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GEORGIA'S PARTNERSHIP FUND
INVESTS IN INNOVATION

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TURNING THE CLOCK
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Creating A Legend:

Alexander Kartveli, The Story Of A Georgian
Genius In American Aviation



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\$100 Million and Two New Hospitals: Georgia's Third Public Listing opens country for more investment

GEORGIAN HEALTHCARE GROUP (GHG) BECAME THE COUNTRY'S THIRD PUBLIC LISTING – AND THE FIRST NON-BANK LISTING – ON THE LONDON STOCK EXCHANGE IN NOVEMBER. INVESTOR.GE SPOKE TO GHG, ECONOMISTS AND OTHER PUBLICLY LISTED GEORGIAN COMPANIES ABOUT WHAT THE LISTING MEANS FOR THE GEORGIAN ECONOMY.

Georgia's third public listing has netted \$100 million for Georgian Healthcare Group (GHG) and has helped put the country on the map for investors, GHG's general director, Nikoloz Gamkrelidze, told *Investor.ge*.

"BAROMETER FOR INVESTMENT"

"This is investment for this country, \$100 million in foreign direct investment, which will create over 2000 new jobs over the next two years," he said.

This is what is helping Georgia to be on the investors' map. Basically, for everyone - locally and internationally - it becomes a barometer for investor confidence for the country...that is the most important thing."

The Bank of Georgia and TBC Bank are also publicly listed on the London Stock Exchange.

AmCham Executive Director George Welton noted the listing "helps to raise the profile of Georgia among large Western, and particularly institutional investors.

"This can only help bring more investors and more business to Georgia," he said.

"SIGNIFICANT LANDMARK"

GHG's performance on the London Stock Exchange is also a "significant landmark" for Georgian businesses considering listing, according to Archil Gachechiladze,

the chairman of Galt & Taggart.

He noted that, following the successful listing of Bank of Georgia and TBC Bank, "this transaction is a significant milestone for the country as GHG will be the first non-financial sector company to be listed on the London Stock Exchange."

"This transaction confirms investors' interest in Georgia, as well as confidence in its economy and in the high standard of Georgian companies," noted Vakhtang Butskhrikidze, CEO of TBC Bank.

He also congratulated GHG on its listing.

Companies that are publicly listed "share the important responsibility of representing Georgia to the investment community and understand that these factors continue to be vital for the country's development as an investment destination," he said.

"This will be beneficial for the Georgian economy."

SCALING UP SERVICES

Gamkrelidze noted that the first impact for Georgia will be two new hospitals, increased access to primary healthcare and new services.

GHG is planning on offering medical treatments at its new hospitals that are currently unavailable in the country, including

pediatric cancer specialists and modern fertility treatments.

"There are many niches that the country needs to scale up to cover health services...there is a huge amount of money that is going outside of the country now," he said.

Gamkrelidze added that Georgians are spending as much as \$100 million on medical treatments abroad due to either the lack of services here or the level of care available.

He said there are also plans to build over 30 new ambulatory clinics around the country, including in cities like Batumi and Kutaisi.

Gamkrelidze added that while currently Georgians spend about \$200 per person on health care, there are predictions that amount could double or triple in the next decade, which would put it on par with the rates where Turkey was at in 2014.

The \$200 per capita figure includes what citizens pay out of pocket, government investments and insurance payments.

"Ten years ago Turkey was where we are today," he said.

"So we need to go through this cycle as well. It will be much faster for us to get to where Turkey was in 2014 - I don't think we will need ten years to get there."

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Georgian Partnership Fund Deputy CEO
Natia Turnava

FROM AIRPLANES AND BLUEBERRIES TO HYDRO POWER: Georgia's Partnership Fund Invests in Innovation

THE STATE-OWNED GEORGIAN PARTNERSHIP FUND WILL GO THROUGH A REBRANDING AND STRUCTURAL TRANSITION IN 2016. INVESTOR.GE SPOKE WITH THE DEPUTY CEO OF THE PARTNERSHIP FUND, NATIA TURNAVA, ABOUT THE FUND'S PROJECTS AND ITS PLANS, INCLUDING A \$1 BILLION INVESTMENT IN NENSKRA HPP WITH SOUTH KOREA'S K WATER COMPANY AND AN INITIATIVE TO SELL GEORGIAN BLUEBERRIES IN THE EUROPEAN MARKET.

LIKA JORJOLIANI

With a \$1 billion portfolio and assets worth \$3.5 billion, the Georgian Partnership Fund is gearing up for more investment in innovation in 2016. New projects and a new mandate will help the Fund identify and support “potential opportunities for business development,” Georgian Partnership Fund Deputy CEO Natia Turnava told *Investor.ge*.

A BILLION IN HYDRO

One of the biggest projects the Fund is currently involved in is a \$1 billion investment implemented by South Korean State Corporation of Water Resources, K Water, to construct and launch the 280-megawatt Nenskra Hydro Power Plant.

“The K Water company is ready to develop cooperation in other projects,” Turnava said, noting potential investments include water-supply infrastructure and small and medium hydro power plants. Other successful projects for the fund include the Gardabanigas-fire thermal power station, which generates 239 megawatts.

FROM GURIA TO THE UK

The fund has also been active in the agriculture sector, especially in preparing high-value export to the European market.

Turnava said the fund is cooperating with the Georgian Company Van Rikto expand its Gurian plantation and packaging lines to export fresh and frozen blueberries.

“Blueberries are being exported in the CIS and European countries. The first batch has already been sent to Great Britain,” she said.

Turnava added that the fund is also looking at partnerships with other agri-

cultural projects, including a salads and greens company in the western region of Imereti, a pig farm in Tetrtskaro municipality and the processing of Georgian olives and sunflower oil in Kakheti in eastern Georgia.

“The main purpose of the fund is to finance projects that will assist in import substitution and increase exports,” she said, noting Grant Thornton is working with the fund to prepare proposals on investment opportunities, especially in the agricultural-processing industry.

\$85 MILLION IN AIRCRAFT PART MANUFACTURING

Turnava said the fund is partnering with the Israeli company Elbit Cyclone to manufacture aircraft parts and details for civilian aircraft. The \$85 million project, which will be located near the Tbilisi International Airport, is slated to start production in 2018, she said.

The fund has also been involved in a \$6 million project to produce construction materials, namely polyurethane sandwich panels; the factory was completed in June 2015 and has already started working, Turnava said.

NEW STRUCTURE FOR THE FUND

Turnava said the fund is “in a period of transition” heading into 2016, as it works to improve its structure and expand on its investment rights.

She noted that German and French consultants are currently working with the fund to help it create an “improved and modernized model” that will “stabilize” the fund’s financing and allow it to coordinate with “different sectorial funds and donor programs.”

“We focus our attention not only on the commercial feasibility of projects but also on the positive social or macroeconomic effects that these projects could bring to the country,” she said.

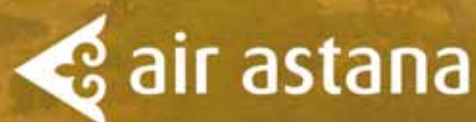
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FDI

THE FACE OF AN ECONOMY

A LOOK AT
GEORGIA'S FDI
BASED ON SECTOR

Foreign direct investment (FDI) in 2014 was \$1.75 billion, up from 2013's \$941.9 million. Slightly over 50 percent of total FDI in 2014 was in construction, restaurants, transportation and infrastructure.

Investments from China, as well as an uptick in investment from post-Soviet countries, were responsible for the 2014 increase.

FDI in Georgia in the first half of 2015 was \$530 million, according to preliminary government data.

INCREASED TRADE FROM POST-SOVIET COUNTRIES

FDI from post-Soviet countries increased by \$350 million in 2014. Azerbaijan led, with investments extension of the South-Caucasus pipeline, Baku-Tbilisi-Kars Project and SOCAR Energy Georgia, as well as other projects. Russian investment increased from \$2

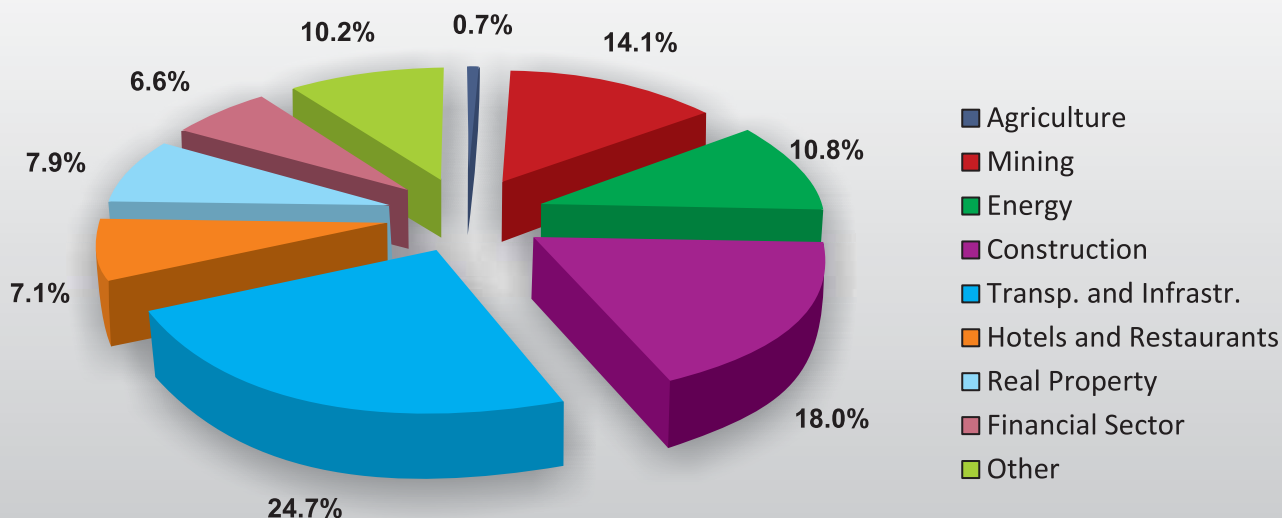
million in 2013 to \$82 million in 2014, according to official statistics.

CONTINUED INVESTMENT FROM CHINA

During the first nine months of 2014, China's Hualing Group was the biggest investor in the country, putting a total of \$200 million in its Georgian projects over the course of the year. Hualing Group, a global company worth \$3 billion, has implemented several projects in Georgia: a wood processing facility licensed for 20 years, a Free Industrial Zone project, a stone quarry license, and is a 90% shareholder of Basis Bank and Tbilisi Sea New City.

INVESTMENTS DOWN IN ENERGY SECTOR

Investment in energy dropped in 2014, compared to the previous year: FDI was at \$189.9 million in 2014, down



Division of FDI by Sector

from \$244.7 million in 2013.

The energy sector remains attractive for investors, despite the dip in investment, due to high domestic and regional demand, coupled with the deregulated energy market and competitive rates. The World Bank noted "Georgia has a developed, stable and reliable energy sector... The most promising source of additional energy generation is hydropower and the government is focused on securing private investments for construction of new hydropower stations. Currently, only 12 % of Georgia's hydropower potential is being utilized." There are 15 hydropower plants under construction, with eight expected to be completed in 2015-2017, according to the Georgian National Investment Agency.

LOOKING AHEAD

FDI in the financial sector amounted to 115 million USD in 2014. Return on Equity (ROI) of Georgian commercial banks was 6.2 percent in the second quarter of 2015. Current trends suggest that investing in the financial sector is profitable, and yields are increasing because interest rates are up (NBG increased its refinancing rate by 3.5%, compared with the beginning of 2015). In contrast with the increase in interest rates, non-performing loans to total portfolio of loans decreased to 3 percent.

FDI growth in real property this year accounts for only \$9.6 million USD, compared to last year's \$96 million – which was largely due to building for the Youth Olympic Games.

The drop in investment can be partially explained by limited demand due to the Georgian lari's 37 percent depreciation against the U.S. dollar, which has cut into consumers' purchasing power and made dollar-based mortgages more expensive.

Tourism investment is also on the radar for 2015 and beyond, according to the World Bank, which noted there were 5 million visitors to Georgia in 2013 and 6.3 million are expected by the end of 2015.

The Georgian Ministry of Finance released its projections of a budget orientated on social spending for 2016, which is also a weak signal for investors. Economic growth is expected to be around 2 or 3 percent, which is low for a developing country like Georgia. Due to the strong link between economic growth and FDI, the likelihood of a significant increase in capital inflow is low for 2016.

