HOW DOES THE EU-GEORGIA ASSOCIATION AGREEMENT AFFECT CUSTOMS?

TBILISI DEPUTY MAYOR DETAILS PLANS TO TACKLE TRAFFIC

CONSUMER SPENDING IN GEORGIA: THE POWER OF CONFIDENCE

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A historic boulevard in central Tbilisi on the left side of the Mtvkvari River, the avenue has something for everyone.

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INVESTMENT NEWS

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

TRUMP TOWER BATUMI BACK ON

Georgian media have reported plans to build a Trump Tower in Batumi have resumed after a six-year pause. The $250 million-dollar project, owned by Silk Road Group, will reportedly restart "soon," according to company representatives.

U.S. FINANCING FOR NEW HOSPITAL, PORT PROJECT

The U.S.'s Overseas Private Investment Corporation (OPIC) plans to lend $67 million to two Georgian projects: 120-bed Mother and Child Medical Center in Tbilisi and infrastructure related to a new dock complex in the Black Sea town of Poti, agenda.ge reported on November 16.

GERMAN EXPERTS TO DRAFT URBAN DEVELOPMENT PLANS FOR VILLAGES

The Ministry of Economy of Georgia and the German Society for International Cooperation (GIZ) have signed a memorandum of understanding to develop urban planning concepts for Akhmeta municipality, Tusheti and 12 villages, agenda.ge reports. The deal includes a 200,000 lari grant from GIZ for urban planning.

THERMAL POWER PLANT PLANNED FOR GARDABANI

The construction of a 230 MW combined-cycle thermal power plant in Gardabani is "yet another important step toward reinforcing Georgia's energy independence," according to Georgian Prime Minister Giorgi Kvirikashvili, the gov.ge website reported.

The project will be implemented by the China Tianchen Engineering Corporation and costs $159 million. The plant will go online in winter 2020.

IMPORTS INCREASED BY 31 PERCENT

Foreign trade turnover was $9.950 billion in January-October 2016, an increase of 22 percent compared to the same period last year, the official statistics body, Geostat, reported.

WINE ASSOCIATION LAUNCHES NEW GUIDE FOR WINE CONNOISSEURS

120 wineries and wine bars are listed and mapped in the Wine Association's new guide for Georgian wine. Each venue's entry has a QR code: scan the bar code with a smartphone and its location is pin-pointed on Google maps. Se e more at www.gna.ge.

130 EMPLOYED AT NEW CLAY PROCESSING PLANT

Askaneli Alliance has invested 30 million lari in a new bentonite clay processing plant in Ozurgeti in western Georgia, agenda.ge reported on November 20.

STANDARD & POOR'S RAISES GEORGIAN OIL AND GAS CORPORATION'S RANKING

Standard & Poor's (S&P) has bumped Georgian Oil and Gas Corporation from a negative to a stable rating, agenda.ge reported on 21 November. It now has a B+/B rating.

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GEORGIA'S NEW CABINET

PRIME MINISTER GIORGI KVIRIKASHVILI HAS REPLACED THREE MINISTERS AND NAMED ECONOMY MINISTER DMITRI KUMSISHVILI AS THE NEW FINANCE MINISTER.

After sweeping the parliament elections, Georgian Dream has opted for small tweaks to the government rather than major changes.

Prime Minister Giorgi Kvirikashvili is keeping his post, as are 13 out of the country's 17 ministers. One ministry – the State Ministry for Diaspora Issues – has been reclassified as a part of the Foreign Ministry.

The biggest changes are slated for the country's economic team: Finance Minister Nodar Khaduri is being replaced by former Economy Minister Dmitri Kumsishvili, and former Business Ombudsman Giorgi Gakharia has been tapped to take over the economy portfolio.

Gakharia joined the Georgian Dream government in 2013 as Business Ombudsman. He was named Secretary of the Economic Council under the Prime Minister in 2014.

Minister of Regional Development and Infrastructure Nodar Javakhishvili has also been dismissed, set to be replaced by Zurab Alavidze.

Alavidze currently heads the Strategic Project Coordination Department of the government's Administration. Previously, he served as deputy economy minister in 2009.

He has worked in the finance and banking sectors as well, and holds a master's degree in business administration and a doctorate in economics according to media reports.

Kvirikashvili also named Viktor Dolidze as Minister of Euro-Atlantic Integration. Dolidze, who joins the team after leaving the opposition Free Democrats, replaces Davit Bakradze, whom was tapped to serve as Georgia's ambassador to the U.S.

Dolidze has held several high ranking diplomatic assignments, serving as Georgia's ambassador to NATO, as well as ambassador to Austria and Hungary. He is a lawyer by profession.

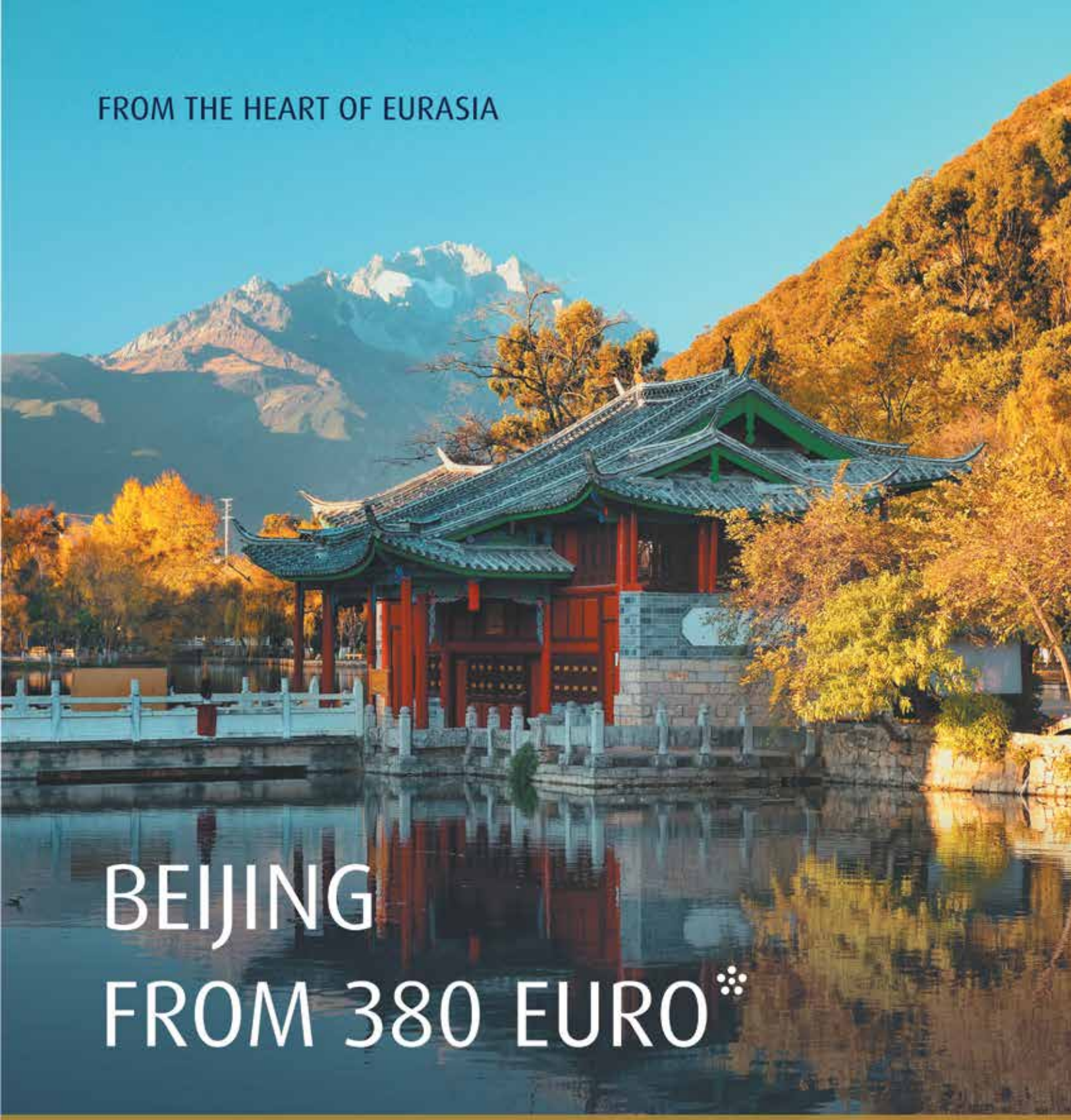
Other changes include moving the State Minister for Diaspora Issues into the Foreign Ministry; former State Minister Gela Dumbadze will work in the diplomatic corps, according to media reports.

The cabinet was approved by the Parliament on November 26. Under Georgian law, the PM's candidates for cabinet positions must be submitted to Parliament. Parliament committees officially nominated the candidates and the Parliament approved the list.

THE FULL LIST OF CABINET MEMBERS, AND THEIR BIOGRAPHIES, CAN BE FOUND AT GOV.GE WEBSITE.

Prime Minister – Giorgi Kvirikashvili;
Minister of Finance and First Vice Prime Minister – Dmitri Kumsishvili;
Minister of Agriculture – Levan Davitashvili;
Minister of Culture and Monument Protection – Mikheil Giorgadze;
Minister of Defense – Levan Izoria;
Minister of Economy – Giorgi Gakharia;
Minister of Education and Science – Aleksandre Jejelava;
Minister of Energy – Kakha Kaladze;
Minster of Euro-Atlantic Integration – Viktor Dolidze
Minister of Environmental Protection – Gigla Agulashvili;
Minister of Foreign Affairs – Mikheil Janelidze;
Minister for IDPs issues – Sozar Subari;
Minister of Internal Affairs – Giorgi Mghebrishvili;
Minister of Justice – Tea Tsulukiani;
Minister for Labor, Healthcare and Social Affairs – Davit Sergeenko;
Minister of Corrections – Kakha Kakhishvili;
Minister of Sports and Youth Affairs – Tariel Khechikashvili;
State Minister for Reconciliation and Civic Equality – Ketevan Tsikhelashvili.

FROM THE HEART OF EURASIA



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Explainer: How Does the EU Agreement Affect Customs?

DELOITTE GEORGIA'S CUSTOMS EXPERT BONDO BOLKVADZE OUTLINES WHAT REFORMS UNDER THE EU-GEORGIA ASSOCIATION AGREEMENT MEAN FOR DAY-TO-DAY BUSINESS OPERATIONS.

The trade deal, known as the Deep and Comprehensive Free Trade Area or DCFTA , foresees several major changes in customs procedures. The reforms are designed to bring Georgian customs and transit laws in line with EU standards by 2018.

They will impact everything from benefit programs like the Authorized Economic Operator scheme to protection of intellectual property rights at the border.

Several changes will have the largest impact on Georgian traders, and international businesses trading between EU member countries and Georgia. The Authorized Economic Operator, also known as AEO, is a voluntary system traders can join if they meet set criteria. The status provides several benefits but requires traders to meet a stringent list of requirements.

A new system of customs' audits - the Post Clearance Audit - will streamline border controls, while tweaks to the customs code will require that traders make some adjustments to their processes.

AUTHORIZED ECONOMIC OPERATOR (AEO) CONCEPT

Traders who opt to meet a range of criteria are eligible to work in close cooperation with customs authorities to assure supply chain security and are entitled to certain benefits. The program is open to all supply chain actors. Any economic operator involved in customs-related operations in Georgia may apply for AEO status.

Potential beneficiaries may include port op-

erators, container terminals, warehouses, freight-forwarders, transporters, importers, exporters, customs clearance agents, among others.

CRITERIA & BENEFITS

EU has two types of authorization, which differs according to criteria and benefits. AEOC stands for simplified customs procedures, while AEOS focuses on safety and security standards granted to economic operators whom are identified as the most secure links of the international supply chain.

Benefits of the program include:

- AEOs will spend less time and resources on regular customs procedures.
- AEOs are desired trade partners domestically and abroad because their efficiency is measured and recognized.
- AEOs may become recognized as reliable in the third countries, increasing Georgia's export potential especially in EU.

IMPACT ON BUSINESS AND EXPECTED CHALLENGES

AEO reform provides an opportunity for traders; there are no obligations. Georgian companies may find it challenging to meet EU standards to join the program, however. Authorization conditions set out in EU guidelines require sophisticated quality management, business process management, human resource management, safety and security standards, modern technologies (including IT), etc. Not many Georgian companies may achieve the necessary level of efficiency to become AEOs.

AEO VS GOLD LIST

The Georgian customs administration's "Gold list" program is similar to the AEO concept, although there are key differences including the type of companies that are eligible and the criteria to join the program.

