

WHAT ARE THE PROSPECTS FOR
GEORGIAN OLIVES ON THE
INTERNATIONAL MARKET?

THE LONDON STOCK
EXCHANGE LIKES ITS
GEORGIAN TRIO

TECH-TAMADAS: HOW
GEORGIA HAS CLAIMED A
SEAT AT THE STARTUP *SUPRA*

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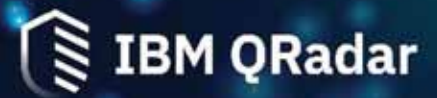
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INVESTMENT NEWS

INVESTOR.GE PROVIDES A BRIEF UPDATE ON INVESTMENTS AND CHANGES IN GOVERNMENT POLICY THAT COULD IMPACT THE BUSINESS ENVIRONMENT. INFORMATION IN THIS ISSUE WAS TAKEN FROM AGENDA.GE AND OTHER SOURCES.

SEVERAL COVID-19 RESTRICTIONS LIFTED IN FEBRUARY AND MARCH

Georgia's Interagency Coordination Council announced the easing of several Covid-19 restrictions in late January. Starting February 1, municipal transport, schools, shops and shopping centers will resume operations in the cities of Batumi, Zugdidi, Gori, Poti and Telavi. In Tbilisi, Kutaisi and Rustavi, only shops and shopping centers will reopen. In mid-February, open and closed markets will also be allowed to resume operations across Georgia. In March, schools, kindergartens, vocational and higher education facilities will also reopen, as will municipal transport.

GOVERNMENT ANNOUNCES LIFTING OF FLIGHT BANS

The Georgian government announced in late January that it would be lifting international flight bans as of February 1. Economy Minister Natia Turnava delivered the announcement, stating that, "all airline companies that have already operated or plan to enter the country's aviation market in the future will be able

to operate regular flights," noting that rules for visitors from different countries would be finalized in the coming weeks.

GEORGIAN 2021 STATE BUDGET APPROVED AT 18 BILLION GEL

Georgia will have a state budget of 18 billion GEL in 2021. The Georgian government will borrow 5.3 billion GEL from multilateral and bilateral donors and partners in external debt in 2021, states the final version of the state budget for 2021. 3.1 billion GEL will be spent on servicing external state debt, while 570 million GEL will be spent on servicing domestic state debt.

By the end of 2021, state debt is forecasted to stand at 33.68 billion GEL, consisting of external debt of 27.73 billion GEL and domestic debt of 5.95 billion GEL. The five largest recipients of budget funds will include: Ministry of IDPs from the Occupied Territories, Labor, Health and Social Affairs – 5.56 billion GEL; Ministry of Regional Development and Infrastructure – 2.42 billion GEL; Ministry of Education, Science, Culture and Sport – 1.8 billion GEL; Ministry of Defense – 900 million GEL, and; Ministry of Internal Affairs – 790 million GEL.

OVERVIEW OF EMPLOYMENT, AVERAGE SALARIES AND BUSINESS TURNOVER IN GEORGIAN ECONOMY IN Q3 2020

Third-quarter 2020 data shows the Georgian business sector employed 7.2% fewer individuals compared to the same period of 2019. The majority of people (46.9%) worked in small businesses, 42.5% were employed in large businesses, and the remaining 20.6% worked in medium-sized businesses, said the National Statistics Office of Georgia.

Meanwhile the average monthly



salary for a person employed in the business sector decreased by 10.3 GEL y/y in the third quarter of 2020 and totalled 1,305.9 GEL.

Average monthly salaries based on the size of business were as follows: medium-sized businesses: 1,487.6 GEL per month; large businesses: 1,297.2 GEL; small businesses: 1,186 GEL. The average monthly salary for women in the business sector was 998.3 GEL, which is 18.5 GEL more compared to the same period of 2018.

The turnover enjoyed by Georgia's business sector increased by 0.6% in the third quarter of 2020 and reached 29.2 billion GEL. Large businesses made up the majority of total turnover (57.1%), followed by small businesses (25.2%), and then medium-sized businesses (17.7%).

The trade sector had the highest share (38.3%) in the total turnover in business sector, followed by: arts, entertainment and recreation – 28.4%; manufacturing – 9.7%; construction – 7.9%; transportation and storage – 4.5%; electricity, gas, steam and air conditioning supply – 2.6%; other sectors – 8.7%.

GEORGIAN EXTERNAL TRADE AMOUNTS TO \$11.3 BILLION IN 2020

The trade deficit (an economic measure of the negative balance of trade in which a country's imports exceed its exports) amounted to \$4.66 billion and its share in trade turnover constituted 41.1%. Georgia's external trade turnover amounted to \$11.3 billion in 2020, which is a decrease of 14.8% compared to last year, show preliminary data from the National Statistics Office of Georgia (Geostat). The value of exports decreased 12% and amounted to \$3.34 billion, while imports decreased 15.9%, amounting to \$8 billion.



SWISS CHOCOLATE PRODUCER CAMILLE BLOCH ENTERS GEORGIA

Swiss chocolate producer Camille Bloch has entered Georgia with the support of Enterprise Georgia. Camille Bloch will plant 650 hectares of hazelnuts and build a processing plant, with a total project cost exceeding \$10 million. Camille Bloch has been in the chocolate business for 91 years.

WORLD BANK PREDICTS 4% GROWTH IN GEORGIAN ECONOMY IN 2021, GEORGIAN CENTRAL BANK FORECASTS 5%

World Bank data shows that Georgian GDP will have decreased by 6% in 2020, whereas the bank forecasts the Georgian economy to grow by 4% in 2021 and by 6% in 2022.

The bank writes that regional GDP in Europe and Central Asia is estimated to have contracted 2.9% over the past year, while this year the regional economy is forecast to expand only moderately, by 3.3%, "as the resurgence of COVID-19 cases causes persistent disruptions to activity." The global economy decreased

by 4.3% in 2020, says the World Bank, but is expected to expand by 4% in 2021, "assuming an initial COVID-19 vaccine rollout becomes widespread throughout the year."

Meanwhile, the governor of the National Bank of Georgia, Koba Gvenetadze, projects the Georgian economy will grow 5% in 2021. "We think that in 2021 the economy can grow 5%. Do not forget that a fiscal stimulus is also planned at a fairly high level, while lending activity is maintained. We have to take into account that it is very difficult to make predictions during the pandemic and there is a lot of uncertainty," Gvenetadze said.

GLOBAL SUSTAINABLE COMPETITIVENESS INDEX: GEORGIA RANKS 37TH AMONG 180 COUNTRIES

Georgia has ranked 37th among 180 countries in the 2020 Global Sustainable Competitiveness Index. The Global Sustainable Competitiveness Index measures the sustainable competitiveness of countries by calculating 116 measurable, quantitative indicators derived from sources such as the World Bank, the IMF, and various UN agencies.

DECEMBER 2020: CPI INDEX DOWN 1%, ANNUAL INFLATION AMOUNTS TO 2.4%

The Consumer Price Index, a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care, decreased by 1% in December 2020 compared to the previous month, while the annual inflation rate amounted to 2.4%, show data from the National Statistics Office of Georgia (GeoStat).

With regard to the annual core inflation rate (calculated by excluding the



- following groups of goods and services from the consumer basket: food and non-alcoholic beverages, energy, regulated tariffs, and transport) prices increased by 5.3%, while the annual core inflation rate without tobacco amounted to 4.9%.

The monthly inflation rate was mainly influenced by price changes for the following groups: monthly prices of housing, water, electricity, gas and other fuels decreased 22.0%, which contributed -1.89 percentage points to the monthly inflation rate.

Prices of food and non-alcoholic beverages increased by 2.1%, contributing 0.69 percentage points to the overall monthly inflation rate.

Prices were higher for the following subgroups: vegetables – 6.5%; milk, cheese and eggs – 4.2%; fruit and grapes – 3.8%; oils and fats – 3.5%, and; fish – 1.9%.

The price of transport increased by 2.4%, contributing 0.26 percentage points to the overall monthly inflation rate. Within the group, prices increased for operation of personal transport equip-

ment (4.1%). Along with this, prices decreased for the purchase of vehicles (-1.3%).

GEORGIA'S ENGURI HPP CLOSES FOR THREE MONTHS FOR REPAIRS, ABKHAZIA TO RECEIVE ELECTRICITY FROM RUSSIA

Starting January 20, the Enguri hydro power plant (HPP), the largest electricity producer supplying Georgia's Russian-occupied region of Abkhazia, has shut for repairs for three months.

Georgian Economy Minister Natia Turnava said that while the dam is closed Abkhazia will receive electricity imported from Russia: "Shutting down the Enguri HPP will not damage our energy system, as seasonal production is minimal at this time... Abkhazia will receive imported electricity from Russia and they will pay for it – we are not participating in this process."

Director of the Enguri HPP Levan Mebonia, said that during the shutdown of the HPP, Georgia will lose more than 400 million kWh of electricity. Renova-

tion of the Inguri HPP tunnel was postponed three times: first, the repair was planned for 2018, then for 2019. The next deadline was set for March 2020. The European Bank for Reconstruction and Development (EBRD) allocated a loan of €28 million for renovating the HPP in 2018. In addition, last year the EBRD allocated an additional €10 million for the project.

GEORGIAN ECONOMY SHRINKS 5.6% IN THE THIRD QUARTER OF 2020

Nominal gross domestic product (GDP) amounted to 13.33 billion GEL in the third quarter of 2020 in Georgia, with real GDP declining 5.6% year-on-year, show preliminary data from the National Statistics Office of Georgia (Geostat).

A decrease was registered in the following activities: accommodation and food service activities (-53.1%); transportation and storage (-25%); arts, entertainment and recreation (-32.4%); administrative and support service activities (-49%); professional, scientific and

technical activities (-12.5%), electricity, gas, steam and air conditioning supply (-11.5%), financial and insurance activities (-4.4%).

Real growth was registered in the following sectors: public administration and defense and compulsory social security (4.3%); human health and social work activities (6.6%);

education (5.6%); mining and quarrying (14.7%); construction (2%); and agriculture, forestry and fishing (1.5%).

DECEMBER 2020: MONEY TRANSFERS TO GEORGIA UP NEARLY 16%

Georgia received \$199.7 million in remittances from abroad in December 2020, which is 15.9% more than the amount it received in December 2019, says the National Bank of Georgia. More than one-third of money transfers (41.4%) come to Georgia from the European Union, which amounted to \$82.6 million in December 2020.

Russia (20.4%), Italy (15.9%) and Greece (11.2%) were the largest remit-

tance senders in December 2020. \$24.7 million was transferred from Georgia to foreign countries in December 2020, which is 3.4% less compared to the same period of the previous year.

GEORGIA THIRD IN TRANSPARENCY INTERNATIONAL'S GOVERNMENT DEFENSE INTEGRITY INDEX FOR CENTRAL, EASTERN EUROPE

Transparency International's Government Defense Integrity Index (GDI) for 2020 shows Georgia placed third in Central and Eastern Europe after Latvia and North Macedonia, with some of the least corruption risk in the region.

The GDI is designed to measure corruption risk in defense and security institutions. It assesses the existence, effectiveness, and enforcement of institutional safeguards against corruption across five key risk areas: financial, operational, personnel, political, and procurement. Georgia ranked third in politics, sixth in finance, and second in personnel, and second in the operational

category, while it took sixth place in terms of procurement.

Georgia received a score of 60 out of 100, placing it in the category of having "moderate risk of corruption in the field of defense."

In the ranking, 100 points indicate the lowest risk of corruption, while 0 indicates the highest risk. Five other countries from the Central and Eastern Europe region which also have a moderate risk of corruption according to the GDI index are Lithuania, Estonia, Poland, Bosnia and Herzegovina, and Northern Macedonia. Latvia received the highest score – 67 (low risk) and Azerbaijan the lowest – 15 (critical risk) in the region.

FDI DOWN ALMOST 24% IN THE THIRD QUARTER OF 2020

Foreign direct investment (FDI) in Georgia amounted to \$302.6 million in the third quarter of 2020, down 23.6% from the adjusted data of the same quarter of 2019, and up 25.2% from the preliminary data of the second quarter of 2020, show the latest data of the National Statistics Office of Georgia (Geostat).

"The decline of FDI figures in the third quarter of 2020 was mainly driven by a decrease in the hotel and restaurant (-\$28 million), transport (-\$21 million) and real estate (-\$16 million) sectors," said Geostat.

The top three countries that invested the most in Georgia in the third quarter of 2020 were as follows: the United Kingdom – \$117.7 million (38.9%), the Netherlands – \$79.3 million (26.2%) and the United States – \$24.2 million (8%).

The largest share of FDI was registered in the financial sector, reaching \$128.3 million in the third quarter of 2020, the energy sector was in second place with \$37.1 million, followed by the manufacturing sector with \$36.6 million.





Georgia's burgeoning clothing industry and the hurdles it faces in exports

ANA MEZVRISHVILI

Georgian clothing companies have made serious gains in recent years, with 2019 marking an all-time high in exports when, according to Geostat, \$56.9 million worth of clothing was exported from the country—a figure 53.2% higher than the previous year.

The gains have been steadily impressive: in 2009, exports of clothing from Georgia amounted to just \$37,190—a side note in the country's list of exports. Now, Georgian clothing makes for 1.5% of Georgian exports, and the industry employs thousands of people.

However, despite the ongoing growth, Georgian clothing companies oriented toward foreign markets are coming up against significant challenges.

The first and foremost challenge is for producers seeking entry into the EU market, for which they need a EUR.1 movement certificate. This certificate is used to certify the origin of a product and affords exported products the benefits of favorable trade terms under the Deep and Comprehensive Free Trade Agreement with the EU and the accompanying preferential trade policy.

Holding a EUR.1 movement certificate exempts a company from customs duties, without which competing on the

European market becomes significantly more difficult. Receiving a EUR.1 certificate is not difficult if a clothing company uses fabric originating in EU countries. Per diagonal cumulation, companies can also use fabric from Ukraine and/or the EFTA countries (Switzerland, Iceland, Norway and Liechtenstein), whose inputs do not add up to the allowed maximum quantity of non-domestic materials used in the production process.

The difficulty in receiving the certificate, the Revenue Service of Georgia told Investor.ge, is that many Georgian clothing producers receive their main inputs from Turkey. Goods produced from originating materials in one FTA country, in this case Turkey, and further processed in another, in this case Georgia, could thus theoretically then be exported back to the EU under preferential treatment.

However, the Revenue Service notes:

“As Turkey-Georgia-EU diagonal cumulation is not yet valid, the raw material must undergo sufficient processing, under the provisions of Article 5 of Annex I to the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin [to be valid for the Eur.1 certificate.]”

