Made in Georgia - construction industry looks to source locally amid rising costs

Georgia's art scene comes to life with 3D collectibles

What's behind the Georgian economy's continued growth?

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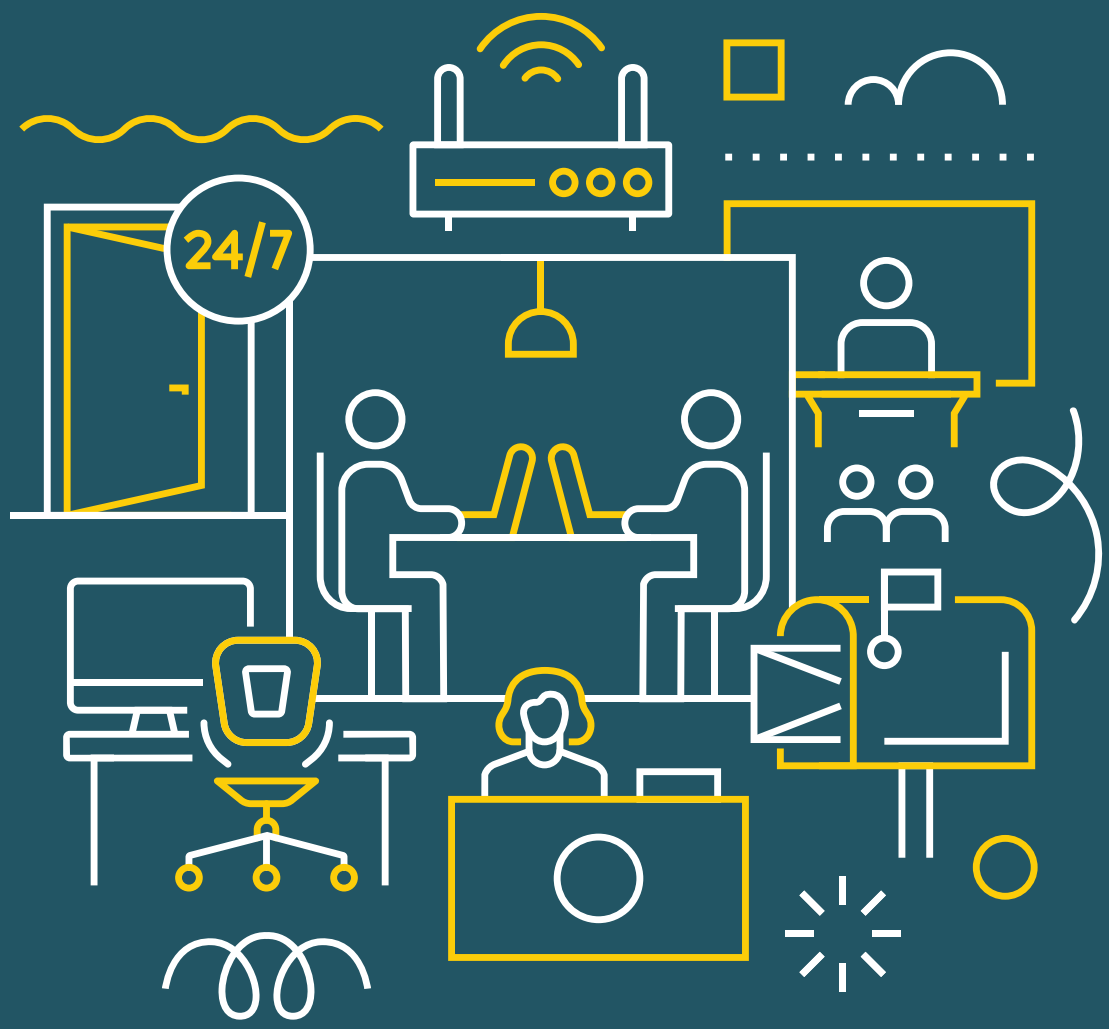

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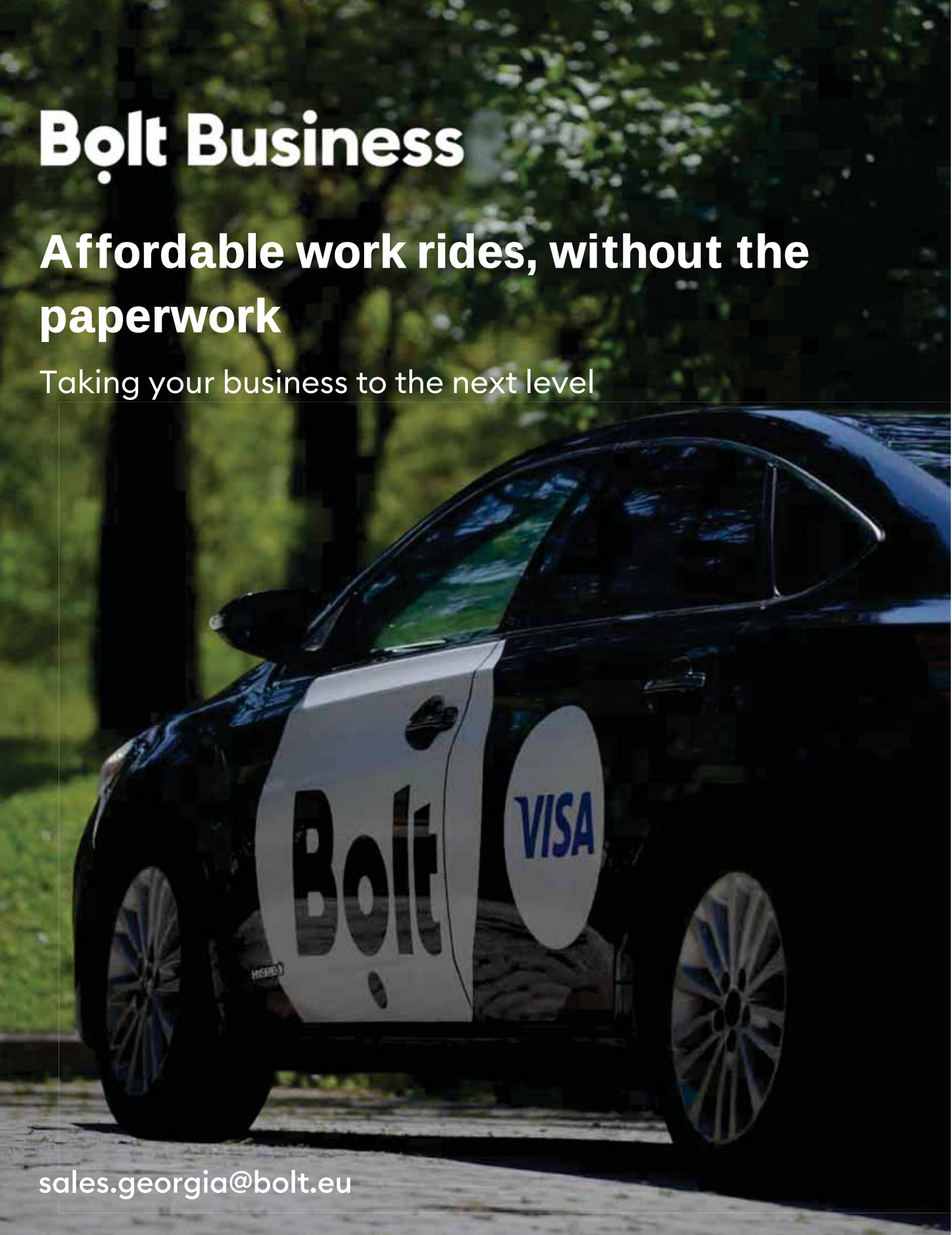

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Investment News

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.

Georgian economy grows 7.2% in Q1 of 2023

The Georgian economy grew 7.2% in the first quarter of 2023, data released by Geostat on April 28 shows. In its release, the statistics body noted that growth compared to the same period of the previous year was observed in construction, financial and insurance activities, transportation and storage, and trade. Conversely, manufacturing, energy, and real estate all registered a decline.

Deputy Economy Minister Vakhtang Tsintsadze commented on the statistics, expressing optimism that the "positive economic growth rate" would persist throughout the remainder of the year. Tsintsadze added that the country is expected to achieve a higher economic growth rate than initially predicted at the beginning of the year, even surpassing estimates made by international financial institutions.

For reference, the World Bank's economic update in April estimated Georgia's growth will be 4.4% in 2023, reaching 5% in 2024 and 2025. The Asian Development Bank estimated in its April report that the country's economy would grow by 4.5% in 2023 before reaching 5% in 2024, and the World *Economic Situation and Prospects Report*, released by the United Nations in January, forecasted 5.2% growth in 2023 and 4.6% growth in 2024.

National Bank reduces refinancing rate to 10.5%

The National Bank of Georgia (NBG) on May 10 announced a "gradual exit" from its tight monetary policy, as it decreased the refinancing rate by 0.5% to 10.50%, following a reduction in the domestic inflation rate. The bank said inflation in the country was on a "downward trajectory" predominantly driven by reduced prices on international commodity markets and decreased international shipping costs.

"After a prolonged period of high inflation, inflation being below the target in the short run will help further normalization of long-term inflation expectations. The latter, in turn, is a prerequisite for price stability", the NBG's press release said. It cautioned, however, that while inflationary pressures coming from international markets had been neutralized, domestic inflation was declining "at a relatively slow speed."

It also noted that economic uncertainty related to increased labor costs and "geopolitical tensions" was still high in the country despite the trends, adding it would only "continue to reduce the monetary policy rate at a slow pace". The next meeting of the NBG's Monetary Policy Committee will be held on June 21.

Officials meet in Tbilisi to discuss Black Sea submarine cable project

Officials from Georgia, Azerbaijan, Romania, and Hungary met on April 6 in Tbilisi to discuss the implementation of the Black Sea submarine electricity cable project, a new transmission route to deliver green energy from Azerbaijan to Europe.

At the meeting, Georgian officials shared the results of the first feasibil-

ity study of the project and discussed the next stages of its implementation with their counterparts. Economy Minister Levan Davitashvili said additional studies were required this year to have a "complete picture" of how the project should be implemented. "It is very important to coordinate at a high level between the countries in order for the project to be effectively implemented," Davitashvili said after the meeting.

Hungarian Minister of Trade and Foreign Affairs Peter Szijjártó said his country was interested in energy diversification to ensure the security and supply of green, environmentally friendly solutions. "We really appreciate Georgia's ambitious approach to the implementation of this project [and] we are ready to participate in the feasibility study. We hope that our Georgian friends will be able to fulfill the plan of providing a record-breaking, almost 1,200-kilometer-long submarine cable," he said.

The four countries signed the project in December, with the projected infrastructure enabling the countries of the South Caucasus and Romania to take advantage of "broadened export opportunities" and trade in electricity at hourly market prices. The next meeting between the sides is scheduled to be held in Bucharest, Romania.

International arrivals up 110% in Q1 of 2023

More than 1.2 million international travelers arrived in Georgia in the first quarter of 2023, announced Geostat on May 15, noting that the figures marked a 110% YoY increase. In the reporting period, 845,000 tourist visits were made to Georgia, up 84% compared to the same quarter of 2022.

The figures showed that the largest number of visitors came from Russia (25%), followed by Turkey (18%) and Armenia (15%). Recreation was the main purpose for the majority of visits (46%), with most visitors arriving in the capital city of Tbilisi and the western Adjara region. Geostat also noted that 79% of the travels were repeat visits.

This increase in visitor numbers also provided a boost to Georgia's three international airports, which recorded a 33% increase in passenger traffic. Georgia's airports served more than 1 million passengers between January and March, according to data released by the Georgian Civil Aviation Agency on April 13. Tbilisi International Airport served 713,660 passengers (41% YoY increase); Kutaisi International Airport served 253,073 passengers (108% YoY increase); and Batumi International Airport served 77,077 passengers (a 13% YoY increase).

Tax treaty with Poland comes into force

A deal between Georgia and Poland has come into force that will allow in-

dividuals and businesses operating in either country to avoid double taxation, the Georgian Ministry of Finance announced on April 3. Tax subjects will pay income and capital taxes in only one of the two countries under the Treaty of the Avoidance of Double Taxation in an effort to "promote economic cooperation between the countries and encourage foreign investments," said the ministry in a statement.

Finance Minister Lasha Khutsishvili and Polish Ambassador Mariusz Maszkiewicz signed the updated agreement in 2021, replacing an earlier deal signed between the countries in 2006. The Ministry said withholding tax rates on dividends, interest, and royalties had been reduced from 10% to 5% under the new deal. For reference, Georgia currently has double taxation agreements with 57 countries.

Georgian trade up 24% in January-April 2023

Georgian external trade turnover amounted to $6.49 billion from January to April 2023, posting a 21% YoY increase, Geostat revealed on May 15. The value of exports rose by 24% and equaled $1.96 billion, while imports grew by 21%, amounting to $4.53 billion in the first four months of 2023. The trade deficit, a measure of the negative balance of trade in which imports exceed exports, reached $2.57 billion, and the share of trade turnover hit 40%.

Georgia, South Korea launch free trade talks

Georgia and South Korea will launch negotiations for signing a partnership agreement deepening trade and economic ties between the countries this year, the Ministry of Economy of Georgia announced on May 2. While visiting South Korea, Deputy Economy Minister Genadi Arveladze met the country's Acting Director of the Free Trade Policy Department of the Ministry of Trade, Industry, and Energy to discuss the deal.

The agreement will cover liberalization of trade in both goods and services, sanitary and phytosanitary measures, technical barriers to trade, intellectual property rights, government procurement, and more. Georgia's Ministry of Economy said it envisions the deal also resulting in deeper economic cooperation in the areas of energy, transport, information technology, and tourism. A high-level delegation from Korea will visit Georgia in the second half of this year to finalize the agreement and sign a document on the terms of negotiations, the ministry said.

PM announces $398 million infrastructure program

Georgian Prime Minister Irakli Garibashvili on April 18 announced the launch of a ₾1 billion ($398 million) five-year program for renovation and development of infrastructure across the country.

At the weekly meeting of the government, Garibashvili said the initiative would renovate cultural and historical monuments and facilities in large cities, resort locations, and highland areas, as well as recreational zones throughout the country. Venues and monuments in Borjomi, Bakuriani, Kutaisi, Tskaltubo, Telavi, Zugdidi, Batumi, Mtskheta, Stepantsminda, and Mestia will undergo renovation as part of the effort.

"We have already allocated ₾200 million ($79.7 million) for this purpose this year [...] Concepts will be developed, the Municipal Development Fund will start working actively on the implementation of this program, [and] we will select the best architects [and] builders. Our main task should be to gradually transform our country into a truly European-type state. It should be a well-maintained, developed, beautiful state [with such] cities, districts [and] villages," Garibashvili said.

Tbilisi residential real estate prices continue to rise

Buying a flat or a house in Tbilisi became more expensive in the first quarter of 2023, the latest Residential Property Price Index by the National Statistics Office of Georgia shows. Released at the end of April, the index pointed to a 9.3% increase in prices for flats and 11.6% in-

crease for houses compared to 2022.

The cost of flats in Mtatsminda district were the highest on average at nearly ₾5,000 (then $1,960) per square meter, with the figure standing at ₾3,600 ($1,400) for houses. Vake and Sabartulo came in second and third place, respectively.

