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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.

IMF PRAISES GEORGIAN ECONOMY

Managing Director of the International Monetary Fund Christine Lagarde said the Georgian economy is showing “strong signs of recovery.”

She made the statement following her meeting with Georgian Prime Minister Mamuka Bakhtadze in Washington, D.C. on September 21.

“Prime Minister Bakhtadze and I discussed the good progress under Georgia’s economic reform program supported by the IMF’s \$285 million Extended Fund Facility. We also discussed the importance of advancing Georgia’s ambitious reform agenda to support investment, education, and competitiveness, with the ultimate goal of achieving sustainable and inclusive growth, which will benefit all Georgians,” Lagarde said, adding that she has reiterated the IMF’s commitment to support Georgia and its people.

GEORGIAN PM RAISES FREE TRADE DEAL WITH POMPEO

Georgian Prime Minister Mamuka Bakhtadze met U.S. Secretary of State Mike Pompeo at the U.S. Department of State in Washington D.C. on September 20. Praising Pompeo as a “faithful friend of Georgia,” Bakhtadze told journalists after the meeting that the two officials discussed the possibility of a free trade agreement between Georgia and the U.S.

“We are supported by our U.S. allies in this very important endeavor,” Bakhtadze told journalists.

GEORGIAN GDP UP 5.5 PERCENT IN Q2

The real growth rate of Georgia’s GDP was 5.5 percent in the second quarter of 2018, compared to last year, according to Geostat, the official statistics body of Georgia. In Q2 of 2018, estimated real GDP growth was registered in

several areas, including real estate (13.8 percent growth); social and personal services (17.9 percent growth); financial intermediation (22 percent growth); and manufacturing (8.5 percent growth).

NUMBER OF AIRPORT PASSENGERS UP 25 PERCENT

Georgian airports served 25 percent more passengers in the first eight months of 2018 than during the same period last year, according to the United Airports of Georgia. In total, the country’s airports served 3,375,959 passengers during the first eight months of this year. The biggest airport is Tbilisi International Airport, which had a 12 percent increase in August compared to the same period last year (461,051 passengers). Passenger traffic is also up at Kutaisi International Airport, increasing 44 percent compared to August of last year.

GOVERNMENT DRAFTS NEW CUSTOMS CODE

The government has presented a new customs code that brings Georgian legislation closer to European standards.

“The new customs code will become an important stimulus for attracting European investments and will support the integration process of Georgian businesses on the European market,” Prime Minister Mamuka Bakhtadze said. Once the new code is implemented, Georgia will be the “first country in the region with both European customs infrastructure and legislation, which will contribute to the development of international trade,” the Prime Minister added.

JAPAN TO FINANCE 14 KM OF EAST-WEST HIGHWAY

Georgia and Japan have signed an agreement worth \$343 million to build the 14 km stretch of the East-West Highway that stretches from Shorapani to Argveti.

Japanese technology will be used during the second phase of the project, agenda.ge reported. The project is planned to be finalized in the first quarter of 2023.

GEORGIA'S TOP BANKER RECOGNIZED

National Bank of Georgia Head Koba Gvenetadze has been named one of the top central bankers of 2018 by Global Finance magazine. This is the first time the head of the National Bank of Georgia has been included in the list, agenda.ge reported. Global Finance has published its annual Central Banker Report Cards since 1994 and grades central bank directors in 85 countries.

EUROPEAN INVESTMENT BANK LENDS MILLIONS FOR SME DEVELOPMENT

The European Investment Bank has

lent €30 million to TBC Bank as part of its efforts to increase financing for small and medium businesses, agenda.ge reported on September 28.

Since 2011, TBC Bank has on-lent €85 million to small and medium businesses via the European Investment Bank program.

The funds will be provided within the European Union's EU4Business initiative, designed to support SMEs in the six Eastern Partnership countries - Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, the report said.

GEORGIAN BUDGET PREDICTS 4.5 PERCENT GROWTH

The Georgian government has predicted that the economy will grow 4.5 percent in 2019, according to the draft budget, agenda.ge reported on October 1.

The International Monetary Fund has

projected that the Georgian economy to grow 5.5 percent this year and 4.8 percent next year.

The Asian Development Bank has recently raised Georgia's 2018 growth forecast to 4.9 percent, up from its earlier estimate of 4.5 percent, the report said.

GEORGIA PLANS GRAPE SEED OIL, FLOUR EXPORTS

Georgia is in negotiations to export oil and flour made from grape seeds, agenda.ge reported on September 24, citing information provided by the Georgian Ministry of Environmental Protection and Agriculture.

A new grape seed processing plant opened in Georgia's Kakheti region on September 24.

The plant was financed by Ukrainian EcoGeorgian Group, which invested one million lari in the project.

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Innovators and Disruptors: Ideas to Bring Change

GEORGIAN ENTREPRENEURS ARE PUSHING THE COUNTRY'S DEVELOPMENT FORWARD. THIS COLUMN IS ABOUT HOW GEORGIA'S BEST AND BRIGHTEST ARE CHALLENGING THE LIMITS OF TECHNOLOGY AND THE MARKET TO CREATE THE BUSINESSES THAT WILL CHANGE OUR LIVES TODAY AND SHAPE OUR FUTURE. IN THIS ISSUE, INVESTOR.GE'S NINO BAKRADZE SPOKE WITH CHARTE.GE'S MARI GELASHVILI ABOUT A STARTUP THAT HOPES TO MAKE THE INTERNET ACCESSIBLE FOR EVERY GEORGIAN FAMILY.

NINO BAKRADZE

Mishiko, 16, wants to be connected to the wider world. Specifically, he wants access to the internet at school in order to study better.

The people at Charte.ge hope they have a way to grant his wish.

Charte.ge, a start-up project within Educare Georgia, is a platform for people to donate funds to purchase internet access for poor families.

Currently about 78,000 children live in poverty in Georgia and do not have access to the internet. By making monthly donations, anyone can help Charte.ge



buy computers and pay for regular internet access for families in need.

The project began in 2017 and has already connected 166 families to the internet.

Mari Gelashvili, Charte.ge project coordinator, told *Investor.ge* that the idea to create Charte.ge came when staff members at Educare Georgia were translating different online courses from English to Georgian.

As they worked on the translations, they realized that people might not have access to the products that they were creating. So they decided to make the internet more accessible for poor families.

Gelashvili says that Charte.ge's initial priority was to fund internet connections for internally displaced children living in and near Gori. Now Charte.ge plans to expand to help families in Guria, a poor region in western Georgia.

Eventually, Charte.ge hopes to support all Georgian families who do not have access to the internet and to online educational programs. Gelashvili notes the program does not end with access to the internet: Charte.ge provides a package of online lessons, digital books and online courses to children. "We give them a chance to learn new things, find their own way and become innovators in the field each likes the most," Gelashvili told *Investor.ge*.

In order to find families to help, organizers at Charte.ge gather information about children in need from schools. Their names are added to the website, and then donors can select a monthly rate to pay toward funding an internet connection for a specific child. Gelashvili says that project is popular among donors: there are currently about 300 donors, both individuals and companies, who want to invest in education.

While the government has promised to make the internet accessible for every Georgian citizen, Charte.ge is determined to work independently with private and company sponsors.

Gelashvili added that Charte.ge cultivates a personal relationship with donors, and works hard to update them on how their support is helping children.

"A couple of weeks ago I was with a family that includes a 16-year-old boy. He never had a computer or access to the internet. He even did not believe that someone could give it to him. He was nervous and happy at the same time, but could not express his emotions completely. We, who have access to the internet and computers, and they are part of our lives, think it is normal way to live. We do not realize how big a gift and happiness it is for people who live in poverty—and there are lots of them here. So we need to do more and help them," Gelashvili said.

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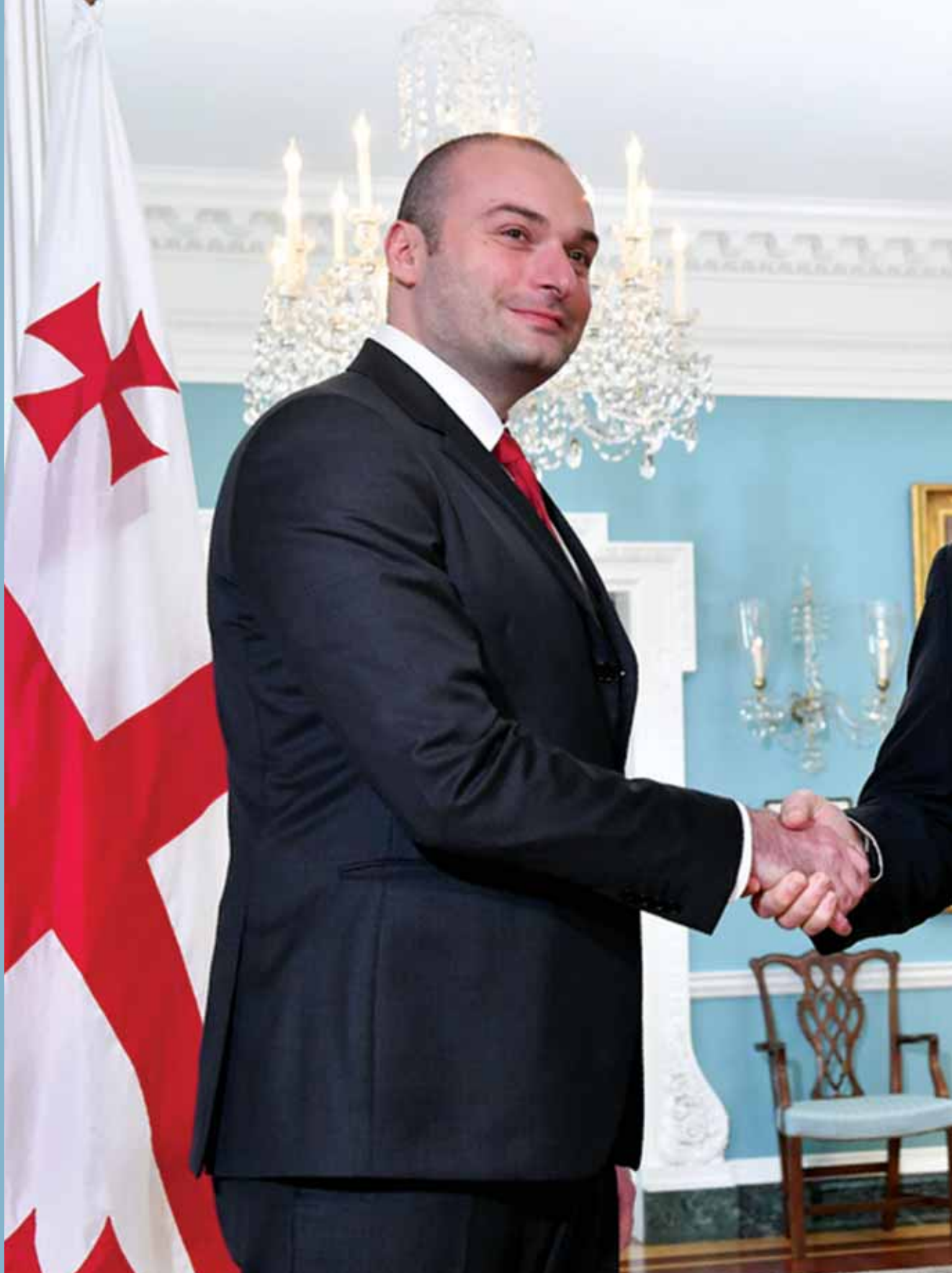
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Georgian PM Pushes for



Closer Relations with US

PM Lobbies for Free Trade Deal with United States

GEORGIA HOPES TO FURTHER STRENGTHEN ITS STRONG US BOND WITH FREE TRADE AGREEMENT



Georgian Prime Minister Mamuka Bakhtadze made a case for closer security and economic relations with the United States during his trip to Washington, D.C. in September.

