

Investor.ge



A MAGAZINE OF THE AMERICAN CHAMBER OF COMMERCE IN GEORGIA

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DEC.-JAN. 2012/13

Decoding Georgian Real Estate
.....

ISCT: Consumer Confidence
.....

Ten Things To Do This Winter
.....

Capital Markets: Potential for the Georgian Economy



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Mukhambazi

When I'm asleep, you sit within my soul so bright!
And when I wake- then on my lashes you alight.

Though I'm as faithful as a slave is, you don't care.
You mean to kill me, I say nothing. I don't dare.
No matter where you go, you know I will be there
I'm always with you even if you aren't aware.
When speech disturbs you, then it's silence that I share.
I whisper to myself: "See how she shines tonight!"

When I'm asleep, you sit within my soul so bright!
And when I wake- then on my lashes you alight.

I think your waist as slender as a poplar bough,
I think a rainbow has been wound around it now,
I think your eyes as dark as thunder will allow,
I think your breath the same as roses breathe somehow.
And someday I will say: "Sweetheart, you're mine tonight."

When I'm asleep, you sit within my soul so bright!
And when I wake- then on my lashes you alight.

I have ten ways to go, and all ten lead to you!
I have my thoughts but know only your face is true!
I can only say your name again, not one thing new!
With what has happened in my heart, what can I do?
Please ask me just this once: "Why are you here tonight?"

When I'm asleep, you sit within my soul so bright!
And when I wake- then on my lashes you alight.

Who grieves for me in all my sorrow, do you know?
And is that griever living, tell me yes or no?
What does this person do on earth, where did he go?
If no one uses me, what am I but a show?
You are a kind soul and don't answer as you might!

When I'm asleep, you sit within my soul so bright!
And when I wake- then on my lashes you alight.

I'm sitting in Ortachala-- that's who I am.
See me at a garden party-- that's who I am.
See me toasting as toastmaster-- that's who I am!
See me scuffle in a street fight--that's who I am!
See me and you'll say: "I fell in love with you tonight!"

When I'm asleep, you sit within my soul so bright!
And when I wake- then on my lashes you alight.

GRIGOL ORBELIANI
(1804-1883)



Avon's Elmira Muradyan: An interview from EGO Magazine



SOPHIO DVALISHVILI,
EGO MAGAZINE

How did your career at AVON begin?

I'm a doctor by profession, a gynecologist. I received medical education in Russia and began working in my profession right after graduation. My first interaction with AVON was during my pregnancy leave when I bought an AVON perfume for the first time and became interested in the offer that presented itself. Because I'm a very active person, I decided to do something through that period of time and became an AVON representative in 2000.

What stages did you go through at AVON to become a successful woman?

I'm quite a determined person; in 2001 I became the top sales leader at the company. Very soon, within two years, I switched to the AVON business trainer position, which is a very responsible and important post in our business; within this work I held trainings in four regions in Russia and taught hundreds of people how to manage their business independently. In 2005, I was given a larger region and joined the company head office. That was the road to my career development and advancement. My career developed quite fast, in 2 years. In 2007, I held the training manager posi-

Investor.ge is proud to start a new column celebrating women in Georgian business. For the first article in the series, we partnered with EGO Magazine to republish its interview with Avon Georgia's Elmira Muradyan. We welcome your suggestions for our profiles on women in business in future issues.

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Editor in Chief	Molly Corso
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Marketing & Promotion	Sophia Chakvetadze
Promotional Design	Levan Baratashvili
Magazine Design and Layout	Giorgi Megrelishvili
Writers	Avtandil Chedia, Molly Corso, Maia Edilashvili, EGO Magazine, Martijn Kanter, Levan Kokaia, Marta Ferrer Lubeck, Bruce Packard, Neal Zupancic
Photographs	Molly Corso, Seinab Barnov (First Step), EGO Magazine

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AmCham Georgia

36a Lado Asatiani Street, 3rd floor

Tel: 2 22-69-07

amcham@amcham.ge

editor@amcham.ge, www.amcham.ge

www.investor.ge

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Investment in Brief

AVTANDIL CHEDIA

IMF Economic Growth Forecast Stable for Georgia

BG Capital reported that, despite political uncertainty, it is unlikely the International Monetary Fund (IMF) will revise its GDP forecasts for Georgia. IMF expects Georgia's annual real GDP growth of 7% in 2012 to drop a percentage point next year.

75 Percent Government Financing for Diaspora Investments in Georgia

During his visit to Brussels in November, Prime Minister Bidzina Ivanishvili told the Georgian Diaspora that the new government is creating a special investment fund to finance diaspora-led investment in Georgia. Ivanishvili explained that if anyone from the diaspora invests 25 per cent of the amount required in a particular business or project in Georgia, then he will contribute the remaining 75 per cent. The money will not be 'lost' and the fund will be profitable, Ivanishvili said, according to media reports.

EBRD Invests in Georgian Supermarket

The EBRD granted Smart Supermarkets a \$26 million loan. The financing will enable the company to finance the

construction of a distribution centre as well as up to 28 new supermarkets and convenience stores throughout Georgia, according to media reports.

The EBRD remains a committed partner in Georgia. Since the beginning of its operations in Georgia, the EBRD has invested approximately Euro 1.72 billion in over 157 projects, of which Euro 105 million has been in the country's agribusiness sector.

50 Million Lari Bazaar Opens in Tbilisi

BPI.ge reported the newly remodeled Deseris Bazroba opened near the central train station in October. The project, a 50 million lari investment, was implemented by the development company.

Georgian Wines Awarded

Hvino News reported that two Georgian wines were selected by Vancouver magazine's International Wine Competition 2013: Wine Man Mukuzani 2007 in the category "Best Medium Red Wines", and Marani Mtsvane 2011 in the category "Best Bargain Wines". Marani Mtsvane was also included in Vancouver Sun's "Wine picks of the week," characterized as "a steal at this price."

Turkish Company "Ekotekstil" Starts Investment in Guria

"Ekogeorgia" plans a new 3000

square meter sewing factory in the village of Meria. Reportedly, 600 people will be employed there. The factory, a \$1 million investment, will produce clothing for six famous brands including Mark and Spencer and Victoria's Secret.

New Ropeway to Open in Batumi

A three kilometer ropeway will connect Batumi with the Anuri Mountain, where entertainment complex "Argo" is under construction. The ropeway, a gondola type structure, is being built by Austrian company Dobermeier. The \$15 million project is being implemented by Hestok Batumi.

CBD Development to Launch \$40 million Project in Tbilisi

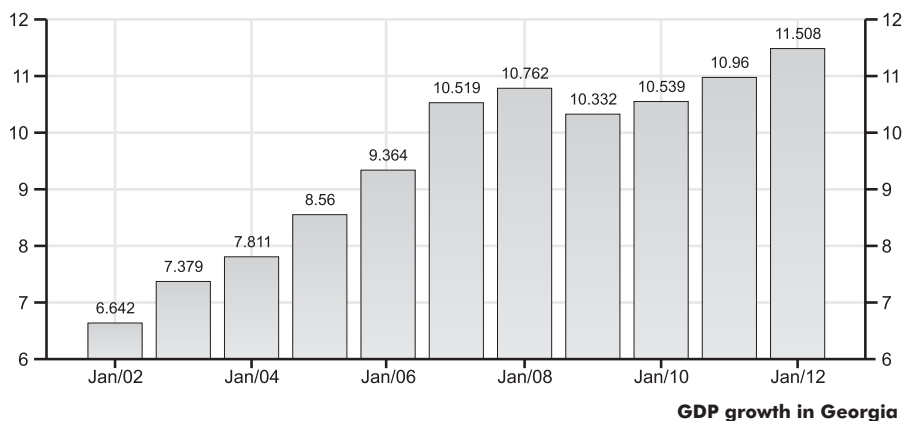
The CBD Development Company announced plans to build "East Gate," a new 185 thousand square meter multifunctional complex on the Kakheti Highway. The project's budget is \$40 million and construction will take two years. In addition to commercial space, there will be galleries, entertainment centers, a shopping area, and accessories and home appliance stores. In addition, hypermarkets, restaurants and fast food restaurants are planned, as well as a summer school, a movie theater, bowling and fitness centers.

European Union to Allocate EUR 670 million for Georgia

EU ambassador Philip Dimitrov announced a new grant to finance projects in Georgia, including programs to strengthen judiciary independence, prison reform, agriculture, and regional projects.

British Airways Officially Returns to Georgia

Return flights from Tbilisi to London start from EUR 428 in World Traveller (economy), and EUR 1214 in Club World (business class).



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MGALOBlishvili KIPANI DZIDZIGURI
მგალობლიშვილი კიპანი დიდიზიგური

End of Ministry, End of Lazika Project?

One of the new government's first decisions was to close the Ministry of Infrastructure and Regional Development, redistributing its portfolio between the economy ministry and the prime minister's office. Investor.ge spoke with Davit Narmania, the head of the ministry, about the government's plan and its potential impact on major infrastructure projects.

MAIA EDILASHVILI

Davit Narmania, the current minister, said re-parceling the ministry's responsibilities will not impact ongoing projects, but should streamline procedures. He noted that there is plenty of overlap between departments in the Ministry of Economy and the current Ministry of Infrastructure.

In 2009, when this ministry was created, the idea was to bring all the

infrastructure-related projects under a single agency to simplify coordination. "In terms of infrastructure project implementation, this ministry was successful; it has carried out many good projects, but the second direction – the decentralization and development of self-governance – was put aside [to the extent that] the country had no decentralization strategy," he said.

Under the new plan, a separate agency will focus solely on regional

development and decentralization issues. The reorganization is expected to take several months; and once the ministry is closed, Narmania will become the First Deputy Finance Minister.

Narmania stressed that highways and other big infrastructure development projects will remain priorities and local infrastructure improvement projects in the regions will continue with the help of donors such as the World Bank, the Asian Development Bank, and others.

There are some questions about projects proposed by the Saakashvili government, however - including the building of a new bridge in Mtskheta and the construction of a bridge in Tbilisi to connect the Marshal Gelovani and Samtredia Streets over the Mtkvari River- that the new administration is still considering. ►►

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- One large infrastructure project that will not happen, Narmania said, is Lazika, the President's pet project on the Black Sea coast.

The Georgian Dream coalition has questioned the need and financial affordability of such a huge project, and environmentalists have warned that the Kolkheti National Park would be damaged by the project.

"Lazika as a city is not [even] under consideration at all," Narmania said, adding, however, that some investors have spoken with the Ministry of Economy about developing Lazika Port.

Another major change planned for infrastructure projects will be a shift in priorities.

"Overall, in terms of infrastructure development, the government's general approach will be to first improve infrastructure that is vitally important for the people," he said. "We do not want to build a country where GDP growth is the highest priority unless this growth is reflected in people's wellbeing."

The new economic team is promoting a policy that would support small and medium-sized businesses, end monopolies and limit oligopolies – something more akin to European free competition laws rather than the libertarian model favored by the previous government.

A core focus will be developing projects that revive the agriculture sector. This remains a major challenge, noted Narmania, but if the government is successful, a stronger agriculture sector will help revitalize rural communities around the country, creating jobs and more economic growth in the regions outside of Tbilisi. ■

Can Georgia Become a "Caucasian Panther"?



MARTIJN KANTERS

According to Geostat, last year's GDP growth was 7 percent, and, with 6.8 percent in the first quarter and 8.2 percent in the second, 2012 GDP growth could reach around 7.5 percent. So it seems we're on the right track – but are we? A closer look at the Georgian economy reveals a different picture. One of the main concerns is that the country is suffering from a chronically negative – and worsening – trade balance. In 2011, total exports amounted to a mere \$2.2 billion, just over 15 percent of GDP and down from over 30 percent in 2003. In context, the EU27 average was 44 percent in 2011 and over 70 percent in the New Member States, up from 53 percent in 2003, a year before accession. Economic integration in the European Union has clearly had a major positive impact on the exports of CEE countries. The openness of the economies of small countries such as the Baltic states, Slovenia and Slovakia is even more pronounced with almost 80 percent of exports to GDP on average; Georgia has a wide gap to bridge.

What is the way forward for Georgia? Ask this question to any government or business professional and you'll get a wide range of answers. Look at recent newspaper articles and you get the impression that the country's potential can be found in sectors as diverse as agriculture, biotechnology, ICT, banking and light manufacturing. Look at the facts, and your confusion is complete.

Actually, Georgia has become an increasingly closed economy. Although the trend is slowly being reversed (in 2009, exports accounted for just over 10 percent of GDP), there is a long way to go to boost the country's export value, because relying mainly on domestic consumption will not be a sustainable strategy for continued economic growth. With its small domestic market, (re-) connecting to export markets will be the key to the future of Georgia. Assuming trade negotiations and economic integration efforts will be successful, the question then remains: what can be exported?

Browsing through the many trade publications, business magazines and newspaper articles, it is surprising to see how few references are made to competitive advantage. In an economy as small as Georgia, internationally competitive sectors can only number a few. In comparison, the Georgian economy is half the size of Latvia, a country with just 2 million inhabitants. The new EU Member State closest to Georgia in terms of population size – Slovakia (5.4 million inhabitants) – has a total GDP almost 7 times higher than that of Georgia. ►►



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- And even these larger economies have become more and more specialized and heavily export-oriented, along the path followed by the Asian “Tigers” in the 1990s.