EU imports of Georgian agricultural products up 21% in Q1

Export of Georgian agricultural products to countries of the European Union is on the rise, with data released by the Ministry of Agriculture in April showing a 21% YoY increase in the figure for the first quarter of 2023.

Figures released also show a 129% increase in Georgian wine exports since the signing of the free trade agreement with the EU in 2014, with fruit juice and vegetable exports rising by 103%, alcoholic beverages by 26%, and fruit exports up fivefold. Overall, Georgian produce worth $1.3 billion was exported to 96 countries in 2022, a 34% increase compared to the previous year.

Program launched to promote Georgian films abroad

Enterprise Georgia, an export promotion agency for the country, on April 11 announced the launch of a commercialization program for Georgian feature films. In a bid to promote and increase the sales of films produced in the country in the international market, screenings of Georgian films will be hosted at "leading international film festivals" to which "influential sales agents and distributors" will be invited, the agency said. Production studios who are beneficiaries of the Film in Georgia state program as well as film producers that receive financing support from the Georgian National Film Center are eligible to apply for the program.

World Bank to allocate €46.2 million for Georgian agriculture, irrigation

The International Bank for Reconstruction and Development (IBRD) will allocate €46.2 million for enabling the development of sustainable agriculture, irrigation, and the land market in Georgia, the Ministry of Finance of Georgia announced on April 3. The agreement was signed by Finance Minister Lasha Khutsishvili and World Bank Regional Director for the South Caucasus Sebastian Molineus.

Under the Green and Sustainable Development Policy of Georgia, €46.2 million will be allocated to the country, the ministry said. The ministry also noted that the program involved commitments by Georgia towards climate change including sustainable forest management, industrial emission management, and generation of renewable energy. It will also include procedures for the financial oversight of state-owned enterprises and their forms of governance, and improved access to land, water, and financial resources.

Georgian Railway launches freight services to Central Asia for car manufacturers

Georgian Railway announced in April that it was launching freight services offering car manufacturers to transport their products to Central Asian states. The company said manufacturers like Toyota, BMW, and Audi would be able to deliver their vehicles via Georgia and Azerbaijan to Kazakhstan, Uzbekistan, and other countries in the region using the rail service. Previously, car manufacturers had transported their cars via road transport to Central Asia. "As a result of the ongoing talks, rail freight of cars may [also] become regular," a spokesperson for the rail company said. ■

AmCham signs statement of support for Georgia's EU candidacy status

On May 4, 2023, AmCham Georgia joined nine of Georgia's leading business associations in signing a statement of support for Georgia's EU candidacy status.

Executive Director George Welton then joined a panel to discuss the importance of Georgia gaining candidate status. "It will be transformative," he noted. "EU candidate status and the membership that it portends will stimulate investment, positive economic growth, greater employment, and integration into EU structures. The EU essentially underwrites political and judicial risk, making investments in EU states far safer."

Joint Statement of Business Associations on Georgia's EU Candidacy Status

We, the undersigned,

reaffirm the business sector's unequivocal support for Georgia's European integration;

acknowledge that the AA/DCFTA and visa-free travel are key instruments that should be fully utilized in the process of the EU-Georgia rapprochement;

firmly believe that Georgia joining the European family is of vital significance, as it will bring long term stability, prosperity and development to the country. Granting the EU candidacy status would be an important step forward in this regard, including in the economic dimension;

will spare no effort to facilitate deepening of the EU-Georgia economic cooperation and trade and increasing public understanding of the benefits of the EU integration process and membership;

urge all sides to unite their efforts towards achieving tangible progress in the EU integration process;

add the voice of businesses in Georgia to the call to grant the EU candidacy status to Georgia.

Dr. h.c. Sascha Ternes
Chairman of the Board of German Business Association – Deutsche Wirschaftsvereinigung (DWV)

Mr. Levan Silagava
President of Georgian Producers' Federation

Mr. Alexander Bolkvadze
Premier Vice-president
Chambre de Commerce et d'Industrie Francaise en Georgie

Mr. Elguja Meladze
President of Georgian Employers' Association

Mr. Iva Chkonia
President of Georgian Distributors Business Association

Mr. Alexander Ratishvili
President of Taxpayers Union

Ms. Khatia Bukhrashvili
Secretary General of International Chamber of Commerce in Georgia

Ambassador Zviad Chumburidze
Secretary General of EU-Georgia Business Council

Mr. George Welton
Executive Director of American Chamber of Commerce in Georgia

American Friends *of* Georgia, Inc.

Spring Charity Gala 2023

Photos by D. Khizanishvili

American Friends of Georgia (AFG) held Annual Charity Gala on April 1st, 2023 at the Sheraton Grand Tbilisi Metechi Palace Hotel first time after Covid pandemic outbreak.

The event was attended by the Ambassadors of Israel and Germany and diplomatic corps. At the same time, representatives of the business world, leading international and Georgian organizations and corporations.

Patron of Gala was traditionally a long-time partner of American Friends of Georgia Petrocas Energy Group, Gala's Gold Sponsor Schumi winery & MZE. Silver Sponsors: Adjara Group, TBC Bank, Silkroad Hospitality, Bronz Sponsors: Deloitte & Liberty Bank. Sapphire sponsors -leading international and local corporations as well as family foundation and individual donors from the US. In addition, many Georgian companies donated presents and amazing raffle prizes.

The event started with a cocktail reception in the lobby of the Sheraton Grant Tbilisi Metechi Palace Hotel with an art display by prominent Georgian artists auctioned later by Cliff Isaak, Auctioneer Extraordinaire and Honorary Consul of Canada to Georgia. The reception was followed by dinner especially designed by Sheraton's chef. Exceptional wines were provided by Schumi winery. A diverse musical performance included the young ballerinas of V.Chabukiani Tbilisi State Ballet School, Tbilisi Women Choir led by Omar Burduli, French Composers' Association member, composer and pianist Nika Nikvashvili & Lela Mchedlidze, the first violin in the Symphony Orchestra of Tbilsi Opera and Ballet State Theater.

The highlight of the evening was the auction of donated outstanding art by such artists as Lado Gudiashvili, Korneli Sanadze, Tamuna Melikishvili, Levan Bujiashvili, Marc Chagal, Mamuka Tsetskhladze, Lia Shvelidze, Keti Shalamberidze, Lena Kiladze, David Sulakauri, Nina Kipshidze, Yuri Mechitov, Georgi Alexi-Meskhishvili, Maka Gotsiridze, Rusudan Chikvaidze, Tutu Kiladze, Tinatin Chkhikvishvili, Nina Ananiashvili, Irakli Moreli, Tornike Robakidze, Merab Gugunashvili.

The Gala raised record amount in total 132 450 USD. The funds raised will go to two of the main projects of AFG: Dzegvi Shelter and Hospice Feristvaleba and Palliative Homecare program.

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FMCG market growth in 2022 "unprecedented," fueled by surging domestic demand

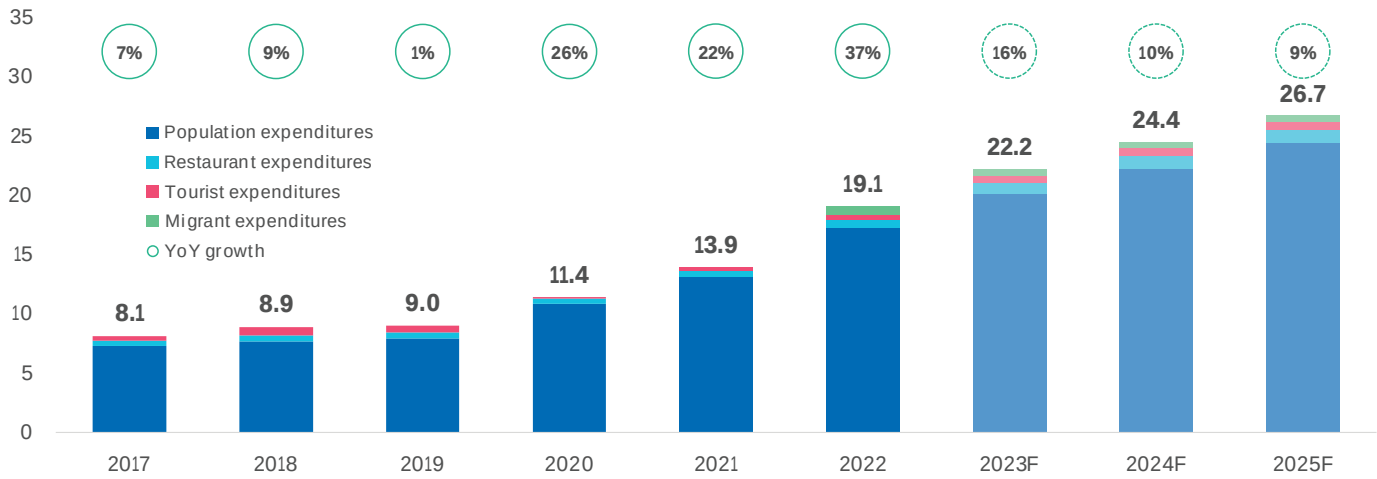
Georgia's fast-moving consumer goods (FMCG) market outperformed all expectations with 37% YoY growth in 2022, reaching a record value of 19.1 billion GEL. TBC Capital's latest sectoral report looks at what's driving that growth and why analysts expect it to stabilize in the coming years.

Key growth drivers

Unprecedented growth in Georgia's FMCG sector in 2022 was due to a convergence of factors, says TBC Capital's latest sectoral report released in May. While high inflation played a role, coming in at an annual rate of 11.9%, Senior Research Associate Andro Tvaliashvili says that domestic demand fueled by a substantial increase in nominal wages and a surge of migrants were the primary drivers.

"If we look at inflation-adjusted growth of Georgia's FMCG market in 2022, it comes to 20.2%. This tells us that last year's growth was not fueled by inflation alone," he says, noting that this growth rate is exceptional compared to previous years. "If you look at pre-pandemic levels, for instance, inflation-adjusted growth was only at 5.5% in 2018 and was actually negative in 2019."

FMCG market turnover (including VAT) GEL bn



Organized vs unorganized market

Much akin to its analysis from last year, TBC's latest FMCG sectoral report sees the organized FMCG market continuing its trend of strong growth in Tbilisi, coming in at around 60% of the city's total market. "When looking at Tbilisi alone in relation to other developed countries, the saturation level is significantly high and comparable to markets in countries like Austria, Spain, and Poland," says Tvaliashvili.

The organized market, however, continues to lag in terms of development in Georgia's regions, with a penetration level of only 16%. This, says TBC Capital's Tvaliashvili, is largely due to purchasing power constraints and a lack of

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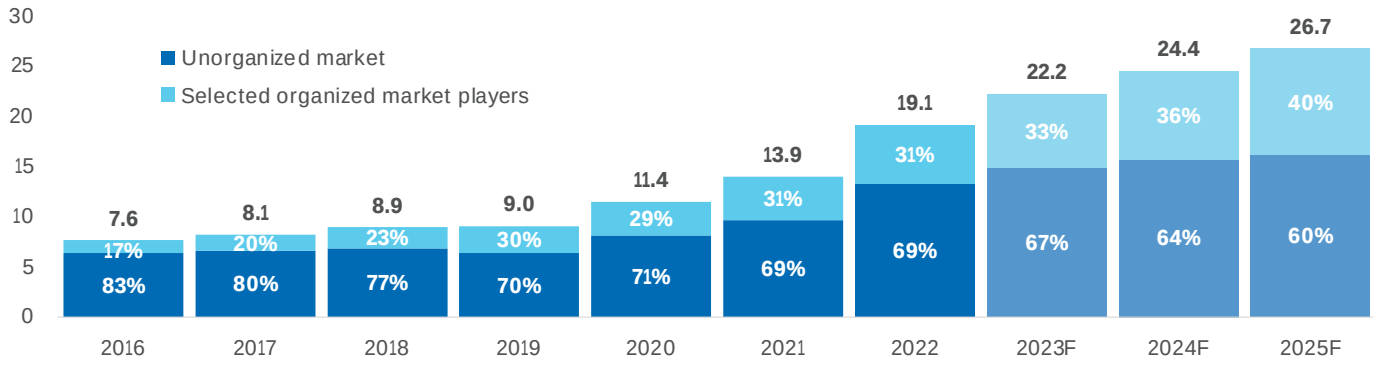
adequate retail space. “Purchasing power is certainly a significant hindrance for the organized market in these areas, but there is also a lack of adequate retail space for many of these players. Despite these limitations,” he adds, “we see this regional market, which currently accounts for 66% of Georgia’s total FMCG market, as untapped with significant opportunity for investment and growth in the coming years.”

Organized and unorganized FMCG market (including VAT) GEL bn, % share



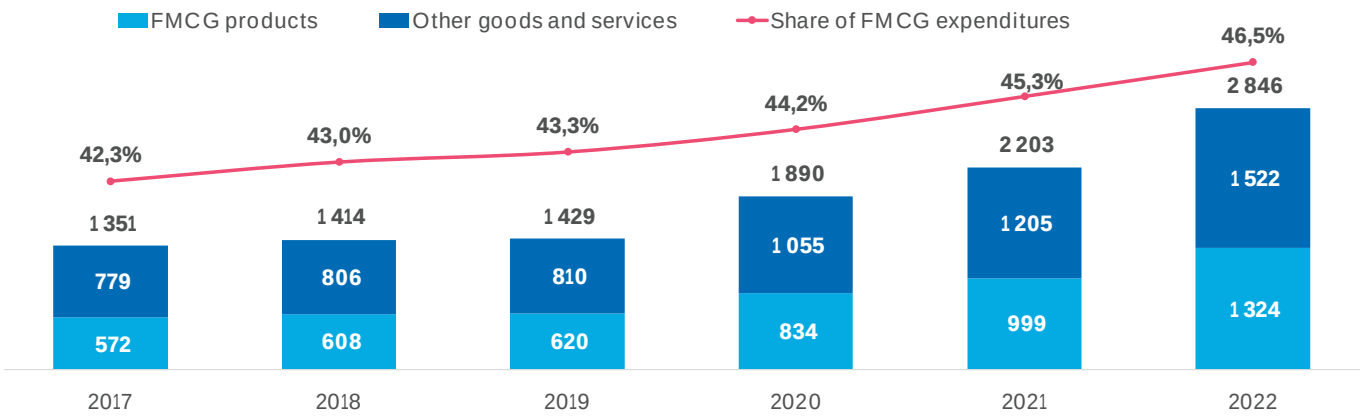
In terms of revenue, FMCG players in the Georgian market continued to register lower average profits than their regional counterparts in 2022, a trend that TBC Capital analysts say is due to fierce competition within Georgia’s market and high dependency on imports. “When you look at the regional players Georgia is compared to, actors like Russia and Turkey have much larger markets and produce a significant portion of their FMCG products domestically,” explains Tvaliashvili. “Because Georgia imports so many FMCG products, the added import and logistics related costs constrain the profit margins for Georgian retailers.”

Consumer trends

As the effects of the pandemic have faded and covid-related curfew restrictions have become a thing of the past, consumers in Georgia continue to exhibit a greater proclivity for late-night shopping, with 44% of FMCG transactions taking place between 19:00 and 8:00 in 2022 (up from 36% in 2020). This is expected to fuel the continued growth of organized retailers offering 24/7 shopping options for consumers.