- AEO program is open for SMEs as well while Gold List program welcomes only large-scale companies above fixed threshold of annual trade turnover.
- AEO applicants may be subject to a complex pre-authorization audit and permanent post-authorization monitoring. The audit will look at an applicant's record keeping standards, IT systems, technology used in logistics, accounting standards, business process efficiency, internal audit systems, safety and security measures within the organization, etc. Gold List applicants are simply checked in customs databases against specific criteria like the company's turnover, evidence of tax and customs fraud, existence of tax liabilities, VAT status.
- Gold List program members are not recognized by third country customs administrations while AEOs could be recognized under future Mutual Recognition Agreements.
- Gold list program is designed for importers and exporters only, while AEO status provides preferences for any business dealing with customs. (e.g. freight-forwarders, shipping companies, terminal-warehouse operators, customs clearance agents, etc.)

ENTRY INTO FORCE

The AEO program is expected to launch in 2018, according to DCFTA. It may not directly replace the current Gold List program but two programs will coincide at the beginning. It is possible that the Gold List may be eventually replaced.

POST CLEARANCE AUDIT (PCA) CONCEPT

The Georgian customs administration has a comprehensive action plan for the development of post-clearance audit practice, known as PCA.

The Revised Kyoto Convention defines the practice as "as the measures by which the Customs satisfy themselves as to the accuracy and authenticity of declarations through the examination of the relevant books, records, business systems and commercial data held by persons concerned."

PCA is considered a key element of balancing customs control and trade facilitation. The practice reducing border control on behalf of audit based control, which makes customs clearance procedures more efficient. PCA offers several benefits:

- Compliant trade is facilitated because the border control measures have been reduced;
- Customs can gain better information on and understanding of clients' business;
- Risk levels can be more easily assessed and reviewed by arranging on-site visits to the traders' operations;
- Facilitates education, long-term and comprehensive compliance management;
- Customs administrations' resources are more effectively deployed;
- Customs can promote the concept of voluntary compliance;
- Best international practice identifies three types of customs audit/verifications:
- Post-clearance transaction verification is based on a risk management system identifying shipments that may be released by customs but are still subject to double-checking. The data in the individual customs declarations will be verified by a customs officer.
- Desk audits are conducted based on information available to customs from internal databases, official correspon- ▸▸

dence or telephone. Desk audits can turn into a field audit if customs decide to go into further in details.

- Field audits takes place at a company's premises to capture a complete picture of the business. A field audit examines liabilities, duty exemptions, transaction costs, customs valuations, import-export restrictions and prohibitions, etc.

The list of potential auditees may include:

- Importers, exporters;
- Customs clearance agents;
- Warehouse and storage agents;
- Transporters or freight forwarders;
- Consignees and owners of imported goods.

TIMING

Georgia has recently started field audits, while transaction verifications and desk audit have been practiced for the past several years. The German Federal Customs Service, together with several international donor organizations, is supporting the Georgian Revenue Service in customs audit capacity building. The Georgian Revenue Service plans to have a fully functional and capable PCA unit by the end of 2018.

IMPACT ON BUSINESS AND EXPECTED CHALLENGES

Customs audits facilitate legitimate trade by removing border controls. Challenges are expected from field audit, which will be a new level of scrutiny for businesses.

This might lead to more customs-imposed sanctions if traders do not update their practices and pay proper attention to details affecting cargo valuations and subsequent duties.

Assuming that customs auditors will soon be capable to detect all customs irregularities, traders will need adequate capacity-building programs to avoid sanctions.

CUSTOMS LEGISLATION

The DCFTA stipulates that Georgia will have to align its customs regulations with EU legislation, which may lead to the adoption of a new customs code.

Currently Georgia does not have a separate customs code, as it was merged with the tax code in 2010.

No dramatic changes are expected in the customs regulatory framework, however, because the past ten years of customs reforms have been driven by the EU approximation agenda.

All key elements and administrative procedures, including customs-approved treatments, methods of control, risk -based approaches, duty-relief regimes, preferential treatment regimes, etc., are already in place.

Minor procedural changes will not seriously affect traders, although traders may still need to make slight adjustments in their processes and capacity building. In addition, effective public-private dialogue is necessary to ensure the private sector is prepared and understands the changes.

The updated legislation should go into effect in September 2018.

TRANSIT CONVENTION

Georgia has agreed to join the New Computerized Transit System (NCTS), a Europe-wide customs system based on electronic declaration and processing.

NCTS was designed to replace the paper-based system and to provide better management and control of both internal community transit and international transit across the EU borders.

The system involves all EU member states and each country is connected through a central domain in Brussels to all of the other countries.

NCTS benefits customs officials and companies: pre-arrival information allows customs in a transit countries to perform risk assessment more quickly and traders benefit from more expedient customs procedures.

Connected traders receive electronic responses advising of key decisions during the procedure, such as acceptance of declarations, release of goods and the notification of discharge. For Georgia, a major challenge will be integrating the current system used in the country, Automated System for Customs Data customs system with the NCTS system. The Georgian Revenue Service has created a working group for transit system reform and negotiated technical assistance with the EU. Georgia should become part of the system no later than September, 2018.

BORDER MEASURES FOR PROTECTION OF INTELLECTUAL PROPERTY RIGHTS (IPR)

The DCFTA requires that Georgian law and border inspections meet the EU's standards for Intellectual Property Rights (IPR), and the Georgian Revenue Service's customs department has developed a plan to reform Georgian legislation.

This reform will facilitate legitimate trade; IPR protection measures will support the development of innovative products in Georgia. The harmonization process has three parts: 1) Expansion of border measures to cover all customs procedures. Currently, it only applies to imported or exported goods; 2) Expansion of types of intellectual property rights protected by customs; 3) Introduction of "ex officio" control, which enables customs administration to hold a shipment and seize counterfeit goods without a formal request or approval of the owner of an intellectual property right. The harmonization process should be completed by 2018.

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DECISIONS OF THE INSPECTOR OF PERSONAL DATA PROTECTION WILL NOW BE PUBLISHED

Increased need to protect personal data in digital age resulted in adoption of restrictive legislation on personal data protection. The Law of Georgia on Personal Data protection was enacted in 2012. However, the law on paper is yet to be tested in practice. To ease the understanding of the rules and establish unified practice of their application, the decisions rendered by the Inspector of Personal Data Protection shall hereinafter be published on the following webpage: www.decisions.pdp.ge. This will ensure transparent and uniform development of the rules on protection of personal data in Georgia and increase legal certainty and predictability. Confidentiality concerns are taken care of as the identification data of the parties involved will not be disclosed.

IMPORTANT AMENDMENTS TO THE TAX CODE ARE COMING INTO FORCE FROM 2017

By way of heads-up, amendments to the Tax Code of Georgia adopting so called "Estonian Model" of profit taxation will come into force from January 2017. The announced objective of this new regulation is to encourage reinvestments and disincentivize offshore trading. According to the amendments, the corporate income tax (profit tax) will be cancelled for Georgian Companies and permanent establishments of foreign entities on reinvested income. In essence, the new regulations are tailored to the so called "Estonian Model" whereby the profits of the companies are not taxed, unless distributed to the shareholders as dividends. Likewise, Georgia aims to fully release reinvested profit from tax burden thereby incentivizing reinvestments. We note that the said regulations do not apply to Oil & Gas business, NGOs and, until January 2019, also to the commercial banks, microfinance organizations, insurance companies and pawnshops.

IMPORTANT SUPREME COURT DECISION REGARDING THE INTERIM MEASURES

On 21 October 2016 the Supreme Court of Georgia delivered an important judgment regarding the effect of interim measures. The court highlighted that interim measures should be based on reasonable expectation that the claimant will succeed on merits. Namely, the claimant has to prove convincingly the need for interim measures and demonstrate that the claim is substantiated. However, the court reiterated that the reasonable expectation of the court that the claimant will succeed on merits is merely a prima facie assessment and does not constitute a final judicial position on the outcome of the case on merits. We also remind our readers that effective from 7 July 2016, party seeking interim measure must prove that the value of the property to be seized does not exceed the value of the claim to which the interim measure applies.

NEW APPROACH TO ENVIRONMENTAL ASSESSMENT

With the assistance of the United Nations Economic Commission for Europe and the EaP GREEN, the Ministry of Environment and Natural Resources Protection of Georgia has recently finished working on the draft Code of Environmental Assessment. The respective bill has not been presented to the Parliament of Georgia yet. However, the Code is expected to be implemented in the upcoming year. The Code alters the existing system of issuing environmental impact permit. The Code is focused on increasing public involvement in the permitting procedure and reinforces existing public hearing system. The Code will not have an immediate retroactive application. However, according to the current edition of the Code, entities who have already obtained the permit, are obliged to apply to the Ministry for obtaining the environmental decision within 5 years of enactment of the Code. We will further update our readers on any progress regarding the Code.

RECENT TRANSACTIONS CLOSED BY BLC

We are happy to announce that after a multi-stage competitive bid procedure, followed by lengthy negotiations, the Government of Georgia finally signed an investment agreement that grants Anaklia Development Consortium (ADC) the exclusive right to construct, develop and operate the $2.5 billion Anaklia Deep Sea Port, which will help establish a new maritime corridor from China to Europe. As part of the agreement, the Government will invest $100 million in the construction and development of railway and transportation links connecting the port to the region. The Anaklia Deep Sea Port is expected to be operational by 2020. BLC acted as a local counsel to the investor.

BLC represented Georgia Healthcare Group PLC (GHG) in acquisition of JSC ABC Pharmacia - holder of one of the largest pharmaceutical chains in Georgia operating under the brand name of Pharmadepo. The respective Sale and Purchase Agreement on acquisition of JSC ABC Pharmacia was signed in November and the completion of the transaction is now subject to clearance from the competition agency. In additional to the 33% equity stake in the combined pharmaceutical business, the shareholders of ABC Pharmacia will receive US$ 25.0 million in cash. The completion of the transaction is expected to occur in January 2017.

We are pleased to announce yet another successful deal closed in Georgia with the assistance of BLC. MagtiCom has acquired 100% share of Deltacom - an internet provider with the fixed and the backbone network infrastructure coving Tbilisi as well as all major regions of Georgia. By purchasing Deltacom, MagtiCom intends to materially expand the regional area of internet access which will be beneficial to the customers as well as to the communications industry in general. The deal was authorized by the Georgian National Communications Commission in the midst of November.

For more information and advise please contact us:

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Tbilisi Set for New Railway Bypass by 2018

A PLAN TO MOVE THE CENTRAL RAILWAY LINE FROM THE MIDDLE OF TBILISI HAS RESUMED AFTER A THREE-YEAR SUSPENSION. THE NEW ROUTE WILL FREE 78 HECTARES OF LAND IN CENTRAL TBILISI FOR DEVELOPMENT.

LIKA JORJOLIANI

The Tbilisi Railway Bypass project is getting a reboot: three years after it was suspended due to rising costs, the government has tasked its Partnership Fund and the Georgian Railways to complete the $350 million construction project by 2018.

The details of the plan remain largely unchanged: the railway lines that crisscross central Tbilisi will be dismantled, and trains will bypass the city using new track that runs near the Tbilisi Sea.

The new route will branch off the current line at Zahesi, pass through the Tbilisi suburbs of Avchala and Gladni and head north to the Tbilisi Sea, joining the existing Kakheti railway line near Lilo, according to Georgian Railway Head Mamuka Bakhtadze. The Kakheti line will be upgraded to double track by refurbishment of the existing single track and adding a second new track.

Bakhtadze added that Tbilisi Central Station will stop functioning as a railway station, and passengers will use either Didube (trains heading west) or Navtlugi (trains heading east) station.

Tbilisi Central will continue operating as a shopping mall.

Both Didube and Navtlugi stations are slated for renovation, he said, and the railway tracks that currently connect them will be dismantled, freeing up 73 hectares of land in the city center for development.

CONCERNS ABOUT COST

Head of the Transport Corridor Research Center Paata Tsagareishvili argues, however, that the project does not benefit the railway.

Calling it a "no-win project" for Georgian Railways, Tsagareishvili said research has shown the bypass will increase costs and decrease capacity.

But Bakhtadze said the railway has worked with Tbilisi City Hall to improve the project's design and the new version is more efficient and less costly. "We are ready to start works on transferring of the railway this year, using an updated project and design," he said, noting that the new design keeps costs down and will make the bypass more efficient.

Bakhtadze added that the construction, which is being handled by China Railway 23 Bureau Group, should be completed in 18 months.

The same company also worked on the original project in 2013, and the new version of the bypass utilizes work that was completed three years ago, he said.