While a diagonal cumulation provision exists in the FTAs between Georgia, Turkey and the EU, Turkey on its end has yet to ratify the clause, perhaps weary of

losing a fraction of its market share to enterprises which may find production in Georgia cheaper and the investment environment more welcoming.

Taken together, these provisions strip exports to the EU of preferred trade status if their foreign inputs are worth more than 40% of the final product value. This is especially a problem for ‘cut-make-trim’ (CMT) producers, for whom inputs are usually around 50%.

Talk about Turkey ratifying the diagonal cumulation clause in its FTAs with Georgia and the EU has sounded on multiple occasions in the last five years, but so far without result.

One company that has faced this problem is children's clothing brand Spilow. Founder Sopho Chkhaidze told Investor.ge that since the company mainly imports raw materials for clothing from Turkey, it is difficult to obtain a EUR.1 movement certificate.

“Our customers know about the DCFTA between Georgia and the EU, but they do not expect to pay VAT when they import our product and are unpleasantly surprised when they have to do so at customs,” says Chkhaidze, noting that entering the European market is very important for local producers seeking to diversify.

“The state should aim to remove any unnecessary complications. Despite the difficulties with the certificate, we do have foreign partners, but we constantly feel that due to these unplanned costs, clients will not want to make a second order. Therefore, we wish the state would help us to solve this problem promptly,” Chkhaidze said.

Georgian clothing producers also talk about difficulties faced by medium- and small-sized businesses in sourcing capital, and say more state support would help them break through significant barriers by investing in brands with export

potential. This problem is familiar to the clothing brand Person, which offers customers women's and men's clothing and has been operating on the market since 2016.

"Many Georgian startups have emerged, but we are not just competing with Georgian brands. We are competing with any foreign brand present on the market. However, the behavior of Georgian consumers has changed and they want to buy Georgian products, which is very good. In my opinion, it would be good if there were state organs that would further encourage brands with export potential," Levan Berdzenishvili, the director of Persona, said in an interview with Investor.ge.

Berdzenishvili says funding has become especially more difficult to secure during the pandemic.

"The problems that the business faced due to the coronavirus pandemic are still relevant. In our case, we had to delay the release of a baby clothing line. It was planned in March, but the coronavirus got in the way. Nevertheless, we managed to release this line later, because we understand its importance for the sustainability of the business. Also, due to the situation in the world, we try to stay up-to-date and have added face masks to our collections," said Berdzenishvili.

Government agencies have responded to the call in 2020 through Enterprise Georgia, offering renewed co-financing and leasing programs and a credit guarantee mechanism strengthened and expanded as a measure to counter the economic effects of the pandemic.

Spilow's Chkhaidze commented:

"Access to finance is what we need most. We have a startup business loan from Enterprise Georgia's Produce in Georgia program, which has helped us take a leap forward. A year ago, they helped us attend an international exhibition and meet many people.

We had small exports to Beirut, our products were sold in London, on farfit.com. When you enter this field, you want more and more. Children's clothing is perceived with skepticism; trust plays a big role because it is for children. To export our clothes, we are looking for finances to make a big step forward and broaden our possibilities. Otherwise, it is difficult for small companies," Chkhaidze said.

Despite these barriers, one reason for optimism about the medium term is the fact the country has the appropriate design skills to move up the apparel value chain. This could be done by leveraging Georgia's vibrant fashion exports, as Georgia has put itself on the sector's map in the past decade. This has been helped by growth in local 'fashion weeks' as well as the success of several prominent Georgian designers on the international scene.

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Georgia's corporate bond market is ticking upwards - but for how long?

JOSEF GABMANN

Banks have traditionally been the main source of capital financing in Georgia, but the local corporate bond market has been posting impressive gains in recent years, and is buoying hopes that capital markets in the country at large will expand their offerings in the coming years as well.

As could be expected, 2020 was a difficult year for Georgia all around, but there were several high points. In July, Georgian Global utilities, a water and renewable energy holding company in Georgia, released the first-ever green bond issuance in the country, with \$250 million in eurobonds. Meanwhile, Kakhetian Georgian wine company KTW, a newcomer to a market generally stacked by a recurring array of familiar faces, issued \$10 million in bonds.

While activity lagged in 2020, 2018 and 2019 delivered extremely strong performances, with the market posting 63% and 47% growth respectively.

This is about more than access to financing for a select few companies: corporate bonds are an intrinsic part of any developed capital market, and offer an attractive alternative for Georgian companies looking to raise capital by helping them diversify away from traditional loans.

They are also a necessary option for large companies that can max out the

limits of single banks' risk tolerance for investment in a single entity. Moreover, bonds can offer alternatives for how to structure repayments, since they usually require payment at maturity and not before, unlike bank loans, which require consistent repayment on both interest and principal.

Bonds are good for market health as well, offering yet further directions for money to flow instead of them being directed toward the traditional safeholds of deposits and real estate, and thus put to more use, avoiding upward pressure on housing and development prices.

The table below gives an overview of the growth of the corporate bond market in recent years.

While the majority of these loans are corporate Eurobonds, from which the market began to grow in 2014, GEL bonds listed on both foreign and local exchanges have posted solid growth since around 2017.

Some of this growth is misleading; while they have grown in scale, Eurobonds continue to be dominated by financial institutions and state-owned enterprises, with Silknet, one of the country's largest communications operators, the only non-financial corporate to take advantage of this instrument in 2019.

TBC Capital Managing Director Meri Chachanidze confirms why: "Local currency placements are primarily bought by financial institutions, not retail investors,

because only they can do repo [repurchase] operations with the NBG [National Bank of Georgia]."

Unlike retail investors who have yet to stir up an appetite for GEL bonds, banks can use the bonds as collateral to get liquidity from the NBG in repo transactions, thus allowing them to significantly increase their yield.

One of the first to venture into corporate bonds in Georgia was Bank of Georgia brokerage Galt & Taggart (G&T), whose managing director Otari Sharikadze told Investor.ge that the corporate bond market began to take off in Georgia in 2014, after G&T began seeking an alternative to falling rates of USD deposits in the mid-2000s.

"The big question for us at the time was: if we only continue to offer deposit products to customers, we will lose them, because while 8% returns may justify the risk of investing in Georgia, 3% doesn't."

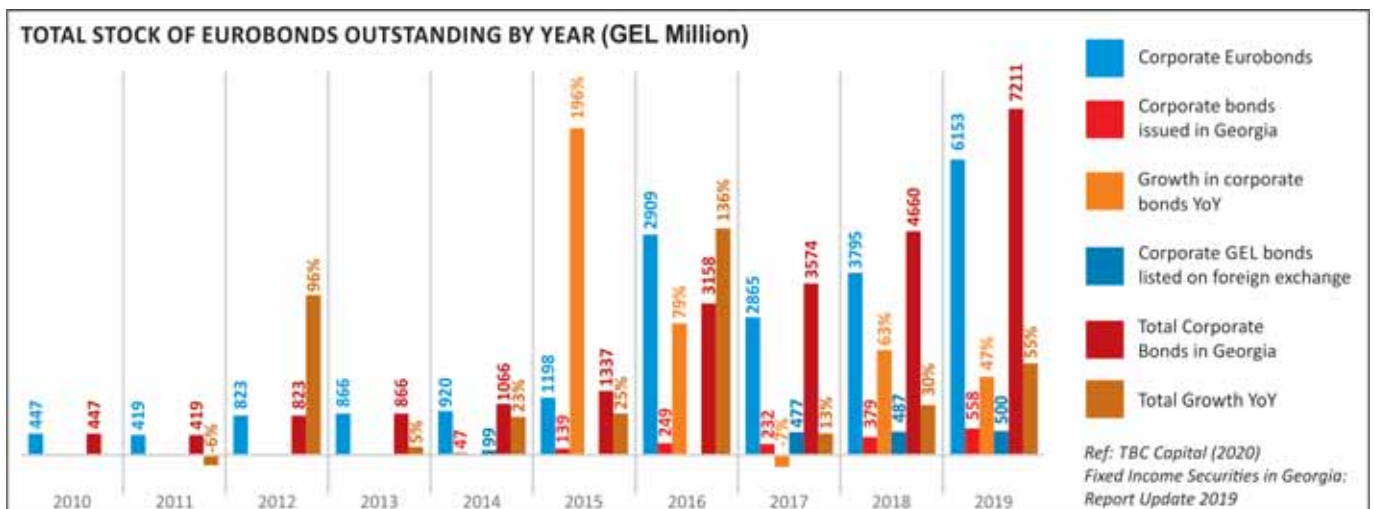
The most obvious choice of new product, Sharikadze says, was bonds, "because [Georgians] hate losing principal, and the product is easy to explain. The fact that they are generally short-term investments makes them an attractive investment option as well."

WHAT HAS HELPED PROPEL THE CORPORATE BOND MARKET FORWARD?

Markets require all sorts of conditions to be in place for growth, but two pieces of legislation in recent years have helped propel the market forward.

One change that has helped in particular are transparency requirements in place from 2016 that companies must abide by:

"New legislation in 2016 [On Accounting, Reporting and Auditing] made com-



panies of certain sizes report their audit statements, meaning they must be transparent. [This has stimulated the market because] if you are a public organization, this means that investors can get to know you, and this decreases the fear that they will encounter problems when investing with you," TBC Capital's Chachanidze told Investor.ge.

The second most important factor in recent years has come from the National Bank of Georgia allowing repo operations.

In 2016, the NBG established a set of regulations aimed at supporting development on the GEL bond market, enabling banks to use GEL corporate bonds as collateral for repo transactions and increase their liquidity, thus making banks and other commercial institutions a serious customer for the investment vehicle, incentivizing them to become active investors on the bond market.

HURDLES AHEAD

Of course, issues remain, the largest being that while the quantity of bonds issued may be on the rise, the number of companies interested in sourcing capital with a bond issue has remained small, and the same players remain on the market without many new entrants.

"One reason is the fact that many who have come to know and use this product are connected to the Bank of Georgia or the Bank of Georgia group. The established reputation of the group, its transparency in its business dealings and the strong corporate governance in place and networks within the group have facilitated their entry onto the market," G&T's Sharikadze comments, noting that one of the brokerage's highest priorities in the coming years is to stimulate the entry of other players onto the market.

Sharikadze makes note of another problem: there is product mismatch on the market.

Investors have been eager to invest in corporate bonds in Georgia, he says, but this has largely concerned Eurobonds, which are a concern for local companies due to currency fluctuation.

TBC Capital's Chachenidze concurs: "It's about managing your interest rate and the exchange rate. If you earn in local currency and are borrowing in hard currency, you are immediately exposed to local currency risks."

Meanwhile, she notes, companies have been eager to float GEL bonds, but a lack of trust in the lari, which has steadily depreciated against the dollar since 2018, has also held back investor appetite for GEL-denominated bonds, which are the safer bet for medium-sized companies with less hedging capability than large corporates.

One other issue mentioned by Sharikadze is that Georgian corporates have long-term experiences of working with commercial banks and IFIs, which often times means that companies prefer to stick with the same methods of sourcing capital they are used to, despite the higher interest rates in the case of banks, and the more bureaucracy-loaded and time-consuming negotiations with IFIs.

There is an upside, Sharikadze notes: "Overall, the demand for the product is there, which is a great place for the market to be in if you can stimulate supply."

But this entails a waiting game, and fintech offerings are growing rapidly. "This will make new investment products increasingly more available, perhaps for even more attractive products elsewhere. So what we have to do is stay ahead of the curb," says Chachenidze.

LOOKING AHEAD

Both Sharikadze and Chachanidze remain positive about the years to come despite the continued dampening of the economy due to the Covid-19 pandemic.

"There are a number of rollovers coming in 2021, so I think it'll be an interesting year. But overall the market is not growing at the rate we would like to see. A real encouraging sign would be to see more companies entering the market," Sharikadze says. Further ahead, the pension fund, and the recent law on investment funds are set to become drivers for both share and bond markets.

The pension fund is the most immediate potential source of new demand for publicly traded assets, with more than 1.2 billion GEL (around \$360 million) at its disposal.

The fund could be a significant driver for capital market development as it is obliged to invest, for the most part, in Georgia and only in publicly available investment products.

Georgia's open and Western-style business environment, its intention to apply for EU membership in 2024, sturdy financial expertise and strong regional connections have led many people to assume that Georgia would be the natural place for setting up a regional market. Georgia is gradually improving in the ratings of international rating agencies.

However, some commentators suggest that the development of Georgia as a hub for regional capital markets has failed to develop so far due to lack of a coherent strategy.

Sharikadze of Galt & Taggart says that while many of the capital market reforms, like the Law on Investment Funds and the Pension Law, have been helpful and moved the country in the right direction, they have failed to encourage the development of a more coherent strategy of where Georgia should be in the next 10 years.

Even if Georgia does not manifest as a regional capital market, the continued development of Georgian corporations will ensure a need for non-bank financing.





Agritourism support bill gives hope to struggling industry

TAMAR KHURTSIA

Agritourism is one of Georgia's most interesting offerings, yet it has received little targeted support in recent years, and the Covid-19 pandemic has hit the sector hard.

While some agritourist facilities have managed to stay open and have been able to attract local travelers to a degree, this has not made up for the downturn in foreign travelers.

However, a recent bill passed in its first reading in October 2020 aims to extend targeted assistance to the sector, and give a fresh start to the tourist season once Georgia's doors reopen to welcome foreigners.

The bill aims to create a legal framework within which the government can interact with agritourism businesses, shore up food safety, offer tax benefits to incentivize the development of rural businesses and promote the sector through marketing campaigns.

If the bill passes, agritourism facilities will be exempt from both income and employment tax if they have annual turnover of less than 200,000 GEL. In

addition to the tax incentives, the state will promote agritourism by developing and implementing projects and programs to support the sector, including state subsidies and infrastructure projects. Preferential credit resources and grants will also be made available.

The draft law was prepared by the Georgian Farmers' Association in the framework of the UN Women project "Joint Action for Women's Economic Empowerment (JAWEE)" together with the Committee on Agrarian Affairs of the Parliament of Georgia.

The members of the working group on the draft law believe that the development of agritourism will contribute to the diversification of rural economic activities and increase the income of the rural population.

Nazi Dakishvili, the owner of Nazi's Guest House in the village of Jokolo in the Pankisi Gorge, welcomes the legal regulation of agritourism, which she believes will help make their work more organized, increase awareness about their offerings, and improve the quality of services of agritourist facilities.

Before the pandemic, foreign tourists

would often visit Nazi's Guest House to taste traditional Kist [a Chechen sub-ethnos] dishes. Years ago, Dakishvili abandoned her promising career as a lawyer and set out on a challenging journey of popularizing tourism in the Pankisi Gorge, located in the Tusheti mountains of Kakheti region, frequently referred to as the cradle of wine.

