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INVESTMENT NEWS

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

WB'S DOING BUSINESS 2020 REPORT RANKS GEORGIA 7TH

The World Bank's Doing Business rating for 2020 has ranked Georgia 7th of 190 countries in its report released in late October.

Georgia came in ahead of countries such as the United Kingdom, Norway, Sweden and Lithuania, while it was preceded by the US, Korea, New Zealand, Singapore, Denmark and others.

Georgia tied with New Zealand for first place for the lowest number of procedures required to start a business, and with Norway and Portugal for the number of procedures required to register property.

The report also commended Georgia for improving oversight of building quality control by increasing public access to information.

STANDARD & POOR'S UPGRADES GEORGIA CREDIT RATING TO BB

Standard & Poor's upgraded Georgia's long-term foreign and local currency sovereign credit ratings to BB from BB- in early October with a stable outlook. S&P noted that Georgia has "weathered periods of anaemic external demands as trading partners were hit by falling oil prices, regional currencies were devalued and some fell into recession … this resilience reflects the economy's success in attracting funds from abroad to finance its investment needs and its external deficits."

AIR TRAFFIC UP 4% IN JANUARY-OCTOBER AT GEORGIAN AIRPORTS

The total number of passengers served by Georgian airports increased to 4,555,673 in January-October 2019; a four percent increase compared to the same period of last year. Tbilisi (1%) and Batumi (3%) International Airports experienced the least growth in passenger flow, while passengers coming into Kutaisi International Airport surged 40 percent. Regional airports Queen Tamar (15%) in Mestia and Ambrolauri (17%) in Racha also experienced significant growth.

GEORGIAN EXTERNAL TRADE HITS $10.37 BILLION IN JANUARY–OCTOBER 2019

Georgian total trade turnover reached $10.37 billion in the first ten months of 2019, with exports up 10.4 percent to $3.04 billion and imports down 3.1 percent to $7.33 billion.

The numbers reflect a 0.5% growth in comparison to the same time period last year, Geostat reports.

UNEMPLOYMENT DOWN 1.1% IN Q3 2019

The unemployment rate was down to 11.1 percent in Q3 2019 from 12.2, Geostat reports, with urban unemployment at 16.6 percent and rural unemployment at 5.5. The unemployment rate for men was 1.7 percent higher than for women.

BLC Law Office

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.

WAVE OF AMENDMENTS TO LABOR REGULATIONS – LEGITIMATE CONCERN FOR WORKERS RIGHTS OR POPULISTIC ATTEMPT TO SOLVE COMPLEX ECONOMIC ISSUES

In autumn 2019, three bills were initiated at the Georgian Parliament allegedly aimed at introducing employee friendly regulations. The authors of the respective bills are Georgian Trade Unions Confederation and the members of the Parliament of Georgia. None of the bills has yet reached the first session of Parliamentary hearings. The bills are currently heavily discussed among various business associations and other interest groups since they will have major impact on business climate in Georgia.

The bill submitted by the Georgian Trade Unions Confederation defines full-time employment as labor relations, which obliges an employee to work minimum 120 hours per month, whereas part-time employment is considered to require work for less than 120 hours per month. If adopted, the minimum wage for full time job will be set at GEL 320 and minimum wage for part-time job will amount to GEL 2 per hour.

Alternative legal document prepared by the members of the Parliament stipulates that full-time employee is a person who works for 40 hours or more each week, whereas part-time employee is a person who works less than 40 hours a week. According to the bill, minimum monthly wages shall satisfy the subsistence minimums calculated periodically by the National Statistics Office of Georgia.

Last but not least, the bill initiated by a different group of Parliament members sets ceiling for overtime work. As specified therein, overtime work should not exceed 2 hours per day and 8 hours per week.

ANOTHER CRUSADE AGAINST GAMBLING

Recent wave of public uproar objecting to the advertisement of gambling in Georgia lead to the initiation of the campaign "Protect Your Child" against the gambling business, allegedly aimed at guarding minors from gambling addiction. As a response to the outcry, the members of the Parliament of Georgia proposed a package of legislative amendments.

It is proposed to ban advertisement of gambling. Particularly, anticipated amendments to the Law of Georgia on Broadcasting, as well as the Law on Advertising prohibit any kind of advertisement of games of chances and other prize games through any means of communication or otherwise (in magazines, internet and/or outdoor advertisement). Business may be allowed to use buildings of their establishments for information purposes. However, even such use shall be limited up to 10 square meters, violation of which may result in the penalty of GEL10,000.

