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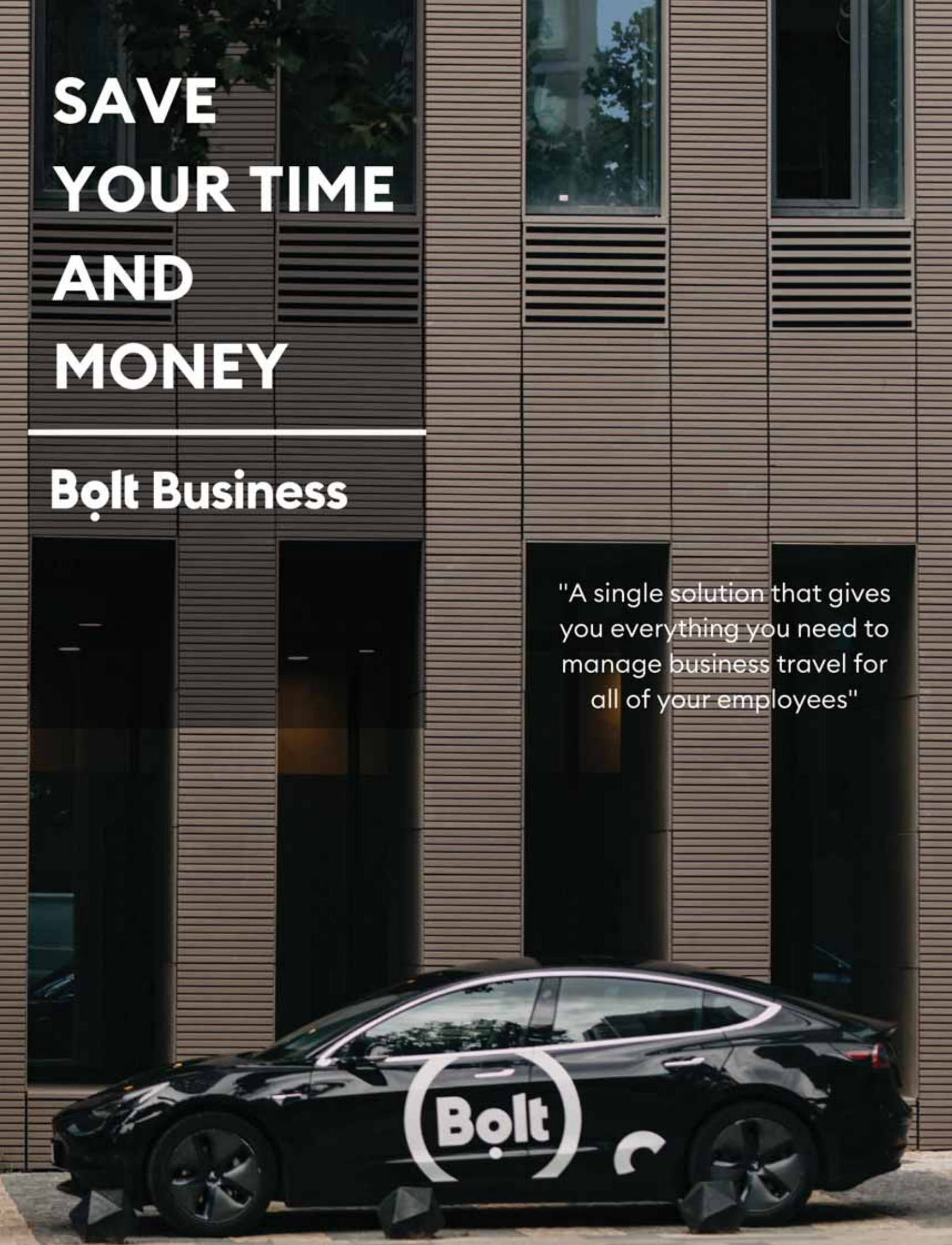

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Investment News

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.

World Bank: Georgia's economy grew 10% in 2022, expected to grow 4% in 2023

Economic growth in Georgia in 2022 is projected to have hit 10%, with "much stronger" domestic economic activity observed compared to expectations in the aftermath of Russia's invasion of Ukraine, according to the January issue of the World Bank's *Global Economic Prospects* report. Recovery in domestic demand coupled with the rebound of tourism post Covid-19 and a surge in money transfers from Russia have been named as the primary reasons for Georgia's strong performance in 2022.

Growth, however, is expected to slow to 4% in 2023 and stabilize around 5% in 2024, according to the report. The expected slowdown will "largely reflect a base effect from strong growth in 2022 as well as a slowdown in economic partners such as the European Union, and diminishing money inflows," the report noted. On the upside, it added that "money inflows could last longer than initially expected and Georgia could benefit from some trade diversion as transport corridors are reconfigured."

The World Bank also said that its latest figures indicated that Russia's economy contracted by 3.5% in 2022, with estimates that it would shrink a further 3.3% in 2023. Elsewhere in the region, Armenia's economy was estimated at 10.8% growth in 2022 and projected to have 4.1% growth in 2023; while Azerbaijan was expected to post 4.2% growth in 2022 and 2.8 % growth for the coming year. Turkey's economy was estimated at 4.7% growth in 2022 and expected to post 2.7% growth in 2023.

EBRD approves €50.6 million loan to upgrade Tbilisi metro stations

The European Bank for Reconstruction and Development has allocated a sovereign loan of €50.6 million, including an investment grant of about €5 million, from its Green Climate Fund to finance the renovation of 12 metro stations in Tbilisi, the IFI announced on January 17.

Georgian Finance Minister Lasha Khutsishvili said while signing the Tbilisi Metro Modernisation Loan Agreement with the EBRD the government hoped "that the project's completion will encourage more people to use public transportation by enhancing the metro system's accessibility, dependability, and safety." Vice President for Policy and Partnerships at the EBRD Mark Bowman noted at the signing that Tbilisi has made "significant progress" in transforming its urban transport infrastructure to meet "growing environmental challenges" over the recent years.

Tbilisi was one of the first cities to join the EBRD's flagship Green Cities program, which supports members in addressing their environmental challenges through sustainable investments and policy measures.

Government takes full ownership of Georgian Railway

The government of Georgia has become the 100% shareholder of Georgian

Railway, marking a change in the major company operating rail services across the country. A London Stock Exchange statement sent to investors on December 23 announced the change in the ownership of the company.

Previously, Georgian Railway was wholly owned by the state-owned Partnership Fund. The ownership change comes as part of a wider four-year strategy for reforming state-owned enterprises with the aim of establishing "appropriate corporate governance," which was announced in December.

Georgian Railway reported a profit of ₾507 million ($188.86mln) in the first nine months of 2022, an 11% YoY increase. Only one large asset, the Georgian Oil and Gas Corporation, remains under the ownership of the Partnership Fund.

Galt and Taggart forecasts 5.2% inflation for 2023

Galt & Taggart forecasted 5.2% average annual inflation in Georgia for 2023 in its Weekly Market Watch report on January 9. The firm noted in the report that the figure was expected to decrease to 3% by the end of the year. "Along with decelerating inflation, we expect the monetary policy rate to be cut to 9% by end of 2023, down from the current level of 11%," Galt & Taggart predicted.

In the latest economic statistics released by Geostat last week, the consumer price index decreased by 0.3% in December compared to the previous month, while the annual inflation rate came in at 9.8%. Geostat said the annual inflation figure included price increases for food and non-alcoholic beverages (+16.8%); housing, water, electricity, gas, and other types of fuel (+15.8%); alcoholic beverages and tobacco (+9.3%); and transport (+5.5%).

Tbilisi hosts South Caucasus' largest tech conference

Touch Summit, the largest technology conference in the South Caucasus region, took place under the roof of Rustaveli Theater in Tbilisi on December 7 and 8. Speakers representing companies from across the world, including Google, Revolut, Nike, Tesla, Siemens, Porsche, and Bolt, took to the stage to share their experiences and participate in panel discussions during the two-day event.

The gathering included discussions on artificial intelligence, the Metaverse, digital archives, human machine interface, digital typography, sustainability, design, and more. At the conference's Startup Exhibition and Pitching event, Georgian startup CALEN AI won a €5,000 prize and the award for best startup.

The Summit was hosted by Touch, a digital platform launched in recent years to connect digital professionals, startups, businesses, and investors, in partnership with Tbilisi City Hall, Georgia's Education Ministry, the Georgian Innovation and Technology Agency, and Bank of Georgia.

New ski, balneological resorts announced by government

New locations in Georgia's eastern, western, and southwestern regions will be turned into resorts for winter sports, medical therapy, and other purposes as the government looks to privatize around 50 currently unused areas next year, Minister of Economy Levan Davitashvili announced on December 30.

Interpressnews cited the Minister of Economy as confirming Zekari in the Kakheti region in the east, Chutkharo Pass in the western Kvemo Racha region, the village of Samshvilde in southeastern Kvemo Kartli, and Uraveli in southern Samtskhe-Javakheti among the new areas designated as resorts. Davitashvili noted that Chutkharo had potential to become a "leading ski resort in the country," while Uraveli could be restored as a balneological resort, and Samshvilde could realize its "historical significance".

He also noted the development of roads and other infrastructure would be "crucial" to ensure tourism in the new locations and "create an appropriate environment to attract investors." He further revealed that the government plans to privatize 50 designated resort areas starting in March 2023, noting that it had studied the potential of over 100 currently unused and former resorts across the country.

Leading chemical company enters Georgia

Indorama Corporation, a leading ▸▸

Asian chemical company based in Singapore, has bought the Rustavi Azot plant, one of the largest suppliers of mineral fertilizers and industrial chemicals in the South Caucasus region. The Georgian Economy Ministry announced the deal on January 13, noting that Enterprise Georgia played a major role in securing the deal.

Enterprise Georgia Head Mikheil Khidureli commented on the development, lauding the entrance of the "largest Singaporean corporation" into the Georgian market as a testament to the investment potential of the country. "Indorama plans to ensure serious funds for the modernisation, development, and expansion of the plant's production," Khidureli said.

Indorama currently owns 160 plants in 38 countries and employs more than 45,000 people. The products manufactured by the corporation include nitrogen and phosphate fertilizers, polyethylene, polypropylene, polyester, textiles, cotton fiber, and medical gloves.

Flights recover to 88% of pre-pandemic level in 2022

Passenger traffic for airlines operating in Georgia recovered in 2022 by 85% compared to pandemic levels, while the number of flights were restored to 88% of their pre-Covid figures, the Georgian Civil Aviation Agency announced in January.

The governing agency revealed the country's three international airports served 4.4 million passengers in 2022, marking a 78% increase compared to 2021. Hungarian budget airline Wizz Air (13%) was the leader in the Georgian airline market based on the number of passengers transported in 2022, followed by Turkish Airlines (12%), Pegasus (9%), Belavia (6%), Flydubai (5%) and Azerbaijan Airlines (5%). A total of 41 airlines operated in Georgian airports in 2022, with flights operated to 60 destinations.

National bank introduces new consumer protection requirements for financial organizations

New transparency requirements will come into play for financial organizations operating in Georgia starting on April 1 in a bid to better protect the rights of consumers, the National Bank of Georgia (NBG) announced on January 13.

The regulations will enable consumers to compare the financial products of financial organizations and help them make informed decisions. Ensuring transparency of prices of financial products and encouraging competition in the market are two of the principal motivations behind the change, the NBG said.

The new requirements will apply to commercial banks, branches of foreign banks operating in the country, as well as microfinance organizations and other depository institutions, such as credit unions and lending entities. The NBG cooperated with World Bank experts in its work on the new requirements, the institution added.

Locally produced exports up 18% in 2022

Georgia exported goods worth $5.59 billion in 2022, which is a 32% YoY increase, preliminary data from Geostat shows. Geostat says local exports in the country accounted for 66.2% of the total exports, amounting to $3.7 billion, which is 18.4% higher compared to 2021.

In 2022, Georgia's top trading partners were China ($694.8 million), Russia ($536.1 million), and Bulgaria ($419.9 million). The five largest domestic export goods of Georgia were copper ores and concentrates (27.7% of total exports); ferro-alloys (12.2%), nitrogenous fertilizers (7.6%); wine (6.8%); and natural or artificial mineral and aerated waters (3%).

Georgia's imports also grew by 33%, amounting to $13.5 billion, and external trade turnover amounted to $19 billion in 2022, posting a 33% YoY increase.

World Bank ranks Georgia first for public finance management system

Georgia has been ranked first among 59 countries for its "continuous improvements" in the *Public Expenditure and Financial Accountability Assessment*, an index compiled by the World Bank. The 2022 PEFA Assessment said the public financial management systems in the

country were strong and had continued to improve since the previous assessment in 2018.

In its assessment, the World Bank noted that the Covid-19 pandemic had a negative impact on the aggregate expenditure of the Georgian budget, but that there had been an "array of improvements" in the development, execution, management, and oversight of public finances.

The World Bank's Regional Director for the South Caucasus Sebastian Molineus commented on both assessments by saying the result was "undoubtedly a very impressive achievement" for Georgia.

"This year, we witnessed something new, as we adapted gender aspects to this tool and evaluated the public finance management system in Georgia in this context as well.

As we analyze progress in this area, it is clear that a little more work needs to be done, and we are pleased to continue our strong partnership with the Ministry of Finance to improve cooperation in this area," Molineus added.

Georgia signs Black Sea green energy cable agreement

Officials from Georgia, Azerbaijan, Romania, and Hungary met in Bucharest on December 17 to sign the Agreement on the Black Sea Submarine Electricity Cable project. The project will allow the export of green energy to Europe via Georgia, connecting the country and the entire South Caucasus to Romania.

Georgian President Salome Zourabichvili welcomed the signing of the agreement, calling it "a major historical step" that would link the Caucasus region to the European Union, turning the Black Sea into a "European sea" and a "bridge" connecting both sides.

The Black Sea strategic submarine electricity cable between Georgia and the European Union will be a "window of new opportunities," which will turn the country into an electricity hub and improve the internal energy market, European Commission President Ursula von der Leyen said at the signing ceremony. She lauded the Black Sea electric cable as a new transmission route "full of opportunities," which has the potential to link Georgia to the EU electricity market and bring electricity to the Western Balkans, Moldova, and Ukraine.

PM: $1.22bln allocated for infrastructure projects in 2023

Georgian Prime Minister Irakli Garibashvili highlighted the ₾3.3 billion ($1.22 billion) budget for 2023 projects under the country's Ministry of Regional Development and Infrastructure in his December presentation of the government's 2022 work.

The prime minister said over 5,500 infrastructure projects had been implemented in the country in 2022, employing 25,000 people and involving about 1,200 companies. He also highlighted the "historic project" of the east-west highway as an important step in connecting the country, announcing that it would be "fully completed" in 2024, with over half of the works currently finalized. The Kakheti Highway project in the country's east will also be completed in 2024, he said.

In addition to planned renovations of 885 kindergartens and 800 public schools across the country in 2023, Garibashvili also announced that a nationwide land registration system was being carried out in 59 municipalities of the country, with the work set to be fully completed by late 2024.

He spoke about work on water supply systems and pledged "all cities" would have access to a 24-hour supply by the end of 2025. He said projects worth up to ₾3 billion ($1.11billion) were underway in more than 200 locations, while 38 areas had seen supply networks completed in 2022, improving service to 140,000 people.

A letter from newly elected AmCham President Irakli Baidashvili

Dear AmCham Members and Friends,

I hope that everyone has enjoyed the holiday season and feels ready to face 2023 with renewed energy and enthusiasm. It has been a great joy to celebrate the holidays this year without Covid hanging over us. This seems to signal that 2023 will be more of a return to the pre-Covid 'normal' that we have missed for so long.

That said, the war in Ukraine is a continual source of anger and anxiety. More than anything, we hope that 2023 will bring victory for our Ukrainian brothers and sisters. We understand that Ukraine is fighting for its own liberation but also for the wider international order and the peace and security of us all.