Today, she owns a family guesthouse that can accommodate thirteen guests and tries to surprise her guests with local cuisine and nature.

UN Women representative Ana Pashalishvili says one of the goals of the bill is to strengthen the capacity of the rural population, increase their economic inclusion, and facilitate employment.

"All parts of the current version of the bill are important for achieving this goal. The easing of the tax regime is crucial, but it is also very important to raise awareness and ensure quality [of agritourism]. It is based on the broad experience of European countries and is fully adapted to the Georgian reality," said Pashalishvili.

The idea of the law emerged in 2018 in the Tuscany region of Italy, during the

“Joint Action for Women’s Economic Empowerment (JAWEE)” project, among whose participants were Georgian women entrepreneurs involved in agritourism.

“A few years ago, Italy was facing the same challenge as Georgia—namely, large portions of the population, especially young people, were migrating from the countryside to urban areas, resulting in an unbalanced urbanization of the economy. They wanted to pass a law that would stop these processes, and even incentivize the population to return to the villages of Tuscany,” said Natia Ninikelashvili, project manager of the Georgian Farmers’ Association.

“This inspired us, and now we have this bill that has identified agritourism as a separate niche, equipping it with certain advantages to motivate locals to get involved in this business.”

Geostat data show that more than

50% of the total value-added economic activity created in the country is generated in Tbilisi, which indicates a high level of urbanization and concentration of the Georgian economy. In addition, as of January 1, 2020, 41% of Georgia’s population lives in rural areas and 75% of them are ‘self-employed,’ mainly in the agricultural sector. Besides, agriculture is characterized by low productivity: in 2019, 38.1% of the labor force was employed in agriculture, while the share of the sector in terms of GDP only amounted to 7.1%.

The bill reads that to obtain the status of an agritourist facility, a person must have an agritourism farm and be able to carry out tourism activities on the farm—for example, one could offer tourists experiences such as milking cows, picking vegetables, and culinary activities. At the same time, it is also mandatory that

at least 70% of the employees be locals.

Lost Ridge Inn, Brewery & Ranch is a boutique hotel in the village of Kedel, near Signaghi, with vineyards, a horse ranch and brewery. The nine-room hotel is a traditional Kiziki-style stone structure that was converted into rooms after the conservation of the old Kiziki huts. Guests are treated to dishes made by local farmers.

Ia Tabagari, the co-founder of Lost Ridge Inn, Brewery & Ranch, says that if her business falls under the definition provided by the bill, she will be one of the first to register her business as an agritourist facility after the law takes effect.

“We don’t have the luxury of many laws in the tourism industry; we have not had a sector-specific law before, so this bill is new for us. I don’t want everyone in the tourist sector to claim they’re an agritourist facility, so it’s quite important ▶▶

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- who will monitor the enforcement of the law,” Tabagari noted.

The ISET Policy Institute has also confirmed the expediency of the bill, but mentioned that one of the main challenges facing the bill is the risk that tax benefits might be abused by tourist facilities whose main activity is tourism instead of agriculture.

The research forecasts some 115 agritourist facilities to register in the first year after the enactment of the bill. The projected annual growth rate for the agritourism sector is 7.42% for 2020-2027.

According to the same study and taking into account the tax benefits described in the bill, an agro-tourism facility with a turnover of up to GEL 200,000 will save an average of GEL 2,667 in taxes per year within the first ten years of registration under the tax benefits offered by the state.

Dakishvili believes that regional segmentation should be taken into account while granting the agritourism status in order for the project to be fair. She also hopes that small and large agritourist facilities will not enjoy the same tax benefits.

“An agritourism facility in Pankisi, where tourists are scarce, and a wine cellar in central Kakheti, rich with tourists, cannot enjoy the same benefits,” Dakishvili said.

Mariam Jorjadze, is Director of the Biological Farming Association Elkana, an organization implementing the Rural

Tourism Network project, which involves more than 200 family guesthouses from nine regions of Georgia in order to offer guests comfortable accommodation, local agricultural products, good wine, and the opportunity to learn more about Georgian culture and traditions. Jorjadze believes that the adoption of the law on agritourism is premature. In her opinion, first, the foundational law on tourism, the Law of Georgia on Tourism and Resorts, should be improved, she says, which ideally should include agritourism issues.

Moreover, Jorjadze is not in favor of selectively exempting certain groups from taxes, especially for a long period. Per the bill, in order for an agritourism facility to enjoy the proposed benefits, it must be registered in the farmers’ register, the register of economic activities, the National Food Agency, and also submit documentation to the Revenue Service annually. “This requires a lot of effort from an owner of an agritourism facility, and I don’t think it will interest them,” Jorjadze noted.

Niniklashvili disagrees with Jorjadze, explaining that regulations are necessary for a transparent economy.

“Today, some people run a hotel without registering it anywhere. This is not a good trend both in terms of business and the state. Registration and granting of status are very important in terms of a transparent economy,” Niniklashvili said.

The troubled tourism sector, which is particularly affected by the crisis and post-crisis situation caused by the COVID-19 pandemic, requires effort and the development of alternative measures.

Owners of agritourism facilities unanimously note that the bill will help popularize agritourism facilities and increase tourist flows following the COVID-19 pandemic.

Natia Mskhiladze, the founder of Agro Stop platform, has been promoting the traditional Georgian way of life, cultural landscape, unique products and dishes typical to various regions of the country for over a year. Agro Stop has filmed more than 30 agritourism facilities across the country and, together with foreign ambassadors, has explored the farm-to-table or garden-to-table principle of hospitality.

“After the shooting of each new agritourism facility, we become even more convinced of the need to raise awareness about them and deliver the information to the broader public, which could become their new guests,” said Mskhiladze.

Tabagari says that, even after the COVID-19 pandemic, the tourism sector does not expect a rapid start of mass tours.

Instead, there is expected to be demand for family and couples visits. “Studies from different countries show that tourists name agritourism facilities as the safest [tourist activities], so it is likely that the demand for such places will increase,” Tabagari explained.

International experts also say that despite the ability to quickly restore/regenerate tourism, in the next two years countries will likely focus on promoting domestic and regional tourism. Therefore, the members of the working group on the bill think that the adoption of the proposed law on agritourism will allow them to step forward in this direction.

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What are the prospects for Georgian olives on the international market?

ZURA KHACHAPURIDZE

In recent years Georgia has been positioning itself to become a 'third hub' after Italy and Spain to supply olives and olive oil to the Asian market, namely China, India and Kazakhstan. While current production of olives is still low, both producers and the government feel confident they've identified a niche, and the opportunity is ripe for Georgia to fill the gap.

Demand for olives and olive oil in these countries is on the rise but they lack their own production, says George Svanidze, Chair of the International Olive Council and founder of Georgian Olive. Svanidze is one of the first businessmen to have planted an olive grove in Georgia, which he did in 2017 with the help of the state. The World International Olive Council, he adds, is convinced that Georgia has high potential in olive production and considers Georgia a truly prospective hub.

Deputy Minister of Agriculture of Georgia Giorgi Khanishvili concurs, and says the feasibility of Georgia's taking such a position is by no means low, but that it will take some time to achieve this goal. "Georgia's location, alongside its investment and strategic development vector, makes our country a good candidate to be such a hub in many regards. We are at the crossroads of Europe and Asia—transit corridors pass through here. All this makes Georgia attractive, not only for local production but also for collecting goods produced in European countries and supplying them to the Asian market," Khanishvili notes.

Khanishvili also points out the attractiveness of the free trade access that

Georgia enjoys to markets with some 2.5 billion potential customers:

"We have free trade regimes with China, the European Union and the Gulf countries. Negotiations on free trade relations with the United States and India are in an active phase. Consequently, the fact that products exported from Georgia are exempt from customs duties, both from Europe to Asia and vice versa, gives Georgia a significant advantage."

CLIMATE, SOIL AND QUALITY

The optimism among olive producers is palpable: Georgian Olive's Svanidze says that the quality of olive oil distilled in Georgia is not inferior to foreign alternatives, and part of the reason why Georgia was easily accepted into the International Olive Council at the end of 2019 and served as the chair country in 2020 was its suitable climate and soil.

To be clear, Svanidze does not expect Georgia to replace Spain or Italy in the world market, but he is sure that Georgian olives and olive oil will have their own distinct niche in the market.

"Italy has 840 varieties of olives, while Spain takes up 51% of the olive market. Georgia will not surpass Spain or other major producers, but our quality will be comparable to theirs. Currently, Sicilian olives are considered the best in the world, but Georgian olives and olive oil is in no way inferior to its Sicilian counterpart. Georgian olive oil meets the highest standards in terms of taste and acidity," Svanidze noted.

Carrefour seems to believe so as well: the French supermarket franchise has already signed a multi-year contract with

local olive producers, and Georgian olives will be sold internationally in the premium price segment.

LABOR, LAND AND CAPITAL

Georgia could be supplying between 9,000-10,000 tonnes of olives to markets by 2025, Deputy Agriculture Minister Khanishvili says. The roots have already been placed firmly in the ground, with the state program Plant the Future having already helped plant 540 hectares, with a total investment of 5 million GEL, of which 3 million has been an investment by the state.

Meanwhile, individual farmers have planted more than 500 hectares of olive groves without state aid. Both Khanishvili and Svanidze hope that foreign investors will soon take an interest in cultivating olives in Georgia, noting that the low cost of labor and low taxes will surely be attractive to foreign investors.

"Picking is cheap with us and it encourages investors. Compared to paying 25-35 EUR in Europe, they could get the same work done here for 35-40 GEL (8.5-10 EUR) per day. Electricity and water bills are also way lower, as well as the profit tax. In short, we have an attractive culture and environment for investment," said Svanidze.

One issue to be resolved remains that of the ownership of agricultural land by foreign citizens. Khanishvili however says this will soon be solved, as "the government plans to issue a special decree [...] which will allow a foreign investor to buy land from a Georgian farmer provided his investment proposal is interesting and attractive. It is important to have more people investing in production, and not just buying land and sitting on it until it

becomes more expensive.”

Khanishvili noted that foreign investors' interest is facilitated by the government program offering grants for processing plants in Georgia.

“This program could apply to the production of olive oil. Depending on the capacity of the enterprise, a single grant may not exceed 500,000 GEL or 40% of the total investment. The investor can also use agro-credit for the construction, and have the state cover 80% of the loan guarantee,” said Khanishvili.

Svanidze, meanwhile, mentions plans to set up an international olive laboratory and issue quality certificates.

To give a sense of scale of the financial possibilities of olive production, Svanidze estimates that given proper care, yearly income from one hectare of olive orchards could easily fetch \$8,000-9,000, and he singles out the Taribana Valley and Dedoplistskaro district as prospective sites for the development of 200,000 hectares of olive orchards.

Hopes of similar numbers have encouraged Guram Natroshvili and Giorgi

Mchedlishvili—beneficiaries of the Plant the Future program.

Mchedlishvili says the family has been engaged in agriculture for a long time. They wished to cultivate some perennial crops, and chose olives due to the good prospects associated with them.

He said they took into account the fact that olives are a drought-resistant crop, which allows them to adapt to the climatic conditions of Kakheti in general, and Signaghi district in particular.

So far, Mchedlishvili has planted olives on 60 hectares. The state covered a total of 70 percent of the cost of the seedlings.

The state also financed 50 percent of the costs of the irrigation system. The farmer planted the first seedlings in 2018 and he expects to cover the costs with the harvest of 2022. Mchedlishvili is sure that after that he will be able to export both olives and olive oil. Depending on financial means, Mchedlishvili plans to build an oil distillation plant later.

Natroshvili is looking after an olive grove he planted on about 35 hectares in Dedoplistskaro. He says Svanidze encour-

aged him to enter this business and he is confident in its future.

THE FATHER, THE SON AND THE GRANDSON

The olive business is time-consuming and tending an olive grove requires much effort and care from the farmer at first. As an old Italian saying goes, “a father plants an olive tree, the son takes care of it, and the grandson reaps the harvest. But the results are serious, Natroshvili says, and once an olive tree is about ten years old, it requires less attention and the production process can be mechanized.

Even though olives are a new crop for Georgia, it is already possible to fully process them locally. Svanidze has built an olive oil distillery in Tsnori, a town in the Kakheti region.

In addition to oil, the distillery produces soaps, perfumes, and creams. It is noteworthy that before olive growing in Georgia took off, the local market was saturated with imported products. Nowadays, about 25 percent of the market is filled with local produce, Svanidze says.

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Amendments to the Tax Code of Georgia –

VAT reform

The Georgian Tax Code of 2010 has been recently amended to adopt a new VAT system. The amendments are part of a major recent reform aimed at eliminating shortcomings in the Tax Code in respect of taxation and tax administration.

The amendment echoes obligations taken on by Georgia within the scope of the Association Agreement between EU and Georgia, which, among others, aims to harmonize the Georgian Tax legislation with the EU Directive 2006/112/EC on the Common System of Value Added Tax (the VAT Directive). While positively affecting the taxpayers, the new VAT system introduced new regulatory provisions and altered the core principles of the VAT application, as further detailed below. The amendments came into force from 1 January 2021.

A Taxable Person for the Purposes of VAT

The new term “taxable person” has been introduced, which implies to any person who carries out any economic activity at any place independently, notwithstanding the purpose or results of such activities.

Characteristics relevant for the definition are as follows:

- Unified definition of a taxable person: pursuant to EU regulations, a taxable person is a global concept. In other words, the notion of taxable person shall be understood and determined in the same way across all EU member states (i.e. have a uniform definition within the EU). The lack of uniformity in definition caused various challenges, including double taxation or non-taxation of the same transaction in different countries. For example, where a VAT payer in one country rendered the services to another VAT payer in another country, place of service delivery was considered by one country to be in the service provider country and another - to the service recipient country
- Independence – the person should have independent decision making powers with regard to the relevant business matters (e.g. the branch office cannot be understood as in-dependent from its head office. Due to such reasoning, in the EU, transactions between the head office and branch office are not subject to VAT application, etc.)
- Regular nature of activities, as further defined below
- The purpose and result of the activity, as further defined below.

States, regional and local government authorities and other entities of public law are not regarded as taxable persons in respect of the activities or transactions in which they engage as public authorities, even where they collect dues, fees, contributions or payments in connection with those activities or transactions. However, they are regarded as taxable

persons in respect of those activities or transactions where their treatment as non-taxable persons would lead to significant distortions of competition of a certain magnitude (i.e. they become taxable persons when entering into competition with private sector).

New definition of Economic Activity

For the purposes of VAT, economic activity shall only include:

- Entrepreneurial activity (as defined under the Law of Georgia on Entrepreneurs)
- Activities of persons supplying goods and services on a regular basis
- Utilizing property to generate income on a regular basis
- Disposal of a non-residential building/structure regardless of the one-off/non-recurring nature of the activity.