Bakhtadze noted Georgia has been “punching above its weight” in several areas, including military cooperation with the U.S. in Afghanistan and Iraq.

The Prime Minister held high-level meetings with White House officials and prominent media outlets in the U.S., including with U.S. Secretary of State Mike Pompeo, U.S. National Security Advisor John Bolton, and several U.S. Senators: Lindsey Graham, Roger Wicker, Bob Corker and Robert Menendez.

CALL FOR FREE TRADE AGREEMENT

Following his meeting with Pompeo, Bakhtadze underscored Russian occupation of Georgian territory and the U.S.-Georgia cooperation in “key directions.”

“We touched upon all the topics of our bilateral relations. We spoke about

the pressing challenges faced by Georgia and originating from the occupation of our land by the Russian Federation. We talked about the key directions with all our resources and political will to deepen our relations further [to the level of] our cooperation in the areas of security and economics.

We are very keen to conclude a Free Trade Agreement (FTA) with the U.S.A. and have support of our friends in this very important endeavor.

We also spoke about various aspects of the political situation in our region and role that might be played by Georgia in regional politics,” Bakhtadze told journalists.

Bakhtadze repeated Georgia’s interest in a free trade agreement during a sit-down interview with Fox News.

“We pushed to another level our cooperation in the field of security and military cooperation, and we have also very good economic cooperation. And we do believe that a free trade agreement can be a very good step forward,” he said.

“Georgia is a gateway for eight land-

locked countries [. . .] We would like to see more American companies doing business in Georgia.”

At a meeting with U.S. business leaders, Bakhtadze provided an overview of Georgia’s reforms and its efforts to attract investment.

“Georgia leads among other countries in terms of doing business and our wish is to see more U.S. corporate investments in the country,” he said.

NATO MEMBERSHIP

Bakhtadze also spoke about Georgia’s goal to join the NATO military alliance.

“Membership in NATO is our main priority. We are actually continually punching above our weight. Although our budget is not large, we are spending more than two percent of our GDP on our military.

Our soldiers, shoulder to shoulder [with U.S. soldiers], are fighting against terrorism in Afghanistan and Iraq,” he said in his interview with Fox News, adding “We are very serious about it.”

The Benefits of Free Trade with the Georgian Republic

THIS EDITORIAL BY MAMUKA TSERETELI HAS BEEN REPRINTED FROM THE WASHINGTON TIMES, WWW.WASHINGTONTIMES.COM.

MAMUKA TSERETELI

When Prime Minister Mamuka Bakhtadze visits Washington in mid-September he should be greeted as the essential partner in the Caucasus region that Georgia has proven itself to be.

Since leaving the orbit of the Soviet Union in 1991 the Georgian Republic has been ruled by several different political parties, yet has been steadfast in choosing an open economy based on transparency and rule of law and resisting reintegration with its giant neighbor.

This openness to trade, knowledge, technological know-how and management skills has helped Georgia advance its national interest. But it is an act of bravery for such a tiny country facing constant threat from Russian occupational troops.

We in the United States must do all we can to advance Georgia's economic development and its clear and demonstrated preference to be a full-fledged trading partner with the West.

The United States, more than any other country in the world, has tangible incentives to work closely with Georgia. For over two decades Georgia and the United States have been consistently reliable strategic partners that have contributed mightily to each other's national security. Georgia's military has participated in every military campaign of the United States since 2003, and this small nation with population of only 3.7 million became one of the largest contributors of troops to coalition forces first in Iraq, and then in Afghanistan.

In fact, by 2008 Georgia was the second largest contributor of troops to coalition forces in Iraq, after United States, and today Georgia is a largest non-NATO contributor of forces in Afghanistan. This commitment is all the more remarkable since the country has 20 percent of its territory occupied by Russia.



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► Being a large recipient of the U.S. assistance, Georgia reciprocates not only by contributing military forces to international security operations, but also by fostering great business opportunities for American companies. Georgia itself provides excellent opportunities for U.S. enterprises in the areas of infrastructure development, transportation, telecommunications, hospitality, food and beverage industry, and finance.

Georgia has free trade agreements with the EU, Turkey, CIS countries, and China, which create exceptional opportunities for U.S. companies involved in Georgia to have tariff-free access to markets of more than two billion people.

The United States must do all it can to encourage expanded economic ties with Georgia to exploit these and other economic and financial opportunities, but also for important geo-political reasons. The alternative course for Georgia would be to reintegrate into the backward governance, obsolete technological and management environment of the Russian orbit. Georgia lives, as they say, in a very interesting neighbourhood of great interest to many of the United States' most challenging adversaries — China, Iran, and of course, its immediate neighbour,

Russia. The interests of global powers in Georgia is mostly determined by its location and available infrastructure, which ensures access to the “heartland of Eurasia” and to the hydrocarbon resources of the Caspian basin.

The United States should prioritize keeping Georgia on its current course. Georgia's commitment to economic openness democratizes the country's key assets, transit and transportation infrastructure, to the benefit of all Georgians. This, in turn, has created a paradigm of orderly, transparent, commitment to the rule of law in doing business that the United States encourages globally.

Like its international security commitments, Georgia has demonstrated its progress in building welcoming, stable and transparent economic environment. It is a good place to do business, and a beachhead in that regard, in a turbulent, unstable region.

Georgia has a successful track record in completing international infrastructure projects, including energy pipelines and oil terminals. Georgia has attained high rankings in all positive international indicators, including Index of Economic Freedom of the Heritage Foundation and Doing Business of the World Bank, with

particular emphasis on low rates of tax, regulation, crime, and corruption.

Given this stable environment, the country enjoys strong support from international financial institutions, and from investment promotion agencies, such as the U.S. government's Overseas Private Investment Corporation. Last, but not least, entering or expanding business activities in Georgia offers American companies the potential to reach an exponentially larger regional market, thanks to Georgia's free trade agreements with Turkey, CIS countries, the EU, and China. It is in the shared U.S. and Georgian interest to significantly boost bilateral trade between the United States and Georgia by adopting a Free Trade Agreement. If awarding consistently loyal allies is truly the priority, Georgia presents an excellent opportunity for the administration to demonstrate it, and I hope it will be on the table when Prime Minister Bakhtadze visits the White House.

Mamuka Tsereteli is president, America-Georgia Business Council, a senior research fellow for the Central-Asia Caucasus Institute at AFPC, and a member of the part-time faculty at Johns Hopkins SAIS and American University.

Georgia Weighs Legal Cannabis Production for Export

THE GEORGIAN GOVERNMENT HAS PLEDGED TO HOLD PUBLIC DISCUSSIONS ON A DRAFT LAW THAT WOULD LEGALIZE CANNABIS PRODUCTION FOR EXPORT. WHILE THERE IS STRONG OPPOSITION TO THE PROPOSAL IN SOME QUARTERS, THE RULING GEORGIAN DREAM PARTY BELIEVES IMPLEMENTING FORWARD-THINKING LEGISLATION TODAY WILL HELP DEAL WITH THE DRUG ADDICTION PROBLEM IN THE COUNTRY AND STRENGTHEN THE ECONOMY.

The Georgian government has prepared a draft law on the cultivation of cannabis for export, specifically for the production of pharmaceuticals and cosmetics.

The initiative was one part of a legislative package aimed at updating the country's drug laws following the Constitutional Court decision decriminalizing marijuana consumption.

But following a large protest from

the Georgian Orthodox Church and other groups in society, the proposal has been temporarily shelved pending public discussions.

LICENSED CULTIVATION

Prime Minister Mamuka Bakhtadze announced the government's plans during his regular press briefing on September 12.

The proposal, which foresees a strict

licensing process for cannabis cultivation in Georgia and which would have strictly prohibited its sale in the country, was part of a larger draft law on regulating marijuana use in the country.

"After the Constitutional Court's decision on marijuana consumption, a new legal reality emerged—marijuana use in private spaces is no longer a crime or even an administrative offense. Immediately after the publication of this court decision, I instructed the Interior Ministry to prepare a relevant bill strictly and clearly banning marijuana consumption in public places," he noted.

Bakhtadze underscored that selling marijuana is still a felony in the country.

"We need to be sure that not even one gram of this stuff is illegally sold, and that it does not create health problems for our population and citizens," he said.

Interior Minister Giorgi Gakharia said the Ministry's recommendations include an age limit on marijuana consumption and other regulations. He noted that if the sector is well regulated, allowing cannabis-based medical products does not "create additional risks."

PREVENTION AND THE ECONOMY

Deputy Parliament Speaker Tamar Chugoshvili told *Investor.ge* that the parliament has been researching international best practices on drug policies for the past two years. Their work has included intensive study of several models, from Dutch practices to the approaches in Spain and Portugal.

The current draft was a product of the parliament's research and a response to the Constitutional Court rulings against the strict prison time envisioned under Georgia's existing legislation.

Prior to the Constitutional Court's decisions, Georgia had some of the strictest anti-drug laws in the region. Today, however, the mood of the Court is to roll ►►

INTERNATIONAL LEGAL CANNABIS TRADE





► back those restrictions, Chugoshvili said.

She noted that the strict prison sentences for drug use did not solve the country's drug problem.

"This very repressive criminal policy did not really work for Georgia because it did not really reduce the damage; it did not really reduce the number of people who suffer from this problem," she said.

"So, we were looking into the experiences of different countries. We were looking from that perspective, from the human rights perspective—what countries did to overcome the problem; and many countries actually overcame this problem not by repressive criminal policies but by a rather different approach: providing healthcare programs, preventive programs, social rehabilitation programs," Chugoshvili said, noting that the most successful programs were also the most expensive: the individual, case-by-case approach combined with strong prevention programs in schools and universities.

"Everyone agrees that the state needs to have a more caring policy and that this will require a lot of investment and a lot of money," she said.

But today, following the latest court decision, "we are left in a situation where quite a lot of cannabis can be possessed, and it can be freely consumed, and our feelings are that this is the worst condition that the country can have," Chugoshvili said.

"This is why we are rushing with a decision, because this part needs to be regulated somehow: you cannot really

give marijuana to 12-year-olds and this kind of thing—you cannot drive while [being under the influence]. These kinds of things need to be regulated as soon as possible," she said.

The government's draft law package involves two separate parts: regulation of marijuana use and a legal framework for licensing cannabis cultivation for export.

"I do not know how this process will continue in the future, but if Georgia decides to proceed with this draft, to proceed with this law for cultivation for pharmaceutical purposes, Georgia has the capacity to control the licensing process and control the cultivation and production in a way that it does not increase the number of people who are using marijuana," she said.

Chugoshvili said that, following pushback from society, the part dealing with the licensing of cannabis cultivation will be shelved for now, however, pending discussions and wider public information campaigns.

There is no scheduled date for the cannabis cultivation portion of the law to be discussed in parliament.

INTERNATIONAL TREND

Georgia's draft law follows a growing international trend to legalize cannabis cultivation and sales.

Twelve countries in the world have legalized marijuana use for medical purposes; two countries—Uruguay and Canada—plus several U.S. states—have legalized it for recreational purposes.

Economics plays a part in the equa-

tion for lawmakers considering legalizing cannabis consumption: a study in Colorado found the legal marijuana market created 18,000 jobs and generated \$2.4 billion over a two-year period.

The Georgian government's draft plan is much more conservative and only foresees the legalization of cannabis cultivation for export products; the sale of marijuana in the country would be illegal, Chugoshvili said.

"According to this draft, any dealing with the selling of drugs including marijuana, cannabis, inside the country, is a criminal offense [. . .] The cultivation for the pharmaceutical purposes is allowed, and there is a very detailed regulation for licensing. If it happens, it should happen under very strict oversight by the state because, as I said, any selling of cannabis inside the country is considered to be a criminal offense," she said.