This year, therefore, promises to offer a continued mix of anxiety and hope. In this context, AmCham will continue to offer opportunities for our members to interact in-person as much as possible but also online, where useful, to enhance their relationships and offer each other support and security.

We will also continue to support both our members and the country to prosper economically and maintain close relations with the Western friends and partners who are so crucial to our long-term success.

I am honored to have been elected as the new President of AmCham. I want to thank outgoing President Sarah Williamson for her incredible work and support of AmCham. In her role as president over six years and for many years before that as an officer and member of the board, she has brought a dedication, determination, and vision that has been central to our success.

I would also like to thank Michael Cowgill, who previously served as President and is returning as First Vice President, and Executive Director George Welton, as well as the many longstanding members of the AmCham Board and executive team. I have very much appreciated working with this team in recent years and look forward to leading them as president.

I would also like to welcome George Tkhelidze from TBC to the role of Vice President and Treasurer, as well as our newly elected Board Members Ayten Hajiyeva from BP, Craig Kramer from Gulf, and George Svanadze from MG Law. I am confident that their fresh perspectives will add considerable value and keep us on our toes!

What I am confident will not change this year is our collective determination to see Georgia thrive as a pro-Western democracy with strong ties to the United States and the EU. We will work to support Georgia's continued strong relations with the United States at the governmental, economic, and personal level. While our economy has shown an impressive resilience in the face of regional difficulties, we know that it is only through a rule-based, market-driven democracy that we can expect that success to last in the long term.

Finally, I would like to thank all the AmCham membership for their continued efforts to maintain the organization and for your faith in choosing me as your president. Together, I am sure we will maintain AmCham's position as the strongest and most respected business association in Georgia so that we can continue to help our members and the country succeed.

Sincerely,
Irakli Baidashvili

President, American Chamber of Commerce in Georgia
Executive Vice President, GMT Group

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Bridging the gap

– Georgia's Middle Corridor opportunity

The 10,000th, fully-loaded freight train from China to Europe arrived in Hamburg, the EU's largest rail-port, in mid-September last year. But while local officials stationed to welcome the train after its eighteen-day journey across Eurasia feted the potential of cross-continental shipping, rail executives grumbled that China-Europe rail volumes would take years to restore following the disruptions caused by Russia's war against Ukraine.

Flows across the Northern Corridor, the rail transport route between Europe and China that runs through Russia, are indeed down: the German Institute for International and Security Affairs estimated in late October 2022 that traffic had decreased by as much as 40%. But tempering pessimism about the future of long-haul dryland shipping between the EU and China is the potential of the Middle Corridor – a hybrid rail and sea route for cargo shipping which traverses Central Asia, the Black and Caspian Seas, and the South Caucasus, cutting Russia out of the equation. Mulled over for years, there has been little serious drive to develop the route, but the war in Ukraine and Covid are changing that, and Georgia, as one of the four main countries that comprise the corridor, stands to benefit greatly.

One door closes

Though rail currently plays just a

China provided initial momentum for the Middle Corridor in the mid-2010s as part of its ambitious Belt and Road Initiative (BRI). While enthusiasm was abundant, skepticism was too; China's large-scale infrastructure projects abroad have often given rise to unsustainable debt crises in host countries. The Chinese Communist Party may have admitted as much at its recent party congress in October, where the new Chinese Global Development Initiative (GDI) looks poised not to phase out the BRI, but to attempt to mollify the criticisms of predatory lending leveraged against it by shifting to a co-financing approach in foreign infrastructure projects. The threadbare state of infrastructure along the proposed corridor and geopolitical concerns of 'angering the Russian bear' further dampened excitement.

small part in China-EU trade – equivalent to approximately 4.5% of the 32.8 million TEUs that crossed between China and the EU in 2021 via maritime routes – interest in and flows of cargo along the Middle Corridor are surging.

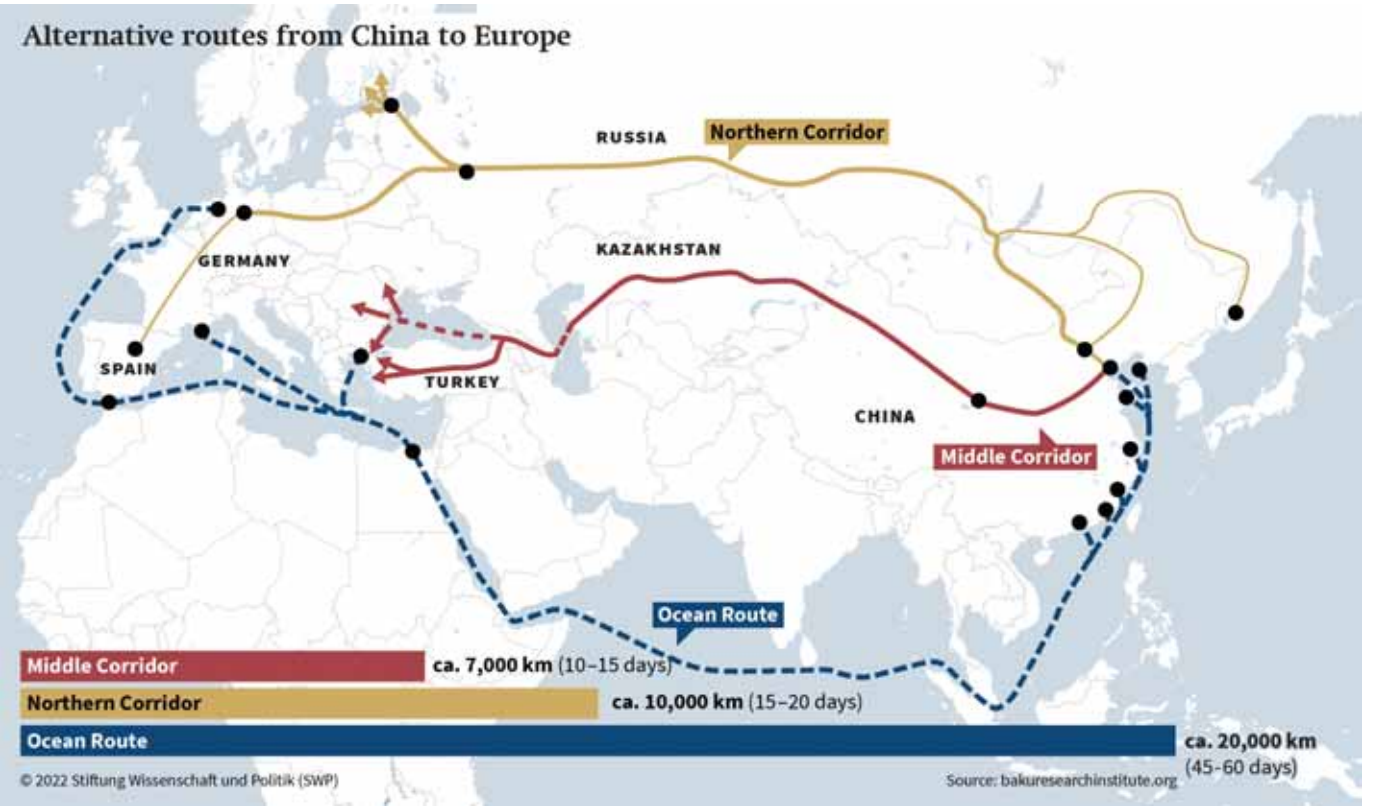
Lack of coordination between states that comprise the route makes it difficult to assess the exact volume of throughput, but freight transport between Azerbaijan and Kazakhstan was up nearly 800% in the first ten months of 2022, an Azerbaijan Railways subsidiary reported in November. The Trans-Caspian International Transport Route Association said it was expecting 600% growth in cargo volume along the entirety of the route for 2022. On a smaller but still impressive note, a TBC Capital report from November 2022 noted that 'cargo transportation volumes [in Georgia] are expected to [have increased] by 32% YoY in 2022' and annual growth in the transportation and storage sector, responsible for roughly 5.5% of Georgia's GDP, was expected to reach 22%. There has also been an uptick in large logistics providers who have begun using the Middle Corridor, including giants such as Maersk, Rail Bridge Cargo, and CEVA Logistics.

> Increased flows of cargo along the Middle Corridor are first and foremost a result of disruptions along Russia's Northern Corridor. Northern Corridor. Though sanctions against Russia have not explicitly forbidden rail transport through the country, logistics providers have been scared off and are looking for alternative solutions. Covid's impact on maritime trade in recent years also presented an opportunity for dry-land; sea container prices were up multiples of three and four in 2021 and 2022, making rail transit, previously viewed as formidably expensive, suddenly quite affordable. While rates for maritime freight have since corrected, the blip impressed upon logistics providers the necessity of diversification.

If you (can) build it

A Middle Corridor which could compete for traffic with its northern neighbor faces numerous obstacles. Georgian and other regional ports already worked at near peak capacity in 2022 due to the surge in throughput, with the EBRD estimating that 80,000 TEUs will have traversed the Middle Corridor in 2022, 'not far from its maximum throughput capacity of 100-120,000 TEUs.' The EBRD says throughput along the route will be constrained by the limited number of vessels in the Caspian Sea and non-regular shipment schedules. Capacity in Black Sea and Caspian Sea ports like Poti, Batumi, Baku, and Aktau will also need to significantly increase, while rail infrastructure up and down the line requires upgrades.

To meet these needs, the IFI says approximately 3.5 billion euros ($3.7 billion) in immediate investments will have to be mobilized along the Middle Corridor if growth is to continue apace. In earlier years, China showed considerable willingness to invest in large-scale infrastructure projects as part of the Belt and Road Initiative, though it has been conspicuously absent since Covid. Fortunately, several IFIs have already signaled they are interested in picking up the slack to back the Middle Corridor financially. ▸▸



Meanwhile, the political lead on the corridor has been taken up by Turkey and Kazakhstan. Turkey has even coined its own label for the route: the Trans-Caspian International Transport Route. Turkey's push for the development of the corridor coincides with other geopolitical processes in the region, including the opportunity to decrease Turkic states' reliance on Russia and China and the potential development of the Zengazur corridor, which would link Azerbaijan with its Turkey-bordering exclave, Nakhchivan.

Georgia has thrown its weight behind the movement as well, joining at the end of March 2022 the Declaration on the Trans-Caspian East-West Middle Corridor, which focuses on the 'importance of the Baku-Tbilisi-Kars railway in promoting competitive transport between Europe and Asia.' The same declaration noted the importance of completing construction works along the railway line to increase its carrying capacity. In late November, Georgian, Azerbaijani, Turkish, and Kazakh ministers met to discuss trans-Caspian connectivity in Aktau, Kazakhstan and signed a roadmap to overcome barriers along the route. More recently at Davos, Georgian Prime Minister Irakli Garibashvili reaffirmed Georgia's interest in cooperating with Azerbaijan, Kazakhstan, and Turkey, noting "the chemistry is there, and we have a strong foundation to work together."

There is already considerable talk of plans for port expansion and infrastructure improvement in the region. Baku Port claims it will begin an expansion project in 2023, "increasing cargo traffic volume to 25 million tons per year and 500,000 TEU containers," a port official told reporters in November. Kazakhstan's only port, Aktau, plans to build a new $28.9 million container hub by 2025, increasing capacity from 40,000 TEU to 215,000 TEU annually. Georgian PM Garibashvili, again at Davos, announced that Azerbaijan was committing additional funding to upgrade the Baku-Tbilisi-Kars railway, "which will [add capacity for] another 5 million tonnes of cargo." Upgrades to the rest of the country's ports on the Black Sea coast remain under discussion.

False or running start?

Whether or not interest in the Middle Corridor proves enduring in the long run depends on multiple factors. Interest in the route has picked up just as the global economy is facing the prospect of a recession: the World Bank recently slashed its expectation for global economic growth from 3% to 1.7% for 2023, while inflation concerns continue to dissuade consumer spending, despite signs it may be starting to let up. This slowdown in demand for goods will likely cause a slowdown in the logistics industry, which is already experiencing a slump.

The stabilization of maritime shipping rates, down from their Covid-highs of nearly $10,000 per forty-foot equivalent to just over $2,100 (Drewry World Container Index - Composite, mid-January) will also cast doubt on the need for an additional land route. As China continues on its quick and chaotic reopening to the world, the squeeze at ports is expected to let up in the coming months, which may cause interest in rail to drift back out to sea. Georgian Railway voiced exactly these concerns to TBC Capital, questioning the stability of demand in the future and noting that this would be a serious investment barrier to overcom-

ing shortfalls of rolling stock.

Concerns of economic viability aside, the Middle Corridor may prove its mettle by virtue of its not being its northern neighbor, as logistics providers will continue to seek insurance against disruptions in the future. Moreover, the European Union is moving quickly to diversify and secure better energy, communications, and transport connections with the South Caucasus and Central Asia. While in the long run the Middle Corridor is unlikely to prove itself a less expensive option than the Northern Corridor, it does have the opportunity to show that it is more reliable. ■

SNAPSHOT OF CHINA-EUROPE RAIL

SOURCE: EURASIAN RAIL ALLIANCE INDEX

- Between 2016-2021, the number of annual China-Europe freight train voyages increased from 1,702 to 15,183, with an average annual growth rate of 55%.
- Annual value of goods increased from $8 billion in 2016 to $74.9 billion in 2021.
- For every four trains headed to China, five leave for Europe.
- 1.46 million TEUs were transported via the China-Europe rail network in 2021 (China National Railway Group)
- Rail freight shipped between China and Europe in 2021 was 4.45% of total Asia-Europe ocean containerized trade of 32.8 million TEUs.
- The Middle Corridor handled about 80,000 TEUs in 2021, roughly 5%, of Asia-Europe rail traffic

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SNAPSHOTS OF SUCCESS:

How four top managers found their 'home' in Georgia's hospitality sector

From getting a start as an entry-level waitress to a mid-career shift from the world of corporate finance, *Investor.ge* recently sat down with some of the industry's most successful senior managers to hear how they got where they are today and why they say hospitality is one of best the industries in Georgia to work in.

A CONSTANT ADVENTURE

Tamuna Iarajuli

Cluster Service Director of Silk Hospitality

When Tamuna Iarajuli isn't cruising down the slopes of Gudauri on her snowboard or hiking with her family, you are most likely to find her at her "second home," the Radisson Blu Iveria in Tbilisi. After 13 years of working in hospitality, the self-proclaimed adventurer says she's stayed so long because she loves working in an industry full of new experiences where "no two days ever look the same."

Like many senior managers in the sector, Iarajuli got her start with an entry-level position as a waitress, first at an Italian restaurant in town and then shortly after at the Radisson Blu Iveria. Over the course of a couple of years, she says she tried out "almost every position in the food and beverage part of hospitality," working her way up to management.

"Waitress, hostess, mixologist, shift leader, supervisor, manager – I did them all within those first few years," she says, noting that she enjoyed the challenge each progressive level of higher management brought. Then came the biggest challenge yet. "In 2017, the Radisson decided to open a new restaurant, and I was tasked with helping to lead the launch and hire an entirely new staff. This was a great opportunity for me to grow, but it also challenged me in a way I had not experienced before."

Taking on those new challenges soon proved worth it. After seven years in the industry, she was promoted to the role of Food and Beverage Manager's Assistant. After moving around within the country, first to a hotel in Georgia's winter resort town of Guduari as the Food and Beverage Manager and then to Radisson Collection Tsinandali Estate in Kakheti, she returned to the Radisson Blu Iveria in 2021 as the Food and Beverage Manager. In September of 2022, she was promoted to her current role as a Cluster Service Director, overseeing service at all the Silk Hospitality properties.

Her advice for those considering a career in hospitality: "Every day will not be easy, and it will take a lot of hard work. But a career in hospitality offers a constant supply of new experiences and opportunities to continually grow. I love to travel, meet new people, and see new things, and hospitality offers you just that – a constant adventure."

AN INDUSTRY THAT INVESTS IN YOU

Alexander Kvaratskhelia
Multi-property General Manager, Tbilisi Marriott, Courtyard Tbilisi, Moxy Tbilisi

Alexander Kvaratskhelia has worn many professional hats in his more than twenty years of business experience, having worked for the World Bank in Georgia and holding various marketing-related positions in Tbilisi, Ukraine, and the United States.