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Jordan Belfort's Wall Street Cred Still Sells

THE NOTORIOUS WOLF OF WALL STREET VISITS TBILISI

LAURIE KELLEHER

Facing the stage in his untucked blue business shirt, Jordan Belfort lives up to The Hollywood Reporter's description as "buff, bombastic and full of unrepentant braggadocio."

"Who here is a natural born salesman?" Belfort proselytizes. "There are only a few of us. Who knows that they have the gift?" A few hands shoot up in the full house of Georgian entrepreneurs, MBA students, and others just seeking a brush with fame.

"EVERYONE" IS IN SALES

Only about a fifth of the crowd volunteers that it has seen Martin Scorsese's film about Belfort, "The Wolf

of Wall Street." Financial analyst Mari Tsutskiridze admits that did not know anything about Belfort before getting her ticket for the day long master class organized by Alliance Group Holdings, the company that brought Belfort to Tbilisi. She wants expert advice on how to present herself to clients. Among the few diehard fans in the audience is mathematics student Luka Tikanidze who read Belfort's memoir and saw the film.

For the uninitiated, Jordan Belfort has led a colorful life. He was arrested in the United States in 1998 for securities fraud and money laundering for running a penny stock scam in which he and his partners defrauded investors and made millions for themselves. Belfort's fall from Wall Street grace included the usual prolific excesses (drugs, alcohol, etc.) and some original excesses, such as wrecking helicopters and yachts.

According to the U.S. Justice Department, Belfort has only paid about \$11 million of the \$110 million in restitution that he owes his former clients. In jail, Belfort's cell mate, Tommy Chong of "Cheech and Chong" fame, encouraged him to write his memoir and to launch a speaking tour. Belfort is supposed to use the profits from his international tour to pay back defrauded investors. Some have questioned whether Belfort's tour is simply a way for him to parlay his celebrity into yet another sale.

Indeed, a tenant of Belfort's presentation is that, "Everyone is in sales one way or another," and that, "Every sale has the same straight line from open to close." His brochure promises that his Straight Line System can take any company or individual, regardless of age, race, sex, educational background or social status, and empower them to create massive wealth, abundance, and entrepreneurial success, without sacrificing integrity or ethics.

A COMPLICATED MENTOR

Belfort is an engaging trainer, especially for those with a beginner or intermediate level of knowledge about sales. Many people in the audience take notes, including me.

He imparts wisdom about technique, tone, and buyer psychology. His strategy, however, assumes that sales techniques are internationally universal. It would have been interesting for him to engage more on what might work in Georgia's specific business culture.

Further, he does not acknowledge that the legendary sales from his glory days were, in many cases, based on misleading the customer. He only wades into ethical questions once, acknowledging that while individuals can learn the skills to persuade others and make a lot of money, "without integrity and ethics, it does not last." Belfort could have drawn more meaningful lessons from his failures about the need for regulatory compliance and corporate responsibility, for example.

In the end, the details of Belfort's sordid past and the question of whether his master class is a massive sales pitch of Belfort himself did not seem to matter much.

Tikanidze, joined by several friends who are launching an online sales and consulting company together, concluded that, "Belfort is cool. His advice is useful." Management student Lado Jishiasvili agreed, "Belfort has deep personal experience, and one way or the other, something to share." Many audience members came wanting business skills and left feeling like they got some, albeit from a complicated mentor.

Laurie Kelleher is a writer and international trade consultant based in Tbilisi, Georgia

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TBILISI'S 400,000 CARS: How the City is Fighting Traffic

INVESTOR.GE IS ENDING THE YEAR THE WAY IT BEGAN: LOOKING AT THE CAPITAL'S CONGESTED ROADS AND TRAFFIC JAMS. MAIA EDILASHVILI SPOKE WITH THE CITY AND NGOS ABOUT WHAT IS BEING DONE AND WHAT IS NEEDED TO EASE THE COMMUTE HOME.

MAIA EDILASHVILI

Over 400,000 cars, 700 buses and 2,000 minibuses are on Tbilisi streets every day, making the daily commute a nightmare for pedestrians and drivers alike.

The city authorities say they have plans to ease traffic jams and modernize public transportation, but activists warn more work is necessary.

105 MILLION BUS RIDES

Activists like Kakha Mchedlidze believe the city needs to focus on better public transportation and infrastructure.

“At a bus stop after the arrival of three buses, the area remains crowded. Why? Because almost all buses go to Rustaveli Avenue, and there are still not

enough of them,” Mchedlidze says.

Tbilisi needs at least 900 buses, in his opinion. Currently, there are just over 700 buses, all operated by the city's Tbilisi Transport Company, which also owns the metro and ropeway systems in the capital.

Mchedlidze has been part of the campaign for the return of the Tbilisi tram.

A 2012 study conducted as part of the Tbilisi Tram Project found that 75 percent of the 8,000 Tbilisians questioned use public transport: more than half prefer *marshrutka* micro buses, while 24 percent opt for the metro, and 22 percent ride the bus.

The study echoed official statistics, which show that public transportation—despite the fact that every third person in Tbilisi owns a car—is still popular: in 2013, there were 105.76 million bus riders; 96.23 million trips by metro; and 1.15 million trips by ropeways—a 24 percent increase across the board compared to 2012, according to Tbilisi Transport's 2013 annual report.

Today the city is working to make sure transportation available is better organized, according to Deputy Tbilisi Mayor Irakli Lekvinadze.

The city government has commissioned a consortium of German and French companies to develop a transportation plan across different modes of travel, he said.

“The plan will show how various routes should be distributed, where troublesome areas are, and what needs to be done to solve the problems,” Lekvinadze noted in an e-mail interview.

In addition, the city plans to replace old buses with new, 12-meter-long wheelchair-accessible buses operated by CNG, “which are more efficient both economically and ecologically,” Lekvinadze said.

The city plans to purchase as many as

200 buses in 2016, with assistance from the European Bank for Reconstruction and Development (EBRD).

There are also plans to introduce new regulations for taxis and campaigns to promote public transport.

“In 2016, a number of new projects will be launched, including construction of overpasses for cars on Pushkin Street, a redesign of the May 26 Square and Peking Avenue, and the construction of a road connecting Makhata Mount with the St. Trinity Church, which we see as one of the most important infrastructure projects,” Lekvinadze said.

The EBRD is also developing a new route scheme for the city and studying what will be the best option for the Tbilisi Transport Company to develop in the future—whether it should stay subordinated to the municipality or be handed over to a private operator.

33,136 PARKING PLACES

One concrete decision to be made is about parking. Currently, Tbilisi has approximately 33,136 parking spots, of which 1,600 are located on sidewalks. Adding to this problem, drivers keep parking along the streets illegally, blocking traffic.

“We plan to hire a new consulting company soon that will work on a study to identify areas for constructing a multistory parking garage and underground parking garage, as well prepare investment proposals for private operators,” Lekvinadze said. But after a decade of lobbying for safer roads, Ekaterine Laliashvili believes “a political decision” to act is necessary. Laliashvili, the Chair of the Board at the Georgian Alliance for Safe Roads, said: “There should be a separate, independent agency with its own budget, and executive power needs to be created that would put an end to talks and make decisions.”



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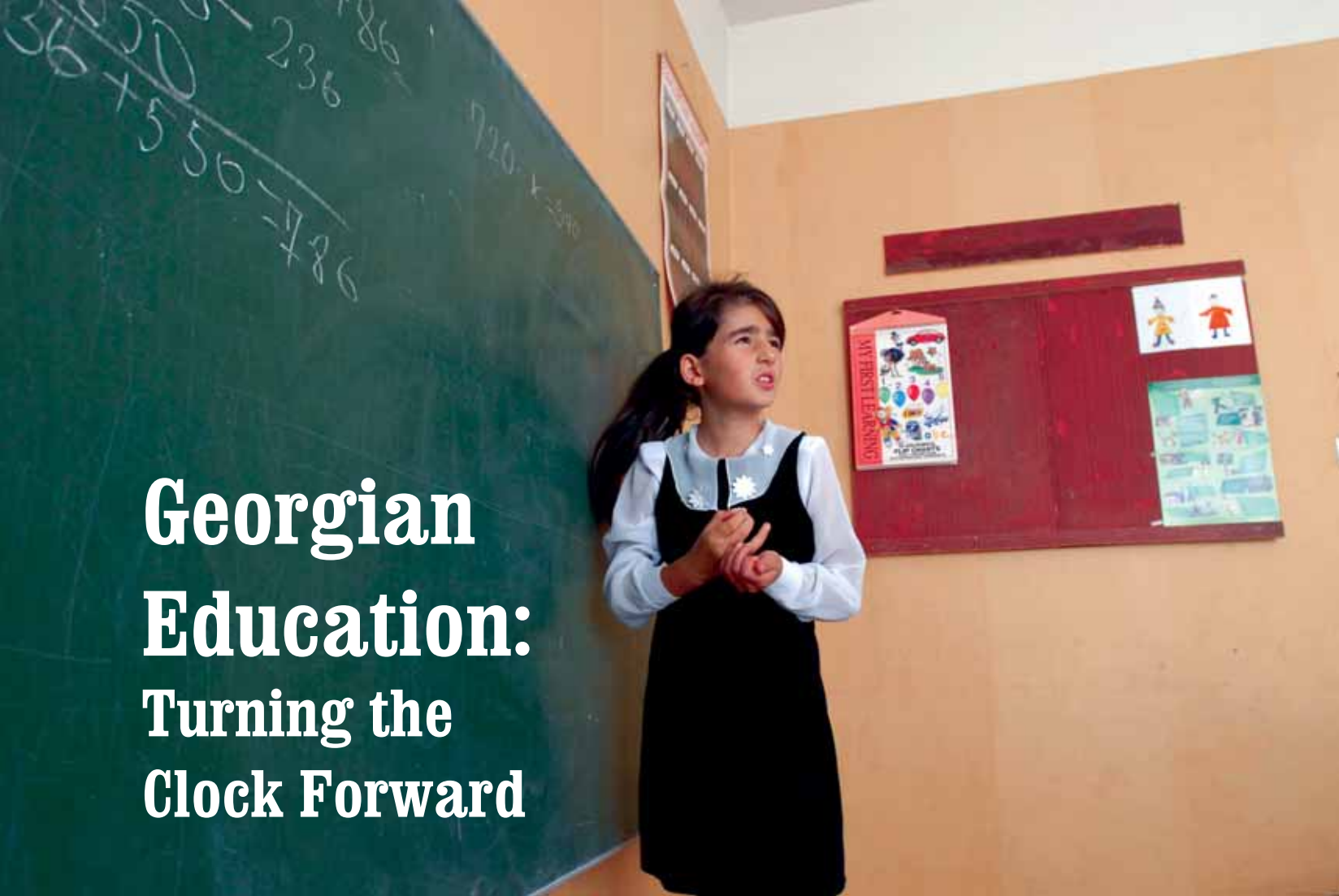
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Georgian Education: Turning the Clock Forward

GEORGIAN PARENTS ARE INCREASINGLY TURNING TO PRIVATE SCHOOLS AND TUTORS TO FILL THE GAP LEFT BY PUBLIC EDUCATION. GEORGIAN TEACHERS, EDUCATION SPECIALISTS AND EVEN ENTREPRENEURS BELIEVE NEW METHODS FOR TEACHING AND LEARNING ARE NECESSARY TO REBOOT THE COUNTRY'S EDUCATION SYSTEM.

JOSEPH LARSEN

Each week, hundreds of people come through the doors of Nata Buachidze's Studio in Mtatsminda. Children and adults come after school, in the evenings and on Saturdays. They come to take courses like English Language, Photography, Art History and

Book Illustration. They come to receive instruction in English, Georgian and Russian. Regardless of the subject or language of instruction, creativity is the top priority. "We are all experimenting together," says Buachidze, an artist who opened the school in 1999.

CREATING AN ALTERNATIVE

Buachidze began teaching 16 years ago when a few students needed an art teacher. People were looking for something they couldn't find in public schools. "In the 1990s, the education system was falling apart," she recalls. "Our school was an alternative to what people knew." What began with three pupils swelled to 14 by the end of the school's first year. Now, Buachidze's school counts more than 300 students.

Her school is one of a growing number of private outfits injecting innovation into Georgia's education sector. Accord-

ing to The National Statistics Office of Georgia, there are currently 246 private general education schools in Georgia -- roughly 10.6 percent of the country's total. Of 553,945 general education students, 53,600 are enrolled in private schools. That represents a 60.4 percent increase from the 2005-2006 school year, even as overall general education enrollment fell by 20.2 percent over the same period. And these figures don't include schools like Buachidze's, which supplement rather than replace general education. In exchange for an enrollment fee (an amount she calls "moderate") students receive instruction on top of what they get in school.