In the case of Slovakia, two sectors- the automotive and electro-technical industries- have attracted significant volumes of FDI and now account for more than half of the country’s exports and over 40 percent of GDP. Slovakia’s competitive strengths are therefore concentrated in just two economic sectors, in which it has revealed international competitive advantage.

It is clear that Georgia will need to discover specific economic niches in the way many small countries across the CEE have done. First, an in-depth competitiveness assessment would need to be conducted to identify those target sectors in which Georgia has emerging or latent

potential. My feeling is that there won’t be more than three, and they’ll be highly specific. Definitely not ten broad sectors, as the National Investment Agency believes. Second, the package of investment incentives will need to be evaluated and adapted to the specific circumstances and needs of prospective investors, both local and foreign. I also believe that Georgia provides fertile ground for the wide application of public-private partnerships, and specific arrangements can be made that would attract additional investment and pave the way for funding approaches that are now starting to become mainstream in Europe.

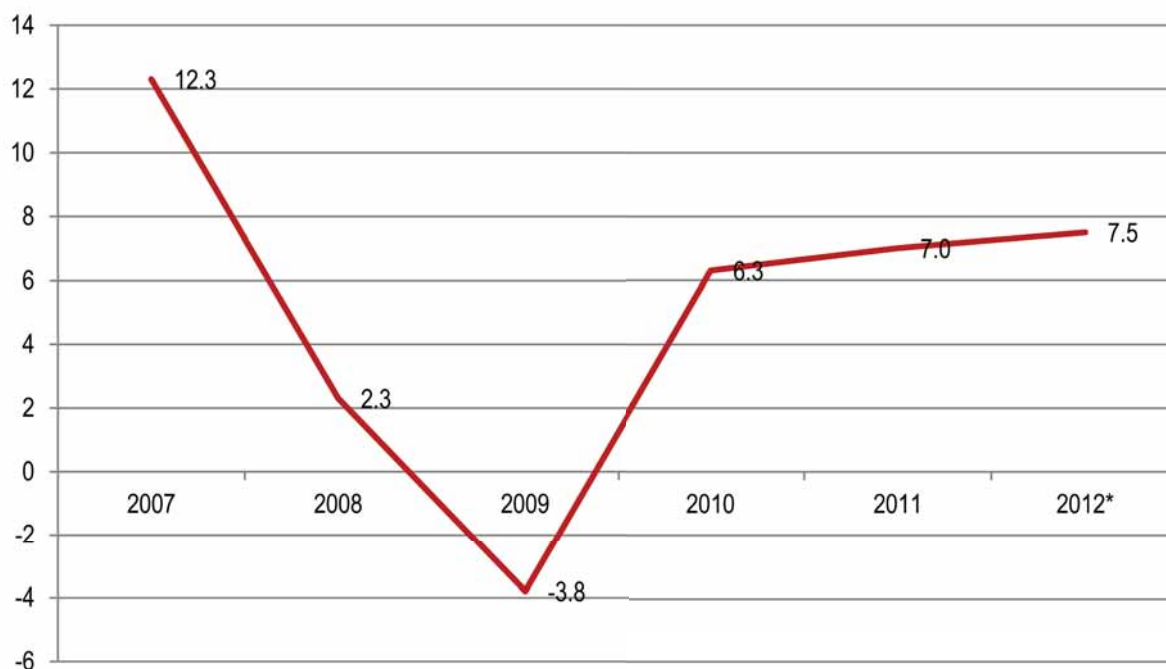
As our recent research on the Georgian real estate market has revealed, current development opportunities remain relatively limited due to subdued demand, determined by its economic fundamentals. As real estate is an ac-

commodator of socio-economic development, a common economic development strategy would need to be defined first, accompanied by new funding approaches. Public-private partnerships can play a role in this process, as well as allow for the more efficient use of state budgets.

Celebration of Georgia’s truly unique history, the spirit of its people, and the wealth of opportunities offered by participation in the global economy, form the backbone of its future. The combination of finding specific economic niches and mobilizing innovative funding approaches could turn Georgia into a true, albeit small, “Caucasian Panther.”

Martijn KanTERS is a consultant at IPM Georgia. He was based for more than 10 years in Prague and has worked across the CEE on issues of economic development and real estate. He can be reached on mkanTERS@ipm.ge

Graph 1: Georgia GDP Growth 2007-2012



Source: National Statistics Office of Georgia

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Decoding the Georgian Real Estate Market

Hotels and commercial warehouse/logistics space are two sectors primed for growth and development in Georgia, according to a recent three month survey by IPM and Jones Lang LaSalle, financed by Tbilisi City Hall and the Georgian Investment Agency. Investor.ge spoke with IPM's Kote Gabrichidze and Martijn Kanter about new trends in the market, and prospective sectors for investment. This is the first article in a two part series about the Georgian real estate market. The February-March issue will explore the sectors and investment opportunities in more depth.

The Georgian Real Estate Market Overview (GREMO), new report by IPM and Jones Lang LaSalle, provides new insight into the supply and demand trends (with some interesting findings on pricing and vacancies) in five distinctive sectors – retail, residential, office, commercial, and hotels.

The supply-demand relationship is lopsided in most sectors, particularly the growing need for two and three star international brand hotels and modern commercial/industrial space. The report, however, goes deeper than the usual figures and charts. It highlights the market's undercurrents, including the impact of Georgia's unusually high homeownership and the distinct preference for owner-occupied buildings in the office real estate sector.

Some of the data – like the number of office workers in Tbilisi and the number of modern warehouses in the country – is completely new. Below is a short overview of the findings from each section. The full reports are available at www.gremo.ge.

Hotel & Leisure

Based on the research collected by IPM and Jones Lang LaSalle, the demand for hotel rooms far outweighs the current stock, particularly the need for three star hotels from international brands.

Total turnover for the hotel and leisure sector was 808 million lari (approximately \$480 million) in 2011, and the number of tourists in Georgia has increased 20 percent a year over the past several seasons, pushing room occupancy to 58 percent in Tbilisi – higher than the EU average, according to Martijn Kanter. The Kazbegi, Svaneti, Borjomi and Kakheti regions are also very popular.

Tbilisi alone accounts for 76 percent of all business tourism, and 39 percent

of total guests registered in the country. Today in the capital there are 153 hotels, with a total of 3,612 rooms and 6,279 beds – a 25 percent increase since 2009.

Batumi receives 32 percent of the country's tourists. There is a 37 percent hotel occupancy rate in the Achara region, although most are small hotels and family guest houses. In Kakheti, Georgia's wine region, the number of tourists spiked in 2009 from under 5000 to over 35,000 in 2010. Room occupancy was 42 percent in 2011.

The Industrial Market

IPM and Jones Lang LaSalle's three month study indicates that there is a lack of modern warehouse and logistics space in Georgia. There are some warehouse facilities in Tbilisi and Poti – but close to nothing in the rest of the country.

The increase in transit cargo, and the interest in Georgia as a transportation hub, is increasing demand for logistics and warehouses – with the largest potential in Tbilisi and Rustavi. The report found that there are 286,736 square meters of warehouse/logistic space in the country – and none can be classified as modern by European standards.

The Gebrüder Weiss project, expected to open next year, is an indicator of the new demand – and potential for development – in Tbilisi, IPM Consultant Martijn Kanter noted.

Office Space

One of the interesting findings from the research was that Georgia has an uneven development/ownership relationship: while developed real estate markets include investment funds as well as developers and renters, the Georgian market is largely confined to just developers and tenants. In addition, there is a high number of owner-occupiers, meaning many companies opt to build

their own buildings: 47 percent of the 255,870 square meters of modern office space in the capital is owned by tenants.

The market is also very fragmented, with pockets of high vacancies as well as areas of high demand. Prices in Tbilisi, where most of the current office space stock is located, are largely stable, although there is no concentrated business area in the capital.

Residential Space

Georgia has one of the highest home ownership rates in the world – 91.5 percent. In the capital, the rate is slightly lower at 85.6 percent. The report found that over 50 percent of the housing stock

was built between 1960 and 1990, and much requires significant repairs. House prices are stable, averaging between \$800 and \$1000 per square meter in both Tbilisi and Batumi. While the residential market took a hit immediately following the August 2008 war and the global financial crisis, there has been a steady increase in demand since 2010, largely in the low to mid price range.

The mortgage market, however, remains small – reportedly just 6 percent of consumers purchased real estate with bank financing in 2011.

Retail Space

Just half of the 700,000 square meters

of retail space in Tbilisi, Batumi and Kutaisi is modern-type shopping space while the rest is traditional – such as bazaar and outdoor marketplaces – and there is just one modern shopping mall in the country – Tbilisi Mall.

The anchor of the mall, Carrefour, a branch of the French hypermarket, is a harbinger of the market's potential for big box outlets, according to the report, which noted Carrefour's plans to expand nationwide. While the majority of the Georgian population still lives at or below the poverty level, the country's GDP has been steadily growing since 2010, rising from -3.8 percent in 2009 to an estimated 7.5 percent growth in 2012.

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ISET

A Study of Consumer Spending

Georgian consumer confidence is shooting up, but so are prices

ISET Staff

Our Consumer Confidence Survey was conducted in the third week of October, capturing the effect of higher bread prices and elections. These two events may have worked in opposite directions, partially cancelling each other out, yet the overall effect is positive, especially as far as expectations are concerned. The sharp improvement of almost 8 percentage points in the Consumer “Expectations Index” (from -6.8% in September to +1% in October) is a sign that the Georgian public is welcoming the first orderly and peaceful democratic transition in Georgia’s modern history. Expectations regarding personal financial standing have, for the first time, crossed into positive territory. The “Present Situation Index” remained without change (-17% compared to -16.8% in September). The overall Consumer Confidence Index did not improve as much, climbing from -11.8% in September to -8% in October 2012. Still, this is the highest level reached by the index since its launch in May 2012.

CCI: Tbilisi vs. the Rest of Georgia

As Georgia is far from homogeneous, it may be useful to see how people’s perceptions of the recent changes in economic and political realities vary across the different strata of the country’s population.

As could be expected, the (positive) impact of elections is more pronounced in Tbilisi relative to the (negative) impact of higher bread prices. This is quite consistent to what we know about Tbilisi. First, it predominately voted for Georgian Dream. Second, it is quite a bit wealthier than the rest of Georgia, spending less on food as a share of income,

and – as a result – suffering less from food inflation and the hike in flour and bread prices.

The overall Consumer Confidence Index (CCI) took the value of -1.9% for Tbilisi and -12.4% for the rest of Georgia. Tbilisi now exceeds the rest of Georgia on almost all CCI parameters, but the differences are most pronounced as far as the likelihood of making major purchases and the ability to save are concerned.

Tbilisi residents are much more confident that now is the time to save and make major purchases. They are also more certain about their ability to save and make such purchases in the future. Still, saving capacity remains a major weakness for all Georgians, regardless of age, gender, type of settlement and education.

Outside Tbilisi, people seem to have no hopes (or illusions) concerning the new government’s ability to quickly generate change and turn around the difficult economic situation. As far as the non-Tbilisi population is concerned, there was very little change in nine out of 12 consumer confidence parameters. In particular, there was no change concerning expectations. Moreover, if anything, the changes in sentiment we do observe are negative, perhaps influenced by the recent bread and flour price hikes. People tend to think that, compared to September, now is a less appropriate time to make major purchases or save. They also became somewhat more negative in their assessment of the change in Georgia’s general economic situation over the past 12 months.

CCI and Education

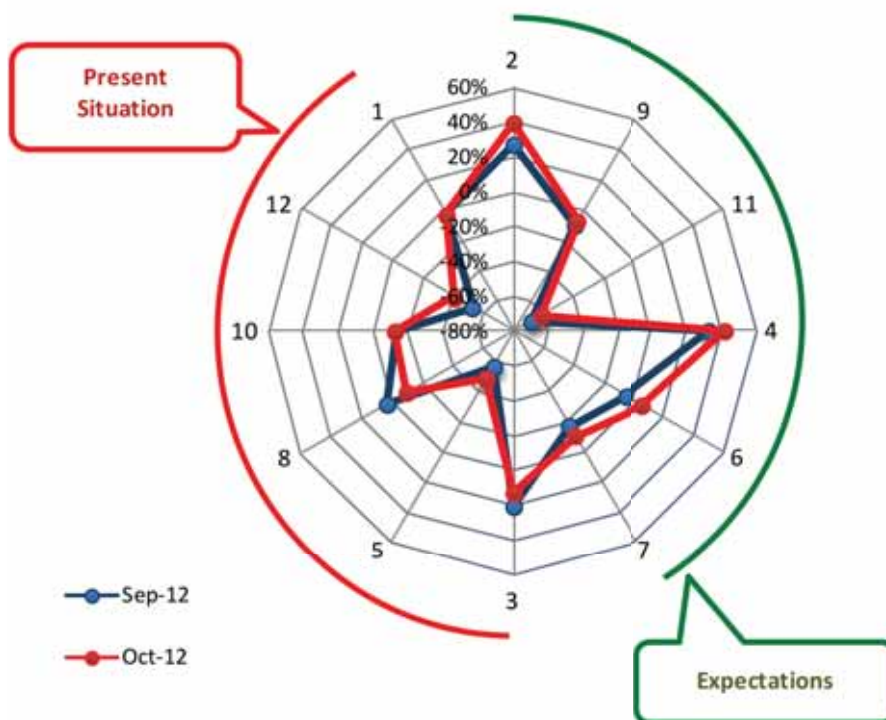
Our sample includes individuals with different educational attainment, giving us the ability to relate consumer confidence indicators to the respondents’ edu-

cational background. The differences in CCI for the more and less educated strata of the population are both striking in the case of Tbilisi vs. rest-of-Georgia comparison. The better educated Georgians are much more confident that now is a good time to save and make significant purchases. They are also more confident about their ability to save and make such purchases in the future.