His career in hospitality, however, began in 2010 when he joined the Marriott, leading the sales department for both Courtyard Marriott and Tbilisi Marriott.

"I actually started my undergraduate studies in hospitality management before I switched to marketing," Kvaratskhelia recalls, noting that he felt there was "something special" about the industry long before he joined it.

"It was really the attraction of the brand Marriott International that first enticed me to make the shift in my career towards hospitality," he says. "Having lived outside of Georgia for some time, when I returned in 2010, I had offers from a couple of different companies. But everyone hears the stories of the bellboys who work their way up to being a general manager – these kinds of opportunities for growth is what Marriott offers its employees, and I was drawn to that."

After moving to the role of hotel manager for the Courtyard Marriott in 2015, Kvaratskhelia accepted a position in 2017 at the Armenia Marriott Hotel Yerevan as the Director of Operations. Two years later, Kvaratskhelia was recruited back to Tbilisi to serve as the multi-property hotel manager for the Courtyard, Moxy and Tbilisi Marriott Hotels, before becoming the general manager of the Le Meridien Batumi in 2020.

In September of 2022, he returned to Tbilisi once again, this time as the general manager of the Courtyard, Moxy, and Tbilisi Marriott Hotels. "It feels great to have achieved this after 12 years," Kvaratskhelia says. "My success is a testament to how this industry grows people."

Despite entering the sector later in his career, he says mentorship still played an important role in helping him progress within the industry. "I have had some great mentors, and even now as GM that is still important to me. Catalina Susan, the GM of Sheraton Sopot Hotel, for instance, and our Area Vice President for Eastern Europe Pankaj Birla. Pankaj has been a great source of wisdom and advice for me. Coming from the finance side, he is of course a numbers guy, but he has also really imparted on me the importance of the human side of the business - creating great experiences is what hospitality is all about."

In fact, he says, his time in the industry has taught him that hospitality is really the business of people, which includes both taking care of guests and developing your team. "One thing they teach us at the Marriott is 'take care of your employees. They will take care of your customers, and that is what will bring your customers back.' Working in an industry where your leaders invest in you - I think that and a lot of hard work, of course, are the ticket to success."

His advice on those considering a career in hospitality: "Look at the numbers. Tourism is growing rapidly in Georgia; it is a major driver of the economy and is only getting bigger. The hospitality sector has so many different areas to explore - finance, engineering, restaurants, events, IT, communications – there is really something for everyone here. So, my advice for those considering hospitality is to give it a try – there is a lot to potentially gain, and not much to lose."

A PLACE TO FIND YOUR PASSION

Nino Kvernadze
Executive Director of Adjara Group Hotels

Nino Kvernadze's rise to running one of the top hospitality groups in Georgia has followed more of a non-conventional route than others in the industry. Having spent her childhood split between the U.S. and Georgia, Kvernadze moved to the U.S. for her undergraduate studies and began her career working at an investment bank, Goldman Sachs. After five years of working her way up within the organization and facing the prospect of yet another promotion, she says she started to feel that something was missing.

"Working at Goldman was an amazing opportunity. I had so much career development there and really learned what it meant to work hard," she says. "But my life became all about my work, and eventually there came a point when I realized that I didn't quite have a passion for it."

Making "one of the hardest decisions of [her] life," Kvernadze quit her job and moved back to Georgia to explore new career opportunities. It was there that she learned more about the work of Adjara Group and says she knew instantly she wanted to work for them.

"Traveling and exploring new cultures and cuisines has always been a personal passion of mine," she says. "During one of my visits back to Georgia I ended up going to Kazbegi, where I first discovered Rooms Hotels and was amazed with its modern take on Georgia's culture, hospitality, and tradition. I instantly knew this was the company I wanted to work for. So, when I moved back, remembering my great experience, I immediately reached out and was fortunate enough to have been offered a position as a project manager."

After six months in that role, Kvernadze was appointed as the director of Udabno, the company's agricultural development venture in Georgia's eastern Kakheti region. She says it was very challenging but extremely rewarding to get into the "completely new field" of agriculture. The experience of working closely with the local community and taking part in the building of a company from the ground up helped her get to where she is now. By the end of 2021, Kvernadze was offered the role of Executive Director of Adjara Group's hotels.

And while the hard work hasn't stopped, she says moving back to Georgia and switching industries was one of the best decisions she ever made. "Being in the hospitality industry is hard work but doing what I love makes every minute worth it."

Her advice for those considering a career in hospitality: "The best thing you can do is just jump in and start - at any level or position. People are often too consumed with the idea of wanting to be a manager right away. When I started at Adjara Group, I took a lower position than I had previously been in, but I knew I could work my way back up. Hospitality is an industry filled with opportunities for growth if you're willing to work hard. So, if you have a passion for people and want to be in the business of creating great experiences, just go for it. I'm so glad that I did."

A CAREER, NOT JUST A JOB

Ana Azaurashvili

Director of Revenue Management for Sheraton Grand Tbilisi Metechi Palace

As one of the youngest senior level managers at an internationally branded hotel in Georgia, Ana Azaurashvili knows firsthand how much opportunity for career growth the hospitality industry offers. At 26, she says she could not have believed that she would be where she is today when she started working in the industry just six years ago.

"I started out working as a guest relations officer at a different hotel while I was in university," says Azaurashvili. "As the Sheraton Grand Tbilisi Metechi Palace was preparing to re-open after renovations in 2018, I decided to apply for a similar position there. However, during the interview process, I was told I may be better suited for sales, so I decided to accept a position with the sales department.""

After working in sales for three years, she says she was ready for a new challenge. "I knew I wanted to continue to develop, and I was offered a sales manager position at another hotel, "she says. "I struggled with the decision of whether to stay at the Sheraton, so I decided to speak with my supervisor about it."

At the meeting, Azaurashvili says her boss told her he was recommending her for an opening for revenue manager - a job she had long been interested in but felt unqualified for. "Taking that position was a big step for me, and one I was not completely sure I was ready for at the time. But my supervisor had faith in me and offered a lot of encouragement and support, which gave me the confidence to put everything I had into the job," she says.

Less than two years later, her hard work again paid off. In January of 2023, Azaurashvili was promoted to the position of Revenue Director.

"That is the amazing thing about working for the Sheraton and working in this industry. My supervisors, and more recently, our General Manager Iva Trifonov, invested time in my development and expressed confidence in me. Because of that, I've gotten stronger and more confident in myself, and I feel ready to continue taking on new challenges in my career."

Her advice for those considering a career in hospitality: "When you think about where you want to work, it is important to think about your long-term career goals, not just the short-term perspective. I know a lot of people my age only think about which job will pay them the most right now or which job will let them work from home. I came into this job at the entry level, but because of my hard work and the great leaders who invested in me, I've been able to continually move up to where I am now – in my dream position." ■

This article was prepared with the support of the USAID Economic Security Program.

The Best Practices and International Standards to Hospitality Industry Initiative is being implemented by AmCham and Georgia's international brand hotels (GMT Group [Marriott Hotels], Silk Road Hospitality [Radisson Hotels], and the Sheraton Grand Metechi Palace) with the support of the USAID Economic Security Program. The program welcomed its first cohort of 52 participants in early June 2022. For five months, trainees received more than 800 hours of on-the-job instruction from internationally certified trainers, with a focus on topics like hospitality basics, housekeeping, food and beverage service, human resources, health and safety, and sales and PR. Following the successful completion of the program by the first cohort, a second cohort began the program in January 2023. The training program is part of a wider effort to introduce international standards of service to the hospitality sector and revitalize the industry's workforce as it emerges from the pandemic.

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With Georgian capital markets being in an emerging phase, services intended to facilitate the related processes is yet to pick up the traction. Brokerage service, the backbone of every efficiently operating market, has been actively attracting natives and all the newcomers in Georgia, ultimately translating into exponential growth of the clientele. Considering the fact that capital preservation is in the interest of every rational individual, investing is gradually becoming the preferred choice of action for Georgians, which consequently is indicative of the immense upside potential held by the services tied to it, i.e., the Brokerage and Custody.

To dive deeper into the actual data, first, it ought to be mentioned that, due to trust related factors, capital requirements and quality of the service, local capital market is dominated by the subsidiaries of two of the biggest Georgian banks. Via providing ease of access to international markets and other essential services pertaining with investing/trading, as mentioned above, local brokerages are picking up the steam. Whether you are actively trading or investing for the long term, Stock Trading platform in Georgia offers innovative tools and features to make smarter and more informed decisions.

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Book consutlation with Brokerage team

Tornike Mchedlishvili, CFA

Vice President

Tornike joined the TBC Capital team in 2020 as chief broker from the National Bank of Georgia, where he had worked for two years as supervisor of brokerage companies in the Capital Markets department. Previously, Tornike was an equity trader at Alaric Securities . He holds a bachelor's degree from the American University in Bulgaria and and is a CFA charter holder.

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Nina, Senior Analyst at Brokerage team joined TBC Capital in 2021. She is a seasoned financial analyst with 3+ experience in corporate and investment banking. Prior to joining TBC Capital, she served 2 years as a Corporate Banker at VTB Bank Georgia, where she managed portfolio of large corporate clients. She was responsible for doing financial analysis, selecting the best fit structure of credit products and presenting it to the credit committee. Nina holds the BBA degree in Finance from Caucasus School of Business. She is TBC Camp 2020 winner.

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Georgia's lesser-known vines come out from the cold

Georgia's vine story is famous and oft told: that an amazing 525 of its unique indigenous grape varieties still survive, and the number could be even more. But this proclamation deflates radically when it comes to commercial wines from major producers, which produce only 40 varieties. Yet many of the vines that have been largely ignored could contribute substantially to vineyard health as climate change erodes productivity.

SALLY WHITE

The value of rarer vines is now being recognised by the world's major financial institutions and donors, who have backed climate and terroir research. Driving action in the vineyards, they are looking kindly on requests for wine company funding that incorporates investment in planting and development of old and rare varieties. The European Bank for Reconstruction and Development (EBRD) has recently made such a loan.

Only if you venture into specialist outlets like 8000 Vintages is it possible to see (and taste) any real evidence of Georgia's abundance of grape varieties. "We stock around 75-80 wines from unusual grape varieties," says Irakli Chkhaidze, the group's co-founder and director, giving a good indication that unusual varieties are still alive and can produce delicious wines.

8000 Vintages has made it a mission to encourage the production of wines from rare Georgian grapes, accepting for sale any that pass its blind-tasting entry qualifications and meet its standards on "aroma, color, and taste." It also offers a number of wines made in family vineyards, both these and the rare wines being supported by regular Saturday tastings (for which customers pay just GEL

15). Regulars, says Chkhaidze, tend to be serious wine enthusiasts, and the concept is not as yet commercial.

While the quality of Georgian wines has improved immeasurably since Soviet times (when quantity, not quality, was the target) and are now regularly winning international prizes, in Georgian wine production at large the vine selection, of red especially, has not moved on a lot. During the Soviet era it was Rkatsiteli and Saperavi that covered Georgia's vineyards, and they still occupy most hectares. Saperavi, the grandee among Georgian reds, still dominates Georgia's red wine repertoire (giving around third of Georgia's total grape harvest) and Rkatsiteli the whites (with around 57% of the harvest). Three other indigenous white varieties, Mtsvane, Kisi, and Khikhvi now get much more space in the vineyards, but those harvest numbers show just 10% for the rest, both red and white – in official harvest figures, at least.

Behind the scenes the picture is more encouraging, with active exploration of the potential of rarer grape varieties. Although not a lot are currently for sale, a number of the rarer ones are being trialed by some large commercial wine companies for viticultural and marketing reasons.

The small wineries, scattered through the regions, many with ancestral family land and ancient vines, have always been able to offer a wide selection of wines from heritage grapes. One international online wine retailer, the Wine Guild, quotes on its site of wines the number of varieties cultivated that originated in Georgia's historical provinces: Imereti boasts 75 different varieties; Kartli 72; Samegrelo 60; Abkhazia 58; Guria 53; Adjara 52; and Racha-Lechkhumi 50.

The Georgian Wine Marketing Story – the ancient culture, its long viticultural history, the romance of the location – is the principal source of interest in rarer vines for the big commercial wine companies.

Combating climate change

Precipitation and other climate change problems can for now be solved by throwing money at them, and with sales strengthening, they are financially well placed. But mitigating climate change has become something of a grail for Georgian agriculturists, in response to dire threats to the vineyards and orchards from hotter temperatures and more volatile weather forecasts, detailed research by the likes of the United Nations Environmental Program, USAID, and the EU.

"Since the 1960s, different climate trends have already been observed in Georgia. Temperatures in the west and the east increased, as well as the number of hot days, particularly in the lowlands. While precipitation in the mountainous areas in the west increased, precipitation from the mid to the east decreased," states a German-funded development study titled *Sup-*

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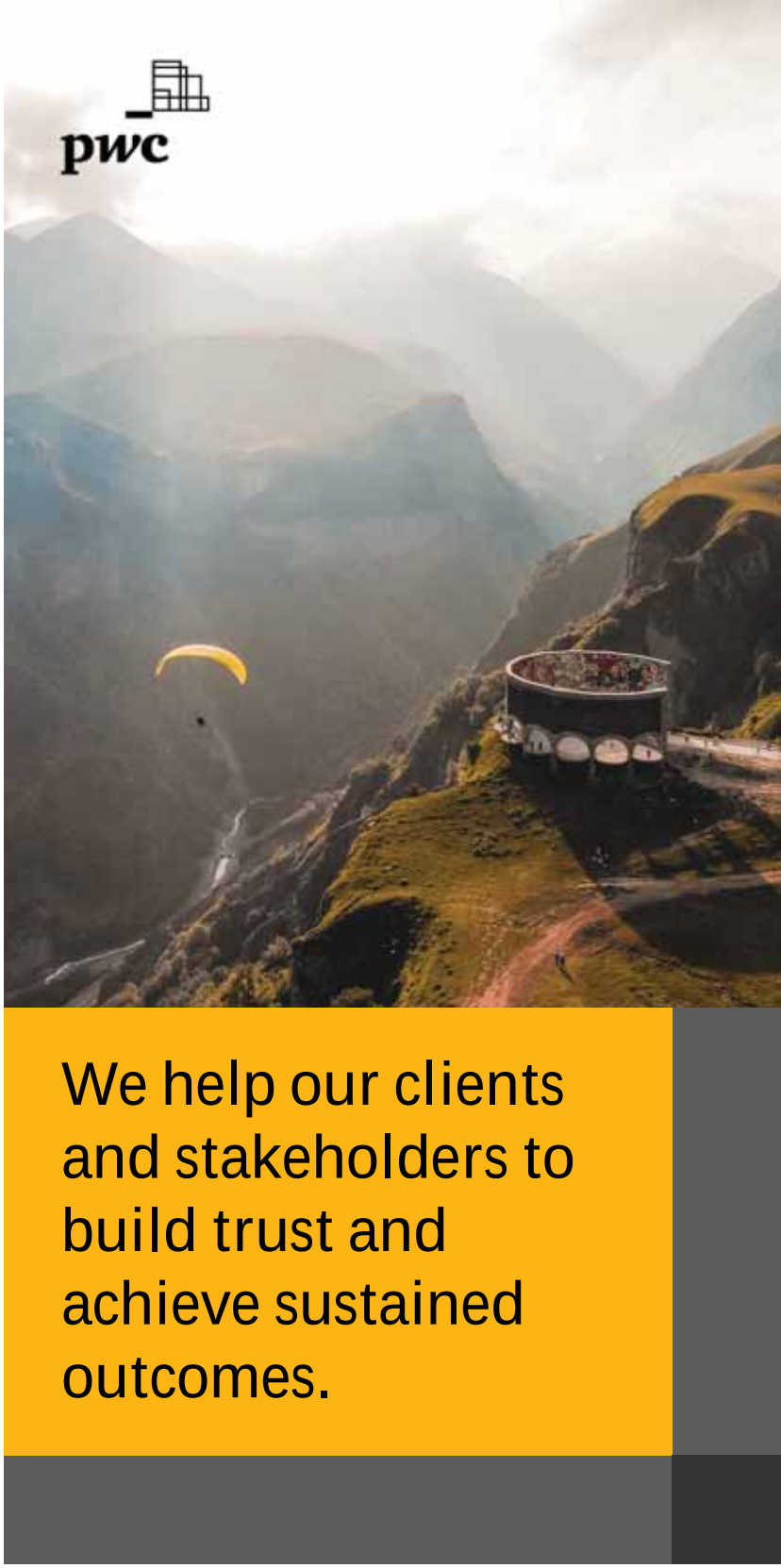

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Most concerning is the present and future state of eastern Georgia, the major wine growing area, likely to be most badly hit by warming, lack of rain, and with its soil already in a bad way, says the research. In its *Georgia Environmental Performance Review* just a few years ago, the United Nations said: "Nearly 35% of agricultural land is degraded as a result of water and wind erosion, which are affecting particularly the mountainous areas and crop fields, especially in eastern Georgia. Modern farming techniques for cultivating steep areas such as terraces and buffer strips are not commonly applied."