IDEOLOGY "FROM ANOTHER CENTURY"

Private schools are held in high esteem by many Georgian families. But for some, their popularity is less a reflection

of effectiveness than an indictment of the public education system. In 2010, only 38 percent of Georgian 15-year-olds who took the Organisation for Economic Cooperation and Development's Programme for International Student Assessment (PISA) attained proficient scores in literacy. Only 34 percent were proficient in science, and 31 percent in mathematics.

"The largest problem is that the [teaching] ideology is from another century," says Simon Janiashvili, a former schoolteacher who is now a PhD candidate at Columbia University in New York. Georgia's overall education culture is stagnant, with outdated methods and teachers ill-prepared for contemporary demands, he notes.

While certain private initiatives are doing impressive things, their overall impact on a country of 3.7 million is

small. "You rarely see private schools do really different things from public schools," he says.

"POORLY" CONCEIVED REFORMS

Nutsa Kobakhidze, a PhD candidate in education at the University of Hong Kong, maintains that Georgia's educational failures are more about policy than culture. "Soviet institutional legacy is a significant barrier to changing leadership and teaching style. However, poorly conceived and implemented reforms, as well as inadequate evaluation and policy adjustments have much powerful influence on what happens at schools," she says. While disagreeing about causes and solutions, nearly all observers agree that change is necessary. Since coming to power in 2012, the Georgian Dream coalition has increased spending on education every year. Central govern-

ment spending on education was 739.7 GEL per student in 2014, according to statistics from the Ministry of Finance, a 13 percent increase from 2012. The results haven't been impressive, however. A 2014 report from the Geneva-based World Economic Forum ranked Georgia 95th out of 144 countries for quality of education. According to Kobakhidze, "A more fundamental problem than finances [is holding education back]."

BUILDING SKILLS THROUGH LOGIC

Kakha Kokhraidze isn't happy about the state of schooling in Georgia. "What the system is doing now is, unfortunately, wasting the time of the students," he says from his office in Saburtalo. He doesn't own or operate a school, but he does aspire to improve education quality. Kokhraidze is the founder of Logimeter, ►►

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Merry Christmas and
a Happy 2016!*

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► a private initiative designed to prepare students for success in a knowledge-based economy. An entrepreneur by profession, he founded the company in 2014 to redress what he sees as the failures of the current system. This July, Logimeter launched its flagship program: a web-based training module in which students build math and reading skills by working through logic games.

“Everybody needs critical thinking and logical reasoning,” he says. These skills are especially important for Georgia, a developing country attempting to make the jump from an agriculture-based economy to one with dynamic technol-

ogy and service sectors. For Kokhreidze, the ability to think outside the box is paramount. “We need people who are open minded...It’s necessary for the economic development of Georgia,” he stated. For 15 GEL per month – minus discounts for buying an annual membership and for families with more than one student – users can access more than 300,000 interactive tasks. The module provides detailed feedback for each task, allowing users to track their progress and get extra help in problem areas.

POTENTIAL FOR A BETTER FUTURE

Georgian education currently falls

short of international standards. But both Buachidze and Kokhreidze view the future with optimism. “I think there are more and more schools that are doing a good job,” Buachidze says.

When asked whether she sees potential for successful private initiatives to “spill over” into the public sector, she is unequivocal: “Of course there is potential.”

And while Kokhreidze doesn’t smile upon the current state of affairs, he is optimistic that his training module can help improve performance in public schools.

“We already have five schools working with Logimeter,” he proudly states.

Looking For a Chance to Help

FOLLOWING THE DEATH AND DESTRUCTION OF THE JUNE 13-14 FLOODS IN TBILISI, THOUSANDS GRABBED SHOVELS, BROUGHT FOOD, AND VOLUNTEERED TO HELP THE CLEANUP EFFORTS. THE MASS OUTPOURING OF VOLUNTEERS INSPIRED INVESTOR.GE TO ASK THE QUESTION: HAS GEORGIA PRODUCED A GENERATION OF VOLUNTEERS? COULD THAT BE AN INDICATOR OF FUTURE ACTIVISM, IN POLITICS OR IN THE FACE OF OTHER TRAGEDIES?

The outpouring of volunteers in the immediate aftermath of the June 13-14 floods in Tbilisi was inspiring – especially for a nation where volunteering is not widespread.

Sociologists and those involved in the flood cleanup believe the tragedy gave Georgians the chance to put into practice a value they hold sacred: helping out when others are suffering.

A MOBILE MOVEMENT

The desperation of families caught in the flood inspired a major outpouring of support, mainly in the face of volunteers bearing shovels to clear the mud and debris.

Irina Egadze was one of the first to recognize the need to organize.

Responding to calls for help at the height of the flood, Egadze knew she wanted to do something, but she was physically unable to pull people from the rising water.

The next day, however, she found a niche where she could help. “I realized that there was a lot of work to do and no one to organize it. The people who arrived there did not understand where to start,” she said.

Egadze, her sister and friends used Facebook to start to mobilize and manage the volunteers.

In the span of 24 hours, the Facebook group grew from 150 people to over 26,000.

The impact of their work was felt far beyond the disaster zone and inspired debate in media and in society of what this wave of volunteers could mean for civil society.

But sociologists are wary of rushing to conclusions. ►►



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and Happy New Year

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► THE “LUXURY” OF VOLUNTEERING

The outpouring of support after the flood was a natural response for Georgians, but that is different than the classic culture of everyday volunteering, sociologists said.

The support citizens showed for victims of the flood and the ravaged parts of their city was a response to an “extraordinary situation,” according to sociologist Iago Kachkachishvili.

When we talk about volunteering, he said, it “should be part of an everyday pattern.”

“Volunteering is, I feel, a kind of luxury. You have this need to become a volunteer when all your basic needs are met. In a country where people are fighting for their existence and there are high rates of poverty, people first of all care for their existence and survival,” Kachkachishvili said.

“Volunteering needs a special reality, it has to be developed in a person, it doesn’t create itself...it requires education.” Surveys and interviews by the Caucasus Resource Research Center (CRRC) also indicate that volunteering as a regular act of giving back by giving of one’s time is appreciated but rarely practiced. “Based on pre-flood data, we do not have high levels of volunteering and the flood was an exception, which we can call an exception based on the everyday data—but not evidence,” noted CRRC’s Tinatin Zurabishvili.

She added that previous surveys indicate Georgians overwhelmingly value the act of volunteering but report they rarely actually volunteer.

There are several theories for the discrepancy, including even the word “volunteer.”

In interviews with the CRRC, Georgians immediately associated the word “volunteering” with enlisting to fight in the Great Patriotic War. The interviews

were part of an effort to understand how “volunteering” is understood in Georgian society.

CRRC opted to refer to “volunteering” as “helping without compensation” in its surveys.

Another possible issue is the lack of role models, noted Zurabishvili. Projects conducted by CRRC have shown people are unaware of how to volunteer and what opportunities exist.

The CRRC’s Tamuna Khoshtaria noted there also appears to be a disconnect between what people do and what they

Khoshtaria said.

There is no indication, however, that Georgians’ willingness to help extends to politics. Zurabishvili noted that while respondents value the idea of volunteering, they “hate political activism in the sense of being part of a particular movement.”

“A TRAIT OF OUR COUNTRY”

What happened after the flood, Khoshtaria said, could be a reflection of previous research that showed young people are willing to volunteer when there is “the chance for it.”



Flood cleanup efforts in Tbilisi (marshalpress.ge)

report — in part because of the informal nature of Georgian society.

People, she said, do not support being formally active in the community. But, at the same time, they are involved in many informal organizations, like activities in their communities.

It basically boils down to helping people, an act that sociologists say Georgians do regularly—but but do not perceive as volunteering.

“Maybe, in the surveys, they do not remember—or they cannot really state—that they have done something because they do not perceive it as a formal thing,”

“There were people who needed help and there were people who wanted to help them,” Egadze said, adding “it was an example for me that, without any unnecessary obstacles or fuss, it was really easy for people who wanted to help to do so.”

But she stopped short of saying the outpouring of support was surprising, or that it represented a major shift in how Georgians view their role in society.

“That is a trait of our country,” she said. “When someone is suffering, we join together. On a small scale—and also on a large scale.”

CRRC-Georgia: What We Know About Volunteering in Georgia

Following the June 13, 2015 flood in Tbilisi, hundreds of volunteers helped to clean the disaster-affected zones of the city, which stirred the hope that volunteerism is on the rise in Georgia. In the past, studies on volunteering in Georgia conducted by non-governmental organizations (such as Helping Hand and the Civil Society Institute) claimed that volunteerism had not taken root in Georgian society, and CRRC-Georgia surveys have consistently shown a mismatch between attitudes and actions regarding volunteering in Georgia. Nonetheless, a closer look at the level of volunteering in Georgia, comparing it to Europe, and Georgian society's attitudes towards the importance of volunteering show fertile grounds for volunteerism in Georgia.

THE MISMATCH

CRRC-Georgia's 2013 Caucasus Barometer survey findings show that 68% of Georgians find it important for a good citizen to do volunteer work. In contrast, only 19% of Georgians reported volunteering during the past six months before the survey was carried out in fall of 2013 – a clear gap between actions and attitudes. Interestingly, while the share of the population highlighting the importance of volunteerism for good citizenship increased between 2011 and 2012, the share of Georgians who actu-

ally volunteered did not change much. Notably, volunteering is still not considered as important as following traditions, voting in elections or supporting people who are worse off.

Despite the existing mismatch, if we compare Georgia to other European states, the level of volunteering is not particularly low. A study on volunteering in the European Union carried out in 2010 by the British consultancy GHK Holdings Limited showed that the highest rates of volunteering hovered around 40%, but only in a few states (Austria, Netherlands, the UK and Sweden). In fact, European volunteering rates were largely comparable to those in Georgia, ranging from 10%-19%, and European states like Italy and Greece actually had even lower rates (less than 10%).

WHO VOLUNTEERS, AND WHO THINKS IT IS IMPORTANT TO VOLUNTEER?

When thinking about the prospects for the development of volunteerism in Georgia, it is important to know who tends to volunteer, which in turn would allow policy makers, NGOs and social entrepreneurs to understand where to best direct programs aimed at promoting volunteerism. The 2013 Caucasus Barometer survey findings show some differences in volunteering between socio-demographic groups. The elderly (aged 56 and older) are slightly less active (14% reported volunteering) than 18-35 and 36-55 year olds (20% and 22%, respectively), but this lower activity level could probably be explained by the infirmities of age. Interestingly, males tend to volunteer more than females (25% and 14%, respectively) and inhabitants of rural areas are slightly more actively engaged in volunteering (24%) than inhabitants of the capital (14%) and other urban areas (15%). In contrast to

the European states studied in the above-mentioned GHK study, where the level of education tends to be connected with the level of volunteering, in Georgia an individual's level of education does not seem to matter with regard to involvement in volunteering.

Like actual volunteering activity, attitudes towards the importance of volunteering do not change much by level of education, nor do they change by respondent's age or gender. Settlement type however, is a differentiating factor and fewer Tbilisians think that volunteering is important for a good citizen (60%), compared to other urban and rural dwellers (68% and 72%, respectively). This is all the more striking when we breakdown by age groups within settlement type. Even though the majority of volunteers following the 2015 floods were clearly young, in Tbilisi, young people were the least likely age-settlement group to think that volunteering was important for a good citizen.

The level of volunteering that followed the Tbilisi flood and Georgian society's agreement that volunteering is important show that there is potential in the country for the level of volunteering to increase. Policy makers, civic society and social entrepreneurs alike should consider ways to work off of the obvious spirit of volunteerism embodied by the cleanup efforts and the already supportive attitudes towards volunteerism in Georgia.

Nino Zubashvili is a Junior Fellow at Caucasus Research Resource Centers Georgia.

Interested in more data about volunteerism? Check the upcoming Caucasus Barometer 2015 data that will be available by the end of the year or take a look at the 2014 Volunteering and Civic Participation in Georgia survey at caucasusbarometer.org



FORUM
ის ფორუმი



TBILISI
Silk Road
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თბილისის
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15/16 of October 2015



Government of Georgia



The Return of the Silk Road

RECLAIMING ITS PLACE AT THE CENTER OF EAST-WEST TRADE THROUGH THE NEW SILK ROAD TRADE ROUTE HAS LONG BEEN A GOAL FOR GEORGIA. IN THIS SECTION, AMCHAM GEORGIA PRESIDENT SARAH WILLIAMSON ARGUES THAT IT IS TIME HAS COME FOR A FREE TRADE AGREEMENT WITH THE US AND AMCHAM EXECUTIVE DIRECTOR GEORGE WELTON WRITES THAT CHINESE INVESTMENT COULD MAKE THE NEW SILK ROAD A REALITY.