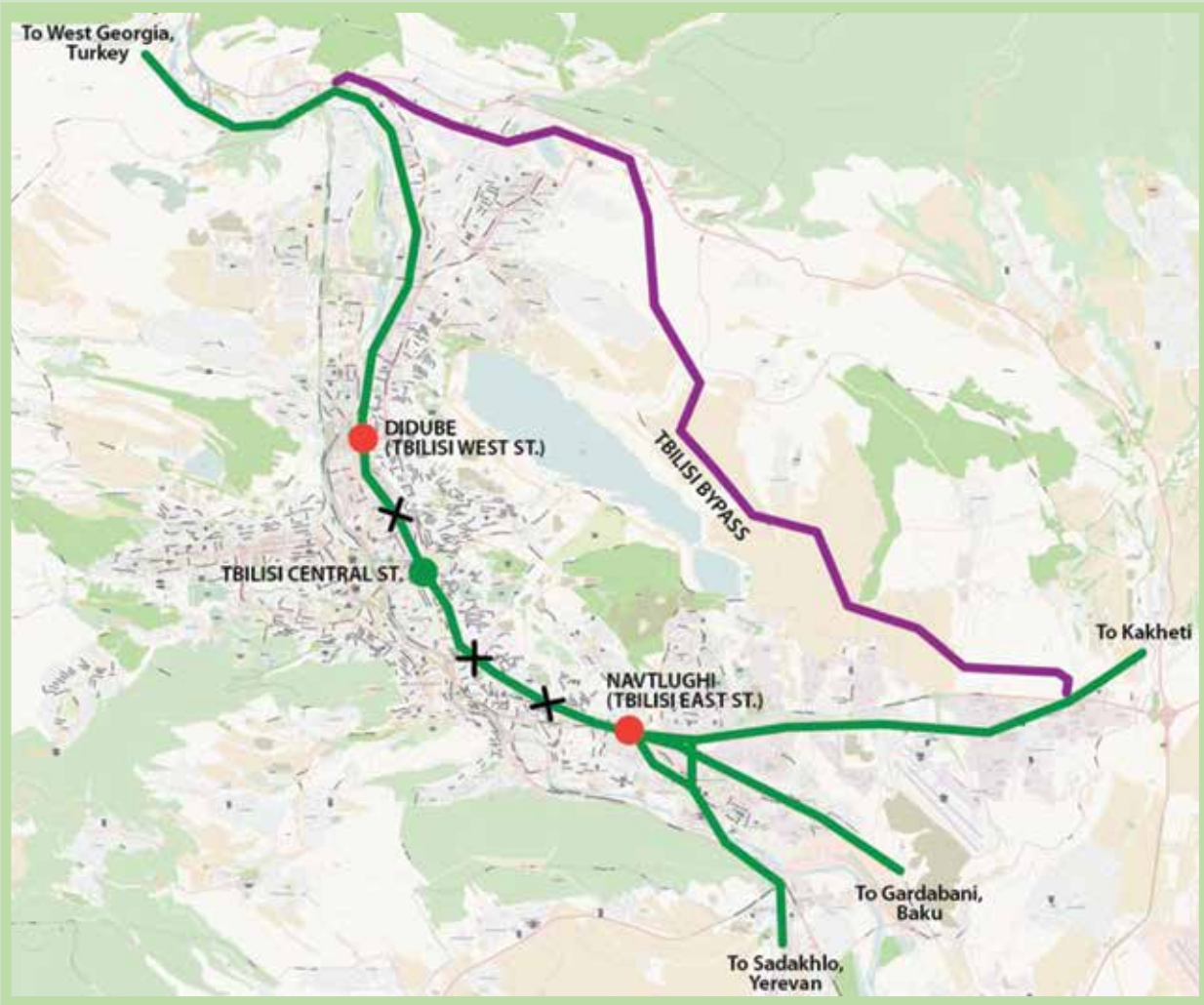
The details of the plan remain largely unchanged: the railway lines that crisscross central Tbilisi will be dismantled, and trains will bypass the city using new track that runs near the Tbilisi Sea.

Reportedly, about 65 percent of the necessary construction has already been completed.

NEW LIFE FOR TBILISI'S LEFT BANK

The new version of the bypass plan is the most cost-effective option, agrees the CEO of City Institute Georgia, Mamuka Salukvadze.

Now the city has to decide what to do with 78 hectares of land in the center of the city, once it is free of railway track. When the bypass was originally planned,



the swath of freed land was slated to become Tbilisi's new business district, with an eye on reducing traffic on the right bank. Salukvadze said the territory is currently being considered for a "second center" for Tbilisi and a recreational zone.

Once the railway tracks and infrastructure are removed, the city will be able to create "connections" between the right and left banks of Tbilisi.

There are just two "connections" between the two halves of the city today; once the left bank is developed, there will be eight, he added.

Bakhtadze said the railway has worked with Tbilisi City Hall to improve the project's design and the new version is more efficient and less costly.

Plans for the left bank of the city will be included in the new master development plan, which outlines urban development in Tbilisi for 2020-2030, Salukvadze said.

The plan is set to be completed in April 2017.

Tbilisi Mayor Davit Narmania has said the city's plans to develop the 78 hectares will be submitted "as soon as possible."

Billions to be Invested in Infrastructure: Update

A DETAILED BREAKDOWN OF THE INVESTMENT THE GEORGIAN GOVERNMENT PLANS TO MAKE IN THE COUNTRY'S INFRASTRUCTURE. THE PLANS INCLUDE MORE ROADS, IMPROVED ACCESS TO REMOTE AREAS AND UPGRADING THE RAILWAY.

In September, Prime Minister Giorgi Kvirikashvili presented a governmental project on construction of the transport network linking all regions of Georgia. Plans include the construction and reconstruction of railway stations, ports and airports, as well as construction and renovation of the tourism infrastructure.

In total, by the year of 2020, construction and reconstruction will be conducted on 1000 km of highway at an approximate cost of $3.5 billion.

Bridges: up to 150 new bridges have been constructed since 2006; 300 more bridges are scheduled in 2016-2020, including 100 bridges to be constructed in the Rikoti mountain pass.

Tunnels: six automobile tunnels have been constructed since 2006; 50 automobile tunnels are scheduled to be built in 2016-2020, including 40 automobile tunnels in the segment of Rikoti mountain pass.

The following projects are planned for the next four years, according to Kvirikashvili:

Eastern-Western road and byroads: 730 km of a new road must be constructed. The Rikoti segment – Chumateleti-Argveta, on the Rikoti mountain pass – is scheduled to be finished in 2020, with a four-lane, 53 km of highway. An alternative route to Rikoti highway could be the Kharagauli bypass road – Chumateleti – Kharagauli – Dzirula (50 km).

In addition, there are plans to upgrade the highway from Tbilisi to Laris, and link it to the Red Bridge/Sadakhlo customs point.

There are also two routes planned to increase tourism to regions of Georgia:

- 55 km road linking Zemo Imereti and Racha;
- 200 km between Sno-Juta-Roshka-Shatili-Omalo-Pshaveli, which would link the country's mountainous regions. The highway would reach heights of 3000 m above sea level and will open up unique landscapes and cultures for domestic and foreign travelers.

RAILWAY STATIONS:

The Georgian railway is implementing a project of modernization of the railway that aims to optimize shipment of cargoes and transportation of passengers, decrease operational expenditures, acheive complete operational safety and increase capacity. Completion of the construction is planned by 2019. Currently, 40 percent of the work has been completed.

To date, 70 percent of the new railway line Baku-Tbilisi-Kars has been built. A train can arrive from China in just nine days.

Construction and Cars: The View from Tbilisi City Hall

DEPUTY TBILISI MAYOR IRAKLI LEKVINADZE SPOKE WITH INVESTOR.GE ABOUT CITY HALL'S PROJECTS AND PLANS INTENDED TO ELIMINATE TRAFFIC PROBLEMS IN TBILISI.

NINO BAKRADZE

INVESTMENT AND INFRASTRUCTURE

Over 410,000 cars are officially registered in Tbilisi, according to the statistics of the Ministry of Internal Affairs.

There are too many cars and too many traffic jams in Tbilisi, Deputy Mayor Irakli Lekvinadze told *Investor.ge*. Regulations and better public transportation are part of the city's new plan to improve the situation, he said.

"We look at statistics and see how fast the number of cars has increased during last ten years. We know that parking and traffic jams are very serious problems here.

The fastest way to solve those problems is through regulations. If we do it, we should have normal public transport to meet people's demands," he said.

"Since Tbilisi's public transport system is not satisfactory right now, we prefer to solve current traffic problems slowly, step by step. We have created a strategic plan called "Strategy of Urban Mobility" with the Asian Development Bank. This plan is focused on five main areas."

The plan includes new roads, and new parking areas, as well as renovation and reconstruction for the city's aging roads and byways.

In addition, the city plans on investing a billion lari in public transportation.

"Currently 500 buses run in Tbilisi, but we need 300 more to have a better public transport scheme.

According to statistics, currently buses carry 105 million passengers per year, ▸▸

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the metro is used 110 million times per year, and minibuses (called marshutkas in Georgia) are used 220 million times per year," Lekvinadze said.

Over 410,000 cars are officially registered in Tbilisi, according to the statistics of the Ministry of Internal Affairs.

There are about 2,000 marshutkas operating in Tbilisi today. Lekvinadze notes that while they are necessary in Tbilisi today, ideally they will not exist after 2023.

"If we say we do not need marshutkas anymore, then we should provide other kinds of transportation to our citizens. For now, the metro and buses are not enough to meet demand. If we will have a well-developed metro and bus system by 2023, competition will eliminate marshutkas from the market itself," he said.

Lekvinadze added that there are plans to revive the city's old tram line, although possibly not before 2025.

In addition, the city is trying to tackle the lack of parking spaces in the city. Lekvinadze said that, currently, there are around 35,000 parking places in the capital today, which is far less than the demand.

He said City Hall plans on supporting private businesses to build five new parking lots–with 3,000 to 5,000 new parking spaces–in 2017.

New construction permits also require that developers allocate space for parking on-site as well.

NEW TRAFFIC RULES

Lekvinadze noted, however, that better regulation of the roads is necessary to ease the city's traffic problems.

"Before we reshape our infrastructure and public transport system, we should work on new regulations to balance traffic. We banned driving garbage trucks on the roads during rush hours in Tbilisi's central districts. At the same time, we have agreed with businesses that their distribution trucks will not stop on more than twenty central Tbilisi streets during rush hours. At the same time, we support vehicle inspections and would like to ban imports of cars with steering wheels on the right side," he said.

There are also plans to use new technology to improve traffic flow – including an app to inform drivers about congested areas – and to introduce new rules for Tbilisi's many taxis.

It is estimated that there are over 25,000 taxis operating in the capital. Safety regulations and traffic congestion are key areas for City Hall's new taxi regulations, Lekvinadze said.

"Nowadays, the majority of taxis in Tbilisi are not safe for clients from a technical point of view. In addition, drivers are not well-organized and create problems on the roads," he said.

"We do not want to be too tough and start with very hard rules, so we decided to introduce regulations step by step. First, we will inspect drivers' vehicles, check them personally for drugs and alcohol, and gather their personal information to create a database. Based on this information, City Hall will issue permits for taxi drivers for a token price… After five years, we plan to start issuing licenses instead of permits.

We need some time to start this process, but first it needs to be discussed by parliament. We hope everything will conclude by spring 2017."

POLLUTION AND BIKE RIDES

The city is also planning to develop infrastructure for electric cars: currently there are 50 electric cars operating in Tbilisi, but the Lekvinadze said City Hall "hopes the number will increase." Electric cars are not taxed when they are imported into Georgia – an extra incentive, he said.

In addition, City Hall has closed part of Aghmashenebeli Avenue to cars, and there are plans to close some roads in Old Tbilisi. The city is also studying the Sololaki district to see something similar can be done there.

"We know the circumstances we have right now: we have a lot of buildings, which do not leave space for pedestrians, plus cars parked on the pavement. We asked Tbilisi City Park (the company responsible for organizing the parking system throughout the city) to be more tough with drivers who park cars on the sidewalks," Lekvanidze said.

The plan includes new roads, and new parking areas, as well as renovation and reconstruction for the city's aging roads and byways.

"We have already canceled 4,000 parking places this year. Plus, City Hall does not give construction permission to projects that burden pedestrian pavement areas."

There are no plans to develop bicycle infrastructure right now, he noted, although Lekvinadze added that the new general plan for Tbilisi – slated to be completed in the spring – includes "information about specific areas where we can develop paths for bikes and proper infrastructure."

CONSUMER SPENDING IN GEORGIA: The Power of Confidence

MORE SHOPS AND MORE SHOPPING – INVESTOR.GE LOOKS INTO GEORGIANS' INCREASED SPENDING AND THE POTENTIAL POWER OF CONSUMER CONFIDENCE.

JOSEPH LARSEN

Georgia has been an economic success story for more than a decade. Annual GDP growth has averaged 5.8 percent since 2001. Growth has slowed since 2014, but there are encouraging signs around Tbilisi and elsewhere in the country.

Particularly evident is the growing number of options enjoyed by consumers: East Point shopping center opened earlier this year, and next year will mark the opening of Galleria Tbilisi, an 80-million-dollar shopping mall funded by the Georgian Co-Investment fund.