“We also see that the average share of total expenditures spent on FMCG products is continuing to increase, coming in 46.5% in 2022 (up from 45.3% in 2021),” notes Tvaliashvili. “While general macroeconomic tendencies would suggest that a country’s growing development be associated with a decreased share of expenditures going towards FMCG products, we see the opposite in Georgia. This could be indicative of uneven distribution of the economic development as well as consumer preferences shifting towards more expensive and higher quality FMCG products as their income increases,” he explains.

Average monthly expenditure of households GEL, %



Data analyzed by TBC Capital also shows younger generations continue to gain share of the consumer market, with the segment of expenditures by people aged 19-29 making up 21.1% of expenditures in 2022 (up from 15.7% in 2020), which Tvaliashvili says could be due to increased employment levels of younger people and new employment opportunities for students. This trend, he notes, should also positively impact Georgia’s fledgling e-commerce market. “In 2022, e-commerce represented 1.9% of FMCG revenue. Compared to other European markets, this is on the lower end, but we see a lot of positive indicators, like the age dynamics, that indicate e-commerce is on track to continue expanding in the coming years.”

Georgia joins the coworking craze

The effects of the pandemic seem to have long faded in Georgia as tourists have returned in record numbers (up nearly 40% in Q1 2023 compared to 2019), while new restaurants and bars are popping up at an unprecedented rate. The country continues to enjoy an economic boom, registering 10.5% growth in 2022 - its first full year free of Covid restrictions. But one Covid effect that lingers more than three years on is the debate over whether or not workers should return to the office. What started as a necessity amid public health concerns is now seen by many as more of an expected perk of the job than a temporary health measure.

On the back of the rising popularity of flexible working arrangements, another industry has begun to flourish: coworking spaces. Once relegated to startups and freelancers looking for a space that offered the independence and freedom of individual work combined with the community feel, coworking has now become a fixture for a growing number of workers who hail from a multitude of professions. Demand for coworking is rising globally as businesses slash overhead costs by abandoning large commercial spaces and remote workers seek out community. Figures collected by Statista show that worldwide in 2023, there were an estimated 34,618 coworking locations, with *Coworkingresources.org* approximating that nearly five million people will be using coworking spaces worldwide in 2024.

So what is the state of the sector in

Georgia? And is the recent proliferation of collaborative working spaces in the country representative of a wider working culture shift, or a temporary trend induced by the pandemic and a short-term wave of remote workers? *Investor.ge* takes a look.

Coworking kicks off in Georgia

In Georgia, the coworking sector was still in its nascent stages before the pandemic struck, with a 2020 Colliers report finding that Tbilisi only had seven such spots in 2017. That number had increased to 16 locations in the first month of 2020, with first-to-the-scene Terminal then dominating the market. The Georgian coworking startup, which first opened its doors in 2016, has continued to expand over the last seven years, adding six locations and bringing in 3.1 million GEL in revenue in 2021.

Next on the market after Terminal was Impact Hub Tbilisi, a member of the larger Impact Hub network that offers coworking spaces in 100-plus locations in more than 60 countries worldwide. Co-founder and Co-director Elene Jvania says opening their space in 2016 was a big leap of faith at a time when the market was not yet established.

"The idea to open the space actually came after my business partner, George, visited an Impact Hub in London," says Jvania, noting that at the time many in Georgia had never heard the term 'coworking' before. "When businesses open, they often face the challenge of building brand awareness – for us, we had to start by explaining to people what coworking is. We made a list of potential clients and went door-to-door, explaining our concept to them and trying to build interest in the idea."

Jvania says that her team set themselves apart by emphasizing the collaborative and community-based elements of Impact Hub as a coworking space as opposed to traditional office rentals. "Our vision was to bring together people from a wide variety of professions so they could meet each other, create a community, and collaborate," she says, noting that programs like their annual Social Impact Award, which celebrates social entrepreneurs in Georgia, and their work with the country's burgeoning startup ecosystem helped cement their reputation as more than just an office space.

Over time, she says the idea began to catch on within Georgian circles. "When we first opened, our clients were mostly international – mainly people who were already familiar with the concept of coworking. Now, I would say 70% of our clients are Georgian, which makes for a great coworking environment that's diverse and friendly to both foreigners and locals."

Covid's remote work revolution

While lockdown measures and harsh restrictions may have caused coworking spaces to temporarily falter in the early days of the coronavirus, many of Tbilisi's coworking space owners and managers say the pandemic became a major impetus for the sector's rapid growth.

"March 2020 was a very hard month for us," says Area Sales Manager at IWG Ruska Chakvetadze, who oversees two Regus coworking spaces in Tbilisi. "We saw cancellation after cancellation as people increasingly decided to stay home out of fear of the coronavirus."

"But this was very short-lived. As many companies continued their work-from-home policies, we actually saw a big uptick in demand," she says, adding that the company ended 2021 with occupancy rates of 92% for its coworking and office spaces in its Saburtalo and Freedom Square locations.

This increased demand for flexible work space outside of the home, echoed by other coworking managers, is unsurprising given Tbilisi real estate trends. A recent TBC Capital report revealed that in 2020, nearly 70% of purchased flats were smaller than 70 square meters. In line with urban trends of smaller living spaces and coming off the back of a year of being stuck at home, Chakvetadze says "people were tired of working from home. They wanted to escape to a place where they could enjoy a nice working atmosphere."

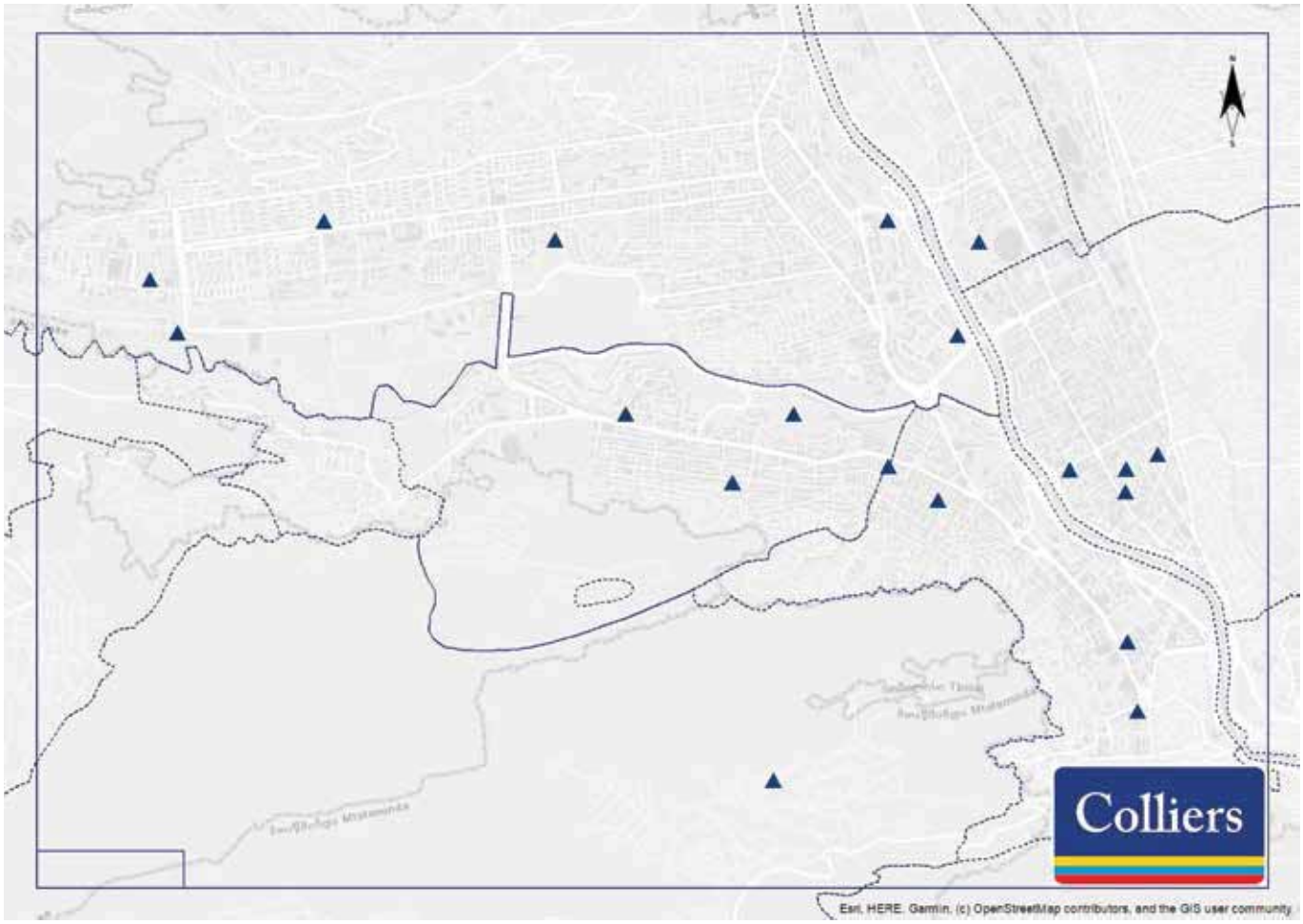
Much like Regus, Tbilisi's Moxy Hotel, located near Saarbrucken Square, saw a huge uptick in demand for its cost-free "unofficial" coworking area. Located in the hotel's lobby, the space has been open since the hotel started operating in 2018. But on the back of increasing demand for these types of spaces in 2021, Manager Katya Tkemaladze says her team was forced to make a change.

"Our unofficial policy has always been to welcome guests and non-guests to enjoy our lobby area, grab a drink, and work on their laptops. But towards the end of 2021, we became overwhelmed with the number of people coming here to cowork." To mitigate demand, the hotel began an official coworking offer in early 2022, allowing non-guests to use the space for a flat daily fee of 20 GEL.

"We are first and foremost a hotel," she explains. "So, our first obligation is to our guests and ensuring they can enjoy our facilities in comfort. Once we ensure that, we are more than happy to accommodate those looking for a nice atmosphere to work in," she adds, noting that while the new pricing model helped moderate the number of people coming, demand remained strong.

A second surge

On the back of already growing demand in 2021, Georgia's coworking sector experienced another unexpected shock as Russia invaded Ukraine in ▸▸



Map of coworking spaces in Tbilisi as of summer 2022. Source: Colliers.

February 2022 and between 100,000 – 150,000 (estimates vary) war-affected migrants poured into the country – many of which were remotely employed.

"We were immediately overwhelmed with bookings," says Regus's Chakvetadze, noting that the company's dynamic pricing model caused a surge in prices. "Because our system automatically adjusts our daily and hourly rates based on demand, our prices increased 50%. Despite this, we still didn't see demand falter – we're currently at 98% occupancy."

Impact Hub Tbilisi's Jvania says there were days when they had to turn people away. "We operate with a set number of fixed contracts and keep a certain number of spots open for day passes to ensure we have a continued mix of people coming into the space and don't become just a regular office space," she explains. "We were already almost at capacity before the war, so there were days – and still are - when we have to turn people away. We simply don't have the space."

As many of Tbilisi's official coworking spots filled up, "unofficial" popular working spots like Fabrika and Stamba Hotel, as well as many of the city's coffeeshops, instituted laptop bans for the first time – barring remote workers from ordering a drink and setting up shop for the day.

But as demand continued to quickly outpaced supply, a deluge of new coworking places entered the market, offering flexible hourly, daily, weekly, and monthly options.

The latest available data collected by Colliers in the summer of 2022, which does not capture the majority of new players entering the market in response to the migration influx over the last year, estimated coworking spaces had already grown to 23, offering approximately 2,500 available desk spaces at average daily prices of up to $17.

Betting big on the sector

As coworking places continue to proliferate in the capital, some have begun to question if Georgia's coworking craze is a trend that risks losing steam as the pandemic and the impact of the war (hopefully) fade into the country's collective memory.

But growing evidence suggests otherwise. In U.S. trends, for example, while companies like Amazon, Starbucks, and Disney all recalled workers back into the office this May for a hybrid three-days-a-week in-office arrangement, a study released by Harvard and Stanford in April revealed that out of 50 million analyzed job postings, 12% explicitly offered remote work – a figure that is up four-fold

compared to pre-pandemic. At the global level, data gathered for the Flex Report, which collects insights form more than 4,000 companies employing more than 100 million people around the world, found that the share of offices utilizing a hybrid working regime stood at 30% in the first quarter of 2023, up from 20% at the end of 2022.

In Georgia, surveys done by TBC Capital show that 35% of war-affected migrants polled said they plan to stay in Georgia for two years or longer. Further to that, 72% of those surveyed indicated that they are currently employed by a company outside of Georgia - suggesting that the "migrant boost" to demand for the country's coworking sector seems here to stay for the foreseeable future.

Regus's Chakvetadze says she also thinks the increase of international coworkers are indirectly boosting the concept's popularity with Georgians. "Everywhere you turn, there are new coworking spaces opening, which is bringing the concept of flexible and remote working to the forefront of discussions – I think this will contribute to more rapid acceptance locally and have an impact on Georgian working culture."

Among the most recent coworking iterations creating a buzz is D-Block Workspaces from Adjara Group, the visionaries behind the widely popular Rooms Hotels collection and Fabrika. Located within the grounds of Stamba in downtown Tbilisi, the new coworking space is slated to open at the beginning of June, offering 10,000 square meters of creative workspace, including desks, a sound recording studio, a screening room, and various types of meeting rooms.

"Our research showed that there is a strong demand for workspaces that go beyond providing basic amenities like good lighting, furniture, and equipment," D-Block Executive Director Ani Dabrundashvili told *Investor.ge*. "Both Georgians and international visitors are looking for an environment that fosters a sense of community, offers opportunities for personal growth, organizes curated events, and facilitates networking with potential partners and investors – that's what we're aiming to create here."

Dabrundashvili says she only sees the coworking trend expanding in Georgia, noting that Adjara Group has another Tbilisi-based space in the pipeline as well as its upcoming Radio City project - a "city within a city" located 16 kilometers outside of Tbilisi, which aims to "create a new and distinctive center of attraction in Tbilisi where entrepreneurs, startups, and artists can realize their ideas."

Along with Adjara Group's plans to expand its coworking to Kutaisi and Batumi down the line and Terminal's latest space, opened in Batumi in the fall of 2022, it seems Tbilisi's coworking craze is already permeating to the regions, with major players betting this new way of working is here to stay. ■

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Harnessing business expertise to advance critical economic reforms

Over the past 50 years, private investment in developing countries has dwarfed official development assistance provided by donors. The World Bank, IMF, and OECD estimate that in 2016, private investment accounted for 84% of financial flows to developing nations, compared to just 29% in the 1960s. In recognition of these trends, USAID launched a Private Sector Engagement Policy in 2018 and implemented agency-wide initiatives to make it easier for USAID to engage and collaborate with the private sector in achieving its mission.

Worldwide and in Georgia, USAID is engaging the private sector in its approach to challenges for greater development outcomes and sustainability. To strengthen Georgia's economic governance, USAID is partnering with businesses to shape reforms that will have a sustained impact—and continue long after USAID support has ended. As a result, Georgian companies are playing an increasingly active and crucial role in developing and advancing implementation of important economic reforms.