Why the Time is Right for a USA-Georgia Free Trade Agreement

ON OCTOBER 30, THE DEPUTY PRIME MINISTER OF GEORGIA GIORGI KVRIKASHVILI MET WITH THE US TRADE REPRESENTATIVE, AMBASSADOR MICHAEL FROMAN. IN SUPPORT OF THIS MEETING, AMCHAM WROTE TO AMBASSADOR FROMAN AS WELL AS TO THE US SENATE AND THE US HOUSE OF REPRESENTATIVES. SARAH WILLIAMS ALSO WROTE A VERSION OF THE FOLLOWING PIECE FOR THE US CONGRESSIONAL NEWSPAPER, 'THE HILL'.

SARAH WILLIAMSON, PRESIDENT OF THE AMERICAN CHAMBER OF COMMERCE IN GEORGIA

In October, Georgian Deputy Prime Minister Giorgi Kvirikashvili met with US Trade Representative Michael Froman to conduct a high-level trade dialogue. Many of us in the American -Georgian business community hope that this will lead to the beginning of negotiations on a US-Georgia Free Trade Agreement (FTA). Opening such negotiations would increase opportunities for American businesses to export to and invest in Georgia. Because of Georgia's Free Trade Agreements with the EU and its neighbors, this would provide US firms with increased access to Europe, Turkey and wider Eurasia, and ensure the US a significant strategic and economic place in the fast-growing New Silk Road. At a time when 'Westernization' is under pressure in the region, it would also be a tangible political signal of continued US support for Georgia.

US exports to Georgia, at \$300 million in 2014, is significant and largely concentrated in machinery and cars. However, there is evidence of fast expansion in others areas. In the last two years, fast food chains like Wendy's, Dunkin Donuts, Domino's Pizza, Burger King, Taco Bell, KFC and Subway have all appeared on the Georgian market for the first time. Clothing retail is also expanding fast including storefronts for Gap, Banana Republic and Tommy Hilfiger.

Large infrastructure projects and government procurements also offer sizeable opportunities for US firms. Projected investment in hydropower is \$4.1 billion over the next few years. While US investors are prominent in developing investments, Asian and European firms have been winning the large engineering and construction projects. The government is also currently selecting the final consortium to build a new port in Georgia, which could represent a \$5 billion investment over the next 10 years. The US firm Conti Group is on one of two final consortia. American companies are also participating in projects from medical facility development to waste management.

An FTA between the two countries would not only aid these companies in exporting American products and machinery to facilitate these projects, but would also greatly encourage other American companies looking to expand into the region.

Georgia has worked hard to become a viable partner ►►

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US Deputy Secretary of State Antony Blinken and Deputy Prime Minister of Georgia Giorgi Kvirikashvili

► to its Western counterparts. The country is already a hub for the region, with low corruption, a simplified tax system, bilateral trade ties with its neighbors and a business-friendly legislative environment.

In the technology sector, the government of Georgia recently signed an agreement with Microsoft to respect intellectual property rights. The deal, worth \$20 million, is unique in the region, but it is just the beginning of a series of measures aimed at intellectual property protection that could open up the country for ICT sales and investment.

Business opportunities that follow from an FTA also move significantly beyond Georgia's borders. Georgia's

economic and strategic importance as a transit route for oil and gas supplies has never been so important, since the country offers the only route from the

“The U.S. alone can’t deliver NATO or EU membership. However, opening negotiations on a U.S.-Georgia FTA is a bilateral step that would be an ideal signal of support for Georgia’s Westernization agenda.”

Caspian to Europe that does not go through Russia. A BP-led consortium is in the process of tripling the capacity of gas that is transported across the country,

with a pipeline upgrade that represents a \$2 billion investment in Georgia alone.

As important as Georgia is in the energy transportation world, the country is not only valuable as a transit route for oil and gas. A “New Silk Road” transit route is quickly emerging between Europe and Asia, and Georgia is supporting this with heavy investment in port, road and rail infrastructure.

The recent Silk Road Investment Forum, hosted this October in Tbilisi, saw over 500 companies visit the country to investigate ways of utilizing Georgia's location and trade-route potential. Interested companies came from 34 different countries, including the USA. The Silk Road will enhance and expand Georgia's role as a

A “New Silk Road” transit route is quickly emerging between Europe and Asia, and Georgia is supporting this with heavy investment in port, road and rail infrastructure.

dards and processes and should make it easier to establish a US-Georgia FTA. At the same time, it will give Georgia free-trade access to the EU for the goods and services it produces. This will further enhance Georgia’s attractiveness for businesses that want to gain access to the EU market and will make Georgia a more comfortable place for Western countries to set up businesses with a view to other regional or silk-road markets.

An FTA with Georgia is also unlikely to create any significant new competition for US companies. Manganese makes up more than 80% of US imports from Georgia. This is mined and processed in Georgia by a US company that does not compete with US producers.

Politically, opening negotiations on a FTA, would send a signal of continued material support for Georgia at an extremely important time. Georgia’s track record of reforms to fight corruption and improve the business environment has been widely acknowledged. However, more recent reforms have not garnered the recognition that they deserve.

In a region where human rights and rule of law are often ignored, Georgia has remained a rare bastion of democratization, Westernization and transparency. A pre-election assessment from the National Democratic Institute in 2013 found that Georgians now “enjoy an electoral environment shaped by the fundamentals of democracy: the first peaceful transfer of power through the ballot box; a credible political opposition; a parliament characterized by meaningful debate and decisions; an increasingly independent judiciary; and a lively media environment.” Entering into discussion about a Georgia-US FTA would acknowledge this success.

Such visible support is particularly important as Russian continues to pressure Western-oriented governments in the

natural regional business center.

Offering a “force-amplifier” to these benefits, Georgia signed an Association Agreement, including a Deep and Comprehensive Free Trade Agreement (DCFTA), in June of last year. This is enhancing Georgia’s Westernization of the business environment by requiring approximation with EU stan-

region. While the Georgian government remains committed to Euro-Atlantic integration, there are forces inside the country that would dearly love to see that orientation come to an end. Efforts to undermine the Western trajectory play on local dissatisfaction with the slow pace with which Western integration occurs. In particular, after many years of efforts, Georgia’s failure to gain NATO’s Membership Action Plan (MAP), have started to cause “NATO and Euro-Atlantic fatigue.” Of course, the US can’t deliver NATO or EU membership. However, opening negotiations on a US-Georgia FTA is a bilateral step that would be an ideal signal of support for Georgia’s continued Westernization agenda.

At a time when Georgia is at risk, this FTA negotiation would also provide a platform for revitalized bilateral engagement and a mechanism to encourage increased US commercial engagement in the region. It would therefore open up opportunities for US companies and boost the argument for Westernization, just when Georgia needs it the most.

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OP-ED: The New Silk Road and What it Means to Georgia

ON THE 15TH AND 16TH OCTOBER, THE GEORGIAN GOVERNMENT HELD THE TBILISI SILK ROAD FORUM. THIS DISCUSSED THE CHALLENGES AND OPPORTUNITIES OF DEVELOPING THIS TRADE AND ENERGY CORRIDOR AND INCLUDED A LARGE DELEGATION FROM CHINA WITH SENIOR CHINESE GOVERNMENT OFFICIALS AND APPROXIMATELY 300 CHINESE BUSINESS PEOPLE. GEORGE WELTON, EXECUTIVE DIRECTOR OF AMCHAM, REFLECTS UPON WHAT A NEW SILK ROAD, WITH SIGNIFICANT CHINESE INVOLVEMENT, MIGHT MEAN FOR GEORGIA.

The core idea of the New Silk Road is to create an effective transit corridor from the Black Sea across Georgia, Azerbaijan and Central Asia to China and beyond. This idea is built on Chinese and Central Asian trade routes that reached their height in the 10th Century and, while it has many elements, is largely driven by trade and energy issues.

Trade is potentially huge. \$4.9 trillion of trade transited between Europe and Asia in 2014 and between just the EU and China was \$600 billion. According to speakers at the forum, transit time by ship from China to Europe is around 45 days, but by land it can be as low as 9 days. Therefore, even though land transit is more expensive, this route will make sense for some goods.

The New Silk Road also about energy. Central Asia has some of the largest unexploited hydrocarbon reserves in the world, and those reserves need to be connected to markets. More investments and more pipelines are needed to create an energy Silk Road that connects to the East and West.

A range of different international institutions have been operating for a long time to support the development of this New Silk Road. For example, the Central Asian Regional Economic Cooperation program (CAREC), which was launched with the support of ADB in

2001, and has so far mobilized \$24.2 billion in investments and the International Transport Corridor, Europe Caucasus Asia (TRACECA), which was initiated by the EU in 2003 and mostly focuses on technical assistance.

CHINA AND THE \$40 BILLION "ONE ROAD, ONE BELT"

But since both Asia-Europe trade and the oil/gas transit questions have been around for a long time, what makes the Silk Road interesting now? Part of the answer certainly relates to regional changes generally, which are fueling integration and infrastructure improvements. The other main reason is China and the potential for Chinese infrastructure investments. In 2013 Chinese President Xi Jinping raised the possibility of helping to re-create a new Silk Road, under the umbrella of 'One Road, One Belt' (or OBOR).

This concept is backed by a Chinese Silk Road Fund worth \$40 billion to facilitate trade and infrastructure development across the region and has more support from individual regions of China. This finance is particularly interesting since the concept of a New Silk Road aligns with broader Chinese foreign policy. Therefore, it is assumed that infrastructure support will not need the short-term returns required by commercial investment decisions. This



makes many infrastructure investments far more likely.

GEORGIA'S FUTURE AS REGIONAL HUB

Georgia has good reason to see itself as part of the developing Silk Road story and a potential large recipient of this investment. It has already proven its place for hydrocarbon transit. Since the Baku Tbilisi Ceyhan Oil Pipeline (BTC) and the Southern Corridor Gas Pipeline (SCP) were finished in 2005/6 Georgia has transited around 1% of global demand for hydrocarbons. This will increase significantly when the SCP pipeline upgrade is finished. Worth \$2bn in Georgia alone, this upgrade will triple gas supply through the pipeline.

Georgia has also upgraded its transport infrastructure in recent years, with dramatic improvements in the East-West Highway, a new railway line from Azerbaijan to Turkey, new roads, and the promise of a new deep water port at Anakhlia.

Also, while hydropower has been talked about in Georgia for many years, without a lot of actual investment taking



Silk Road Forum in Tbilisi

place, things are now beginning to move and Georgia is increasingly looking like a credible regional hub for electricity production. This is most evidenced by the high level of investor activity in the area, with the World Bank, Asian Development Bank and EBRD committing loans in hydropower, the US-firm, Schultz Global Investment committing \$100 million to small hydro investment and the recently signed deal with Kwater to build a \$1 billion, 280MW Nenskra hydro power station in Svaneti.

However, Georgia's greatest strength may lie in its trade relationships and the continuing openness of its business environment. In particular, Georgia is the only Silk Road country that has negotiated an Association Agreement and DCFTA with the EU. This privileged access, makes Georgia a natural country to consider as a base of manufacturing, assembly or logistical operations for companies looking to export into the EU. Georgia is also the easiest market in the region in which to operate, has the most open market generally and has FTAs with Turkey and across the region.

Clearly, the Georgian Government

is enthusiastic about leveraging long-term Chinese investments to develop the potential of the Silk Road route and to increase FDI. The opportunity is certainly credible and builds on the back of burgeoning Georgia-China commercial relations. There is already enthusiastic talk of a Georgia-China Free Trade Area. The recent Silk Road Forum brought the Governor of Xinjiang, which is China's largest province. The delegation also brought around 300 Chinese businessmen. This is significant because, after BP, the Chinese Company Hauling was the biggest FDI investor in Georgia last year and will probably be again in 2015. Also, one of the bidding Consortiums for Anakhlia is led by a Chinese firm.

MORE THAN JUST THE CAUCASUS

Not that a betting on Chinese-led Silk Road development is entirely without its issues. For a start, the Silk Road that China has most explicitly elaborated does not actually include the Caucasus. While the CAREC and TRACECA's vision for the Silk Road certainly includes the region, the Chinese Government plan for Silk Road Development, that was re-

leased in March 2015, focuses on a land Silk-Road that moves down from Central Asia, across Iran and Turkey, cutting out the Caucasus altogether. This may not be a problem, as the Chinese vision (and the original Silk Road) allows for multiple routes. But it should certainly chime a note of caution for the most bullish supporters of this idea.