The current version of the draft envisions six different types of licenses and an independent agency under the executive branch of the country, which would control the licensing process.

The licenses, Chugoshvili said, would be for the cultivation of cannabis for the production of oil used for pharmaceutical purposes. "We did some research of course, we did a lot of research actually, and there are very developed countries that have similar regulations, including Canada, the United States, Germany, Austria, Israel, and the Netherlands. There is a big list of countries that do this and the draft was basically following their example," she said.

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Tbilisi Bets on New Rules for Safer Taxis



SEVERAL CHANGES ARE UNDERWAY TO REGULATE THE TAXI MARKET AND PROVIDE BETTER SAFETY GUARANTEES FOR PASSENGERS.

NINO BAKRADZE

Tbilisi City Hall has introduced several new rules and regulations for the city's myriad taxicabs.

The rules are being introduced in stages over the next year. The changes

are intended to regulate the taxi market and provide better safety standards for passengers, Mamuka Mumladze, Head of the Municipal Transport Department at Tbilisi City Hall, told *Investor.ge*.

This year, taxi drivers are obligated to register and receive a permit from Tbilisi City Hall. The permit costs 100

lari, although drivers of hybrid vehicles receive a 50 percent discount and those with electric vehicles receive the permit free of charge.

Starting October 1, taxi drivers must display permits visibly on their vehicles, use a yellow "taxi" light, and maintain a clean vehicle.

Taxi drivers will face a 200-lari fine for driving without a permit and a 500-lari fine for failing to follow the new rules.

IMPORTANT STEP

Gela Kvashilava, Founder of the NGO "Partnership for Road Safety," told *Investor.ge* that regulations should make the taxi market work more effectively.

"Every highly developed city regulates the taxi market in some way. Passenger safety should be protected and service should be good. The main thing is that City Hall should concentrate more on the drivers' professionalism and passenger safety. If we want to develop the tourism industry, we need a good taxi service first," Kvashilava said.

The strictest regulations will start next year, in October, City Hall's Mumladze said.

"First we need to identify how many taxi drivers we have in Tbilisi. In a year, we will have new regulations, such as restrictions on right-hand drive vehicles as well as for cars with two doors. Taxi cars that are part of a fleet should be standardized, meaning the same color and taximeter," he said.

Mumladze hopes that emissions checks, which will begin in January 2019, will help ensure unsafe vehicles are not on the streets.

Tbilisi Mayor Kakha Kaladze has also announced that as of October 2019, all taxi cars will have to be white.

Beso Papiashvili, head of Taxify's Georgian office, notes that the new

regulations will be slightly different for ride-sharing companies.

“Drivers who cooperate with us should have permits just as a regular taxi driver does. But companies like us, which provide ride-sharing services, are not obliged to have uniformly colored cars or have some identifying sign on the vehicles,” he said.

MORE REGULATIONS, HIGHER COSTS?

Papiashvili added that the company agrees with the aim of the regulations: getting unsafe vehicles off the road.

He noted, however, that if there are fewer taxis operating, the cost of a taxi ride could increase.

Mumladze argued that the market should regulate the price for taxis, as well as the number of taxis operating on

the city’s streets.

He also noted that the city is betting on better public transport to decrease the need for taxi services.

“We plan to replace all old buses with new ones and to decrease the intervals between arriving metro trains by the end of 2019,” Mumladze said.

According to official information, the monies received from permit issuances are to be spent for public transport improvement.

The number of registered taxi drivers was not available at the time of publication.

DRIVERS’ CONCERNS

While some other cities are watching Tbilisi’s taxi regulation reforms to see what reforms they should implement—the city of Rustavi is already interested in

passing similar rules—some taxi drivers worry about the impact of the changes on their livelihoods.

Khvicha Mchedlidze, a pensioner, works as a taxi driver to supplement his monthly income.

But now he is not sure how he will be able to continue working after the new restrictions on right-hand steering-wheel vehicles go into force next year.

“If I sell this car, the money will not be enough to buy the same type of car with a left-hand steering wheel. I will not be able to afford buying a new car and my pension is not enough to live on it. I do not know what to do in the future,” he told Investor.ge.

“Regulating the market is necessary, but living standards have to be higher when you make such decisions,” Mchedlidze noted.

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New Digital Bank Expands Georgian Banking's Reach

TBC BANK DETAILED ITS FAST-GROWING CLOUD-BASED NEOBANK AND A NEW PARTNERSHIP WITH AZERBAIJAN'S NIKOIL BANK IN ITS H1 REPORT TO LONDON-BASED FINANCIAL ANALYSTS.

City of London financial analysts are speculating the developments mark the start of a new fintech regional banking hub.

SPACE BANKING

This speculation was fanned by remarks from TBC Group CEO Vakhtang Butskhrikidze, who spoke with analysts about the H1 report.

“To build upon our leading position in the Georgian market, the successful implementation of our digital strategy and the very promising results of our newly launched fully digital bank, Space, we will also consider entering other markets to further increase our banking operations beyond Georgia,” he said, adding, “We want to build our strategy outside Georgia with Space, mainly in mobile banking, via remote channels and dealers’ franchises.”

At the end of August, Space had around 65,000 registered customers and around 160,000 downloads. However, TBC says that “for now it is available only for Georgian residents.”

Structured as an autonomous business, Space provides customers with a full range of retail banking services, including loans, saving products and a credit card powered by Visa. The business was developed from concept to launch in just eight months and on a budget of just over a million lari.

To avoid the hazard of soaring bills that has toppled a number of challenger neobanks in other countries, Lasha Gurgenedze, who heads the Space project team, has kept very tight control on operational costs.

The project’s team numbers only 20 members. As Space is cloud-based, there are no branches or other physical spaces, its presence being just on mobile phones. Gurgenedze told a press conference that Space will also keep costs down by tak-

ing a collaboration route to furthering innovation for Space’s marketing and customer services.

Saying “goodbye” to banks as we know them and embracing the move to digital services has been a key part of TBC’s strategy for some years now. In August, TBC told investors that in Q2 2018 only 9.9 percent of transactions were conducted in its branches, while the remaining 90.1 percent were done digitally—on ATMs, mobile phones, online or at pay terminals. While the numbers for branch transactions have risen only slightly over the last two years, digital transactions have more than doubled.

In another move for fintech banking, last year, using Facebook messenger, TBC launched the first Georgian-speaking chatbot, Ti-Bot, which allows customers to receive various information about banking products as well as conduct simple banking transactions. Ti-Bot also seems to have been very well received by customers and has become a very popular communication channel, receiving 10.4 million messages since launch.

Investors like this digital approach, too. It does not seem to be making TBC’s banking activities riskier—Anthony Da Cost at London brokers Peel Hunt points out that its credit quality is improving.

EXPANSION IN AZERBAIJAN

In July, TBC signed a conditional, non-binding strategic partnership agreement with Nikoil Bank to further develop TBC’s business in Azerbaijan. The deal lays the groundwork for a future merger between its 10-year-old Azerbaijan subsidiary, TBC Kredit, with Nikoil Bank. Nikoil Bank is a privately-owned commercial bank offering corporate and retail services across Azerbaijan and had assets of GEL 591 million at end 2017. TBC Kredit is much smaller, with end-of-2017 ►►

*Please apply for the professional advice prior to relying on the information given in this Newsletter.
BLC and its team shall be ready and pleased to provide any information, legal advice and specific recommendations regarding the subject matters covered by this issue of the Newsletter.*

ACCUMULATIVE PENSION SYSTEM – HOW DOES IT WORK?

On July 2018 the Parliament of Georgia adopted the Law on Accumulative Pension. In brief, the new law introduces allegedly modern approach of accumulative pension funds sourced through the contributions made by the employee, the employer and the State to supplement the existing social pension package. According to the new pension scheme, employees will pay two per cent of their monthly gross salaries towards their pension, while employers and the government will add another two per cent each. Self-employed citizens will pay 4% of their annual income. Notably, if an employee's annual gross salary exceeds GEL 24,000, then the government pays 2% in case of income up to GEL 24,000 and 1%, if the income ranges from GEL 24,000 to 60,000. No contribution is made by the State to the benefit of the employees having annual gross salary in excess of GEL 60,000. Funds paid to the accumulative pension fund are exempt from personal income tax. The funds so accumulated will be managed and invested by the State Pension Agency or an asset management company to be contracted by the agency to ensure reasonable returns on such funds through investment in financial and non-financial instruments.

The new system will be launched from 1 January, 2019 and will be mandatory for legally employed persons under the age of 40, meaning that they will be enrolled automatically. System will be voluntary for persons above 40, as well as for self-employed citizens. The funds accumulated on an individual pension account may be received upon retirement as (i) a lump sum, provided that the participant joined the pension system at least 5 years prior to retirement, (ii) monthly payments allotted proportionally to the statistical life expectancy, or (iii) insured permanent pension payments from acquired annuity insurance product.

AMENDMENTS TO THE CIVIL CODE TACKLING ABUNDANCE OF LOANS

On 21 July 2018, the game-changing amendments to the Civil Code of Georgia entered into force tackling the problem of abundance of loans among individual lenders. Loans issued to natural persons by individual lenders or entities not supervised by the National Bank of Georgia may no longer be secured with

immovable property (other than loans issued in exchange for the right to use the property) or vehicles. Repeated breach of such restriction envisages a chilly sanction of GEL 10 000 per occurrence. Where security for the loans issued to individuals is allowed, foreclosure of the security shall be considered to have fully satisfied the claim of the lender, irrespective of the amount actually recovered by the lender through such foreclosure. Further, any secured loan shall be issued to an individual borrower through wire transfer to its bank account. Moreover, the effective annual interest rate ceiling on loans decreased from 100% to 50%. Permitted penalties for the default have been scrupulously regulated.

The amendments are part of the reform launched by the new Prime Minister Mamuka Bakhtadze. It aims to fight the predatory lending and the easy access to debts for the individuals with low financial awareness and inadequate evaluation of their capabilities.

LABOR SAFETY LAW HAS BECOME FULLY FUNCTIONAL

As already covered in the May 2018 issue of our Newsletter, Georgia has a new Law on Safety of Labor aiming to integrate the European standards in Georgian reality and sanction the violation of basic safety standards at workplace. The law has been on standby until the adoption of the list of hazardous activities and the jobs with increased danger on 27 July 2018. The list includes such activities as construction, mining, metallurgy, energy, oil and gas, chemical industry and alike. The employers engaged in the listed activities, shall, among other obligations, undergo mandatory registration at the Registry of Economic Activities, perform training of the employees on the rules of compliance with basic safety standards, provide them with health insurance packages, maintain qualified work safety specialists to monitor and control compliance with the safety standards at the workplace and report the casualties to the regulator. Obligation to provide insurance to the employees shall become effective from January 2019. On 27 July 2018 the Government adopted the rules and procedures for selective control of compliance with the Law on Safety of Labor. Violation of the Law is sanctioned with warning, suspension of works and/or penalties up to GEL 50 000.

IMPLEMENTING LEGISLATION FOR PPP LAW FINALLY ADOPTED

With a delay of more than two months, the Government of Georgia has finally adopted the implementing legislation on public and private partnership (PPP) to give effect to underlying PPP Law of May 2018. Enacted from July 2018, the PPP Law was inoperative pending the adoption of relevant sub-normative acts. For the purposes of establishing complete regulatory basis for PPP, the rules for adoption and performance of PPP projects was adopted on 17 August 2018. This was followed by the adoption of the regulations on resolving disputes arising out of the investor selection stage of PPP project on 24 August 2018, whereas the statute of the responsible PPP Agency was approved on 5 September 2018. That being said, allegedly modern PPP legislative framework is finally in place to, hopefully, boost the public private cooperation in Georgia.

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► assets of GEL 39 million.