Looking at Kakheti, a recent report from the ISET Policy Institute reviewed 1986-2015 statistics. Comparing them with the previous 30 years, stated that "increased average temperatures have already been observed – in every season – in Kakheti," (+0.31°C in the spring, +0.94°C in summer, +0.60°C in autumn, and +0.30°C in winter). Its report *Desertification in Kakheti – a Threat to Kakhetian Agriculture?* went on to say that: "Furthermore, temperature increases are predicted to continue into the future, right until the end of the century." It goes to some length to underline this threat of desertification – only too real given the complete drying up of the Alazani River last year.

Responses to climate change can be seen everywhere in Georgia. The government is repairing irrigation channels and wine companies and farmers are installing drip irrigation (some with just water, some with nutrients, too) in order to reduce the risk of land degradation. This is being supported by government programs such as Plant the Future. Nevertheless "the scale of these existing interventions still appears to fall short of the requirements, both in Kakheti and in the rest of the country," commented the ISET report.

Growing interest

Given the climate perils, a lot of research in Georgia has been done on the vines themselves. Some of this has been at the National Grape Collection, based in the LEPL Scientific Research Centre of Agriculture in Jighaura, north of Tbilisi, supported these days by Austria and the United Nations Food & Agricultural Organisation (FAO), which holds 435 indigenous grapevine varieties and is searching for more. But much work is being done elsewhere, as shown by the published research of leading Georgian scientist in the sector, David Maghradze, who apart from other affiliations, is a professor at the Caucasus International University. Referring to the renaissance of the ancient vines, he says: "the list will become large in the next few years and more wineries will find their attention attracted to the rare Georgian varieties in the near future."

In one publication *Climate Analysis for Modern Georgian Viticulture*, working with a team of researchers from Milan University, he has drawn up a table of rarer Georgian varieties by region – the objective is to identify for vineyard owners, "facing a new climate and market scenario", the most productive match of vines with climate, precipitation, terrain and terroir. In this National Wine Agen-

cy-backed report is the chapter Concise Guidelines for Sustainable Viticulture, which gives, incidentally, for the mere drinker, excellent clues to where the rarer wines can be found.

Recommendations among the reds varieties include Chvitiluri in Samegrelo, Skhilatubani and Jani in Guria, Satsuravi in Adjara, Dzelshavi in Racha, Rko Shavi in Imereti, Danakharuli in Inner Kartli, Asuretuli shavi in Lower Kartli and Ikaltos Tsiteli in Kakheti. There are fewer rare names among the white varieties, but Samegrelo has Paneshi and Chetchipeshi, Guria has Sakmiela, Adjara has Brola, Lechumi and Racha Tsulukidzia tetra, Imereti Dondghlabi, and Kakheti has Grdzelmtevana and Chitistvala. His lists also cover the best choices among the rootstocks available in EU markets and their characteristics.

Endemic exploration

Among the major companies who are exploring the lesser known vines are Château Mukhrani, Kakhetian Traditional Winemaking (KTW), and Tbilvino.

Vineyard at Chateau Mukhrani Source: Chateau Mukhrani

In fact, Tbilvino signed just recently a 12 million GEL loan from the EBRD, which, among other new projects, is for "cultivation of vineyards of endemic Georgian grape varieties." Director Zurab Magvelasvhili told journalists that the company had been exploring endemic varieties for the last ten years.

At Château Mukhrani, CEO and technical director Patrick Honnef says: "Three years ago we started looking for other grapes local to our region with the aim to revive our microzone's varieties. Alongside the leading team of the nursery in Jighaura, we identified six grapes that we would like to look at closer: two reds – Buza and Danakharuli – and four whites – Tetri Budeshuri, Jvari, Tsivvazi and Chitiskvertskha."

The experiment involved planting a total of about a hectare at the Château, one row for each variety. "Now we need to wait a few years to identify if they are really able to make outstanding wines." The hope is that a delicious, award-winning Flagship Wine will emerge at the end of the ten-year experiment, one that can be marketed at home and abroad as honoring Georgia's proud historical legacy.

He added: "In Georgia, there is an ongoing interest in local varieties. It started 20 years ago, slowly, very slowly. We were lucky that in 2003-2004 the people who were working on the rebirth of Château Mukhrani took the risk of planting local varieties like Shavkapito, Goruli Mtsvane, and Chinuri."

Respect for Georgian traditions and heritage means that at KTW, "saving old Georgian endemic grape varieties" to ▸▸

"produce unique wine" is seen as a corporate "responsibility." As part of this vision, it has "saved and recovered unique grape varieties from Ilia Chavchavadze's vineyards" in Saguramo, and has rescued the Marani, restoring it as a tourist attraction and headquarters for its Guramishvili wine cellar brand.

From its initial focus on the main area for contemporary Georgian wine production, Kakheti, KTW has lately reorientated "towards central and western Georgia due to the extraordinary grape varieties that are (or have been) harvested in those regions," says Sandro Chkhaidze, KTW's chief strategy officer.

In western Georgia's Guria region, where KTW has built a chateau at Askana, wine is being produced, using mostly European methods, from grapes such as Chkhaveri, Danakharuli, Kaikatsishvili, Tsitska, Tsolikouri and Jani. Operating in central Georgia, the group has created the Guramishvilis Marani label for wine, sparkling wine, ice wine, and chacha from local indigenous rare varieties such as Shavkapito, Buza, Danakharuli, Khikhvi, Tsolikouri, Aladasturi, Chinebuli and others. "These are sourced from our own vineyards in the Saguramo region, as well as from the Jighaura nursery," he says, making "delicious wines" with commercial success.

Further KTW restoration work on Georgia's viticultural heritage has been the donation to Gurian and Adjarian farmers by KTW founder Zurab Chkhaidze of 150,000 seedlings of 15 different near-extinct grape varieties. The only requirement from the farmers was that their mission was to make sure the vines "flourished."

To help Georgian farmers, at Jighaura work is being done to discover the potential and benefits to the vineyards of planting Georgian vines and to promote this gene pool to all levels of grape growers, with regulation tuition sessions. Recent discoveries made have included "resistance against downy and powdery mildew," a major killer disease affecting vines internationally, which should interest new breeding programs. Local Georgian varieties have already been included in "different breeding programmes in Georgia but also other countries, and about 200 new varieties were bred," says David Mughradze.

However, finding rare Georgian grape varieties to plant falls in the same category of difficulty as finding wines made from them. Sources are available, says David Maghradze, but you may have to give a nursery a special order. Or befriend a vigneron or collector with an ancient vineyard! ■

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At request by the resort-owning company, the German "STORCH Water Consulting International" conducted a laboratory examination and evaluation of the waters in 2022. The expert team conducted that Sairme mineral drinking water is recommended for the treatment and prevention of various diseases of the digestive system, endocrine system, kidney-stone diseases, anemia, and nervous system.

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PMC Research: experts praise economy's end-of-year performance, caution it may be "temporary"

Despite uncertainty around the impact of the war in Ukraine in the early months of 2022, Georgia ended the year on a strong note with 10% annual GDP growth. PMC Research's latest survey consulted the country's top economists to get their take on major issues dominating the headlines at the end of 2022 and where they think the economy is headed in 2023.

Georgia's economic climate in 2022

Georgia's economy ended the year on a high note, says PMC Research Center's latest economic climate survey. The assessment, which is conducted quarterly and surveys 60 of the top economists in the country, found an overwhelmingly positive assessment of the economy's performance in the fourth quarter of 2022, with increased consumption, high levels of money transfers, strong tourism recovery, and increased trade all cited as contributing factors.

Looking back to the beginning of 2022, PMC Research analyst Anastasia Chkhenkeli says economists' assessments throughout the year were largely shaped by concerns around the impact of the war in Ukraine on Georgia and the region. "Starting in Q4 of 2021, economists began to express more optimism about the economy and its prospects for 2022 as it seemed some of the major effects of the pandemic were fading. The first quarter of 2022, however, saw a bit of a U-turn to a negative outlook as Russia invaded Ukraine and uncertainty rose around the impact of the war on the region." In the second and third quarters of the year, however, she notes, Georgia's strong economic performance led experts to take a more positive stance on the economic climate.

Long-term sustainability concerns

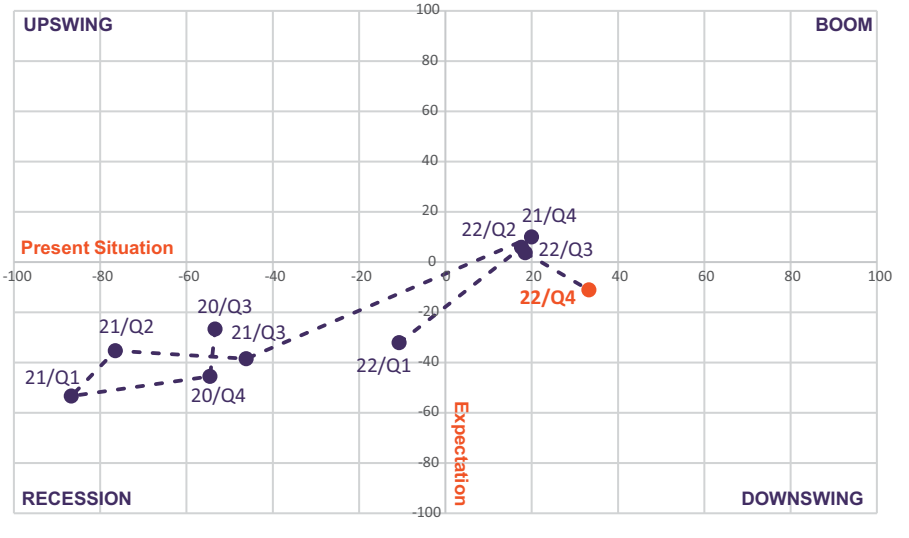
Despite positivity around the fourth quarter of the year, Chkheneli says that economists' negative outlook for the coming six months indicates that Georgia may be facing "long-term sustainability concerns."

"This was the first time in the four years we've been conducting this survey that our experts classified Georgia's economy as being in a downswing, meaning they positively assessed the current quarter but expressed a negative outlook for the coming six months," notes Chkhenkeli. "This signals to us that despite high GDP growth in 2022, economists see much of this growth as temporary."

This echoes similar sentiments expressed in the World Bank's recent *Georgia Country Economic Memorandum: Charting Georgia's Future: Competitive, Connected, Capable* report. It notes that tourism and remittances in Georgia, which offered a major boost to the country's economy in 2022, "could be negatively affected" in 2023 as Russia's economy suffers a "more pronounced slump."

And a look at the top ranked concerns expressed by economists in the fourth

Georgian Economic Climate, Q4 2022

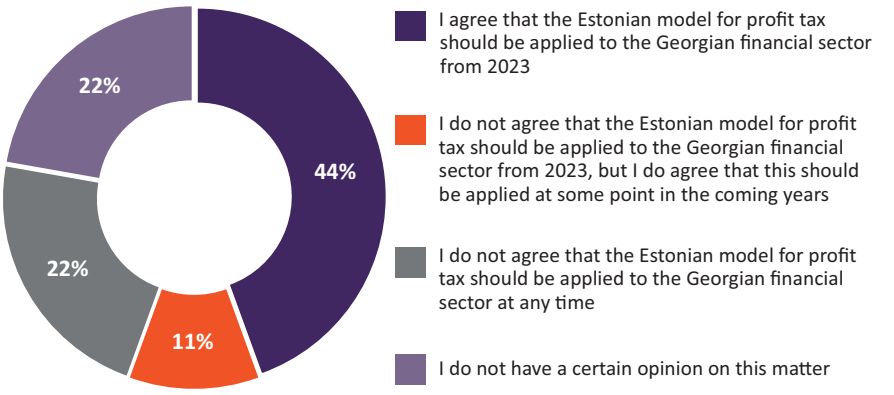


Source: PMC Research

quarter do in fact reflect larger structural concerns. Sixty-one percent of respondents in the November survey noted that labor emigration ranked as a "high or very high threat" to the economy. Seventy-two percent of respondents ranked the "rising cost of living" and 39% ranked "high unemployment" in those same categories.

"The World Bank's recent report really confirms what a lot of our respondents also expressed," Chkhenkeli notes. "With Georgia's GDP growth estimated to slow in the coming years and average only 3.5% growth in 2030, the World Bank has noted concerns around labor emigration, an aging population, and inefficiencies in business operations. Georgia's economy has high growth potential but needs to make structural changes to address these concerns and pursue a more sustainable path of growth."

Do you agree that the Estonian model of profit tax should also apply to the financial sector from 2023?



Source: PMC Research

Inflation, the state budget, and the Estonian tax model

Asked to weigh in on some of the other major topics of debate in Georgia during the end of 2022, almost 90% of the surveyed economists ranked inflation, which registered at an annual rate of 9.8% in December, as the "highest threat to the Georgian economy." Ninety-four percent of them indicated that they believe tighter fiscal policy would likely have a "very high," "high," or "moderate" effect in tackling the problem. Eighty-nine percent also indicated their support for imposing tighter monetary policy.

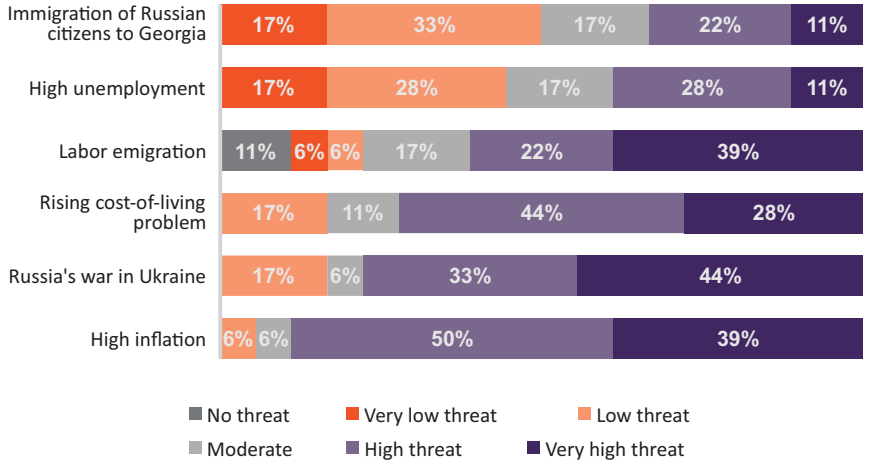
When assessing Georgia's state budget for 2023, which was approved by parliament in late December, 78% of economists expressed support for the proposed government debt to GDP ratio of 38.8%, while 70% expressed support for the proposed budget deficit of 2.9% .

Another topic leading headlines at the end of 2022 was the Georgian government's decision to scrap the implementation of the Estonian profit tax model for the financial sector.

