barely institutionalized."

It is a long-term process Alasania is aware of. "Many things have to be strengthened, mainly logistical chains, which is one of the priorities alongside infrastructure and military education."

## THE RUSSIAN FACTOR

But the biggest unknown is Russia. Moscow strongly opposes closer ties between Tbilisi and the Alliance, let alone full membership, and it has turned its relationship with the Northern Alliance into a battle of wills.

"The path towards full integration with NATO is irreversible, this is the choice of the Georgian people," stresses Alasania. "But we are defusing tension with Russia: our foreign policy is to eventually normalize relations with the Russian Federation. We know it will not be possible until Russia starts to fulfill the six-point agreement signed after the 2008 war. For now, we opened up channels of negotiations with trade and culture, so we are not giving them any pretext, at all, to destabilize the country."

If the 2008 war was not enough, the annexation of Crimea and the violence in Eastern Ukraine are dire reminder of the potential threat that Russia still poses for Georgia.

"Georgia's connection with the NATO defense system is, hence, very relevant," Alasania concludes.



# Tkemali: Introducing the world to Georgia's tasty, tangy sauce

ON JULY 18, THE GEORGIAN PARLIAMENT RATIFIED THE COUNTRY'S ASSOCIATION AGREEMENT WITH THE EUROPEAN UNION. THE AGREEMENT, AMONG OTHER BENEFITS, ALSO OPENS THE WAY FOR MORE GEORGIAN EXPORTS TO THE EUROPEAN UNION'S COMMON MARKET. WHILE GEORGIAN WINE IS A WIDELY KNOWN COMMODITY, OTHER GEORGIAN PRODUCTS – LIKE TKEMALI, THE TANGY OMNIPRESENT PLUM SAUCE POPULAR WITH MEATS AND VEGETABLES – HAVE ALSO BEEN MAKING HEADWAY INTO FOREIGN, NON-POST-SOVIET MARKETS.

MARTA FERRER LUBECK

Go to any Georgian restaurant, a friend's dinner, a supra... you will find it there. Tkemali sauce is a staple of the Georgian cuisine. In Georgia they say that just as Americans love ketchup, Georgians love tkemali sauce. And, from profiles in the New York Times to sales on Amazon.com, the rest of the world is also starting to appreciate the tangy taste of tkemali.

Geostat does not list exact numbers for tkemali exports. Exports of "sauces, and preparations therefore; mixed condiments and mixed seasonings" nearly quadrupled from 2010 to 2011, however, mirroring efforts by local companies to sell tkemali abroad. In the first five months of 2014, Georgia exported \$434,400 worth of sauces, mixed condiments and seasonings – putting it on track to meet or beat the \$792,700 in exports in the same category last year. ►►



## TKEMALI SAUCE EXPORTS

Kula, one of the brands of Gori Feeding Cannery Kula, a leading tkemali sauce exporter, has been exporting tkemali sauce since around 2010 and now sells to over 20 countries—some in the former Soviet bloc, as well as to Canada, USA, Germany, Poland, Czech Republic, Iran and France.

Vano Goglidze, the director and co-founder of Kula, says that the company produces 12 kinds of tkemali sauce, between 1 and 1.5 million bottles of sauce per year, including the red, green and yellow varieties.

All ingredients used are fresh and are grown in Georgia, adds Goglidze, and up to 60 percent of what Kula produces is exported. "The local market includes supermarkets and restaurants, and Kula produces tkemali sauce for the Georgian Army," states Goglidze.

Asked if there is a particular strategy

sauce rather than preparing it themselves, so [our] sales are concentrated on the local market."

Asked about producing tkemali sauce, Gaprindashvili notes, "The main goal of producing green tkemali is to capture the taste of spring."

"Local farmers are involved in gathering the fruit in west Georgia, and delivery of the fruit is organized by around 10 different suppliers. We buy over 500 tons of tkemali and we produce over one million bottles."

She estimates that 150 employees work at Marneuli in the spring, the highest production time of the year.

Soso Kobakhidze, the agribusiness director for Georgia's Export Development Association, noted that several other companies are also exporting tkemali, including LTD Georgian National Product and LTD Aroma Product. These companies, he said, are "100 percent export-oriented."

"Mostly," he wrote in an email interview, "it is exported to Soviet countries or in the case of other countries (USA, EU, etc), the distribution is mostly to Russian shops, Georgian restaurants, etc, which work for communities from post-Soviet countries."

Beyond Georgia, tkemali sauce is better known in former Soviet countries. But that is changing. From sales on Amazon.com (\$7.99 plus shipping) to detailed recipes for the sauce in a New York Times' article on international barbeque, Georgia's humble plum sauce is gaining fans around the globe.

"In the Caucasus Mountains, the mythical birthplace of fire, barbecue sauce means tkemali, a piquant puree of sour plums or rhubarb, with garlic, dill and cilantro.

This is not as strange as it may seem: after all, many Americans add apple or pineapple to their barbecue sauces. You don't need to journey as far as the Republic of Georgia, for tkemali turns up at Georgian restaurants in Brighton Beach, Brooklyn, like the colorful Primorski," Steven Raichlen wrote for the Times in his 1999 "Barbecuing With a World Full of Accents."

"As for the appropriate meat, well, you haven't fully savored grilled lamb, pork, sausage or salmon until you have tasted

it with a dab of tkemali," he noted.

Irene Makhatatze, the wife of the former Greek Ambassador to Georgia, would probably agree.

Like many Georgians, she learned to make tkemali sauce from her mother but after living in various countries where tkemali is less well known, she has developed a knack for tracking it down.

"In Russia, tkemali sauce is easy to find. In Greece, I would find it in Armenian stores, while in the US I would find it in Russian grocery markets," says Makhatatze.

## WHAT IS TKEMALI?

The main ingredient of this piquant sauce is the tkemali, a sour plum in season in the spring and summer. The tkemali fruit is relished by Georgians because of its nutritional value—it is high in antioxidants—and for its many uses. Maya Katsiashvili, chef and lecturer at the Georgian Culinary Academy, says "We buy about 20 kilos of tkemali each spring. You can find the fruit at your local market or at the supermarket," though she points out that buying at the local market is better.

Katsiashvili explains that tkemali is also an essential ingredient of chakapuli, a dish generally consumed in the spring and cooked with lamb or beef, tkemali and fresh green herbs. Tkemali is also used in lobio, the Georgian bean dish, and borsh, and she adds, "At the Academy, we like to experiment with new dishes. One example is our dish of stuffed fish with tkemali and tarragon."

As for the sauce, Katsiashvili affirms that at the Academy you can learn the relatively easy method of preparing tkemali sauce. The basic ingredients are: tkemali, garlic, dill, coriander, salt, pepper and pennyroyal—a sort of wild mint.

First, the tkemali is boiled in water until it is soft and the seed can be easily removed. It is then put through a colander, and the remaining mass is mixed with the other ingredients and cooked slightly until a thick consistency is obtained.

Once cool, the sauce is placed in airtight containers and the product can last as long as two or three years if properly stored. Katsiashvili further notes that "Once you have tkemali sauce you can enjoy it with meat and chicken dishes, as well as new potatoes. You just cannot buy new potatoes without buying tkemali sauce to go with them- they are inseparable!"