As a consequence, from 2021 non-entrepreneurial activities conducted on non-regular basis, other than the disposal of a non-residential building/structure, will not fall under economic activity definition, thus will not be subject to VAT.

GEL 100,000 threshold

When determining the aggregate amount (GEL 100 000) of VAT taxable operations, transactions generally exempted from VAT shall not be included in calculation, with the exception of:

- Financial transactions or operations related to immovable property, provided that such transactions/operations represent the principal activity of a person
- Export of goods
- Transactions exempted with the right to credit, which mainly include:
 - the supply of goods for the fueling and provisioning of vessels and aircrafts used for designated purposes
 - the supply, modification, repair, maintenance, chartering and hiring of the stated vessels and aircrafts and the supply, hiring, repair and maintenance of equipment, incorporated or used therein and other services to meet the direct needs of the vessels and aircrafts or of their cargoes
 - transportation of goods, passengers and cargo and services directly related to such transportation
 - supply of services by intermediaries, acting in the name and on behalf of another person, where they take part in the transactions referred above or of transactions carried out outside Georgia.

New Definition of Fixed Establishment

The Georgian Tax Code introduces the new term “fixed establishment”, which represents a place, other than the registered place of a taxable person characterized with a sufficient degree of permanence and suitable structure in terms of human and technical resources to supply services, or to receive and use services for its own needs. It is supposed to substitute the notion of “permanent establishment”.

In short, where a non-resident has a place in Georgia capable of providing services independently, such place shall be deemed a fixed establishment of the non-resident (e.g. a storage facility of a non-resident located in Georgia, which is operated by personnel and used for service provision/receipt purposes). Prior to introduction of the notion of fixed establishment, the obligation to register as a VAT payer was linked to the existence of a non-resident's permanent establishment (e.g. if the aggregate amount of VAT taxable transactions of branch office exceeded GEL 100,000, it would then have the obligation to register as a VAT payer). A fixed establishment differs from a permanent establishment, with different tax implications. In particular, a permanent establishment is relevant for Corporate Income Tax (CIT) purposes, while a fixed establishment relates to VAT. For example, a representative office carrying out auxiliary activities (e.g. marketing, research, etc.), does not constitute a permanent establishment (for CIT purposes), however, it is likely to be regarded as fixed establishment (for VAT purposes).

For the VAT registration purposes, the law no longer establishes a GEL 100,000 threshold. Particularly, a taxable person with a fixed establishment in Georgia is obliged to pay VAT from the moment of provision of services/delivery of goods (including such transactions) and to apply to the tax authority for registration as a VAT payer no later than the last day of the reporting period for the transaction.

Taxable Operations

Supply of goods/services in exchange for consideration on the territory of Georgia within the scope of economic activity and import represent VAT taxable operations.

Temporary admission of the goods is no longer a VAT taxable operation. The taxable amount in case of delivery of goods free of charge is the purchase price of the goods or, in the absence of a purchase price, the total production cost and in case of delivery of services free of charge – the total costs incurred by the taxable person for providing the services.

Supply of goods is defined as the transfer of the right to dispose of tangible property as an owner. In addition, the Tax Code also sets out the activities that shall be regarded as supply of goods, which, inter alia, include actual handing over of goods pursuant to a lease, financial lease or similar agreement, with the redemption rights, transfer of goods pursuant to a contract under which commission is payable on purchase or sale, delivery of goods free of charge, other than small samples or gifts of small amount, if the supplier has fully or partially credited VAT on these goods or on the expenses incurred for production, packaging, etc.,

Place of supply of goods shall be determined as follows:

- Where goods are not dispatched or transported, the place of supply shall be deemed to be the place where the goods are located at the time when the supply takes place
- Where goods are dispatched or transported, the place of supply shall be deemed to be the place where the goods are located at the time when dispatch or transport of the goods begins.

The supply of goods shall not include (thus no VAT shall apply to):

- delivery by a taxable person of all of its assets or its independently operating subunit to another taxable person;
- contributing assets to the capital of an enterprise or a partnership;
- transferring assets between the parties in the event of reorganization of an enterprise.

Supply of services means any transaction, which does not constitute a supply of goods. A supply shall also be an assignment of intangible property, the obligation to refrain from an act, or to tolerate an act or situation.

The following transactions may be treated as a supply of services for consideration:

- the supply of services carried out free of charge by a taxable person to his employees or for the purposes other than those of his business
- If certain criteria are met, renovation of his fixed asset (building/structure)
- the provision of services by an enterprise or partnership in exchange for a share for a partner or partnership member, respectively.

According to the general rule, the place of supply of services shall be:

1. Place of supplying services in B2B transactions is the place of

incorporation of the person receiving services (where the services are rendered to the non-resident service recipient's fixed establishment located in Georgia, service shall be deemed to be supplied in Georgia

2. In B2C transaction place of supplying services is the place of incorporation of the supplier

However, particular provisions establish special rules to determine the place of supply. For example, place of supply of services associated with immovable property shall be the place where the property is located. Also, place of restaurant and food services is the place where the service factually takes place, etc.

Additionally, a new concept - "Criteria of Effective Use and Enjoyment" is introduced as well, enabling the Minister of Finance of Georgia to deviate from the established general and special supply-of-service rules and determine whether certain services are rendered in or outside of Georgia based on where effective use and enjoyment of the rendered services takes place. As a result, certain services shall be deemed supplied outside Georgia, if they are carried out in Georgia, though effectively used and/or enjoyed outside Georgia. While, if services they are carried out outside Georgia, but effectively used and/or enjoyed in Georgia, they shall be deemed supplied in Georgia.

Taxation of the Advance Payment

Since 2017 Georgian VAT system has been approximated to the European Union VAT system by means of charging VAT on advances received upon supply of goods / rendering services, except for:

- supply of goods on a regular and continuous basis which among others include electricity, water, gas, etc.
- Supply of services on a regular and continuous basis.

From January 1, 2021, the scope of VAT application on the advance payment is expanding. In particular, the advances received within the framework of regular or continuous operations will also be subject to VAT payment.

Exceptions from the general principles of applying VAT to advance payment are as follows:

- Providing telecommunication/ communication services on regular or continuous basis
- Supplying goods (electricity, gas, water, heat, cooling system or other similar goods) on regular or continuous basis
- The advance received within the framework of rental, consulting, legal and other similar services will be subject to VAT if these services are provided on regular or continuous basis

Treatment of Vouchers

The amendments to the Georgian Tax Code introduce the definition of vouchers and determine its treatment. Particularly, a "voucher" means an instrument where there is an obligation of a taxable person to accept it as consideration or part of consideration for a supply of goods or services and where the goods or services to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument.

The Georgian Tax Code differentiates between two types of vouchers - a "single-purpose voucher" represents a voucher where the place of supply of the goods or services to which the voucher relates, and the VAT due on those goods or services, are known at the time of issue of the voucher, while a "multi-purpose voucher" means a voucher, other than a single-purpose voucher.

VAT treatment of vouchers depends on the type of the voucher itself and a person (taxable, non-taxable) transferring (including, as a consideration) such an instrument. Additionally, the Minister of the Finance may establish derogations from the established treatment.

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Please apply for the professional advice prior to relying on the information given in this article. BLC and its team shall be ready and pleased to provide any information, legal advice and specific recommendations regarding the issues covered herein.



The London Stock Exchange likes its Georgian trio

SALLY WHITE

Georgia's London-traded stock market trio—Bank of Georgia, TBC Bank and Georgia Capital—continued to attract investment and plaudits in 2020, even though foreign direct investment into the country's industries and infrastructure has been slipping. For the trio, brokers' research and ratings remain positive as 2021 opens, funds are buying, and financing is flowing.

International ratings agency Fitch, highlighting plus points for Georgia in a report a few weeks ago, named "support that Georgia enjoys from official creditors" as one reason, adding that this had "reduced refinancing risk" and noted that in relation to its large stimulus program, Georgia had received official funding "in excess of its 2020 needs."

With this backing and the "improving sector outlook for Georgia," Fitch sees for the banks "stronger-than-peers' [(in neighboring countries) upside potential for revenues."

U.S.-based global investment bank Citi was among those last month said by London Stock Exchange dealers to be increasing profit forecasts for the two major Georgian banks (Bank of Georgia and TBC Bank), "despite the surge in Covid-19 cases," on grounds that the assessments they had made in the early days of the global pandemic had been "too pessimistic." Several brokers issued "buy" recommendations after the banks' November third-quarter trading announcements and presentations to analysts and fund

managers encouraged them to become positive.

Large U-turns were performed in analysts' earnings forecasts, some going for as much as 45% more than previously forecast for 2020, 29% more in 2021 and 22% more in 2022 for Bank of Georgia, and 28% more, 23% more and 13% more respectively for TBC Bank for those respective years.

This was generally a reflection of how the banks had successfully managed the crisis so far, the performance of the non-tourist economy of the country and the financial inflows from the diaspora's remittances as well as support of international financial institutions.

Looking at the banks' trading numbers for the third quarter of 2020, dealers were commenting positively, with one noting that "Continued healthy pre-provision profit at just under 5% of loans in a difficult year, and poised to increase in our view, is a testament to the resilience of Georgian banks to stress."

Traders' target share prices on the London Stock Market have now increased across the board, up to around £16.00 plus per share muted for both Bank of Georgia and TBC Bank (up from £14.50 and £13.60, respectively). On January 25, Bank of Georgia shares were trading on the London Stock Exchange at £1196 per share and TBC at £1282 per share.

Adding to the attraction of these Georgian banks for yield-hungry international funds, dealers believe that they will generate enough profit this year—a 2021 rise of around 16% is forecast compared to

2020—to pay dividends from it in 2022 if not before. However, currently the Georgian National Bank, in line with central banks globally, is insisting that plenty of money be put aside as provision against loan defaults as Covid-19 lockdowns continue to hit businesses and slash jobs.

Yet for the banks, the last two quarters have seen, analysts point out, not only a strong rebound in customer activity but improved net interest margins and a strong recovery in fee income. Adverse pressures, resulting from prudential official regulations, mortgage limits, declining foreign exchange yields and currency devaluation, have now abated and more normal conditions have been returning.

The level of lockdown restrictions is less severe. While the hit to tourism and hospitality has been heavy indeed, overall, says Fitch, the level of loans not repaid to these banks is thought unlikely to be significantly higher than normal, as other sectors of the economy are proving to be resilient.

The economy as a whole is forecast by many to recover to growth of around 5–5.5% in 2021. That, says Georgian broker Galt & Taggart, is "if tourism recovers to 50% of its 2019 level; without tourism [Galt & Taggart] expect[s] growth at around 3.7% in 2021."

TBC Capital's December 2020 forecast sees tourism in 2021 as likely to recover to around 30% of its 2019 level and GDP growth to stand at around 4.6%. Tourism contributed 11.6% of GDP in 2019. Of course, most brokers are hoping that the launch of many Covid-19 vaccines will enable some tourism at least to return.

The market expects the banks to meet their target returns to investors of around 20% of shareholders' equity as tourists return, helping bring a spectacular recovery in banking business in 2022. Both banks are very highly digitalized, with individual, corporate and commercial servicing platforms as well as banking, so costs are under tight control.

New opportunities for Bank of Georgia include those seen in capital markets, where its in-house broker, Galt & Taggart, is advising on increased local corporate activity and attracting foreign investment clients. It has an ambition to be a regional financial hub, its wealth management side already extending into Turkey, Hungary and Israel.

Property is also a growth area, and a third-party managed property investment vehicle, a Real Exchange Investment Trust, looks a definite flyer, as international real estate firms, such as Cushman & Wakefield and Colliers, have offices in Georgia and thus organization of external valuations would be easy. Bank of Georgia is already active in real estate, with a real estate sales and renovation platform—area.ge.

All of the Georgian trio members are included in the FTSE All Share Index. TBC Bank has also won admittance to the MSCI UK Small Cap Index, which sent its shares shooting up by 14% a few weeks ago, as this makes it a "must" buy for funds mirroring the index. This has helped the share price recoup pre-Covid-19 levels. Markets also welcome TBC Bank's recent diversification into Uzbekistan, currently the favorite growth-country pick in the region among the international financial institutions. It is also already present in Azerbaijan.

The London market likes the stories being told not just by the banks on their current and future growth, but also by local private equity player Georgia Capital, where the strategy is picking and growing winning businesses for trade sales and stock market listings. While the component parts of the company are well known in Georgia, the fact that Qartli Wind Farm, Mestiachala HPP, m2 real estate, Aldagi Insurance, wine company Kindzmaureli Marani, GPC Pharmacies, Kempinski Hotel and Green School, to name just a few,

are clustered in specialist divisions under the Georgia Capital banner is undoubtedly less so.

These, plus some bought since, are among the non-banking interests split off from Bank of Georgia's holding company in 2018, in line with international regulation, packaged into Georgia Capital and listed on the London market.

The holdings of Georgia Capital at the end of September 2020 were 20% in healthcare services, 20% in retail pharmacy, 7% in insurance, 17% in water utilities, 8% in renewable energy, 4% in education and 15% in its investment in Bank of Georgia. The remaining 9% is a mix of beverages, hospitality, housing, real estate, auto services and digital services.

The strategy, says chairman and CEO Irakli Gilauri, who has more than 20 years experience, is to "invest in Georgia in large opportunities which have a potential to reach 500 million GEL in equity value" within three to five years and at the same time build portfolios of smaller or earlier-stage companies that can be developed for sale. Exits from the large companies could be through either sales to major companies, Georgian or international, or via listing on a stock market.

The hope is that the 500 million GEL target size will be large enough to put the companies "on the radar" of foreign investors, comments research house Edison. With respect to portfolio exits, their timeline is five to ten years from their initial investments. Smaller companies are more likely to find local buyers.

Currently, its large companies are among its healthcare services, pharmacy, water and insurance interests. Georgia Capital plans, Gilauri says, to "realize the value of one of our large investments [which] will help validate the value of our portfolio.."

Monetizing one of the larger investments will also help to reduce the discount to NAV (net asset value), he added, outlining his strategy at a presentation to investors in November, thus targeting a trade sale of one of those assets. At the moment of this writing (January 13, 2021) Georgia Capital's NAV is put at £9.43 a share by external valuation, while its share price is £5.56, so it looks considerably

under-priced.

To simplify its story, Georgia Capital has decided to focus on developing internationally popular "green and sustainable" businesses, and its portfolio investments are now to be made in "the local renewable energy (wind and hydro) and private education sectors."

Edison, which suggests investing in Georgia Capital, says while it is spending its cash currently on building the businesses rather than paying dividends, it has the attraction of having a history of supporting its share price by buying shares.