Also, because a China-financed Silk-Road clearly has geopolitical, as well as commercial, intentions one should probably consider its geopolitical consequences. Could it, for example, create conflicts with the overall Western trajectory of Georgian commercial and foreign policy? Probably not. While Chinese Foreign Policy expansion in Asia may create areas of conflict with US interests, that seems unlikely in the Caucasus. As discussed already, a developed Silk Road from Georgia to Asia would, if anything, solidify Georgia's Western orientation, as it would provide another commercial benefit to Georgia's EU-integration.

Chinese development of a Silk Road across the Caucasus will, however, inevitably come into conflict with Russia. The Silk Road that Georgia and China imagine is, after all, primarily about ensuring non-Russian routes for goods and energy across Eurasia. Since Russia is trying to shore-up economic control of the same geography through the Eurasia Customs Union, the two plans ultimately compete. However, for Russia it seems likely that Central Asia would be the main hot-bed of contest. And, anyway, I doubt many Georgians would lose sleep over annoying the Russians.

However one looks at it, Chinese interest in the Silk Road has helped to stimulate a 'pivot to Asia' in Georgia's developmental thinking. In a terrain that tends to be polarized by options to the West and options to the North this is, at least, refreshing.

“My Everything is Here”

GEORGIA HAS REVERSED SOME OF ITS RESTRICTIVE RULES ON VISAS AND MIGRATION THAT IT INTRODUCED IN 2014. INVESTOR.GE SPOKE WITH SOME OF THE COUNTRY'S NASCENT EXPAT CREATIVE CLASS ABOUT THE IMPACT THE CHANGES MADE ON THEIR BUSINESSES AND THEIR PLANS IN GEORGIA.

According to Mercer's 2015 Cost of Living ranking, Tbilisi sits among the ten cheapest cities in the world for expats.

HEATHER YUNDT

When Georgia introduced new visa regulations in September 2014, tightening the rules on what was perhaps the most open visa system in the world, the backlash was fierce. Expats and business leaders went online to voice their concerns. Meanwhile, some longtime residents and their children were denied residency on the grounds of security, and foreign students coming to Georgia to start the school year were turned back at the airport.

The new rules revoked visa-free travel for more than a dozen countries, and visa-free stays were shortened from 360 days to 90 out of every 180 days. To stay longer, expats were required to apply for residency, handing over an unclear list of documents, including work contracts.

“I ALMOST LEFT”

It was a blow to all expats working without long-term contracts — including creative professionals.

Thomas Burns, an American cinematographer, first came to the Caucasus in 1998 with a position at the Eurasia Foundation. He stayed on in Georgia, writing and editing for Tbilisi Pastimes, an English-language expat magazine. It was through his experience in Georgia that he discovered his passion: visual storytelling.

His career took him to Los Angeles, working as a cinematographer for feature films, TV dramas and music videos.

But Georgia stayed on his mind. After returning as a Fulbright

Scholar in 2009, Burns made the leap and returned to Georgia in 2014, this time to stay.

He says Georgia was a place where he felt he could grow as a cinematographer.

“I really enjoy Georgians’ visual sensibility. It’s very fresh for me,” he says. “Their approach to a story is a little bit different than what you see in Hollywood,

and that expands my worldview on what I do. It helps my craft.”

It’s also cheap. According to Mercer’s 2015 Cost of Living ranking, Tbilisi sits among the ten cheapest cities in the world for expats.

Since returning, Burns’s plans have evolved. He recently opened Spectra Post, a color correction studio, and plans to color productions remotely for North American and European clients, as well as for local productions.



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► **BUT IT ALMOST DIDN'T HAPPEN.**

The new visa rules came into effect soon after Burns arrived in the country. Though he tried to follow the rules, he was sent from ministry to ministry and official to official. No one knew the answers. He ended up spending thousands of dollars to fly back to the U.S. to get a visa that would allow him to apply for temporary residency.

"I almost left," he says. "It was incredibly frustrating."

Ultimately, Mondal says he wants to stay in Georgia because, like for many creative professionals, Georgia is where he feels inspired.

"Of course when you're a creative professional, you work from project to project. There's no such thing as a long-term contract."

Burns wasn't alone in his frustration. The outcry led to an apology from Prime Minister Irakli Gharibashvili and months of parliamentary debate and amendments. In June, amendments came into effect that reinstated 360-day visas for most countries.

"IT WAS GOING TO BE MY LAND"

But not all expats have felt the relief.

In Tbilisi's Dry Bridge Park, dozens of local artists show off their work to tourists and locals.

Among the stalls hangs a series of watercolor street scenes of Tbilisi. They belong to Mimo Mondal, a painter from Bangladesh who first came to Georgia in 2011. After studying at Bangladesh's art academy, Mondal worked at the Russian Center of Science and Culture in Dhaka, the country's capital, before deciding the structure was not for him. He was bored

and wanted a change.

"It's like prison. I wanted freedom," he says.

Mondal had heard about Georgia through a friend and decided to give it a shot. He says he has since fallen in love with the country: the architecture, the old buildings, the countryside.

And he's had success. Mondal is a member of the Georgian Artists Union. His work has been part of several exhibitions in Georgia, including a solo exhibition. He has also appeared on local TV programs.

But things changed for Mondal in 2014. Though as a Bangladeshi, Mondal previously needed visas, when the new rules came into effect,

he gathered his documents and applied again. Despite getting recommendations from the Ministry of Culture and The Georgian Artists Union, he says he was denied a visa four times.

Mondal is particularly upset by this because he sees himself as an ambassador for Georgia through his paintings of Georgian scenes, which have been sold internationally.

"It was going to be my land," he says. "My everything is here."

It's unclear just how many expats live in Tbilisi, let alone expats who are in creative industries. Without concrete statistics, it is impossible to know exactly how much the changing visa rules have affected the expat creative community.

For now, Mondal continues to show his work at the Dry Bridge market.

"People are really warm. They really love my paintings," he says. "Everyone

knows me in this garden. They are good people, good artists, good friends."

Ultimately, Mondal says he wants to stay in Georgia because, like for many creative professionals, Georgia is where he feels inspired.

"DO SOMETHING FOR THIS COUNTRY"

Like Mondal, Maria Shirshova also found inspiration in Georgia — in the country's own young artists.

The Russian national first came to Tbilisi with her husband, as a professional in the field of creative advertising.

But one day in 2010 changed everything. She went to meet a model for a creative calendar for a commercial job at the Tbilisi Art Academy.

There she met talented young artists who didn't have much money. She decided to help them.

She started looking for ways to promote them abroad by sending around their portfolios and helping them craft their artistic statements.

In addition to cultural management projects, she has big plans to continue to help Georgian artists, such as creating a

"I have to do something for this country. I really want to do something for society and I think I can do more for Georgia than for Russia," Shirshova says.

hub where artists can find the assistance they need to locate residencies.

"I have to do something for this country. I really want to do something for society and I think I can do more for Georgia than for Russia," Shirshova says. "My heart is here, my place is here."



Alexander Kartveli stands in front of his P47 with C. Hart Miller Director of Military Contracts at Republic and Major Russel Kellior, Army Contracts representative

The Life and Work of Alexander Kartveli

WITHOUT A DOUBT, ALEXANDER KARTVELI IS GEORGIA'S MOST IMPORTANT EXPORT TO AMERICA, AND HE DESERVES A PERMANENT PLACE IN GEORGIA AS A NATIONAL HERO. HIS STORY IS FINALLY BEING TOLD IN TBILISI AT THE GEORGIAN NATIONAL MUSEUM, WHERE A DEDICATED EXHIBIT THAT CELEBRATES THE LIFE AND WORK OF ALEXANDER KARTVELI OPENED ON NOVEMBER 17TH. RARE MATERIAL HAS BEEN CONTRIBUTED BY THE ALEXANDER KARTVELI ASSOCIATION (WWW.ALEXANDERKARTVELI.COM), A NOT FOR PROFIT GEORGIAN ENTITY FOUNDED BY RICHARD RUBIN, RAMAZBLUASHVILI AND STEPHEN JOHNSON. THE ASSOCIATION HAS CURATED AND DISCOVERED PREVIOUSLY UNSEEN IMAGES, DOCUMENTS AND SCIENTIFIC PAPERS ON KARTVELI'S LIFE THAT CLEARLY DOCUMENT THE BASIS FOR HIS ADVANCES IN SUPERSONIC AND SPACE FLIGHT AS THEY UNFOLDED IN THE 20TH CENTURY AND INTO TODAY.

RICHARD RUBIN, FOUNDER OF THE ALEXANDER KARTVELI ASSOCIATION & MANAGING DIRECTOR OF AVIATION MEDIA LLC

A GEORGIAN GENIUS

Alexander Kartveli, born Alexander Kartvelishvili, (September 9, 1896 – June 20, 1974) was an influential aircraft engineer; pioneer in American aviation history; and an early technology innovator. Kartveli immigrated to the United States and was credited with some of the most important breakthroughs in aviation design; he was prominent among a small cadre of aviation designers by virtue of seminal breakthroughs in general commercial and military aviation design.

While Kartveli is considered to be one of the most important aircraft designers in US history and the world, regrettably he is unknown to most Americans and Georgians.

Kartveli's own story as an emigre from Georgia was barely known to Americans during his life, as well. As the Hayward Daily Review (March 7, 1942) wrote "Russian Genius [who] Designed Our Best Plane" was misunderstood at best and perhaps, at worst, mistrusted by the American defense administration he served so faithfully in his career.

He was born in Georgia in 1896, seven years before the Wright Brothers' first powered flight on the beaches of Kitty Hawk, North Carolina. Just a few years later, those early planes designed in an innocent time were soon forgotten as the world struggled to defeat the rise of Nazi Germany armed with Kartveli's important contributions to air design.

His personal journey paralleled a professional career made up of persistent design contributions whose impact and timing were critical to meeting the challenges of the world under Harry Truman ►



Kartveli with unidentified P47 pilot, 1940-1947

► and FDR, as well as early pioneers in US aviation industry such as Charles Lindbergh and well-known socialite figures such as Walt Disney and other Hollywood socialites.

Kartveli was responsible for legendary aircraft like the P-35 (the first all-metal single-seat fighter), the P-47 Thunderbolt (a key asset that helped the United States win World War II), the XF-103, a high-speed concept bomber, the F-105 (used extensively in Vietnam), and the A-10 Thunderbolt II (also known as the 'Warthog'). Importantly Kartveli's contributions to hypersonic flight theory and design provided important stepping-stones for today's NASA space shuttle program.

The Fairchild Republic A-10 Thunderbolt (Warthog) was designed by Kartveli and team in the 1960s and first deployed in 1972 – and exemplifies how Kartveli translated the need for a close air support fighter aircraft into the most potent close air support fighter aircraft

ever designed.

The A-10 is the most heavily armed, and armored, tactical plane in history. The Warthog remains feared by enemies and revered by the US Air Force decades after Kartveli's death. Despite rapid innovation in aeronautical materials and designs since the 1970's, 320 A-10s remain in service as of 2015.

A PERSONAL JOURNEY

Leaving behind other family members, Kartveli and his mother escaped turmoil and oppression in Georgia to pursue a boyhood dream to design aircraft in the growing field of aviation – an industry that resembled the freewheeling days of the early Internet. From very early years Kartveli was interested in aeronautical engineering and showed strong passion and talent in aviation and aircraft design. However as with most young cadets, as World War I broke out, Kartveli was tasked with studying artillery in the military academy in St. Petersburg and

he was sent to fight the Turks.

However, after Georgia announced its independence from Russia following the October 1917 revolution, the new government sent Kartveli to Paris to study aviation engineering.

In Paris, Kartveli worked for Blériot-Aéronautique (a leading French aviation design firm) and made several close professional friendships that were to serve him later in his career. The first such colleague was Armand Thiebolt. The other friend was an engineer named Edmond Chagniard. In the 1920s, both men were designing racing aircraft and cabin transports for the Société Industrielle des Moteurs et du Bois -- the leading French national design shop. The three would go on to design a monoplane that would set the world speed record of 266 miles/hour in 1924.

In 1927 Kartveli arrived in the United States by invitation of American entrepreneur and millionaire Charles Levine. Eventually all three – Kartveli, Thiebolt and Chagniard – would work for Levine together.

Levine became one of the most influential US aviation capitalists of the 1920's, and it was his dream to build the world's first metal transatlantic plane, a massive undertaking from a number of perspectives. Metal was not used in airplanes of the day and insufficient engine power proved to be the project's undoing.