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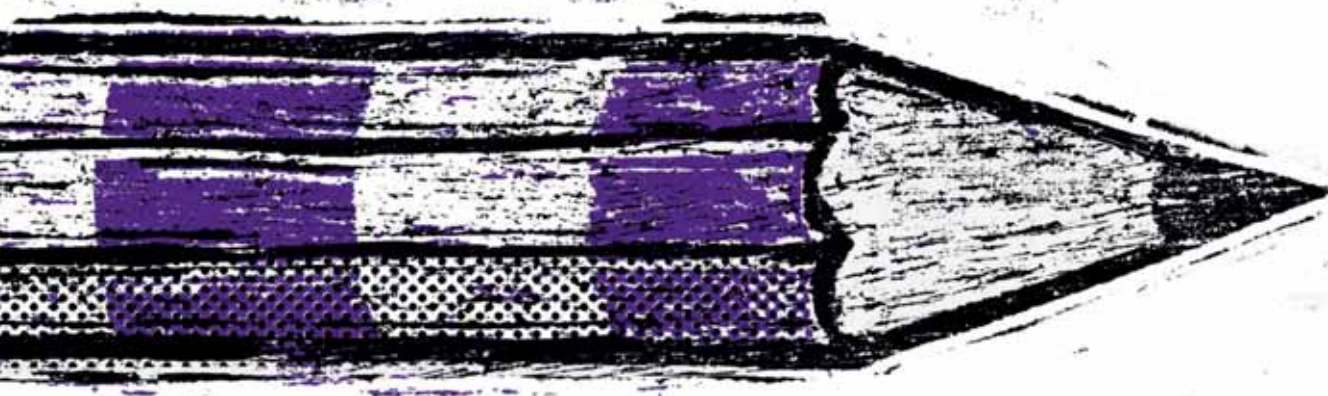
**Beyond Georgia, tkemali sauce is better known in former Soviet countries. But that is changing. From sales on Amazon.com (\$7.99 plus shipping) to detailed recipes for the sauce in a New York Times' article on international barbeque, Georgia's humble plum sauce is gaining fans around the globe.**

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for a larger market, Goglidze says "The production of tkemali sauce existed during the Soviet period, so people know these products. Kula is sold in countries where there are many Russians, who recognize tkemali sauce." In any case, he notes, all bottles have the English-language label 'Plum Sauce' to make them easily recognizable. Moreover, Kula has participated in numerous food exhibits in Dubai, Germany, Moscow, Kiev, and in October the company will participate in the SAIL exhibit in Paris.

Another company active in the export market is Marneuli Food Factory. The company's director, Irina Gaprindashvili, explains that sales outside Georgia are concentrated in "former CIS countries, where tkemali sauce is well known." Marneuli has also started exporting green and red tkemali sauce to the UK, the first try for an expat market outside CIS." However, Gaprindashvili indicates, "People in Georgia are increasingly buying tkemali

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## US SANCTIONS AGAINST RUSSIA

The United States has passed a series of sanctions against individuals, companies and economic sectors since Russia annexed Crimea in March of this year.

While Washington – and the White House – was criticized for the perceived weakness of the first round of sanctions, the restrictions have become steadily stronger and wide-ranging.

Today, the US sanctions target both individuals involved in the destabilization of Ukraine, as well as specific businesses and commercial entities in Russia.

The US Treasury Department defines the latest wave of sanctions, passed on July 16, as “a broad-based package of sanctions on entities in the financial services, energy, and arms or related materiel sectors of Russia, and on those undermining Ukraine’s sovereignty or misappropriating Ukrainian property.”

### THE LIST, AS PUBLISHED ON THE US TREASURY WEBSITE:

- Treasury imposed sanctions that prohibit U.S. persons from providing new financing to two major Russian financial institutions (Gazprombank OAO and VEB) and two Russian energy firms (OAO Novatek and Rosneft), limiting their access to U.S. capital markets;

- Treasury designated eight Russian arms firms, which are responsible for the production of a range of materiel that includes small arms, mortar shells, and tanks;

- Treasury designated the “Luhansk People’s Republic” and the “Donetsk People’s Republic,” which have asserted governmental authority over parts of Ukraine without the authorization of the Government of Ukraine; and Aleksandr-Borodai, the self-declared “prime minister” of the Donetsk People’s Republic, for threatening the peace, security, stability, sovereignty, and territorial integrity of Ukraine;

- Treasury designated Feodosiya Enterprises, a key shipping facility in the Crimean peninsula, because it is complicit in the misappropriation of state assets of Ukraine; and



# SANCTIONS AGAINST RUSSIA: AN OVERVIEW

- Treasury designated four Russian government officials, including Sergey Beseda, a senior Russian Federal Security Service official.

“These actions do more than build upon previous steps to impose costs on separatists and the Russian government,” the statement on the US Treasury website reads.

“By imposing sanctions on entities within the financial services and energy sectors, Treasury has increased the cost of economic isolation for key Russian firms that value their access to medium- and long-term U.S. sources of financing. By designating firms in the arms or related materiel sector, Treasury has cut these firms off from the U.S. financial system and the U.S. economy.”

## EU SANCTIONS

The European Union (EU) has also passed limited sanctions against specific individuals it deems responsible for the growing conflict in Ukraine. Until the downing of the Malaysian Air flight MH17 over Ukraine, however, Brussels was hesitant to invoke more restrictive

measures against the Russian economy, largely because the EU economy has stronger trade ties with Russia.

The bombing of flight MH17, however, has been a turning point. In a show of support for the Netherlands – the country that suffered the most from the tragedy – EU countries are rallying around stronger sanctions against Russia.

The EU widened the sanctions in a meeting on July 25, so currently 87 individuals and 20 entities in Ukraine and Russia are affected, according to media reports.

The list now targets Russian intelligence officers: Alexander Bortnikov, head of the Russian Federal Security Service (FSB), and Sergei Beseda, head of the FSB department that oversees international operations and intelligence activity, were both added to the EU sanctions list.

In a letter to EU heads of state on July 25, EU Council President Herman van Rompuy called for more restrictive measures against the Russian economy. Brussels Blog on the Financial Times website, quoted the letter as saying:

“On 24 July, the Committee of Per-



notably in the field of arms trade and restrictions on access to capital markets; The measures in the field of sensitive technologies will only affect the oil sector in view of the need to preserve EU energy security; The prohibition of dual-use technology exports will be limited at this stage to military end-users.”

A final decision on the EU sanctions is expected by the end of July.

## RUSSIA'S RESPONSE

Moscow responded to the initial wave of sanctions by publishing a reciprocal list of individuals banned from travel to Russia. As the sanctions have picked up speed, however, Moscow has yet to fully respond.

Media reports have speculated that Russia could be preparing to roll out its own measures against the US and EU.

In the meantime, however, Moscow has started implementing sanctions against Moldova and Ukraine, two countries that signed the Association Agreement with the EU in June, together with Georgia.

On July 25, Russia announced sanctions against Ukrainian milk products; similar bans have already started against Moldovan fruit and other goods.

To date, however, Russia has not implemented any new measures against Georgia. Moscow banned all Georgian goods in a wide range of sanctions in 2006; over the past year, the two countries have been working together to reinstate trade. Russian officials, however, have warned that Moscow could impose restrictions “to protect” the Russian economy if it feels that the EU Association Agreement poses a risk to Russian interests.