Georgia Capital's "sustainability" theme has gone down well with international investors, as one of the major emerging market ones, Aberdeen Assets Investment, has posted on it on its website: "As one of the country's most important institutional investors, we believe it should be well placed to perform within Georgia's rapidly growing economy. Research from our Emerging Market Debt team – which has a long track record of investing in frontier markets – gave us the background we needed to be confident that Georgia's economy is in good shape. The team uses a cutting-edge ESGP [environmental, social, governance and political assessment] tool to rate countries on a number of ESG metrics."

In addition, one of Georgia Capital's businesses, Georgian Global Utilities, last year became the first Georgian company to issue a "Green" Eurobond.

Other funds that have bought into Georgia in recent months include Norway's Sovereign Wealth Fund, Norges Bank, and international asset manager Fidelity (both into Bank of Georgia) as well as U.S. investment firm Eaton Vance (into Georgia Capital). Like Edison, they take a long, positive view—after all, as the research house points out, Georgia's economy "has been in a secular growth trend for over 15 years, with a 5.6% average real GDP growth rate in 2002-19" and Georgia is well-backed.

While Covid-19 has brought a downturn in 2020, Edison added in an investment note last month that "Georgia's fiscal deficit and external gap should be fully covered by funds from international financial institutions and rebounding remittances."



Corporate team building catches on in Georgia

MERI TALIASHVILI

Supras [Georgian feasts] and rtveli [the grape harvest season] are mainstays of the concept of corporate team building in Georgia, with companies leveraging time-tested Georgian traditions to build cohesiveness among their ranks. But the approach to and understanding of what it means to boost morale, a sense of connectedness at work and employee satisfaction has been rapidly changing in the past few years as companies dip their toes into the Western take on team building.

TRADITION!

Managing Director of Grata DMC, Irma Kodua, told Investor.ge that the demand for team-building exercises and services first appeared with international companies, donor organizations and their representative offices in Tbilisi. Grata DMC began offering team-building sessions in Georgia six years ago under

the exclusive license of Catalyst Global.

Approaches to Western team building have caught on, Kodua says, because while the traditional Georgian supra can be an inherent part of a company's culture, they can also be limiting for employees, and not allow an employee to fully reveal their creative side.

She notes this is partially due to the fact that every supra has one leading and most active member, i.e. the tamada, commonly referred to as a toastmaster in English—the individual who invigorates the table, gives toasts throughout the meal and who has the authority to set the tone on a variety of different topics. Other members of the table are generally just listeners, Kodua says.

The founder of Concierge Tbilisi, a team-building company in Georgia that has also been operating for six years, Lizi Khabazashvili, agrees:

“The tamada plays a leading role at the supra and the other participants are not active. The tamada alone plays the

main role around the supra, so other participants do not feel like team members, whereas we feel that the main part of teamwork is the team itself—a group of people united around a mutual goal,” Khabazashvili told Investor.ge.

Both Khabazashvili and Kodua note that supras are still an appropriate tool at times for companies to arrange on their own to bring people closer together and facilitate cohesion—especially when the responsibility to speak and make toasts at the table is more widely shared and distributed.

However, unlike the supra, Western-style team-building activities focus on and have the advantage of giving each and every team member a clear goal, making them feel like an inherent member of the group.

In these circumstances, both Kodua and Khabazashvili say, co-workers tend to be more engaged, open-minded, responsive and devoted to their cause.

This wasn't immediately the case

with team building exercises in Georgia, Khabazashvili notes. At first, she says, employees of Georgian companies would refuse to engage in fun games, often citing their age and stature in a company as a reason not to participate.

However, as the concept has become more familiar, individuals have shown less resistance.

“This often leads to the removal of barriers between management and ordinary employees,” Khabazishvili says, adding, “The fact that a top manager is on your team or has the same role during a given activity, boosts you and gives you the courage to come up to him and openly talk about any topic later on.”

One other reason supras can’t be relied upon to shape and solidify company culture is the problem of scalability—even the largest of tables can only seat so many guests.

Adjarabet began using the services of Catalyst Georgia a year ago and since then has been actively using their services.

In the last three years, the situation at Adjarabet has become challenging, as many new people joined the company and the corporate culture weakened, Adjarabet representative Rusudan Tamazashvili says.

“When you plan to build a team in a company of 800 people and you want to enhance teamwork, a Georgian supra is a completely unacceptable tool; however, in smaller groups, a supra can have very positive results,” said Tamazashvili.

“But thanks to the team-building activities offered by Catalyst Georgia, combined with the company’s internal measures, Adjarabet has achieved a more closely knit corporate culture,” she adds.

Concierge Tbilisi’s client Toyota has focused its team building exercises around environmental issues.

Toyota employee Salome Mshildadze

told Investor.ge that the company has been so taken with Concierge Tbilisi’s offerings, they have decided that team-building activities must be held along western lines.

“Western-style team building brings innovative approaches that involve all employees, and we are happy with the results: communication, reconciliation and fun moments,” Mshildadze says.

TEAM BUILDING DURING COVID-19

Businesses whose activities have been severely limited during the Covid-19 pandemic have also taken a hit in communication and cooperation between employees. And while team building does not work quite as well on Zoom as it does in person, it is exactly during such times that companies have needed such activities to bring teams closer together and to help people acclimate to the new—hopefully temporary!—reality.

Time management, effective communication, working under stress and staying motivated are among the issues that team building organizers have had to work on.

“Lack of attention and not having

personal space were the main problems. So our main task was to teach effective communication skills and proper exchange of information,” Kodua told Investor.ge.

Adjarabet has had a hard time keeping employees chipper during these trying times as well: per tradition, the company used to organize meet-ups every month for a happy hour. The pandemic put a stop to this, but Grata DMC helped the company retain a sense of connection between employees, Tamazashvili says.

Another new challenge is the integration of employees who joined the company during the pandemic and had to get to know their co-workers online.

Concierge Tbilisi has received requests from companies to manage small groups of employees through Zoom to ensure employee discipline, teamwork and productivity.

“We have developed a personal work plan for employees, which describes all the basic rules for working from home more effectively. We emphasized the importance of setting aside certain hours for work, keeping up with the agenda and isolating from family members if need be,” Khabazashvili commented.



Georgia's plans to vaccinate 60% of the population against Covid-19 by 2022

NIKA MALINBOYM

As the world looks ahead to a Covid-19-free future and with numerous vaccines on the way, the Georgian authorities have already begun talking about how the vaccination process will proceed in the country.

Georgia's Inter-Agency Coordination Council, the body that has overseen the country's response to the Covid-19 pandemic, unveiled the official inoculation plan for Georgia on January 21.

The plan is fairly ambitious, aiming to vaccinate 60% of the adult population, or approximately 1.7 million citizens, by the end of the year.

Deputy Health Minister Tamar Gabunia recently announced that the majority of individuals receiving the jab in the early stages will be healthcare workers and the elderly.

The government's plan prioritizes healthcare workers, aiming to vaccinate 65% of them by the end of the year. Other population groups that will first receive the vaccine include the residents and staff of long-term care facilities, as well as people older than 75. Only once high-risk groups are vaccinated will others get access to the vaccine, including people over 65 years of age, essential workers, and then progressively younger populations and younger people with chronic illnesses.

Deputy Minister Gabunia noted in her recent release that the country will be able to cope technologically with the storage requirements of the vaccines to an extent, given the country already has a public immunization system in place used for routine inoculations, and a temperature-

controlled supply chain (a so-called "cold chain") is also in place. She noted that the largest challenge the country faces in distribution is that two of the western vaccines require very cold storage temperatures and it will be more difficult to distribute to the country's regions.

"But the vaccines that can be kept at 2 to 8 degrees Celsius (ordinary cooler temperature), they can be distributed through the routine vaccination system that we have already set up on a regional and municipal level," Gabunia concluded.

To achieve the immunization goal for 2021, as per the government's plan, the country will need approximately 3,979,300 doses of the vaccine.

WHICH VACCINES WILL BE AVAILABLE, AND WHEN?

The development of vaccines has turned into a global race, with researchers, drug manufacturers and governments still trying to gain authorization to push out their vaccines. There are currently about 10 vaccines licensed for use in different countries.

Georgia has prioritized Pfizer-BioNTech and Moderna, which have been approved by the U.S. and the EU, as well as the World Health Organization (W.H.O.). The plan is also considering the Oxford-AstraZeneca vaccine, as it has been approved in the UK and is awaiting official authorization from the WHO.

AstraZeneca would simplify things for the country: the vaccine can be kept at 2 to 8 degrees Celsius and it is also one of the cheaper options available on the market today.

Despite the country's readiness to accept the vaccines, as of now it remains unclear which vaccines Georgia will get from the COVAX platform – the global initiative supported by the WHO for researching and distributing the vaccine to the signatory states. The Ministry of Health states that Georgia has already put down part of the payment to secure 1.4 million doses of the vaccine from COVAX, enough for 20% of the population.

The government has been clear that it is not considering the Russian Sputnik V vaccine and notes that the China-made vaccine, although used by a handful of countries, still lacks "transparent and full data" to support its effectiveness.

Health Minister Ekaterine Tikaradze completely rules out the possibility of importing any vaccines that have not received a high degree of trust from the WHO, and has said that just less than 30,000 doses of the vaccines is expected to arrive by the end of February.

Choosing to focus on Western-made vaccines will cost Georgia time. The head of the National Center for Disease Control and Public Health, Amiran Gamkrelidze, estimates that the vaccination process will really begin in March.

Meanwhile, Azerbaijan has already launched its vaccination campaign earlier this month using the Chinese CoronaVac vaccine.

Armenia, like Georgia, is waiting for its share of vaccines from the COVAX platform but also has not ruled out acquiring the Russian Sputnik V vaccine. The Armenian authorities expect to start their immunization process in early March.

In neighboring Turkey, the large-scale vaccination of citizens continues. The first vaccine was administered just two weeks ago, and since then, the country has managed to inoculate over 1 million people using the Chinese CoronaVac vaccine. Russia also started its mass-vaccination campaign on January 18 with its domestically developed Sputnik V vaccine.

Georgia's Ministry of Health estimates that vaccinating 60% of the adult population may cost anywhere between 64 million to 158 million GEL, with the large variability resulting from the lack of clarity concerning which manufacturer will be

chosen to supply Georgia with vaccines for the mass immunization campaign.

In addition to the doses secured from COVAX, the country's health officials have repeatedly voiced that they will work directly with manufacturers to receive additional doses.

There are four official scenarios of how vaccination may play out described by the national strategy of immunization, all depending on the type of vaccine that will first become available in Georgia; however, all the proposed scenarios aim to reach the goal of vaccinating 60% of the adult population by the end of 2021.

The first scenario involves getting 1,484,400 doses of AstraZeneca from the COVAX platform, independently importing 200,000 doses of Pfizer, and sourcing the rest of the necessary AstraZeneca doses independently.

The second scenario is quite similar to the first one, but instead of Pfizer, Georgia would need to secure 200,000 doses of the Moderna vaccine.

The third scenario would be implemented if 200,000 doses of any other vac-

cines that can be kept at 2 to 8 degrees Celsius are received. Moreover, it would also require the 1.4 million doses promised by COVAX and finding an independently sourced AstraZeneca vaccine.

In the fourth scenario, the country would only receive the AstraZeneca vaccine from the COVAX platform and other sources.

HOW WILL THE VACCINATION PROCESS BE CONDUCTED?

The different scenarios also vary in logistical complexity, as the Moderna and the Pfizer-BioNTech vaccines require ultra-cold temperatures (-70 to -20 degrees Celsius). For developing countries, and especially the rural areas of those countries, the AstraZeneca vaccine is much easier to store and use, as it does not require complex storage procedures.

According to the government's plan, should the vaccines that require ultra-cold temperatures become available first, the immunization program will first be conducted in the large healthcare facilities in Tbilisi, Batumi, and Kutaisi.

If Georgia acquires AstraZeneca first, the vaccination process will be much more mobile and will be conducted in the outlying regions as well as the major cities.

IS THE POPULATION READY FOR THE VACCINE?

Getting access to the vaccines and distributing them efficiently is already a major challenge in and of itself for Georgia. Another obstacle for the mass-vaccination program will be the rampant disinformation and conspiracy theories that have taken a strong hold on social media and the public discourse ever since the pandemic began.

The National Immunization Plan approved by the Inter-Agency Coordination Council includes plans for social mobilization, advocacy, and social media campaigns in favor of vaccination, and to dispel disinformation attempts—such as the notorious claims that the appearance of the virus was linked to the emergence of 5G towers, or that the vaccinations are a pretext for tracking and mind-controlling chips.

Georgia has its work cut out for it in this regard: poll results released by the National Democratic Institute (NDI) in cooperation with CRRC Georgia, show that almost half (41%) of the population would prefer themselves and their children to not to get vaccinated, and 17% are still unsure of whether they would prefer to do so. Another 41% is ready to be inoculated.

Such a high number of people refusing or being reluctant to get vaccinated might be alarming for healthcare experts and public authorities. Georgian health professionals have estimated that at the bare minimum, 50-60% of the population has to be vaccinated for herd immunity to develop.

The government intends to launch a fact-based communication plan to educate the public on the benefits of vaccination.

It is yet to be seen which vaccines will arrive in Georgia first, and how the immunization process will play out in the country. Officials, however, are certain that the necessary infrastructure is already in place to ensure the efficient inoculation of the country.

Priority Groups	Target Population	Target Group Coverage (%)	Total Number of People
Healthcare workers	71,415	65%	46,420
Beneficiaries and staff of long-term care facilities	2,600	60%	1,560
People older than 75	226,800	60%	136,080
People aged 65-74	329,183	60%	197,510
Essential workers	180,373	60%	108,224
People aged 55-64	478,400	60%	287,040
People aged 18-54 with chronic illnesses	89,400	60%	53,640
Total			830,474
Other population groups	1,434,567	0000	860,740
Grand total			1,691,214
Adult population, %			60%

How did the country's largest exports cope in the first year of the pandemic?

ANA MEZVRISHVILI

Global Covid-19 restrictions both dampened trade in Georgia yet simultaneously spurred on the export and production of a few lucky commodities in 2020.

According to preliminary GeoStat data for 2020, the value of Georgian exports decreased 12% compared to the previous year and amounted to \$3.34 billion. However, export volumes only decreased for five of the ten largest exports. Investor.ge looked into some of the largest categories of exports to try to figure out what was pushing markets up or down.