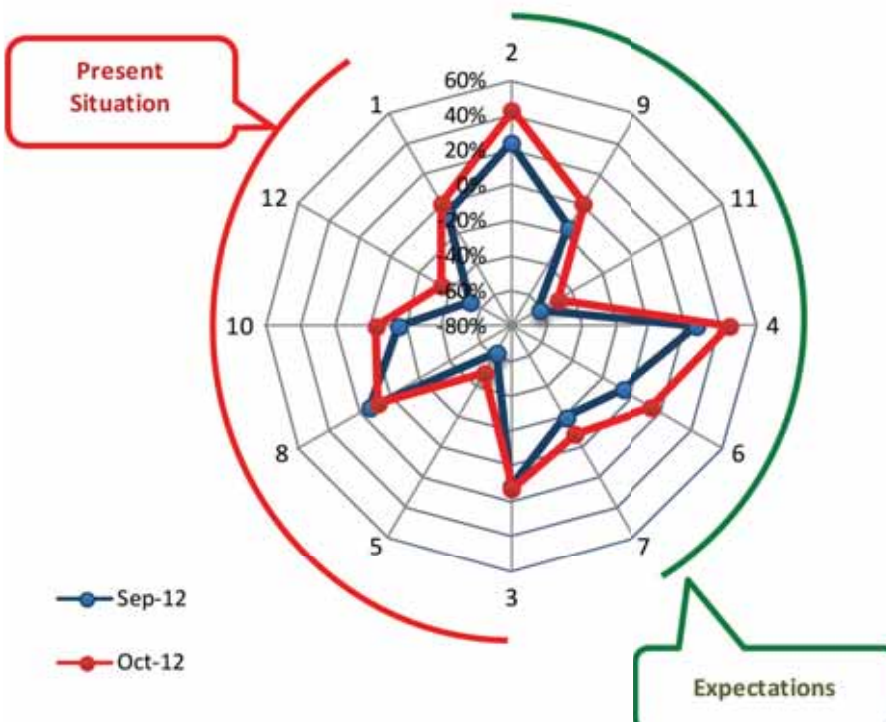
The better educated Georgians report a strong improvement from September to October in almost all parameters of consumer confidence, while there was very little, if any, improvement in confidence amongst the less educated population.

The International School of Economics was founded at Tbilisi State University in 2006 through a unique collaborative effort of the World Bank, BP, Open Society Institute, and the governments of Georgia, Germany, Sweden and Norway. ISET offers a two-year Master's Program in Economics, serving Armenia, Azerbaijan and Georgia. The ISET Policy Institute (www.iset-pi.ge) is one of the first university-based think-tanks in the South Caucasus, affiliated with ISET. ISET-PI's activities comprise research and training focusing on economic policy. ISET-PI policy priorities include agricultural economics, energy economics, economics of human resource (health, education, and labor markets), trade policy, macro-economic policy and economic growth.

Consumer Confidence Index



CCI - Tbilisi





Kefer headed to Azerbaijan at the Wimm-Bill-Dann Georgia factory outside of Tbilisi. If the Russian market opens, more companies could focus on the Russian market for exports.

To Market, to Market

The new government of Georgia headed by billionaire Bidzina Ivanishvili has prioritized mending business ties with Russia. While some Georgian companies are eager to return to the Russian market, analysts warn potential sales could come at a price.

MAIA EDILASHVILI

Georgian citrus farmers, mineral water bottlers, and wineries are eyeing a possible return to the Russian market as the new government promises to end the six year embargo. A new post – Special Representative for Relations with Russia – was created for diplomat Zurab Abashidze, a former ambassador to Russia, and his first task is returning Georgian products to the Russian market.

The embargo, which dates back to a 2006 political tiff between Moscow and Tbilisi, ended the Georgian export of wine, mineral water, and agriculture products. In an interview with *Kommersant*, a Russian daily newspaper, Russian Prime Minister Dimitri Medvedev floated the possibility for renewed

economic ties.

For Russian investors, Georgia has always remained an open market: Russian businesses invested \$150 million in Georgia last year, Bloomberg reported, largely in the energy sector. Economy Minister Giorgi Kvirikashvili told Reuters there are already positive signs from Moscow that business ties are possible as Russia issued 1000 permits to Georgian cargo ships.

A return to the Russian market – the ninth largest economy in the world – could be a boost for local producers. But it could also make Georgia a lot more dependent on Russia, noted economist Michael Fuenfzig.

In 2006, approximately 16 percent of Georgia's total exports went to Russia. Today, however, just 4.6 percent are sold to Russia and exports to other markets are

growing; trade turnover to EU countries has increased over the past two years, according to official statistics. Last year, foreign trade turnover with the EU was \$2477 million, 27 percent of total trade.

Fuenfzig, an assistant professor at the International School of Economy at Tbilisi State University (ISET) noted both opportunities and dangers for Georgia if it returns to the Russian market. “Russia is a natural trading partner for Georgia, and is almost what the US is for Canada. So we should expect a lot more trade with Russia if politics is left aside and relations improve. But a lot more trade with Russia might mean that trade is not created, but merely diverted,” he told Investor.ge.

“Instead of exporting to Europe these exports might be diverted to Russia, as it is overall, a market that is cheaper to serve.”

That would be “the worst of two worlds,” he said, because while it would signify a slight increase in total exports, it would also result in a much higher dependence on Russia. “The alternative scenario is that trade is created. Georgia will keep exporting to Europe, but will also start exporting to Russia. In this scenario we have higher overall exports, and less dependence on the Russian market.”

Fuenfzig stressed that the best solution would be a gradual approach that focuses on industries that can rapidly increase production and exports.

Water and Wine

For Georgian wine and mineral water exporters, the prospects of returning to the Russian market are alluring. Georgian wine, popular in the former Soviet Union, represented roughly a third of the country’s export before the embargo; today it is just 2.5 percent. Mineral and still water make up 2.1 percent of total exports.

Prior to the embargo, 80 percent of

Georgia’s total wine production was sold to Russia. In 2005, Georgian wine producers exported 41.7 million liters of wine at a total value of \$81 million, while in 2011 the volume of the total wine export fell to 16.9 million liters, \$54.1 million in value.

“The Russian embargo was like a gift from God,” noted Roland Burdiashvili, assistant winemaker and production manager at Schushman Wines. “Production of the falsified wines stopped and the quality improved immensely. Though, from the sales point of view, it was a disaster, which led many wine makers to bankruptcy.”

Schuchman Wines Georgia was founded in 2008 by Burkhard Schuchmann, a German national, who invested 7 million Euro in the project. The company produces 300,000 liters of premium quality wine – 20 varieties in total – and exports 70 percent to Europe and the United States, as well as other countries.

“Post Soviet countries [where the demand is for cheap wines] are not our main target, because we produce high end wines,” explained Burdiashvili as he guided journalists through impressively piled bottles of wine in the company’s

old-style underground cellars. “If we go to Russia, we will be represented in the premium class segment and I am sure we will have clients.”

Last year, Georgia exported 71.3 million liters of mineral water, worth \$47 million, close to the 74.9 million liters exported in 2004.

Sandro Lomtadze, marketing manager at Sairme Mineral Water, says that the government’s initiative is “positive” and could mean triple or even quadruple sales for Sairme.

Presently, the company produces a million liters of mineral water annually, though the plant’s capacity is two million liters; 60 percent of production is exported, mostly to Azerbaijan, Ukraine, Turkmenistan and Kazakhstan. “[Due to its size], the Russian market can be significant not only for Georgia but for any country in the world...” he said.

“We will be ready to export to Russia if it opens, though we are not dependent on that market as we export to 20 countries,” said Levan Chikovani, exports manager at Healthy Water, one of the largest mineral water producers in Georgia.

“We will just increase the volume.”



Five Questions with... Giorgi Loladze

The Georgian Stock Exchange, established in 1999 as part of the USAID Capital Market's Development Project, currently trades 133 companies. Giorgi Loladze, chairman of the Supervisory Board of Georgian Stock Exchange (GSE), speaks with Investor.ge about the capital market in Georgia today and its potential for the economy.

MAIA EDILASHVILI

Q: What is the best role that the stock market can play in Georgia's economic growth?

A: A well-functioning securities market is very important for the stable development of any economy. Unfortunately, in the majority of post-communist countries, the development of the financial sector has been marked with the dominance of commercial banking. And Georgia is one of the best examples of this. Such disproportion lays the foundation of problems which are typical to such economies: limited access to financing for businesses, which translates into high interest rates on loans and a general scarcity of credit resources. At the same time, unlike the post-communist countries, in developed economies...the stock market, as an alternative fund-raising vehicle, competes with bank loans and such healthy inter-sector competition naturally forces commercial banks to reduce interest rates on loans...The low capitalization of companies imposes a natural limit on the availability of loans as well. So, without the development of a stock market, the economic growth of any country is limited.

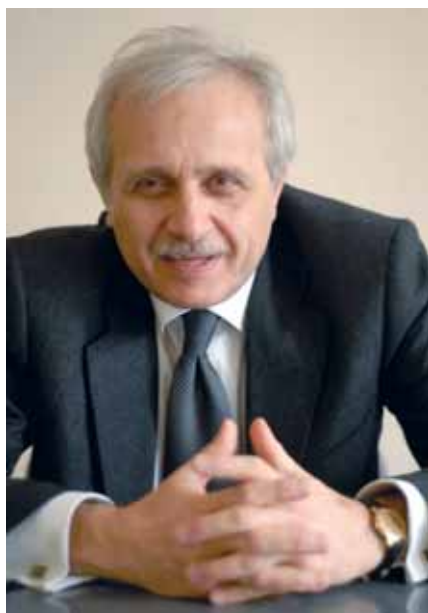
I believe that, despite today's unimpressive picture, if there is proper policy support and economic development... GSE has significant potential. Our foreign colleagues always note that GSE is actually the only stock exchange which has achieved major progress without any policy support or other assistance from

the government.

Q: How would you evaluate GSE's performance at present? What are the factors which influence the financial outcome in general?

A: Currently, activities at GSE are quite sluggish. As a rule, election periods are always difficult. A similar situation was found in 2003, although in 2004, GSE turnover increased 30 (!) times... Now the total market capitalization is circa \$1 billion and the daily turnover is about \$ 2,000. The period between 2004 and 2007 was the most fruitful, when market capitalization and liquidity reached its peak. The number of trade sessions increased and a number of successful IPOs were made; the most notable is the Bank of Georgia. Unfortunately, in 2008 the situation started to deteriorate sharply, largely due to the amendment to the Law on Securities Markets that legalized OTC trading in securities listed at the stock-exchange. OTC trading, or over-the-counter trading, means that a stock that is normally traded on a stock exchange is now traded between two parties outside of the exchange. That move pushed most of the trades on securities out of GSE - from a competitive environment into a non-competitive "gray" area. That decision also undermined the possibility of objective market price-finding, and halted liquidity and infrastructure development for the stock market.

Q: What are the challenges and obstacles for the Georgian Stock Exchange today?



A: This is similar to any complex system: if even one small part of such mechanism doesn't work, the whole system fails. However, this shouldn't discourage anybody from implementing such essential systems. In the case of the Georgian securities market, many parts of the puzzle are in place - such as basic securities market infrastructure, legislation, and regulation. However, together with the fine-tuning of the above components, significant economic policy decisions should be taken to complete the puzzle. These are issues like pension system reform, privatization, state investments, tax code, government securities etc. Let me elaborate on just one of them – pension reform. Institutional investors “long” money is essential for any securities market. And introduction of the Mandatory Savings Pension System (so called Pillar II) is an important step in this direction.

Really, mandatory pension contributions to the pension fund(s) should be efficiently invested in different financial instruments. And the stock market is one of the most important such vehicles. At the same time, the existence of such large pools of money will encourage potential local issuers to create IPOs and attract investment through the stock exchange. This will be a win-win situation for all: pensioners will be entitled to adequate pension benefits, companies will have access to “long” money, and a broad range of retail investors will benefit from a liquid and vibrant capital market.

I mentioned above the major loophole in the securities trading regulation and, unless it is corrected, it will be impossible to ensure the proper liquidity of the market. Another important issue is the institutional development of the major market participants – brokerage companies. Brokerage companies are the most important actors on the market that

are organically interested in facilitating IPOs and the functioning of the liquid securities market...Currently, we are discussing all the above issues with the new government and hope for a fruitful cooperation with them.

Q: Compared with the world and regional markets, how would you assess GSE?

A: There is no simple answer to this question. We have the Georgian Stock Exchange, the Georgian Central Securities Depository and other securities market infrastructure— all well developed from a technological and regulatory point of view, but we have very few attractive instruments to trade, and the liquidity of the market is very low.

As for our stock exchange index GSX: we believe that it adequately reflects the situation in sectors present on GSE. That said, I would welcome more Georgian companies joining us. As for our closest neighbors, Armenia and Azerbaijan, they have no stock market index so far because mostly government securities are traded on their markets and the corporate sector is very weakly represented there. Our situation is completely the opposite.