FOR THE PAST SEVERAL MONTHS, GOVERNMENTS AROUND THE GLOBE – FROM CANADA AND THE UNITED STATES TO JAPAN AND THE EUROPEAN UNION – HAVE BEEN IMPOSING A GROWING NUMBER OF SANCTIONS AGAINST RUSSIA AND COMPANIES WITH TIES TO THE CONFLICT IN THE UKRAINE. INVESTOR.GE HAS COMPILED A BASIC LIST OF THE SANCTIONS AS PUBLISHED ON GOVERNMENT WEBSITES AND BY THE MEDIA.

manent Representatives (COREPER) agreed to list 33 further entities and persons. It also expanded the legal basis of the restrictive measures so as to target individuals or entities actively providing material or financial support to or benefiting from the Russian decision makers responsible for the annexation of Crimea or the destabilisation of Eastern-Ukraine.

“A Trade and Investment ban for Crimea and Sevastopolis as well as an additional list of entities and individuals both under the current and the expanded criteria will be ready for adoption by COREPER on 28 July.

“As requested by the Foreign Affairs Council, the Commission and the European External Action Service (EEAS) presented to COREPER a set of restric-

tive measures related to access to capital markets, defence, dual use goods, and sensitive technologies on 24 July. My assessment is that this package strikes the right balance when it comes to cost/benefit ratio and scalability/reversibility over time. It should have a strong impact on Russia's economy while keeping a moderate effect on EU economies.”

In the letter, the EU Council president stresses the need to keep a “balance” across all sectors and “preserve EU energy security.”

“The overall balance will be maintained across sectors and across Member States,” the letter reads, as republished by the blog.

“The principle of non-retroactivity will apply across all targeted sectors,

## FOR MORE DETAILED INFORMATION ABOUT THE SANCTIONS, PLEASE VISIT THE FOLLOWING WEBSITES:

<http://www.treasury.gov/press-center/press-releases/Pages/jl2572.aspx>;  
[http://en.wikipedia.org/wiki/List\\_of\\_individuals\\_sanctioned\\_during\\_the\\_2014\\_pro-Russian\\_unrest\\_in\\_Ukraine](http://en.wikipedia.org/wiki/List_of_individuals_sanctioned_during_the_2014_pro-Russian_unrest_in_Ukraine);  
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<http://edition.cnn.com/2014/07/24/world/europe/russia-sanctions-explainer/>



# NEW RULES FOR INVESTMENT FUNDS: THE KEY TO DEVELOPING CAPITAL MARKETS IN GEORGIA

FOR YEARS, DIRECT INVESTMENT HAS OVERSHADOWED PORTFOLIO INVESTMENT IN GEORGIA AND HAMPERED THE DEVELOPMENT OF THE LOCAL CAPITAL MARKET. THE NEW LAW ON INVESTMENT FUNDS, HOWEVER, COULD PROVIDE A STIMULUS TO CHANGE THAT. LEVAN KOKAIA, A GUEST LECTURER AT THE GEORGIAN INSTITUTE OF PUBLIC AFFAIRS SCHOOL OF SOCIAL SCIENCES OUTLINES THE DIFFERENCES UNDER THE NEW LAW AND ITS POSSIBLE IMPLICATIONS FOR GEORGIA'S CAPITAL MARKETS.

LEVAN KOKAIA

## BACKGROUND

Prior to July 2013, Georgia's capital markets were regulated through the sixth chapter of one prima in the Law on Securities Markets. Last year, however, Parliament adopted a new Law on Investment Funds, which provided the means to develop co-investment companies – and created the base for capital markets in Georgia to develop.

The previous legislation was too narrow to foster the development of investment funds, mainly because it limited its definition of investment funds to one type, the "experienced investors' investment fund." This limited investors and did not allow them to make the best use of opportunities in the market. In addition, weak administrative procedures created chaotic circumstances for investment funds to open and operate.

## BENEFITS UNDER THE NEW LAW

Generally, the new investment funds law, and the order from the National Bank of Georgia president on "the rules and circumstances of registering investment funds in the National Bank of Georgia" are favorable mechanisms for developing capital markets in Georgia.

The main difference between the previous regulation and the new one is the detailed categorization of four types of investment

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fund: 1. The Pension Investment Fund, which may be open, kept for an interval and closed; 2. The Experienced Investors' Investment Fund; 3. The Share Investment Fund (including venture capital or private capital investment funds); 4. Other Types of investment funds, as regulated by Georgian legislation.

One very important legislative innovation is the existence of non-entrepreneurial and entrepreneurial investment funds, such as an open joint stock company which opens opportunities and tools to trade on the free markets along with incentives for stock and exchange markets in Georgia.

In contrast to the previous legislation, the new law offers different types of unique direct and portfolio investment opportunities to make decisions. Among the categories, the most important aspect is the definition of open joint stock companies as the most significant player of capital market processes.

### **MORE TRANSPARENT, BETTER MANAGEMENT**

The new regulation also includes additional obligations for investment funds which increase transparency and accountability. For example, investor services now have to be published as public information – which is the responsibility of the fund's supervisory body, and must be submitted to the head of the fund on a regular basis as stipulated in the law.

In addition, the law now spells out the requirements and functions of the asset management company, which serves to provide

better legal conditions for managing the fund's investment policy.

### **LATEST AMENDMENTS TO THE LAW**

Unlike the previous regulation, the new law describes more complex requirements for registering investment funds. This rule ensures more stability and safety for existing and potential investors who are creating and managing investment funds. In addition, it also simplifies administrative procedures to better supervise funds.

One oversight of the first version of the law, passed in July 2013, was that it failed to define the government body that would regulate investment funds. On November 20, 2013, however, Parliament amended the law and announced that the National Bank of Georgia would regulate investment funds until March 1, 2014. Parliament later extended the National Bank's supervisory power until January 1, 2015.

### **CONCLUSION**

The new law on investment funds provides the opportunity and stimulus for joint stock companies to become open and accountable and to create investment within one of many different types of fund. In addition, the improved administration and supervisory mechanisms provide important incentives for securities traditions and could attract different sources of portfolio investment inside Georgia. These factors will undoubtedly play a very positive role in developing Georgian financial and capital markets.



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# Building the Brand: an interview with Soso Galumashvili

MAIA EDILASHVILI

**M**arketing, PR and communication strategy are the hallmarks of success for major brands around the world. Starbucks, Coca-cola, Apple... major brands invest major resources in building consumer loyalty and brand awareness.

While Georgian companies used to doubt the power of good branding and the value of investing in a long term marketing strategy, that has changed over the past several years, noted Soso Galumashvili, managing partner and senior consultant at the consulting group GePRA and one of the creators of the Tbilisi PR School at the Georgian American University.

Georgia, he said, "has come a long way" in developing competition between brands – and marketing personalities. Galumashvili declined to compare specific Georgian brands or marketing strategies, but he noted that today Georgian PR specialists are being recruited by clients in developing economies. "For instance, in Kyrgyzstan there are many international clients who invite specialists from Georgia- the field is developing so dynamically in Georgia that we can even export our knowledge and skills," he said.

For Galumashvili, the most outstanding current trend is the change in business mentality with regards to marketing and PR. "Originally, many companies in Georgia had a misconception that spending on PR and communications was futile and a pointless burden. Now, as they come for consultancy, they even have their own ideas what they need and they already see the costs as an investment in their future success," he noted.

Another interesting trend on the market, according to Galumashvili, is that, previously, companies asked for advice

MARKETING AND BRANDING ARE A FOREGONE CONCLUSION IN DEVELOPED ECONOMIES WHERE PERCEPTION ABOUT A PRODUCT CAN BE MORE IMPORTANT THAN THE GOOD ITSELF. BUT FOR GEORGIAN COMPANIES, LEARNING HOW TO BRAND THEMSELVES AND CULTIVATING A LOYAL FOLLOWING HAS BEEN A CHALLENGE.