The model, which exempts companies from paying tax on profits they reinvest in their business and has been in place for other sectors in the country since 2018, was set to apply to the financial sector starting in 2023. Respondent economists expressed mixed reactions to the decision, with 44% expressing support for the model to be implemented as planned and another 11% supporting its implementation sometime in the future. Twenty-two percent of economists expressed support for the government's decision to scrap the plan.

"Those supporting the government's decision seem to agree that the loss of tax revenue from the financial sector would negatively impact the budget deficit, which is already close to reaching the 3% limit allowed by law" explains Chkhenkeli. "On the other hand," she notes, "there is a significant percentage of economists that view these unexpected policy U-turns from the government as having a possible negative impact on Georgia's reputation for doing business." ■

Assess from 0 (no threat) to 5 (the highest threat) which threats do you consider to be currently of the highest importance to the Georgian economy



Source: PMC Research

Georgia's making more than a buck off wrecked American cars

MARIAM TSINSTABADZE

A first-time peruser of Georgia's trade statistics may be surprised to find that auto exports landed Georgia nearly $904 million in 2022, accounting for more than 16% of total exports. That's roughly double the value of Georgian vehicle exports in 2021. The surge in growth is welcome news to the many individual resellers that comprise the business, and who over the past decade have had numerous occasions to doubt whether their source of income would survive changing regional customs regulations, attempts to clear roads of faulty vehicles, the pandemic, and now, of course, war in Ukraine.

But how has Georgia, a country with no native auto industry of its own, managed to secure a position for itself as a vehicle resale hub? And what value added does the sector bring to the Georgian economy?

From lemons to riches

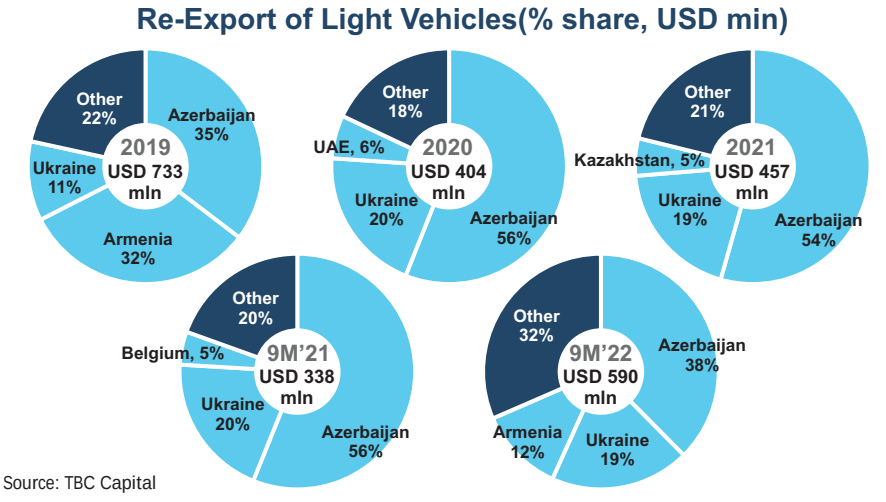
Georgia first became a stop for American scrap vehicles in 2006 and has grown steadily in recent years. Most of these cars are damaged vehicles sold off by insurance companies in the U.S. market, Senior Research Associate at TBC Capital Andro Tvaliashvili told *Investor.ge*, noting "the major value-add Georgia has to offer is the renewal and servicing of these vehicles." Georgia's geographic location, low import tax rates on vehicles, and the relatively low cost of automobile services have enabled the country to become something of a used car market hub, attracting purchasers from as far as Central Asia to the countries of the Arabian Gulf.

Relatively insignificant until 2006, Georgian re-exports of automobiles accounted for nearly a quarter of total exports by 2013, before experiencing a downturn between 2015-2017. Doubts then riddled the market whether there would ever be another lari to make in the business. But strong recovery started

again in 2018, and 2019 further topped expectations. 2020 was a more difficult year for the auto industry, as Covid-19 and other changes put a halt on growth. Border closures and supply chain disruptions sent a strong negative shock to the industry in Georgia.

But of even greater consequence were changes within the Russia-led Eurasian Customs Union, which obliged Armenia, one of the Georgian auto market's top importers, to increase excise taxes on imported vehicles. In 2019%, Armenia accounted for 32% of demand for Georgian re-exported vehicles, while in 2020 it accounted for nearly none. This, in tandem with Covid, resulted in a reduction of nearly 45% in auto exports. However, it's worth noting that there was a high baseline in 2019, when customers in Armenia, anticipating the change to the country's customs codex, began purchasing cars from Georgia en masse.

Armenia's new customs laws meant do or die for exporters. TBC Capital's Tvaliashvili says "similar future risks could only be hedged by diversifying exports, which I believe has been done successfully by increasing penetration of the Central Asian market." The impressive speed with which Georgian auto exporters have found new markets, particularly in Central Asia and the Gulf, has been helped by the lifting of Covid-19 regulations, allowing car exports to recover by 13% in 2021. Surprisingly, demand from Ukraine remained fairly stable in 2022, with Ukrainian orders accounting for around 19% of Georgian auto exports in the first three quarters of 2022.



Source: TBC Capital

In fact, Georgian auto exports did very well in 2022 in general. TBC Capital's Tvaliashvili notes that "a significant reason behind the surge in the numbers is due to the globally increased prices of brand new, as well as used cars. Pent-up demand due to supply chain disruptions and microchip shortages following the pandemic is also a factor that caused significant growth."

This year, Azerbaijan, Russia, and Ukraine retained their usual leading positions on the Georgian auto export market, and Armenia reappeared as a top importer as well. Regarding the effects of the ongoing Russo-Ukrainian war, Tvaliashvili states that: "We cannot say that the Ukrainian market has been lost for the industry. Ukraine still remains in the top export markets."

Other countries which imported automobiles from Georgia in significant quantities in 2022 include Turkey and countries in Central Asia, particularly Kazakhstan. A surprise country on the list is Belgium, which in recent years has also been importing a significant number of vehicles from Georgia, as has the UAE since 2020.

Down the road

It is debatable whether the value the auto business brings to Georgia is commensurate with its consistent position as a leading export business; while Geor- ▸▸

gia may have exported more than $900 million worth of vehicles in 2022, it imported nearly $1.3 billion worth (11.6% of total imports) in the first 11 months of the year. Calculating the value-added is difficult because many of these vehicles remain in Georgia, and vehicles imported may not be exported in the same year. Moreover, the margins enjoyed by resellers are not particularly high.

But there are a few upsides. A clear one is that the business is good for the state treasury, which enjoys not insignificant excise tax revenue. Moreover, the ratio of exported to imported cars has been increasing in recent years, meaning less of the used cars are staying in Georgia, and are instead being shipped onward to third-country markets. For example, in 2013, the value of re-exported vehicles amounted to a third of the value of imported cars. The ratio reached its maximum in 2019, as exports were equal to almost two-thirds of the imported value. In the first 11 months of 2022, exports equaled about 55% of imports.

Recent developments on the market point to the existence of important growth opportunities for the Georgian automobile re-export market. The diversification of source countries, and large growth rates in the value of car re-exports, along with a shift in the demand for newer cars, imply considerable growth potential in Georgia's role as a transit hub for automobiles.

There is, however, one potential risk, TBC Capital's Tvaliashvili states: "The largest risk, which is not yet in sight, may be domestic regulations which could restrict the imports of salvage vehicles. I believe that re-exports are sustainable in the medium and long-term. As the major re-export markets are developing economies, it is expected that their automotive fleet will need renewal in the coming years as well, not to mention increased demand in parallel with further economic development." ■

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ABM is a strategic partner of leading laboratories operating in Georgia. **ABM** is a leader in the supply of modern equipment, reagents, and consumables in the Georgian market. The company provides services to customers in the fields of genomics, molecular biology, proteomics, cell technology, veterinary medicine, food safety, clinical diagnostics, biopharmaceuticals, and forensics.

During the past year 2022, the company made significant progress and further strengthened its leadership position in the Georgian market. We would like to highlight and introduce you to some of the implemented projects and share with you the success of our team members. On the existing base of **New Vision University**, in the **Primelab** molecular laboratory, which combines modern approaches and technologies, the fully automated Next-Generation Sequencing (NGS) system Ion Torrent Genexus was installed, validated, and the first samples have already been successfully analyzed. This device provides the opportunity to conduct rare and Innovative research in the Transcaucasian region, which was not available to patients before. This means conducting oncological and molecular research in Georgia, which is a prerequisite for high accuracy and speed of results. The project of the laboratory **KROMOS** was also completed in August 2022 by **ABM Ltd.**

The laboratory of Molecular Genetics **KROMOS** is equipped with modern technologies and standards and in total, up to 1.5 million GEL has been invested. **KROMOS** has implemented medical diagnostic services in the areas of reproductive health, oncology, and rare disease diagnostics using technologies such as Next Generation Sequencing (NGS), Sanger Sequencing, and Fragment Analysis, which ensures that complex, high-tech research is carried out on-site (in Georgia).

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SUCCESSFUL BOND ISSUANCE BY TEGETA HOLDING CAPTURES THE INTEREST OF THE FINANCIAL MARKET

2022 proved to be another important year of success for Tegeta Holding, seeing the company carry out yet another unprecedented and wide-scale debt issuance on the financial market, with bonds worth 150 million GEL by Tegeta Holding. Along with the leading position in the automobile market, the holding has now become an innovator and leader in the securities market as well, as this was not only one of the biggest, but largest GEL denominated issuance in history.

According to the plan elaborated by Tegeta Holding, the 150 million GEL mobilized by the bond issuance will be fully directed towards refinancing of the existing short-term bank loans, significantly improving the holding's liquidity, as bonds are the one of the best alternative to bank loans and allow easier diversification of the company's financial obligations. Principal amount of the bond is repaid in three years, while the holding will pay the coupon quarterly.

Vakhtang Kacharava, Executive Director of Tegeta Holding: "It is highly significant for us that all the major actors of the financial sector of Georgia trust Tegeta. We were able to implement this important transaction with the active involvement and work of our highly qualified team. The main advantage of bonds lies in their unsecured nature. The funds that have been

SPONSORED CONTENT

freed up as a result of the realization of the bonds will be fully directed towards the development of our holding and the activation of new investment opportunities."

Why was it decided to implement an issuance of bonds not in US Dollars, but in GEL, a fact which proved to be unprecedented for the Georgian market? The decision to do so was defined by the specifics of Tegeta Holding's activities, considering that the largest part of the company's income is received in the national currency. By issuing new debt in GEL, the holding will be protected from currency risks.

According to the Head of Tegeta Holding's Strategic Planning and Investor Relations Department, Nika Maglaperidze, the future plans of the company include enhancing operation and strengthening its position in the international market, giving Tegeta the opportunity to attract financial resources in foreign currency.

The public offering of Tegeta Holding securities, and the great interest in this offer, show the high reliability and reputation of the holding. And the holding is fully aware that this trust imposes great responsibility and obligations on them.

Nika Maglaperidze, Head of the Strategic Planning and Investor Relations Department of Tegeta Holding: "With this decision, Tegeta becomes a public entity, the financial achievements and structural decisions of which will be transparent. The legislation obliges us to publish our results every six months. The success of the bond issuance is indicated by the fact that 10 financial institutions of the country, namely 10 leading commercial banks and insurance companies, expressed their trust in Tegeta Holding and became our investors by purchasing bonds.

"The bonds issued by Tegeta Holding are unsecured, which means that all the real or movable assets of the holding used to secure the bank loans before the bonds will be freed up," Maglaperidze says. "It is also important that the funds that were paid in the form of principal and interest for servicing the loans will decrease, due to the fact that the coupon rate is lower than the interest rate of the refinanced bank loans and there's no principal payments in case of bonds.

"In addition to the mentioned, the coupon interest rate has also been reduced compared to the bonds issued in 2019. This shows that the holding's risk profile has decreased, and investors' confidence has increased even more."

Tegeta Holding does not plan to stop at this achievement, and in 2023 plans the issuance of so-called "green bonds". The Tegeta team has already started working on this project and negotiations are underway with one of the IFIs to invest up to 30 million GEL in "green" securities. Attracted funds will be used for the promotion of electric and hybrid vehicles, together with the arrangement of solar panels and electric charging networks.

"The corporate culture of Tegeta Holding is oriented towards green projects. It is very important for us to contribute to the reduction of environmental pollution and the development as well as popularization of green, eco-friendly transport," Maglaperidze notes.

Tegeta Holding plans to issue green bonds in the first half of the current year. The company is an innovator in this field too, as it will be the first time when green securities denominated in GEL will be released on the Georgian market.

Fintech firm Revolut offers Georgians a new way to send money abroad

Popular UK-based fintech firm Revolut announced in December it plans to launch a simplified version of its app for Georgian customers in 2023. *Investor.ge* examined what the fintech firm has to offer Georgian consumers and how it stacks up against other popular money transfer providers.

GIORGI JANGIANI

Remittances have long represented an important source of income in Georgia, hitting a record high value of $4.37 billion in 2022 and marking in volume the equivalent of 14.2% of the country's GDP in 2021. Their significance has only increased in recent years, as PMC Research noted in its September 2022 report *Emigration and Effect of Remittances on Georgian Economy* that 23% of the total Georgian population had emigrated between 2010 and 2020, many of whom left in search of employment and better economic opportunities in places like the EU and U.S.

The announcement in December that British fintech firm Revolut was planning to enter the Georgian market with its offering of "effortless global money transfers" thus came as welcome news for consumers in a country that has largely been shut off from such fintech ventures in the past.

The company, which offers "innovative financial services" to compete with traditional forms of international money transfers and currently serves more than 25 million users worldwide, plans to launch a simplified version of its application in Georgia next year. Designed both for locals and Georgian emigrants, Minister of Economy Levan Davitashvili labeled the announcement an important step in fostering an environment that encourages "the creation of innovative financial products" that will establish a "regional fintech hub in Georgia" in a December meeting with Deputy CEO of Revolut Andrius Biceika.

Revolut has not yet publicly offered a definitive listing of which of its wide-ranging services, which include a multi-currency debit card, a set number of free ATM withdrawals each month, budgeting tools, and investment options, will be available in Georgia when it launches later this year, but Biceika did note in his

recent visit that Georgians will have access to the app's "fast, secure, and easy money transfers."

What's on offer?

First lauded as "disruptors" of the financial industry, one of the biggest boasts of fintech apps like Revolut and its main competitor Wise (formerly TransferWise) are that they offer transparent and, often, lower-cost alternatives to more traditional routes of sending money abroad. International wire transfers through a banking institution, for instance, are often subject to a high flat fee charged by the sending institution and can incur additional unexpected charges from intermediary banks in the SWIFT system.

Touting both lower costs and greater price transparency on behalf of the firm, Biceika noted at his December meeting with the Minister of Economy that "traditional transfers can put off customers because of their huge hidden fees, but we waive all our transfer fees if both parties use Revolut, regardless of location. In addition, we always offer the best exchange rate, which we are very proud of."

This "best exchange rate" is the mid-market, or interbank rate, which is the mid-point between the buy and sell prices of any two currencies at a given time, meaning it does not include a markup. Revolut claims that any currency exchanges made from Monday to Friday (apart from the Thai baht or Ukrainian hryvnia), which constitute "normal exchange market hours," enjoy this rate. Exchanges made on the weekends are subject to a 1% fee on the transaction.

For Revolut users transferring money to one another within the app, the company says no fee is charged. However, beyond this guarantee, it remains to be seen which exact account options (they currently offer a free standard plan and three premium versions in their larger markets) and fee structure will be offered to Georgian consumers looking to transfer money abroad. Users in the U.S., EU, or UK, for instance, face a "0.3% fee, with a minimum cost of $0.30 and a maximum cost of $6 per transaction" when transferring from their Revolut account to an external bank account "in the same currency as the local currency of the recipient." For an international transfer to an external bank account in a currency different from the local currency of the recipient, the fintech firm charges residents of those countries "$4 if the payment is in U.S. dollars, British Pounds, Euros, or Swiss Francs, or $6 if it's in another currency."