Building the relationship with Nikoil Bank is still a work in progress, with the deal going through due process, according to the H1 report. TBC will own up to 10 percent of the merged entity but has a three-year call option to acquire additional shares (subject to the relevant authorities' approval) to reach a 50 percent-plus-one interest. However, TBC will start quickly on contributing to the development and execution of the merged entity's strategy, including with innovations such as

Space, bank officials said during TBC's 2018 H1 figures conference call.

So, this looks to be a very cost-and-risk-lite deal, in the initial stage at least.

At the end of August, Space had around 65,000 registered customers and around 160,000 downloads.

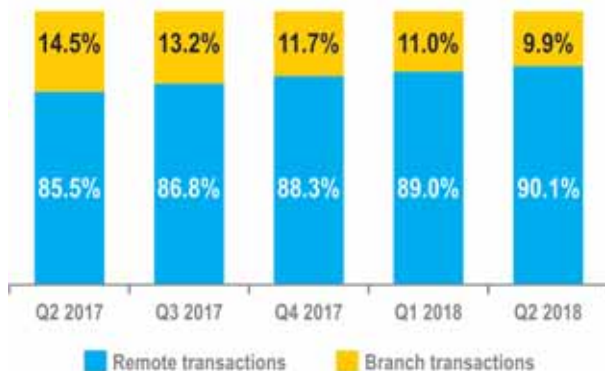
As TBC CFO Giorgi Shagidze told analysts listening in on the bank's 2018 H1 figures conference call, "our potential investment in Azerbaijan could be around

\$3.5 million – \$4 million, which is the amount of equity we have in our Azeri subsidiary." Stacked up against that, "the target capital that Nikoil Bank could have at the closing of the deal could be about \$50 million."

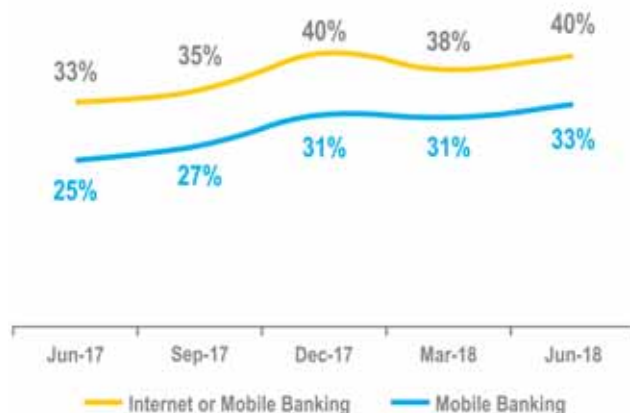
TBC can see the opportunity that comes with the much more developed banking products that it has in Georgia compared to those on offer in Azerbaijan. "We have seen that as TBC Bank we can penetrate further in the Azerbaijani market," Vakhtang Butskhrikidze explained.

LEADING MULTICHANNEL DISTRIBUTION PLATFORM

Offloading statistics



Penetration ratios of digital channels



Number of Transactions in Digital Channels ('000)



Number of active clients ('000)



New Deal to Strengthen Georgia's Financial Market

SIX LARGE GEORGIAN COMPANIES HAVE SIGNED A DEAL WITH CLEARSTREAM BANKING TO HANDLE CORPORATE BOND TRANSACTIONS. BROKERS SAY THE DEAL IS A MILESTONE FOR GEORGIA'S FINANCIAL MARKET.

SALLY WHITE

Georgia has taken an important step in the opening up of its financial markets to foreign investors by signing a new deal to handle corporate bond transactions. The move sounds boringly technical, but it is a vital one to give foreign bond investors confidence that all Georgian asset administration will be up to international standards. Without that assurance, major international funds won't invest.

Hopes are now raised of a "considerable" increase in foreign money flows to Georgia's capital market, according to leading players. The admittance of corporate bonds issued by six major Georgian companies to the settlement, custody, and asset services carried out by Clearstream Banking is an new

milestone. Clearstream Banking is a subsidiary of Deutsche Börse Group, but with operations internationally and links to markets worldwide. This milestone follows the admittance to Clearstream systems two years ago of Georgian government bonds and was made possible by Clearstream's indirect link with the Bank of Georgia as a sub-custodian and cash correspondent. Describing its role, Clearstream states, "When assets are traded, both parties must be sure they will receive their part of the transaction. Given the complexity, speed and quantity of assets involved, a fast, secure and trusted third-party is absolutely essential for settling transactions."

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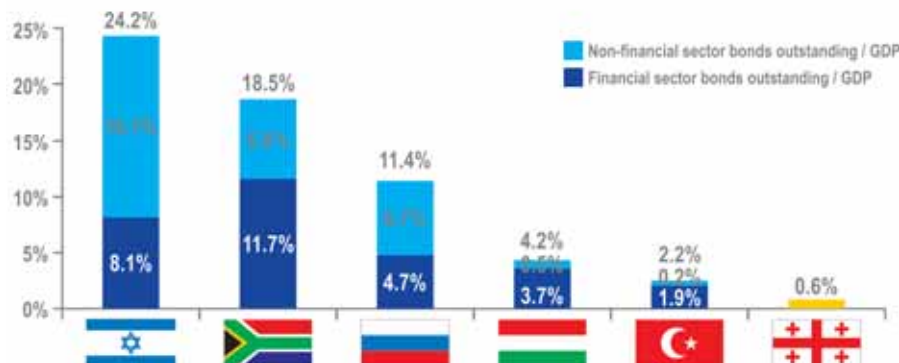
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RELATIVE TO OTHER COUNTRIES GEORGIA HAS BEEN SLOW TO RAISE MONEY VIA BONDS

LOW CORPORATE BOND MARKET CAPITALIZATION RATE

DOMESTIC CORPORATE BONDS OUTSTANDING TO GDP (2017) - SELECTED PEER COMPARISON



► securities that it holds on behalf of its customers. Over 300,000 domestic and internationally traded bonds, equities and investment funds are currently deposited with Clearstream, and it has 2,500 customers in 57 countries. The Georgian companies whose bonds qualify are M2 Real Estate, Georgian Leasing, Nikora, Silknet, Georgian Leasing and Microfinance Organisation Crystal. However, George Paresishvili, CEO of the Georgian Stock Exchange, expects more to follow. “With an already strong pipeline of new publicly listed corporate bond issues, we expect their number to grow even further following their inclusion in the Clearstream link.” At Georgian brokers Galt & Taggart, Managing Director Otari Sharikadze regards this as “a very

significant step towards developing the local capital market.” “Many international institutions, including funds and other investment vehicles, are limited, or often not allowed, to have local custodians. When Georgian treasuries were first admitted to the Clearstream system, we saw a dramatic increase in interest from foreign big funds. Some 25 percent of the total trading amount was made by the foreign investors in the first year since admission,” Sharikadze said.

“So, this move brings the potential investor pool to a whole new level and, for instance, a Frankfurt-based investment fund can easily invest in Georgian securities without even having an account in Georgia,” Sharikadze explained.

“It is hard to predict when we will

see the actual effect of this change, but in the long run there’s no doubt that it will improve the market, its size and liquidity,” Sharikadze added.

Paresishvili is equally confident that the impact on the corporate bond market will be considerable because it will create the right conditions for a wider range of investors. “Non-resident investors traditionally have been investing in Georgian government bonds denominated in GEL, partly because these bonds were Clearstream-able. Now, with this Clearstream news, we all hope that they’ll start investing in GEL-denominated corporate bonds as well. In our opinion, they could potentially make up to 30 percent of this market over time,” Paresishvili said.

“If you look at how these corporate bonds trade on the Georgian Stock Exchange (GSE), you’ll see that they are not very liquid because of a scarcity issue—most investors hold them until maturity and never sell. USD denominated bonds are more liquid than GEL ones because their investor base is typically more diverse (high-net-worth individuals in addition to institutional investors, both local and international),” he said.

National Bank of Georgia Vice President Archil Mestvirishvili pointed out that there has now been a succession of measures to increase foreign interest in the Georgian bond market. “[. . .] we have recently undertaken a set of reforms to remove all tax-related risks; for example, non-residents are now exempt from capital-gains tax and withholding tax on coupons and dividends. By November, we will ensure delivery-versus-payment settlement for all corporate bonds and equities in central bank money.”

Bank of Georgia CEO Kaha Kiknavelidze welcomed the move as “greatly facilitating” the administrative procedures for investors on time-saving and efficiency grounds.

THE HOPE IS FOR MORE BONDS TO TEMPT FOREIGN INVESTORS

(Source: TBC Capital)

PUBLICLY ISSUED CORPORATE BONDS OUTSTANDING (2017)

Issuer	Coupon (%)	Issued par (m)	Currency	Issued date	Maturity	Rating	Listed
CRYSTAL	NBG REF +450 bps	10	GEL	Dec-16	Dec-21	Fitch: B	✓
SILKNET	NBG REF +350 bps	34	GEL	Sep-17	Aug-22	Fitch: B+	✓
BANK OF GEORGIA	7	10	USD	Sep-17	Aug-22	na	✓
GEORGIAN LEASING	11	5	USD	Dec-16	Jul-19	Scope B+	✓
M2 REAL ESTATE	9	10	USD	Jul-17	Jun-19	na	✓
REAL ESTATE	7.5	25	USD	Dec-16	Jul-19	na	✓

BANKING & FINANCE LAW PRACTICE



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Nodia, Urumashvili & Partners has the preeminent banking and finance law practice in Georgia. The company has been recognized by the international legal directories as one of the leading law firms in Georgia in this field. According to Legal 500, “Nodia, Urumashvili & Partners is a popular choice for Georgian banks and has notable expertise in licensing issues”. Also, the managing partner Lasha Nodia is recognized as one of the best lawyers in Georgia in banking law (IFLR 1000).

Associate Ketevan Kharebava has recently returned to the company after studying a one-year joint master’s degree in Law and Finance at Queen Mary University of London. The costs of her studies were fully funded by the International Education Center of Ministry of Education of Georgia. Ketevan acquired an in-depth interdisciplinary knowledge of the financial law with a particular focus on recently adopted EU legislation MiFID II/MiFIR (The Markets in Financial Instruments Directive II/ the Regulation on Markets in Financial Instruments) regulating investment services in EU. Ketevan worked at Nodia, Urumashvili & Partners for four years focusing her practice on banking and finance law.

Nodia, Urumashvili and Partners anticipates that Ketevan’s return will further expand the company’s banking and finance law practice and enhance the company’s involvement in public discussions related to harmonization of Georgian law on capital markets and financial services with EU legislation.

PRACTICE AREAS:

Regulatory. Advising banks and other financial institutions on regulatory matters.

Licensing. Assisting in obtaining licenses and registering as a provider of various financial services.

Reorganization. Assisting financial institutions on restructuring their business, including the transformation of the branch of a foreign financial institution in Georgia into an independently licensed entity, reorganization of the micro-finance organization to the bank, reorganization of the bank to the ordinary non-bank entity, etc.

Project finance. Assisting in all stages of project finance, participating in negotiations and preparing legal documentation.

Loans. Advising borrowers and lenders on loan transactions, including advising international financial institutions on their lending to Georgian entities, including micro-finance organizations and banks.

Debt Capital Markets. Assisting in the issuance of various types of securities, including assisting in the preparation of the prospectus and legal documentation and acting as a bondholders’ representative.

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Georgia Drafts “European” Customs Code

THE GEORGIAN GOVERNMENT HAS PRESENTED THE DRAFT OF A NEW CUSTOMS CODE, DEVELOPED IN COOPERATION WITH THE EUROPEAN UNION’S TAXATION AND CUSTOMS UNIT. INVESTOR.GE SPOKE WITH TRANSIT AND SHIPPING EXPERTS ABOUT THE WEAKNESSES IN THE CURRENT CODE AND THEIR EXPECTATIONS FOR THE NEW DRAFT.

The Georgian government has drafted a new customs code that it says will help the country integrate into the European market.