INVESTOR.

GE'S MAIA EDILASHVILI SPOKE WITH ONE OF GEORGIA'S PREMIER SPECIALISTS ON MARKETING AND PR STRATEGY, SOSO GALUMASHVILI, ABOUT BUILDING A BRAND IN GEORGIA.

**"Originally, many companies in Georgia had a misconception that spending on PR and communications was futile and a pointless burden."**





on the short-term planning of communications strategies but now they are homing in on the importance of long-term strategies to build brands and cultivate loyal customers.

Galumashvili noted that the most sophisticated communications and branding strategies are in banking and insurance, two of the fastest growing fields in the Georgian market. "As these fields are developing in a stable and consistent manner, it creates the need to communicate their messages. So, due to this growing experience, high quality professionals are emerging in these segments of the market," he explained.

The biggest challenge facing this market at present, according to Galu-

**"In the past companies had 'customers.' Now they are called 'followers,' which means there should be a permanent stream of information for them to follow."**

mashvili, is that businesses are "still" afraid of being innovative and bold in their decisions. "I would welcome more creative communication," he said, adding that when some companies offered the public unexpected communication strategies, they tended to be widely accepted in the market.

"Georgian consumers are strict, but if your communication with them is stable and friendly, they can be understanding

and tolerant," he added.

Being innovative trumps cost for companies seeking marketing consultants, according to a survey conducted by the Peritus Group of 200 Georgian PR managers about the criteria they use to select consulting companies.

Galumashvili stressed that businesses shouldn't fear innovation – or stop communicating with their consumers. He noted that the market is full of brands that were once successful but "died" once they stopped innovating and reaching out.

"In the past companies had 'customers,'" Galumashvili said. "Now they are called 'followers,' which means there should be a permanent stream of information for them to follow."

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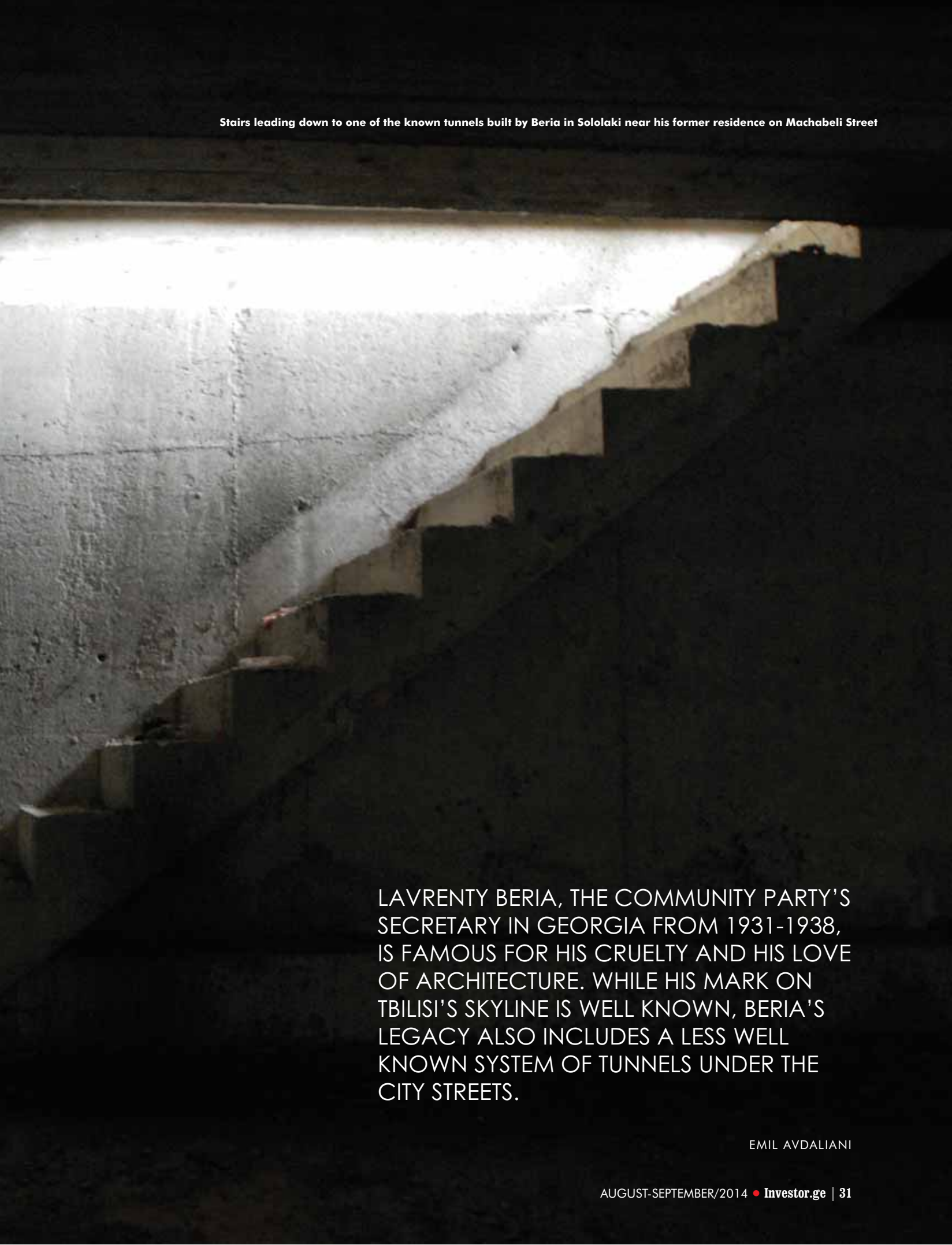
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# Tbilisi's Underground City:

THE TUNNELS  
THAT BERIA BUILT



Stairs leading down to one of the known tunnels built by Beria in Sololaki near his former residence on Machabeli Street

LAVRENTY BERIA, THE COMMUNITY PARTY'S SECRETARY IN GEORGIA FROM 1931-1938, IS FAMOUS FOR HIS CRUELTY AND HIS LOVE OF ARCHITECTURE. WHILE HIS MARK ON TBILISI'S SKYLINE IS WELL KNOWN, BERIA'S LEGACY ALSO INCLUDES A LESS WELL KNOWN SYSTEM OF TUNNELS UNDER THE CITY STREETS.

EMIL AVDALIANI



**V**ery little is known about the tunnels Lavrenty Beria is credited with building: today there are more legends and crumbling walls than documented facts for historians to study.

Beria is well known for his role in the atrocities perpetrated on Stalin's orders – as well as his heavy hand in city planning for Tbilisi. Under his watch, the city circus and post office were built, as well as the former parliament building on Rustaveli Avenue. He is also credited with overseeing major infrastructure projects like the construction of the Right and Left banks along the Mtkvari River, cultivating a veritable forest from Tskneti to Mtatsminda Park, and creating the city's sewage system.

#### TUNNELS CROSSING THE CITY

It is in the sewage system that faint traces of his lesser known project can still be seen: a system of tunnels that transversed the city underground.

There is virtually no information about Beria's underground projects in the state archives, and no indication of them on large-scale Soviet-era maps of Tbilisi. The evidence of the tunnels that does exist, however, mirrors some of Beria's pet building sites.