The USAID Economic Governance Program has taken an innovative approach to private sector engagement by establishing letters of cooperation with key private sector partners to help spur reform in targeted sectors in a way that would not otherwise be as impactful and sustainable without public-private collaboration. It has signed letters of cooperation with three leading businesses to support foundational economic reforms for capital market development, e-commerce, and water resource management. Through these letters of cooperation, businesses in these sectors have agreed to advance reforms by sharing their expertise with other businesses and supporting the sector as a whole to adapt to the reforms.

Capital market development

To increase the public's understanding of the importance of capital market development, Foresight Investment Group, a first-of-its-kind asset management company in Georgia, has developed a series of videos explaining capital market reform and how investment instruments work. It is also increasing public awareness through articles, TV reports, and other media products.

Foresight Investment Group was one of the first asset management companies to be licensed by the National Bank of Georgia under the 2020 Law of Georgia on Investment Funds. It has already registered and launched its first investment fund, Foresight Capital, a $30 million fixed-income fund.

"At Foresight, our partnership with the USAID Economic Governance Program underscores our belief in the vital role of the private sector in fostering local capital markets and thus sustainable economic growth," notes Rati Morchiladze, Investor Relations Manager and investment officer at Foresight Investment Group.

"Through our educational campaign, we aim to demystify capital markets for the average Georgian citizen and help establish the concept of retail investing in Georgia. The goal is to create a robust and inclusive financial ecosystem where savers are presented with a variety of investment options, and businesses can tap into novel financing avenues."

E-commerce

To increase trust in the e-commerce market, TNET LLC is partnering with USAID to help small and medium-sized businesses comply with new regulatory obligations and utilize self-regulatory mechanisms.

TNET LLC, which combines 10 large e-commerce sites, is joining forces with USAID's Economic Governance Program to ensure the successful implementation of regulatory and self-regulatory mechanisms in the e-commerce industry. The alliance will hold awareness-raising campaigns for businesses and consumers to avoid online security risks and ensure self-regulatory mechanisms are

effectively used to increase the reliability of local online platforms and shops.

"For the first time, an agreement has been signed between USAID and TNET that regards the development of e-commerce. It will be the first to solve the important issues of e-commerce that are relevant today," notes TNET Director Giorgi Chumashvili.

"Private sector engagement in e-commerce reform is critical because we see the potential and importance of e-commerce reform for our sector and the Georgian economy," Chumashvili says. "For customers, the reform will reduce fear of buying online, which will translate to a competitive advantage for e-commerce compared to traditional shopping. We are eager to contribute our expertise and knowledge to support the reform and help small and medium-sized businesses benefit from the new law."

Water resource management

USAID is also partnering with Georgian Water and Power (GWP), a leading water supply company in the country and South Caucasus region, to raise awareness on the effective use of drinking water as well as the importance of wastewater treatment. It will also train municipalities on measures to protect drinking water sources in the Aragvi River basin.

GWP is the largest drinking water service provider company in Georgia. It provides drinking water service to Tbilisi and Mtskheta, serving more than half a million customers—and it is part of an international company that has years of experience operating in EU countries with similar water management systems. GWP's contribution to the partnership with USAID to strengthen water management practices is approximately ₾500,000 ($200,000).

"Our company has been involved in water law discussions since day one. We have submitted many recommendations to the ministry and the parliament, most of which have been considered, and we believe that this is an important step forward for the development of our country," explains Irakli Babukhadia, CEO of GWP.

USAID Georgia Deputy Mission Director David Hoffman, Natalia Beruashvili, Irakli Babukhadia, CEO GWP

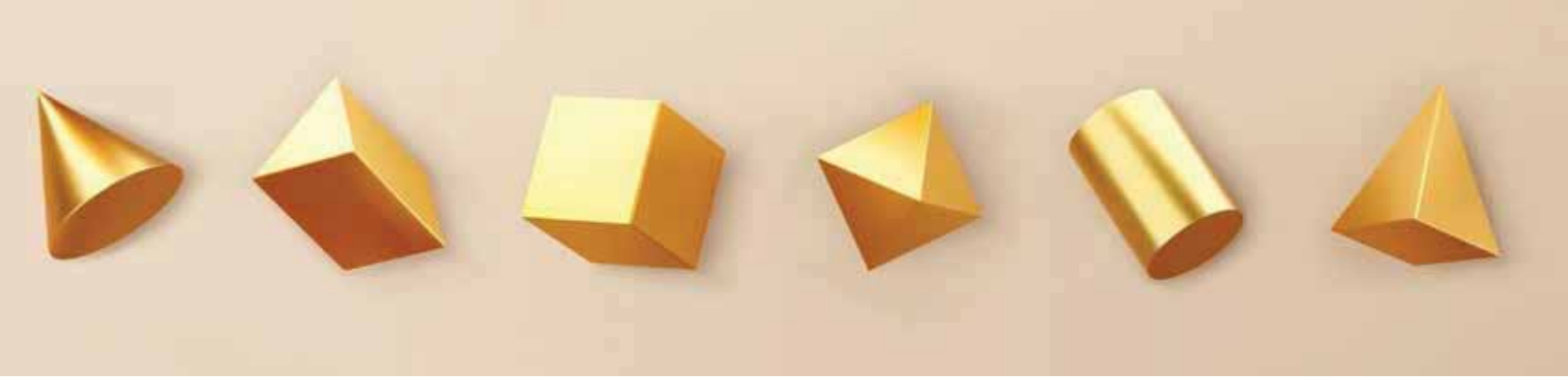
"The entry into force of this law and its implementation is very important for us, because, as you know, GWP uses water resources to provide drinking water to the population, and the more water resources are protected, the more the population of Tbilisi will benefit, and therefore we are directly involved as a beneficiary in approving this legislation."

Leveraging private sector experience

These newly minted partnerships reflect a growing trend in the development sector – leveraging private sector experience, reach, and technical expertise to advance reforms and strengthen sectors, says Nino Chokheli, the Deputy Chief of Party of USAID's Economic Governance Program. "This is a new way of engaging that allows a USAID program and a private sector partner to identify a common policy objective and equally contribute resources to achieve this objective," she says. "This approach has been traditionally used in private sector support programs, while for governance programs this is a novelty and requires innovative thinking."

Under the program, USAID is increasing its engagement with the private sector and the Government of Georgia to more effectively address critical issues that impact the Georgian economy.

"Effective partnerships are built on shared values, trust, credibility, and transparency," notes Beverly Hoover, USAID/Georgia Senior Private Sector Engagement Advisor. "To be successful, USAID and business partners should be committed as partners to co-creating innovative approaches to solving problems, providing valuable and complementary expertise, and supporting the development of the sector as a whole." ■



Georgia's art scene comes to life with 3D collectibles

While a trawl through Georgia's official art websites shows a scene dominated by painters, a walk around Tbilisi's commercial galleries indicates this could be changing as local artists rediscover sculptures and three-dimensional art.

SALLY WHITE

Not the monumental public figures that dominate Tbilisi's landscape, but privately collectible sculptures and objects. In various genres and media – from textiles, to Georgian cloisonne, wood, ceramics and metals — Georgian artists are increasingly expressing themselves in new forms, many of which reference the ancient culture and elements — European, Ottoman, Far Eastern — that have influenced Georgia over the millennia. The prices, often well into five figures in dollars or euros, show that they are piquing local as well as international interest and are broadening Georgia's art market.

To illustrate the price range they are commanding, for around $7,000, there is a beautiful cloisonne enamel backgammon board, or $17,000 for a magnificent textile wall hanging and $7,000 for a heraldic ceramic horse.

These may look expensive, but the artistry is world-class and there is plenty of money around in Georgia these days among both Georgians and visitors. The economy is growing – forecast by the IMF to rise 5% this year, benefitting from tourism's recovery, the increase in upmarket travelers as new hotels add to local attractions, the rise in construction and infrastructure work, international trade in wine and cars, new regional transit business, and the spending of the Russian emigrant inflow. In keeping with the local tradition of buying art for presents (rather than as in Europe and the U.S. for themselves or as an investment), there are many who can splash out $5,000; $10,000; or even $40,000 for a wedding or birthday gift.

On the artists' side, they seem to have been invigorated by the isolation created by Covid-19 restrictions and the growing local sense of prosperity. History has shown the frequency of parallel development of art and wealth – although Tbilisi is hardly (as yet anyway) matching the scale seen in Florence in the Middle Ages, when new trade routes also brought in riches, or in Baroque France. "There has been no great art in ages of poverty; no age of wealth has been without it," the U.S. current affairs magazine The *Atlantic* commented in one of its art reviews.

Looking at the local context, as Elene Abashidze of the SharedSpace Gallery points out, three-dimensional works "have never been as popular in Georgia as in Western European countries for reasons related to Orthodox Christianity," with wall painting the dominant art form. However, lately, with artists, "sculpture has become more and more popular, after two generations of artists who have studied abroad and brought the knowledge back to Georgia."

This is also being encouraged by the highly inspirational dean and founder of the Visual Arts, Architecture & Design School at the Free University of Tbilisi, Irina Popiashvili.

Cloisonné enamel specialists at Ornament Gallery ascribe the rising interest of artists in its art form to increased education, too. In this case, the gallery itself opened the first cloisonné teaching studio, restarting cloisonné work after "centuries of oblivion." Most cloisonné items are low priced, in response to general customer demand as artists cannot afford to produce works on spec, it says. Adding, however, that "there are now more wealthy tourists who can afford to buy at levels above mere souvenirs, and sophisticated tourists who appreciate the work needed to create large art objects." In addition, "there are collectors of cloisonné art work who have collaborated with the gallery for many years."

Backgammon, Thea Gurgenidze, price $10,000

ORNAMENT GALLERY:

Almost hidden among the multitude of restaurants in Erekle Street, the long-established gallery shows the work of a number of artists, but the most notable is Thea Gurgenidze. She was also one of the initiators of this ground-breaking artistic space and its teaching studio. Her work has been exhibited in galleries across Europe and the U.S. and she is frequently invited to hold international masterclasses. Her sculptures are outstanding for their unconventional coverage of planes that are extremely large for cloisonné, and for its pictorial composition and expressiveness, totally uncharacteristic of cloisonné. Other gallery artists of international fame include Paata Paatashvili, who as the gallery says "makes acutely individual interpretations of the ancient world, referencing pagan and prehistoric images as well as those of early Christianity, displaying a unique vision." And there is David Tskhadaia, whose creativity has produced beautiful three-dimensional sculptures in the form of small enamel statues.

The Quince - One Thousand and One Nights, David Tskhadaia, price $15,000

Hunting Scene, Paata Paatashvili, price $11,900

BAIA GALLERY:

In Vake's Razmadze Street, the new Baia Gallery is showing the gloriously colorful large textile sculptures of Nino Kipshidze. An internationally established art historian, Nino Kipshidze's knowledge of Georgian folk crafts and textiles informs her work as a textile sculptor. Her story, as told on the Michelangelo Foundation's international master crafts website is that: "She turned to patchwork and felt it was the most suitable technique to express her artistic identity. Combining small pieces of cloth of different colors and texture, including those from old vintage embroideries and fabrics, Nino's works explore different genres of still life, landscape and figurative compositions."

"Despite the largely decorative flavor of multi-layered patches, the distinctive themes and shapes of the objects, the use of perspective, as well as the overall monumental size of the pieces, seem to break the limits of decorative art and enter the realm of painting."

The gallery's introduction describes the way that "...appliques and scraps of various coloured fabric resemble brush strokes against the velvet, silk or linen backgrounds." Of particular note is the "harmonious balance between the decorative tectonics of textile and the pictorial expressions of landscapes, still lives, and figurative composition."

Nino herself says: "The patchwork was a traditional technique for Georgian folk textiles. I remember some pieces of naïve patchwork in several private collections with figurative and archetypal zoomorphic images, which made a strong impression and inspired my work as an artist."

Nino Kipshidze, "Shining". textile, applique, D - 219 cm. 219, price $13,400

Nino Kipshidze, "Flowers," textile, applique, 147 x 65,5 cm. 2021 Price $3,400

Paata Merabishvili, Bird, steel, patina, acrylic, 81 x 33 x 28 cm. year 2020, price $3,500

started their creative work in the 1990s, he has returned to Georgia after a long time working abroad. For many years he was in Moscow and, comments Russian art magazine ArtInvestment: "In the works created...the sculptor achieves harmony of volume and shape, which he caught at an early stage. Based on sculptures of Maillol and ancient heritage,

Paata Merabishvili, Bathing, bronze, patina, 73 x 40 x 28 cm. year 2018, price $6,000

Paata Merabishvili, Hairstyle, bronze, patina, 59 x 40 x 20 cm. year 2018, price $5,000

VANDA GALLERY:

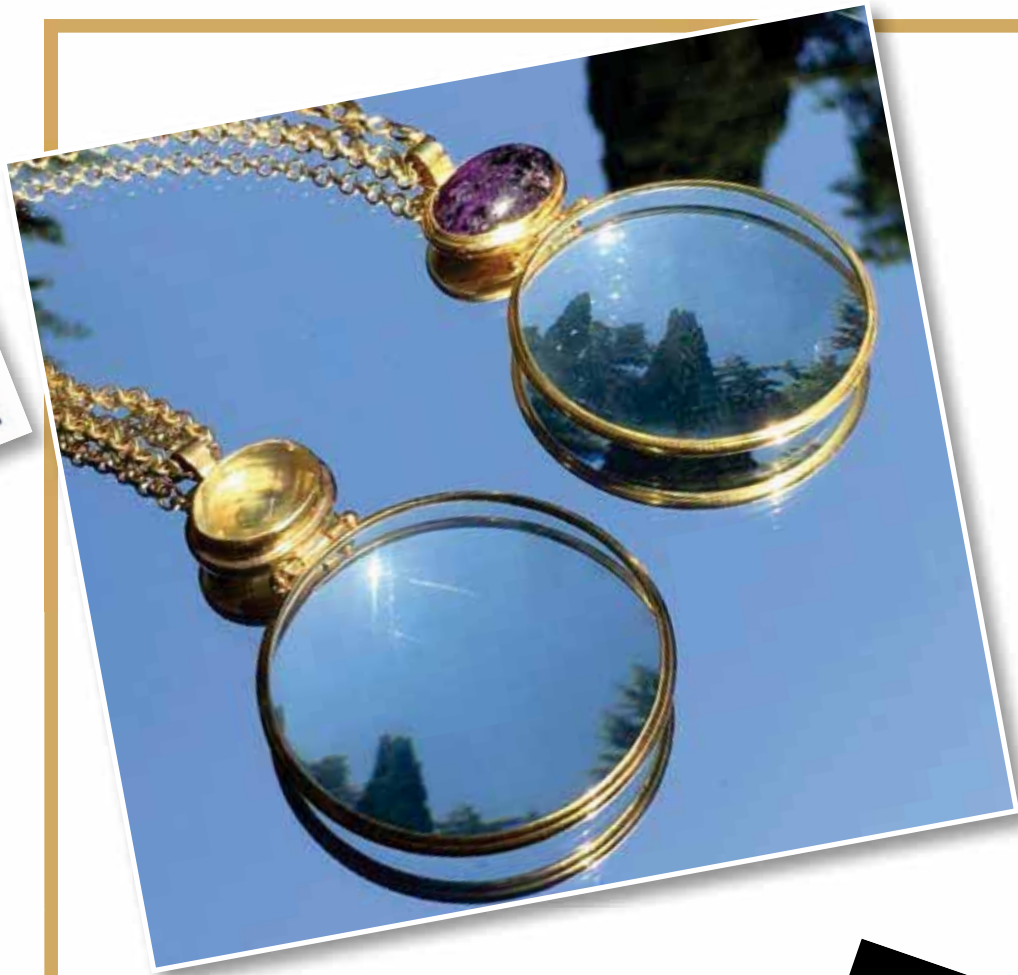
The sculptures at the Vanda Art Gallery in Chonqadze Street are part of Paata Merabishvili's first solo show in Georgia, called *de-Formation*. Belonging to the generation of Georgian artists who

Merabishvili is guided largely by the formal language of the avant-garde era." Vanda Gallery's introduction includes the comment that in his work, predominantly sculptures, "national traditions are closely intertwined with the best achievements of modernist plastic art."