Exports count for a fairly low share of Georgia's growth basket, so consumption is crucial for economic growth. Consumption has risen rapidly over the past decade: average monthly expenditures per household rose from 382.6 lari in 2005 to 1,004.7 lari in 2015, an increase of 161 percent. GDP growth has tended to track fairly closely with growth in consumption; total output grew by 118 percent over the same period.

Many of the goods that Georgians consume are imported. Through September 2016, the country's current account deficit stood at 6.08 billion lari, already exceeding the deficit from 2015.

Expanding current account deficits often correlate with growth in imports and associated higher consumer spending. Imports to Georgia stand at 7.59 billion lari through the first nine months of 2016, looking likely to top the 7.73 ▸▸

billion in total imports the country absorbed in 2015.

BREAKING DOWN THE CONSUMER BASKET

However, when considering that pharmaceuticals account for a large portion of 2016 imports— roughly 2.59 billion lari worth of medicine has been imported this year—rather than consumer goods, these statistics don't tell the real story about consumption.

Exports count for a fairly low share of Georgia's growth basket, so consumption is crucial for economic growth.

Eva Bochorishvili, an economist in Galt & Taggart's research division, was candid about that in an interview with *Investor.ge*. "Foreign direct investment is driving our current account deficit," she said. "Overall, consumer imports are down."

Middling growth, in addition to low consumer imports and low inflation, paint a picture of sluggish consumer demand.

This point was expressed by Bochorishvili: "Since the second half of 2016, prices are dropping. This is caused by three things: flat aggregate demand, low prices on international markets, and a correction from 2015 [when inflation was high due to the depreciation of the lari] … Overall, aggregate demand is low."

CONSUMER CONFIDENCE INDEX OPTIMISTIC

While consumer spending growth has been slow since 2014, there are reasons for optimism. One indicator of better times ahead is the Consumer Confidence Index (CCI), a measure that is calculated each month by the International School of Economics at Tbilisi State University (ISET). The index is compiled according to survey responses by roughly 400 consumers.

Respondents are asked to answer a series of questions: how they expect their financial situation to change over the next 12 months, including whether they expect to spend more or less money in the near future and whether they expect to save money over the 12 months. The responses are then aggregated into a numerical index.

While consumer spending growth has been slow since 2014, there are reasons for optimism.

According to the CCI, consumer confidence began falling in late 2013, and it fell significantly during 2014. However, it increased by 14.8 percentage points from September 2015 to September 2016, a clear indicator that households are feeling better about their current and future situations.

According Laura Manukyan, an economist at ISET, upward-trending consumer confidence does more than say good things about the present. It can help propel future growth, too.

"Economic expectations have strong repercussions in the real economy, as they are typically self-fulfilling," she said.

"If people expect the economy to run hot next year, they will spend and invest, leading to the outcome that was expected. Likewise, if they believe a bank will go bankrupt, they will withdraw their money, leading to the very outcome they expected."

Official projections for GDP growth stand at 3 percent for 2016, and a weak lari continues to hold back imports. However, the fact that consumers are optimistic is itself a signal that things could be better in 2017, when the International Monetary Fund projects 5.2 percent growth. Such a figure would be Georgia's highest annual growth rate since 2012.

Another encouraging sign? Women have been especially optimistic of late, accounting for most of the rise in the Consumer Confidence Index over the past year. For Manukyan, this trend was both encouraging and surprising: "The positive turn in the CCI data was mainly driven by female respondents. However, we do not know the reasons behind it … On average, women are considerably more pessimistic than men." For the sake of Georgia's future economic growth, optimism is welcome, whatever the reason.

Middling growth, in addition to low consumer imports and low inflation, paint a picture of sluggish consumer demand.

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Will Airbnb and Others Bring Disruption to Georgia?

AIRBNB AND SIMILAR SERVICES HAVE FOUND A NICHE IN TBILISI, WHERE THE NUMBER OF TOURISTS HAS CHALLENGED THE HOSPITALITY INDUSTRY.

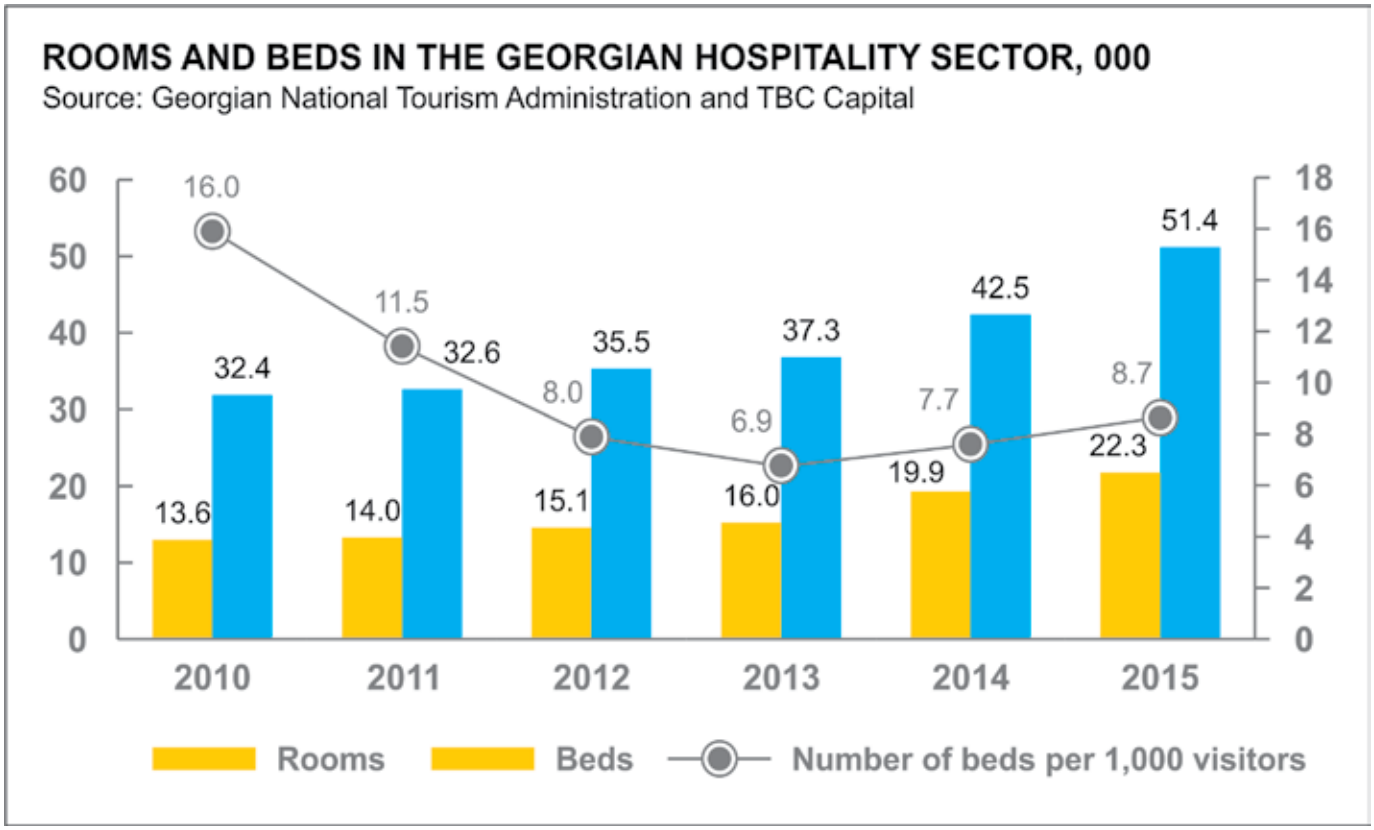
SALLY WHITE

Location, location, location... Love it or hate it, Airbnb's image depends on where you look. In Barcelona, Paris, Berlin and San Francisco, people have protested against it. In New York and other cities across the U.S., as well as in in Paris, hotels have lobbied strongly to restrict it. Yet in Amsterdam and London, the governments have welcomed it with open arms (if also with taxes). What will its impact be in Georgia?

In Georgia, the informal accommodation sector seems to be rising exponentially. Apart from Airbnb, there are now Booking.com, metroroommates.com, rentals.ge, roomlala.com, dailyappartmentstbilisi.com, roomorama.com, 9flats.com, makler.ge, dobovo.com, etc. Just how many rooms are on offer is hard to see as there are many duplicate listings across sites.

Should hotels fear the rapid growth of Airbnb and its look-alikes? According to a 2016 Boston School of Management study entitled *The Rise of the Sharing Economy: Estimating the Impact of Airbnb on the Hotel Industry*, the answer, in general, is "Yes!" The hit could be as much as 8-10% of hotels' revenue.

Airbnb's impact has various dimensions. As Hospital-



ity & Tourism Research from Canada's Ryerson University stated in May, it also "limits hotels' ability to employ dynamic price strategies at peak times since their rates must be competitive." Ryerson puts the hit as high 13% of hotels' revenue, especially as Airbnb is now marketing to business travellers.

Anger has become so strong in Europe that the European Commission put out guidelines for sharing-economy companies this summer, stressing the sector's economic importance. These state that implementing bans on sharing-economy services like Airbnb and Uber "should only be a measure of last resort."

Relatively, the impact on Georgia's hospitality industry is probably small, as yet: Airbnb lists just 300+ locations each for Tbilisi and Batumi, and even in Kutaisi the number is 179. However, Airbnb (now valued at $30 billion, with 23 million users) has a record of fantastic growth. Increases in Airbnb growth of hundreds of percent per year are currently the norm in Asian countries in which Airbnb has newly established itself, for example.

On the demand side, tourism growth in Georgia has, as brokers Galt & Taggart comment, shifted into "high gear." In the first half of 2016, international numbers were up 12.9% at 2.64 million visitors, and this follows on a 7% rise for all of 2015 to 5.9 million. Thus, the Georgian Tourism Strategy 2015-2025 target of 11 million international visitors (11.2% compound average growth rate) seems reachable.

Yet, Georgian tourism is bigger than that—Georgians also take holidays in their own country. The number of domestic tourist visits last year was 12.4 million. These domestic tourists also need accommodation—24% went to Tbilisi, 8% to Kutaisi and 7% to Batumi.

On the supply side, hotel room numbers are also rising—the Georgian National Tourism Administration register shows 1,475 hotels and guest houses, with 51,404 beds in all. Many more beds are coming down the line, with major international hotel groups seeing the opportunities for new hotels in Tbilisi, Adjara, Samtskhe-Javakheti, Imereti and Kakheti. The government has just put on the market a wide range of old buildings across the country suitable for conversion to hotels. In all, a minimum of 8,500 more beds are likely by the end of next year.

Airbnb, similar competitors and the hotels should be able to co-exist happily here.

Key is that Georgia is still very short of beds for visitors. Last year, Georgia had 8.7 beds per thousand visitors, (down from 16 in 2010), far below the average of 42.8 in Eastern Europe. As TBC Capital commented: "Since 2010, the number of beds in the hospitality sector increased by 59% to 51,400, while the number of visitors increased by 1.9 times, to 5.9 million in 2015."

In Georgia, the informal accommodation sector seems to be rising exponentially.