The fintech firm also unveiled a "simplified" offering in five other new markets (Sri Lanka, Chile, Ecuador, Azerbaijan, and Oman) in 2022, noting that it would offer a transfer fee of 1%. This fee structure may be more indicative of what consumers based in Georgia can expect to see later this year. However, Revolut says tools like its transfer calculator and price breakdown features aim to uphold the "highest level of transparency" and help combat confusion around fees. Through the online portal or its mobile app, users can preview transfers with a breakdown of the fee, exchange rate, and total cost to send money. They can also track the transfer and enjoy "speedy global transfers," with the company claiming "63% of transfers arrive in an hour, and another 15% arrive within a day."

How does the offer stack up?

So, how does Revolut compare to the other methods used by Georgians to send and receive money abroad? When compared to fintech competitor Wise, Revolut's currency exchange rate offering is the same - both advertise themselves as sticking to the mid-market rate. Revolut's official entrance into the Georgian market offers one big plus, however, which is that Revolut account users can make free transfers to one another within the app. Wise's lack of an official presence in Georgia means that residents of the country cannot hold a multi-currency account and are thus always subject to both variable and fixed transfer fees.

Major money transfer providers MoneyGram and Western Union have also long represented popular options for sending money internationally. While their fees vary significantly based on location, payment method, and desired delivery time, both mark-up the exchange rate they offer, meaning senders can be saddled with additional 'unseen' costs beyond the obvious transfer fees.

Both have a significant presence around the world, with MoneyGram offering more than 380,000 locations and both providers physically present in more than 200 countries. They offer a brick-and-mortar alternative for those not interested in online money transfers and give recipients the ability to receive their transfer in the form of cash, neither of which Revolut does. However, these benefits seem to consistently come at a higher overall cost for senders.

There is, of course, no definitive "best method" for sending money internationally; the ideal conditions will always be dependent on the size, urgency, and currency being transferred as well as the priorities of the individuals sending and receiving the funds. For the more than $2 billion in money transfers made to Georgia from Russia in 2022, for instance, Revolut's foray into the Georgian market will bring little benefit, as the fintech firm announced soon after Russia's invasion of Ukraine that it, like many other financial institutions, would no longer be supporting money transfers to or from Russia or Belarus. But for the increasing number of Georgians who rely on money transfers from parts of the world like the EU and U.S., the opportunity to take advantage of this innovative and seemingly lower cost tech solution for getting money to and from their loved ones will come as welcome and exciting news. ■

BLC Law Office

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Entrepreneurship in law: KETTI KVARTSKHAVA on BLC's success and being a woman in business

*Interview by **Rusa Tchkuaseli**, Partner at BLC Law Office*

I recently had the pleasure of catching up with Ketti Kvartskhava over a coffee. Ketti is one of the few legal practitioners in Georgia who needs little, if any, introduction. As a Managing Partner at BLC Law, she has been recognized as a leading practitioner in Georgia by a number of reputable legal editorials over the last ten years. She is a true pioneer in the country's legal field, having received her legal education in the United States and then bringing U.S. law firm culture to Georgia in the early 2000s. Having further proven herself as an influential woman in business, she now sits on the panel of investors in the business reality TV show Shark Tank Georgia.

KETTI HOW WOULD YOU DESCRIBE YOURSELF: LAWYER OR ENTREPRENEUR?

I would describe myself as both. Serving the best interests of my clients and offering the highest level of legal services in Georgia requires entrepreneurship. Of course, consultancy business has its own twist; it requires full time involvement not only in the management of the firm but also in actual legal matters dealt with by the firm. It is, in fact, a business, and I cannot imagine any successful lawyer who would consider it otherwise. With increased access to good education, the legal profession has become highly competitive nowadays, and

> **being the best in this field is not only dependent on how well you know the law. It is about understanding the needs of your client**

and developing tailor-made, solution-oriented, quality legal services. This in itself is entrepreneurship.

Since we are on the subject, what are the key selling points of your services at BLC?

It is the solution-oriented and results-driven philosophy of our services at BLC that make us different from others in the market. We have a business-centric approach to making deals. We place great emphasis on understanding our clients' business objectives and the specificities of their industries. Our clients are interested in results, and our goal is to provide them with the best legal solution to achieve those results.

We do not just bill for hours; we bill the client for the value that we create and deliver.

This is why most of the time our service fee is marginal compared to the value that we create for the client. For example, I was recently able to solve an issue that had been deadlocked for one of our clients with a ten-minute phone call.

At BLC, we also help clients in their decision-making with solid legal advice that is also pragmatic. Finally, a law firm should act as a useful source of information, contacts, and knowledge. BLC can offer all of this because of its positioning and culture as well as its valuable insights into market activities.

What is it like to be a woman in this industry? Have you ever felt prejudiced because of your gender?

This is a very sensitive subject, and I do not want any readers to generalize my experience. With this disclaimer, I must say that being a woman has never been a decisive factor, either positive or negative, throughout my career. On occasions, I perhaps had to speak louder than men in the room to make my voice heard, but for doing so, I have received only trust and respect. In hindsight, this could partly have been a virtue of my education and perhaps also my character. This once again proves the importance of education for women and the need for creating equal opportunities. I am a board member of Women for Tomorrow, an organization that strives to strengthen the role of women in the process of economic development. We are creating and empowering a network of women business leaders and providing education, development, and mentoring for female entrepreneurs and business representatives at every level of leadership.

I cannot stress enough the necessity of bright, well-educated, and highly motivated young women who have contributed to the success of BLC. The statistics speak for themselves:

50% of our partners are female;
50% of our senior associates are female;
75% of our associates are female;
72% of our junior staff are female;

and 75% of our administration and financial department are female.

This is truly impressive, Ketti. My last question to you: where would you say BLC is heading in the future?

It has been 22 years since the inception of BLC, and I am truly proud of what it has become. It has grown into a sustainable company that will continue our legacy and values long after we are gone. The next generation of BLC partners, including yourself, Rusa, only serve as proof of this. We have promoted three partners during the past few years, which reflects our strong associate base.

We closed 2022 with 32% revenue growth and the largest legal team in Georgia, which is an unprecedented result.

I think BLC will continue to grow, both in terms of revenue and headcount. We have been working on developing new products that will allow us to extend our services outside Georgia, and we plan to have them launched in 2023. I think we are steering this ship in the right direction, and I am excited to see BLC explore new and untouched lands!

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Fishing for markets - Georgia's aquaculture industry seeks out new opportunities

Fish dishes may trail meat in traditional Georgian cuisine, but that is not deterring the country's economic planners. Looking at rising fish import statistics and the booming aquaculture industry in neighbouring Armenia, Georgia's Ministry of Environmental Protection and Agriculture (MEPA) has pronounced that the development of the country's aquaculture is a "priority."

SALLY WHITE

Money, tax relief, and other support is being directed to freshwater farming and Black Sea fishing, and a strategy is "being prepared" that encompasses both. The EU, United Nations Food & Agriculture Organisation (FAO) and the multilateral Global Environmental Facility and its multi-billion dollar fund are all helping and planning to raise Georgia's aqua-industry standards to international levels to boost production and help exports.

Georgia's glory days as far as fishing is concerned, are long gone. It was fishing, as Neal Ascherson wrote in *The Black Sea from Pericles to Putin*, that brought the Black Sea onto the map back at the end of the Bronze Age. Until 100 years or so ago it was "a place of almost monstrous abundance," including the migration of around a million tons of anchovies a day on a circular route that took them past Batumi. The search for fishing (for food and the anchovies for fertilisers) and trading opportunities first led the Greeks then Romans and Phoenicians to establish routes to and across the region. But, by the 1900s, overfishing and massive pollution were decimating the Black Sea shoals.

Small fish in a growing pond

Now Georgia is a minnow in the still sizable Black Sea fishing industry, which numbers 11,600 fishing vessels, according to the FAO's last count, and lands around 400,000 tonnes of fish a year. However, that is no deterrent to MEPA; demand for fish, both farmed and captured, is growing internationally, rising numbers of tourists are increasing demand locally; and the industry is a source of badly needed rural jobs. Georgia should also be able to benefit from significant advances being orchestrated by the FAO in managing growth of Black Sea fisheries' resources.

Aiming to encourage the Georgian fish sector's development, both at sea and on farms, and providing badly needed information to back FAO and EU programs, two new reports have come out of the EU in recent months.

The first, *Freshwater Aquaculture Value Chain Analysis in Georgia*, was produced for the European Commission (EC)

and gives some detail on what is being produced and who is doing it. The second, *Aquaculture in Georgia*, financed by the EU and French government agency Agence Française de Developpement (AFD), covers both sea and land-based fish production.

"The support to the aquaculture sector…may create unprecedented international trading opportunities, as well as enriching the country's domestic market," stated Javier Sanz-Alvarez, FAO-EU Programme Coordinator last October at a workshop held at ExpoGeorgia to prepare the National Aquaculture Development Strategy of Georgia.

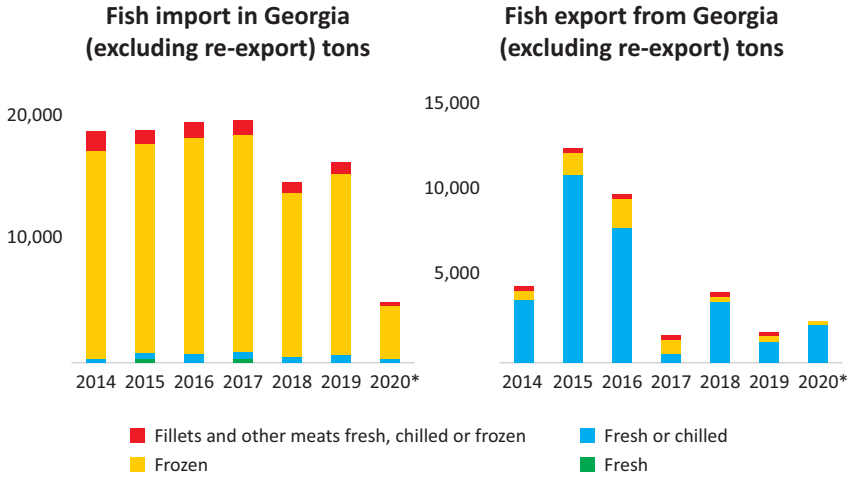
Figures for Georgian fish consumption have been showing imports of around $30-40 million in recent years, although they dipped, along with tourist numbers, during Covid-19. Supplies come from as far afield as Norway, Iceland, Estonia, Canada, the U.S., Asia, and Spain, but also from neighbouring Armenia and Turkey. The EC has grumbled that there are not a lot of up-to-date statistics on the Georgian fish sector, which, apart from the difficulty in making money, may owe something to its relative lack of local popularity. The FAO, in its last assessment, put Georgian annual consumption per capita at 7.83kg in 2017 against the world average of 20.5kg and 42 kg in top consumer China. Yet, historically, FAO figures show Georgian consumption was stable at around 19 kg a year in the 1980s.

However, both entrepreneurs and the government are aware of the opportunities in Georgia's much diminished fishing sector – a dynamic and well-established industry in Soviet times that produced 203,000 tonnes (about twice current levels) a year, according to the FAO. What has to be overcome, following the long-term impact of the dire economic conditions of the 1990s, is a lack of knowledge and money.

For marine fishermen, there is strong competition from Turkish and Ukrainian ships. Much of the marine fishing, even in Georgia's own waters, is being done by Turkish fishermen, with the MEPA noting registration of 20 Turkish boats with circular nets (seiners) for anchovies. A research report on the Marine Fishing Sector in Georgia published last year by the Georgian office of international consultants PMCG found that the main factor hindering expansion was the need for "renewal of the Georgian vessel fleet." It stated that "enterprises mainly deploy outdated, Soviet-era vessels." The superior capacity and technology of Turkish vessels enable them "to catch in 16 days the same amount captured by the Georgian seiners for the entire season."

However, the government is keen to build and modernise its albeit tiny Black Sea shipping fleet. The last numbers issued showed the granting of nine fishing licences and the registration of 34 small fishery vessels and 250 artisan fishing boats. Enterprise Georgia (EG) is now tackling the problem of the antiquated fleet, providing access not only to preferential loans for new ships from an EC program but also the hard-to-find collateral to access them. Millions of GEL have been provided, new ships are being bought, and increases in catches have already, EG says, helped create hundreds of new jobs both at sea and in land-based processing.

What has not changed over centuries is the Black Sea fishermen's main quarry – it remains anchovies (95% of the catch, followed by horse mackerel), most of which is destined not for the table but to be processed as fish meal and oil, according to PMCG. While the trade fluctuates, the underlying trend shows an increase, the 2021 export figures being $17 million for fish meal and $10 million for fish oil. Most of this is sold to Turkey (over 60%, predominantly for feed for Turkish fish farming), with Armenia the number two market for fish meal (14%) and Peru (28%) for fish oil. Only a miniscule amount goes to the EU, although this market has been open to marine fish from Georgia for the last five years.



Source: National Statistics office of Georgia

Freshwater fish farming

Freshwater fish farming looks more promising in scale terms. While Georgian freshwater aquaculture started early in the last century, the EC study says that only 30 to 40% of existing farming ponds and basins are now being used, and only 20% of Georgia's available water resources. Production is mainly carp, catfish, rainbow trout, salmon and sturgeon, and around 5,000 tons of these were sold in 2019.

Seeking investors, MEPA has listed the "opportunities:" 26,000 rivers; 860 ▸▸

Georgian Fish and Caviar_s Siberian Sturgeon black caviar

lakes; 12 reservoirs; numerous fish-breeding ponds; 80 species of fish; over 100 species of crustaceans; and 58 types of shellfish. On the demand side, while Georgians are not big fish eaters, tourists are, and their numbers are recovering fast.

Most of the fish from farms on Georgian tables is imported, with only 10 to 15% coming from local production, according to Georgia's National Statistics, and most is supplied frozen. Exports are "insignificant… and unstable," it says. The risks in aquaculture are shown by the survival rate of only 16% among start-ups between 2014 and 2018.

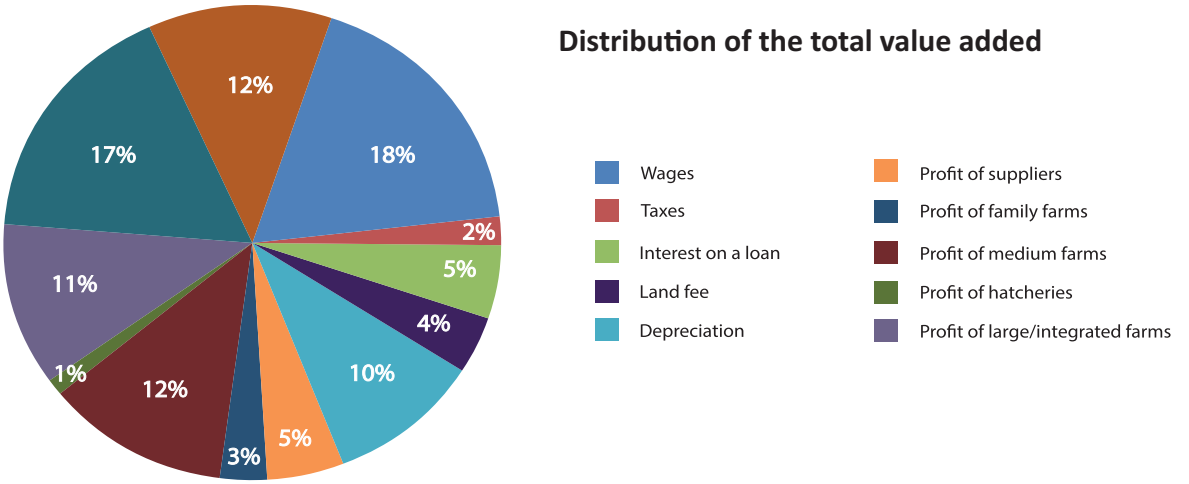
While a small player compared to the local regional fish production giants of Turkey, Russia, and Iran, Georgia is seen as having plenty of untapped potential, with Armenia held up as an example. According to the AFD study, Armenia's aquaculture has boomed. Foreign investors have brought in money, technical innovation, experience, and access to markets as widely spread as the U.S., the Middle East, Russia, and Georgia. This has driven production in this small and land-locked country to a size around ten times that of Georgia. Emulating that would bring Georgia not only revenue-saving import substitution, but new export markets, with the EC potentially open to sales when international standards are met, and more income for small family farms.