But the project helped launch Kartveli's career designing for the US military. General Benjamin D. Foulois of the Army Air Corps had heard about the project, known as "Uncle Sam", and about the three young designers building it. He met with them, offered them extensions of their visas and invited them to work on his designs for the Army's air force. During their off hours the "Trio" initiated the design of an all-metal attack bomber for the army air corps without ►►



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An F-84G Thunderstreak

- Levine knowing anything about it. When Levine did find out, he claimed the right to the design and initiated a lawsuit against the trio who immediately departed Levine's company.

ALEXANDRE DE SEVERSKY AND REPUBLIC AVIATION

In 1931 Kartveli met Alexander de Seversky, also born and raised in Tbilisi, Georgia. The two men were to form an amazing partnership.

Kartveli started working at the Seversky Aircraft Corporation as a chief engineer. Along with Seversky, Kartveli embarked on an advanced all-metal, multi-place monoplane amphibian, the SEV-3. On September 15, 1935, flying at a speed just over 230 mph, Seversky set a world speed record for this piston-engine amphibious aircraft.

His career continued at Republic Aviation Corporation (the successor to Seversky's company), where he was chief engineer and was responsible for the design and production of many important military aircraft.

THE P-47

The P-47 Thunderbolt on Kartveli's drawing board in 1940 (as a successor to Seversky's P-35 all metal fighter) is ranked as one of the three best fighters of World War II. The P-47 sported a massive fuselage, used the Pratt & Whitney R-2800 "Double Wasp" engine enhanced with a turbocharger, and was the heaviest single-engine fighter to fly in the war. The P-47 was the first all metal fighter to fly at 400 miles an hour and pound for pound, it was the world's fastest, highest-climbing single-engine fighter. The P-47s could also carry bombs, which turned the fighters into fighter-bombers with the P-47D "Juggernaut," the first large-scale production model.

Production of the P-47 ended in November 1945 as the US Air Force wound up its military success. However as World War II was in its final stages, the National Advisory Committee for Aeronautics (NACA the predecessor to NASA) inaugurated sophisticated studies of high-speed upper atmosphere flight that had significant ramifications for the

development of human spaceflight.

Kartveli's important contributions to hypersonic flight and early advisory work to NACA formed the basis for designs for the NASA's space shuttle and orbital aircraft capable of returning to the earth. Kartveli's initial theory about the possibilities of supersonic and subsonic flight and collaboration with prominent engineers resulted in significant technological advances and eventually to the development of preliminary designs for aircraft that could reenter the earth's atmosphere such as the NASA's space shuttle. Kartveli went on to design several new important commercial aircraft but not all of them met with success and the company was left in precarious financial position.

THE F-84 AND SUPERSONIC DESIGNS

However the F-84 jet fighter-bomber returned Republic to profitability. The company built three main varieties of this plane to replace the P-47. The Thunderjet was a high-performance aircraft, and

briefly set an American speed record, flying at 611 miles per hour. The last in the Thunderjet series, the F-84G, could deploy nuclear weapons and was the first fighter capable of in-flight refueling. Used by American forces in Korea, by NATO troops, and by some nonaligned nations, approximately 4,450 Thunderjets were built between 1947 and 1953.

At the same time that Republic was working on the F-84, Kartveli and his team were designing Republic's first swept-wing plane, a high-speed experimental interceptor designated the XF-91 Thunderceptor. Begun in 1946, it was America's first combat-type fighter to fly faster than the speed of sound. In December 1951, it became the first U.S. combat aircraft to go supersonic in level flight. The Thunderceptor never went into production but it led to further developments

in advanced fighter technology.

An even more far-reaching prospect was in view at Republic Aviation under Kartveli's direction. Powered by experimental ramjet technology, the XF-103 was to fly at Mach 3.7, nearly 2,500 miles per hour (mph) with a sustained ceiling of 75,000 feet.

Kartveli set Mach 7, or 5,000 mph, as an achievable goal. He anticipated achieving this speed with another bomber design that was to cruise at 120,000 feet. Propulsion was to come from two turbojets and two ramjets, with this concept pressing the limits of subsonic combustion. This was one of the stepping-stone for orbital aircraft and the basis of the NASA space shuttle.

THE F-105

In 1951, Republic began to develop

a supersonic fighter-bomber to replace the F-84F. The F-105 Thunderchief, also nicknamed "Thud" (some say with affection and others say because the plane was too heavy), made its first flight on October 22, 1955, although the first production version, the F-105B, was not delivered until May 1958. This supersonic aircraft had an internal bomb bay, the first ever on a fighter aircraft, and was capable of deploying nuclear weapons. It was the heaviest and most complex fighter used by the Air Force to date.

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An F105 with the full range of munitions display at the Republic Aviation Plant





Georgian Fashion in Vogue

WITH TWO GEORGIAN DESIGNERS HEADING TWO EUROPEAN FASHION HOUSES AND THE ANNUAL MERCEDES BENZ FASHION WEEK TBILISI INSPIRING PAGES OF COVERAGE FOR LOCAL DESIGNERS IN MAJOR INTERNATIONAL FASHION MAGAZINES, COULD GEORGIAN FASHION FINALLY BE HITTING THE MAINSTREAM?

DIANA KVARIANI

IN CASE YOU MISSED IT, VOGUE MAGAZINE IS A LITTLE IN LOVE WITH GEORGIA

The fashionista's go-to journal published daily missives on Georgia's fashion scene in November, doting on everything from the country's designers and handcrafted shoe culture to its bazaars and beauty treatments.

Vogue is not alone in its new adoration for the *je ne sais quoi* of Georgian fashion. From Paris to New York, Georgian designers are picking up accolades and international press.

The New York Times gave Georgian-born designer David Koma – a go-to name for Hollywood It Girls – a tentative thumbs up, saying “the tulle ruffles of a tutu, scattered Swarovski crystals and zips in place of boning gave a fluid femininity” to his Spring 2016 line. French power house Balenciaga named Tbilisi-native Demna Gvasalia as its new creative director in October.

SOMETHING “CREATIVE AND UNKNOWN”

While both men have been building their careers outside of Georgia for years, international interest in their success could help throw a spotlight on the country's unique fashion world, noted Georgian designer Diana Kvariani.

“I think everyone wants to know about the country of Demna Gvasalia, Balenciaga's new creative director. Also, the fashion world is changing. People are searching for something new, something creative and unknown. I think Georgia is full of these kinds of brands,” she said.

Kvariani, who studied in Italy and worked in Russia before returning to Tbilisi to create her Diana Kvariani label, said Georgia has had a strong reputation as a fashion center in the former Soviet Union for “many years”. Now, it is “new for the rest of the world,” she added.

One force pushing Georgian designers out to a wider audience is Sofia Tchkonია, the organizer of the Organizer of the BENEXT International Art and ARTGeorgia fashion festivals.

It was through Tchkonია that fashion writer Hili Perlson was introduced to Georgian fashion in 2014.

Perlson said she didn't know what to expect when Tchkonია invited her to Tbilisi, but she has been impressed by “the experimental spirit and talent of Georgian designers” during her visits to the capital.

“What struck me the most was the fact that each label managed to create an absolute clear, individual signature,” she said.

“I wouldn't say there's a common silhouette, combination of materials,

or techniques used that is identifiable among Georgian designers. Rather, there's a certain aesthetic sensibility that appears to me to be informed by a variety of influences and the ability to make those influences and inspirations entirely your own.”

LAYERING OF IDEAS AND FABRICS

In particular, Perlson pointed to Georgian designers' approach to layering.

“There's obviously great awareness to what's going on in the fashion capitals of the world, and many designers I've spoken to also studied abroad, but the approach to layering – of ideas as well as fabrics – is specific, clever and like nothing I've seen with young designers elsewhere,” she said.

Perlson compared Tbilisi's fashion scene to that of Antwerp, a city famous for its fashion academy and its experimental fashion.

“It takes guts to follow something as risky as “your own vision” rather than quotes of what's already selling well,” she said.

“My first impression was that this is a new generation of designers who are establishing a scene that didn't exist as such in Tbilisi before; a generation that grew up in a time of political turmoil, economic strife, and blackouts, and who are now creating something new, without playing it safe.”

Kvariani agreed that Georgian designers are “not afraid to experiment.”

“Georgian fashion is unique because it has its world in fashion. Georgians are not afraid to experiment. Every designer in Georgia has his or her own style, no one is alike. That is incredible for such a small country,” she said.



Counsel you can trust

NEW REGULATION FOR FOREIGN EMPLOYEES

On 17th August, 2015, the Government of Georgia adopted a new regulation regarding the employment of a working immigrant (foreign individual without a permit to permanently reside in Georgia) in Georgia by a local employer. The regulation aims to establish particular conditions and guarantees for working immigrants employed in Georgia.

According to the regulation, the employment of a working immigrant can be carried out only on the basis of a labor contract executed between the working immigrant and a local employer. A Labor agreement made between the local employer and the working immigrant shall be concluded in writing and it shall include specific terms defined by the regulation. Such labor agreement may be formed only for a determined period of time. Furthermore, after execution of the labor contract, the local employer is obliged to inform LEPL Social Service Agency within 30 calendar days.

Above mentioned regulation came into force on 1st November, 2015 and applies only to the contracts that are concluded on and after such date.

LANDMARK DECISION OF THE SUPREME COURT OF GEORGIA

The Supreme Court of Georgia recently delivered an important decision concerning director's and partner's liabilities for company's obligations in the limited liability company.

The Supreme Court of Georgia clarified that separate legal personality of the company can be disregarded when partners abuse legal forms of limitation of liability. In this case, partners have abused their power to evade outstanding tax liabilities of the company. For this reason, tax authority was also entitled to claim damages from the shareholders of the company.

In addition, the court also addressed the grounds for director's liabilities. According to Supreme Court of Georgia, director may not evade tax liabilities, even if the decision is beneficial for the company. Directors shall always act in company's best financial interest, but not unlawfully. If they fail to fulfill this obligation, they will be jointly and severally liable for the damages incurred by the company.

Not only had Supreme Court reversed the previously established practice, but also suggested new interpretation of some of the most important rules and legal concepts. The decision of the Supreme Court is hotly debated in the circles of the business legal community.

MORATORIUM OF THE CONSTITUTIONAL COURT OF GEORGIA

Constitutional Court of Georgia has temporarily suspended activity of three very important articles of Civil Procedures Code of Georgia, dealing with interim measures.

Parties to the court proceedings will no longer be entitled to request immediate enforcement of judgment caused by extraordinary circumstances, falling under the scope of the Art.268 (1)(g) of the code.

Furthermore, suspension also applies to the first sentence of Art.198 (3) and Art.271 f the code. Namely, application of discretionary interim measures, not precisely listed in the code.

The rulings have caused significant public controversy. While the part of the experts highly criticizes judgments for their lack of justification, others describe these decisions as examples of successful judicial interpretation.

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AmCham Luncheon meeting with Dimitry Kumsishvili, Minister of Economy and Sustainable Development of Georgia



AmCham Georgia hosted a Member luncheon with Dimitry Kumsishvili, Minister of Economy and Sustainable Development of Georgia on December the 2nd, at Holiday Inn. Mr. Kumsishvili presented an overview of the Georgian economy which included a review of the current macro-economic environment, the attractiveness of the investment environment, the current and future prospects for international trade development and many other issues. He also highlighted the Ministry initiatives to stimulate growth in a wide range of sectors. The presentation was followed by a lively Q+A between members and the Minister.



Economic Platform Presentation: United National Movement



With the parliamentary elections coming next year, on November 12, AmCham continued its series of presentations by major political parties about their economic platforms with a talk by the United National Movement's (UNM)

Giga Bokeria and Zurab Tchiaberashvili.

The UNM's reform agenda is based on a core program to stimulate employment and economic activity. Specifically, they presented a plan to reduce tax rates; reduce the country's fiscal footprint by

1.4 billion lari; reduce bureaucracy and regulations; and introduce means-tested and highly targeted welfare and social spending.

A lively question and answer period followed the presentation.

Economic Platform Presentation: Free Democrats



With the parliamentary elections coming next year, AmCham has arranged a series of events to allow the major political parties to showcase their economic platforms. AmCham hosted the Free Democrats party on October 29.

The Free Democrats were represented by Irakli Alasania, Vasil Revishvili and Davit Onoprishvili, who updated AmCham members about their economic policy initiatives and shared their vision on economic development of Georgia. The meeting was followed by an open discussion. AmCham guests enjoyed wine and private conversations with representatives of Free Democrats.