Copper ores and concentrates	\$729.4 million, +12.3% y/y
Vehicles	\$404.2 million, -44.9% y/y
Ferroalloys	\$247.3 million, -18.5% y/y
Wines	\$210.1 million, -5.6% y/y
Spirits	\$132.2 million, +3.8% y/y
Mineral and fresh waters	\$116.6 million, -12.7% y/y
Precious metal ores and concentrates	\$90 million, +840% y/y (in 2019, the export of this commodity code was \$10.7 million)
Medications	\$99 million, a decrease of -42.6% from the previous year
Gold	\$97.5 million, an increase of 34% over the previous year
Nuts	\$94.6 million, an increase of 40.9% over the previous year
Other goods	a total of \$1.1 billion, a decrease of -14.2% over the previous year

PHARMACEUTICALS

President of the Pharmacists' Association Levan Gogoberidze told Investor.ge in an interview that he attributes the sharp drop in the export of pharmaceuticals primarily to the closure of borders because of the pandemic. According to

Gogoberidze, most manufacturers export these goods by air, and the cancellation of flights delayed shipments.

"Raw materials needed for the production of medicines are imported into [the] country. During the pandemic, imported raw materials became more



expensive, hence the producers made their products more expensive, and this was one of the reasons why producers had problems with their exports, due to the increase in the price of products. In particular, customers were naturally no longer happy to buy expensive medicines and sought substitutes," Gogoberidze also pointed out.

The result: instead of focussing on export markets, demand for locally produced medicines made many companies pivot to meet local market demand.

VEHICLES

As for vehicle exports, according to the annual report, re-exports of cars from Georgia were almost halved, with a decline of \$329 million. In addition to the pandemic, the loss of a major export market had a negative impact on this sector. Until 2020, the main export markets for Georgia were neighboring and regional countries.

One of those countries, Armenia, was taken off the list in the beginning of 2020, since fairly high Eurasian Economic Union tariffs have been introduced in the neighboring country, and car exports from Georgia are no longer profitable.

Caucasus Autoimport CEO Davit

Gulashvili says that the change came as no surprise to businesses, and that despite the pandemic, demand for used cars has not diminished, but supply has fallen, leading to higher car prices at auction:

“The number of items for sale at used car auctions has reduced. For example, we are representatives of Copart, and while before there were 300,000 cars at auction, now there are 150,000. That is, the demand in the world has remained the same, but there are problems with supply. Therefore, the cars sold are more expensive, which also pushes sales down.”

Gulashvili says if Armenia is subtracted from the total re-export of cars, there was even some good news this year: sales to Azerbaijan were up. In his opinion, a complete replacement of the Armenian market may not be possible, but after Azerbaijan and Ukraine, new players have appeared on the market, which raises optimistic expectations for businesses.

“Along with all this, new markets are emerging, which is also surprising to us: Moldova, Iraq, (which have never been seen on the radar before), and now cars in these countries are flowing very steadily for re-export. If growth in these markets continues at least slightly, we should assume that when supply resumes, it will quickly return to the levels it was before. A vacuum has been created in the market and this vacuum must be filled quickly,” said Gulashvili.

NUTS

Demand was down for hazelnuts this year, but the nut industry did better than it has in more than five years: Georgian



hazelnut exports, for example, were up 40.9%.

Hazelnuts have been part of the ten largest export commodity groups for years, and are one of Georgia's most prized crops. In recent years, hazelnuts have faced plant disease and devastation wrought by the brown marmorated stink bug, but government and farmer intervention seems to have the industry back on the mend.

Levan Kardava, Executive Director of the Hazelnut Processors and Exporters Association of Georgia, commented on the sharp increase of exports during the pandemic: “The harvest was much lower in previous years and the export rate was derived from this. Of the last five years, we have had the best harvest this year, but I would like to point out that in 2020, demand for nuts from EU countries has decreased. About 80% of our export orders come from EU countries, with the rest coming from Russia, Ukraine and Asia.”

Kardava says that the epidemic thankfully did not affect the production of hazelnuts and did not hinder work—only the rules that were necessary due to safety norms were changed.

FERROALLOYS

Ferroalloys also took a hit, exports of which had been growing steadily up until 2020 when they dropped 18.5%.

One reason behind the decline in exports is due to the decline in demand on the world market and a general rise in the global supply of ferroalloys.

Another factor has been a slow pivot in the approach to the production of ferroalloys in Georgia:

“Rising prices for raw materials, as well as rising prices for electricity, have led us to begin to look for alternative production methods. But we have been producing less with the new technolo-

gies, and this has led to a reduction in exports,” said Nugzar Kevlishvili, General Director of the Ferro Alloys Producers and Manganese Miners Association.

GOLD



Not all metals suffered. Gold exports experienced a fairly large increase compared to the previous year as investors poured their money into gold over fears of the lasting effects of Covid-19, RMG Gold Ltd, one of the largest exporters of gold in Georgia, told Investor.ge.

WINE AND MINERAL WATERS

Wine exports have been dampened by the pandemic as well. Director General of the Acto Group Giorgi Egzubaia says the decrease in exports is related to the general crisis in the Horeca sector, which he says is more than 50% down YoY across the globe.

Mineral waters have experienced a similar fate. Tskali Margebeli, the owner of several well-known Georgian brands such as Nabeghlavi, Bakhmaro and Geo Natura, says in addition to decreased demand, they have faced issues with transportation as well.



Tech-*tamadas*: how Georgia has claimed a seat at the startup *supra*

Covid-19 shut down many of the big tech conferences in 2020, such as the Mobile World Congress and SXSW, but Startup Grind Tbilisi bucked the trend this past December and took its Europe-Asia Connect event online, broadening participation beyond those who could come in person and placing Georgia center stage as the host of thousands of startups, speakers and other delegates from 67 countries and over 280 cities.

Speakers included the former Chief Evangelist for Apple, Guy Kawasaki, Steve Blank, known as the 'Father of Modern Entrepreneurship,' and other investors and founders who have built tens of billions of dollars of value.

"But the event was not just 'sit and watch the screen,'" Chapter Director Colin Donohue says. "The networking at the event was surprisingly active, with the conference boasting two 'virtual expos': one on the conference platform and one in a 'virtual world' provided by sponsor Virbela, allowing people to wander around and mingle, ultimately with the aim of being able to meet serious people, from investors to advisors to channel partners."

There are several regional conferences in the Startup Grind network, but all of them cancelled their events in 2020,

including the very large Startup Grind Europe event; Tbilisi was the only host that successfully took it online.

"Startup Grind HQ was not sure it was possible to do such a major event online given there were so many huge free ones competing. But we knew we had the power of community, and they saw what we did in 2019 and let us go for it," commented Donohue.

In pulling off the conference, Georgia had the privilege of hosting the largest online Startup Grind event ever, drawing around 2,000 participants. But the partnerships are what were most notable.

"It was rough for us financially as sponsors cut back, and many we were counting on dropped out due to Covid. We're very grateful to GITA [Georgia's Innovation & Technology Agency], Bank of Georgia for Business, and Adjarabet for being anchor sponsors who stood by us. Also, thanks to others, including GNTA [Georgian National Tourism Agency], which helped us use the event to recruit remote workers, digital nomads and startups to Georgia".

TBILISI—WHERE 290 CITIES COME TOGETHER

"Over the past three years, Georgia has had an increasing reputation in the

Startup Grind community, so we used this opportunity to engage chapter directors from across Europe and Asia," says Donohue.

Co-director Giorgi Tukhashvili was involved in outreach to other Startup Grind chapters. "It was remarkable. It just caught on, and directors were very excited to be included in something important and exciting in these otherwise depressing times. We ended up with an amazing crew of key people who I hope we work with into the future!," Tukhashvili commented.

"We gave chapter directors who were helping a few free VIP tickets, so we ended up with a very high-quality audience. They invited some VCs, some very experienced mentors and other leaders," Tukashvili added.

Buzz about the conference circulated around not just Europe and Asia, and the conference ended up hosting participants from every continent – except Antarctica.

"Our main goal was to make the world say 'Wow! There's something happening in Georgia!' Now, people are watching us," Donohue notes.

A GEORGIAN 'SUPRA'-POWER

But how did Tbilisi become the center of such attention?

Donohue and Tukhashvili laid the foundation for the event several years back, attending a Startup Grind Global Conference in Silicon Valley with a small delegation of Georgian startups that were supported by a travel grant from GITA.

The delegation rented out an Airbnb with a great view of the Pacific Ocean and hosted its first 'Georgian party.'

For fun, but not only: Donohue has a background in marketing and psychology and was confident the introduction would benefit Georgia greatly, making chapters around the world aware of Georgia and its positive vibes. It was a perfect example of network theory in action: "If you connect the 'nodes', you can get great reach across a wide network. Often these are not flashy 'Instagram influencers' but trusted people in a community whose advice people listen to," Donohue comments.

More than 50 guests at the party had their first taste of Georgian wine, Georgian hospitality, and learned about the country, which welcomes visitors visa-free and is making quite the effort to become a home for tech startups. At the European conference four months later, the party

expanded to 100+ people including VCs and international journalists.

"We were down the alley from the Tech Week London opening party. We were literally pulling VIPs away from the big event because people wanted to be in our Airbnb loft drinking Georgian wine," Donohue says, chuckling.

In February 2020 at the last Startup Grind global conference, over 150 people attended the 'unofficial but greatly anticipated' party and networking event. By then, the hospitality at the Georgian House was famous. Literally every chapter director who came to the U.S. for the global event was at the party.

Donohue believes the drivers for value in the startup and VC world are missed by donors and governments who focus on academic and bureaucratic approaches. "I believe that what drives success in business, at least in the startup world, is reputation and relationships. There is no way we could afford to hire the people who are helping us for free."

Indeed, speaker fees for their top speakers would have been three times the entire budget for the conference, but they spoke for free to support Startup Grind Tbilisi's efforts.

NEXT UP FOR STARTUP GRIND

"We don't have any big pot of donor funds like some organizations. GITA and BOG have been solid partners but 2020

sponsorship was way down and Startup Grind HQ took much of the revenue", Donohue says, noting the organizers are not sure whether they will do a big conference in 2021 due to the difficult financial situation.

"It's not fair to ask the business community to sponsor what is expensive for them at these hard times. As we grow we can start to attract international companies, but we're not yet Websummit. We love the grassroots nature of it, we're working directly with startups and investors not bureaucratic channels. But to do an event that is financially viable we need the help of both startups and institutions."

Georgian startups have matured in recent years, Donohue says, noting the time is right to leverage their networks bringing top Silicon Valley mentors and investors/influencers to Georgia to help further build up the ecosystem.

In particular, Donohue has been in conversations with Chris Burry from US Market Access Center and he is open to moving to Georgia for much of 2021 to partner in the effort of getting the ecosystem to the 'next level'. He has been involved in startup growth projects around the world and has mentored hundreds of startups. He also was a founding team member in his own unicorn exit.

"Most donors and governments tend to bring in paid experts for a few days. If you're bringing someone from Silicon

Valley, you have more time wasted with them flying than actually helping people. So we are using the touristic and lifestyle appeal of Georgia to host top people for weeks and even months".

Startup Grind Georgia is seeking partners for the Mentor in Residence program which can include donors but also companies interested in improving their internal innovation spread and becoming more connected with innovation ecosystems globally. The City of Tbilisi is an early partner, focused on bringing tech "influencers" to Georgia to attract remote tech workers to the city.

Visitors planned include for the Mentor in Residence program include:

- Marvin Liao, top-tier investor who ran 500 Startups flagship accelerator in San Francisco and has invested in over 400 companies
- Amy Peck, international speaker and consultant focused on AR and VR, founder of Everything AR & VR podcast
- Gail Gannon, Wave Edge Capital, Managing Director Andy Schabelman, led Airbnb international expansion
- Amrit Dhir, who worked on Google X projects and led international expansion of Google for Startups
- Bill Reichert, Garage Venture & Pegasus Ventures, world-renowned early stage investor and educator

"We need to show them a great time, and for them to be talking up Georgia in social media and to their friends! It's actually a cool strategy for hospitality brands. We already have some great fans in the tech community and we want Georgia to be the 'go-to' location for the 2020s. Thinking to leave San Francisco? Spend some time in Georgia. Sold your company and want a break to see someplace new and play in the mountains, sea and wine country? Come to Georgia!"

"If someone is here for a month, that really makes an impression on them and they have more time to fall in love. 'Paid experts' come because it's a job and then they leave. We're not looking for one night stands. We want people to fall in love and 'go steady' with Georgia", says Donohue.



Georgian delegation watching sunset over the Pacific at the Airbnb hosting the first Georgian party



IWC
CHAMPION RED WINE 2020

INTERNATIONAL WINE CHALLENGE 2018
Z-VINE WINNER

INTERNATIONAL WINE CHALLENGE 2018
Z-VINE WINNER

TBILVINO
WINE OF GEORGIA

Tbilvino for the win —how a 2018 Saperavi brought Georgia its first IWC Champion Red Trophy

SALLY WHITE

2018 was a fantastic year across the vineyards in the world's northern and southern hemispheres, with bountiful crops and idyllic weather. Unsurprisingly, therefore, wine of the 2018 vintage is already winning superlatives.

Georgia's Tbilvino was hardly watching from the sidelines: while

accustomed to prizes for its wines and being feted for its export performance, it was not expecting at the end of last year to find one of its 2018 Saperavis beating huge international competition to become the winner of a key top world prize.

This prize came from judges at the London-based International Wine Challenge (IWC) in which companies from over 90 countries compete. It

was the first time a Saperavi had won such a prize. The International Wine Challenge panel awarded the Tbilvino 2018 Saperavi 97 points out of 100 (they were only one of four wines to achieve such a high score) and gave it the event's Champion Red Trophy, the tasting notes describing it as:

"Viscous, electric and intense with amazing fruit and acidity. Ripe plum, damson and herbal fruit with a touch of floral perfume. Very youthful. Tremendous dark, style, black cherries, wild strawberries, liquorice and menthol, with chalky acidity and a long finish."

Tbilvino's hard work and investment in its land and production paid off in spades with the 2018 vintage. There was also an IWC gold medal for its Mukuzani Special Supply 2018 (which won 100 points out of 100), and at the equally prestigious Decanter awards its Mukuzani 2018 received 95 points out of 100 and another gold medal. In all, Tbilvino won 31 prizes at these two events.

"There are many reasons for this, but all of them are related to Tbilvino's strategy to develop production processes, gain more knowledge and experience from international experts, introduce innovations, cultivate its own vineyards and produce the highest-quality wine," says George Margvelashvili, who with his brother Zurab has owned and run Tbilvino since 1999, explaining the corporate strategy behind their successes.

The wine-making team is led by Zviad Loladze, who has been with Tbilvino for over 20 years. "He is always in search of novelty and tries to create distinctive wines with his team. He especially loves Georgian grape varieties and always tries to make the most of their potential," explained Margvelashvili.