Q: In 2007, NASDAQ OMX expressed interest in buying GSE but the talks failed. Can you tell us if the interest still exists today?

A: I will tell you openly that the interest from NASDAQ OMX towards GSE is still there. Our visions, in terms of developing the Georgian capital markets, coincide and I believe that if the government makes policy decisions favoring securities market development and the implementation of pension reforms, NASDAQ OMX will be happy to participate in the process. By all means, this will be extremely beneficial for the Georgian securities market and for the Georgian economy as a whole.

Saving, and the Stock Exchange

With pension reform on the agenda in Georgia, the Georgian Stock Exchange could be a potential vehicle for encouraging long term savings.

BRUCE PACKARD

Georgia's stock exchange is currently dominated by one large stock (Bank of Georgia was over 90% of the turnover last year). Despite being by far the most liquid stock on the exchange, Bank of Georgia turnover was low by international standards, and management felt the need to seek a premium listing on the London Stock Exchange for more liquidity. In many ways this has been a success, with the share price up over 30% in the last 12 months. But it is also a shame that Georgian companies feel they must go overseas for recognition, while at the same time limiting the opportunity for Georgians to invest their money in companies they know well.

Perhaps the biggest obstacle to a more active stock exchange in Georgia is the high interest rates offered by deposit accounts. Savers in bank accounts are offered interest rates in Lari at 12% for 1 year (around 8% if you prefer to save in US dollars). With these very attractive interest rates, combined with the security of saving in a bank account, it seems Georgia's stock exchange faces stiff competition if it is to attract long term savings.

But Georgian banks have already started to reduce interest rates. If we look at other countries, we can see that bank deposits tend to be a poor long term investment as their value has tended to be eroded by inflation. Cash and short term deposits are often described as low risk investments. But they are not low risk for people who wish to protect their living standards over the coming decades. Money held in bank deposits might offer near term certainty, but very little long term security.

In contrast, the stock exchange offers Georgian households the chance to hold equity shares in productive businesses. These businesses are likely to hold their value against the slow erosion of value that inflation brings. Interestingly, research by HSBC in Asia has shown that when a country has reached \$5,000 to \$10,000 GDP per capita, it starts to need long term savings. Before that point, households are more worried about putting food on the table for their families, and are too distrustful of the financial sector to save. After that point, households can feel confident enough in the future to see that it is worth their while to put some proportion of their income aside for later years.

The point is not exactly the same for each country, and depends on culture and other factors. So, South Korea saw its long term savings market accelerate at \$5,000 GDP per capita, Taiwan at around \$8,000 GDP per capita and Singapore \$12,000. But all these countries, plus Hong Kong and Japan saw

significant growth in life premiums at around \$5,000-\$10,000 GDP per capita. Georgia, with \$5,600 GDP per capita, is just at that point of financial penetration. This in turn creates a positive feedback loop – with home grown companies able to raise finance from their own customers, rather than having to rely on going overseas for external funding.

While I was in Georgia this summer, various people suggested to me that Georgians were not sophisticated enough, and that it was too early to expect the stock exchange to be a success. In fact, the stock exchange has already been a success. Chairman Gogi Loladze explains how, in the 1990s, the exchange existed, but when it became obvious that the then Government was devaluing the currency, they closed it down. "They were like a patient with a fever, and they blamed the thermometer for showing a high temperature," he says.

Most Georgians understand markets. Even communism failed to eradicate this. Anthropologist Gerry Mars, an expert on the underground economy in the Soviet Union of the 1970s and 1980s, points out that Georgia was the most capitalist and entrepreneurial culture of the time, even more so than the Baltic region. The stock market, while it also involves a risk of loss, tends to reward thoughtful risk-taking and creates more winners than losers.

What Georgia doesn't need:

Although Georgia needs a more liquid stock market, it is possible to look to other countries to see what it doesn't need: high frequency trading, complex derivatives, pension consultants, hedge funds, and leveraged buy-outs. There is a large amount of academic research showing that institutional investors – despite their many "competitive advantages," including full time staff, consultants etc ►►



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- -typically underperform their chosen benchmark. Extensive and readily available data shows that, after taking costs into account, over a ten year period 70% of fund managers under-perform. What the academic research rarely focuses on is that amateur investors who “buy and hold” good quality stocks tend to outperform.

Households tend to think about risk and return in a far superior way than is taught to the finance profession. Holding

75% of your wealth in a stock such as Unilever for the past few decades would appear incredibly risky to a student of modern portfolio theory, and yet studies show less volatile, high quality stocks tend to have higher than average returns over the long term.

As interest rates fall, the stock exchange has a role to play in helping households save. Perhaps the government could lead the way by floating the Georgian Railways on the Georgian

exchange at a realistic price.

Bruce Packard CFA is a stockbroker and banking analyst. He began his career at Credit Suisse in 2000 and most recently worked at Seymour Pierce, where he helped Bank of Georgia with their premium listing on the London Stock Exchange. In July 2008, based on analysis of Nordic and Japanese banking crises, he predicted the nationalization of the UK banking sector. He has a degree in Theology from Durham University. ■

Georgia and International Markets

Are Georgian companies ready to list on international stock exchanges? Analysts from the London Stock Exchange (LSE) believe the potential is there – especially in the finance and transportation sectors. Ayuna Nechaeva, a business development manager at the London Stock Exchange, told Investor.ge that Bank of Georgia’s successful premium listing on the LSE underscores the latent potential in Georgia.

“I think Georgia presents a huge potential and I think there are a lot of good companies from various sectors,” she said.

“As you know Bank of Georgia has recently moved to the highest standards listing on the London Stock Exchange, the premium listing, and this represents the ability of a Georgian company to attract international investment, and to attract huge sums of money, while also maintaining a very good position on the international market, and I think there are many more companies of this caliber to come from Georgia, both in the medium

term and in the long term.”

Nechaeva was in Tbilisi for the KPMG Raising Capital in London conference on November 27, which brought specialists from Dechert, the London Stock Exchange, KPMG, and other companies to speak with an estimated 65 businesses about listing internationally.

Andrew Coxshall, a partner at KPMG Georgia, said the LSE was interested in holding the event in Tbilisi because they view Georgia as a “good place to start for the region” to expand their client base.

“Georgia has a very good finance sector, so we would like to see the finance sector developing and more companies from this sector coming into the international markets,” Nechaeva said. “Also, the transport sector is doing well. So these are the two I see huge potential in.”

To date, the Bank of Georgia is the only Georgian company to list on the capital markets. There is increased interest in tapping into the private sector’s potential to attract investors at home, however, by creating a pension fund.

Earlier this year, the former government proposed a law to encourage long term savings through a fund that could have been used as a private pension fund. While the law was not ultimately passed by the parliament, the potential to create long term financing through funds is still being discussed. Finance Minister Nodar Khaduri told Investor.ge the new government believes developing the capital market is “important.”

The creation of a pension fund could be a solid stepping stone for developing a capital market in Georgia, noted Nechaeva. “Pension funds usually play a huge role in capital markets, specifically private pension funds...this is seen as a very good development,” she said.

“If there is a local liquid and deep market, it means the development of the local stock exchange is great thing to happen and then local companies may list in the local stock exchange: try it out first and then go out internationally should they need international capital. It is a stepping stone.”

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Gaps in Legislation Stifle Electronic Trading Market

The Georgian securities market is underdeveloped. Creating a well regulated and organized electronic trading business in Georgia could bolster development in the financial market.

LEVAN KOKAIA – LAWYER

A Legislative Gap

In Georgia all financial institutions are regulated by the securities market law. While this legislation has allowed commercial banks and other financial institutions to develop, it stops short of regulating electronic trading – a gap that handicaps the financial market and creates unnecessary risks for traders.

There are various reasons for the gap, including the lack of a developed securities market, and the absence of open joint stock companies. While there are ample currency exchanges in Georgia, there is no forum for potential traders to trade on the currency changes.

Electronic trading is a method of trading currencies through an online brokerage account. Electronic currency trading involves converting base currency to a foreign currency at the market exchange rates through an online brokerage account. One of the most popular forms of exchange for the global decentralized

trading of international currencies is the Foreign Exchange Market (Forex), where a reported \$3-3.5 trillion is traded daily, making it the most liquid market in the world.

But in Georgia, due to the lack of legislation and regulation, traders are largely unprotected – and transactions are riskier. Some Georgian individual traders operate through Russian, USA and European brokerage companies – an exception is Admiral Markets, an international financing company that entered the Georgian market in May 2012 with an EU license for trading and brokering in foreign exchange stocks on financial markets. The National Bank of Georgia (NBG) has permitted their activity, even allowing Admiral Markets to open depositary accounts in Georgian private banks instead of just foreign banks.

These positive steps from NBG could be a prelude to creating a more comfortable, stable and rational environment for local traders to operate on the Forex system, preparing the basis for the future legislative regulation of electronic trading market – and a move toward the further development of the financial market in Georgia. By facilitating local traders, the NGB could stimulate regional traders to open online brokerage accounts in Georgian private banks and trade on Forex via Georgian financial trading and

brokerage companies.

The Next Step and the Positive Impact of the Regulation

Regulatory bodies for electronic trading in the United States and the European Union are specific governmental institutions, not national banks. Georgia is a small country and all of the financial institutions' activity is licensed and controlled by the NBG. However, it is better to transfer to NBG this exclusive function in order to generally administer electronic trading business in Georgia.

In order to develop a local market for electronic trade, it is necessary to create a secure environment for individual traders and legal entities. That, however, will require improved legislation, specifically a law that oversees a licensing process for local trading companies, and ensures transparency of the company's transactions.

Licensing and administration will result in a lot of positive factors. In particular, the existence of the specific regulation will:

- Integrate Georgia to the global network of electronic trading;
- Create a demand for traders and market analysts;
- Stimulate securities' turnover and capital markets development;
- Ensure a competitive market; and
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Driving in Tbilisi – A Guide

You have made an emergency stop for unmarked cow crossings, survived a game of chicken with a car heading the wrong way up a one way street, and figured out a way to legally park on Barnovi Street. Now relax: taking the wheel in Tbilisi can be daunting, but new laws and regulations are slowly making driving in the capital safer.

MARTA FERRER LUBECK

For many foreigners in Georgia, driving can seem intimidating. While traffic regulations in Georgia are similar to laws in other countries, there are differences that drivers should be aware of, including heavy construction, aggressive driving styles, and unmarked animal crossings.

Dr. Mike McCarthy, a physician from New York who has been driving in Tbilisi since 1998, cautioned that expat drivers should take the time to

learn the driving conditions here before setting out on the road. In Georgia, he noted, drivers need to be “most attentive for the unexpected.”

McCarthy said that while directing health services for major international projects in the region, foreign drivers were expected to pass “many stringent examinations” including remote driving skills, safety strategies, and contingency plans to limit night driving.

“My advice, and that of most projects is, if at all possible, travel in

a 4x4, as it is raised above a possible impact zone in most MVAs (motor vehicle accidents), wear seat belts, use a driver if possible — drive defensively if not, and be most attentive for the unexpected,” he added.

Karen Wolfson, an expat from California who started driving in Tbilisi in July, said she was hesitant to start driving here in the beginning — largely due to “careless drivers taking chances that could affect both themselves and others,” she said. However, she noted that, despite the lack of appreciation for international driving norms, Georgian drivers appear to be skilled at parking and avoiding accidents and she has observed fewer

accidents and fender-benders here than she did in the United States.

The leading causes of road accidents in Georgia are speeding and drunk driving, according to figures released by the Ministry of Internal Affairs. In 2008, the number of road accidents peaked at 6,015 — and the number of deaths at 867. Since then, the Georgian government has implemented stricter traffic laws. For example, the penalty for not wearing a seatbelt is now 40 lari.

There are also more stringent penalties for drunk drivers. The fine for driving under the influence of alcohol is 200 lari. Repeat offenders lose their drivers license for one year. The strict seatbelt law implemented

by the Georgian Parliament in 2010 has played a major role in the decrease of road accidents, according to Irakli Izoria, director of the Partnership for Road Safety. In 2011, the total number of road accidents was 4,486 and the number of deaths was 526. The rates are higher than those of other European countries, but there has been a steady improvement.

Civil organizations like the Partnership for Road Safety, which was founded in 2006, are working to reduce the number of road accidents and deaths in Georgia. The organization promotes road safety through education and advocacy. In conjunction with other entities, the organization was a leading advocate for legislation that



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- culminated in the 2010 seatbelt law. Currently, it is focused on two projects: educating children about road safety and passing of child restraint laws.