US Ambassador Ian Kelly Meets AmCham Members

Ian C. Kelly, United States Ambassador to Georgia, spoke with AmCham members for the first time since starting his post in Tbilisi, at the Chamber's annual meeting on November 2.

Badri Japaridze, Vice Chair of the Supervisory Board of TBC Bank, was re-elected to the AmCham Board of Directors at the meeting. Andrew Coxshall, Managing Partner of KPMG, was elected as a new member of the board.

Andrew Coxshall has over 27 years of experience in audit, accounting, tax and advisory services in more than 10 countries around the world. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Chartered Institute of Taxation, is a Registered Auditor in Georgia and has an MBA from Herriot Watt University in Scotland. He has been a Trustee of the Eurasia Partnership for over 5 years. He is also the Tax Chair of the Commercial Law and Tax Committee of AmCham.

"I am delighted to have been elected to the Board of AmCham Georgia and believe that I can add value to the Board, serve the interests of members and will work hard to help improve the business environment in Georgia," said Coxshall.

Badri Japaridze has served as a valuable Board Member of AmCham Georgia since 2002 and has helped steer the



Chamber to become the most effective and respected private voluntary business associations in Georgia. Japaridze is co-founder of IDS Borjomi Georgia, and Vice-Chairman of the Supervisory Board of JSC TBC Bank since 1996. He is also a member of the Supervisory Board of GRDC as well as the EU-Georgian Business Council and Geoplant. A graduate of an executive course at the London School of Economics and Political Science, he is the chairman at several Georgian organizations, including the Supervisory Board of TBC Kredit, TBC

Leasing, Bank Constanta and the Board of TBC TV LLC. AmCham President Sarah Williamson congratulated both Coxshall and Japaridze on their election, saying, "We extend a warm welcome to Andrew, and are pleased to have Badri return for another term on our Board. It is an honor for me to work with both of them as AmCham continues to advocate for a strong pro-business environment in Georgia." Ambassador Kelly's talk was met with much enthusiasm and was followed by an engaging and candid question and answer session.

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LEAVINGSTONE

“Batman in a Chokha”

INTERNATIONAL AWARD-WINNING LEAVINGSTONE, A DIGITAL MARKETING AND APPLICATION DEVELOPMENT SERVICES COMPANY BASED IN GEORGIA, IS MAKING WAVES WITH ITS INNOVATIVE AD CAMPAIGNS. INVESTOR.GE SPOKE WITH LEVAN LEPSVERIDZE, THE COMPANY’S CREATIVE DIRECTOR, ABOUT MIXING GEORGIAN TRADITIONS WITH SOCIAL MEDIA AND POP CULTURE AND ITS RECENT CANNES LION PRIZE.

Leavingstone has evolved from a Facebook page management service into an international award-winning digital marketing firm in just five years.

The key to the company’s success, according to its Creative Director, Levan Lepsveridze, is its ability to mix “Georgian culture elements with worldwide pop culture trends.”

“As we see, there are only few companies that care about branding, and often marketers do not pay enough attention to their marketing campaigns’ results. But we are seeing a positive trend, as more and more companies are interested in outstanding marketing campaigns. With the help of social media, now marketing managers clearly see results of our outstanding innovative approach,” he said.

“We call it the philosophy of “Batman in a Chokha” (Batman wearing the traditional Georgian costume), as the representation of two opposite polarities united in one image . . . we always use aspects of the Georgian psyche together with unique internet trends.”

GEORGIAN BEER FOR 34 LARI

This philosophy helped launch Beer 34 and introduced Georgian “beer fanatics” to a new, locally produced beer.

The campaign had to convince beer lovers that a Georgian-made beer could compete against international brands.

Lepsveridze said that, in order to capture the attention of beer fanatics, the campaign started by pricing Beer 34 at 34 lari a bottle – an incredibly high price for a domestic beer.

Leavingstone tracked the sales, identifying which Georgian beer lovers were willing to take the risk.

“In five days, we tracked the first heroes to buy [Beer] 34 and built their personal statues,” he said.

“We did set an extremely high price to get attention of true beer lovers. This news spread across social media like a bomb.”

The campaign also helped Leavingstone become the first Georgian company to win a Lion prize at the Cannes Lions Festival.

“We are very proud of our prize, as it was the first Georgian Lion in the history of Cannes Lions Festival. It stressed that Leavingstone has ability to do creative campaigns as well as the world’s leading agencies,” Lepsveridze said.

BORJOMI ABROAD

The team has also produced international campaigns for Georgian companies seeking to strengthen their products’ brands abroad.

Specifically, Leavingstone incorporated Georgians’ love for Borjomi mineral water and its diverse émigré population for a New Year’s campaign, “Our Message to the World.”

Georgian emigrants in three European cities, Paris, Vienna and Budapest, received care packages for New Year’s from Borjomi. Inside was a smorgasbord of Georgian goodies, including, of course, Borjomi, as well as *churchkhela* – nuts covered in dried grape pudding – and a traditional Georgian table cloth, the *supra*.

The footage that emerged is touching – families crowding around the wooden boxes, joyfully recounting past New Years at home in Georgia as each present is unwrapped.

“Our goal was to reach Georgians who live abroad and bring the Georgian New Year to them. It was a wonderful way to link the Georgian New Year with Borjomi,” Lepsveridze said.

“We were counting on Georgian pride, to see their beloved brand acting abroad for Georgians. And it worked; Georgians loved our intention.”

Noblet Media CIS Launches A New Business Division - Etiquette & Protocol School

Full-service marketing and communications company Noblet Media CIS announces the launch of a new service in Georgia, the "Noblet CIS Etiquette and Protocol School."

There is nothing similar to the new school in the South Caucasus or Eastern Europe, and it is designed to meet the demands of the growing business environment in the region. It is worth mentioning that the past two years were very important for Georgia socio-economically and internationally: in September 2014, a free trade area (DCFTA) between EU and Georgia was set up as a part of the Georgia-EU Association Agreement with the aim of gradually integrating Georgia's economy with the European economy, as well as offering benefits for people and businesses.

With the DCFTA agreement, Georgian companies and service providers have the chance to develop their businesses beyond

programs for international companies usually include, but are not necessarily limited to, three main areas:

- Outclass the competition
- Business etiquette and protocol
- How to succeed in the international arena
- Cultural differences in business etiquette and protocol
- Dine like a diplomat
- Dining etiquette and protocol

"For the businessman and top manager, it is indispensable to be self-confident and focused on the international arena. Basic knowledge of international etiquette and protocol has long become a fundamental need, especially in the highly competitive international world where communication skills play a crucial role in conducting business," remarks Zhenya Pankratieva, CEO of Noblet Media CIS.

Training will be conducted by Zhenya Pankratieva, who has completed a course and received the status of Corporate Etiquette and International Protocol Consultant at the Protocol School of Washington® (USA).

The Protocol School of Washington® has been a global leader in business etiquette, reputation and teaching international protocol for more than 20 years now. It has been recognized as the most trusted brand in the industry. The Protocol School of Washington® has been ACCET (Accrediting Council for Continuing Education and Training) accredited (www.ACCET.org) as the first and only accredited school of its kind in the country. ACCET has official recognition by the U.S. Department of Education.

Noblet Media is a full service Marketing & Communications Company in the CIS, founded in 2004 in Kyiv and operating in seven CIS countries. Noblet Media is the only PR-network in the CIS that is affiliated and partnered with Edelman, the world's biggest independent PR

company and a member of a range of powerful international organizations. The company provides a full range of professional PR services using both Ukrainian and adapted foreign experience. Since its establishment, the company has implemented over 1,000 projects in virtually every business field, developed dozens of programs and strategies for their customers, held over 300 press conferences, about 60 new product launches, over 70 trainings and educational events, and issued 10 corporate editions. According to the Ukrainian Advertising Coalition and Marketing Media Review, the company was named as #1 International Agency for 2012–2013 and ranked in the top 3 in 2014.

Noblet Media has operated in the Georgian market since 2011 as a PR and marketing service. The portfolio of the company is very diverse and consists of a wide range of companies/organizations, including the EU Delegation to Georgia, EBRD SBS, satellite operator SES (project: MagtiSat), PayPal, MasterCard, Bosch and IDS Borjomi.



their borders, throughout the European network.

Noblet Media CIS launched the "Noblet CIS Etiquette and Protocol School" in Georgia to contribute to this important process and meet the market demands for new services to assist Georgian businesses to develop professionally and ensure their smooth integration into the European business community.

Earlier this year, the "Noblet CIS Etiquette and Protocol School" was successfully launched in Ukraine and a number of trainings have been already conducted for large Ukrainian enterprises, as well as individuals. Now the company is offering training courses for the Georgian business sector, generally for top and mid-level management from large companies, as well as for individuals.

The "Noblet CIS Etiquette and Protocol School" is currently ready to welcome all interested candidates and host its first classes upon request.

The new department is designed to offer trainings in the field of international corporate etiquette and protocol. The training

Making the Most of the DCFTA for Georgia, Ukraine and Moldova

INTERVIEW WITH NINO SAMVELIDZE, MANAGER OF THE PROJECT, EU PROGRAMS MANAGER AT PMCG.



PMCG, an international development consulting company, recently organized a knowledge sharing conference in Chisinau, Moldova, Making the Most of the DCFTA.

The event was supported by the International Visegrad Fund and aimed to assist Moldovan and Georgian businesses, entrepreneurs and government bodies to strengthen their dialogue on the opportunities presented by the signature of the Association Agreement (AA), potential costs and benefit of the implementation of DCFTA, and the resolution of practical issues related to accessing European markets.

Cecilia Malmstrom, EU Commissioner for trade; Luc Devigne, Head of EU Commission Unit Russia, CIS, Ukraine, Western Balkans, EFTA, EEA and Turkey; as well as other high-ranking officials and people with experience in the DCFTA implementation process from Georgia, Moldova, Poland, Czech Republic, Slovakia, Hungary and Ukraine shared their experience and opinions about the EU approximation process.

International development partners and institutions - EC, USAID, WB, EBRD, IFC, GIZ, UNDP - also participated.

Q: What was the major outcome of the conference?

A: The conference stressed the benefits of the implementation of DCFTA for Georgian, Moldovan and Ukrainian SMEs in terms of new business possibilities and increased export opportunities. There are



also several questions since there are risks and challenges to the process of economic approximation.

DCFTA has a political context for these countries, and its proper implementation is important. It is essential to have regular consultations with the private sector.

DCFTA largely incorporates the adoption of European norms and standards. So it is essential to empower the private sector's capacity and awareness of the compliance requirements.

Knowing the rules and regulations does not necessarily mean that SMEs can adopt the necessary changes right away, however. External assistance is necessary to develop a strategy and implementation plan for compliance with the legislation that is applicable for the product they produce or sell.

Q: What major challenges were stressed for Georgia, Moldova and Ukraine in the approximation process?

A: One of the challenges stressed by Visegrad countries was local SMEs' lack of opportunity to catch up with the increased competition.

To deal with this challenge, Visegrad countries advised Georgia, Ukraine and Moldova to introduce reforms to liberate their economies and to effectively use financial support from the EU and international development organizations.

There are three main types assistance that donors offer:

1. Budget support
2. Technical assistance
3. Credit Lines:

In this case international banks like The World Bank, European Bank for Reconstruction and Development (EBRD) and etc. give a large amount credits to the banks operating in the local markets to allocate to SMEs at lower rates.

The key to deal with these challenges is to raise SMEs' awareness about the opportunities DCFTA offers, using regular communication and dialogue between

the public and private sectors.

Q: How will such conferences benefit the business community in Georgia?

A: DCFTA implementation may bring a quick legislative approximation process, which could hinder the liberal economic development of the country.

DCFTA implementation will bring the world's largest market of 500 million, which is stable, so local businesses will have easier access to lower-rate investments.

On the other hand, Georgia will become more attractive for other countries which don't have access to the European market for production, so it'll obtain the function of hub to the largest market. Finally, in the mid- and long- term, it will be positively reflected in local economies and the living standards of the citizens.

International donors attending the conference declared that their priority is to support these countries in the process of EU integration.

Cecilia Malmstrom, EU Commissioner for Trade, and Luc Devigne, Head of EU Commission Unit Russia, CIS, Ukraine, Western Balkans, EFTA, EEA and Turkey, recommended that Georgia, Ukraine and Moldova should make the most of the opportunities DCFTA offers and implement reforms so the business environment improves, and businesses are encouraged to export to European markets.

Conferences and meetings like this play an important role in this process, since they provide a platform for an open dialogue between key stakeholders, including governments; the business community and international development organizations.

We are proud to be part of this process and assist institutions in capacity development and economic reform. We continue to support of the EU approximation agenda of Georgia, Moldova and Ukraine and provide policy advice in various areas of the Association Agreement Agenda.