Describing the wine-maker's approach to the process he says: "The goal of our team of winemakers is to bring

strong varietal characteristics of Saperavi grapes to consumers in both Georgian and international markets; intense, ripe cherry color, balanced with soft tannins and strong taste-structure qualities. The wine was not intended for any particular type of consumer. Our team of winemakers is always trying to create a wine that will amaze wine lovers.”

The grapes for this prize-winning wine came from vines planted in 2015 in Tbilvino’s 128-hectare fertile Vachnadziani Valley in Kakheti’s Mukuzani microzone, which is 400-450 meters above sea level, on the right-hand bank of the Alazani River valley. (The IWC writers noted that Saperavi grown on the right-hand bank of the Alazani Valley is more tannic and sweeter than that from the left, where it is more acidic.)

The grapes were harvested by hand

in the second half of September, 2018. There seems to have been rain and sun at the right times, with a wet May and June, dry July, unusually wet August, and a hot and dry in August and September in the run-up to the harvest.

The production process used stainless steel tanks, in which fermentation takes place at a controlled temperature (23-28 degrees celsius) using a pure culture of yeast.

After eight to ten days of maceration, the wine was removed from the pressed skins (chacha) and transferred to another stainless-steel tank, where it underwent secondary (malic) fermentation. Then, some of the wine was aged in stainless steel tanks, and part in French and American 225-liter oak barrels for three months (the latter giving red-fruit flavor and adding soft vanilla and light tones

of oak to the wine). These batches were then reassembled, lightly filtered using a tangential filter, and bottled.

The main winery, in Tbilisi, was revamped in 2008, and the newer one in Kvareli (with backing from the World-Bank-affiliated International Finance Corporation), located among the vineyards, opened in 2012. Both wineries are equipped with the latest technologies, but at Kvareli the focus is on qvevri wines, while the French oak barrels for the premium line of ‘special reserve’ wines are in Tbilisi. The wineries operate to ISO 22000 and ISO 9001 standards.

One of Georgia’s largest wine companies, Tbilvino has been growing steadily in domestic as well as international markets, with last year’s production reaching 5.4 million bottles. Post Covid-19, local sales are helped by an online store and delivery services. Exports markets range from, of course, Russia and Ukraine, but also Kazakhstan, the Baltic countries, the U.S., and across Europe and the UK.

In the UK, Tbilvino wine can famously be found, if you are lucky, at Marks & Spencer.

The Margvelashvili brothers’ international search for good partners to help develop their business extends beyond just export markets. To help review management processes, a Japanese expert in the philosophy of kaizen has been brought in, whose creed is, “There are no best results, anything CAN be improved.”

Tbilvino is even partnering with a leading Italian vine nursery to grow a supply of certified Georgian Saperavi grape seedlings that will be cultivated on 82 hectares of land in the village of Eniseli, in Kakheti’s Kindzmarauli microzone.

The quest, as ever, says Margvelashvili, “is always the same—we just produce [wine] with the highest quality.”



THE HOLIDAY BUSTLE AND THE JANUARY SLOWDOWN

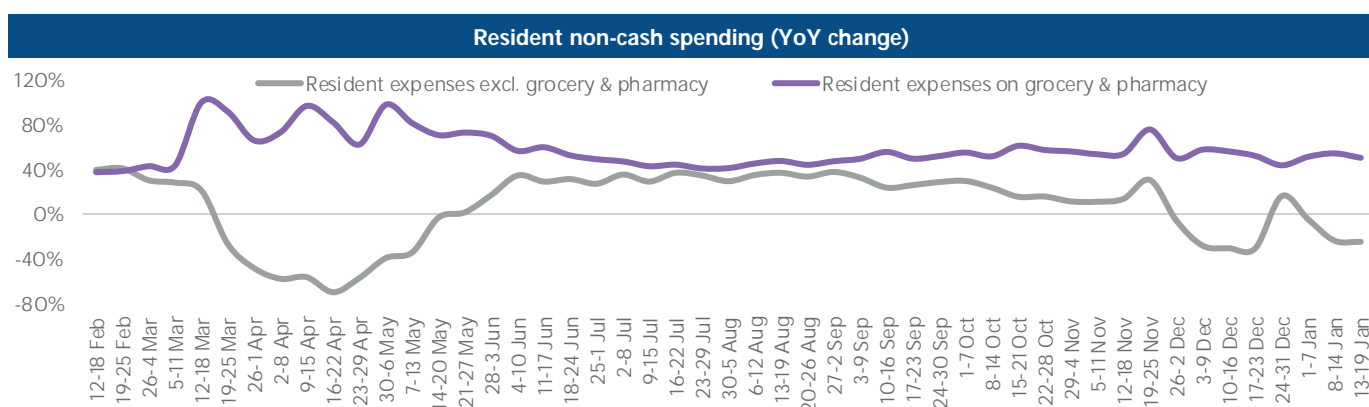
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www.tbccapital.ge

Economic activity is returning to pre-holiday lows as the effects of the New Year and Christmas' holidays recede, TBC Capital's Tracking the Recovery report from January 22 shows.

Non-cash spending of residents on categories excluding grocery and pharmacy have continued to decline after a brief uptick in recovery over the New Year period as the restrictions were eased temporarily to allow people to do their holiday shopping.

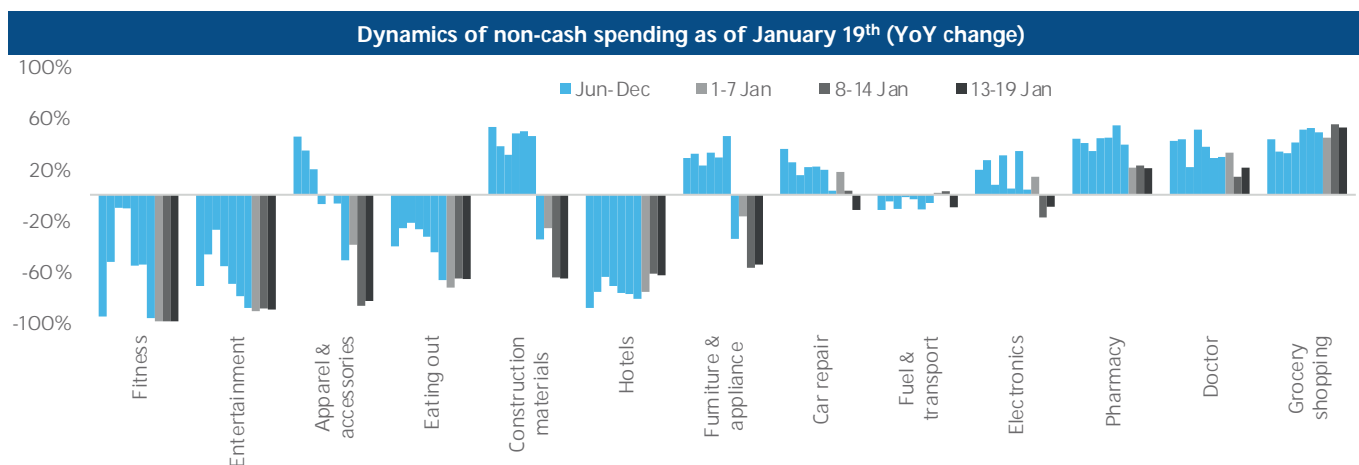
Growth of non-cash spending on categories excluding grocery and pharmacy declined -25% YoY in the week of January 13-19, similar to the previous week's performance.



Apparel has been hit very hard in recent weeks, with the growth of non-cash transactions on apparel items down -83% in the reporting period. Fitness and entertainment have fared even worse, down -90% and -99% respectively YoY. The charts below demonstrate just how difficult the situation has been for the two sectors in over past year.

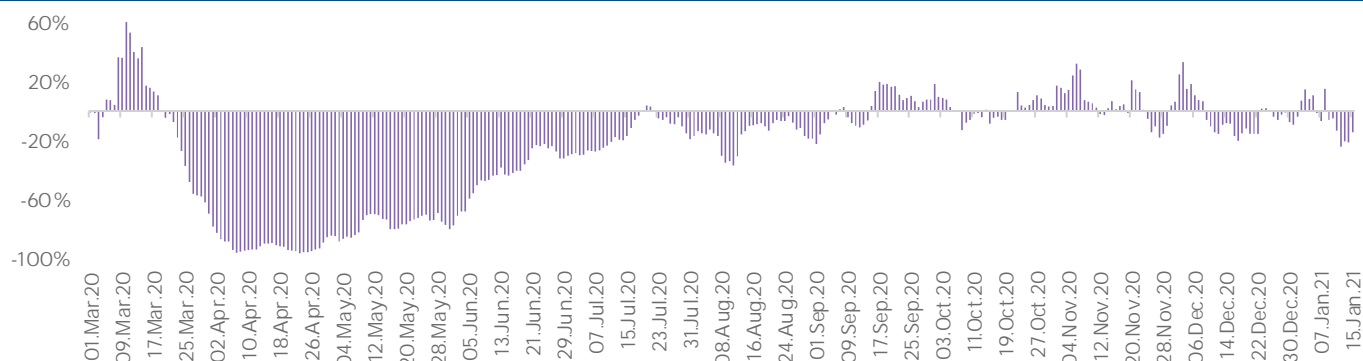
Throughout the pandemic electronics have fared slightly better than a number of other consumer segments, but has not been immune to the effects of the January, post-holiday slowdown and was reporting -9% growth in January 13-19. Furniture and appliances and construction materials are getting walloped, down -66% and -55% respectively.

YoY growth in non-cash grocery and pharmacy spending remained fairly stable, as it has been since June at around 50%.



Newly issued mortgages as well as residential real estate transactions have somewhat weakened since the beginning of 2021, with newly issued mortgages dropping 26.7% YoY in the period spanning January 1-18. However, the sector on the whole appears to be steadily on the mend, with growth postings of not worse than -30% since late August, with mid-size blips of positive growth in November and December.

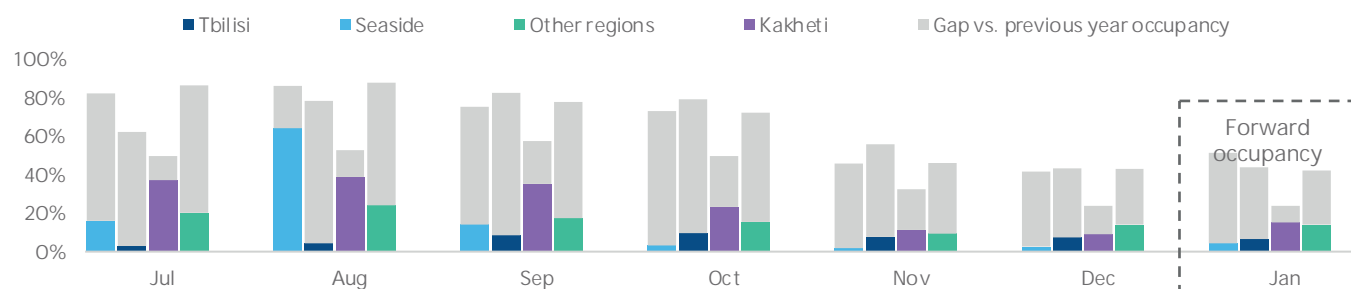
Dynamics of the number of apartments sold in Tbilisi (% Change YoY)



The effect of the New Year holidays have continued somewhat into mid-January for the HORECA sector, with hotel occupancy and POS payments in hotels somewhat improved compared to November and marginally over December.

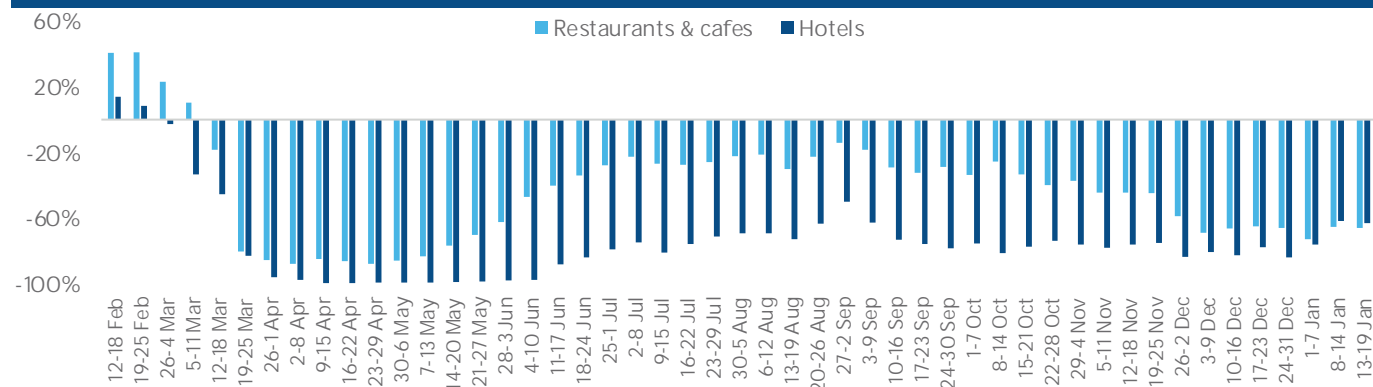
Occupancy rates in January amount to 4% for the seaside regions, 6% for Tbilisi, 14% in other regions and 15% for Kakheti, the traditional weekend getaway destination for Tbilisians.

Occupancy rates (%) – actual and by current bookings



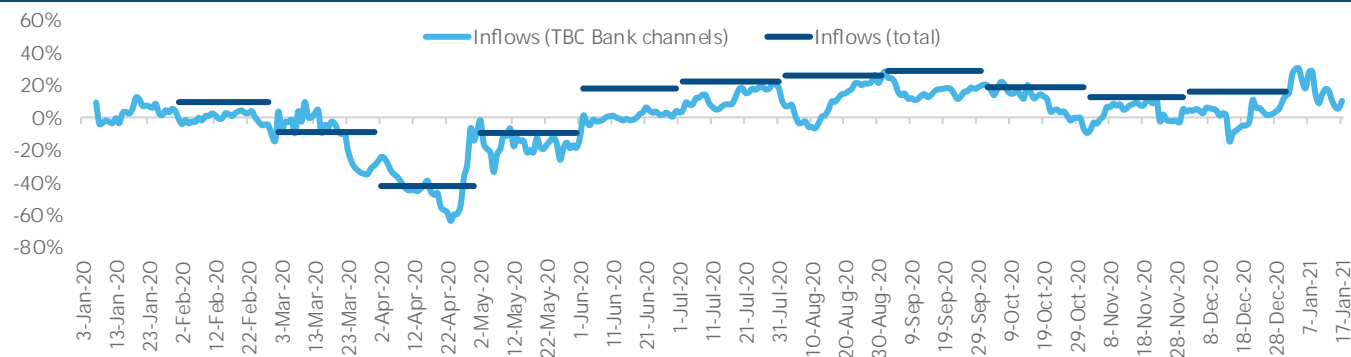
Non-cash spending on accommodation and eating out inched upwards during the holiday season and has retained some of that momentum, with growth in non-cash spending in hotels at -63% and non-cash spending at restaurants at -66% YoY in the January 13-19 period.