Among the lessons from Armenia that the EC is passing on to Georgia is the importance of operating at the high value-end in terms of species. "While Georgia still produces a relatively large share of lower value carp fish, fast growing countries such as Armenia have shifted their production for a large share to high value species such as trout and sturgeon and its caviar," states AFD in its Georgia Market Profile.

Caviar dreams?

Georgia does have success stories already. One has been Malkhaz Shubalidze, who over ten years has built Georgian Fish & Caviar, located on four hectares in his native Kobuleti, producing red and black caviar. Situated on the Kintrishi river, it is surrounded by a 105-meter monolithic dam that protects agriculture. Years of hard work, the employment of international professional management, and plenty of staff training have enabled him to meet "all European standards of safety and groundwater system."

Now his plan, he told Forbes, is to "expand the existing farm, build a certified caviar workshop, and create a Colchis sturgeon farm." The farm has successfully bred 1,000 Colchian sturgeon specimens, working with the Batumi Aquarium.



Distribution of the total value added for Georgia's freshwater aquaculture
Source: European Commission

Wide profit differences are shown in the EC value chain analysis of Georgian fish farming's financial returns, the highest being 47% in farms producing both trout and sturgeon, and the lowest just trout and its caviar at 18%. Carp returns are around 40%, although costs are lower because their feed is less expensive than imported trout feed. Researchers found 80 family farms producing trout and sturgeon but only two large farms; for carp and catfish, 100 family farms and 15 large integrated farms were found to be operating in the country. Around 150 medium-sized farms were operating in all. Most of the production, it found, is bought in local markets or by restaurants. There is a growing business in live trout for restaurant menus. But some fresh, chilled, and frozen trout is exported to Azerbaijan and Armenia.

A major barrier to aquaculture expansion is "the knowledge deficit," states an earlier EU study on Georgian Aquaculture done within a Ministry of Foreign Affairs of Lithuania development program. "Most farmers still use the traditional methods, and they have limited (or zero access) to modern technology," it states. Thus they are unaware that these methods are wrong, "and they mainly focus on short-term results." In fact, "their activity is mostly an experiment and results depend mainly on luck."

Other problems named were a lack of laboratories, specialists to help the producers, knowledge and technical facilities to combat disease, and help with fish breeding, as well as a dearth of equipment. But top of the problems raised by the farmers themselves was "usually the cost of feed, since most has to be imported."

In fact, as the AFD study suggested, Georgia might find it easier and show better returns by giving more attention to marine aquaculture and the production of seabass, sea bream, oysters, mussels, flatfish, and mullet, all in demand in the EU and commanding good prices. Marine aquaculture of mussels, oysters, seabass, and seabream started ten years ago in Georgia, and the FAO estimates that production volumes reached 100 tons a couple of years ago. In Batumi, studies say, there is enthusiasm for these ideas.

Georgian fishermen, however, believe that the key is keeping a close eye on what tourists in Tbilisi like. The view is that while restaurants may be offering for 2023 such exotics as local snail khinkali, there should be more takers for more familiar new Georgian products such as local sturgeon steaks, smoked sturgeon, and seabass. ■

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Georgia's fledgling capital market attracts new investment funds, asset management companies

Georgia's new investment law has created new opportunities for investment in the country and inspired businesses to expand.

In 2022, four investment funds and four asset management companies were authorized and registered by the National Bank of Georgia (NBG) under the law. Two of the asset management companies have initiated funds: Foresight Investment Group registered Foresight Capital, a $30 million fixed-income fund in March; and TBC Asset Management registered a diversified loan portfolio, a $5 million interval fund (closed-end fund that periodically redeems its units from unitholders), in February.

The emergence of new investment funds and asset management companies underscores the impact the new law is already having on the market. Georgia's lack of a well-developed capital market created a barrier to rapidly relocating resources, which is necessary to support economic growth. The new law helps create a more attractive environment for foreign institutional investment. It outlines the principles used to regulate and supervise funds, which will ultimately help Georgia create a deeper and more efficient financial sector.

The law was developed with critical assistance and support from USAID's Economic Governance Program, which included assisting the National Bank of Georgia and the Ministry of Economy and Sustainable Development in finalizing the Law on Securitization, an important part of the reform. It is also working closely with asset management companies and private sector associations to promote the new market services created by the capital market reform.

"The USAID Economic Governance Program supports the development of the capital market, as it facilitates access to and diversification of finance. It provides businesses with new opportunities to attract capital to develop," noted Natalia Beruashvili, chief of party at the USAID Economic Governance Program.

The law is part of a larger reform that has the potential to help businesses address the financing gap that has crippled them in the past. It also opens new opportunities for increasing private investments for Georgian businesses and individuals as an alternative to bank financing.

Capital markets have the potential to unlock funds that would otherwise be frozen in traditional banking products. Salome Skhirtladze, the head of the Securities Supervisory Department at the NBG, says that the reform will help the corporate sector expand its funding sources, particularly for innovative ideas and projects. The NBG has been driving the reform and is playing a crucial role developing the other legislative and regulatory tools needed to establish a modern capital market ecosystem in

the country.

"In terms of general economic benefits, we think that funds are especially interesting for our market because certain types of funds can provide risk capital to companies, and such capital is usually accompanied by experienced asset management expertise. Hence, these companies receive knowledge and risk capital (equity) to achieve their strategic goals, and that is quite an exciting arrangement for us," she notes.

Foresight Investment Group Investment Officer Rati Morchiladze also agrees that the new law will facilitate the development of local capital markets and make Georgia's financial system more competitive.

"This legislative initiative has the potential to address two fundamental challenges in the Georgian economy: one, the insufficient and qualitatively suboptimal financing for businesses and two, the lack of alternatives for Georgia's residents to place their capital and savings. The ultimate beneficiaries of this process will be savers and investors on one side and Georgian businesses on the other."

Morchiladze says Foresight Investment Group, which was one of the first asset management companies to be licensed by the NBG under the new law, has already registered and launched its first investment fund, Foresight Capital. Fundraising for the fund is underway.

Natalia Beruashvili COP of Economic Governance Program and USAID David Hoffman at the USAID Economic Governance Program-organized forum, Investment Funds as Business and Opportunity for Other Businesses—Alternative Mechanisms for Attracting and Making Investments in Georgia

Levan Tsutsunava, a partner at Elysium Asset Management, credits the law with Colliers International's decision to enter Georgia's investment fund market. "If the Georgian Law on Investment Funds had not been adopted, we would not have decided to enter this business. Without this law, it would be very difficult to manage — or even engage in the business of investment funds in general," he said.

Irakli Kilauridze, another partner at the firm who also represents Colliers International in Georgia, says the company initially wanted to enter the investment fund market eight years ago but changed its mind due to the lack of a reputable regulatory setup. "The adoption of the new law on funds created a very good opportunity to offer properly structured investment alternatives to both local and foreign investors," he says.

The law also introduces international best practices that will create a favorable investment climate and attract large institutional investors with significant foreign participation. Reaching a critical mass will be crucial to the capital market's success.

Kilauridze notes that thanks to the law, investment funds run by asset management companies like Elysium are investing in the economy. "Investment funds create a base, which provides the possibility for investors to have an exit, or leave the project, which, frankly speaking, is very difficult in Georgia precisely because such investment funds do not exist. Hence, this will attract new foreign and domestic investments in the economy and, also, will create a way to exit and increase liquidity for existing investors and developers."

Managing Director at TBC Capital Mary Chachanidze says the new law enabled TBC Capital to establish TBC Asset Management, launch the first credit fund in the country, and attract over a dozen investors to date. "In May, we closed the first $5 million transaction of the fund. We attracted money from 17 investors: 88% are individuals and 70% of those are foreign investors."

"Investing in funds is new for the Georgian market," she adds. "However, in a short period, we attracted investors' interest in the new fund, which confirms the high level of trust in the local and international markets for both institutions." ■

USAID's Senior Private Sector Development Advisor David Tsiklauri and the USAID Economic Governance Program_s Chief of Party Natalia Beruashvili addressing the Parliament on the securitization reform

How to build an 'Old Town':

Tbilisi's architectural past and where it stands today

BRADEN BJELLA

In modern Tbilisi, debate and discussion around architecture is fierce—and understandably so. Tbilisi has long been a hodge-podge of architectural styles, ranging from the towering buildings constructed under the Russian Empire to the amorphous glass-and-steel buildings that came to define Saakashvili's time in power.

Representing much of Tbilisi and Georgia's history, the old town holds a firm place in the heart of these discussions. But this story is not one easily told. When exploring this complicated history, it quickly becomes apparent that the tale of dzveli Tbilisi (Tbilisi's Old Town) represents both the good and the bad of the city's architectural practice.

First, a modern introduction. Basking in the shadow of the 4th century Narikala fortress, the old town offers a culturally-tangled cobweb of stunning streets and alleys, perfect for locals and tourists alike to lose themselves on a crisp autumn day. Arriving at the bottom of the hill, a visitor can relax in one of many sulfur baths of Abanotubani, washing away the troubles of the day with a refreshing, if a bit aggressive, scrub.

According to legend, Abanotubani was the area that birthed Tbilisi. The legend states that in the fifth century, Iberian King Vakhtang Gorgasali was hunting in the forests of the original Georgian capital, Mtskheta, when he managed to kill a bird. He then sent his falcon to find his kill, only to lose sight of both birds soon after. He set off, eventually landing upon the hot springs that would someday give Abanotubani its name.

"It is exactly in this place that King Vakhtang found his falcon boiled in a hot spring. He put his hand into the water and discovered it was warm, and he said: 'I will found a city here and we will name it Tbilisi, which means the warm city," Vlasi Vatsadze, a local tour guide, explained to Euro News.

By fate or fluke, Tbilisi positioned itself in an area that would make it a central trade stop for burgeoning international markets. Unfortunately, this also

meant war. From the late 6th century to the early 19th century, Tbilisi was repeatedly sacked. Each time, parts of the city were destroyed, their buildings occasionally reconstructed in styles that bore passing resemblance to the features that came before, but frequently making massive changes. By the time the Russian Empire took over in 1801, Tbilisi was an architectural funhouse: Persian houses seated next to Armenian constructions, refurbished Roman-style halls bookended by Byzantine houses.

As the Russian Empire took control, they sought to change the diverse architecture of the city. While a portion of buildings were destroyed, the Empire mainly focused on expansion, unifying the city under a central architectural design plan and street layout based on other major European cities.

When the Soviets arrived, they brought both an imagined excess and a dark practicality to their constructions. On main streets, broad facades from the period under the Russian Empire were joined by impressive Stalinist buildings that gave a feeling of invincibility and strength to the city. Behind the scenes, concrete slab buildings were erected, providing the ever-growing population with pragmatic, though emotionally hollow, housing solutions.

All the while, the old town simply continued to be the old town, and little care was given to its maintenance—that is, until tourism came into play. Near the end of the USSR, a tourist industry had blossomed across Soviet states, and soon, people were traveling to see Tbilisi not only for the city that it is, but the city that it was—or whatever was left of it.

This left Soviet Georgia in an odd predicament. Yes, the old town needed to be reconstructed, but how does one 'reconstruct' an area with such a long and storied history? Does one pick an era of existence and try to return it to that style? Or does an architect attempt to capture the mixed-history oddity that made the city so unique in the first place?

A modern take

To resolve these questions, the architect Shota Dmitrievich Kavlashvili was hired. Unfortunately, Kavlashvili was immediately struck with the same dilemma.

"On one hand, the task of preserving the historical part of the city — with narrow streets and a small scale of development — needed to be facilitated. On the other hand, there are difficulties: what is considered valuable and what is not? And how to identify this value?" Kavlashvili asked in an interview with Vokrug Sveta in 1983.

Instead of focusing on the past, Kavlashvili opted to recast history, using the lens of Tbilisi's past to create a new idea of the city through his architecture. Some buildings were demolished. Others were refurbished as best was possible. Even more were reconfigured, doing away with the closed-off staircases and balconies of yore to make way for open-plan constructions designed to facilitate conversation and neighborly interaction.

It was not an accurate depiction of Old Tbilisi's architectural past, but it was an attempt to represent its historical nature: a place where people met, conversed, and exchanged goods and information.

Renovations done as part of the "New Life for Old Tbilisi" project under President Saakashvili.

Abanotubani, home to several sulfur baths and referred to as the 'birthplace of Tbilisi.'

"We largely based our work not on what Old Tbilisi was, but on our ideas of what it should become," Kavlashvili explained. "It's like a dream taken from the past and turned to the future." For his work, Kavlashvili won the USSR State Prize in the field of literature, art, and architecture in 1987.

But things in the old town would not stay stagnant for long. Under Saakashvili and Tbilisi Mayor Gigi Ugulava, work on a project entitled "New Life for Old Tbilisi" began.

The motivation for this project was twofold. First, it sought to rehouse those living in the unsafe homes that still populated the old town. Second, and more importantly, it was an attempt to revitalize the construction industry that had come to a halt after the 2008 war and global financial collapse.

However, this was a controversial endeavor. To complete the vision of "New Life for Old Tbilisi," many buildings were demolished, some with known historic value. And while the city had instituted a classification system in years prior to ensure that buildings of historic value would be preserved, these classifications were frequently ignored to make way for new construction. Often, there was little attempt made to preserve aspects of the historic structures that were being renovated or replaced.

"Look at that! They took out the old bricks there and used brick cladding! And they attached a balcony there — what for?" asked Maia Mania, architecture historian and professor at the Tbilisi State Academy of Arts, to New York Times journalist Joshua Levine in 2013 while on a tour of the reconstructed Old Town. "I am ill with what they have done in Old Tbilisi."

Furthermore, while some residents were receiving new housing, the project was slowly being seen in the public as an attempt to raise real estate prices rather than a genuine attempt to restore the area.

"In cases where developers were hired to 'renovate' historic buildings instead of just demolishing them, they were pressured to increase the floor space of the original structure as much as possible, so as to get a larger return on their investment upon selling back to City Hall," wrote author Angela Wheeler in 2012.

Protests erupted. Citizens of Georgia poured into the streets to make their voices heard against the renovation of the Old Town and the destruction of Tbilisi's buildings across the city. Many took issue with the project's practice of 'facadism,' or the preservation and restoration of only the building's outer shell while gutting the interior of the building almost in its entirety.

"What does preserving historic facades mean? If a building is a historical monument, then that's in its entirety – doors, windows, stairways and all," protestor Tamar Amashukeli said to journalist Teo Bichikashvili in 2012. "This way, we're getting a new building with a similar façade but without any historical or cultural value." By 2012, Georgia-based writer Peter Nasmyth estimated that one third of Old Tbilisi had been destroyed.

The story continues

As time passed and renovations of the area continued, a new government administration took over in 2012 and began implementing their own renovation projects. Dubbed "New Tiflis," this construction and revitalization initiative focused on renovating the historic city, adding new areas for tourists, and creating more recreational areas across

Tbilisi. Its initial aims focused on Agmashenebeli Avenue, Gudiashvili Square, the Dry Bridge, Orbeliani Square, and the surrounding areas, with room for expansion as time progressed.

But this project has not been without its own criticism. While government officials made a point of including the area's history in discussions of its renovation, with Agenda.ge reporting that "more than 200 professionals including architects, historians, urbanists, and art critics" were consulted by the government, many have criticized this project as a real estate move similar to that of "New Life for Old Tbilisi."