More cars, more potential accidents

The traffic flow in Tbilisi is greatly affected by the number of vehicles on the roads, as well as the city's infrastructure and geography. According to the 2011 Sustainable Energy Action Plan, in 2009 there were 233,187 registered cars in the city. Of the total, 73% of all vehicles in Tbilisi were private vehicles (including taxis) and 27% were public transportation

vehicles. Yet, the city was not built to handle this high a volume of private vehicles. Although it is unique in many ways, Tbilisi has a road infrastructure similar to the traditional Soviet urban model, which favors public transportation. In addition, Tbilisi is a city with many hills, which further complicate traffic flow. Tbilisi is investing heavily in road construction and traffic management, however. The widening of the embankment, the new highway, and tunnel linking Vake and Saburtalo, and other ongoing projects, will improve the city's traffic flow once completed. In 2007, City Hall outsourced the management

of parking in the city to C.T. Park. While this has not yet translated into a significant increase in parking spaces, parking regulations are being strictly enforced and improving traffic flow. "Iare pekhit," a grassroots project to strengthen pedestrian rights, is also trying to shame drivers into following the rules by posting violators' photos and license plates on a website. As McCarthy said, "The number of deaths and serious injuries thankfully are reducing significantly with road improvements, improved policing, public awareness campaigns and improvements in the driver education and skills, but there is a way to go." ■



Getting Behind the Wheel: The basics in Georgia

Georgia recognizes operational driving licenses from foreign countries. A foreigner can also change his/her foreign license into a Georgian license without taking the theoretical and practical exams. The Service Agency LEPL of the Ministry of Internal Affairs handles

driving licenses and the registration of vehicles.

Car registration, however, is handled in Rustavi, about 25km from Tbilisi.

There are driving schools throughout Tbilisi for those who want to prepare for the theoretical and practical exams

required to obtain a Georgian driver's license.

There are exam practice books available for sale in Tbilisi, and practice tests written in English can be found on the Georgian Police website, www.police.ge.



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Translating Online: Which Site Has the Right Stuff?

There's no shortage of resources on the internet for translating between Georgian and English texts. Some sources offer simple word lists while others rival print dictionaries in their depth and accuracy. Instant translation sites promise a quick fix while collaborative projects invite users to contribute their own expertise in hopes of channeling the wisdom of crowds into the perfect multilingual database. We took a look at eight websites, each with their own highlights and drawbacks, which meet the needs of everyone from the casual weekend visitor to Georgia to the professional Georgian-English translator.

NEAL ZUPANCIC

Dictionary.ge (<http://dictionary.ge/>) offers a comprehensive English-Georgian dictionary compiled and edited over a period of 25 years by Tbilisi State University professors. The dictionary boasts up to 800,000 lexical items organized into 110,000 entries, including technical terminology taken from various scientific and artistic fields. Entries contain complete definitions of English words and phrases in Georgian, and the site's full text search feature allows the user to browse these definitions to find the meanings of Georgian words or phrases. The dictionary is not free, but for only three lari for one month of access, the serious translator will find it more than worthwhile to give dictionary.ge a try before committing to the 25 lari/year subscription.

Google Translate (<http://translate.google.com/>) might be the web's most ambitious free translation package, with phrase and sentence translation and a Translator Toolkit for translating, sharing, and collaborating on documents. Unfortunately Google's translation software for Georgian is currently in the earliest stages of development and often has trouble dealing with even very simple words and phrases, let alone specialist vocabulary.


"Once or twice I have used Google Translate, but it was not of any use, as I was looking for the Georgian translation of several technical terms," says Erekle Glurjidge, a professional translator working in Tbilisi. "I guess Google Translate can be of great help if one does not have a hard copy or other dictionary and has only the Internet, but again, this depends on the degree of complexity and context of translation." Translations are provided without context or additional information, such as pronunciation or

part of speech.

Google Translate can usually recognize Georgian words in their inflected forms, meaning that, unlike they do with most dictionaries, users do not have to figure out the root or citation form of a word in order to find its translation. This can be very helpful in getting an overall meaning, but you can't rely on the grammar to be exactly right, according to freelance translator Lika Barabadze. "It usually translates verbs or nouns and discards the grammar, so you can't use it for a whole text: you use it to get the general meaning of a text." Barabadze also cautions that Google Translate won't interpret inflections correctly.

Translate.ge (<http://translate.ge>) provides instant English-Georgian and Georgian-English translations in a minimalist layout. Results include information such as part of speech, plurals, phrasal verbs, and common expressions. Though its sometimes dense entries can seem unfriendly and hard to sort through, translate.ge is the most comprehensive of any of the free translation resources, and the preferred option of many translators. "It's simple, it's very easy to use; you just type in the word and you get the translation," says Barabadze. "When you need something done fast, you use it." As with many instant translation sites, switching to the Georgian-English tab sets the keyboard input to Georgian automatically so you don't have to have Georgian typing enabled on your computer.

WinGeo (<http://www.wingeo.org/>) has searchable dictionaries in English, Georgian, Russian, and Turkish. With 60,000 English-Georgian and 50,000 Georgian-English entries, WinGeo is slightly less comprehensive than some of the other options, but its English transliterations for all entries could make it the best option for the casual user who is unfamiliar with the Georgian alphabet. ►►



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See More | Certainty

- Try searching with an asterisk (*) to find all entries containing a certain sequence of characters, and click on a search result to see its part of speech.

Targmne.com (<http://www.targmne.com/>) is another instant translation site. Like translate.ge, targmne.com offers detailed results, but it formats the results with an eye towards readability. Click on the pink bar beneath a heading to see the full entry. Targmne also offers a number of additional language options, like French, German, Russian, and Turkish, and also sets keyboard input automatically depending on which language you select.

A surprising source of Georgian-English translations is Wiktionary (http://en.wiktionary.org/wiki/Category:Georgian_language). Approximately 12,000 Georgian words have entries featuring translations, transcriptions, pronunciation, links to English-language definitions, and, of-

ten, grammatical tables that lay out the different forms the word can take, like plural forms for nouns and conjugations of verbs. Users can browse through categories, such as “Georgian verbs,” or search for specific words. Like its cousin Wikipedia, Wiktionary is user-edited, so watch out for mistakes and double-check with a traditional dictionary when accuracy counts.

Lexicon.ge (<http://lexicon.ge/>) offers instant translations with results in a simple list format. Although it lacks details, Lexicon.ge can translate seven languages to and from Georgian. Perhaps the site’s most notable feature is its text converter, which can convert between the four most common ways of encoding Georgian characters, so keep Lexicon.ge in mind if you come across a Georgian text that your browser can’t interpret.

Last but not least, Glosbe (<http://glosbe.com/>) is a multilingual online dictionary that aims to provide context

to its translations by allowing users to view examples of human-translated passages containing each search term. These “translation memories” can be phrases, sentences, or even whole paragraphs, and are presented side-by-side with the translated word or phrase highlighted so the user can see how the term is used in authentic real-world texts. A search of Glosbe’s Georgian-English dictionary also provides an automatic translation from Google, which could save the user a trip even if the term is not in Glosbe’s database.

Glosbe is still in the early stages of development, with only 24,000 Georgian-English phrases translated, and, as a collaborative project, its success will ultimately rely on its user base, but the features it promises - from translation memories to audio recordings to its unique approach to storing meanings - make it the site to watch as the world of online translations moves forward. ■

TRANSTATION SITES AT A GLANCE

	Instant Translations	Georgian to English	English to Georgian	Transliterations	Part of Speech	Phrases/ Collocations/ Idioms	Type in Georgian
translate.google.com						***	online keyboard
translate.ge							auto
targmne.com							auto
lexicon.ge				*			auto
wingeo.com							
wiktionary.com							
dictionary.ge							
glosbe.com							online keyboard

* via text converter

** attempts phrase/sentence translation

American Poet Gives Voice to Georgian Verse



Lyn Coffin, a well published American poet, is working with Georgian translators to bring the rich legacy of Georgian poetry to the English speaking world. With translations ranging from Shota Rustaveli to Galaktion Tabidze, Coffin and her colleagues are gifting readers wisdom, love, and passion from centuries of Georgian bards.

A Rose By Any Other Name...

The tale of how Lyn Coffin came to Georgia and fell in love with Georgian poetry unfolds like a short story. It begins with Professor Gia Jokhadze, a historian turned translator. While working on a book about Russian poet Joseph Brodsky, he discovered an essay Coffin – a well published American poet and playwright – wrote about him and sent her an email.

Their correspondence about Brodsky led to a discussion about Georgia and Georgian poetry. Coffin, a gifted lyricist, has used her ear for language to translate Czech, Mongolian, and Russian poetry, to name a few. Jokhadze, a professor at Ilya State University, sent her a few poems by Ilya Chavchavadze – the Georgian saint and poet – and she sent back her versions.

“I understood that she was a real poet and she understood the essence of Ilya’s poems to explain the situation of Georgia within the Russian empire,” Jokhadze said.

“About a month later I asked her when she has a chance to come to Georgia as a professor of American literature or whatever she wished.”

The result is history – or, rather, a whole collection of histories built around a beautifully crafted anthology of Georgian poetry translated into English: *Rustaveli to Galaktion*.

In the process, Coffin has translated Georgian verse from the father of Georgian poetry, Shota Rustaveli, to modern poets like Davit Barbakadze.

“Of all the peoples I’ve known (and I’ve traveled around the world), Georgians are the clearest about what poetry is and why it matters,” she said in an email interview.

“Georgian poetry is great because Georgians know what it is to drink deeply of suffering and joy.”

The book, scheduled for release in early 2013, is just one of the many collaborations Coffin is working on with Georgian poets. She and Jokhadze are also working on a verse translation of Shota Rustaveli’s *The Knight in the Tiger’s Skin*, which is planned for 2014.



► A New Generation of Translators

Coffin's work also contributed to a seminar for creative translation at the Shota Rustaveli Institute of Georgian Literature in September.

Coffin, along with other translators, coached participants through the process of modern translation – and helped usher in a new generation of translations that skip the Russian language middleman to go directly from Georgian to English, or French, or any other language.

“I know some of the Russian translations of Georgian poetry, where the poems were translated by famous Russian poets but when I worked on

those translations I came across things that are not identical – sometimes it is completely different...the meaning was completely lost... because the music and rhyme was lost,” noted Gaga Lomidze, a literary critic and staff member at the institute.

“We are trying to do word for word translation and then make it perfect; I mean to make it more close to the original so all of those students were trying that and I think they were successful.”

For Coffin and Jokhadze, the work is time consuming and intense: Jokhadze does an initial word for word translation from Georgian to English. He then reads the original piece to

Coffin, who, using her ear for language and rhythm, turns it back into poetry.

Coffin's initial translations have been praised in Georgia for her ability to capture the essence of the poem – and its poetry.

“Her skills to find out the characteristics of Georgian poetry are amazing,” Nana Svanidze, an amateur translator, said.

“It comes to her easily, this rhythm, but she is also very hard working in studying languages and she has such a talent to understand the soul and nature of poetry in different [languages]... She has captured our soul and poetical genius...” ■



Poetry – First and Foremost!

Let us have souls than snow more blameless!
 Friends! Till I die, I will try to sing
 The single joy I'll not leave nameless
 Poetry's the first and foremost thing!
 You won't see me after selfless fights
 lie down exhausted too weak to sing:
 I'm always lit with light-giving lights
 Poetry's the first and foremost thing!
 Always, like death, is my wish to give
 the whole spinning world a song to sing,
 to shine a light as long as I live:
 Poetry's the first and foremost thing!
 Even if my home won't bless my life,
 my lips will frame songs of joy and strife.
 When I lie dying, I'll try to sing:
 Poetry's the first and foremost thing!

GALAKTION TABIDZE
 (1892-1959)

tion and took up managing the trainers of eight regions.

When did you become the regional manager for Russia? It's quite hard to be successful in that country...

I became the Sales Regional Manager for Russia in 2008. Along with 4 other managers, I managed AVON sales all over Russia. It was when I was in charge of the team that sales reached the highest in this region, which was 1/4 of all Russian sales; all thanks to a successful team. Also through my leadership, we opened a new region in the Far East. There were 83 regional managers and over 230 thousand AVON representatives under my management.

What brought you to AVON Georgia?

Georgia is a completely different stage in my career development at AVON. It's been exactly a year and a half since I became the head of AVON Georgia. Here, I'm not only responsible for a particular region, but also for the success and development of the entire market. AVON Georgia is a very complicated and individual young market with a lot of potential. This team is ready to take on challenges despite only having four years of experience and does the same amount of work as larger and more experienced countries. The AVON Company takes a great deal of responsibility for bringing AVON Georgia success.

There is great similarity between me and the company, where I understand how I contribute to the development of the company and to the success of AVON Georgia. At times, I recognize how the company and the AVON Georgia team both help me to develop my skills. This similarity is constant in this company.

What were your expectations when you learned you were coming to Georgia?

My first impression of Georgia is

linked to my childhood, although I had never imagined I would come back, especially for work purposes. My mother is Georgian and I partially grew up on Georgian traditions; I know Georgian. I used to spend every summer with my grandmother here when I was little and all of my sweetest childhood memories are connected with Georgia. The expectations were connected to my childhood memories and I can say they came true. The moment I arrived I felt warmth and positive attitude from people. Through this year and a half, I've gained many wonderful friends who mean a great deal to me. I knew I was working with people of special character and talent. The team that was here when I arrived is definitely distinguished. You can clearly see the Georgian nature and character that makes each and every one of them special. Georgia is a country of talents, and AVON Georgia is a clear example of that...

How important is what you do and what is your secret to being a woman and an executive?

To me, AVON is the place where I constantly challenge myself, although I never had the feeling that being a woman influences my approach to what I do. If you mean intuition, in that sense, I prefer balance between intuition and precise calculations. I'm always ready to help people express their opinions and since every person is different, I try to have an individual approach to each of them, create the appropriate environment for them to be more open, creative...and contribute to the overall success of the company. The values – faith, trust, respect, integrity and self-criticism – that the company has been faithful to for 125 years mean a lot to me. The team I have here in Georgia shares this attitude and it's probably due to that, that it's so pleasant for me to work and interact with

these people.