“The new customs code will become an important stimulus for attracting European investments and will support the integration process of Georgian businesses on the European market,” Prime Minister Mamuka Bakhtadze said.

The Prime Minister said that Georgia will be the first country in the region to adopt European customs infrastructure and legislation, which will contribute to the “development of international trade.”

John Braeckeveldt, Director of Gos-selin Group in Georgia, noted that it is “quite logical” that the government wants to adopt a European-type customs code, given the potential to increase trade with a large, neighboring market.

“The customs code itself was already quite evolved. I presume the new customs code will only be technical changes; [...] [T]hey worked directly with Europe [on the draft customs code]. I presume it will be streamlining and making sure everything is correct,” he said.

David Lezhava, Public Policy Sector Director at PMCG, agreed that, in general, Georgia’s tax and customs laws are well regarded in the region and beyond. “The current customs code cannot be considered to be one of the major obstacles for economic development. However there is always room for improvement.

Complaints often floating in the air were [about] ambiguity and the possibility of dual interpretation of individual provisions. Whether this issue was addressed or not should be seen during practical implementation,” he said.

Braeckeveldt underscored that the secondary legislation will be the most important, because it defines how the law is interpreted on the ground.

He noted that the challenges “traditionally” appear in the secondary legislation and the business community should be involved when such legislation is written.

FH Bertling Logistics Georgia’s Natalia Nikitina noted that there are several changes she would like to see in the new customs code but at this stage it is too early to speak about specific amendments in the new version.

“The current customs code draft is very general; when [a customs code] comes into force, usually a lot of additional instructions are issued in order to clarify individual articles,” she said, adding that the Revenue Service is not making any comments at this stage because the document is only a draft.

POSITIVE DIRECTION

Lezhava added that at this point it appears that all the planned changes “are in a positive direction.”

“One of these changes is a harmonization of the Customs Code with the requirements of international conventions. This will result in documents and guarantees produced by local banks, customs and insurance companies to be recognized in other countries. This is very much in line with the goal to better integrate with the world,” he said.

Lezhava also noted that Georgia needs to make certain changes under its Association Agreement with the EU.

“It should be noted that currently Georgia doesn’t have a Customs Code

“The new customs code will become an important stimulus for attracting European investments.”

as a separate document, but it is a part of the Tax Code. Customs regulations were spread throughout the Tax Code, the government's and ministers' decrees. Now everything will be combined under the Customs Code. That should be helpful for businesses," he said.

He noted that while there is some concern the transition will be difficult for businesses, because they are used to dealing with the current legislation, the long-term impact of the changes should be good.

"In our opinion, this transitional cost is outweighed by the benefit of having the entire [body of] regulations under one code," he said.

HELP ACROSS THE BOARD

Lezhava noted that some of the projected changes should benefit business "across the board." For instance, he noted that plans to simplify border crossing formalities (general declarations will be

allowed 150-200 days in advance) "will benefit both exporters and importers by the reducing time needed for border crossing[s]."

"Some categories of producers who were disadvantaged due to uneven tax

treatment of imported inputs and final goods, now will be able to choose similar treatment for inputs and final goods, thus eliminating [such earlier] disadvantages; this should stimulate imports of inputs and local production rather than imports of final goods. Introduction of a new type of guaranty will benefit mostly SMEs, while a new type of data exchange between private businesses and the customs [authorities] will mostly benefit importers who have large volumes of imported goods," he said. "The full extent to which the new code is better than the old legislation will only become clear when the new code becomes operational and is tested in practice," Lezhava concluded.

The secondary legislation will be the most important, because it defines how the law is interpreted on the ground.

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Untapped Potential for Made in Georgia Apparel

A RECENT STUDY BY KPMG FOUND GEORGIA HAS SIGNIFICANT COMPETITIVE ADVANTAGES FOR FOREIGN INVESTORS INTERESTED IN MANUFACTURING FOOTWEAR AND BAGS, ESPECIALLY FOR EXPORT PRODUCTS DESTINED FOR THE EU.

LIKA JORJOLIANI

A recent report by KPMG for the government's Enterprise Georgia agency found that Georgia offers definite benefits for manufacturers producing footwear and bags: competitive wages, a low-tax base, and attractive trade agreements with one of the largest consumer markets in the world.

"We see Georgia as a country where whole cycles of production may be or-

ganized, starting from design and ending with finished products," KPMG's Tamar Kavtaradze told *Investor.ge*.

She added that the study also identified Poland, Romania, Turkey, Vietnam and Ukraine.

"It was revealed that we have many advantages, mainly comparatively cheap labor, low electricity and water costs and inexpensive land. For example, while a minimal salary in Georgia is \$365 a month, the average salary in Turkey is

\$1,864 a month, whereas in Vietnam it is \$234 a month."

EXPORTING TO EUROPE AND BEYOND

Kavtaradze said the assessment showed that the consumption and production of footwear in Georgia has increased by 10 percent over the past several years, and 35 percent of the total volume of this production is exported.

Mikhail Khidureli, the Head of the Enterprise Georgia agency, noted that there are already production plants manufacturing clothing under contracts with major international brands, including Nike, Zara, Puma and M&C. He added that the free trade plans with the EU and China are providing more opportunities for Georgian factories to export clothing and footwear abroad.

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“Georgia has concluded an Association Agreement and Deep and Comprehensive Free Trade Area agreement with the EU, a free trade regime with CIS countries, Turkey, and the Association of Free Trade of Europe (EFTA). In addition, the free trade agreement with China and Hong Kong will enter into force [by the end of the year], and that will enable companies operating in Georgia to gain access to markets with billions of consumers without paying customs taxes,” Khidureli told *Investor.ge*.

Enterprise Georgia is also trying to connect potential investors and Georgian companies.

In March, it helped local businesses send representatives to an exhibition of leather-made goods in Hong Kong. As a result, a Georgian company, Geferin, and InterBlock Hong Kong Limited signed a

contract for Georgian-made products to be sold in Hong Kong.

LOCALLY SOURCED RAW MATERIAL

Alexandre Gotsiridze, the founder of the company Alexander Gotsi, told *Investor.ge* that his company has been producing handmade leather bags and accessories from locally sourced materials for the past two years.

“We use local raw materials, mainly leather from the local cattle, produced at local factories. These factories have been working since the Soviet period [. . .] It is a high quality leather,” he said.

Gotsiridze noted that a large volume of raw Georgian materials, including leather, is exported, but it is usually semi-finished, with the finishing production done abroad.

He added, however, that his company has obtained a production facility in Rustavi that has the capacity to produce finished, high-quality products.

Gotsiridze said Alexander Gotsi products are largely exported to markets in the West and in the CIS region.

“Currently, we have support from the German development agency, GIZ, to find a German partner to handle internet sales for our products,” he said. His company is currently using the Georgian Post to sell its products in e-commerce.

Elselema, a Georgian production plant, is producing uniforms for a Czech company, according to the owner of the plant, Elguja Mamasakhlisi.

The company, which opened in Tbilisi 27 years ago, employs 300 people and has expanded to include a production facility in western Georgia, in Lanchkhuti.

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IMF Upbeat on Georgian Economy

THE INTERNATIONAL MONETARY FUND HAS REVISED PROJECTS FOR GEORGIA'S GDP GROWTH IN 2018, RAISING IT FROM 4.8 PERCENT TO 5.5 PERCENT. INVESTOR.GE SPOKE WITH IMF RESIDENT REPRESENTATIVE TO GEORGIA FRANCOIS PAINCHAUD ABOUT THE REVISED PROJECTION.

The higher projected growth "reflects Georgia's strong economic performance so far this year," IMF Resident Representative to Georgia Francois Painchaud told Investor.ge

"In particular, the economy has grown faster than expected, expanding by 5.5 percent (y/y) during the first seven months of 2018. Helped by supportive economic conditions in major trading partners, Georgia's exports have been robust, increasing by almost 30 percent (y/y) during the first half of 2018. Growth in remittances and credit has also positively contributed to Georgia's economic growth. With strong economic activity, the unemployment rate, while still stubbornly high, declined by 2 percentage points to 12 percent in 2018Q2," he said.

GLOBAL SHOCKS

Painchaud noted that Georgia is not "immune to developments in the rest of

the world," especially its main trading partners.

"Global trade tensions could dampen business confidence, trade across countries, and economic activity. Furthermore, market volatility in Turkey and the threat of additional sanctions against Russia could adversely affect economic prospects in those economies. Negative developments in Russia and Turkey, Georgia's second- and third-largest trading partners accounting for 15 and 8 percent of total exports in 2017, respectively, could undermine economic prospects in Georgia," he said.

He noted that to "bolster resilience to external shocks," Georgia should continue its prudent fiscal policy, as well as building up foreign exchange reserves and maintaining exchange rate flexibility.

"Efforts to promote diversification would also be beneficial. While Georgia fares well in terms of export market diversification, thanks to free trade agreements, Georgia's export product diversification is relatively low due to its narrow production base. Mobilizing FDI in export-oriented sectors would be instrumental to enhancing competitiveness, reducing external vulnerabilities, and generating broad-based growth. Increasing productivity, promoting innovation, and better institutions can help expand Georgia's current capacity to diversify its exportable products," Painchaud said.

DOLLARIZATION

He noted that dollarization has declined "significantly" in the country but remains high overall.

Painchaud added, however, that the government's larization measures, "together with higher economic confidence, prudent macroeconomic policies, and enhanced macroprudential tools," have yielded "positive results."

"Since December 2016, loan dollariza-

tion fell from 64 percent to 55 percent in July 2018, while deposit dollarization fell from 70 percent to 61 percent. The authorities have recently announced an increase in the reserve requirements on short-term FX deposits from 20 to 25 percent, which would further help with de-dollarization. The gradual de-dollarization of the economy signals increased credibility of the authorities' monetary policy framework in anchoring inflation expectations. Looking forward, concerns about dollarization should be addressed with targeted and market-based prudential measures that help internalize FX credit risks," he said.

HOUSEHOLD INDEBTEDNESS

Painchaud also noted the government's steps to address "the rapid growth in household indebtedness."

"The National Bank of Georgia (NBG) has established a cap on loans to households without verifiable income (at 25 percent of banks' regulatory capital), awaiting upcoming regulations to promote responsible lending. The latter would include guidance on evaluation of income to assess the ability of a borrower to repay, and additional restrictions on payment-to-income and loan-to-value ratios to protect households from a high debt service burden. In addition, the maximum interest rate on loan, which has already been capped at 100 percent, will be further reduced to 50 percent," he said.

Painchaud added that the IMF "broadly supports" the responsible lending initiative.

"We understand that the industry has some concerns about the proposed policy. We would encourage continued and constructive dialogue between the industry and the NBG. Continued discussion may lead to an improved policy, that could strike a better balance between 'access to finance' and 'financial stability,'" he said.

The Best Minds In The Business: Famous Economists Weigh In On Georgia

IN THE FIFTH ARTICLE IN THIS SERIES, INVESTOR.GE SPOKE WITH NIKLAS DORNBUSCH, WHO COORDINATES THE GERMAN ECONOMIC TEAM GEORGIA; IMF RESIDENT REPRESENTATIVE TO GEORGIA, FRANCOIS PAINCHAUD; AND HEAD OF MACROECONOMIC POLICY RESEARCH CENTER AT ISET POLICY INSTITUTE YAROSLAVA BABYCH TO WEIGH IN ON THE POTENTIAL IMPACT OF THE GROWING CRYPTOCURRENCY MINING OPERATIONS IN GEORGIA.

Niklas Dornbusch, together with Riccardo Giucci and Georg Zachmann, recently published "Mining cryptocurrencies in Georgia: Estimation of economic relevance."