Ana Gzirishvili, Gossip, 2023 Artificial leather, leather, fabric, metal, plastic, wood, 125 x 40 x 25 cm, price EUR 2,000

E.A.SHARED SPACE:

Sculpture of a completely different kind is to be seen in the highly contemporary E.A.Shared Space Gallery on the corner of Ingorokva Street. Titled *Snaps*, this is the first solo show by multimedia artist Ana Gzirishvili, who lives in Tbilisi and Berlin. Pictured is one of the works from the exhibition, which includes a series of sculptures. Structured around the ideas inspired by the handbag and what/how it connects, the work pictures features a juxtaposition of various materials. The handbag is presented as a "symbol of movement" but at the same time "it's a very intimate object." Part of the background provided by the artist is that "a handbag is a home for many women. It is a reminder that women often do not own property or houses. A handbag is a property, shelter and territory."



CHARDIN GALLERY:

More innovation in the treatment of a traditional medium is to be found at Chardin Gallery downstairs in the Tbilisi Marriott in the work of cloisonne enamel and jewelry designer Khatuna Bezhuashvili. Her passion and interest is for classic design and vintage elements and this is epitomized in her collection of magnifying glasses. Using precious stones and metals she is creating shapes that revive the traditional in the form of beautifully elegant objects that are collectible and can be passed down through the generations.

Khatuna Bezhuashvili, "Magnifying glasses, price GEL 700 per magnifying glass

OTAR VEPKHVADZE:

An artistic polymath, Otar Vepkhvadze has created a substantial and varied body of work that extends through painting to metal and wooden objects and interior design that can be seen internationally. In the world of ceramics, Otar Vepkhvadze is best known for his figurative and stylized sculptures, and his works are marked by elaborate design and style. His horse ceramics have attracted a lot of attention, one art critic noting that they "look ancient, as if they had suffered with the passage of time. Their style reminds me of some past artifacts for worship or for honoring the dead. I felt as if I was in the presence of something mysterious, but obviously important to a culture I could not understand."

Otar Vepkhvadze, "Horse, the artist's own gallery, price $7,000

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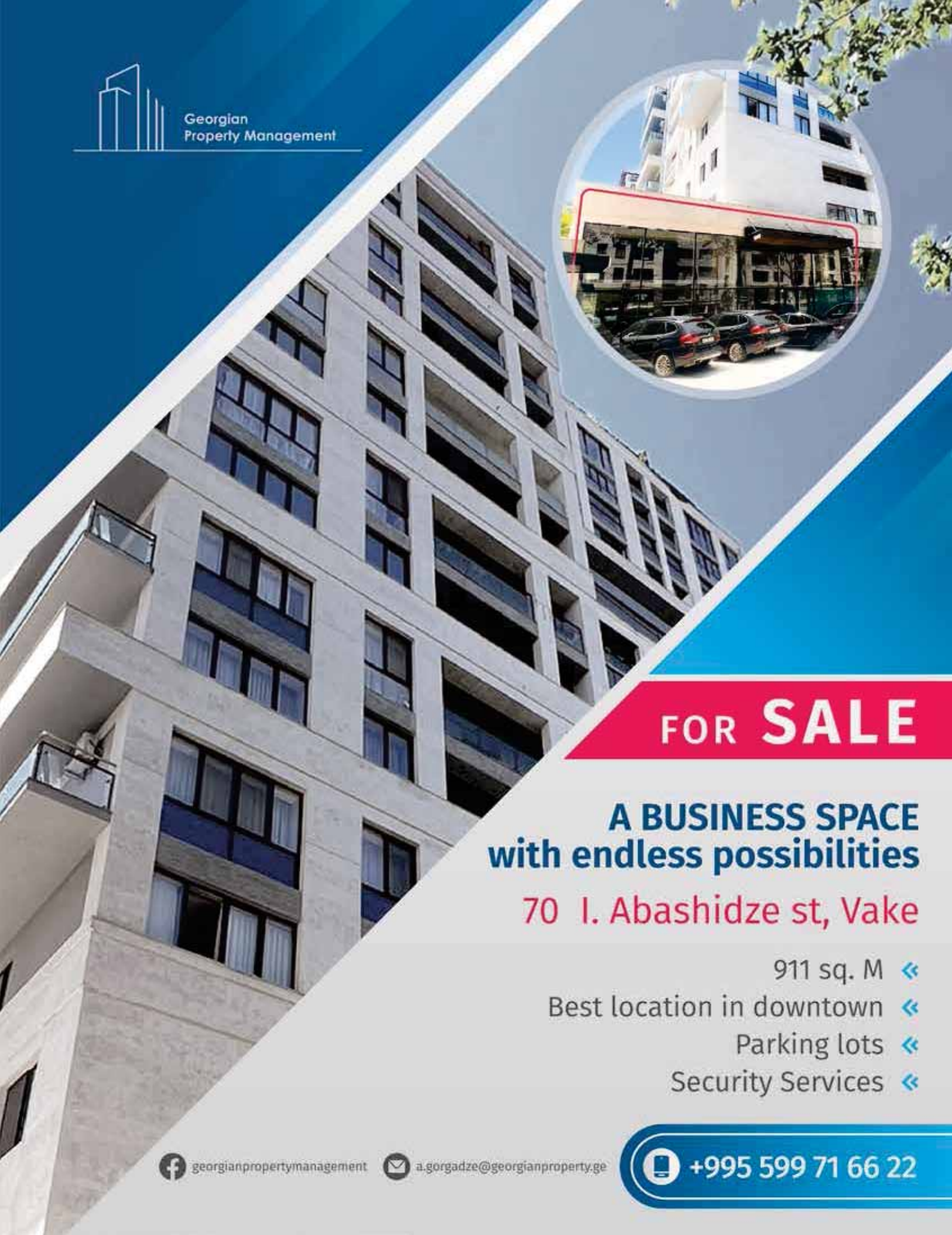

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2 years on from insolvency REFORM

LESSONS LEARNED

For years, insolvency legislation in Georgia was considered outdated and ineffective. The 2007 Law of Georgia on Insolvency Procedures, for instance, was widely criticized for its lack of clear guidance on important procedural and legal issues, as well as its rigidness and lack of flexibility. As a result, insolvency proceedings were slow, costly, and uncertain, leading to an extremely low level of utilization of the framework by debtors and creditors.

In the dynamic realm of finance and business, insolvency legislation plays a pivotal role in maintaining stability, protecting stakeholders, and facilitating economic recovery. Recognizing the potential benefits of creating an effective insolvency system, the Georgian parliament adopted the Law on Rehabilitation and Collective Satisfaction of Creditors in 2020. The new law, which came into force in April 2021, is a significant step forward in reforming the insolvency system in Georgia and introducing important changes to address shortcomings in the previous legislation.

Since the enactment of the new law, 91 applications have been filed, resulting in 34 insolvency cases being opened. Eighteen of these cases were bankruptcy regimes, and 16 were opened with a rehabilitation motion. Conversely, 57 applications have been rejected by the court based on inadmissibility and 17 applications were found inadmissible due to a lack of insolvency estate, resulting in automatic liquidation and deregistration of the debtor entity. In several other cases, the court refused to open the regime on merit, and three rehabilitation cases were converted into bankruptcy due to the inability of debtors and creditors to agree on a rehabilitation plan.

While the number of pending cases still lags behind expectations, the aftermath of Covid-19 and a backlog of cases from the old law suggest that the need for resorting the insolvency framework is higher than the existing numbers demonstrate. It is expected that the number of applications will gradually increase as businesses become more familiar with the benefits of the new insolvency system.

POSITIVE PROGRESS

Since the law's adoption, several promising developments indicate that the new insolvency legislation is a marked improvement compared to the previous framework. These include:

The establishment of a new profession: insolvency practitioners. The new law has introduced an independent and regulated profession for insolvency practitioners. Since the law came into effect, 18 professionals have successfully undergone a competitive selection process, passed authorization exams, and become authorized to handle insolvency cases as insolvency administrators. The professionalization of insolvency administration is widely regarded as the cornerstone of modern insolvency practice. Insolvency practitioners possessing the necessary expertise and armed with relevant legal instruments will be pivotal in improving the overall insolvency practice, particularly in the medium to long-term as the caseload increases.

A decrease in the courts' workload. One of the key areas of improvement in the insolvency reform concerned relieving the courts of unnecessary and insignificant tasks that were among the main drivers of delays in the past. The new law significantly decreased the number of instances falling under the courts' jurisdiction. For example, judges are no longer responsible for establishing creditors' claims. Instead, insolvency practitioners are primarily responsible for assessing claims, and courts are only required to become involved in cases of dispute. Additionally, creditors' meetings are held outside of courtrooms, resulting in a significant decrease in courts' workloads. This change has also led to more speedy, flexible, and efficient interactions between creditors, debtors, and insolvency practitioners.

Increased punctuality and efficiency. Given the statutory deadlines envisaged by the new legislation, there is essentially no room for delays. Well-trained insolvency practitioners are also focused on managing the process in the fastest and most resourceful manner possible. In cases where the debtor, with the help of the insolvency practitioner, can demonstrate business viability, it takes only up to nine months to successfully complete the rehabilitation process. In fact, several rehabilitation cases have been successfully closed, including the largest ever rehabilitation in Georgia of the LLC Georgian Airways, which would have been inconceivable under the previous legislation.

Flexibility in the application of the procedural measures. The new law provides the parties involved, and in particular, the insolvency practitioners, with greater flexibility to apply measures that are most appropriate for the specific case and in the best interest of the creditors at large. For instance, the legislation allows for a range of measures to be employed by the practitioners and judges to preserve the insolvency estate. Furthermore, regarding the realization or sale of assets, the practitioner is now authorized to use any method of sale, as opposed to the mandatory auction prescribed under the previous legislation. This enhances the likelihood of utilizing the assets' value for the creditors' benefit.

ROOM FOR IMPROVEMENT

Despite these positive developments, there are certain areas that require further improvement in practice. Firstly, the law presupposes the availability of an electronic case-management system, which is still in development. In its absence, processes are less streamlined and require special attention from the parties involved. Secondly, the courts still struggle to establish the business viability of the debtor, resulting in non-viable businesses entering the rehabilitation regime. In all rehabilitation cases open to this day, the debtor's management remained in place without due scrutiny by the courts to determine whether the existing management is capable of achieving rehabilitation. Thirdly, despite all attempts to make provisions of the new law unequivocal, there are still a number of undesired interpretations of the provisions of the law by the courts. To a certain degree, this can be rectified by court practice. However, it is already clear that technical amendments of the law will be necessary at a certain point.

Giga Batlidze
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Georgian startup Elven Technologies wins ticket to SelectUSA Investment Summit

Seven Georgian startups pitched to a panel of four judges in late March to win a $1,000 ticket, courtesy of the U.S. Department of Commerce, to the international SelectUSA Investment Summit in Maryland in May. The winner, Elven Technologies, is a Georgian company which develops advanced materials for space exploration and fire containment.

The SelectUSA Investment Summit is the top event in the United States for foreign direct investment promotion, connecting investors, companies, economic development organizations, and industry experts to investment opportunities in the United States.

As part of the award package, TBC Bank sponsored the flight and travel expenses for the winning team, while Silk Hospitality provided the venue and refreshments for the event, which sought to connect early-stage and startup companies with the opportunity for advancement in the U.S. market.

Making up the panel of judges were Ako Akhalaia (CMO of AmCham member Silk Hospitality and publisher of event partner *Marketer.ge*), Colin Donohue (AmCham Board Member and Startup Connect & Startup Grind Tbilisi Director) Jean Foster (Economic Unit Chief, U.S. Embassy) and Sopo Ckhoidze (Co-founder of startup Pulsar AI, which successfully exited to a U.S. acquirer). The event was presented by AmCham member Andrew Thornhill.

AmCham board member Colin Donohue shared his motivation for AmCham's involvement: "The U.S. is the global leader in technology and venture investing. At AmCham, we want to deepen partnerships that help Georgian companies grow bigger faster. SelectUSA brings together many serious players who can support the growth of the competition winner."

To be eligible to pitch, startups had to be founded after January 2013, have up to $10 million in revenue, less than 40 total employees, and have plans to expand to the U.S. within the next two to three years.

The seven Georgian startups included:

- **Biterium AI**, a startup that aims to detect cardiovascular disease at an early stage, monitor health and lifestyle choices, and develop recommendations for users.
- **Elven Technologies**, which builds flameproof battery enclosures for EVs and energy storage to protect people and property from lithium-ion battery fires.
- **Re:Educate,** an educational startup that offers courses for the world's most in-demand digital professions.
- **Translive**, a digital platform for logistics that brings together hundreds of carriers and cargo owners in one space.
- **TasteIt**, a social media platform that connects people based on their shared food preferences.
- **Mycoins**, a cryptocurrency exchange platform
- **Costy**, an architecture and construction procurement network.

Elven Technologies emerged as the winner of the competition. Company founder Vamekh Kherkheulidze spoke to *Investor.ge* about his team's journey to the U.S. and the summit event:

"It was a great experience for the team, for some of whom it was their first time visiting the United States. The event brought together a number of state governments looking to attract businesses to their state. We met with a lot of companies to discuss potential partnerships, from which two significant opportunities materialized – one to use our technology to protect electricity poles and another to have our tech used by an EV battery recycling company. We also used the opportunity to take with us a very large number of samples to the U.S., and to continue ongoing pilot projects there. We're really thankful for all the support we've received on this trip." ■

Lineate

We are Lineate, a high-end tech company headquartered in the U.S. that has been providing advanced software solutions for over 15 years. Our expertise has helped leading U.S. and European companies overcome complex challenges. More recently we expanded our reach into Europe by opening offices in Tbilisi, Yerevan, and Krakow. From our new regional office in Tbilisi, Georgia, we look forward to continuing our productive work and developing even stronger connections in the region. We are thankful for the wholehearted support of the U.S. Embassy Tbilisi, Ministry of Economy and Sustainable Development of Georgia, and the Ministry of Finance of Georgia which has enabled us to achieve so much already.