What's an average day in your life like?

My morning begins with energetic music and a breakfast with the family. Then I take my child to school and go to work. My work day begins the second I get into my car - I open my blackberry and start checking my e-mail. Once I get to the office, the workers gather in the AVON Company meeting room, where we begin discussing a variety of initiatives and projects.

Tell us about your family. How much time do you get to spend with your husband and children?

Finding a balance between your private life and work is very important. I have two sons - the elder one is a future lawyer and is studying in Moscow. The younger son is 12 and lives with me here in Georgia. He goes to an English-language school and is eagerly studying Georgian. He already has several Georgian friends. My children are my greatest achievement and I would like to spend more time with them. My husband, just like my children, is always there for me when it comes to important decisions. I can easily count on each of them.

Your advice to women trying to be successful in different professions...

The main thing is to believe in yourself, believe that you can do more that you are actually doing. Set a goal and let nobody stand in the way of reaching it.

What are the future plans for AVON?

AVON Georgia has quite an ambitious plan – by our 5th anniversary we want to become the number one company on the Georgian cosmetics market.

And finally: What would you like to tell the readers?

I'll use my favorite phrase, by Coco Chanel – “Never give up; everything is in your hands.”



Ten things you didn't know about... Winter in Tbilisi

In the race to see Georgia, there is a tendency to forget Tbilisi. Despite popular opinion, the capital is more than just Vake, Vera, and Meidani Square. Like any small city, Tbilisi is full of colorful neighborhoods and, over the next several issues, Investor.ge will (re)introduce you to their charms

The weather outside is frightful, but Tbilisi in the winter can be so delightful you will soon be singing “let it snow, let it snow, let it snow.”

1 Hit the slopes—Skiing starts just 30 kilometers outside of Tbilisi at Betania, which includes a tubing area for children. Other ski destinations include Bakuriani, Gudauri, and Mestia in Svaneti. More information on the resorts, accommodations, and amenities is available on www.skigeorgia.ge.

2 Hit the spa – and get a room at Betsy’s, Holiday Inn, Marriott, Radisson, and Sheraton hotels in Tbilisi and Batumi – and Holiday Inn’s new hotel in Kazbegi - all of which have special deals for the winter season including discounts on rooms and amenities. For more information, please see their sites: www.betsyshotel.com, www.hi-tbilisi.com, www.radissonblu.com/hotel-tbilisi, www.facebook.com/sheratonmetechi,

and www.facebook.com/tbilisimarriott.

3 Baths – The sulfur baths in Old Tbilisi are a must any time of the year, but especially in the winter. Newly refurbished, the baths have been an integral part of Tbilisi life since King Vakhtang Gorgasali founded the city. Alexander Dumas and even Pushkin visited the baths, so we think you will enjoy them, too. Baths are divided into three categories: men, women, and family. There are a variety of room sizes and prices.

4 O chichilaki – Of course there are Christmas trees available in Georgia – evergreen and plastic. But there are also chichilaki, the traditional ‘tree,’ carved from tree branches, www.youtube.com/watch?v=gvQ5DuJGZyA. They are sold around the city, but beware: tradition holds they must be burned on January 19, the feast of Epiphany, to remove negativity from a home.



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- Package benefits do not apply to other special offers
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- Charge for children from age 6 to 12 is 50% off from extra person fee
- Above mentioned rates do not include 18% VAT
- Package is valid from 29th of December 2012 till 14th of January 2013
- Hotel reserves the right to modify or cancel this promotion any time

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► **5** The Nutcracker – Going to the ballet is always a treat in Tbilisi, where the dancers are talented and the ticket prices are reasonable. The Nutcracker is a staple of the season, with shows nearly every day starting December 15, continuing into January. For times and more information, check out www.ballet.ge.

6 Alilo – A religious holiday that is celebrated every year on January 7 with a huge walking parade that goes from nearly every district in the city up to Sameba Church. A donkey from Kakheti leads the pack, carrying donations that the Patriarchy distributes to needy families. The celebration is picturesque – especially when the faithful join for the final ascent through Avlabari to the cathedral.

7 Santa and Tovlis Babua – Santa has arrived in Georgia, via cartoons, movies, and Bank of Georgia commer-

cials. But the native gift giver is Tovlis Babua (Grandfather Snow) who comes on New Year's Eve and drops off a gift before children go to bed. At Mtatsminda Park, both gentlemen stop by to collect lists and pose for photographs around the last week in December. For dates and times, call the park: 243 47 77, 243 47 70.

8 January 13 (Old New Year) – The Old New Year is celebrated in most of the former Soviet Union, where the Orthodox Church continued to follow the Julian Calendar after the government switched to the Gregorian Calendar, which is 13 days ahead. It is a bittersweet holiday, since it signifies the end of the Christmas/New Year season – which, depending on how much holiday you have had, could be a good thing. It is much quieter than December 31/January 1, but people still wish each other Happy New Year to celebrate the day.

9 Head for the white lights – If there is one thing Tbilisi does well, its is lights. Holiday lights start going up at the end of November, and stay on until mid-January. Rustaveli and Freedom Square get star treatment, and every major street in the city boasts some sort of decoration. Investor.ge's favorite is usually Baratashvili Bridge and Puskkin Street but take a tour of the city at night and judge for yourself: from Rustaveli Avenue to the 'burbs, the lights are spectacular.

10 Hot chocolate – One of the best things about winter in Tbilisi is the hot chocolate. In cafes and coffee bars around the city, when you order a cup of cocoa, you are treated to a thick, spoon-able concoction of pure chocolate. We would tell you our go-to hot chocolate cafes, but there are simply too many to list. At this time of year, it is hard to go wrong. Enjoy. ■





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Prime Minister Ivanishvili, AmCham and the US Embassy at Election Watch Breakfast

On November 7, 2012 the American community of Georgia, government officials and business representatives gathered at Marriott Courtyard to watch the live streaming of the American presidential elections and share the exciting moments related to the celebration of a day of democracy. The election watch party was jointly organized by the American Chamber of Commerce and the U.S. Embassy in Georgia and featured more than 500 invited guests.

After the election results were reported by the media the U.S. Ambassador to Georgia, Richard Norland; Ambassador-at-Large for Global Women's Issues, Melanne Verveer; and the AmCham President Sarah Williamson addressed the guests to congratulate them on this



important day and to highlight its importance.

Prime Minister Bidzina Ivanishvili also joined the celebration. He met with U.S. Ambassador Norland and AmCham Georgia President Sarah Williamson.

Other government officials including Finance Minister Nodar Khaduri, State Minister for European and Euro-Atlantic Integration Alex Petriashvili, Minister of Defense Irakli Alasania, Deputy Security Councilor Batu Kutelia, etc. were in also attendance.

U.S. election watch party is a traditional event held on the election day around the world. This year's event in Georgia allowed the invited guests to watch election results in real time as well as review historical election cartoons and newspapers and cast a mock ballot for president.





Justice Minister Tea Tsulukiani: Reforms Will Create Fair Courts

Newly appointed Justice Minister Tea Tsulukiani pledged to create courts where businesses can get a fair trial – but warned businesses that the days of special relationships are over during a meeting with AmCham members at the Radisson Blu Iveria hotel on December 5. Tsulukiani said changes will be made in the courts, “changes as needed so you have a place where you can show you are

right, a place where you can show your rights have been violated.”

“This reform is not for us, this reform is not for the executive,” she said. “This reform is for the regular judge and for the judiciary, and for you.”

Tsulukiani warned, however, the businesses should make peace with the fact that no minister – or deputy – will be willing to help them in the new gov-

ernment. “We have instructions from the Prime Minister that anyone who befriends a business person...will be dismissed,” she said.

The minister also outlined future reforms, including planned changes in the labor code – specialists from the International Labor Organization will arrive this month to work with the ministry on new amendments.

AmCham Members Only Luncheon with USAID’s Mission Director in Georgia

On November 21, AmCham hosted a luncheon networking meeting for its members at Betsy’s Hotel to hear from USAID’s Mission Director in Georgia, Stephen Haykin. Mr. Haykin gave an overview of USAID’s strategy for the

allocation of development resources over the next five years. The main goal of the strategy is that “Georgia’s democratic, free-market, Western-oriented transformation be strengthened and sustained”. After five years USAID expects to see

Georgia move towards a more accountable governance, more broad-based and sustainable economic growth and tangible progress towards reaching out to people in the separatist regions and in regions with a large minority population.

Georgia Rallies Behind the National English Spelling Competition

A diverse Georgian network of NGOs, government bodies, schools, individuals and the private sector is collaborating to launch Georgia's first National English Spelling Competition (NESC).

More than 2,400 students across Georgia participated at the local level in October, with more than 1,000 advancing to the Regional Competitions, taking place 1-9 December. The winners from each of the nine participating regions will win an all-expense-paid trip to compete in the National Competition, 29-31 March 2013, at the National Youth and Children's Palace in Tbilisi.

The National English Spelling Competition was inspired by and built upon Georgia's government-initiated effort to improve the English learning experience in schools, while also celebrating the successes of both students and teachers.

This exciting, new event provides

students in grades 8–12 with an opportunity to travel, represent themselves and their communities proudly, and win great prizes. Notable partners and supporters include Free University of Tbilisi and Agriculture University of Georgia, Rico Express, World Vision Georgia, U.S. Embassy, Ministry of Education and Science of Georgia, Peace Corps Georgia, American Corners, American Friendship Club, ETI, ACETT, American Corners, British Council, LEPL Children's and Youth National Centre and CENN.

The NESC is still looking for support to ensure this experience will be one that students remember for a lifetime. If you are interested in supporting the NESC with monetary donations, sponsorships, prizes or volunteer work, please contact Gus Davidson, +995 599 093 608 or gdauidson86@gmail.com. For the latest event information, visit spellingcomp-georgia.tumblr.com.

Overview of the Georgian Real Estate Market with IPM's Martijn Kanters

Martijn Kanters, a consultant at IPM and an urban planning specialist, presented new data on the Georgian real estate market during a special meeting for AmCham members at the Radisson Blu Iveria hotel on November 16.

The Georgian real estate market is fragmented, according to the data collected during the three month research project conducted by Jones Lang LaSalle and IPM this year.

Pockets of opportunities exist in the hotel sector – occupancy rates in Tbilisi are around 60 percent, considerably

higher than the European Union average of 40 percent – and in the warehouse/logistics sector.

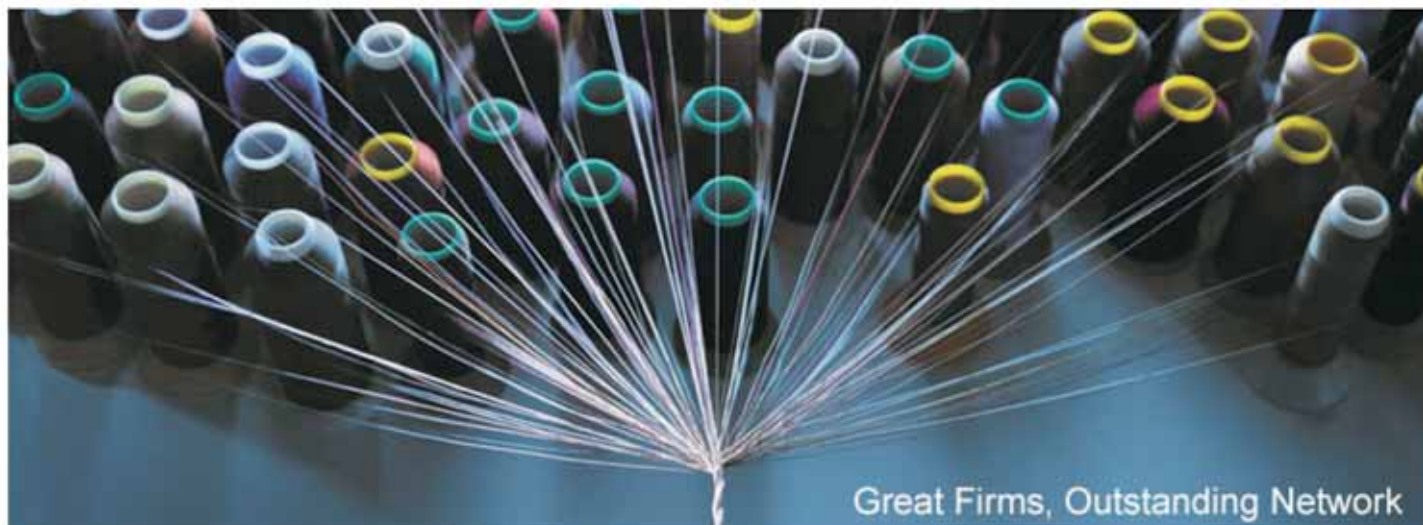
An overreaching issue that affects most aspects of the market, especially the office space and warehouse/logistics sectors is the lack of modern supply. Other factors that affect the market include the fact that most buildings are owner-occupied, which is more unusual in developed real estate markets where businesses prefer to rent, and the high level of home ownership (91.5 percent in Georgia in 2011).

AmCham President Sarah Williamson meets the Minister Giorgi Kvirikashvili



On November 14, AmCham President Sarah Williamson met with Minister of Economy and Sustainability Giorgi Kvirikashvili. "The meeting was extremely open and positive. We discussed a large array of issues ranging from the importance of private sector involvement in the drafting of legislation that effects our businesses to potential ways AmCham can work with the Ministry to attract investment and provide input to important government initiatives such as DCFTA, and other trade agreements," she said.