A request from the National Bank of Georgia to look into how to regulate crypto-currencies in the financial market inspired the study, Dornbusch told Investor.ge. The study estimated that mining turnover in 2017 was \$311 million, and that the sector contributed \$181 million or 1.2 percent to Georgia's GDP. To put that in perspective, the report noted that mining and quarrying contribution 1.1 percent to GDP, as does the manufacture of alcoholic beverages.

"In Georgia [the role of cryptocurrency mining] is much more important than in other countries," Dornbusch said.

The report highlighted, however, that while cryptocurrency mining was registering profits of \$178 million in 2017, the sector was paying "practically no taxes."

Apart from direct economic benefits, Dornbusch noted that a successful cryp-

tocurrency mining sector could serve as an "advertisement to attract FDI to the IT sector."

The IMF's Francois Painchaud agreed that developing the cryptocurrency industry could "hopefully lead to innovation and productivity gains spilling over to the broader economy."

But he warned that those gains would have to be balanced against the risks identified with cryptocurrency.

"As noted by the IMF Managing Director Lagarde, the underlying technology behind the cryptocurrency industry, including blockchain, is an exciting development that could revolutionize fields beyond finance," he said.

"They could lead to faster, cheaper, and more secure payment systems; bolstering financial inclusion. But they also pose specific regulatory challenges as

they can be misused as vehicles for money laundering, financing of illegal activities, and tax evasion. Furthermore, excessive price volatility and their ill-defined connections to the traditional financial world could result in financial vulnerabilities. This calls for the development of a regulatory framework to meet these challenges."

ISSET's Yaroslava V. Babych also sees the cryptocurrency industry as "one-off" for the Georgian economy.

She noted that much longer term measures need to be in place for high tech industries to develop in the country.

"Bitcoin itself, I think, will have a one off affect: it will create interest in young people for these kinds of things. But unless the government policies and the actions of private owners and so on support this, in the long term, there will not be anything," she said.

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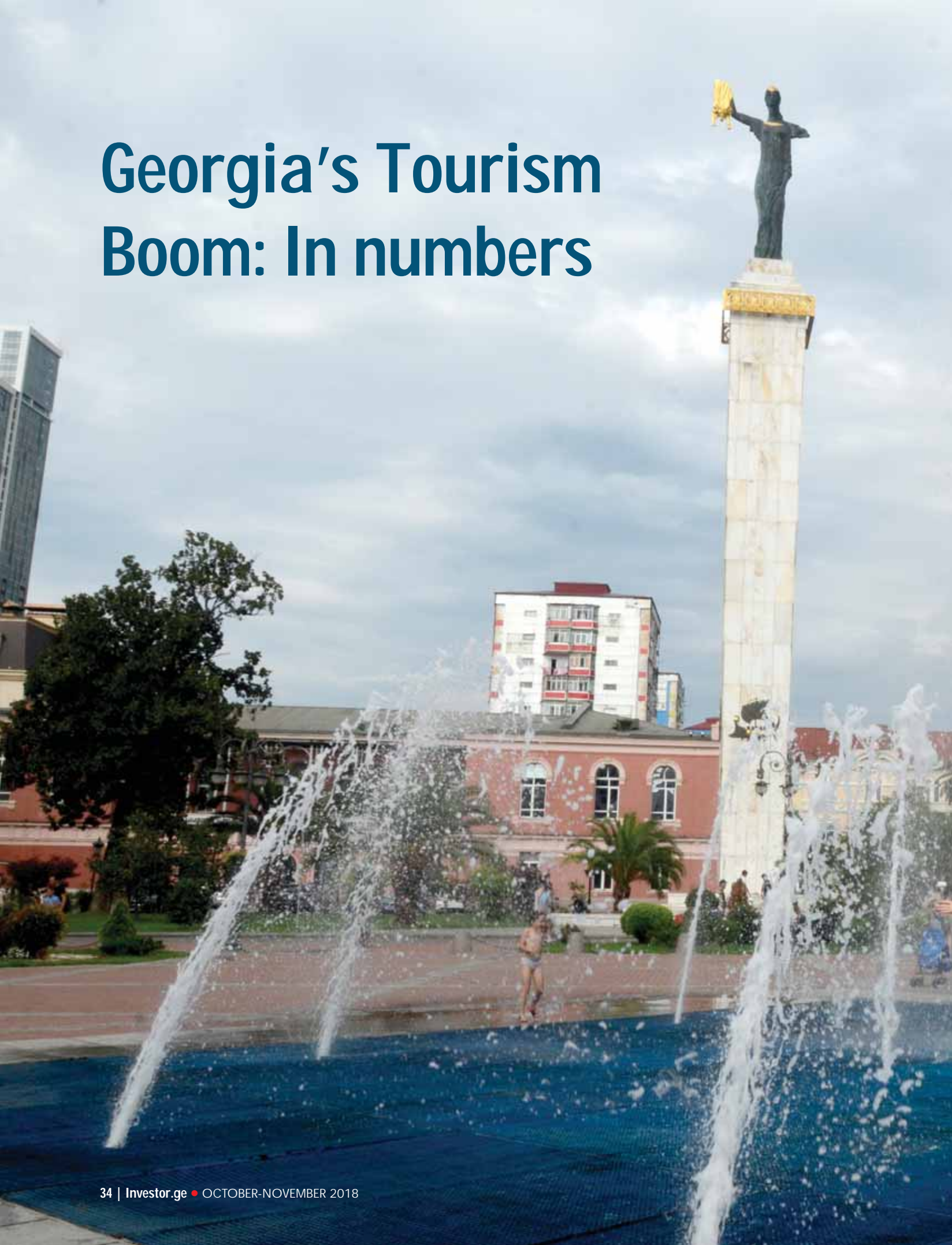
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Georgia's Tourism Boom: In numbers



AN ILLUSTRATED LOOK AT WHO IS TRAVELING TO GEORGIA, WHERE THEY ARE COMING FROM, AND THE MOST POPULAR DESTINATIONS WHEN THEY GET HERE.



GEORGIA'S TOURISM BOOM HAS BEEN WELL DOCUMENTED AND THE NUMBERS ARE UP ACROSS THE BOARD IN THE FIRST HALF OF 2018: THERE ARE MORE INTERNATIONAL VISITORS, MORE MULTI-DAY VISITS, MORE PEOPLE TRAVELING TO GEORGIA FOR RECREATION, AND MORE MONEY BEING SPENT.

NOT ONLY ARE THE NUMBERS GROWING FROM GEORGIA'S TRADITIONAL TOURISM PARTNERS, LIKE RUSSIA AND TURKEY, BUT ALSO FROM TARGET REGIONS, LIKE ASIA (SOUTH KOREAN TOURISTS WERE UP 138.8 PERCENT COMPARED TO THE SAME TIME LAST YEAR) AND EUROPE (VISITORS FROM BELGIUM WERE UP 53.1 PERCENT COMPARED TO THE SAME TIME LAST YEAR).

THIS TREND HAS HELPED INCREASE THE NUMBER OF MULTI-STAY TRIPS, ONE INDICATOR THAT HELPS UNDERSTAND THE DEPTH OF THE TOURISM SECTOR IN THE COUNTRY. IN THE FIRST HALF OF 2018, 64.5 PERCENT OF ALL VISITORS STAYED IN GEORGIA FOR MORE THAN ONE DAY, COMPARED TO 61.1 PERCENT FOR THE SAME PERIOD LAST YEAR.

ALL OF THAT MEANS MORE MONEY FOR THE GEORGIAN ECONOMY: TOURISM BROUGHT IN OF \$1.36 BILLION IN THE FIRST HALF OF 2018, \$305 MILLION MORE COMPARED TO THE SAME PERIOD LAST YEAR.

A SIMILAR TREND WAS NOTED LAST YEAR, WHEN TOURISM BROUGHT \$2.7 BILLION TO THE ECONOMY, UP \$594 MILLION FROM 2016.



MORE TOURISTS VISITING NATIONAL PARKS

A growing number of tourists in Georgia, both local and foreign, are traveling to the country's national parks, according to the Agency of Protected Areas.



In the first eight months of 2018, the number of visitors to six national parks increased compared to 2017:

● Machakhela National Park	— 98 percent increase, to 7,709 visitors
● Tbilisi National Park	— 65 percent increase, to 69,080 visitors
● Kobuleti Protected Territories	— 28 percent increase, to 11,626 visitors
● Kintrishi Protected Territories	— 21 percent increase, to 5,057 visitors
● Mtiarala Protected Territories	— 20 percent increase, to 42,533 visitors
● Kolkheti Protected Territories	— 19 percent increase, to 28 261 visitors



Overall, the number of international visitors to Georgia continues to grow annually. In the first eight months of 2018, 14.1 percent more tourists arrived in the country compared to the same period last year.

Travelers to Georgia are coming from increasingly diverse countries, according to the Georgian National Tourism Agency.

Figures for the first eight months in 2018 show an increase in visitors from nearly every geographic region.

The biggest increase was from north-east Asia: 83 percent more people came to Georgia from that region compared to the same period last year.

More people arrived in Georgia by land than by air or sea: 74.3 percent, an increase of 10.7 percent compared to last year. But the share of people arriving by air and railway is increasing.

In the first eight months of the year, 25.6 percent more people arrived by air—and 26 percent more by railway—compared to last year.



Spending in Georgia by international visitors was up 49.3 percent year over year, equaling 3.3 billion lari in the first half of 2018, according to official statistics. Close to one-third of visitor expenditures were on food and drink (900 million lari). Visitors spent less on accommodations and recreation —700 million lari and 600 million lari, respectively. Galt & Taggart noted that visitors are shopping more: spending at retail shops increased 32.1 percent year over year in the first half of 2018, equaling 500 million lari.

Statistically, tourists from India, Saudi Arabia and UAE spent the most while in Georgia, Galt & Taggart found: Collectively, tourists from these three countries make up 28 percent of all visitors to the country and their expenditures in Georgia made up 42.1 percent of total expenditures —2.4 billion lari in 2017.

Visitors from neighboring countries (Armenia, Azerbaijan and Turkey) also made a significant contribution in terms of spending in 2017: in total, visitors from these three countries contributed 2.2 billion lari, or 37.9 percent of total spending.



The Georgian National Tourism Agency reported that in 2017 half of all international trips were to Tbilisi, followed by 29.7 percent of trips to Batumi. Other popular destinations in 2017 were Marneuli and Kazbegi.

The capital remains tourists' favorite destination in 2018, but there is growing interest in cities and communities outside the capital: Galt & Taggart Research found that Kakheti (up 31.2 percent) and Mtskheta-Mtianeti (up 35.3 percent) “saw significant increases in tourist trips in 1H18.”

Trips to other regions were also up 44.8 percent, according to Galt & Taggart Research's September 2018 report.

Perhaps more importantly, 40 percent of visitors traveled to Georgia for recreational purposes in the first half of 2018, up 33.2 percent from the same period last year.

Visiting friends and relations was the second most popular reason for traveling to Georgia.



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AMCHAM MEMBERS MEET OPIC VICE PRESIDENT



AMCHAM WAS PLEASED TO HOST DAVID BOHIGIAN, THE EXECUTIVE VICE PRESIDENT OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC), AT THE AMCHAM MONTHLY ROUNDTABLE EVENT ON AUGUST 16.

MR. BOHIGIAN DISCUSSED OPIC'S SUCCESSES IN GEORGIA AND ITS CONTINUED SUPPORT FOR U.S. BUSINESSES, AS WELL AS NEW DEVELOPMENTS IN OPIC AND PLANS FOR THE FUTURE. MEMBERS THEN ENGAGED IN AN ENERGETIC Q&A SESSION WITH MR. BOHIGIAN.