"It is wonderful to see how far that Lineate - a leading U.S. IT company - has come in building your team here in Georgia. Lineate is a shining example of U.S.-Georgia partnership."

Kelly C. Degnan
U.S. Ambassador

"We are proud that we manage to bring, relocate and extend almost 80 international IT companies to our country, which, again, brings investment, employment, thousands of global talent and global projects to Georgia."

Irakli Nadareishvili
Deputy Minister of Economy and
Sustainable Development of Georgia

PIONEERING EDUCATION AND EMPOWERING GENERATIONS

Nino Chikvashvili, the visionary founder of the Georgian-American International School Progress network, has made a significant impact on the education landscape in Georgia.

Throughout its remarkable 20-year journey, Progress has grown to become one of the leading educational institutions in the country, with more than 2000 students currently enrolled in its three campuses in Tbilisi, Kutaisi, and Batumi. Nino's forward-thinking approach to education, combined with her dedication to innovation and international standards, has propelled Progress to new heights.

Leading the Way in Education

Nino's commitment to excellence extends beyond her schools and educational centers. As the co-chairwoman of the Society for Information Technology and Teacher Education in the U.S., she collaborates with esteemed experts to explore the integration of technology and pedagogy. Additionally, Progress's founder serves as an international consul of American education authorized by New York University, further attesting to her expertise and influence in the field.

Nino understands that a school is both a great social responsibility and a demanding business. She approaches this challenge with immense responsibility, utilizing her expertise to the best of her abilities. By embracing cutting-edge methodologies, incorporating technology, and fostering a culture of continuous improvement, Nino has set high standards for the school and its students. The title of one of the leading institutions in Georgia is a testament to her visionary leadership and unwavering pursuit of excellence.

Celebrating 20 Years of Success

Progress celebrated its 20th anniversary this year, marking two decades of transformational education in Georgia. With a core focus on STEAM (Science, Technology, Engineering, Arts, and Mathematics) education and non-formal learning, Progress equips students with the skills needed to thrive in a competitive job market and prepares them for the challenges of the future.

Progress's commitment to innovation is further exemplified by its students' two-time victories in the Millennium Innovation Award, a prestigious accolade that celebrates groundbreaking discoveries. Throughout the competition, Progress students showcased their innovative projects to the jury, ultimately earning the coveted prize of a trip to NASA.

Global Exposure and Educational Programs

The Georgian-American International School Progress believes in raising students as global leaders. The school emphasizes international educational programs and exchange initiatives, providing valuable opportunities for students to explore diverse cultures, broaden their perspectives, and develop a global mindset.

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Made in Georgia - construction industry looks to source locally amid rising costs

Though it might not be the most glamorous, Georgia's construction industry is vibrant and reporting solid profit margins, even by international standards.

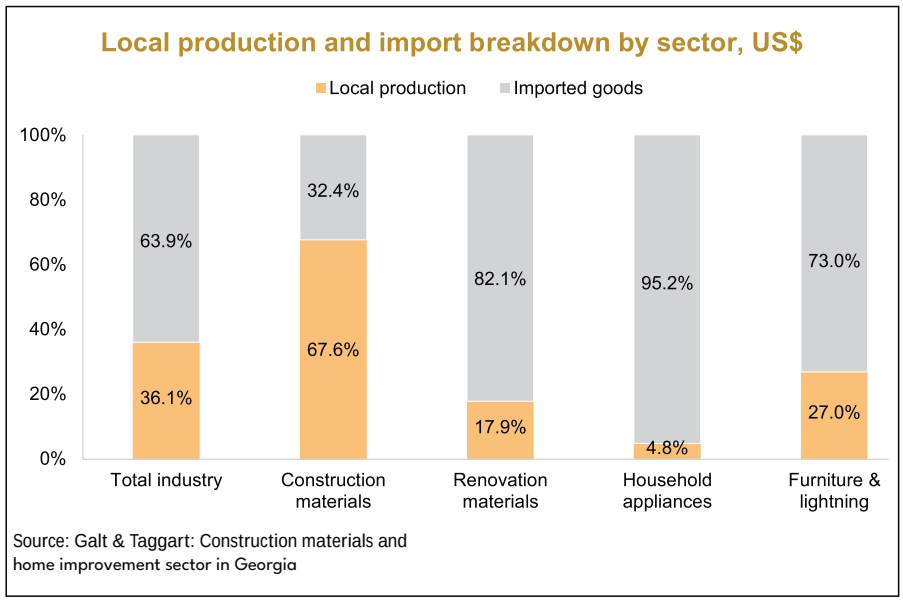
SALLY WHITE

For Georgian entrepreneurs and the government, the construction sector offers a chance to hit a number of success buttons – high growth rates, strong margins, an expanding domestic market, import substitution, new export markets, and jobs.

Never one to miss a growth opportunity, Minister of Economy and Sustainable Development Levan Davitashvili is driving efforts to increase local production and capitalize on the strong performances of existing construction market players. Outlining opportunities at the high-tech end, he told journalists at a recent press conference: "The country has the potential to produce not only basic construction materials, such as cement reinforcement, but also high-tech materials including paving materials." And there are at least two major Georgian industry success stories to show what is possible: Nova and Knauf GIP.

This push is timely because of the upheaval likely to follow on the construction market as the earthquake-devastated region across the southeast of Turkey and Syria is reconstructed. As of early February, international news headlines put the damage at 160,000 collapsed or severely damaged buildings (520,000) apartments, making over four million people homeless. The numbers have since risen, with the UN saying that the "construction of 500,000 new housing units is needed to compensate." The earthquakes also flattened hospitals, schools, and administrative buildings and tore up roads. Reconstruction, currently assessed as needing at the very least $100 billion, is likely to extend over several years.

Turkey is a major building materials exporter; in Georgia's case, it supplies at least 40% of local overall construc-



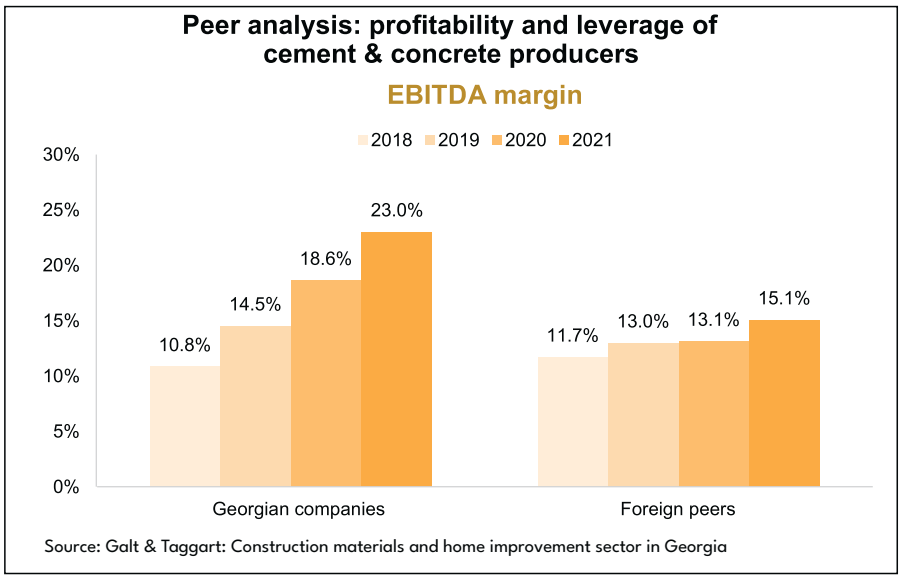
Source: Galt & Taggart: Construction materials and home improvement sector in Georgia

tors' requirements. But reconstruction in Turkey on the scale needed will siphon in available materials. Regional prices are expected to soar, and the impact on Georgia will be an acute need for import substitution, but export opportunities will be rife, say Georgian traders.

"We've had a meeting with businesses and asked them to present initiatives on how we can help importers to offer more locally produced than imported products to the market," the Minister told the press conference.

In some products, Georgia is already achieving high levels of self-sufficiency, with as much as 30% overall being produced locally. This is shown in investment bankers Galt & Taggart's report on the $4 billion Georgian "Construction Materials and Home Improvement Sector" published in late 2022, which gives numbers that show how profitable this sector is. Profit margins are considerably more than for foreign peers: for cement, the 2021 Georgian margin was 23% against 15.1% internationally; for rebars, 20.5% against 11.9%; and 18.3% on specialized renovation materials suppliers against 9.6%.

Cement, concrete, re-bars, steel and some other products are produced in Georgia due to the high costs of transportation. But Galt & Taggart say the local output share of those "has remained flat over 2017-2021, while local production of renovation materials, household appliances, furniture and lighting remains limited..."



Source: Galt & Taggart: Construction materials and home improvement sector in Georgia

As is the case globally, the general level of construction material prices in Georgia has climbed, reflecting the high dependence on imports, with the price index rising 29% overall by September last year compared to January 2020. Price stabilization began in the second half of 2022; however, as the lari strengthened, world commodity prices started to fall and transport costs were reduced, reflecting lower oil prices and re-opening of logistic routes.

Cementing local demand

Among the key demand drivers in Georgia for cement, concrete, asphalt and rebars is the country's spending on infrastructure. "The infrastructure pipeline remains solid", states the G&T report. "Public infrastructure investments (central and local budgets combined) are planned at 7% of GDP over 2023-26, down from 8% in the previous five years, but which is still solid by global and regional standards."

"This slowdown is mostly explained by the completion stage of the East-West Highways project, but we expect other new large programs to commence (roads, critical municipal infrastructure), which are not currently reflected in the medium-term budget framework," says the report.

Central government capital expenditure on infrastructure is expected to grow by 28% YoY to GEL 4.6 billion in 2023, according to state budget documents, with roads topping the lists.

Key product cement is mostly made in Georgia, with the percentage given by Galt & Taggart at around 95% in the first half of last year. Prices have risen, the retail price up by 2.6% YoY, but that is put down to production costs. (Clinker is the key input material, and a large amount is ▸▸

imported.) The largest Georgian cement producers listed in the report are Heidelberg, Georgian Cement, Georgian Building Group, Mega Holding, and German Cement.

Concrete and asphalt production has been "volatile" in recent years, the report states, being heavily dependent on infrastructure projects. Major producers of concrete are Heidelberg, Mixor, Leader Concrete, Orbi Concrete, and Georgian Concrete. Major players in the asphalt market are GRG, L&L, Elisi-2015, New Road Group, and Akhali Karkhana.

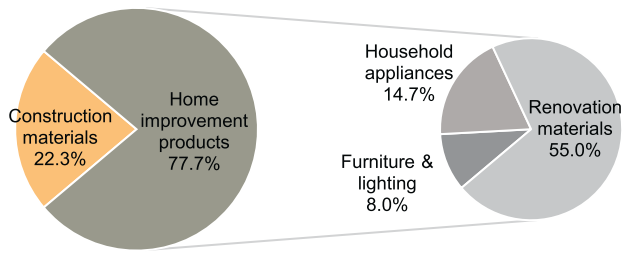
Domestic production of rebars accounted for 75% of total demand in 2021, and imports rose by 80% YoY, reflecting infrastructure and construction demand. Rebars in Georgia are produced mainly by melting scrap in electric arc furnaces, and the report states that "as Georgia is a net exporter of scrap, companies have managed to maintain relatively stable... operating costs."

On other products, local production accounts for 35% of steel products, 100% of gravel and 57% of blocks. Key steel product manufacturers are Nova and GRC.

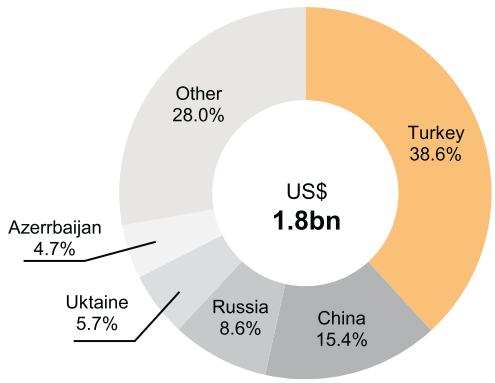
The Minister said: "We are actively working to produce construction products in Georgia," adding that he had seen evidence of this first hand, having had contact with the local company of German gypsum producers Knauf. Established in Georgia since 2009, Knauf Gip Tbilisi has since spent $30 million and trained 1,000 workers, recently adding building insulation and design ceilings

Import of construction materials and home improvement products in Georgia, US$ bn

Breakdown by categories, 2021



Breakdown by countries, 2021



Source: Galt & Taggart: Construction materials and home improvement sector in Georgia

to its catalogs.

Nova

Nova is generally named as one of Georgia's star building materials performers, founded by five friends in 2006 and now employs around 800 people across its operations with bases, mega-stores in seven cities, and warehouses in Tbilisi and Batumi.

Nova does it all. It operates in manufacturing, B2B, and retail. It exports, imports, and makes a wide range of building and other products including plastic water tanks, metal roofs, plumbing systems, metal piping, plaster boards, bathroom furniture, doors, floor coverings, paint, and even garbage containers. Having won support from the EU, EBRD, and Georgian government programs and loans for its growth plans, it is now the largest manufacturer in the South Caucasus with a catalog of own-products of well over 400 items and a total of over 40,000 items in stock. Nova's list of exclusively stocked brands includes Nippon Paint, Saint-Gobain, INGCO, and Bien.

Without even taking the impact of the Turkish earthquake into account, Nova co-founder Zviad Abuladze earlier outlined an ambitious expansion plan to Forbes: "We believe that by the end of 2026, the number of our employees, our contribution to the state budget, our exports, and our turnover will be at least 50% higher than today. This will translate into 1,200 additional jobs and more than GEL 300 million in turnover," he said.

Proof of Nova's management skills and judgment is that it expanded during the pandemic: "We decided not to put the development process on hold. 2021 was quite a successful year for us. Sales increased significantly, while positive financial figures almost doubled. Furthermore, people's priorities changed during the pandemic. Demand for country homes, apartment extensions and renovations increased. We also perceived this as an opportunity.

"Since the start of the pandemic, we have created approximately 300 new jobs, increased our turnover and contribution to the state budget, created additional production lines and opened new megacenters. We did an excellent job in calculating the uptick in demand and assessing our capabilities".

Outlining factors in Nova's, success he told *Forbes* that hard work, trust, making the right choices, and transparency can help overcome all the obstacles that appear and even turn them into success stories. With the help of grants, Nova has also called in all the outside professional management expertise and experience it could find: "We were given grants to invite experts from the EU to Georgia to share their experience with us. We are currently focusing on human resources. Projects in the fields of manufacturing, logistics, finance, and retail sales have already been implemented and the result can be clearly seen." ■

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What's behind the Georgian economy's continued growth?

MACKENZIE BALDINGER

Growth drivers

Despite widespread predictions of slowed growth and external inflows following 10.5% GDP growth in 2022, the Georgian economy continued to post strong numbers in the first quarter of 2023, registering 7.2% real GDP growth. This, says economists, was largely on the back of continued strong numbers in tourism, trade, and remittances.