"In all areas I felt a strength of knowledge and awareness of the issues from Minister Kvirikashvili and, most importantly, a willingness to work with the business community."



Baker Tilly Georgia Limited, an independent member of Baker Tilly International, is one of the very first accountancy firms in Georgia established in July 1996, when audit as a profession was first introduced by legislation. During the sixteen years of existence the firm managed to build reputation of reliable and the highest quality professional services provider performing assignments in Georgia, Azerbaijan, Armenia and Ukraine. With our highly trained, experienced and efficient workforce the firm is capable of providing assurance, accounting and business advisory services to medium and large business in virtually any industrial field.

Baker Tilly Georgia Limited was and is still actively involved in developing the profession in Georgia. Our partners took their part in publishing the first Georgian editions of International Standards on Auditing and International Accounting Standards. Mr. Ivane Jelia, the managing partner of the firm is currently serving as the chairman of Professional Quality Control Committee at the Georgian Federation of Professional Accountants and Auditors (GFPAA).

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- Corporate reporting
- IFRS reporting
- Regulatory compliance & reporting
- Accounting advisory
- Risk assurance
- Internal audit

Consulting and Accounting

- Strategy
- Finance
- Governance, risk and compliance
- Operations (accounting)
- Financial due diligence

Expert valuations

- Valuation consulting
- Tax valuations
- Independent expert opinions
- Accounting valuations
- Modeling and business planning

Tax

- Local and international tax
- Indirect taxes
- Mergers & acquisitions
- Tax accounting services
- Alternative tax audits, Category A companies.



Putting a Priority on CIS Markets

David Owen, the Managing Partner of Deloitte CIS, visited Georgia for the first time in October. During his visit, he spoke with AmCham about the region.

The CIS market, including Russia, Ukraine, Georgia and other former Soviet States, is a “strategic priority market” for Deloitte, according to Deloitte CIS Managing Partner David Owen.

“The CIS is one of a small number of what is called strategic priority markets for Deloitte globally. That does not just mean they have a nice title. That means they get leadership attention, they get funding, and they get then taken very, very seriously,” Mr. Owen said.

“They are an interesting mix of quite developed markets like Germany and Japan where we would say there is quite a bit more we can and should do, and they include all of the BRIC markets and the CIS market’s prominence within it.”

He noted that out of the \$750 million Deloitte invests globally, the CIS region receives roughly 10 percent – a “significant” share.

“So Deloitte continues to say that the CIS -- and within it the gorilla piece is Russia -- continues to be very, very significant,” Mr. Owen said.

“I have a huge respect for the diversity and composition of it ... And therefore recognizing the relative importance of the market place, recognizing the conditions which existed in the recent past and recognizing some of the complexities, we clearly believe that this is an important marketplace.”

Mr. Owen noted that bringing John Robinson, an Audit partner at Deloitte CIS, to the Tbilisi office is an indication of the importance Deloitte puts on the Georgian market.

“We wouldn’t have someone with of John’s experience and caliber if we didn’t think this is an important marketplace. And we would expect to grow our business here pretty much in proportion to what our market share should be,” he said.

“There is clearly headroom for us to grow in this environment and to do so in a connected way with the rest of the CIS region either in terms of clients who are important to Georgia and beyond in the CIS or in terms of access to resources, particularly in a business like ours where resources are people and money.”

David Owen is the Managing Partner of Deloitte CIS. David has over twenty years of experience in Consulting with Deloitte in South Africa and the UK. Prior to this he gained 9 years experience in industry.

Since joining Deloitte he has been involved in some of the firm’s most prestigious and important clients as a Consulting Partner, bringing multidisciplinary solutions to a range of leading international companies and public sector organisations.

Deloitte’s Tbilisi office provides international accounting standards (IAS) audits, tax consulting, and related services to Georgian and multinational corporations in Georgia and throughout the Caucasus.

AmCham Company Members as of December 2012

PATRON MEMBERS

APM Terminals

52 D. Aghmashenebeli St., Poti
Tel: 493-20660; Fax: 493-20688
www.apmterminals.com

BP Exploration Georgia

38 Saburtalo St.
Tel: 2593400; Fax: 2593488
www.bp.com

Exxon Azerbaijan Ltd

Landmark Suite 300, 95 Nizami St.,
Baku, AZ1010 Azerbaijan
Tel: (994-12) 4982460; Fax: (994-12)
4982472
www.exxonmobil.com

PricewaterhouseCoopers

7 Bambis Rigi St., 0105
Tel: 2508050; Fax: 2508060
www.pwc.com/ge

UGT

17a Chavchavadze Ave., 7th floor
Tel: 2220211; Fax: 2220206
www.ugt.ge

CORPORATE A MEMBERS

ABRIS Distribution AG.

21 Liubliana St.
Tel: 2527271;
www.abrisdc.com

Alliance Group Holding, JSC

47/57 M. Kostava St., 0179
Tel: 2424181; Fax: 2998112
www.agh.ge

Avon Cosmetics Georgia LLC

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

F H Bertling Georgia Ltd.

9 Tarkhnishvili St.
Tel: 2443356; Fax: 2443376
www.bertling.com

Betsy's Hotel / Prosperos Books

32/34 Makashvili St. / 34 Rustaveli
Ave.
Tel: 2987624, Fax: 2923592
www.betsyshotel.com

Booz Allen Hamilton, Inc.

7 Bambis Rigi St., 0105
Tel: 2439072; Fax: 2439059
www.boozallen.com

British American Tobacco

71 Vazha Pshavela Ave.
Tel: 2399103/01/02; Fax: 2399104
www.bat.com

Catoni & Co. Georgia

3 Lesia Ukrainka St. Apt.7
Tel: 2989230; Fax: 2922264
www.hapag-lloyd.com

Caucasia Trading

Apt 11, Bld 7, 16 Krtsanisi St.
Tel: 14433050083; Fax:
14433788388
www.caucasiatrading.com

Caucasus University

77 Kostava St., Bld.6, 4th fl.
Tel: 2941691; Fax: 2253814
www.cu.edu.ge

CH2M Hill

5th Floor, GMT Plaza, Freedom
Square
Tel: 2474040; Fax: 2470210
www.ch2m.com

Chartis Europe S.A. Georgia

Branch
7 Bambis Rigi St., 0105
Tel: 2439025;
Fax: 2439026
www.chartisinsurance.com

Chemonics International

6a N. Ramishvili St., 0179
Tel: 2234311; Fax: 2234309
www.chemonics.com

Dechert Georgia LLC

7th floor, Pixel building,
34 Chavchavadze avenue
Tel: 2334719
www.dechert.com

Deloitte

36a, L. Asatiani St., 0105
Tel: 2244566; Fax: 2244569
www.deloitte.ge

Diplomat Georgia

65, Kakheti Highway
Tel: 2984950
www.diplomat.ge

DLA Piper Georgia LP

10 Melikishvili St.
Tel: 2509300; Fax: 2509301
www.dlapiper.com

Economic Prosperity Initiative (EPI)

6 Samghebro St.
Tel: 2438924
www.epigeorgia.com

Ernst & Young

44 Kote Abkhazi St.
Tel: 2439375; Fax: 2439376
www.ge.ey.com

Frontera Resources Georgia

12 Paliashvili St.
Tel: 2252412
www.fronteraresources.com

Georgian American University

8 Aleksidze St.
Tel: 2206520; Fax: 2206519
www.gau.ge

Georgian Audit & Consulting Company

47 Kostava St. Suite 29
Tel: 2984039; Fax: 2438352
www.gacc.com.ge

GMT Group

4 Freedom Square
Tel: 2988988; Fax: 2988910
www.gmt.ge

Gosselin Moving Georgia

3 M/D, Didi Digomi
Tel: 2596601/02/03; Fax: 2596600
www.moving.gosselinggroup.eu

Grant Thornton LLC

3 Mamardashvili St.
Tel: 2604406
www.grantthornton.ge

Greco Group

1 Nutsubidze St.
Tel: 2393138; Fax: 2311107
www.greco.ge

Gryphon - FK

8603 Westwood Dr. Suite 310
Vienna, Va 22182, USA
Tel: 1 703 992 8664
www.gryphonairlines.com

GT Group

48 B. Cholokashvili St.
Tel: 2740740
www.gtgroup.ge

Hall, Booth, Smith & Slover, P.C.

41 Vaja Pshavela Ave. 0177
Tel: 2394417, Fax: 1-404-9545020
www.hbss.net

Hangar Bar, the

20 Shavteli St.
Tel: 2931080
www.thehangar.biz

Iberia Refreshments, JSC

Tetri Khevi Hesi District, Orkhevi
Tel: 2241091; Fax: 2241090
www.pepsi.ge

KPMG CIS Ltd. Tbilisi Branch

3rd Floor, Besiki Business Center,
4 Besiki St., 0108
Tel: 2935713; Fax: 2982276
www.kpmg.ge

Levon Travel

20 Chavchavadze Ave.
Tel: 2250010; Fax: 2232399
www.levontravel.ge

Maersk Georgia LLC

6 Khetagurov St.
Tel: 2200800; Fax: 2200815
www.maerskline.com

Magticom

5 Politkovskaya St.
Tel: 2171717; Fax: 2171171
www.magticom.ge

Marriott Hotels, Resorts & Suites

13 Rustaveli Ave.
Tel: 2779200; Fax: 2779210
www.marriott.com

Metromedia International Group

8000 Tower Point Dr., Charlotte, NC
28227
Tel: 2171201; Fax: 2210101
www.metromedia-group.com

Microsoft Georgia LLC

34 Chavchavadze Ave.
Tel: 2970123
www.microsoft.com

MSD (Schering Plough Central East AG)

44 K. Abkhazi St. 0105
Tel: 2438978
www.merck.com

NRC

9 Khvichia St. 0160
Tel: 2244141, 2382825
www.nrcintl.com

Perdue Farms Inc.

11 floor, 154 Agmashenebeli Ave.
Tel: 2957129
www.perdue.com

Pfizer Luxembourg SARL Representation Office in Georgia

58 I. Abashidze St.
Tel: 2252986
www.pfizer.com

Philip Morris

7 Bambis Rigi St., 0105
Tel: 2439001; Fax: 2439005
www.philipmorrisinternational.com

ProCredit Bank

154 Agmashenebeli Ave.
Tel: 2202222; Fax: 2202222-2226
www.procreditbank.ge

Radisson BLU Iveria Hotel

1 Rose Revolution Sq.
Tel: 2402200; Fax: 2402201
www.radissonblu.com

SEAF Management LLC

7, Niko Nikoladze St. II Floor.
Tel: 2998115; Fax: 2923533
www.seaf.ge

Sheraton Metechi Palace Hotel

20 Telavi St.
Tel: 2772020; Fax: 2772120
www.sheraton.com/tbilisi

T&K Restaurants (McDonald's Georgia)

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

TBC Group

7 Marjanishvili St.
Tel: 2272727; Fax: 2228503
www.tbc.com.ge

TBSC Consulting

3, Rapiel Eristavi Street, IV Floor
Tel: 2959019; Fax: 2420215
www.tbsc.ge

CORPORATE B MEMBERS

Aliance Georgia Ltd

33 Samurzakano St.
Tel: 2243773
www.groupalliance.com

GZ American Academy in Tbilisi

Lisi Lake surrounding territory
Tel: 2227441; Fax: 2227889
www.aat.ge

Bagebey City Group

49b Chavchavadze Ave.
Tel: 2913152; Fax: 2290169
www.bagebeycity.com

Baker Tilly Georgia Ltd.