From left to right:

Silvia Radu – resident, GAS NATURAL FENOSA; President, EBA Moldova

H.E. Ambassador Pirkka TAPIOLA – Head of the European Union Delegation to Moldova

Cecilia Malmstrom – EU Commissioner Trade

Mr. Octavian CALMIC – Deputy Minister of Economy, Republic of Moldova



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Avis Rent a Car System is the world's largest car rental company, providing business and leisure customers with a wide range of services at more than 4,000 locations worldwide. Avis is recognized as the industry leader in applying new technologies and is one of the world's top brands for customer loyalty. Avis Georgia has been presented in the Georgian car rental market since 1999. Leading three rental locations: Tbilisi International Airport, Courtyard by Marriott Tbilisi, and Batumi airport. Short-term car rental, medium- and long-term rental of vehicles. The company cooperates with various international organizations, companies, main projects active in Georgia and embassies.

avis.ge



BHP International Corp A

BHP International provides Cost Management, Project Management, Quantity Surveying, Project Monitoring, Lender's Supervision and Construction consultancy Services to many clients throughout Central and East European regions on projects ranging in size from US \$10,000 to US \$100 million.

bhp-int.com



Construction Service LLC Corp A

Construction Service LLC was found in 2012 and is a legal successor of famous 3MK, which was the largest structural steel producer in the South Caucasus region from the Soviet period.

- Manufacturing of metal constructions in several spheres, including assembling, constructing and installing on the construction site.

- The company has it's own design bureau, which is staffed by highly-qualified engineers and designers, with more than 20 years of professional experience.

- LLC has a certified management and HSE policy, introduced according to laws meeting international standards.

Synthesis of the experience and modern technology generate opportunities that meet all modern requirements.

cs.ge



Ronny's Ltd. Corp A

Ronny's serves real American pizza. There are now two eat-in locations, one at Vaja-Pshavela #3 in Saburtalo, and one at Paliashvili #43 in Vake. In addition, Ronny's conveniently delivers to homes and offices across Tbilisi. Fundamentally, pizza is about dough, sauce and cheese, but Ronny's pizza is also about people - owners, team members, customers, suppliers - building a business that builds communities. Entrepreneuried from scratch, Ronny's is committed to freedom, integrity and deliciousness.

(P.S. Now you can order online directly from Facebook or www.ronnyspizza.com.)

ronnyspizza.com



Savaneti 99 Ltd. Corp A

Meat, fish and egg manufacturing.

savaneti.ge



BMC Gorgia Corp B

Gorgia was founded in 1998 and is one of the first DIY retailer on Georgian market specialized in building and construction materials distribution and retail sales. Today Gorgia is the largest home improvement specialty retailer group in the Caucasus region. Through its strong distribution chain, Gorgia sells its imported building materials in Georgia, Armenia, Azerbaijan, Ukraine and Kazakhstan and has its own production of pipes. The distribution network includes about 1500 shops in Georgia. Corporate sales provide about 1000 building units. In the Georgian retail market Gorgia is presented by two brands: Hypermarket Gorgia and Gorgia Premium. Gorgia is represented by brand shops in the country's biggest cities: Tbilisi, Kutaisi, Batumi.

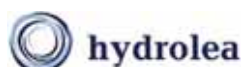
gorgia.ge



Evex Medical Corporation JSC Corp B

Evex Medical Corporation JSC is the largest chain of hospitals country-wide, currently represented with 43 clinics in 6 regions of Georgia. Hospitals organized in regional clusters and referral hierarchy within cluster enables Evex to provide continuous patient treatment pathway from outpatient clinics to multi-profile referral or specialized hospitals.

evex.ge



Hydrolea LLC Corp B

Hydrolea LLC is focused on developing, constructing and operating small to mid-size HPPs in Georgia.



Poti Free Industrial Zone Corp B

Poti Free Industrial is spread over 3.0 mln sqm where the majority of land is offered for industrial usage. The great advantage of our FIZ is being adjutant to one of the most important ports on Black sea – Poti Sea Port. Poti Sea Port is one of the oldest (150 years) and most famous sea ports in the Black Sea, handling both dry and wet cargos. It's a profitable port which is expanding. Poti FIZ has experienced stable growth in recent years and currently more than 100 operating companies from different parts of the world continue to enjoy numerous benefits and are expanding their businesses in Poti FIZ. The investors represent various sectors, such as manufacturing of chemical products, spirits, perfume ingredients, production of building materials, warehousing, international and regional trading, etc.

potifreezone.ge



University of Georgia Corp B

University of Georgia (UG) is the largest private educational institution in Georgia. Throughout the past decade, the improvement of the quality of education in Georgia has been one of the top priorities. In this framework, the aim of UG has always been to develop and maintain high academic standards, as well as a high quality of student life, for the benefit of both its students and community. UG offers a wide range of courses and programs, containing faculties of: Law, Business, Economics and Management; Health Sciences and Public Health (including nursing, dental, pharmacy); IT, Engineering and Mathematics; Social Sciences; and Humanities. UG has assembled laboratories, IT roomsm simulation courtroom, and historical facilities to create a superior learning environment where students are able to gain theoretical knowledge and develop practical skills.

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 www.roomshotels.com

■ Rustavi Azot Ltd.
 2 Mshvidoba St. Rustavi-3702
 Tel: 995341270900
 www.azot.ge

■ Rustavi Steel LLC
 12 Y. Gagarin St., 3700 Rustavi
 Tel/Fax: 260 66 99
 www.rmp.ge

■ Sayali Ltd.
 6 Ushangi Chkheidze St.
 Tel: 2951212;
 www.sayali.ge

■ Silknet Ltd.
 95 Tsinamdzgvrishvili St.
 Tel: 2910345;
 www.silknet.com

■ SRG Investments LLC
 49a Chavchavadze Ave, 3rd floor
 Tel: 2253581
 www.silkroad.ge

■ Statoil
 GMT Plaza, 4 Freedom Sq.
 Tel: 2471002
 www.statoil.com

■ Tbilisi View
 4a, Freedom Sq.
 Tel: 2999980
 www.tbilisiview.ge

■ Teliani Valley JSC
 2 Marshal Gelovani Ave.
 Tel: 2313245; Fax: 2313249
 www.telianivalley.com

■ Theco Ltd.
 16 Chikovani St.
 Tel: 592107515
 www.tbilisira.ru

■ University of Georgia
 77a Kostava St.
 Tel: 2552222
 www.ug.edu.ge

■ VD Capital
 77 Kostava St., 0175
 Tel: 2363672; Fax: 2364302

■ Wings and Freeman Capital
 Green Building, 6, Marjanishvili St.
 Tel: 2940051; Fax: 2940053
 www.wfcapital.ge

■ Wissol Georgia
 74b Chavchavadze Ave.
 Tel: 2915315; Fax: 2915615
 www.wissol.ge

NON-PROFIT ORGANIZATIONS

■ Agricultural University of Georgia
 140 David Aghmashenebeli Alley
 Tel: 2594901
 www.agruni.edu.ge

■ American Friends of Georgia
 77 Nutsbidze St.
 Tel: 2397174; Fax: 2388495
 www.afgeorgia.org

■ CARE International in the Caucasus
 37 Tsagareli St., 0162
 Tel: 2291941
 www.care-caucasus.org.ge

■ Eurasia Partnership Foundation
 3 Kavsadze Str.
 Tel: 2253942; Fax: 2252763 (ext. 112)
 www.epfound.org

■ Free University of Tbilisi
 140 David Agmashenebeli Alley
 Tel: 2200901
 www.freeuni.edu.ge

■ Georgian Wine Association
 12 Mtatsminda St.
 Tel: 2505456

■ Good Governance Initiative
 Pixel Center, 8th Floor, 34, Chavchavadze Ave.
 Tel: 2243111
 www.ggi.ge

■ QSI International School of Georgia
 Village Zurgovani, Tbilisi
 Tel: 2537670; Fax: 2322607
 www.qsi.org

■ Salvation Army
 16 Ikalto St.
 Tel: 2333786; Fax: 2330227
 www.salvationarmy.org

■ San Diego State University - Georgia
 3 Chavchavadze Ave.
 Tel: 2290820
 www.sdsu.edu

■ Transparency International Georgia
 26 Rustaveli Ave. 0108
 Tel: 2932129
 www.transparency.ge

AMCHAM HOSTS LUNCH WITH U.S. STATE DEPARTMENT DELEGATION

AMCHAM BOARD HOSTED A LUNCH WITH U.S. DEPUTY SECRETARY OF COMMERCE BRUCE ANDREWS AND A DELEGATION FROM THE U.S. STATE DEPARTMENT ON OCTOBER 15. THE DELEGATION WAS IN GEORGIA FOR THE SILK ROAD FORUM. THE DELEGATION DISCUSSED THE STATE OF THE ECONOMIC AND POLITICAL SITUATION IN GEORGIA WITH THE AMCHAM BOARD, AS WELL AS CURRENT OPPORTUNITIES AND CHALLENGES FACING THE BUSINESS COMMUNITY AND HOW THE U.S. GOVERNMENT CAN SUPPORT FUTURE BUSINESS ENVIRONMENT REFORM IN GEORGIA.





US AMBASSADOR IAN KELLY MEETS AMCHAM MEMBERS

IAN C. KELLY, UNITED STATES AMBASSADOR TO GEORGIA, SPOKE WITH AMCHAM MEMBERS FOR THE FIRST TIME SINCE STARTING HIS POST IN TBILISI, AT THE CHAMBER'S ANNUAL MEETING ON NOVEMBER 2.

BADRI JAPARIDZE, VICE CHAIR OF THE SUPERVISORY BOARD OF TBC BANK, WAS RE-ELECTED TO THE AMCHAM BOARD OF DIRECTORS AT THE MEETING. ANDREW COXSHALL, MANAGING PARTNER OF KPMG, WAS ELECTED AS A NEW MEMBER OF THE BOARD.



Board Of Directors 2015



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PRESIDENT



R. MICHAEL COWGILL
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VICE-PRESIDENT & TREASURER



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DIRECTOR



BADRI JAPARIDZE
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Saba Gvetadze and Salome Tkeshelashvili

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Levan Baratashvili

Magazine Design and Layout

Giorgi Megrelashvili

Writers

Maia Edilashvili, Lika Jorjoliani, Laurie Kelleher, Joseph Larsen, Richard Rubin, George Welton, Sarah Williamson, Heather Yundt, Nino Zubashvili.

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HAPPY NEW YEAR!



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Sea and multimodal cargo transportations:

- Organization of cargoes transportations in 20' and 40' feet containers
- Project and general cargoes transportation by vessels chartering and agency services;
- Implementation of terminal handling and crane operations and transit custom clearance at sea ports;
- Arrangement of local and international cargoes transportations on the "door to door" basis from the consignor's warehouse to the consignee's warehouse.

Rail services:

- Organization of railroad transportations within the territory of Kazakhstan, CIS countries, Western and Eastern Europe, China, Mongolia, Afghanistan;
- Out of gauge, oversized, long length and heavy-lift cargoes transportations;
- Development of schemes of loading and fixing on transport units and its arrangement at railroad administrative authorities;
- Organization of railroad cargoes transportations of temperature sensitive and other nonstandard cargoes;

Road transportation:

- Organization of FTL transportations;
- Organization of consolidated cargoes transportations;
- Organization of oversized, long length and heavy-lift cargoes transportation by road including provision with the required documentation;
- Organization of nonstandard road transportations: dangerous, fragile, perishable and temperature sensitive cargoes.

Airfreight services:

- Organization of international export and import cargo transportations;
- Implementation of international transit and transferring transportations;
- Implementation of cargoes express delivery;
- Organization of local air transportations including the shipments under customs control according to the "customs transit" procedure;
- Organization of transportations of nonstandard cargoes: dangerous, high-value, perishable and temperature sensitive cargoes;
- Chartering of the air crafts for international and local transportations.

Customs clearance and terminal handling:

- Implementation of customs clearance at dispatch and destination points;
- Consulting in determining of cargo HS code;
- Accompanying (invoices, packing lists, necessary certificates & etc.) documents control and consultations based on the requirements of customs authorities;
- Coordination and consultation for request of classification decisions for import of unassembled or disassembled goods;
- Cargo placement on customs bonded warehouse;
- Organization of cargo terminal handling at the railway stations and terminals;
- Cargo inspection and survey services;

Project Cargo: heavy- lift, out of gauge, oversized and long-length cargoes transportations

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WISHING YOU A HAPPY NEW YEAR!

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