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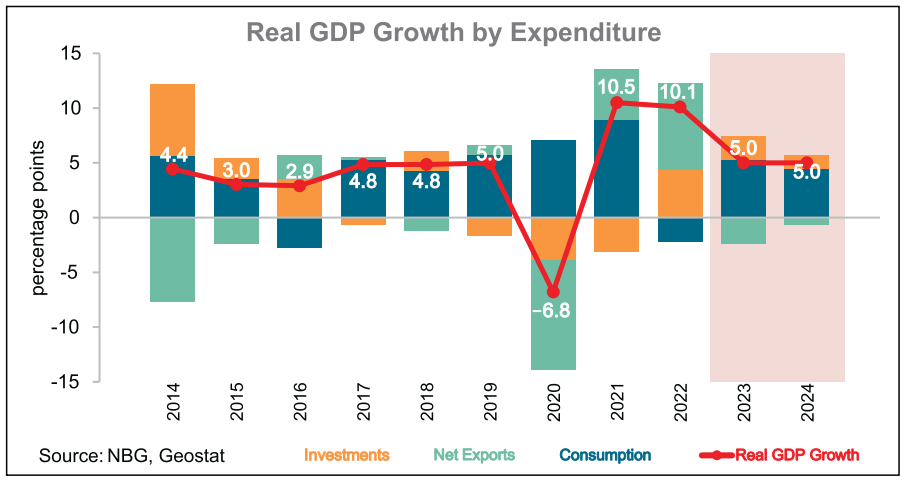
"Despite continued geopolitical tensions, external demand did not decelerate as we had anticipated at the end of last year," says Galt and Taggart's (G&T) Head of Research Eva Bochoroshvili. "Exports and remittances, for instance, have remained resilient, causing us to revise our expectations for growth this year upward from 4.8% up to 5.8%."

In its latest macroeconomic report released in the end of April, G&T notes that tourism revenues reached $795 million in 1Q 2023, a 102% YoY increase and 38% higher than 2019 levels, adding that analysts expect "tourism revenues to reach $4 billion, a 15% YoY increase, in 2023." And the latest data from the National Bank of Georgia shows that money transfers into the country equaled $1.25 billion in the first quarter of the year, a 130% YoY increase from 2022. "These figures," says Bochoroshvili, "indicate to us that the continued impact of migration may be greater than we originally estimated."

TBC Capital's Vice President Irina Kvakhadze agrees that the "migrant effect," caused by an influx of Ukrainians, Belarusians, and Russians in 2022, is continuing to have a marked impact on the Georgian economy. At a macro-sectoral presentation in early May, she noted that the original projections of a slowdown in 2023 were, in part, based on expectations that a portion of these war-affected migrants would leave the coun-



try in 2023.

"We estimate there were around 115,000 war-affected migrants in Georgia in 2022, and we initially expected that about 30% of them may leave the country in 2023; however, we now see a significant outflow of migrants in 2023 as much more unlikely. We also expect that expenditures by these migrants will increase in 2023, fueling increased domestic consumption."

The National Bank of Georgia's (NBG) Head of Macroeconomics and Statistics Shalva Mkhatrishvili says that he sees domestic consumption, in part due to migrants, as playing the key driving role in Georgia's economic growth in 2023. "If you look at 2022 and compare it to 2023, we already see some different drivers," he says.

"In 2022, we had growth mostly driven by external inflows, particularly revenue from international travelers. This led to GEL appreciation and an increase in imports. Now, as we see continued heavy reliance on imports, we expect net exports will actually have a negative contribution to GDP growth this year. Instead, we expect mostly growth from domestic consumption and investments, which are ticking up."

And while the idea of a growing dependence on migrant expenditures and inflows has caused some unease, TBC Capital's Chief Economist Otar Nadaraia says he currently views this as no more than "a moderate risk."

"Based on surveys conducted by TBC and the German Economic Team, we don't expect a large outflow of migrants in the near term," he explained at the May macro-sectoral presentation, noting that 35% of migrants polled by TBC said they plan to stay in Georgia for two years or longer. "Our surveys also indicated that the majority of migrants are not employed by Russian companies," he said, adding that 77% of those surveyed indicated they are currently employed by an international or Georgian company.

Inflation

April numbers showed inflation in Georgia decreasing faster than anticipated in earlier forecasts by both the NBG and major financial institutions. Headline inflation, which measures total inflation in the economy and includes prices of commodities that are often volatile like food and fuel, came in at 2.7%, a sharp decrease from its 9.4% level in January and slightly under the NBG's 3% target rate. This, says the NBG's Mkhatrishvili, was largely due to a significant drop in imported inflation.

"If you break down inflation into its domestic and imported elements, you see that imported inflation actually reached negative levels in April coming in at -6.4%," says Mkhatrishvili. "This means that imported goods have gotten cheaper thanks to several factors. These include the appreciation of the lari in recent months and decreasing prices for international com-

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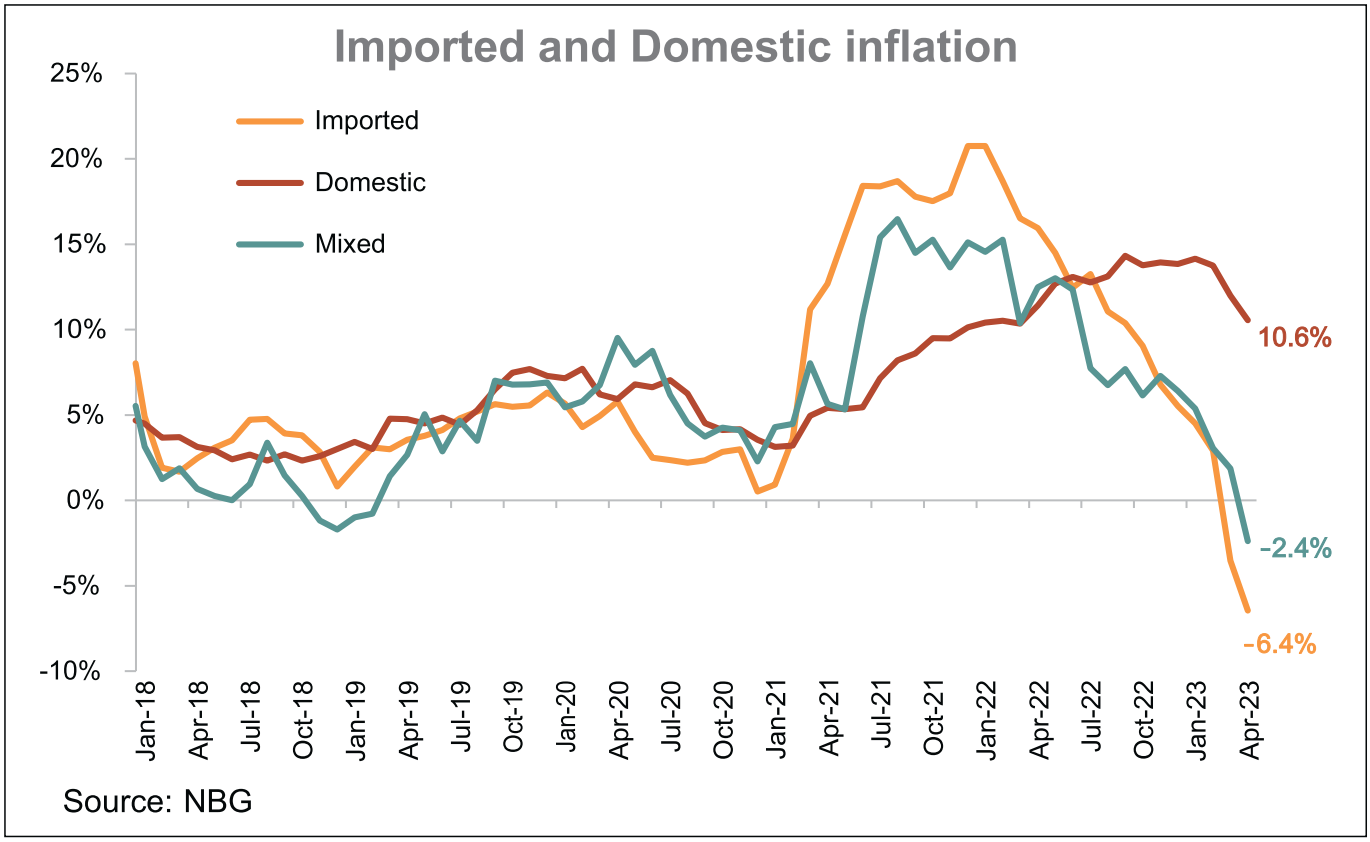


modities and shipping. Prices for food and fuel, for instance, are coming down globally and are helping to lessen inflationary pressure from international markets."

On the back of these encouraging numbers came an announcement by the NBG on May 10 that it would be cutting the monetary policy rate by 50 bps from 11% to 10.5%, its first rate cut in two years. With it came an updated forecast by the central bank of 1% inflation by year's end and indications that it intends to continue slowly cutting rates another 100 bps to 150 bps throughout the rest of 2023.

And while the NBG expressed optimism that domestic inflation would also continue to decline throughout the remainder of the year, Mkhatrishvili says the central bank is planning a very gradual loosening of its monetary policy to ensure this indeed occurs. "Domestic inflation, though down from earlier in the year, still stood at 10.6% in April," he notes. "This is due to continued demand side pressures, in part due to the influx of migrants and strong tourism recovery. We do see this coming down now, albeit slower than imported inflation, which is why we remain cautious."

"We're also watching closely to ensure a wage-price spiral doesn't occur," he adds, noting this can be of concern when coming off high inflationary periods such as those Georgia has seen over the last two years. "We saw wages grow substantially last year at a faster rate than productivity, which is a warning sign," says Mkhatrishvili, explaining that this phenomenon occurs when workers bargain for wage increase as inflation rises, fueling higher demand and pushing companies to raise prices to compensate for steeper expenses.

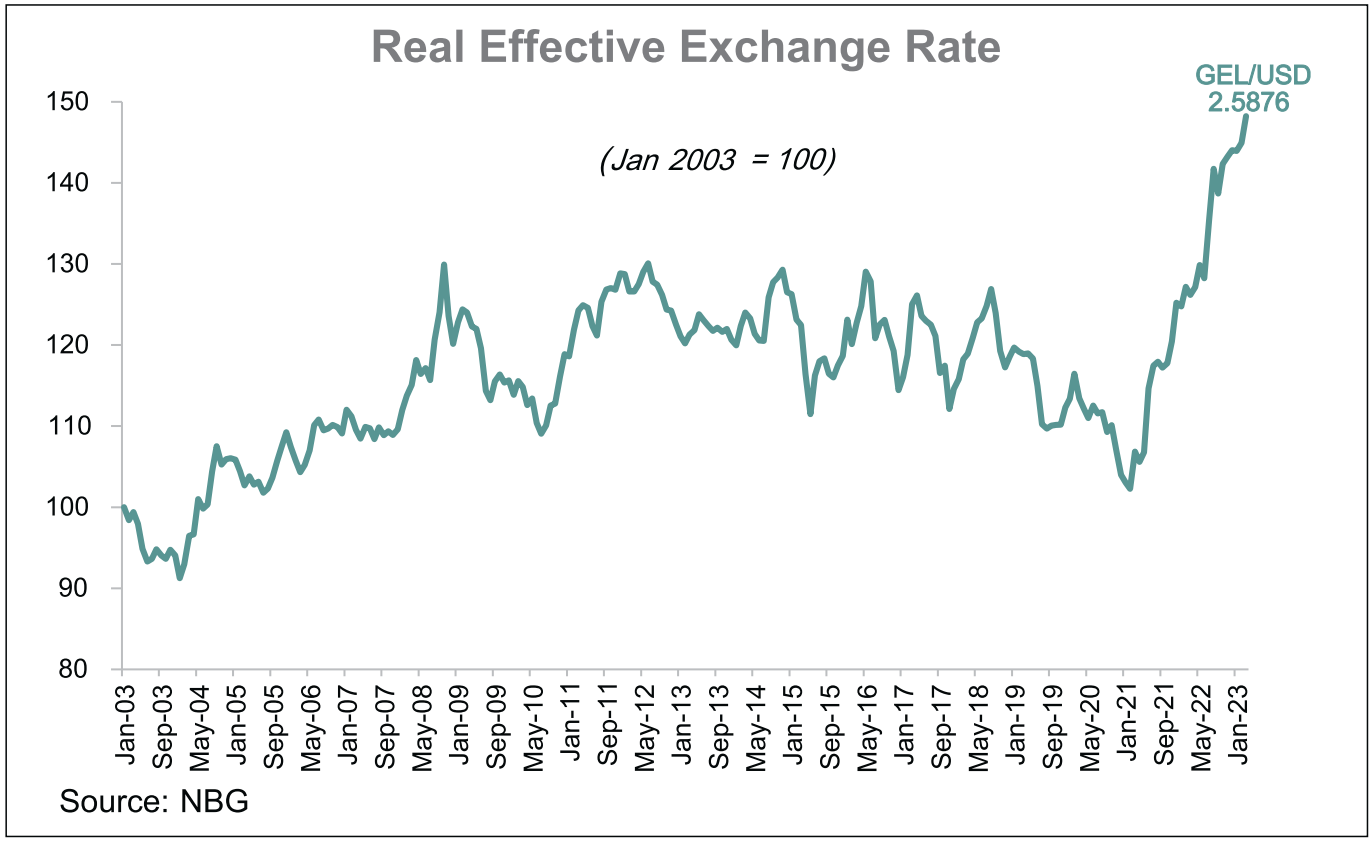
"However, if we look at a wider period over the last few years, overall productivity growth outpaced wages and companies were, on average, operating with greater profit margins," he continues. "Meaning real wages weren't keeping up with inflation. This recent boost in wages could be more of a correction, so we don't see an immediate risk of related price increases. While we are actively monitoring this, we aren't overly concerned at the moment."

FX trends

In FX trends, the lari registered one of its strongest first quarters on record in 2023, appreciating more than 8% against the dollar and ending April at a value of 2.49 GEL/USD. This continued appreciation, says TBC Capital's latest macro-sectoral report, is in large part due to continued net currency inflows on the back of continued strong export, tourism, and remittances.

In terms of the real effective exchange rate (REER), an index that weighs a country's currency against a basket of other currencies by the percentage of trade that each currency represents to that nation, the lari hit a record high in the first quarter of 2023, says the NBG's Mkhatrishvili.

TBC Capital's latest report adds: "im-



proved sentiments are also having a notable impact on the lari's strengthening," reflected in a considerable uptick in GEL deposits. The NBG's Mkhatrishvili says that expectations of a seasonality effect (it is commonly believed that the lari's value peaks during the summer tourism season when demand is traditionally higher) may have also helped to improve sentiments around the lari's continued strengthening.

"It's a bit of a self-fulfilling prophecy in that as people expect seasonality, they tend to let it dictate their positions in advance. So, if people expect the lari will be worth more in dollar terms in the summer, they may buy lari in anticipation during the spring months, thus pushing this appreciation and creating the effect," he says, adding that this "seasonality" may already be priced in but further appreciation could continue depending on whether inflows and sentiments in the coming months will be better than currently expected.