Many visitors have no desire for the hotels. Georgia's tourism is addressing challenges which leave the market open to the sharing economy. Many tourists don't spend much money—most make short visits and come from poor countries, with over 70% from Armenia, Azerbaijan and Turkey. The majority come to see friends and relations (55%) ▸▸

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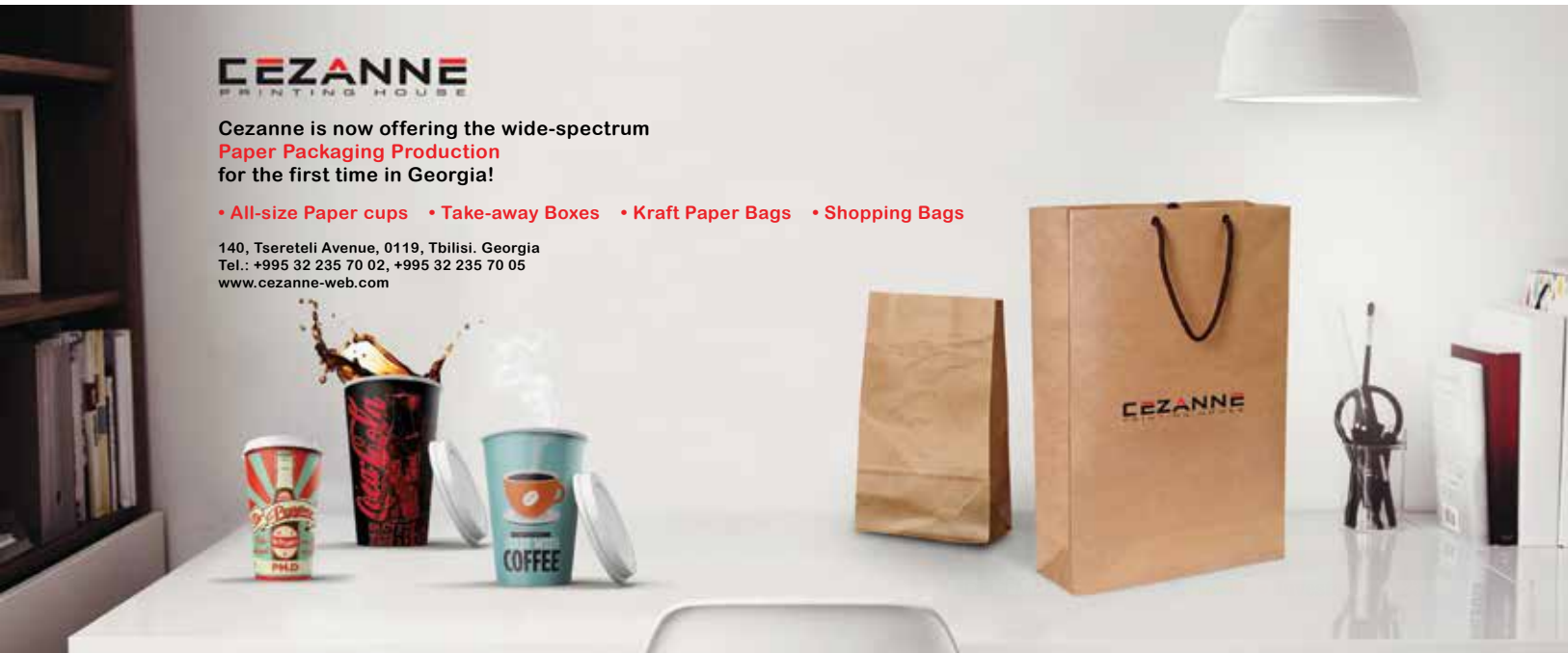

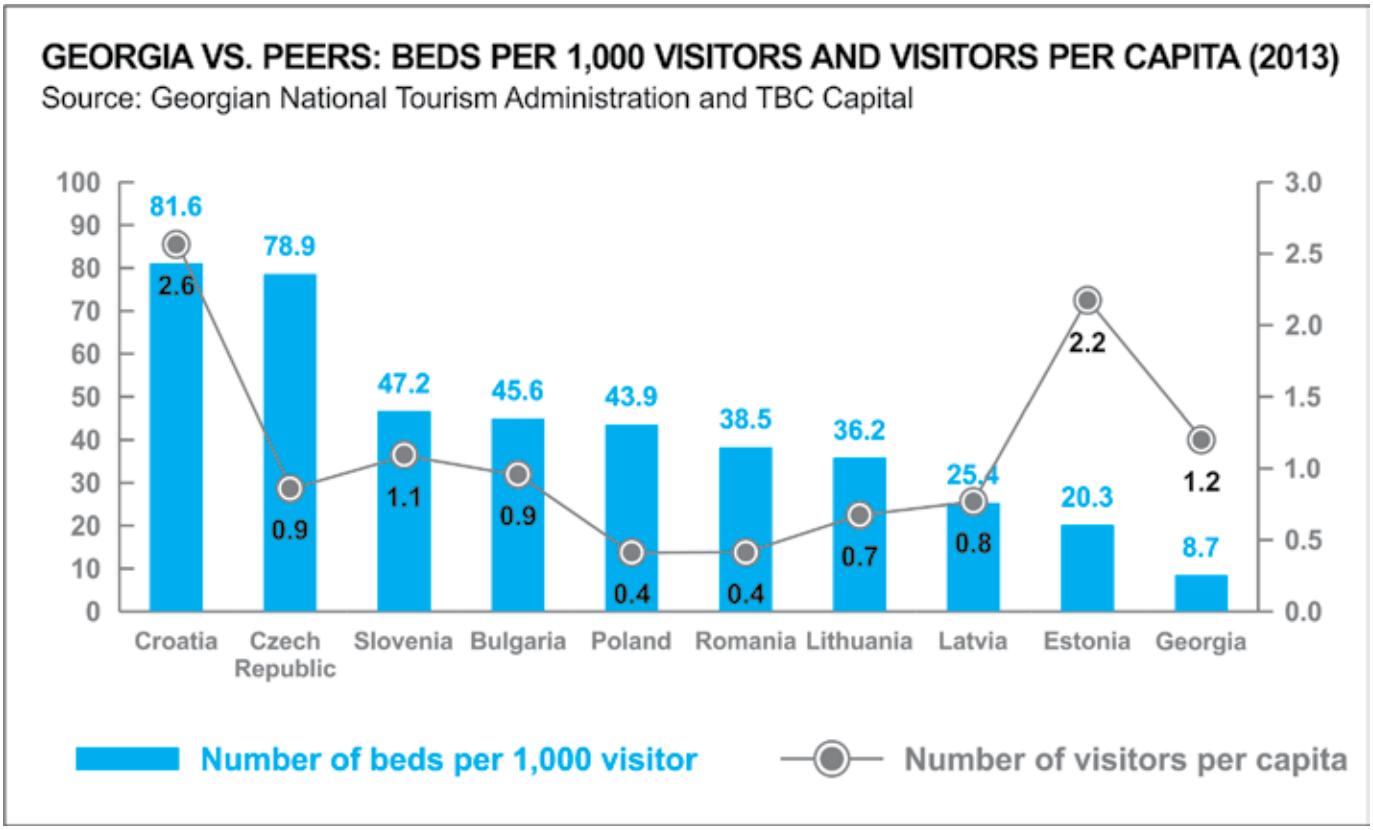

and most stay with a friend or relative (65%). The average of receipts has not changed much over the last eight years, according to World Bank and Georgian National Tourist—the range is $325-$500, compared to $750 on average for Eastern Europe.

On the demand side, tourism growth in Georgia has, as brokers Galt & Taggart comment, shifted into "high gear."

This, and the sharp rise in high-end hotel beds, has not been lost on hotel investors, as Galt & Taggart comments. "We have seen the first signs of hotel investors in Georgia recognizing the probability of oversaturation in the international upscale segment in the medium term, and consequently shifting attention to the international midscale segment" its analysts wrote in a Georgian Tourism Sector Review published in June.

Yet, this still leaves opportunity for Airbnb and others to price below the hotels' floor level, especially in Tbilisi.

Elsewhere, there could be scope for stress, particularly, TBC Capital notes, in Batumi, where hotel occupancy rates have been falling. However, the government is investing in infrastructure along the coast, including the new port at Anaklia, which should increase demand.

Politically, of course, the government welcomes the sharing economy to help boost tourism (and owners' incomes). Travel inflows were 13.9% of GDP in 2015, up 8%. Yet, the government must also keep an eye on any possible squeeze on the residential housing market bringing, as in U.S. cities, protesters onto the streets.

In Georgia, peace should reign here, as well. For a start, there is an active housing development market. Then, *Georgia Today* reported in September, after talking to local estate agents, that the residential market "has not experienced any considerable price increase compared to the same period last year." International agents Colliers wrote in June that, since 2015, because of adverse internal and external economic and currency factors "demand on the residential property market decreased by 10%," and prices had also fallen. Transactions, though, have been recovering since the election.

Thus, while "bad for hotels, but good for tourism and the economy" is the Boston School of Management's rating of Airbnb, that does not look true in Georgia. Or, at least, not yet.

The Office of the Future: The Rise of Co-Working in Georgia

WORKING AT HOME CAN BE LONELY, WHICH IS ONE REASON CO-WORKING SPACES ARE BOOMING – A TREND THAT IS NOW ALSO GAINING FOOTHOLD IN GEORGIA.

MAARTEN DE BOER

According to a 2016 global co-working survey, the worldwide number of co-working spaces is projected to be about 10,000 by the end of the year, with about 735,000 members.

As a core business, co-working spaces offer individuals a space where they can carry out their work, offering facilities like desks, Wi-Fi, conference rooms and coffee. This reduces the overhead costs that come with renting an office, and helps small organizations and individuals network and share experience.

MCDONALDS OR COFFEESHOPS

The first co-working space in Tbilisi opened up in 2014 in the Karvasla Business Center under the name CoSpot. It proved hard to build a community, and the experiment ended a year later. However, with help of those behind CoSpot, the Georgian NGO International Center for Peace and Integration (ICPI) created the co-working space and social bar Generator 9.8 in October, 2015.

Natali Kenkadze and her friends, the founders of ICPI, came up with the idea because of their own experience. "At the beginning, we didn't have an office, so we were looking for such a space. We were just going to bars and cafes. Lots of people are now meeting up in McDonalds or coffee shops. Why go there if there is a meeting room or co-working space?" Since the concept of co-working is rather unfamiliar, they decided to combine the co-working space with a social bar, she told I*nvestor.ge*.

"The bar is used as a meeting place and a venue for events that help familiar-

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Vere Loft in Tbilisi

ize people with topics like startups or the sharing economy… Even the term "freelancer" is not so well known yet. We have them, but they don't see themselves as a freelancers, but rather as unemployed."

MORE THAN AN OFFICE

Many people believe that co-working spaces are a sign of a healthy entrepreneurial environment, where innovation and social impact are fostered.

"People do not just want a chair and a table," says Ketevan Ebanoidze, who is one of the founders of the co-working space ImpactHub Tbilisi. "People increasingly want to share ideas with each other and create something meaningful. They want to have social impact. In an open space you see other people working on ideas and projects and you start to think: how could I help them? Or how could they help me to realize my ideas? This has just started in Tbilisi."

INTERNATIONAL STANDARD

With the opening of VereLoft in January, Tbilisi gained its first co-working space that meets international standards. Founders and siblings Eka and David Tushishvili are convinced co-sharing has a future in Georgia. "There are so many unexplored niches here, and we are sure that within a few years there will be a boom of co-working places in Georgia." They want to set an example with their co-working space. "We want to show young people that there is not just good stuff abroad, and bad stuff here. If we start ourselves, if we work hard, then good stuff can happen here too," Eka says.

With a wide variety in subscriptions (from 30 GEL a day to 300-800 GEL a month), interest is increasing. "We now have 42 different occupations here, from graphic designers to architects. We also have a UN officer working here, and some people even record their music

here, using their headphones," Eka mentions.

She believes that the design is very important for a co-working space. "The design creates a cozy atmosphere and it inspires. [As people,] we are not as productive in offices with white walls around us as we are when we are sitting on a terrace or in an open space, in a place where things are more mobile. Bringing the environment closer to how people would prefer themselves to work makes them more productive."

TBILISI AS A PART OF A GLOBAL NETWORK

In October 2016, ImpactHub (from 25 GEL a day to 390 GEL a month) opened up in the Fabrika Complex, an initiative that brought in more international-quality competition. ImpactHub is known as a global community of co-working spaces, not only with the aim to provide a workspace, but also to have a wider impact.

"We are connecting people in order for them to have a positive, social impact. This is the main idea of ImpactHub: to identify ideas, to share them and to encourage people," Ketevan Ebanoidze says. The hub connects members in Tbilisi to a global network of more than 50,000 people, making it easier to learn from— and cooperate with—professionals from 87 different cities, ranging from Amsterdam to Tokyo.

And with the government, businesses and universities increasingly supporting young people with innovative ideas, for example, by investing in startup incubators like TechnoPark or Vega Startup Lab, these innovative developments are only the start.

A QUICK GUIDE TO CO-WORKING

Co-working has taken off around the world, with nearly million people around the world opting to work in co-work spaces, according to a 2016 global co-working survey. Here is a brief run-down on the history and current stats to bring you up to date on the phenomena.

- The first co-working space was in San Francisco, at Spiral Muse, according to Brad Neuberg, who is credited as the creator of the concept.

- Neuberg also claims that he came up with the term co-working to reflect the "new kind of space to support the community and structure" that he "hungered for."

- Huffington Post reported that 70 percent of people working in co-work spaces have said they feel healthier than they did working in traditional offices.

- The same report said 68 percent of co-work space users claim they are more focused and 50 percent reported higher incomes than they received when working in conventional office-space.

- Forbes listed the best co-working space in the world in 2016 as Proximity Space in Montrose, Colorado, USA.

- The magazine also included co-working spaces in Brazil, Bulgaria, Canada, Indonesia, Germany, Hungary, South Africa, Thailand and Tunisia.

- "The largest coworking spaces (measured by number of members) are in Asia and the smallest are in Africa," according to The Global Coworking Survey 2015/2016.

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Russia Set to Return Georgian Films

A scene from the Georgian film Repentance

AFTER YEARS OF NEGOTIATIONS, MOSCOW HAS AGREED TO SEND GEORGIA THE ORIGINAL FILMS, CARTOONS AND ANIMATIONS THAT HAVE BEEN KEPT IN THE RUSSIAN ARCHIVE SINCE 1937.