"What was once a green and picturesque street has lost its tree and vine cover to strangely uninviting benches and expensive cafes, a change that can be heard lamented in conversation with families living just off the renovated street," writes Robert Isaf. "As a result of the influx of foot traffic, and especially touristic foot traffic, many courtyards on the street keep their gates closed that through daytime would have been open before; cars are exiled from their owners' yards on account of restricted access times; and rising prices encourage tourist-oriented businesses in buying out residential owners, further fracturing long-established communities."

Isaf is not alone in his critiques. Proposed developments on Mirza Shapi Street, which sits above the Abanotubani sulfur baths, attracted a number of protesters in 2018. At one of the protests, urban policy activist Nata Peradze expressed concern that excavation of the cliffs to build two large multi-functional complexes in the old town area was destroying the harmony of the landscape and architecture, noting that "building does not always stand for development."

Despite continued controversy around how to best preserve the city's cultural heritage, renovations of Tbilisi's old town have continued. In 2018, the new Aghmashenebeli Avenue made its debut, featuring the renovation of 47 historic houses at a price of $13 million. One year later, the newly renovated Orbeliani Square opened. The project reportedly cost $31 million, and 20 buildings were restored in the process. Gudiashvili Square, which was also renovated, opened in 2021, and in 2022, the government announced the renovation of Metekhi Bridge, one of the oldest bridges in Tbilisi, at a cost of just under a million dollars.

These projects are in addition to other works under the New Tiflis umbrella, such as the renewed Dedaena Park and surrounding green space, which was officially finished in 2021 at a cost of around $9.5 million. Future projects for renovation include the streets of Sulkhan-Saba, Ingorokva and Gorgasali, and Phase 2 of the Narikala Fortress rehabilitation is planned within the next two years.

Tbilisi's architecture tells its long and rich history, and every new generation has left its mark on the city. As more buildings are constructed and others renewed, the story continues. ■

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AmCham

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TBC Capital presentation 'Georgia in the turbulent world'

On November 30, AmCham Georgia welcomed TBC Capital to present "Georgia in the Turbulent World," a presentation covering major macroeconomic and sectoral topics that are relevant to the AmCham community. The presentation was followed by the panel discussion and networking lunch.

AmCham General Assembly and Luncheon

On December 7, the American Chamber of Commerce in Georgia held its annual General Assembly and Luncheon at the Radisson Blu Iveria Hotel. Vice President Irakli Baidashvili offered an overview of AmCham's work in 2022, and Treasurer Michael Cowgill presented a financial report for 2021. Following the presentations, elections were held, and the following board members were elected:

Irakli Baidashvili - President of American Chamber of Commerce
R. Michael Cowgill - First Vice-president of American Chamber of Commerce

George Tkhelidze - Vice-president and Treasurer
Colin Donohue - Board of Directors (corporate A)
Ayten Hajiyeva - Board of Directors (Corporate A)
Otar Kipshidze - Board of Directors (corporate A)
Craig Kramer - Board of Directors (Corporate A)
Jordi Kuijt - Board of Directors (corporate A)
Sandro Shelia - Board of Directors (corporate A)
Ketti Kvartskhava - Board of Directors (Corporate B)
George Svanadze - Board of Directors (Corporate B)
Sarah Williamson was approved as President Emeritus and Honorary Board Member.
Betsy Haskell was approved as ex-officio advisor to the Board.

Newly elected members of the AmCham Board of Directors

AYTEN HAJIYEVA, BOARD OF DIRECTORS (CORPORATE A)

Ayten Hajiyeva is the Head of Country and Vice President of BP Georgia. In this role, Ayten is BP's senior representative in the country and supports the implementation of BP's strategy in Georgia, as well as government relations and external affairs on behalf of BP businesses in the country. In parallel, she is involved in advancing the company's regional innovation and digital strategy. Ayten has 20 years of experience in the oil and gas industry and has held a variety of finance, commercial, supply chain, and leadership roles. She holds bachelor's and master's degrees in Petroleum Engineering and Petroleum Law, as well as an MBA from Warwick Business School (UK). Ayten chairs the board of directors of the EU-Georgia Business Council.

In her newly elected role on the AmCham Board of Directors, Ayten looks forward to bringing the breadth of BP's strategic activities, successful interactions, and expert opinions to help drive AmCham's agenda and benefit all its members.

CRAIG KRAMER, BOARD OF DIRECTORS (CORPORATE A)

Craig Kramer is the CEO of Gulf Georgia. A California native, he first arrived in Georgia in 1996 on a six-month assignment working with the Greko Organization in which he oversaw the opening of the first Western style gas station with convenience store in Georgia. After rounding out his career with various fuel and convenience item companies, including ConocoPhillips and CircleK, Craig returned to Georgia in 2020 to head the Gulf Georgia Organization. Craig holds a BS in Business Management and an MBA in Business Administration.

In his newly elected role on the AmCham Board of Directors, Craig looks forward to using his unique blend of business experience, both in the U.S. and Georgia, to bring a fresh perspective to the board.

GEORGE SVANADZE, BOARD OF DIRECTORS (CORPORATE B)

George Svanadze is the Partner and Head of Litigation Practice for MG Law and Co-Managing Partner of Andersen Georgia. His previous positions include Head of Deloitte Legal, Associate Partner and Head of EY Law Practice, Senior Associate of Rödl & Partner, and In-House Counsel for Georgian Glass & Mineral Waters Company. He also gathered professional experience in Germany while working for international and local law firms in Hamburg and Berlin.

George advises clients on general corporate issues, M&A, and structuring of cross-border transactions. He specializes in international business transactions, legal and tax due diligences, tax structuring, conflict of laws, international commercial arbitration, mediation, and litigation. He holds a PhD in Law and is an associate professor at Tbilisi State University. He also serves as an expert for governmental authorities with respect to legislative changes and international treaty ratifications.

In his newly elected role on the AmCham Board of Directors, George looks forward to using his experience working with AmCham's Commercial Law and Tax Committee, as well as his experience as the head of the legal committees for the Georgian Chamber of Commerce and Industry (GCCI) and the European Business Association (EBA), to better serve the interests of AmCham's members.

Social: Members' appreciation holiday cocktail reception

On December 15, AmCham Georgia hosted a members' appreciation holiday reception at Tbilisi Marriott to celebrate a successful and fruitful year. AmCham President Irakli Baidashvili greeted guests and briefly highlighted the achievements and challenges of the past year. Guests were welcome to enjoy glint-wine and Georgian wine along with delicious holiday food and desserts. Members used the opportunity to reconnect with friends and colleagues.

AmCham hosts U.S. Colonel Joseph Bilbo

On January 25, AmCham Georgia hosted a business round-table meeting at Tbilisi Rooms Hotel with Colonel Joseph Bilbo, the Defense Attache with the U.S. Embassy in Tbilisi. At the meeting, Colonel Bilbo discussed Georgia-U.S. security relations and the broader regional security context, particularly in relation to the war in Ukraine. The presentation was followed by a Q+A. Participants had a chance to attend the hybrid event either in person or online.

Social: Back to business cocktail reception

On January 27, AmCham hosted a Back to Business Cocktail Reception for members at Hotel River Side Tbilisi. AmCham President Irakli Baidashvili greeted the guests and thanked Hotel River Side Tbilisi for hosting the reception. It was followed by a farewell reception for AmCham partner and friend, Mark McCord, Chief of Party for the USAID Economic Security Program. Members also used the opportunity to reconnect with each other after the long holiday season.

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(Klein & Pantsulaia)
Corp A

The law firm Klein & Pantsulaia (KP) is Pioneering Georgian law firm that is the only firm on the market that joins forces between an Ex Pat lawyer with Georgian lawyers. KP is a Klein Law Group of Companies (KLG). KLG is a Delaware Corporation doing business in Boston, Massachuesetts. Other KLG companies cover the jurisdictions of the UAE and Armenia.

www.kleinlawgroupgeorgia.com

Smartly LLC (Bolt)
Corp A

Smartly LLC is a franchise company of Bolt, the first European mobility super-app. The mission of the company is to Build Cities for People, Not Cars. Bolt is building a future in which people are no longer forced to buy a car to get around. Where people have the freedom to use transportation on demand, choosing whatever vehicle is best for each occasion. Bolt is also providing the fastest Food delivery service from thousands of partner restaurants through a convenient Bolt-Food app.

https://bolt.eu/ka-ge/

Studio Gambit Ltd.
Corp A

Studio Gambit is a top quality audio-visual production company. Apart from working on commercials and films on a local market, Studio Gambit is working on American and European co-productions. Company's priorities include highlighting Georgia as one of the prominent filming locations and production service providers on the global market.

www.studiogambit.com

Consultis LLC
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Professional service to business, including accounting outsource, financial reporting, tax and other consulting services.

www.consultis.ge

Fulcrum Holding LLC
Corp B

Fulcrum Holding LLC is Fintech company, its affiliated Estonian company FHL Digital Platform OÜ owns eMonay and MyCoins, first and the largest Georgian, multicurrency, online wallet. Leading service provider for Georgian non-bank lenders, both in terms of lending and repayment, where users can transfer and withdraw money quickly and easily. To make people's life a lot easier by offering them a faster, more confortable, convenient and secure way of processing the payments.

www.emoney.ge
www.fulcrumholding.com

LSG Solutions
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LSG Solutions provides construction management and advisory services for civil, industrial and infrastructural projects. In-depth understanding of design and construction processes enable the company to deliver beautiful, safe and sustainable built infrastructure within limited budget and time.

lsg.solutions

NEW MEMBERS

Sairme Resort LLC
Corp B

Sairme resort is one of the largest balneo-climatic resorts in Europe and Transcaucasia. There are two four-star hotels in the resort. Hotel "New Sairme" fully corresponds with the modern trend of the interior, unique location and infrastructure. The hotel is spread through the wide area, surrounded with spectacular nature, comfortable rooms and breathtaking views, promising every visitor the diverse and unforgettable getaway. Hotel "New Sairme" unifies 104 rooms and is possible placement of 220 individuals. The swimming pools are filled with natural thermal water, which maintains a temperature up to 31 to 41 degrees, that makes winter swims even more enjoyable. New Sairme's conference rooms offer 212 square meters of space equipped with the latest technology and sound system. Chef's cuisine is a perfect combination of Italian and Georgian culture, art and flavor. Restaurant specializes in delicious food featuring fresh ingredients and masterful preparation by the culinary team, casual yet upscale atmosphere makes it perfect for dining with friends, family, clients and business associates. Hotel "Sairme" unifies 152 rooms and is possible placement of 390 individuals. It can host Gala dinners up to 200 participants and their team is always ready to give a special touch to your events, as they understand that every event is special. Sairme is unique because 5 types of mineral drinks and one thermal mineral water flow within a radius of 4 kilometers and is the only resort in Georgia and Transcaucasia, which is a member of the European Spa Association, ESPA. The wellness center offers guests a wide range of different procedures, which are recommended for treatment, rehabilitation, recovery, preventive and relaxation purposes. Guests also can enjoy various activities such as: Zip-line,the city of ropes, bicycles, scooters, compak sporting, off road, horse riding. Every minute spent in Sairme is unforgettable.

www.sairmeresort.ge

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Sadagi
Non-Profit

Sadagi has two main directions of activity:

- Educating local communities and developing habits to reduce littering among the majority of the population;
- Involving communities in cleaning activities of local areas.

The company also intends to promote recycling and the effort to separate household and industrial waste. Sadagi develops and shares various information materials among communities, develops educational programs, organizes cleaning events, using team building activities.

sadagi.ge

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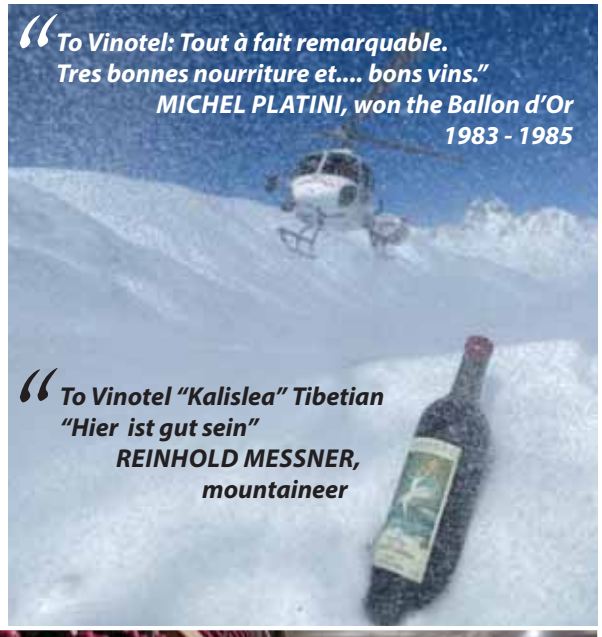
"Thanks for the amazing hospitality! Food and wine were fantastic! I hope we will be back soon! Thanks again! Much love!" **DIRK NOWITZKI, basketball player**



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MICHEL PLATINI, won the Ballon d'Or
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"To Vinotel "Kalislea" Tibetian
"Hier ist gut sein"
REINHOLD MESSNER,
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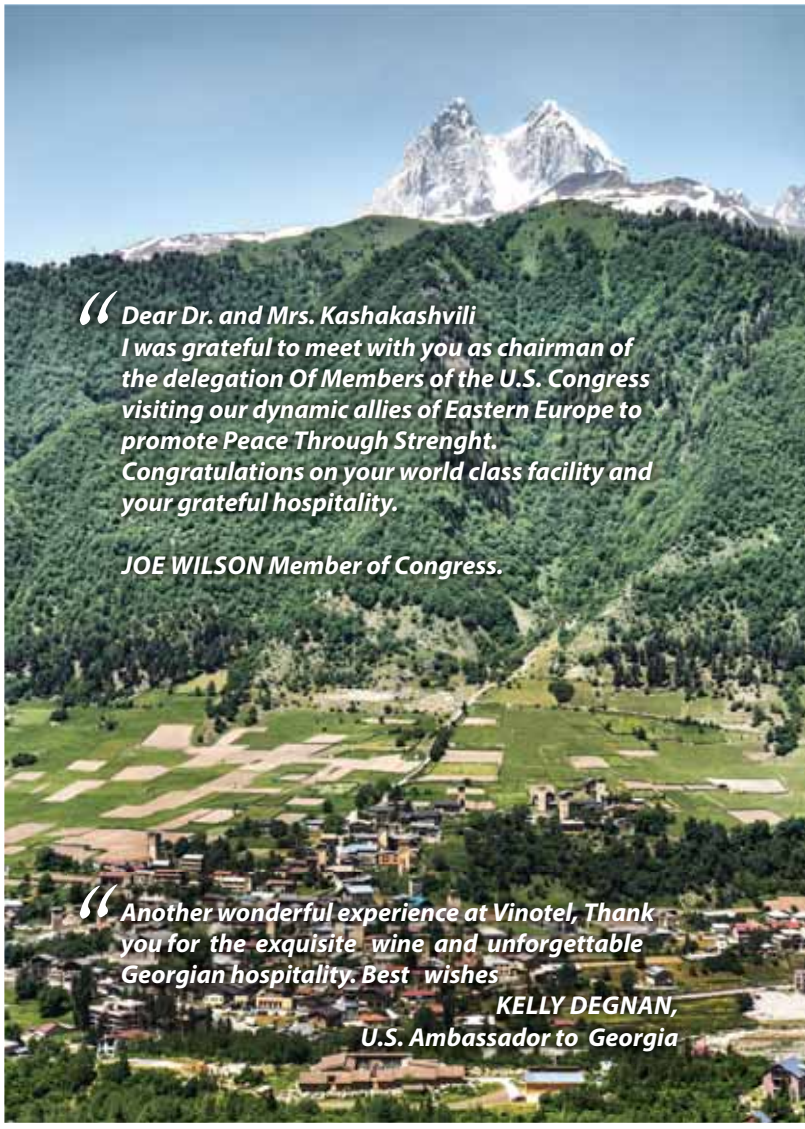
DAVID LYNCH, Actor



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