For example, under the former Institute of Marxist-Leninism (now being rebuilt as a hotel), there are remnants

of what appears to be a tunnel leading from a prison under the building to the Mtkvari River.

A tunnel is also rumored to exist under the former parliament building (which once served as the Communist Party's headquarters) – legend has it that even former Georgian President Zviad Gamsakhurdia made use of it during the last pitched days leading to his overthrow – and what is believed to be the collapsed remains of a tunnel, which was locked closed, in the courtyard of Beria's former house (now Georgia's Olympic Committee).

A professional excavator, Roma Khatoevi (known among in the excavator's society by the nickname Fabian), the founder of Tbilisi urban exploration website Fabi.ge, has extensively researched various tunnels built under Beria's rule.

On his site, Khatoevi maps out a tunnel stretching from the Circus building on Heroes' Square in Saburtalo to the left embankment of the Mtkvari river, somewhere in the neighborhood of Aghmashenebeli Avenue.

Another tunnel, in the Tbilisi Botanical garden, indicates Beria was well acquainted with the city's underground architecture and built onto existing tunnels as needed. The tunnel in the garden was first built during Nicholas II's reign and later enlarged. There has been specu-

lation that it once connected to tunnels in the center of the city. Since Beria's time, it has been used alternately as a secret laboratory under the Soviets as well as a short-lived night club. It is now closed.

#### FOR SAFETY OR REPRESSION?

One of the longest tunnels Khatoevi has documented on his site reportedly wraps around behind the Rustaveli underground station for an estimated 2,500-3000 meters. Another tunnel winds under the city for nearly a kilometer and links the former NKVD office on Constitution

Street to the Tbilisi Central Railway Station.

With no mention of the tunnels in the archives, historians and scholars can only speculate about why Beria and his comrades built the tunnels and what purpose they served. For instance, it is believed that the tunnel leading to the train station could have been used to secretly transport prisoners out of the city.

Beria's own reputation as the ruthless head of the purges in the South

Caucasus adds credence to that theory: there was not enough room in the prisons in Tbilisi to house the hundreds of people jailed, tortured, and killed in years spanning the cycles of repression in the 1930s. So it is natural, reasoning goes, that the government needed a way to quietly move prisoners and corpses.

Another theory, however, is that the tunnels were part of a safety/contingency

**There is virtually no information about Beria's underground projects in the state archives, and no indication of them on large-scale Soviet-era maps of Tbilisi. The evidence of the tunnels that does exist, however, mirrors some of Beria's pet building sites.**



plan Beria created in case he needed to escape from the city. For instance, Tbilisi's metro system was conceived as part of a wider strategy to shelter people from the NATO attack Moscow feared would take place once Turkey joined the military alliance in 1952.

But the tunnels that have been discovered so far are believed to date back to the 1930s, making them too early to be part of the Soviet government's Cold War strategy.

Regardless of why the tunnels were built or what purpose they served for the Communist elite and the state's secret police, Beria apparently took the experience to heart: in the darkest days of World War II for the Soviet Union, when Stalin feared the government might fall to Hitler's army, he commissioned Beria to build vast bunkers in cities around Russia.

Few still exist. However, in Saratov, one of Beria's tunnels remains intact. Writing for Pravda.ru, Yury Suprunenko noted that the underground bunker Beria built is strong enough to survive a two-ton bomb and uses systems similar to those on submarines to provide electricity and air conditioning.

The Tbilisi tunnels do not appear to be as well fortified. But as long as construction continues to uncover more pieces of the city's past, the chance that someday Tbilisi will resolve the legacy of Beria's tunnels still exists.





# “I DID NOTHING WRONG:” A JOURNALIST REFLECTS ON THE LATE GEORGIAN PRESIDENT EDUARD SHEVARNADZE

HELENA BEDWELL

## SHEVARNADZE: A POLARIZING POLITICIAN

On a hot Monday noon I made a call to a lady who was a bridge between Eduard Shevardnadze, the foreign minister during the era of Soviet leader Mikhail

Gorbachev and the outside world for years, to check if the bad news about his death was real.

“Helena, its true,” Marina wept. “It’s true this time- he died at 12 today.”

Shevardnadze was 86 and his death ended what was, for many Georgians, a bad period for Georgia; a small Caucasus

country; a sunny region which was a left-over of the careless soviet system, which, just like its sister republics, turned into a run-down civil-war state almost overnight following the fall of communism in 1991.

Shevardnadze continued to try to improve the struggling war-torn independent republic, but organized crime syndicates were extremely powerful and he was often left standing alone in his struggle. He brokered deals to bring oil pipelines through the country and these actions gradually led to the population receiving, sporadically, gas and oil.

However, this was not enough for the population and he made a dignified resignation following the bloodless Rose Revolution, bringing to power a very pro-western government led by Mikheil Saakashvili.

Indeed, from 2003, Shevardnadze was all but stranded at home in his Krtsanisi residence, one of the most popular green areas of the capital, Tbilisi. The former president remained a popular person to visit for foreign visitors and reporters who wanted to hear his words of wisdom, alongside well-wishers who remembered his acts of kindness.

It was Marina who organized those meetings for him. I was glad I managed to see him just a few years ago. He appeared weaker and frailer than ever as I took the last pictures, but it was always pleasing to see the man who had reshaped the history of the world- for better or worse, depending on one’s point of view.

## SHEVARNADZE’S LEGACY

“I don’t think there would be a free Georgia today had it not been for Eduard Shevardnadze and Mikhail Gorbachev, because these two men refused to use force to keep the Soviet Union together,” Former United States Secretary of State, James Baker said when visiting Tbilisi to attend the funeral of his friend. He added that forces against perestroika and glasnost were very strong in the Soviet Union in those days.

Shevardnadze began his career in the 1970s as a Communist Party boss in Georgia, which was then a Soviet republic. In 1985, as Gorbachev’s surprise choice for the post of foreign minister, he helped lead policy initiatives that would end the Cold War.

In our last interview, he told me that Gorbachev wanted nothing but “Social-

# Shevardnadze was 86 and his death ended what was, for many Georgians, a bad period for Georgia.

ism with a human face" but nevertheless he helped to dismantle the once powerful empire. Shevardnadze noted, with a laugh, that "Sometimes, it was hard with Gorbachev; he did not always listen to me."

He resigned as foreign minister in 1990, saying in his now-famous speech that he believed that a dictatorship lay ahead. Eight months later, in August 1991, a group of Soviet hard-liners staged a coup against Gorbachev, but it failed, triggering the breakup of both the Communist Party and the Soviet Union.

Without a doubt Shevardnadze shook the world's politics- not only did world leaders like Baker, Reagan, and Gorbachev bow down to his abilities, the Berlin wall was demolished...and then in 1987 a truly unimaginable fact; thanks to him, Georgian director Tengiz Abuladze released a scandalous film exposing the tyranny of Stalin-era labor camps.

Baker stood in church at his funeral, weeping. Earlier he told me that when, as the United States Secretary of State, he first met the Foreign Minister of the Soviet Union, the Cold War was in full bloom. Over the course of the next four years they were able to bring our countries from confrontation into cooperation, and in the process they became not only friends but affectionate friends.

Yet Shevardnadze was nothing but a failure at home. For many, like Zurab Guli, MD, PhD, who fled the country in the 1990s, Shevardnadze will be remembered as a Soviet statesman, fanatic communist, ruthless ruler and someone who invited the Russian military army into Georgia - the author of the notorious phrase: "The sun rises from the north."