NINO BAKRADZE

It took nearly two decades of negotiations, but hundreds of Georgian films are finally coming home.

An estimated 1000 original Georgian films will be sent to Tbilisi from Gosfilmofond, the Russian film archive – a diplomatic victory, according to Zurab Abashidze, the Georgian Prime Minister's Special Envoy for Relations with Russia.

ENTIRE HISTORY OF GEORGIAN CINEMA

The originals of all Georgian films made from 1916 and 1990 will be sent back to Tbilisi over the course of six to seven years, according to Abashidze, who was able to secure the deal over the past two years.

The films are currently held in Gosfilmofond, the Russian archive created in 1937, when Georgia was part of the Soviet Union. To date, Georgia is the only former Soviet republic in the Caucasus to secure the return of its original films.

The copies of four films have already been given to Cultural Minister Mikheil Giorgadze: *The Last Hour* by director Mikheil Chiaureli; *Holtze* and *Amerikanka* by Leonard Esakia; and a documentary piece – *Buba* – by Georgia's first female director Nutsa Ghoghoberidze.

Abashidze said it was not difficult to secure the films' return. "I can negotiate with Gregory Karasin, Russia's Special Envoy to Georgia on such issues. What we cannot agree on is the problem of Abkhazia and South Osetia," Abashidze told *Investor.ge*.

"Currently, all the history of Georgian film is preserved in Russia, all we have is there, and the importance of ▸▸

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A scene from the Georgian film Blue Mountains or Unbelievable Story

GEORGIA'S GREATEST HITS

Georgia has a long history of powerful and celebrated cinema.
Here is a list of some of the most famous films made by Georgian directors:

1. Keto and Kote (1948)
2. Magdana's Donkey (1956)
3. Skhvisi shvilebi (1958)
4. Father of a Soldier (1965)
5. Didi mtsvane veli (1967)
6. Arachveulebrivi gamopena (1968)
7. Pirosmani (1969)
8. Sherekilebi (1974)
9. The Wishing Tree (1977)
10. Repentance (1984)
11. Blue Mountains, or Unbelievable Story (1983)
12. Pesvebi (1987)
13. Street Days (2010)
14. In Bloom (2013)
15. Tangerines (2013)

this process cannot be exaggerated. The Russians who work at Gosfilmofond were happy with this decision because they are people who love film and know the value of such heritage," says Zurab Maghalashvili, director of the Georgian National Film Center.

Georgian cinema dates back to 1908 and is recognized by international film critics for its unique vision during the Soviet period. The films held in the Russian archive include classics from the golden age of Georgian cinema.

LOGISTICS AND COSTS

Nana Dolidze, a program coordinator in the Ministry of Culture and Monument Protection of Georgia, told *Investor.ge* that a special committee composed of film critics, copyright experts, and the heads of both the Georgian National Archive and Georgian National Film Center have discussed the film archive transferring project and all related technical details.

"We will need six to seven years to transfer all the negatives from Russia's Gosfilmofond to Georgia. The estimated number of films is 706, but there might be animated or documentary films we do not know about yet. We divided this process into several phases. Ten films should be in Georgia by the end of this November," Dolidze told *Investor.ge*. Negatives transferred from Russia will be preserved in the building of the National Archive of Georgia until the Ministry builds a special storage building. Since Georgia has not had any experience of working on the project like this, the Ministry met with the head of the French Film Archives several months ago and received some recommendations.

The exact time frame for the transfer has not been set, and the total cost is still unknown, according to Dolidze.

"Georgia has a chance to create a special lab specializing in film and become the leader in the South Caucasus region," she said.

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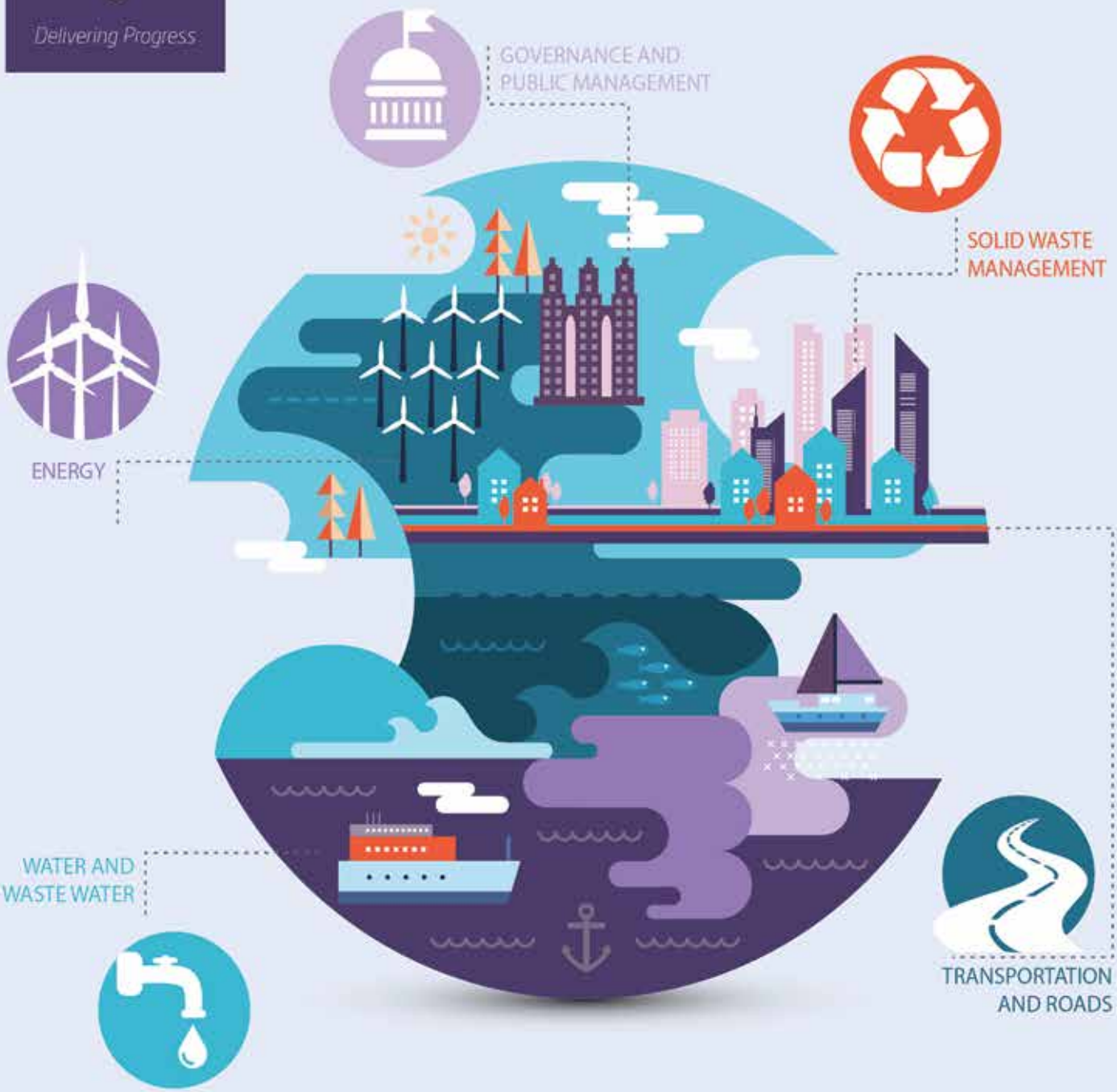

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With a committed, professional and multi-lingual team, we work diligently to realize the goals and to build capacity of our valued clients in the regions of: **Caucasus**, **Eastern Europe**, and **Central Asia**.

We assist investors to develop social infrastructure by increasing management and service quality of various areas including **water and waste water, solid waste management, energy infrastructure** including: **hydro power plants, renewable energy and etc.**, and **roads infrastructure.**

Our partners include: Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), European Commission (EC), Japan International Cooperation Agency (JICA), KFW Development Bank, Millennium Challenge Corporation (MCC), The European Investment Bank (EIB), The World Bank Group (WB), United States Agency for International Development (USAID).

Shopping Aghmashenebeli

AGHMASHENEBELI AVENUE IS THE STAR OF TWO MAJOR RECONSTRUCTION PROJECTS, UNDER BOTH THE PREVIOUS AND CURRENT ADMINISTRATIONS. A HISTORIC BOULEVARD IN CENTRAL TBILISI ON THE LEFT SIDE OF THE MTVKVARI RIVER, THE AVENUE HAS SOMETHING FOR EVERYONE: FABULOUS EYE-CANDY FOR ARCHITECTURE BUFFS, TASTY TURKISH TREATS, AND LOTS AND LOTS OF SHOPPING.

Many expats living in Georgia have grown accustomed to traveling home with an empty suitcase, only to pack it full with everything they cannot purchase here when they make the trip back to Tbilisi.

But slowly the city is turning into a real shopping paradise, where finding real 100% cotton T-shirts, genuine American street styles, affordable designs or simply real Aquafresh toothpaste, is no longer a daunting task.

While the city's two largest malls – Tbilisi Mall and East Point – have become the go-to places to shop, there are great bargains for adventurous shoppers in nearly every neighborhood in the city.

Over the next few issues, *Investor.ge* will take you on an insider's tour of retail therapy around the city.

Our second destination is the historic neighborhood of Aghmashenebeli Avenue. Famous for its architecture, Turkish restaurants, and newly renovated pedestrian walking street, Aghmashenebeli has also emerged as a major shopping district.

RETAIL THERAPY

Most international brands with shops in Tbilisi, especially shoes and apparel, have opened branches on the Avenue. There are also plenty of boutiques offering less expensive versions of the latest fashions.

The street is split by Marjanishvili Metro, with most in-

ternational brands and Turkish-label boutiques to the west of the metro station.

On the corner of Kakhidze and Aghamashenebeli, about two blocks west of the metro station, is one of the city's most famous shops for fabric and sewing materials,128 Aghmashenebeli.

East of the metro is a potpourri of shopping, with several highlights.

One of the city's most renowned bookstores, Santa Esperanza, is located on 12 Saint Petersburg Street, about one block east of the metro and down toward Uznadze Street.

In addition, Aghmashenebeli boasts one of the biggest collections of wedding dress shops in the city. The shops start east of Marjanishvili Metro station, around 73 Aghmashenebeli, and are scattered over three city blocks. There are also tailor shops nearby for alterations.

A BITE TO EAT

Aghmashenebeli Avenue is famous for its Turkish restaurants – and there are plenty of those to try. There is also a growing number of art cafes and other foreign restaurants to taste, with more opening in the new walking district at the beginning of the Avenue.

It would take a full magazine to review all the Turkish restaurants, but favorites include Ankara, at 117 Aghmashenebeli and, for sweets, Sapore at 95 Aghmashenebeli.

There is also an Indian restaurant, Sanjha Chulha, at 130 Aghmashenebeli.

For Georgian cuisine, a new favorite, especially among tourists, is Barbarestan at 132 Aghmashenebeli. Famous for its use of authentic, old-school Georgian cooking, diners also enjoy live folk music.

The city's famous Shavi Lomi (Black Lion), has moved from the Sololaki neighborhood to near(ish) Aghmashenebeli; it's new address is 28 Kvlividze Street, about three kilometers from Marjanishvili Metro station.

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AMCHAM

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AMCHAM ELECTS NEW BOARD

ON NOVEMBER 16TH, THE AMERICAN CHAMBER OF COMMERCE IN GEORGIA (AMCHAM GEORGIA) HELD ITS ANNUAL GENERAL ASSEMBLY AT RADISSON BLU IVERIA HOTEL.

R. MICHAEL COWGILL BECAME THE NEW PRESIDENT OF AMCHAM.

SARAH WILLIAMSON BECAME A NEW VICE-PRESIDENT OF AMCHAM.

IRAKLI BAIDASHVILI WAS RE-ELECTED AS VICE-PRESIDENT AND TREASURER OF AMCHAM.

THE NAMES AND BIOGRAPHIES OF THE NEW BOARD ARE LISTED BELOW:

R. MICHAEL COWGILL
PRESIDENT

In his 19th year in Georgia, Mr. Cowgill is the President and co-founder of Georgian American University (GAU) in Tbilisi, Georgia. Prior to starting GAU, he was the pipeline adviser for the Government of Georgia for the implementation of the Baku-Tbilisi-Ceyhan (Oil) and South Caucasus (Natural Gas) Pipelines.

Mr. Cowgill has over 40 years of experience in managing all phases of projects in 40+ countries in the energy and education industries. In addition to being the past First Vice-President and Vice-President/Treasurer of AmCham, he is a member of the UNDP Global Compact Steering Committee for CSR in Georgia; a member of the Georgian Government Anti-Corruption Council; and Georgia Representative to OECD Responsible Business Conduct Initiative. Mr. Cowgill has an MBA from UC Berkeley and is a current PhD candidate.