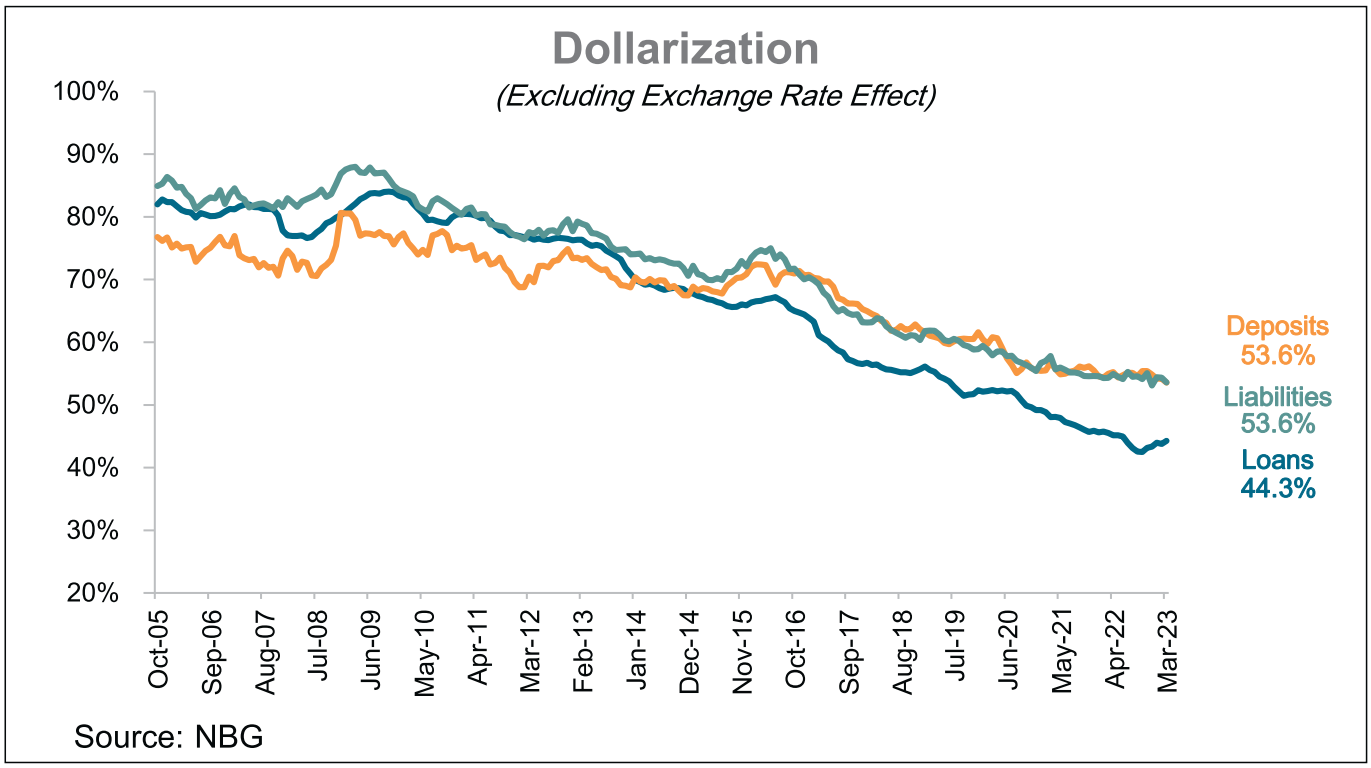
Galt and Taggart's Bochorishvili says she expects the lari will continue to further appreciate before depreciating slightly at the end of the year. "We think on the back of strong tourism and net currency inflows that the lari may appreciate even slightly higher in the summer months before ending the year around 2.55 GEL/USD."

TBC Capital's weekly update from mid-May also predicts a similar end of year value for the lari at 2.50 GEL/USD. However, it cautions that according to the GEL REER assessment, which looks at the current REER value for the lari and compares it to the REER long-term trend (estimated based on GDP per capita growth differential between Georgia and its main trading partners using relative trade weights and adjusted for the share of the non-tradable sector), the lari is currently overvalued by about 3%. This, along with lowered inflation, it argues, could push the lari's value down slightly in the coming months.

Furthermore, it notes that the NBG's continued FX interventions and net purchases of more than $1 billion in foreign currency over the last year has muted the lari's appreciation. The NBG's Mkhatrishvil says these FX interventions, which amounted to purchases of $460.5 million in the first quarter of the year alone and allowed the central bank to accumulate foreign currency reserves at a record-high $5.1 billion level in April, are providing a strong buffer against external risks. "After continued buying of foreign currency reserves during this period, we now have reserves that fall in line with what the IMF characterizes as 'adequate' to mitigate major unexpected shocks."

Looking forward

In its latest monthly macro insight report, aptly entitled "Gradually Back to Trends," TBC Capital analysts note that a "normalization of growth, sizable GEL rate cuts and its slight weakening appear to be the baseline scenario" looking forward. While it notes that second quarter growth may slow in annual terms "mainly on the back of a high base effect," it also



contends that "continued strong inflows not only from Russia" have caused an upward revision in its annual GDP growth projection for 2023 to 6%, up from its previous forecast of 3.5% in December 2022.

G&T's Bochoroshvili says she also expects continued growth throughout the end of 2023 and into 2024. "The gradual decrease of the monetary policy rate this year should continue to boost growth," she notes, adding that investments into Georgia's viability as a transport hub also offer promise. "We know that the Middle Corridor is not the most competitive transport route, but the continued war and redirection of some cargo flows from the northern route through Russia offer an important opportunity for Georgia in terms of transport, which should spur additional investment and growth opportunities in the country."

For the central bank, the NBG's Mkhatrishvili says that it's keeping an eye on inflation but also watching another important metric: the dollarization rate of loans. "Inflation was a major challenge for us last year. In the near term, we expect inflation to continue decreasing – it may even drift into negative territory, depending on how the exchange rate behaves going forward."

"But we are also closely watching credit growth. Lari-denominated loans are increasing at a relatively stable rate but slower than 2022, thanks to the delayed effect of our increases in the monetary policy rate last year. However, as lari loans got more expensive last year, we saw an inadvertent uptick in dollar-denominated loans," warns Mkhatrishvili.

"We instituted some macroprudential policy tools like decreasing mortgage maturities from 15 years to 10 years for FX-denominated loans to moderate their growth," he says, noting that these moves also complement the NBG's long-term efforts aimed at de-dollarization. "We'll certainly be monitoring these FX loans in the coming months to watch for further increases and will implement additional macroprudential measures as needed." ■

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GSS Car Rental is a local car rental company located in Tbilisi, founded years ago and ahead of most of the competition in Georgia, the company was established to provide tourists with a car to fit most needs and budgets, the team of native Georgians has the necessary skills and experience to run a great car rental company in this beautiful country. GSS Car Rental has 24/7 customer service and pickup and drop-off at the location of your choice. There are options to pick up and drop off your rental car at Tbilisi airport, hotel or even another city in Georgia, the company will deliver it to Kutaisi or Batumi Airports.

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Dimensions

Exterior dimensions (L×W×H) (mm) – 4698x1908x1696
Curb weight (kg) – 1920

Powertrain

Front wheel drive , single engine
Max. speed (km/h) -150 / **Endurance KM – 520**
Motor Max.power (HP)-204
Motor Type - Permanent magnet synchronization
Battery Type - Ternary lithium battery
Battery capacity(kWh) - 71,98

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8 YEARS WARRANTEE FROM PRODUCERS

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JAC Ejs1

Dimensions
Exterior dimensions (L×W×H) (mm) :
3650×1670×1540
Curb weight (kg) :
1555

Powertrain
Front wheel drive , single engine
Max horsepower (KW/HP) 1HP=1.34KW - 45/60
Endurance KM – 300
Max Speed(km/h) - 102
Type - Lithium Iron Phosphate(LFP)
Battery total power capacity (kWh) - 31.4

JAC Ej7

Dimensions
Exterior dimensions (L×W×H) (mm) :
4770x1820x1510
GVW (kg) : 2025

Powertrain
Front wheel drive , single engine
Max horsepower – 195
Endurance KM – 400
Max Speed(km/h) -150
Power battery Type - Lithium Iron Phosphate(LFP)
Battery total power capacity (kWh) - 50

Honda M-NV

Dimensions
Exterior dimensions (L×W×H) (mm) :
4324×1785×1637
Curb weight (kg) : 1610

Powertrain
Front wheel drive , single engine
Maximum power of motor (kw) – 120
Endurance KM – 400
Maximum speed (km / h) – 140
Motor type - Permanent Magnet Synchronous Motor
Battery type - lithium-ion battery
Battery total power capacity (kWh) - 61.3

OUR SHOWROOMS

032 225 71 75

20 Tskhneti Highway,
Tbilisi, Georgia

032 255 10 50

226 Aghmashenebeli Alley,
0131 Tbilisi. Georgia

AMCHAM

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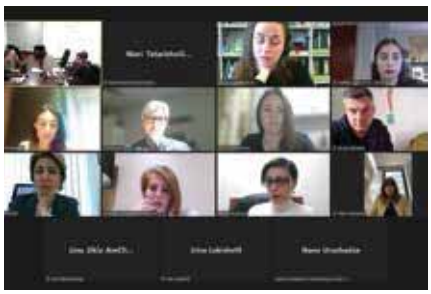
AmCham Board Members Host Guests from the U.S. National War College

On March 30, 2023, AmCham Georgia board members hosted guests from the U.S. National War College. The board held a wide-ranging discussion with the delegation about U.S.-Georgia relations, foreign and domestic policy issues, how to enhance bilateral relations, and the importance of U.S. support for Georgia's security and economic growth.



Tourism Committee Meetings

On March 31, 2023, AmCham Georgia organized a Tourism Committee meeting. The committee discussed members' engagement with vocational education colleges and potential ways in which AmCham could encourage further cooperation.

On April 7, 2023, AmCham Georgia hosted another committee meeting to discuss hotel-related waste management issues. Members of the committee had the opportunity to share their current practices and plans in this area. The meeting also was attended by Environmental Committee members.

On May 5, 2023 the Tourism Committee convened again to discuss aspects of the newly proposed tourism law with representatives of the USAID Economic Governance Project, who aided in the drafting of the proposed legislation.

Dinner with U.S. Assistant Secretary of Commerce for Global Markets

On April 5, 2023, President of AmCham Irakli Baidashvili hosted Assistant Secretary of Commerce for Global Markets and Director General of the U.S. and Foreign Commercial Service Arun Venkataraman as well as U.S. Ambassador to Georgia Kelly Degnan at the Mtatsminda Funicular restaurant. The dinner included a discussion around opportunities for growth of U.S.-Georgia trade.

AmCham President Hosts Visitors from the U.S. Trade Representative's Office

On April 7, 2023, AmCham Georgia President Irakli Baidashvili hosted visitors from the United States Trade Representative's office: Laura Buffo, Deputy Assistant U.S. Trade Representative and Jason Buntin, Director for Europe and Middle East Affairs. The discussion included opportunities for the growth of U.S.-Georgia trade and investment as well as ways that Georgia can better take advantage of the U.S. GSP trade regime.

AmCham hosts U.S. Assistant Secretary of Commerce for Export Administration

On April 11, 2023, President of AmCham Irakli Baidashvili, along with several members of the AmCham board, hosted U.S. Assistant Secretary of Commerce for Export Administration Thea D. Rozman Kendler and other U.S. Treasury officials, as well as U.S. Ambassador to Georgia Kelly Degnan at Vinotel. The dinner included a discussion on a range of issues, including Georgian export controls, the economic environment, and opportunities for enhancing U.S.-Georgia trade and investment.

Business Roundtable on the Energy Sector

On April 19, 2023, AmCham Georgia hosted a panel discussion on the energy sector at the Radisson Blu Iveria Hotel. The panel included:

- **Jubo Turashvili**, Head of Energy Policy and the Investment Projects Department, Ministry of Economy and Sustainable Development
- **Radoslav Dudolenski**, CEO, Crosscountry Georgia
- **Kote Mchedlishvili**, Deputy Director, Peri
- **Lasha Uplisashvili**, Partner, BLC Law
- **David Managadze**, Regional Head of Energy, Turkey and the Caucasus, EBRD

The panel was moderated by AmCham Georgia Executive Director George Welton. Members had an opportunity for Q&A. Participants had the chance to attend this hybrid event in person or online.

Members Only Luncheon with U.S. Ambassador to Georgia

On April 26, 2023, AmCham Georgia hosted a members only luncheon with the U.S. Ambassador to Georgia H.E. Kelly C. Degnan at the Biltmore Hotel Tbilisi. The ambassador discussed U.S.-Georgia relations as well as current issues in Georgia, the United States, and the wider region. The presentation was followed by a lively Q+A, which covered a wide range of issues.

TBC Capital Macro-Sectoral Presentation and AmCham Cocktail Reception

On May 5, 2023, TBC Capital hosted a macro-sectoral presentation for AmCham Georgia members at Stamba Hotel. The presentation was followed by a panel discussion and cocktail reception.

Business Roundtable with EU Ambassador to Georgia

On May 10, 2023, AmCham Georgia hosted a business roundtable meeting with European Union Ambassador to Georgia Pawel Herczynski at the Holiday Inn Tbilisi Hotel. Ambassador Herczynski discussed the work of the EU in Georgia and Georgia-EU relations. The presentation was followed by a lively Q+A, which covered a wide range of issues. Participants had a chance to attend the hybrid event either in person or online.

AmCham Hosts Panel on Georgian Startup Ecosystem

On May 18, 2023, AmCham Georgia hosted a panel discussion on Georgian startups at the Pullman Tbilisi Axis Towers Hotel. The panel included:

Beka Dalakishvili, Co-founder and CEO, Kernel

Vano Chaladze, Cargon

Salim Dhanani, stealth startup - CEO and Co-founder of Big Pay

Nato Chakvetadze, Co-founder and CBDO of Enagram AI

The panel was moderated by AmCham Board Member and Founder of Startup Grind Tbilisi Colin Donohue. Following the discussion, a Q&A session was held. Participants had the opportunity to attend this hybrid event in person or online.

NEW MEMBERS

Tetra Tech ARD
Corp A

Tetra Tech is a leading, global provider of consulting and engineering services. The company is differentiated by Leading with Science® to provide innovative technical solutions to the clients. Tetra Tech supports global commercial and government clients focused on water, environment, sustainable infrastructure, renewable energy, and international development. With more than 27,000 employees worldwide, Tetra Tech provides clear solutions to complex problems.

Tetra Tech's Global Reach Tetra Tech has offices and operational infrastructure throughout the United States, Canada, and abroad. With 27,000 employees in more than 550 offices in more than 120 countries on seven continents, Tetra Tech's technical knowledge and hands-on site work is broad and deep. The staff is supported by a uniform administrative and management system that project teams can access immediately to ensure work is completed effectively.

Tetra Tech has expanded its geographic presence significantly in recent years through strategic acquisitions and internal growth, especially in the United Kingdom, Canada, and Australia. The company aslo has considerable operations in Asia, Europe, and the Middle East.

www.tetratech.com

Theroux Law LLC
Corp B

Base in Tbilisi, Georgia, Theroux Law provides legal advice on investment projects in Eastern Europe, Central Asia and the Caucasus. Theroux Law combines international expertise with the local know-how of legal specialists in its target markets to help the clients accomplish their commercial objectives.

www.theroux.co.uk

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THIS MAGAZINE WOULD NOT BE POSSIBLE WITHOUT YOUR HELP.

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