Shevardnadze's return to his homeland after the fall of the first post-Soviet

elected president Zviad Gamsakhurdia, was not an easy task. Gamsakhurdia was removed after a coup d'etat and devastating civil war.

Shevardnadze led the state for 11 years after the civil war. His rule was far from peaceful, however, and he was constantly being reminded of that lawless period in the early 1990s which many believed to be a sin Shevardnadze committed against Georgia. Gamsakhurdia supporters, led by the late presi-

dent's wife Manana Archvadze, always condemned Shevardnadze as the evil which brought the country to its knees by killing the chosen president and losing territories to Russia.

Scores of Gamsakhurdia supporters, mostly women, religiously shouted abusive names outside his residence even after he resigned and decided to spend his time next to his beloved wife's grave, writing books and his memoirs.

The day that Shevardnadze died people came to pay their respects. Members of the current Georgian government, priests, and close relatives poured in to pay tribute.

Others were not so polite and groups of emotional women spoke out that they still believed he was a Kremlin-managed stooge who orchestrated the end of the real Georgian state and that he is guilty even in death.

"He is a criminal, he should never have been left as a free man- he and his allies must be tried for the crimes they committed by overthrowing the legal government in 1991 and then killing Gamsakhurdia," the women shouted outside his residence.

While he signed the historic energy route agreement with Azerbaijan, at home he failed to fight corruption or heal the wounds from the Abkhazia and South Ossetia conflicts.

Then there was the uprising in western Georgia, this time by Gamsakhurdian loyalists.

Following that were two assassination attempts against him. The first was carried out in

summer 1995, when Shevardnadze's escort was leaving his office, recalled his former bodyguard, who did not want to be named, in an interview in June 2011.

The second attempt in 1997 was more like a "military operation" rather than just an assassination, he said. Shevardnadze's escort was driving him home when a group of militants fired several anti-tank missiles at his bullet-proof Mercedes and opened fire, killing two of Shevardnadze's bodyguards.

## GEORGIA'S SILVER FOX, OR BABU

In our last interview we talked about Russia and the worsened relations between the two neighbors. Shevardnadze disliked Saakashvili and blamed him for this. However, he believed that Russia had already made a huge mistake by recognizing Abkhazia and South Ossetia following the 2008 armed conflict.

"Why did they do it? It's a huge failure for them. What about the Chechens? What about the Tatars? What about the other nations that may outnumber Abkhazians and South Ossetians?" he said, shrugging his shoulders, in 2011.

I was never particularly fond of his most popular world-known nickname, the "Silver Fox," and preferred more his home name "Babu-" with its accompanying image of a sweet granddad.

"I did nothing wrong." These were his last words to me on the question how did he feel about the demise of the Soviet Union, and everything else he did.

"It was unavoidable, it was the correct step, and how could it have stayed like that? So many different people," Shevardnadze said. "It was an empire. Every empire collapses sooner or later, but, to be honest, it collapsed sooner than I expected!"

**I was never particularly fond of his most popular world-known nickname, the "Silver Fox," and preferred more his home name "Babu-" with its accompanying image of a sweet granddad.**





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AmCham presents a new section of the magazine, Member Features, where AmCham member companies are interviewed by the magazine about new products, programs, and developments in their businesses and sectors. For more information or to participate, please contact [amcham@amcham.ge](mailto:amcham@amcham.ge)

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# LEGAL NEWS

*Counsel you can trust*

For the last two months government and legislature was busy adopting new laws, signing and ratifying Association Agreement with the European Union, preparing the framework for construction of Anaklia deep sea port, transformation of the Financial Monitoring systems, etc.

Some regulations provide grounds to anticipate possible quick solution of largely debated and argued issues, amongst them – construction of Anaklia Deep Sea Port. With one of its regulations issued on July 7<sup>th</sup> 2014, the Government of Georgia simplified acquisition of services related to the advertising campaign with respect to calls for expression of interests for investing in this project. Thus, we should anticipate more activities related to the foregoing in fall 2014.

## SIGNING AND RATIFICATION OF THE ASSOCIATION AGREEMENT

On June 27 2014, the long awaited Association Agreement was signed between EU and its member states and Georgia. The agreement was ratified by the Georgian Parliament on July 18<sup>th</sup>. Georgian state is expected to start discussions with respect to amending number of laws of Georgia for the required harmonization of legislation. Among other benefits and requirements Association Agreement provides for the tax free entry of Georgian certain goods and services to the respective markets of the EU member states.

## CONSTITUTIONAL COURT RULLING ON AGRICULTURAL LANDS

On June 24 the Constitutional Court of Georgia declared unconstitutional and overruled the moratorium applied to the ownership of Agricultural Lands by foreigners. The case was brought by the Austrian Citizen Mathias Huter vis-à-vis the Parliament of Georgia. Court did not review the case in merits, due to its direct factual link to the similar case brought by the Danish citizen Heike Kronquist reviewed by the court in June 2012. In both cases the Court declares that Article 21 of the Constitution equally applies to the Georgian and foreign citizens, therefore any restriction of ownership right should be similarly applied to every individual/company without discrimination.

## REORGANIZATION OF THE FINANCIAL MONITORING SERVICE

From July 1, 2014 the Financial Monitoring Service (FMS) has been transformed into the Legal Entity of Public Law, directly accountable to the Prime Minister of Georgia. Previously the FMS was functioning under the National Bank of Georgia. The new entity shall be regarded as a legal successor of its NBG regulated predecessor.

Underlying law on Legalization of Illegal Income, adopted in 2003 intended to prevent money laundering through or within Georgia, including criminal, political, etc. sources. The list of entities required to monitor such transaction is quite extensive and includes lawyers, auditors, notaries, banks, exchange points, MFIs, brokers, leasing companies, etc. such monitoring includes identification of the parties, recording information and reporting to the respective authority. Notably, Lawyers, accountants and Auditors enjoy certain exemptions within the scopes of confidentiality requirements legally applicable to their profession.

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**Giorgi Jashi, the executive secretary of the State Commission on Immigration Issues within the Public Service Development Agency**

## GEORGIA'S NEW IMMIGRATION AND VISA LAWS: AN OVERVIEW

On July 7, AmCham organized a meeting between Chamber members and the Public Service Development Agency at the Courtyard Marriott about Georgia's new law on legal status for foreigners and stateless persons. The government decree that will regulate certain aspects on issuing visas and residence permits has not been issued yet, so some details are subject to change. Below, however, is a basic outline of what changes are expected and how they could affect foreigners' status in Georgia. For updates and additional information, please visit <http://tinyurl.com/oygp8ww> or contact Irakli Gelovani at [i.gelovani@amcham.ge](mailto:i.gelovani@amcham.ge).

AmCham recommends to all eligible persons currently working and living in Georgia to apply for a temporary or permanent residence permit soon – before the September 1 deadline. We understand it takes 30 days to process. The residence card (based on approval of the permit) is available within 10 days; the application can be found at <http://tinyurl.com/n5p6zk9>.

- 360 free visa entrance is reduced

to 90 days, during which a foreigner can enter the country for tourist purposes.

- Georgian visas will no longer be issued at the Georgian border (in exceptional cases, visas can be issued at the border by the Ministry of the Interior).