SARAH WILLIAMSON
FIRST VICE-PRESIDENT

A native of Dallas, TX, Ms. Williamson has been in Georgia since 1998. She is the co-owner of UGT Group, a holding company comprising multiple businesses including the largest full service IT company in the region - UGT Co. From 2012-2016, Ms. Williamson served as the President of AmCham and has been an active Board Member since June 2001. Having held many officer and board member positions of various organizations and councils through the years, Ms Williamson is currently a founding member of the Prime Minister's Investor Council; a member of the Anti-Corruption Council; Advisory Board Member of QSI Tbilisi; and an Advisory Board Member for Millennium Challenge Account Georgia.

IRAKLI BAIDASHVILI
VICE-PRESIDENT/TREASURER

Irakli Baidashvili is the Senior Vice President of GMT Group. The company is one of the largest U.S. direct investments in Georgia, the owner of two Marriott hotels, the Funicular Restaurant and several major real estate sites in Tbilisi. He is also member of the *Investor.ge* editorial board and sits on Prime Minister's Professional Education Authorization Council on behalf of AmCham. He is also President of the national barcoding agency GS1 Georgia.

ANDREW COXSHALL
DIRECTOR

Andrew Coxshall has over 28 years of experience in audit, accounting, tax and advisory services in more than 10 countries around the world. He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Chartered Institute of Taxation, a Registered Auditor in Georgia and has an MBA from Herriot Watt University in Scotland. He has been a Trustee of the Eurasia Partnership for over seven years. He is also the Tax Chair of the Commercial Law and Tax Committee of AmCham.

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 million 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 the state of New York.

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.

A co-founder of the Georgian Reconstruction and Development Company, he has served on its supervisory board since 2004. In addition, he has served as

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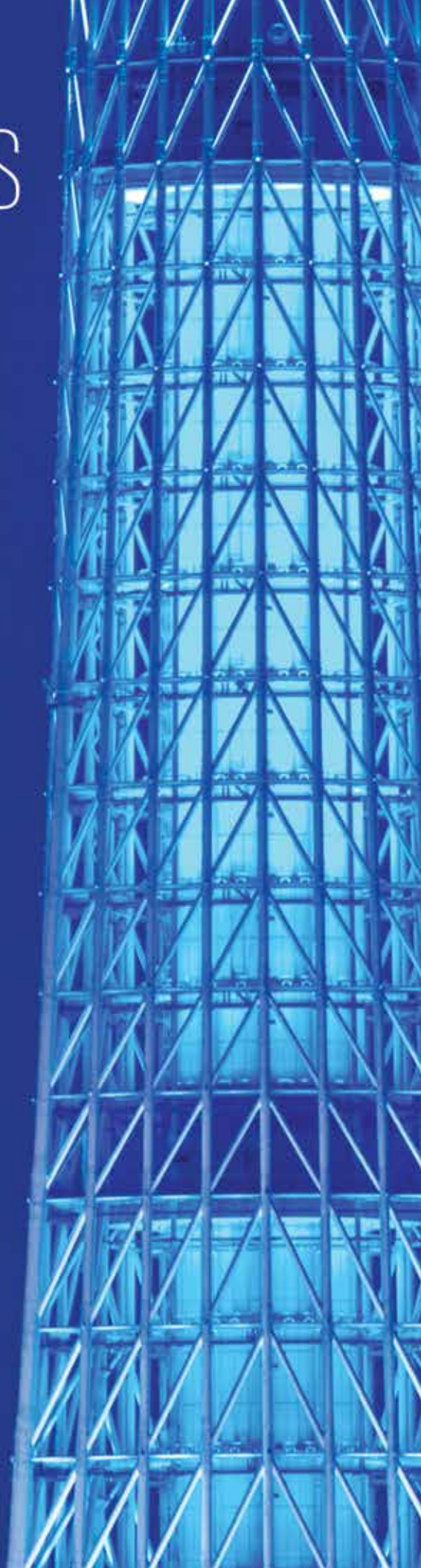

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- Vice Chairman of the EU-Georgian Business Council and the Chairman of the Supervisory Board of TBC Kredit, as well as the Vice Chairman of the Supervisory Board of TBC Leasing. Mr. Japaridze served as a MP in the Georgian Parliament between 1990 and 1992.

STEVE JOHNSON
DIRECTOR

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

OTAR KIPSHIDZE
DIRECTOR

Otar Kipshidze, the Managing Partner and Head of Litigation and Regulatory team of DLA Piper Georgia, has extensive experience in litigation, regulatory matters, energy, banking and finance and corporate law. Otar has advised on a number of key projects in Georgia, including major oil and gas transportation projects, and has a track record of successful resolution of numerous disputes in Georgian courts at various levels.

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.

CHRIS SCHLUETER
DIRECTOR

Chris Schlueter is Country Manager for BP in Georgia. Having worked for BP over 30 years, both stateside and internationally, he arrived in March 2014 to head operations in Georgia. BP and its partners operate three large oil and gas pipelines and are investing $2 billion in Georgia to expand gas pipeline operations three-fold.

DWIGHT NYSTROM
EX-OFFICIO MEMBER

Dwight Nystrom is the Pol-Econ Chief and has been with the U.S. State Department for over 19 years. Dwight's previous overseas posts were Brasilia, Toronto, Moscow, Dublin, and Kabul. His U.S.-based assignments include as Regional Economics Officer in the State Department's Balkans Affairs office, a stint at the State Department training center as the Deputy Director for Econ/Commercial training, and as Deputy Director in the Office of eDiplomacy. Dwight has a B.A. in History from the University of Iowa and a Ph.D. in Economics from Auburn University. Prior to joining the Foreign Service, he taught economics at the University of Louisville and Montana State University. Dwight speaks Portuguese, Russian, and Georgian.

GEORGE WELTON
EXECUTIVE DIRECTOR

George Welton came to Georgia as a university lecturer in 2004. Soon after arriving, he started working as a professional researcher and founded GeoWel Research in 2008. His company conducts research and analysis for non-profits like KfW, GIZ, UNDP, DfID, CARE International and some private companies.

AmCham Georgia's New President: Michael Cowgill

INVESTOR.GE SPOKE WITH NEWLY ELECTED AMCHAM GEORGIA PRESIDENT, MICHAEL COWGILL, ABOUT HIS PLANS, THE FUTURE OF AMCHAM GEORGIA AND THE BUSINESS CLIMATE IN GEORGIA.

Michael Cowgill, the recently elected president of AmCham Georgia, comes to the position after serving as a member of the board, including as First Vice President and as Vice President/Treasurer, for many years. He has lived in Georgia for 19 years and is the President and co-founder of Georgian American University (GAU).

"It is a great honor and privilege to serve as President of such a successful organization. AmCham's visibility and access is at an all-time high, the largest membership base ever and the financial situation never better. This success is due in large part to the strategic direction and decisions made by the Board of Directors which are then implemented by the officers, the Executive Director and the staff," he said.

Cowgill noted that his main priority is to continue to understand the needs and business interests of AmCham members, and ensuring the Chamber "advocates for the best possible business environment with the Georgian Government, and through our connections in the US Government, and the international community."

MORE INVESTMENT, BETTER BUSINESS CLIMATE

Another priority is helping support business growth, whether from local companies and investors or foreign direct investment (FDI), he said.

"AmCham's ability to support this growth is very important, both in working to ensure that Georgia has a favorable business climate as well as supporting individual companies and investors."

He noted that currently the Chamber is continuing its work on two broad issues: the tax system and the judiciary.

"Both tax regulation and the judiciary have seen considerable improvement in recent years. All sides agree that corruption in these areas is rarely an issue. However, unpredictable interpretations of the tax code by Revenue Service auditors and unpredictable judgements on contracts by the judiciary continue to create uncertainty that is unhelpful," he said.

AmCham is working on a tax project funded by USAID's G4G project, and continues to work with the Investor Council on general tax and judicial reform, to help address these issues.

In addition, he noted the need for continued education reforms to help bridge the gap in the job market.

As GAU President - and a founding member of AmCham's Education &Training (now HR& Education) Committee - Cowgill has unique insight into how education impacts

the business environment.

"I have seen an ever increasing improvement in the quality of students entering the university from the school system. However, I believe that there is still a need for more attention to the quality of the elementary and secondary education programs, similar to the reforms that have been carried out in higher (university) education," he said, adding that the Georgian and US Governments' efforts, including the US Millennium Challenge project, are a positive sign.

The business community can help make the reforms more effective by providing valuable information regarding what educational requirements they expect from their new hires – and by providing internships and scholarships for motivated students.

WORKING WITH THE GEORGIAN AND U.S. GOVERNMENTS

Outreach and dialogue with both the Georgian and U.S. governments are key to the Chamber's success, he said.

"AmCham's primary role is to understand and respond to the needs and business interests of its members through interaction with the Georgian and U.S. Governments and the international community," he said.

"To best accomplish that, we must have a constructive dialog with the appropriate representatives of those organizations so that our concerns are heard and considered. Within the new Georgian Government administration, we have been interacting with all the relevant representatives for quite some time and have every reason to believe that our dialog will continue."

Cowgill noted that as part of the most recent AmCham Georgia trip to the U.S., he saw "firsthand how our comments and opinions as US/Georgia business leaders were valued."

The Chamber will make every effort to continue the practice, he said "as it is invaluable to the understanding of what is really happening within the Georgian business community and how those in DC can influence policies that best benefit Georgia."

BUILDING ON SUCCESS

Cowgill noted that it is also important to build on AmCham's success by continuing to improve the services it offers to all its members.

"Another very important challenge for AmCham as a business organization is that as we grow in size, we also must continue to provide individual attention to the needs of the members," he said.

AMCHAM MEMBERS CELEBRATE THE SPIRIT OF THE HOLIDAYS

AMCHAM MEMBER COMPANIES ARE RAISING FUNDS AND SUPPORTING CHARITY EVENTS TO HELP MAKE THE HOLIDAYS BRIGHTER FOR THOSE IN NEED IN GEORGIA. THE FOLLOWING IS A SHORT LIST OF SOME CHARITABLE ACTIVITIES MEMBER COMPANIES ARE INVOLVED IN.

COATS volunteers help children pick out warm clothing and accessories.

American Friends of Georgia is organizing a Christmas charity gala dinner "Mission to Rebuild the Dzegvi Shelter," and its Hospice and Palliative Care program. The Gala dinner will take place on Saturday, December 10, 2016 at Garden Hall. For more information: www.afgeorgia.org.

Budget Rent a Car is supporting the International Women's Association's annual fundraiser for charity, the Winter Fair 2016.

Deloitte Tbilisi continues to sponsor American Friends of Georgia's annual charity event. As per tradition, it also plans to support vulnerable families who need help this holiday season by collecting clothes, purchasing Christmas presents for children, preparing Christmas food parcels and organizing a Christmas party for the children.

EY Georgia sponsors American Friends of Georgia's Christmas Gala. It is also supporting Temi-Community in Gremi village. Instead of traditional New Year's gifts giving to clients and business partners, EY Georgia is contributing money to Temi, for further developing its winery-restaurant facility.

Hotels & Preference Hualing Tbilisi has collected warm clothes for the Village Gremi Community. In addition, it donated funds to the daycare center at First Step Georgia. The funds will go to purchase toys for children.

KPMG in Georgia supports the aging, low-income socially vulnerable populations in Georgia by serving dinner and sweets to the elderly at House of Catharsis. In addition, every January KPMG in Georgia, together with the NGO Sand Clock, assists 10-12 low income families in need of groceries and other necessities.

Mercure Tbilisi Old Town donates 10% of its monthly income from the weekly Sunday Brunch (11-3pm) to the charity fund social partnership. In addition, on December 3rd and 10th, Mercure will host orphans and the elderly for dinner and gifts.

The Salvation Army in Georgia continues to support children in need through its Angel Tree program. The organization also partnered with the COATS charity, which provides warm clothing for children.

There are also plans to place Red Kettles on the streets around the country to raise donations for its programs. Anyone can donate to its efforts; for more information, please email gillian_jackson@eet.salvationarmy.org or call the office 2333785.

Vinotel is donating 1 GEL per checkout to the fund for children with cancer.

Prospero's Books Expands to Saburtalo

PROSPERO'S BOOKS HAS OPENED ITS THIRD LOCATION IN TBILISI AT 1 VAJA PSHAVELA STREET (INSIDE THE NATIONAL ARCHIVE CENTER). INVESTOR.GE SPOKE WITH TAMARA MEGRELISHVILI, THE DIRECTOR OF THE STORES, ABOUT PROSPERO'S NEWEST BOOKSTORE AND THE BOOK BUSINESS IN GEORGIA TODAY.

Prospero's Books and Caliban's Coffee – an institution for book and coffee lovers for 17 years – has finally expanded into Saburtalo, with a new store at 1 Vaja Pshavela Street.

The move was part of the store's expansion strategy, Tamara Megrelishvili told *Investor.ge*.