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

Bank Constanta

139 Tsereteli Ave.
Tel: 2401401
www.bankconstanta.ge.com.ge

Bank of Georgia

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

Bank Republic

2 Gr. Abashidze St.
Tel: 2925555; Fax: 2925544
www.republic.ge

Basis Bank JSC

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

Batumi Oil Terminal

GMT Plaza, 4 Freedom Sq.
Tel: 2241818; Fax: 2241817
www.batumiport.com

BDO LLC

42 Kazbegi Ave.
Tel: 2545845; Fax: 2399204
www.bdo.ge

■ **BGI Advisory Services Georgia**
18 Rustaveli Ave., II fl.
Tel: 2997292; Fax: 2996615
www.bgi.ge

■ **BLB (Business Legal Bureau)**
1 Shevchenko St, Apt. 1
Tel: 2995797
www.blb.ge

■ **BLC Law Office**
4 Gudiasvili Sq.
Tel: 2922491; Fax: 2934526
www.blc.ge

■ **Casino Adjara**
1, 26 May Sq.
Tel: 2335519; Fax: 2334520
www.casinoadjara.com

■ **CaucasTransExpress**
10a Tashkent St. 0160
Tel: 2375715
www.cte.ge

■ **Caucasus Online LLC**
71 Vaja-Pshavela Ave.
Tel: 2480048; Fax: 2480048
www.caucasus.net

■ **Château Mukhrani, J.S.C.**
III floor, Didube Plaza,
116 Tsereteli Ave.
Tel: 2201878; Fax: 2201878;
www.mukhrani.com

■ **City & Co.**
4 Besiki St.
Tel: 2920921

■ **Crystal, MFO JSC**
72 Tamar Mepe St. Kutaisi, 4600
Tel: 431253343
www.crystal.ge

■ **Dexus**
150 David Agmashenebeli Ave.
Tel: 2207887
www.dexus.ge

■ **Dika Ltd.**
40 Rustaveli Ave.
Tel: 2990994; Fax: 2990994

■ **Dutch Design Garden**
20 km, Agmashenebeli Alley
Tel: 2530779
www.dutchdesigngarden.com

■ **Financial Brokers Georgia**
36a Lado Asatiani St.
Tel: 2969123
www.financial-brokers.ge

■ **GeoCapital Microfinance Organization Ltd.**
5 Tsereteli St, Kutaisi
Tel: 431 267070
www.geocapital.ge

■ **Geocell**
3 Gotua St.
Tel: 2770100, ext. 7435;
Fax: 2770119
www.geocell.ge

■ **GeoEngineering LLC**
15a Tamarashvili St.
Tel: 2311788; Fax: 2311787
www.geoengineering.ge

■ **Georgian Airways**
12 Rustaveli Ave.
Tel: 2999730; Fax: 2999660
www.georgian-airways.com

■ **Georgian Resources Company**
3-5 Kazbegi St.
Tel: 2936676
www.georgianresources.com

■ **Globalink Logistics Group**
14-A Shartava St, 2nd fl, Suite 7
Tel: 2253262; Fax: 2439002
www.globalinkllc.com

■ **Goodwill (G-Mart)**
1 Parnavaz Mepe Ave. 0131
Tel: 2243673; Fax: 2243673
www.goodwill.ge

■ **Gvinadze & Partners LLC**
44 Kote Abkhazi St, Tbilisi 0155
Tel: 2438970, Fax: 2438971
www.gvinadzeandpartners.ge

■ **Holiday Inn**
1, 26 May Sq., 0171
Tel: 2300099
www.hi-tbilisi.com

■ **HRG Georgia "Sky Travel LLC"**
Meidan Palace Business Center,
44 Kote Abkhazi St.
Tel: 2438958
www.hrgworldwide.com

■ **Hualing International Special Economic Zone**
25 Apt. 34/36 Kobuleti St.
Tel: 591005900
www.hualing.cn

■ **Ioli Supermarket**
13 Abuseridze-Tbeli St.
Tel: 2745053
www.gastronomia.ge

■ **JTI Caucasus**
15 Kipshidze St.
Tel: 2604111
www.jti.com

■ **KSB Bank**
3 Ketevan Tsamebuli Ave.
Tel: 2550000, Fax: 2507707
www.ksb.ge

■ **Kordzhia, Jgenti Law Firm**
10 petriashvili St.
Tel: 2921878
www.kjlaw.ge

■ **Legal Partners Associated LLC**
Office #203, Besiki Business Center,
4 Besiki St. 0108
Tel: 2200203; Fax: 2250458
www.lpa.ge

■ **Liberty Bank JSC**
74 Chavchavadze Ave.
Tel: 2555500; Fax: 2912269
www.libertybank.ge

■ **Luca Polare**
54 Oniashvili St.
Tel: 2990399
www.lucapolare.com

■ **Mgaloblishvili Kipiani Dziriguri (MKD)**
71 Vazha-Pshavela Ave.,
Office 24
Tel: 2553880/81; Fax: 2973884
www.mkd.ge

■ **Mina JSC**
4 Besiki St.
Tel: 2449981/82/83; Fax: 2449980
www.mina.com.ge

■ **New Construction LLC**
2 Al. Kazbegi Ave. 0160
Tel: 2373594

■ **New School - Int-I House**
35 Tskneti Highway, Bagebi
Tel: 2231728
www.newschoolegeorgia.com

■ **Nodia, Urumashvili & Parnters**
Office #28, IV Block,
71 Vazha-Pshavela Ave.
Tel: 2207407
www.nplaw.ge

■ **Oriflame Georgia**
57 Uznadze St.
Tel: 2911064; Fax: 2911068
www.oriflame.ge

■ **Overall Management Group (OMG) Inc.**
12 M. Javakhishvili St.
Tel: 2436052; Fax: 2436052

■ **Policy and Management Consulting Group (PMCG)**
30 Shevchenko St.
Tel: 2921171
www.pmcg.ge

■ **Publicis Hepta**
17 V. Jorbenadze St.
Tel: 2745672; Fax: 2745671
www.publicishepta.com

■ **Rakeen Development LLC**
20 Telavi St. 5th Floor
Tel: 2933393; Fax: 2933393
www.rakeen.ge

■ **Rentals Ltd.**
46 Rustaveli Ave.
Tel: 2454566
www.rentals.ge

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

■ **Saunders Group**
24 G. Tabidze St.
Tel: 2182112
www.engsg.com

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

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

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

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

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

■ **Thermarsenal Ltd.**
101, Tsereteli Ave.
Tel: 2473112
www.arsenal.ge

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

■ **Wimm-Bill-Dann Georgia Ltd**
Village Ponichala, Tbilisi 0165
Tel: 2475290
www.wbd.ru

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

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

NON PROFIT ORGANIZATIONS

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

■ **CARE International in the Caucasus**
49b Chavchavadze Ave, 3rd Fl.
Tel: 2291941
www.care-caucasus.org.ge

■ **Danish Refugee Council**
88 Paliashvili St.
Tel: 2230659
www.drc-sc.org

■ **East West Management Institute, Inc (EWMI)**
3rd Floor, 5 Marjanishvili St.
Tel: 2505404; Fax: 2202441
www.ewmi-gpac.org

■ **Eurasia Partnership Foundation**
29/31/33 Chavchavadze Ave.,
2nd Floor, 0179
Tel: 2253942; Fax 2252763 (ext. 112)
www.epfound.org

■ **Foundation - Centre for Training and Consultancy**
34 Al. Kazbegi Ave., Plot #3, 0177
Tel: 2206774
www.ctc.org.ge

■ **Georgian Wine Association**
5 Marjanishvili St.
Tel: 2505456

■ **International School of Economics at TSU**
16 Zandukeli St.
Tel: 2507177; Fax: 2984815
www.iset.ge

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

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

■ **Save the Children Federation Inc. Georgia Country Office**
20 Gotua St.
Tel: 2244520
www.savechildren.org

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

AMCHAM CELEBRATES

AmCham celebrated its members during its annual Appreciation Night on December 6 at the Tbilisi Marriott. AmCham President Sarah Williamson thanked all the members and the board for their work in 2012.



AMCHAM CELEBRATES





AmCham

Levon Travel on its 15th Anniversary!



Congratulates

Tbilisi Marriott on its 10th Anniversary!



American Academy Tbilisi on its new campus!



Grand Opening Ceremony took place at the new, 4700 square meter American Academy in Tbilisi at Lisi on December 2.

The second phase of construction envisages building of 25m2 of swimming pool and the Art Center with a 300-seat theater, an exhibition hall, a dance studio, and an art studio.

SOCIAL PAGE

First Step Georgia held a charity Winter Gala Dinner and Dance at the Tbilisi Concert Hall on November 30. Proceeds from the event will support programs for children with disabilities and enable many children with special needs to use First Step Georgia (FSG) Day Care Centers, Early Intervention Programs and Home Based Care Programs.



SOCIAL PAGE



Dutch Design Garden held its annual Christmas Open House on December 2 at its Tbilisi showroom. Guests mingled and enjoyed refreshments and live music among the holiday ornaments, decorations, and Christmas Trees.



The Salvation Army launched new Family Store on November 30. Two of The Salvation Army's Regional Advisory Board members—Amy Denman and Alexander Zedelashvili-- participated in the Grand Opening ceremony at the Samgori Corps in Tbilisi. Funds from sales will help to support programs that serve needy children and adults, providing food, education, clothing, and community relationships.

Sarah Williamson, PRESIDENT

In Tbilisi since June 1998, Sarah Williamson is the co-owner and Vice President of United Global Technologies (UGT), the largest IT company in Georgia.



Board Of Directors 2012

R. Michael Cowgill, First Vice-President

In his 12th. year in Georgia, Michael Cowgill is currently the President and co-founder of Georgian American University's business and law schools in Tbilisi, Georgia.

**Irakli Baidashvili, Vice-President & Treasurer**

Irakli Baidashvili is the Senior Vice President of GMT Group. The company is one of the largest US direct investments in Georgia, the owner of two Marriott hotels, production facility SANTE and several major real estate sites in Tbilisi.

**Neil Dunn, Director**

Neil Dunn is the general manager of BP Georgia since October 2008. He has 30 years of experience in the oil and gas industry, having various engineering and operations assignments.

**Esben Emborg, Director**

Esben Emborg has been in Georgia since 1999. He has worked a General Manager for Caucasus Region for Cadbury Schweppes and Nestle until 2008. Now he is working as Principal Partner for an Investment Fund (SEAF) that is currently managing a 30 mil USD portfolio of investments all over Georgia.

**Lasha Gogiberidze, Director**

Lasha Gogiberidze is a founding partner of BGI Advisory Services Georgia and the director of BGI Legal. Previously, Lasha worked at Ernst & Young's Georgian office. Lasha graduated from Tbilisi State University, has a LL.M. from the University of Illinois, and is licensed to practice law in NY state.

**Badri Japaridze, Director**

Badri Japaridze has been the Deputy Chairman of the Supervisory Board of TBC Bank since 1999 and the Vice-President of Georgian Glass and Mineral Water Co. (GG&MW) since 1995.

**Steve Johnson, Director**

Steve Johnson is the proprietor of Prospero's Books and the General Manager of The Hotel Betsy. Prospero's Books and Caliban's Coffee House is the leading English language bookstore in Georgia.

**Ted Jonas, Director**

Ted Jonas is the Managing Partner of DLA Piper's Tbilisi office. He advises clients on international business transactions, energy and infrastructure projects, government relations, and dispute resolution.

**Ketti Kvartskhava, Director**

Ketti Kvartskhava is a Partner of BLC Law Office. Her professional experience includes her work as a Commercial Law Advisor at the USAID Georgia and as an instructor at Tbilisi State University. She also worked as a Legal Counsel for the US-Georgian Commercial Bank JSC Absolute Bank and JSC Transcaucasia Bank.

**Robin McCone, Director**

Robin McCone is a NZ lawyer. He leads PwC's tax and legal practice in Georgia and Armenia. He has been with PwC mainly based in CEE countries for over 16 years. Prior to moving to Tbilisi he spent two years in New York as the leader of the CEE Desk. He looks forward to utilising his large international network in his role as a board member.

**David Lee, Chairman Emeritus**

David Lee is the General Director of Magticom, the largest telecommunications operator in Georgia and took up his position March 2004. David is also the Chairman of the Eurasia Partnership Foundation and is a Chartered Accountant with an MBA from Warwick Business School. A Russian speaker, he has worked extensively in the former USSR and served as a Royal Naval Officer for 9 years.

**John Ashworth, Ex-Officio Member**

John Ashworth is the Deputy Chief of Political and Economic Affairs and Senior Economic/Commercial Officer at the U.S. Embassy. He worked previously in Uzbekistan, Barbados, and on the State Department's India Desk in Washington.

**Betsy Haskell, Founding Advisor**

Betsy Haskell is an 18 year resident of Georgia who started four successful businesses, and is currently developing a resort hotel and villas in the wine country. For the past 15 years, she has been the Georgia Contractor for Metrica, Inc, a US Treasury Department sub-contractor.

**Amy Denman, Exec. Director**

Amy Denman came to Georgia in 1996 from Chicago where she worked in the Marketing Department in the secondary education division of publishing company Houghton Mifflin. After working for the IFRC for a year, she became the coordinator then the founding Executive Director of the Chamber.



BGI LEGAL

BGI is top-ranked in Georgia by all leading international legal directories in every practice area covered.



BGI is Georgia's leading independent full-service law firm

For more information contact
joint managing partners
Zaza Bibilashvili
(zaza.bibilashvili@bgi.ge) or
Lasha Gogiberidze
(lasha.gogiberidze@bgi.ge)

18, Rustaveli Avenue,
0108 Tbilisi,
Georgia.
Tel.: (995 32) 2 470 747
Fax: (995 32) 2 996 615
www.bgi.ge



OUR BANKING AND FINANCE PRACTICE

Georgia is a regional leader in the banking and finance sector. Well-regulated, transparent banks, a clear system for collateral and mortgages, and an established track record in the performance of international credit documents have combined to attract significant capital to the market.

Since the 1990s our lawyers have worked on international project financings and commercial credit lines into Georgia: from the billion dollar plus financing of its transnational oil and gas pipeline network, to the earliest post-privatization industrial projects and utilities, to the first foreign credit lines to Georgian banks.

Today we continue to represent international financial institutions in their loans to Georgian businesses and banks, as well as Georgian borrowers seeking credits from these same institutions to grow their businesses. Our practice has expanded to include swaps and derivatives and international bond issuances.

Our experience means our lawyers can finish your work fast, efficiently, and with minimum fuss. That means more of the money you raise in international credit markets goes into your pocket, and not to pay the lawyers.

www.dlapiper.com



Ted Jonas, Office Managing Partner (ted.jonas@dlapiper.com) | Otar Kipshidze, Partner (otar.kipshidze@dlapiper.com)

DLA Piper Georgia LP, IO, Melikishvili Street, Tbilisi 0179, Georgia | **T** +(995)32 2509 300 | **F** +(995)32 2509 301

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