- Foreigners who currently have a 360 visa free entrance, can continue using these 360 days until their current visa expires. In case such a person leaves Georgia before or after September 1 and returns to Georgia after September 1, the new visa regulation system will apply upon his/her return to Georgia. For example: if a foreigner wants to work in Georgia, he/she should apply for a work visa in the consulate of Georgia in his/her home country (or at the consulate of the country located in his/her country, which covers Georgia, or at the nearest Georgian consulate if there is not a consulate in his/her home country). Following this, the person comes to Georgia, starts working - and before the visa expires - he/she can apply for a work permit without leaving the country (the specific details in relation to this issue will be finally regulated upon approval of the relevant governmental decree).

- At present there are two types of residence permit – temporary and permanent. Both types of permit include the right to work in Georgia. From September 1, however, residence permits will be divided into the following categories:

- Work residence permit;
- Study residence permit;
- Residence permit for the purpose of family reunification;
- Residence permit for a former citizen of Georgia;
- Residence permit for a stateless person;
- Special residence permit;
- Permanent residence permit;
- Investment residence permit.

- Generally, to receive the relevant

permit to stay in Georgia for over 90 days, a foreigner must apply at the Georgian Consulate in his/her home country.

- For investors: From September 1, investors (including persons who have entered the country for tourist purposes) who decide to invest a least 300,000 Lari in Georgia can apply directly for an investment residence permit without leaving Georgia. For example: an investor (or tourist) can enter Georgia under the 90-day visa free rule, decide to make an investment, and apply for an investment residence permit directly while in Georgia.

- Foreigners who already have residence permits (temporary or permanent) will not be directly affected by the September 1 deadline. If the temporary permit expires after September 1st, they can apply for the same permit here. For example: a student who has been granted a temporary residence permit before September 1st for study purposes can apply for a study residence permit. In case this person decides to work, however, he/she will need to leave Georgia, get a work visa at the Georgian consulate in his/her home country, and then come back to Georgia to work. If a foreigner holds a temporary residence permit for work purposes and this permit expires after September 1st, he/she can apply for a work residence permit here, without leaving the country (as in the case of students, described above).

- If a foreigner acquires a permanent residence permit, his/her family member(s) can obtain a temporary residence permit(s).

- To receive a residence permit, the applicant should submit the proper paperwork at least 40 days prior to the expiration of his/her visa (including work visa) to the Public Service Development Agency (PSDA), at its office or at any Public Service Hall in the country.





**NOW IT'S A GREAT TIME TO INVEST IN GEORGIA**





# AmCham representatives brief US Congressional Staff Delegation

Private sector representatives from AmCham met with senior level staff members of US Congress on July 1.

The Congressional Staff Delegation to Georgia was part of the U.S. Georgia Educational and Cultural exchange program and included high level staffers from the House Subcommittee on Europe, Eurasia, and Emerging Threats, Committee on Transportation and Infrastructure, and others.

As part of the November 2013 AmCham delegation trip to Washington DC, we invited many representatives to visit Georgia for a close up look on how we can continue to expand the US-Georgia strategic partnership.

During this meeting, AmCham and representatives of BAG briefed the delegation on the current investment climate, areas of opportunity, the expansion of the energy corridor and the importance of Georgia as a strategic trade and transport hub for the region.



## AMCHAM HOSTS BENS AND THE US EUROPEAN COMMAND

On July 17, AmCham Georgia hosted a high level meeting of its membership with a delegation of business executives from the Business Executives for National Security (BENS) and United States European Command who are visiting Georgia on a mission to further promote business opportunities and expand the United States-Georgia trade and economic relationship. As Georgia aims to be a key logistical hub along the trade routes linking Asia and Europe, the BENS visit will provide insights to Georgia's public and private sectors on opportunities for expanded economic development within the Caucasus Transit Corridor from Baku to Poti.

The meeting featured two panel discussions with participation of BENS delegates on Private Sector as a Catalyst for Building Economic Security and Global Trends and Developments in Investing in Emerging Markets. The meeting was attended by nearly 80 AmCham member business representatives who had an opportunity to network and engage with the delegates.

The group of top executives - headed by President and CEO of BENS, General Norton Schwartz USAF (Ret) – represent internationally renowned companies and investment funds.

The American Chamber of Commerce in Georgia supported the delegation not only by hosting a lunch meeting with the private sector, but also by arranging a welcome dinner on July 15.

Founded in 1982, BENS is a U.S.-based, private sector organization comprised of American business leaders who voluntarily contribute their special experience and talents to recommend creative, business-minded approaches to national security issues.

## CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES (CSIS) ON US POLICY TOWARDS RUSSIA AND THE ROLE OF GEORGIA IN THE CHANGING GEO-POLITICAL CLIMATE

Center for Strategic and International Studies (CSIS) speaks to AmCham on US policy towards Russia and the role of Georgia in the changing geo-political climate during the June 17 members roundtable at the Sheraton Metechi Palace hotel.

Dr. Andrew C. Kuchins, Director of the CSIS Russia and Eurasia Program and Senior Fellow at CSIS; and Dr Jeffrey Mankoff, Deputy Director of the Russia and Eurasia Program and Fellow provided a candid and charismatic speech about the place for Georgia vis-à-vis US policy on Russia and Eurasia. The presentation and subsequent discussion revolved around issues of high interest including NATO membership and MAP, options and opinions on US and EU support for Georgia, predictions on future economic changes in the Russian economy and ideas for the strengthening of Georgia's economic growth.

Sarah Williamson opened the meeting with an internal AmCham presentation on important updates on activities and projects of AmCham including advocacy initiatives, legislative efforts, current projects and organizational development issues.

# All Possible Colors

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The executive director of Transparency International Georgia, Eka Gigauro, spoke on the recent decision of the Constitutional Court of Georgia, which declared the current ban on foreigners to acquire agricultural land as unconstitutional, during a meeting of the Commercial Law and Tax Committee on July 2 at the AmCham office.

## Commercial Law and Tax Committee discusses Ag Land ruling and changes to the tax code

Committee members discussed the legal implications of the Constitutional Court decision, and further litigation strategies. They also agreed to continue to engage with the Government and Parliament on ag land policy work. Committee reps will schedule a meeting with the Chair of the Agrarian Committee in Parliament. The AmCham committee will continue to oppose overbroad restrictions on ownership and development of Ag land as detrimental to the development of this vital sector of the economy.

Members also discussed the meeting of tax group experts regarding

proposed changes in the Tax Code in relation to VAT. Tax working group experts informed that the changes are a requirement under the EU Association Agreement. The committee members expressed their support to the working group.

At the end of the meeting the Rule of Law team presented activities within the final stage of the project. They underlined the main achievements and were congratulated by the entire committee for their successful work. George Welton in particular was recognized for his leadership in carrying out the project.

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## Member Feature:

# TBC Bank Looks to the Future

Investor.ge chose TBC Bank as the first member company to interview as part of the magazine's new feature because, after its successful launch of an IPO in London, we were curious about what comes next for the bank. TBC Bank's Chief Financial Officer Giorgi Shagidze spoke to us about the IPO and the bank's plans for the future.

On June 11, TBC Bank officially launched its IPO on the London Stock Exchange. The move, which made it the

second bank in Georgia to offer stocks via the LSE, was the largest off-index international IPO to come out of the Europe, Middle East and Africa (EMEA) region, TBC Bank's Closer magazine reported.

The offering has brought in over 400 million lari in capital from public sales, the magazine said, and has gained the attention of over 100 investment funds – which are already buying and trading the stock.

For the bank's over one million customers at home, the IPO will help "the bank to grow and increase its loan book as well as deploy other offerings and products and solutions to its customers," TBC Bank CFO Giorgi Shagidze said.