"Six years ago, we used to see that bookstores expanded to different locations without watching the political and economic indicators, competing to each other, and then closing the branches. We chose a different strategy: instead of distributing ourselves to different locations, we decided to expand on the existing location, increase our size and then open the other stores," she said.

"We expanded successfully and recently we add a third store on Vaja-Pshavela Street for Saburtalo-region customers in Tbilisi... Prospero's Books' mission is to create an environment for the local and expatriate customers to experience the best quality services and products. And this is what we try to establish in all of our stores."

INCREASED COMPETITION

The number of bookstores in Tbilisi – as well as in other cities and towns around the country – is growing. While Prospero's was a pioneer in Tbilisi, the first to offer a bookstore and fresh roasted coffee for its patrons, the trend has caught on to other chains as well.

There are also more bookstores selling books in English, a sign, according to Megrelishvili, that the market is becoming more competitive, especially in Tbilisi.

"What makes us different from other bookstores in Tbilisi is that we are a pioneer in the Caucasus market as an English bookstore, and we created a very interesting landscape for the competition in terms of the books and fresh roasted coffee businesses," she said.

"The current competition is intense in Georgian market, especially in Tbilisi. Prospero occupies a niche position in the general English bookselling segment. Although the English mass titles are not a high-demand product for the Georgian population, our competitors try to go to the same success model direction as we chose."

Megrelishvili noted, however, that a key difference is that the coffee at Prospero's is fresh roasted, which is still a rarity. In addition, Prospero's Books has been investing in it is employee training and knowledge.

CREATING A COMMUNITY

She added that Propero's Books works hard to be more than just a bookstore.

"Improving of the quality life of the local community depends on the private sector rather than the government. Prospero's Books has also conducted its share of different social activities, such as promoting reading for young children by organizing "reading hours" on Sundays; sponsoring book launches for local and international authors and art exhibitions for local artists," she said.

The management is also investing in eco-friendly practices.

"We initiate and train our employees on paper waste prevention and recycling, which is not widely practiced in Georgia – as well as many similar initiatives, which we believe that government regulations will introduce in Georgia in future."

The government, she said, can help by reducing restrictions on selling English educational material and doing more to protect copyrights. "There will be significant changes in the retail industry and innovation, and experiments will be the challenge not only for Prospero's Books in Georgia, but for all world bookstores," Megrelishvili said.

"And like other bookstores, the main challenge for us is to maintain a flexible position for strategic change in the future. At this level, I can say we are ready and open to all beneficial changes."

Dinehall: The World's First Fresh-Casual Cafe-Restaurant

TBILISI'S NEWEST FINE DINING RESTAURANT IS WHIPPING UP MORE FOR ITS GUESTS THAN JUST GOOD CUISINE: IT IS ON A MISSION TO INTRODUCE A NEW PHILOSOPHY ABOUT EATING. INVESTOR.GE SPOKE WITH TANER ICTEN, MAQRO FOOD BOARD MEMBER AND GROUP HEAD, ABOUT DINING IN TBILISI, FOOD INNOVATION AND CREATING THE FIRST WORLD`S FIRST FRESH-CASUAL CAFE –RESTAURANT.

Dinehall, a $6 million investment, opened at 28 Rustaveli in June.

The restaurant is the first branch of a new project by the Maqro Food group: a restaurant and a life philosophy.

Group head Taner Icten came to the project as a consultant, bringing five years of experience in the food sector.

"We worked on Dinehall project for one year, looking and comparing famous trends around the world," Icten told *Investor.ge*.

"According to our research, there were no restaurants in Tbilisi where the owners or managers of a company could gather for their business meetings or go out with their families."

The solution was Dinehall Tbilisi.

"Every human being is entitled to an honorable life and good food. Here in Dinehall Tbilisi, we serve freshly prepared dishes, using only the best locally sourced products. In that sense we claim to be the world`s first fresh-casual Café –Restaurant," he said.

"Our motto is 'Good food is a human right,' with this believe we treat our guests. While working on the Dinehall concept, we took into consideration all the details to make our guests feel as they deserve it. We are happy that since June 9th, we have hosted 40 thousand guests."

QUALITY FOOD AND QUALITY TIME

He added that Dinehall is more than just a restaurant. "In our concept ,we have Expo Halls for Events and Meeting, we have more companies that are waiting for our proposals, and we are proud of it," he said.

Dinehall is aimed for diners over the age of 25 and their families, "especially people who believe that good food is a human right," Icten said.

"During the day very important and special subjects are talked about, discussed and decided while eating, that's why people start to choose the places where they can find good service and atmosphere, feel themselves important and eat fresh food."

FRESH, LOCAL PRODUCTS

Dinehall uses fresh, local products to prepare a "global menu" for its clients, Icten noted. But the restaurant prides itself on its peerless Georgian cuisine.

"Dinehall is a Georgian Brand, but it has a global menu, in our menu we have Chicken Shkmeruli, Soup Kharcho, Lobio and Pork Ojakhuri from Georgian cuisine," he said.

"We chose these dishes because we trust that we do them best. We don't have competitors among the Georgian and local cuisine restaurants."

NEW MEMBERS

Budget Rent a Car - Otokoc Georgia LLC
Corp A

Otokoc Georgia LLC is a 100% subsidiary of Otokoc Automotive Turkey, which is the largest 31st company of Turkey with USD 1.9 billion sales revenues. Otokoc holds the licensee rights of Avis and Budget not only in Turkey, but also represents Avis in Kazakhstan, Azerbaijan, Northern Iraq and Budget in Georgia, Hungary. Otokoc Turkey manages a car fleet of 40,000 cars. Avis Budget Group is a US company with USD 8.5 billion sales revenues operating in 180 countries with 11,000 sales ofices.

www.budget.com.ge

Kartlos Group LLC
Corp A

Kartlos Group acquires underdeveloped agricultural properties in picturesque locations in Georgia, develops them according to international best practice, redevelops all processing infrastructure to the highest standards, obtains certification of all aspects of operations to ISO22000 and GlobalGAP standards, and designs, builds and commissions luxurious resorts and hotels in harmony with the surrounding environment. The Company provides a unique Caucasian agrarian holiday experience, be it amongst vineyards, orchards, or pastures for cattle and sheep amongst idyllic mountain scenery. A focus on professionally managed adventurous activities makes Kartlos Group LLC the logical destination for polo, rodeo, paragliding and heliskiing in the Caucasus. Long-established distribution channels in East Asia and Australia for produce, beverage and inbound tourism position the company well for sustained growth in this market, in both goods and services.

www.kartlosgroup.com

Dio Ltd.
Corp B

Dio represents a highly qualified professional team that is oriented towards the constant improvement of the quality of its products and customization. The company has a wide range of its manufactured products: PVC doors and windows, Pergola, glasing systems, blinds, mosquito screens, awning, external shading systems, umbrellas, glass enclosed blinds, barissol, windows shutters, infrared heaters, mist cooling systems, garage doors, sun sail, membranes, industrial doors, door automation. Dio has own representatives in various regions of Georgia: Batumi, Telavi, Kutaisi, Khashuri and Gori.

www.dio.ge

Domsons' Engineering LLC
Corp B

Domsons' Engineering is a leading Georgian group specializing in MEP Engineering on different levels. Group consists of three companies (Daikin Georgia LLC, Gradus LLC, Techknowledge LLC), each of them using its knowledge to ensure customer satisfaction on every level of provided service (HVAC, water & sewage, elevator, firefighting, electricity, low voltage, BMS).

www.domsons.com

NEW MEMBERS

GTS Electronics, Ltd.
Corp B

GTS Electronics is the descendant of GIS Electronics Ltd. founded in early 90's by the energy sector professionals. Since that GTS Electronics Ltd. is family owned enterprise lead by the second generation. The nature of business is production, service and distribution of variety of office and industrial equipment: stabilizers, UPS-s, battery chargers, high frequency invertors, etc.

www.gts-el.com

Maqro Food LLC "Dinehall"
Corp B

Maqro Food LLC "Dinehall" is the first fresh casual café restaurant, which is located on 28 Rustaveli Avenue. Dinehall combines five venues in one - café and restaurant, bar, wine cellar, patisserie and art gallery. Dinehall's expo halls are perfect for private companies and individual events. Dinehall's concept is "Less is More", company's philosophy is "Good Food is a Human Right", company's vision is to reach a global standard with customer and employee satisfaction, also to acquire competitive advantages in its industry by creating difference.

www.dinehall.ge

Nexia TA LLC
Corp B

Nexia International is a leading top 10 worldwide network of independent accounting and consulting firms. Founded in 1971, for now, NEXIA's network unites 614 offices in more than 110 countries. All independent member firms apply strict procedures and standards and are subject to regular quality control reviews which must be met as a condition of continuing membership of Nexia International. Services provided: audit, International Financial Reporting Standards (IFRS), accounting outsourcing, tax, consulting, tax dispute solutions, legal, valuation, transactions, reporting & budgeting, business plans.

www.nexia.ge

Veziri Ltd.
Corp B

Veziri Ltd. was established in 1996 as communication and security systems integrator and products supplier for Georgian Market. Initially the company started its activities with supply and installation of conventional RF systems and later diversifying into other communication media. Nowadays, Veziri Ltd. is considered as one of the leading Communication and Security systems supplier and integrator on Georgian Market. The company provides design, supply, installation, commissioning, maintenance, customer training and after sale support fully meeting customer requirements. Veziri Ltd. gives priority to all projects concerning Country Development. The company participates in charity activities, supports refugees and socially vulnerable groups.

www.veziri.net

AmCham Black Tie Anniversary Gala

AMCHAM HOSTED A BLACK TIE ANNIVERSARY GALA ON NOVEMBER 11 FOR 270 GUESTS AT ROOMS HOTEL NEW BALLROOM. IN ADDITION TO AMCHAM MEMBERSHIP, NOTABLE GUESTS INCLUDED GEORGIAN PRIME MINISTER GIORGI KVIRIKASHVILI; THE MINISTER OF ECONOMY AND SUSTAINABLE DEVELOPMENT, DIMITRY KUMISHVILI; THE MINISTER OF FOREIGN AFFAIRS, MIKHEIL JANELIDZE; THE FORMER BUSINESS OMBUDSMAN, GIORGI GAKHARIA; THE U.S. AMBASSADOR, AS WELL AS THE AMBASSADORS OF TURKEY, THE NETHERLANDS AND ITALY; THE HEAD OF THE EBRD, BRUNO BALVANERA, AND MANY OTHER SENIOR MEMBERS OF THE GOVERNMENT AND THE INTERNATIONAL COMMUNITY.

GUESTS ENJOYED COCKTAILS, A DELICIOUS DINNER, AND A SPECIAL WINE COLLECTION FROM ROOMS HOTEL, AS WELL AS A STRING QUARTET, JAZZ BAND AND ROCK AND ROLL BAND ON A WARM AUTUMN EVENING.

AMCHAM

18TH ANNIVERSARY GALA

THANK YOU TO THE SPONSORS

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U.S. ELECTIONS BREAKFAST AT COURTYARD MARRIOTT

AMCHAM, JOINTLY WITH THE U.S. EMBASSY IN TBILISI, HOSTED AN ELECTION BREAKFAST ON NOVEMBER 9 AT THE COURTYARD MARRIOTT BALLROOM. AMCHAM PRESIDENT SARAH WILLIAMSON AND AMBASSADOR KELLY WELCOMED GUESTS. THE GEORGIAN MINISTER OF FOREIGN AFFAIRS, MIKHEIL JANELIDZE, ALSO ADDRESSED THE ATTENDEES. THE BREAKFAST WAS ATTENDED BY OVER 300 GUESTS, INCLUDING REPRESENTATIVES OF AMCHAM MEMBER COMPANIES AND SPECIAL INVITEES FROM THE GEORGIAN GOVERNMENT AND DIPLOMATIC REPRESENTATIVES. GUESTS ENJOYED AN AMERICAN-STYLE BREAKFAST AND SPARKLING WINE.

AMCHAM HALLOWEEN COCKTAIL RECEPTION AT LOLITA

ON OCTOBER 31ST, AMCHAM GEORGIA HOSTED A HALLOWEEN COCKTAIL RECEPTION FOR AMCHAM MEMBERS AND FRIENDS AT LOLITA. AMCHAM VICE-PRESIDENT R. MICHAEL COWGILL GREETED THE GUESTS AND THANKED THE VENUE FOR HOSTING THE RECEPTION. MR. COWGILL INFORMED GUESTS ABOUT AMCHAM'S UPCOMING EVENTS AND GAVE A SHORT OVERVIEW OF THE NEXT FEW MONTH. MEMBERS ENJOYED THEMATIC DECORATIONS, A SELECTION OF GEORGIAN WINE AND THE ATMOSPHERE OF FRIENDS AND BUSINESS PARTNERS.

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