Non-cash spending on accommodation and eating out (YoY change)



Remittance flows remain positive in low double digits, with growth in total inflows through TBC channels remaining unchanged at 10% YoY between January 11-17. The largest YoY growth was observed in inflows from Azerbaijan (95%), Ukraine (46%) and the EU and the UK (18%), followed by North America (9%) while YoY growth from Russia remains in the negative at -36%.

Dynamics of remittances – USD volumes (7 day MA, YoY %)





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AMCHAM MEETING WITH MINISTRY OF HEALTH ON STATE COVID-19 RESPONSE

**37 AMCHAM HOSTS DISCUSSION
WITH USAID/GEORGIA ON 2020-25
DEVELOPMENT STRATEGY**

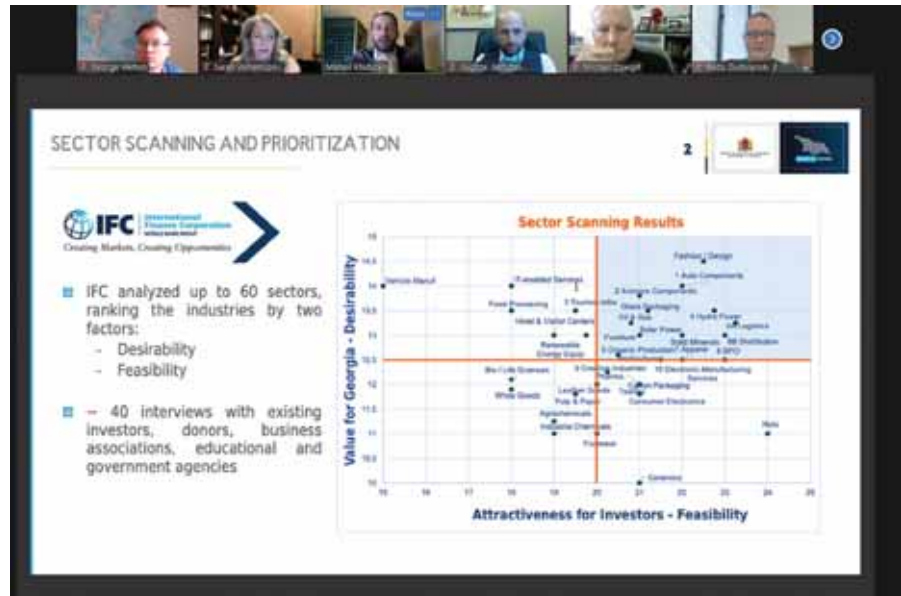
**38 AMERICAN FRIENDS OF GEORGIA
SHELTER GETS UPGRADE AT CRITICAL
MOMENT**

39 NEW MEMBERS

40 MEMBER DIRECTORY

44 BOARD OF DIRECTORS

The presentation was followed by a lively Q+A session.



AmCham Georgia hosted a Zoom Meeting with USAID/Georgia Mission Director Peter Wiebler and USAID/Georgia Private Sector Engagement Coordinator Beverly Hoover on January 28, who presented the recently published Country Development Cooperation Strategy for 2020-2025.



AMERICAN FRIENDS OF GEORGIA SHELTER GETS UPGRADE AT CRITICAL MOMENT



The American Friends of Georgia (AFA) Dzegvi shelter, one of the country's foremost shelters that provides educational and vocational training, medical care, art therapy, rehabilitation programs and workshops for a wide range of individuals in need, has received a critical upgrade this past winter.

On December 15, 2020, American Friends of Georgia and Dzegvi Shelter hosted an opening ceremony for two new greenhouses, an event attended by the Ambassador of Turkey Fatma Ceren Yazgan, Executive Director of AFG Lena Kiladze, Necla Demirdac, Coordinator of Tika Tiflis (Turkey Cooperation and Coordination Fund) Fund and Dzegvi Shelter dwellers themselves.

During the beginning of the Covid-19 pandemic, AFG created a special COVID Relief Fund with a mission not only to

help needy people with food, medicines and sanitary items, but to also initiate small social enterprise projects for needy communities and people in such hard times. The first initiative included two greenhouses for Dzegvi shelter. In summer, in collaboration with the Turkish Embassy, TİKA Tiflis – Turkish Cooperation and Coordination Agency funded the installation of the greenhouses, which were completed in late autumn.

One greenhouse is 500 sq/m for strawberries and another 250 sq/m is for greens. The strawberry greenhouse is for commercial purposes while the greens will be for the Shelter's consumption.

This project will enable Dzegvi Shelter to generate income and will serve to improve the quality of life of residents of the shelter, ensuring sustainability and at the same time help shelter residents integrate into society.





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Kordzadze Law Office is one of the leading law firms at the Georgian legal market offering wide choice of qualified legal assistance to its clients – local and foreign legal entities, organizations and physical persons. During its long-term activity Kordzadze Law Office has gained the reputation of a reliable, ethical and high professional law firm.

One of the distinguishable points with most other law firms in Georgia is that Kordzadze Law Office provides its clients with the full spectrum of legal services in all fields of law.

High-qualified professional lawyers with the highest legal and specialized education are employed at the office.

Kordzadze Law Office litigators provide results-oriented representation. Litigation attorneys conduct trials, arbitrations, mediations and negotiations, counsel on litigation avoidance and risk management. Transactional attorneys counsel individuals and companies on variety of legal issues in terms of their business dealings. They prepare agreements, contracts and various legal documents, provide clients with legal verbal and written consultations, prepare legal opinions and conduct due diligence.

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kordzadzelawoffice.ge



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Suknidze & Partners is a full-service law firm based in Tbilisi, Georgia. The company delivers high quality legal service through the knowledge and dedication and offer practical and innovative legal solutions to Georgian and international clients.

The firm was established by Nino Suknidze, business lawyer with 18 years of experience on the Georgian market who has built excellent reputation over the years in various areas of practice among Georgian and international clients. Prior to establishing the firm, Nino served as General Counsel of Bank of Georgia. Before joining the Bank, she served as a Counsel at Dentons Georgia and as a Legal Director at DLA Piper Georgia for over 11 years.

www.suknidzeandpartners.com

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Managing Partner
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www.kpmg.ge

PwC Georgia

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King David Business Center
Tel: 2508050; Fax: 2508060
www.pwc.com

TBC Group

7 Marjanishvili St.
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www.tbcbank.ge

UGT

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Tel: 2220211; Fax: 2220206
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www.alliancegroup.ge

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Tel: 2510111
www.alta.ge

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6 Marjanishvili St.
Tel: 2959910
www.anakliadevelopment.com

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117 Tsereteli Ave.
Tel: 2226805; Fax: 2226806
www.avon.com

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2 Chirmakuliani St., Samgori district
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www.bat.com

Budget Rent a Car - Otokoc Georgia LLC

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Tel: 2234112
www.budget.com.ge

Capitol HPS / Best Western Hotels & Resorts - Area Developer in Georgia

2nd floor, 70b, Vazha-Pshavela Ave., 0186
Tel: 2197835
www.capitolhps.com

Caucasus University

77 Kostava St., Bld.6, 4th fl.
Tel: 2377777; Fax: 2313226
www.cu.edu.ge

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9 N.Ramishvili St, 1st Dead End, 0179
Tel: 2227495
www.chemonics.com

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www.coca-cola.com

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www.colliers.com

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www.cai.international

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www.cushmanwakefield.ge

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www.dai.com

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www.drm.ge

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Tel: 577043769
www.facebook.com/KFCGeo

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www.m2.ge

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■ Meridian Express

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www.ups.com

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4th Floor, BC "Avenue", 29
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www.mdlz.com

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Tel: 2999980, 2688229
www.officetechnologies.ge

■ Optimal Digital

35 Razmadze St.
Tel: 595001889
www.optimal.digital

■ Oracle Nederland B.V. Representative office

Kievskoe Shosse, 22nd km, bld
6/1,10881, Moscow, Russia
Tel: +74956411400
www.oracle.com

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8 Belashvili St.
Tel: 2541818
www.orient-logic.ge

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www.pace.ge

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Tel: 2475290
www.wbd.ru

■ Philip Morris Georgia

Saarbrücken Square, 0102
Tel: 2439003
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Tel: 2202222; Fax: 2202222-2226
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www.radissonblu.com

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hwww.st.edu.ge

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Tel: 2434580
www.sicpa.com

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www.simetria.ge

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191 Ak. Belashvili St.
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www.strada.ge

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1 Dzmebi Kakabadze St.
Tel: 2921246; Fax: 2251422
www.mcdonalds.ge

■ TMC Global Professional Services

6001 Indian School Road NE, Suite
190, Albuquerque, NM 87110, USA
Tel: (1 505) 8723146
www.tmcservices.com

■ USAID Economic Governance Program

5, Levan Mikeldadze St., 0162
Tel: 599585122

■ Visa International Service Association

900 Metro Center Boulevard, Foster
City, CA 94404, USA
Tel: 599374877
www.visa.com

■ Willis Towers Watson Ltd.

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Tel: 2905509
www.willis.com

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www.ae-solar.com

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5th Floor, Pixel Business Center,
34 Chavchavadze Ave.
Tel: 2514999
www.airastana.com

■ Akustiko

93 Shalva Nutsubidze st.
Tel: 568299559
www.akustiko.ge

■ APM Terminals Poti

52 Agmashenebeli St., Poti
Tel: 0493 277777
www.apmterminals.com

■ Aptos

20/4 Orbeliani St.
Tel: 2 2920371
www.aptos.ge

■ Aversi Pharma

148/2 Agmashenebeli Ave.
Tel: 2987860
www.aversi.ge

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Meidan Palace, 44 Kote Abkhazi St.
Tel: 2505353; Fax: 2505353
www.bakertillyinternational.com

■ Bank of Georgia

3 Pushkin St.
Tel: 2444134; Fax: 2983269
www.bog.com.ge

■ Basis Bank JSC

1 Ketevan Tsamebuli Ave.
Tel: 2922922; Fax: 2986548
www.basisbank.ge

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11, Baku Street, 6010, Batumi
Tel: 422 276452
www.bict.ge

■ BDO LLC

2 Tarkhnishvili Str.
Vere Business Centre, 0179
Tel: 2545845; Fax: 2399204
www.bdo.ge

■ Bene Exclusive

15 Kazbegi St.
Tel: 2241515
www.benegrup.ge

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18 Rustaveli Ave., II floor
Tel: 2470747
www.bgi.ge

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29 Rustaveli Ave.
Tel: 2727272
http://www.millenniumhotels.com/en/
tbilisi/the-biltmore-hotel-tbilisi/

■ BLB Law Firm Business Legal Bureau

5/18 K.Marjanishvili St., II building, II
Floor, 0102
Tel: 2999755
www.blb.ge

■ BLC Law Office

129a D. Agmashenebeli Ave., 0102
Tel: 2922491; Fax: 2934526
www.blc.ge

■ BMC Gorgia

140 Tsereteli Ave.
Tel: 2960960
www.gorgia.ge

■ Caucasus Online LLC

71 Vazha-Pshavela Ave.
Tel: 2000022
www.co.ge

■ Channel Energy (Poti) Limited Georgia LLC, By Petrocas Energy Group

52, David Agmashenebeli St., Poti
Tel: (995493) 2-7-08-60
www.petrocasenergy.com

■ Château Mukhrani, J.S.C.

Sangebro St.
Tel: 2201878; Fax: 2201878;
www.mukhrani.com

■ CMC LLC

4 Besiki St.
Tel: 2240717
www.cmc.ge

■ Crosscountry Georgia

Floor 4, entrance 1,
29 Chavchavadze Ave.
Tel: 790420015
www.cross-cap.com

■ Crowne Plaza Borjomi

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Tel: 995 367 220260
www.cpborejomi.com

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72 Tamar Mepe St. Kutaisi, 4600
Tel: 431253343
www.crystal.ge

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N3, Parsadani St.
Tel: 2361112
www.dio.ge

■ Domsons' Engineering & Construction

23 Polikarpe Kakabadze St.
Tel: 2050303
www.domsons.com

■ Dorche Branch Prepabrik Iapi Ve Inshaat Sanai Tijaret JSC

026/13 Ilia Chavchavadze Ave.
Tel: 593472419
www.dorce.com.tr

■ Duty Free Georgia

3rd floor, 4 Besiki St.,
Besiki Business Center
Tel: 2430150
www.dfg.ge

■ Efes Brewery in Georgia - Lomisi JSC

Village Natakhtari, Mtskheta Region
Tel: 2357225
www.natakhtari.ge

■ Element Construction Ltd.

13 S.Mgaloblishvili St.
Tel: 2374737
www.ec.ge

■ ExpoGeorgia JSC

118 Tsereteli Ave., 0119
Tel: 2341100
www.expogeorgia.ge

■ Foresight Investment Group

Office 204, 4 Besiki St., 0108
Tel: 595 559966

■ Gebrüder Weiss LLC

Airport Adjacent Territory,
Kakheti Hwy
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www.gw-world.com

■ GeoEngineering LLC

15a Tamarashvili St.
Tel: 2311788; Fax: 2311787
www.geoengineering.ge

■ Geomill LLC

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Tel: 2400000
www.geomill.ge

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12 Rustaveli Ave.
Tel: 2999730; Fax: 2999660
www.georgian-airways.com

■ Georgian Beer Company

3311 Saguramo, Mtskheta District
Tel: 2437770
www.geobeer.ge

■ Georgian Express

105, Tsereteli Avenue, 0119
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www.dhl.com

■ Georgian Hospitality Group

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Tel: 2987789
www.ghg.ge

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Tel: 2210187
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Tel: 2226792
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www.glovo.ge

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Tel: 2912626
www.gmcapital.ge

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www.eg.ge

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Tel: 2233625
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Tel: 2310515
www.isbank.ge

■ JTI Caucasus

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Tel: 2604111
www.jti.com

■ KK & Partners

Office 6, 33 Nino Ramishvili St.
Tel: 2432227
www.kkpartners.ge

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■ Liberty Bank JSC

74 Chavchavadze Ave.
Tel: 2555500; Fax: 2912269
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Tel: 2002727
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54 Oniashvili St.
Tel: 2990399
www.lucapolare.com

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39 Ketevan Tsamebuli Ave.
Tel: 2748240, 2748941
http://ge.mumnet.com

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www.americancouncils.org

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www.afgeorgia.org

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I. Abashidze 34 / Terminal Office
Tel: 341258822
www.cida.ge

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www.eecmd.org

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Tel: 2961092
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