AMCHAM OFFICERS MEET FINANCE MINISTER

AmCham Georgia President Michael Cowgill, First Vice President Sarah Williamson and Vice President, Treasurer Irakli Baidashvili and Executive Director George Welton met Georgian Finance Minister Ivane Matchavariani on September 28. The group discussed AmCham's long-standing engagement with the Ministry of Finance, the plans of the new minister and ways AmCham can support MoF reforms. CSR Committee Discusses Gender Equality in Business with UN Women AmCham CSR committee met an international consultant from UN Women, Ms. Rut Gomez Sobrino, on September 24. Ms. Gomez presented her future campaign strategy that will be implemented through 2019 in Georgia. The goal of the campaign is to engage private sector firms in the implementation of the Women Empowerment Principles with the aim of enhancing gender equality in the business sector in the country. CSR Committee members shared their companies' as well as their personal experiences with each other and Ms. Gomez.



AMCHAM MEMBERS MEET PRESIDENTIAL HOPEFULS

AmCham Georgia arranged a series of meetings between members and several of the most prominent candidates running for president. The election will be held on October 28. Two meetings with candidates and members were held in September.

Members had a chance to meet Mr. David Usupashvili from Development Movement on September 17. Mr. Usupashvili presented about his views and initiatives as a presidential candidate.

The second meeting was held with Mr. Zurab Japaridze from the New Political Center – Girchi on September 26.

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pwc Hires Two New Directors

PWC IN GEORGIA HAS STRENGTHENED ITS PRACTICE WITH THE ADDITION OF TWO NEW FEMALE DIRECTORS. INVESTOR.GE SPOKE WITH COUNTRY MANAGING PARTNER LASHA JANELIDZE.



Tamta Shermadini



Nino Kadagishvili

PwC Georgia has expanded its services with two new directors: Nino Kadagishvili (Assurance Director) and Tamta Shermadini (Advisory Director).

“With over 100 staff we’re still growing, we’re committed to investing in our people and passionate about promoting

Georgia in the region as a fantastic place to live and work,” Lasha Janelidze said.

“The new directors demonstrate PwC’s investment in its strategic growth areas and the changing needs of its clients, including increasing demand for advice in technology, cyber security, private business and the public sector.”

Nino Kadagishvili, the Assurance Director, began her career with PwC in 2008 as a consultant in the audit department.

Tamta Shermadini, Advisory Director, has over 10 years of professional practice. Over her career she has supervised and managed various fund-raising projects, deals, feasibility studies and strategy. Currently, Tamta has been actively delivering projects for the Government of Georgia and various donors in the country.

“These promotions reflect the importance of PwC Georgia’s place on the region’s role in the economic success. The firm’s 13 years presence in our country and in the region has been possible as a result of our vision and commitment, and PwC Georgia’s continues work to support the country,” Janelidze said.

They also reflect “our investment in our people, continuous demonstration of commitment to strengthening the Georgian team and our aspiration to invest in our region and grow PwC’s business in the region,” he said.

“We believe that by promoting our women talent with right level of expertise and experience, we will bring value to our firm and will deliver value to our clients. Both of our directors genuinely live our PwC values, deliver exceptional

quality and client services, innovate and inspire those around them. Investing in the next generation of leaders is critical to our success and these promotions reinforce our ongoing commitment to having the best capabilities available to help our clients be successful. This is indeed a motivation for PwC Team in Tbilisi and elsewhere and a good illustration that hard work and dedication really makes a difference,” he said.

Working across public and private sector organizations, the team has grown significantly, and currently PwC Georgia is increasing the service offerings to public sector.

“A great example of how we can translate PwC’s experience into very valid solutions for governments is PwC’s recent collaboration between Georgia and UK practices in preparation of a detailed report on the benefits of a potential Free Trade Agreement (FTA) between the USA and Georgia. PricewaterhouseCoopers’ contribution has been mentioned in the remarks with the U.S. Secretary of State Mike Pompeo,” Janelidze said.

“Another great example is PwC Georgia’s collaboration with UK’s Good Governance Fund, aiming to assist our country in improving investment climate, promoting local Small and Medium Sized Businesses and build trust in judicial area.”

In addition to public sector consulting, Janelidze noted that the PwC Georgia team is providing services in real estate consulting through high and best use studies, valuations, due diligences, feasibility studies and business plans.



HeidelbergCement's 7th Annual Tbilisi Marathon

FOR THE PAST SEVEN YEARS, HEIDELBERGCEMENT IN GEORGIA HAS BEEN INSPIRING PEOPLE TO RUN AND BE HEALTHY AS PART OF ITS ANNUAL CORPORATE SOCIAL RESPONSIBILITY EFFORTS. INVESTOR.GE SPOKE WITH HEIDELBERGCEMENT GEORGIA'S SALES AND MARKETING DIRECTOR IRAKLI MAKHAROBLIDZE AND FINANCIAL DIRECTOR EKA TKESHELASHVILI ABOUT THE EVENT AND ITS GROWING POPULARITY.

Seven years ago, when HeidelbergCement Georgia launched its first half marathon, it was far from a sure thing.

The event, part of the company's branding and CSR program, was initiated by the Director General, Michael Hampel who wanted to inspire Georgians to adopt a healthier lifestyle.

Prior to the half marathon, HeidelbergCement Georgia had sponsored a great many sports teams and sporting events, everything from football to rugby.

But the company was looking for something that would make a bigger impact, noted Sales and Marketing Director Irakli Makharoblidze.

He said the Georgian team was a bit "skeptical" about the idea of holding a marathon, since seven years ago running was not a popular pastime for Tbilisians.

But the first race, which was at Tbilisi Sea, was a success: 500 runners and a sizeable contribution to charity.

The annual event has continued to grow: TbilisiMarathon (the half marathon and 10 km race) is now a member of the Association of International Marathons and Distance Races and nearly 3,000 runners registered to participate in the most recent race, on September 30.

Organizing and preparing the race is no small undertaking: a large part of Tbilisi's historic old streets were closed for several hours for the event and HeidelbergCement Georgia had to comply with the international standards for a half-marathon race.

The event cost the company around 250,000 lari to host this year and, thanks to increased participation and additional sponsors, the company was able to donate 78,280 lari to charity. Last year the race raised 51,495 lari for charity.

All registration fees go to charity, and HeidelbergCement Georgia doubles its own contribution for every runner who starts the race. This year First Step Georgia, an organization that helps

children with special needs, will receive donation, the largest sum raised by the event to date.

TbilisiMarathon has also played a role in inspiring other marathons and running events in Georgia.

Financial Director Eka Tkeshelashvili noted that the race director of HeidelbergCement Georgia, Peter Gottwald, brought to the country from Germany for HeidelbergCement half marathon, has started organizing running event in Batumi.

BIODIVERSITY AWARD

In addition to the annual race, HeidelbergCement Georgia holds a biannual award for the best ideas to nurture biodiversity at old quarry sites.

Known as the Quarry Life Awards, the program is an opportunity for the company "give back" to nature, Ms. Tkeshelashvili said.

"We take a lot from nature because we extract the limestone but we give back by restoring biodiversity in the quarries," she said.

The Quarry Life Award is a scientific and education contest proposed by HeidelbergCement. The competition is held at national and international levels and the prizes range from 1,500 to 3000 euros.

The next competition will be held in 2020.



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■ TBC Group

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Tel: 2272727; Fax: 2228503
www.tbc.com.ge

■ TMC Global Professional Services

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

■ Visa International Service Association

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

■ West Invest Ltd.

13a Lortkipanidze St.
Tel: 2997275
www.west-invest.ge

■ Willis Towers Watson Ltd.

17 M. Lebanidze St.
Tel: 2905509
www.willis.com

CORPORATE B MEMBERS

■ Adjara Group Hospitality

1, 26 May Sq., 0179
Tel: 2300099
www.adjargroup.com

■ Air Astana Airlines JSC

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

■ Alliance Georgia Ltd

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

■ Aversi Pharma

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

■ Baker Tilly Georgia Ltd.

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

■ Bank of Georgia

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

■ Basel LLC

49 Krtsanisi St.
Tel: 2550110
www.krtsanisi.com

■ Basis Bank JSC

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

■ Batumi International Container Terminal

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

■ BDO LLC

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

■ BGI Advisory Services Georgia

18 Rustaveli Ave., II floor
Tel: 2997292; Fax: 2996615
www.bgi.ge

■ Biltmore Hotel Tbilisi

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

■ BLC Law Office

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

■ BMC Gorgia

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

■ Borjomi Likani International

16 Meskheti St., Borjomi
Tel: 2292292

■ CaspiGroup Ltd.

29 Bochora St.
Tel: 2550818
www.caspigroup.com

■ CaucasusTransExpress Ltd.

10a Tashkent St.
Tel: 22375716
www.cte.ge

■ Caucasus Online LLC

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

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

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

■ Château Mukhrani, J.S.C.

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

■ Citicorp Funds

32/34 I. Abashidze St.
Tel: 555446699
laboheme.restaurant

■ City & Co.

4 Besiki St.
Tel: 2920921

■ CMC LLC

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

■ Crowne Plaza Borjomi

Baratashvili Str. 9, 1200 Borjomi
Tel: 995 367 220260
www.cpborejomi.com

■ Crystal, MFO JSC

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

AmCham Company Members as of October 2018

■ Dio Ltd.

12th Km David Agmashenebeli Alley
N3, Parsadani St.
Tel: 2361112
www.dio.ge

■ Domson's Engineering

8a Sanapiro St.
Tel: 2050303
www.domsons.com

■ Dorche Branch Prefabrik Iapi Ve Inshaat Sanai Tijaret JSC

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

■ Duty Free Georgia

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

■ Efes Brewery in Georgia - Lomisi JSC

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

■ Enviroserve Caucasus

olga@enviroserve.ae
www.enviroserve.ae

■ ExpoGeorgia JSC

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

■ Gebrüder Weiss LLC

Airport Adjacent Territory,
Kakheti Hwy
Tel: 2710011
www.gw-world.com

■ Geocell

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

■ GeoEngineering LLC

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

■ Geomill LLC

4, Chirnakhuli St.
Tel: 2400000
www.geomill.ge

■ Georgian Airways

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

■ Georgian Beer Company

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

■ Georgian Express

105, Tsereteli Avenue, 0119
Tel: 2696060
www.dhl.com

■ Georgian Hospitality Group

22 Peritsvaleba St., 0103
Tel: 2987789
www.ghg.ge

■ Georgian Industrial Group LLC

GIG Plaza, 14 Gazapkhuli St., 0177
Tel: 2210187
www.gig.ge

■ Georgian Integrated Systems (GiS)

Office 1, 85 Abashidze St., 0163
Tel: 2243724
www.gis.ge

■ Geo Steel LLC

36 Davit Gareji St., Rustavi, 3700
Tel: 2243794
www.geosteel.com.ge

■ Globalink Logistics LLC

60 Sh. Nutsbidze St., 0186
Tel: 2000238, 2208147
www.globalinkllc.com

■ Gloria LLC (Tiflis Palace)

3 Gorgasali St., 0105
Tel: 2000245
www.tiflispalace.ge

■ GM Capital LLC

2 Tarkhnishvili St., 0179
Tel: 2912626
www.gmcapital.ge

■ Gvinadze & Partners LLC

44 Kote Abkhazi St, 0105
Tel: 2438970, Fax: 2438971
www.gvinadzeandpartners.ge

■ HeidelbergCement Georgia

21 Al.Kazbegi Ave.
Tel: 2474747
www.heidelbergcement.ge

■ Herbalife Nutrition

Bld. 4a Tamarashvili St., 0116
Tel: 2202929
www.herbalife.com

■ Hualing International Special Economic Zone

25 Apt. 34/36 Kobuleti St.
Tel: 591005900
www.hualing.cn

■ Hydrolea LLC

11 A. Apakidze St.
Tel: 790420015
www.hydrolea.com

■ ICS Ltd. TNT Agent in Georgia

25 Agmashenebeli Ave.
Tel: 2910220
www.tnt.ge

■ ILF Beratende Ingenieure ZT GmbH Branch in Georgia

15 Tamar Mepe Ave.
Tel: 2199453
www.ilf.com

■ International Black Sea University

David Agmashenebeli Alley 13 km,
2, 0131
Tel: 2595005
www.ibsu.edu.ge

■ Isbank Georgia JSC

140/B Agmashenebeli Ave., 0102
Tel: 2310515
www.isbank.ge

■ JTI Caucasus

VII Floor, Pixel Business Center,
34 Chavchavadze Ave.
Tel: 2604111
www.jti.com

■ Kordzakhia, Jgenti Law Firm

10 Petriashvili St.
Tel: 2921878
www.kjlav.ge

■ Legal Partners Associated LLC

Office #203, Besiki Business Center,
4 Besiki St. 0108
Tel: 2200203; Fax: 2250458
www.lpa.ge

■ Liberty Bank JSC

74 Chavchavadze Ave.
Tel: 2555500; Fax: 2912269
www.libertybank.ge

■ Luca Polare

54 Oniashvili St.
Tel: 2990399
www.lucapolare.com

■ Maqro Construction

22 Panjikidze St.
Tel: 2000909
www.maqro.ge

■ Maqro Food "Dinehall"

28 Rustaveli Ave.
Tel: 2001616
www.dinehall.ge

■ Mercure Tbilisi Old Town

9 Gorgasali St., Old Tbilisi, 0105
Tel: 2006060
www.mercure.com

■ Mgaloblishvili Kipiani Dzidziguri (MKD)

Office 24, 71 Vazha-Pshavela Ave.
Tel: 2553880
www.mkd.ge

■ Mina JSC

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

■ Mira Hotels Ltd.