"I think we see IPO as kind of access to capital funding which we just authorized and which we did quite successfully. Going forward we see that it will help us finance our growth and sustain our growth targets," he added in an interview with Investor.ge.

The funds will also help the bank continue to provide innovative services and offerings to its customers – and help the bank grow and build on its position as the largest retail bank in the country, Shagidze

noted.

"We usually launch a few, several new products per year...we will continue to be an innovator in the market, continue launching products and services," he said.

"We have about 23 per cent in retail – we are number one in retail deposits in the market, we are number one or number two in most of the other sectors. We are a large bank in the Georgian reality so we need to continuously innovate and offer new products and services to keep ourselves in shape for customers."

The capital injection for the bank, he noted, provides a "pretty significant growth opportunity in terms of loans, in terms of other products."

Looking forward, Shagidze said the bank will continue "to follow our customers' needs and when they see certain needs for certain products, we are here to offer them."



## AMCHAM GEORGIA INTRODUCES NEW FEATURE FOR MEMBERS

Recently AmCham Georgia asked its members for suggestions and feedback about Investor.ge. Thank you to all the members who took time to respond! Your comments, criticism, and insights were invaluable and will help us make changes as we move forward. This page is the first improvement we are

making based on the responses we received: more information about member companies. In every issue, we will publish interviews with member companies. We hope to publish at least two or three per issue. To participate, please contact [amcham@amcham.ge](mailto:amcham@amcham.ge).





## DIPLOMAT GEORGIA

Diplomat (the mother company of Diplomat Georgia) originated in 1963 as a private label razorblade factory in the Galilee city of Upper Nazareth. From 1968 Diplomat started to distribute the locally produced razorblades along with imported personal care products throughout Israel. Gradually, Diplomat expanded its operations and became the leading distributor of fast moving consumer goods, and cosmetics in Israel (P&G, Mondeles, Kikkomen, Heinz Lotus, and many others, detailed information at <http://www.diplomat-global.com/>).

In 2008, Diplomat turned into a global concern, the rapid and successful expansion of which was facilitated by Procter & Gamble's invitation to partner with them to operate in Georgia, followed by South Africa in 2010 and Cyprus in 2011 - managed by Diplomat Group. In each of these countries Diplomat has built solid infrastructures and developed strong teams of dedicated professionals and staff, adapted to each market's unique structure and needs. Each began as the official and exclusive distributor for P&G, and they have all have succeeded in expanding into other categories of Fast Moving Consumer Goods.

Today, Diplomat Georgia is the leading sales and distribution company in the country, which started its operations by distributing P&G's most well known global brands from beauty to home care (Ariel, Tide, Fairy, H&S, Wash & Go, Pampers, Comet, Wellaton, etc.). Later, Diplomat Georgia expanded into food categories,

succeeding in partnership with another huge global supplier, Nestle, in 2012. At present, Diplomat Georgia employs up to 400 employees and is directly covering more than 6000 customers (from large to medium hypermarket chains, to pharmacies and small retailers) throughout the whole country via presales and van sales. The company has two separate distribution centers: one in Tbilisi in the eastern part of the country, and one in Samtredia to the west. The company also has four representative offices and cross dock centers throughout Georgia- Telavi, Gori, Batumi and Poti -which ensures flexibility and the ability to reach customers.

The long-term vision of the company in general is proven by the huge investment which Diplomat Group made in building an advanced A-class distribution center in the Orkevi area, near Tbilisi airport. For the building of the modern distribution center in Georgia, Diplomat leveraged the Diplomat Group's knowledge and experience which counts more than half a century.

The new and modern warehouse, with the capacity of 6,250 pallets and ability of picking more than 1000SKUs, allows the company the possibility to further expand its operations. As with Diplomat Israel, with the newly built distribution center Diplomat Georgia will be able to provide a full range of services to third parties. The new distribution center has 5,800 sq. meter storage place, with a separate temperature controlled area- offering storage services for such products that

require temperature control. The warehouse is the tallest in Georgia at 13 m. It has electricity, a modern fire-fighting system, and ventilation. The central surveillance system- with 34 cameras installed in the warehouse -ensures the safety of the products being stored there.

The full flow of inbound and outbound processes are supported by the computerized warehouse management system (WMS) under which Full FEFO (first expired, first out) rules are applied- superior productivity and efficiency is achieved, while accurate picking and stock control is ensured.

The official opening of the distribution center is already planned for October 20th, to which many current and potential customers of Diplomat Georgia will be invited.

The key success factor for Diplomat is its aim to succeed with customers through offering valuable solutions, global operations and organizational excellence.

With such high quality, efficient operations, advanced technologies and organizational excellence, Diplomat constantly strives to improve its service. The uncompromising commitment to service, long-term growth, and continuous improvement in all spheres of activity makes Diplomat highly regarded throughout the industry for excellence in logistics, sales and marketing, as well as for being an ideal model of successful integration. This approach has brought Diplomat to its leading position and has contributed to the on-going significant expansion of its operations.



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# 12TH AMCHAM US INDE

ON JUNE 28, AMCHAM GEORGIA, JOINTLY WITH THE U.S. EMBASSY IN GEORGIA, HOSTED A FAMILY PICNIC CELEBRATING THE 238TH ANNIVERSARY OF THE SIGNING OF THE U.S. DECLARATION OF INDEPENDENCE. AMERICAN, GEORGIAN AND INTERNATIONAL FAMILIES ENJOYED AN AMERICAN-STYLE PICNIC WITH A GIANT BAR-B-QUE, LIVE BANDS, AND TOYS FOR THE CHILDREN. THE PICNIC ALSO FEATURED A LARGE VARIETY OF FAMILY FUN ACTIVITIES INCLUDING BEAN BAG TOSS, TUG OF WAR, AND TWO LEGGED RACE. KIDS HAD GREAT FUN WITH FACE-PAINTING AND CLOWNS. EVERYONE GOT THE CHANCE TO TRY RIDING A RODEO AND TO GET PAINTED BY FAMOUS CARICATURISTS ZALIKO AND KEMO WHO PROVIDED FANTASTIC MEMENTOS FOR GUESTS TO TAKE HOME. THE EVENT CLOSED WITH A BRILLIANT DISPLAY OF FIREWORKS. U.S. AMBASSADOR TO GEORGIA RICHARD NORLAND AND AMCHAM GEORGIA PRESIDENT SARAH WILLIAMSON WELCOMED NEARLY 1,000 GUESTS, FOLLOWED BY A SINGING OF THE AMERICAN NATIONAL ANTHEM AND A SURPRISE FLASH MOB.





# INDEPENDENCE DAY PICNIC





# 12TH AMCHAM US INDE





# PENDENCE DAY PICNIC





ON JULY 15, AMCHAM GEORGIA HOSTED A DINNER FOR A DELEGATION OF BUSINESS EXECUTIVES FROM THE BUSINESS EXECUTIVES FOR NATIONAL SECURITY (BENS) AND UNITED STATES EUROPEAN COMMAND WHO ARE VISITING GEORGIA ON A MISSION TO FURTHER PROMOTE BUSINESS OPPORTUNITIES AND EXPAND THE UNITED STATES-GEORGIA TRADE AND ECONOMIC RELATIONSHIP. THE DINNER INCLUDED A TRADITIONAL GEORGIAN SUPRA, MUSIC AND DANCE AT PURIS SAKHLI RESTAURANT IN TBILISI.







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