Brose Street Turn, Old Tbilisi
Tel: 2242244/55/88
www.riverside.ge

■ Murphy Bridge

8th Floor, Building 6, Saakadze Sq,
0160
Tel: 2007107
www.murphyshipping.com

■ MyGPS

6 Bokhua St., 0159
Tel: 2180180
www.mygps.ge

■ National Center for Dispute Resolution

4/7 Rustaveli St., Rustavi
Tel: 2193406
www.ncdr.ge

■ **NCC Ltd.**
9, Erekle II turn
Tel: 2725088
www.ensisi.ge

■ **Nexia TA**
4th Floor, 19 David Gamrekeli St.,
0160
Tel: 2242559
www.nexia.ge

■ **Noblet Media**
Office 28, 2nd Floor,
47/57 M. Kostava St., 0179
Tel: 555 003933
www.nobletmedia.com

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

■ **Nutrimax Ltd.**
68a Rustavi Highway, 0165
Tel: 2305335
www.nutrimax.ge

■ **Overall Management Group (OMG) Inc.**
29 Marjanishvili St.
Tel: 2436052; Fax: 2436052

■ **Paine Stevens LLC**
1 Ivane Javakishvili Sqr.
Tel: 2903211, Fax: 2903291
www.painestevens.com

■ **PASHA Bank Georgia JSC**
15, Shota Rustaveli Ave.
Tel: 2265000
www.pashabank.ge

■ **Policy and Management Consulting Group (PMCG)**
61 Aghmashenebeli Ave, 4th floor
Tel: 2921171
www.pmcg.ge

■ **Primera Golf & Residence**
36, Khetagurovi St., 0102
Tel: 2200036

■ **Publicis Ltd.**
17 V. Jorbenadze St.
Tel: 2745672; Fax: 2745671
www.publicis.ge

■ **Qebuli Climate**
101, Tsereteli Ave.
Tel: 2356201
www.qebuli.ge

■ **Rakeen Development LLC**
Pixel Business Center,
34 Chavchavadze Ave.
Tel: 2933393; Fax: 2933993
www.rakeen.ge

■ **Regus, Georgian Branch, Tbilisi Business Centre**
Level 4, 1 Tabidze St., 2 Leonidze St., 0105
Tel: 2900039
www.regus.com

■ **Rentals LLC**
46 Rustaveli Ave.; 36 Griboedov St.
Tel: 2454567 / 2996412
www.rentals.ge

■ **Resolution Insurance Brokers, Georgia LLC**
61, Gorgasali St.
Tel: 2936305
www.rib.ge

■ **Rooms Hotel**
14 Merab Kostava St.
Tel: 2020099, 2730099
www.roomshotels.com

■ **Sakcable JSC**
Suite 414, 19 Gamrekeli St.
Tel: 2221418
www.sakcable.ge

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

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

■ **T3Concept Ltd.**
13 Radiani St., 0179
Tel: 2434455
www.turner.com, www.t3concept.ge

■ **TBC Leasing JSC**
8 Bulachauri St., 0161
Tel: 2272727
www.tbcleasing.ge

■ **Tbilisi View**
4a, Freedom Sq.
Tel: 2999980
www.tbilisiview.ge

■ **Terabank JSC**
3 Ketevan Tsamebuli Ave.
Tel: 2507700
www.terabank.ge

■ **Terma JSC**
Floor 1, 10 Budapest St.
Tel: 599554794
www.terma.ge

■ **Terrace Hotel & Restaurant**
7 Polikarpe Kakabadze St.
Tel: 2999001
www.theterracetbilisi.com

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

■ **University of Georgia**
77a Kostava St.
Tel: 2552222
www.ug.edu.ge

■ **Veziri Ltd.**
7 Luarsab Andronikashvili St., 0131
Tel: 2251614
www.veziri.net

■ **Vinotel ("Aigvinissakhli") LLC**
4 Elene Akhvlediani Ascent
Tel: 2555888
www.vinotel.ge

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

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

■ **Zarapxana LLC**
15 Lubliana St.
Tel: 2510001
www.zarapxana.ge

NON-PROFIT ORGANIZATIONS

■ **Agricultural University of Georgia**
140 David Aghmashenebeli Alley
Tel: 2594901
www.agruni.edu.ge

■ **Alliance for Progressive Healthcare**
27/29 Chavchavadze Ave., 0179
Tel: 2242413

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

■ **CARE International in the Caucasus**
37 Tsagareli St., 0162
Tel: 2291941
www.care-caucasus.org.ge

■ **CENN**
27 Betlemi St., 0105
Tel: 2751903
www.cenn.org

■ **(CiDA) Civil Development Agency**
9/1 Pirosmiani St., Rustavi, 3700
Tel: 341258822
www.cida.ge

■ **Europe Foundation**
3 Kavsadze St.
Tel: 2253942; Fax 2252763 (ext. 112)
www.epfound.ge

■ **Feel Harmony**
187 E. Warm Springs Rd.
Suite B172, Las Vegas,
Nevada 89119, USA
Tel: +1 702 781 7460

■ **Free University of Tbilisi**
140 David Agmashenebeli Alley
Tel: 2200901
www.freeuni.edu.ge

■ **Georgia Red Cross Society**
15 J. Kakhidze St.
Tel: 2961092
www.redcross.ge

■ **Good Governance Initiative**
Pixel Center, 8th Floor, 34,
Chavchavadze Ave.
Tel: 2243111
www.ggi.ge

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

■ **San Diego State University - Georgia**
5 Kostava St. 0108
Tel: 2311611
www.georgia.sdsu.edu

■ **Transparency International Georgia**
61 Agmashenebeli Ave. 0102
Tel: 2932129
www.transparency.ge

■ **Union of Business Ladies**
8 D. Gamrekeli St., 0194
Tel: 2308661
www.ubl.ge

AMCHAM HOSTS BACK TO BUSINESS COCKTAIL RECEPTION

AMCHAM GEORGIA HOSTED A BACK TO BUSINESS COCKTAIL RECEPTION FOR MEMBERS AT THE HOLIDAY INN ON SEPTEMBER 14. AMCHAM PRESIDENT MICHAEL COWGILL GREETED THE GUESTS AND THANKED HOLIDAY INN FOR HOSTING THE RECEPTION. MEMBERS USED THE OPPORTUNITY TO RECONNECT WITH FRIENDS, COLLEAGUES AND FELLOW REPRESENTATIVES OF MEMBER COMPANIES.





AMCHAM MEMBERS MEET PRESIDENTIAL HOPEFULS

AMCHAM GEORGIA ARRANGED A SERIES OF MEETINGS BETWEEN MEMBERS AND SEVERAL OF THE MOST PROMINENT CANDIDATES RUNNING FOR PRESIDENT. THE ELECTION WILL BE HELD ON OCTOBER 28. TWO MEETINGS WITH CANDIDATES AND MEMBERS WERE HELD IN SEPTEMBER.





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Dow Azerbaijan and Georgia Leader
Onur Terkesli

Dow is a global science company that utilizes advanced technology and manufacturing to develop premier materials science solutions that are essential to human progress. Dow has one of the strongest and broadest toolkits in the industry, with robust technology, asset integration, scale and competitive capabilities that enable it to address complex global issues.

Dow's market-driven, industry-leading portfolio of advanced materials, industrial intermediates, and plastics businesses deliver a broad range of differentiated technology-based products and solutions for customers in high-growth markets such as **packaging, infrastructure, and consumer care**.

Dow has been very well established in Turkey and today Dow meets the needs of its customers across a wide industrial scope such as automotive, footwear, packaging, construction, domestic appliance, renewable energy and furniture. Dow has been an active investor in Turkey since 1971, and today with an extensive logistics capacity, as well as its locally manufactured polyurethane systems, coating materials, construction chemicals, textile technologies, acrylic impact modifiers and carbon fiber products, **Dow has a strong portfolio to offer to Georgia and the region.**

Speaking on Dow's plans for Georgia, Dow Azerbaijan and Georgia County Leader Onur Terkesli stated, "As we move to expand our operations and solutions, our stakeholders in Georgia have been very receptive to Dow's solutions covering 7,000 different product families so far and our most recent engagements with them have encouraged us to build stronger ties to deliver our innovative and sustainable solutions in Georgia. We are currently working on opportunities to deliver our solutions better and faster to our customers and we look forward to **increasing the competitiveness of our customers** in Georgia."



Dow Packaging and Specialty Plastics
Turkey, Azerbaijan and Georgia
Account Manager **Burcu Ayvaz Diken**

Dow Packaging and Specialty Plastics (P&SP), a business unit of DowDuPont's Materials Science division, combines core strengths of R&D, worldwide reach, broad product lines and industry expertise to deliver high performing technologies for end use markets in food packaging, personal hygiene, infrastructure, consumer goods and transportation.

Dow Packaging and Specialty Plastics is **one of the world's largest producers of polyethylene resins, specialty resins and adhesives**, and is a leading innovator and collaborator across the value chain on sustainable application development and circular economy life-cycle design for plastics. Every day, the people of Dow Packaging and Specialty Plastics deliver innovative solutions through industry-leading **technical expertise, deeper market insights, and global resources**.

Dow P&SP portfolio and assets contribute to: **Lightweighting, energy savings, recyclability, safety and longevity** – all primary attributes of plastics as a sustainable packaging solution.

Highlighting Dow's extensive solutions for packaging industry in Georgia, Dow Packaging and Specialty Plastics Turkey, Azerbaijan and Georgia Account Manager Burcu Ayvaz Diken stated, "We strive to produce technologies that enable recyclability, reusability and use fewer resources. We are well positioned to innovate in the packaging segment with our broad product portfolio e.g. **Dow™ Low Density Polyethylene, DOWLEX™, AGILITY™, RecycleReady Technology, INNATE™, EVERCAP™, and PacAcel™**. Through such innovations across the world, we are able to differentiate our customers, while also protecting food and hence saving precious resources of the world. We stand ready to provide our technical knowledge, global experience and our continuous innovation capacity to the Georgian market."



20TH ANNIVERSARY GALA



Celebrate AmCham Georgia's 20th Anniversary
at a black tie gala

Saturday, November 17, 2018, Funicular Ballroom

SAVE THE DATE

For companies interested to sponsor - details to follow

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