Changes are planned to also apply to the Law of Georgia on Payment Systems and Payment Services, which may prohibit payment service providers from entering into legal relationship with foreign gambling businesses and from enabling online transactions for them. As the package of the legislative amendments were initiated just recently, one can only speculate on its potential effect for the Georgian economy, as well as whether this is publicity stunt or genuine concern of the Parliament.

UPCOMING AMENDMENTS TO THE LAW ON STATE PROPERTY BENEFITING MINERAL LICENSE HOLDERS

On 23 September 2019, the bill of amendments to the Law of Georgia on State Property was submitted to the Parliament. The bill is expected to create favorable setting for mineral license holders. It aims to sensibly streamline the procedure of transferring the right to use the state property with the purpose of setting up the infrastructure needed for processing extracted resources. Pursuant to the amendments, conducting the auction is no longer required and the right to use state property is directly transferred to the license holders for a maximum term of 49 years, provided that the said term shall not exceed the license term itself and cancellation of the license shall lead to the automatic termination of such right to use. The bill further determines the maximum area of the land plot to be transferred for usage and lays down the rules for calculation of the usage price. Stay tuned to hear more about how the bill progresses in the Parliament.

NEW REGULATIONS AIMED AT SAFEGUARDING CHILDREN'S BEST INTERESTS

On 20 September 2019, the Parliament of Georgia adopted the Code on Children's Rights. The new code aims to ensure well-being of children by promoting the effective implementation of the Constitution of Georgia, the UN Convention on the Rights of the Child, additional protocols of the latter and other international legal acts recognized by the State. The Code on Children's Rights sets out the main principles that shall be guaranteed for children in order to develop their full potential. Among other rights, the code recognizes the fundamental human dignity of all children and the urgency of ensuring their well-being and development. The code clearly recognizes that basic quality of life shall be the right of all children, rather than privilege enjoyed by few.

In connection therewith, significant changes are made to the Civil Code of Georgia. Particularly, disposal of immovable property owned by minors by their parents or legal representatives becomes subject to the judicial approval. The same rule applies to movable assets, the value of which exceeds GEL 1,000. The rationale behind the amendment is to ensure that interests of children are placed at the heart of all decision-making affecting them. It is rather symbolic that the Code shall enter into full legal force as of 1 June 2020, the International Child Protection Day.

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INCOME FROM INTERNATIONAL TOURISM TO GEORGIA UP .9% IN JANUARY–OCTOBER 2019

Income generated by international tourism to Georgia hit 2.8 billion USD in January-October 2019, making for an increase of 0.9% year-on-year.

REMITTANCES UP 11.5 PERCENT IN OCTOBER 2019

More than $153 million was transferred to Georgia from abroad in October 2019, the National Bank of Georgia reported in mid-November, making for an 11.5 percent increase in comparison to the same time period last year. More than one-third of remittances came into Georgia from member states of the European Union. The largest remittance-sending countries were: Russia ($37.8 million), Italy ($21 million), Greece ($15.9 million), the United States ($15.2 million) and Israel ($13.5 million).

Money transfers out of Georgia also increased in October 2019, growing 5.9 percent to $22.5 million.

GEORGIAN ECONOMY GROWS 5.2% IN SEPTEMBER 2019

Georgian GDP grew by 5.2% in September 2019, while real GDP growth has grown in between January-September 2019 by five percent year-on-year.

WINE REVENUE EXPORTS UP 16% IN JAN-SEP 2019 IN COMPARISON TO LAST YEAR

Georgia received $164 million in revenue from the sale of wine abroad in January-September 2019; this is 16% more than in the same period last year. The top three countries importing Georgian wine were: China (41 million bottles), Ukraine (6.7 million bottles) and China (5.3 million bottles). The seven other largest importers of Georgian wine included: Poland, Kazakhstan, Belarus, Latvia, the United States, Lithuania and Estonia.

Significant increases in exports to the UK (40%), the Netherlands (21%), Czechia (102%) and Sweden (397%) were also observed.

EBRD APPROVES $60 MILLION TO CO-FINANCE CONSTRUCTION OF KVESHETI-KOBI TUNNEL

The European Bank of Reconstruction and Development has approved $60 million to co-finance the construction of the 9-km-long Kvesheti-Kobi tunnel. The project is an important segment of the North-South corridor, which connect Russia, Georgia and the wider region.

ARRIVALS TO POTI PORT UP 52 PERCENT IN OCTOBER

The number of maritime arrivals to Poti port were up 52 percent in October compared to the same period last year, while Batumi arrivals were up just five percent.

There were 158 ship arrivals to Poti in October 2018, while this number reached 241 in October 2019.

The number of international visitors to the port also increased to 2,284 in October 2019 – an 88 percent increase compared to October 2018.

LOWCOSTER RYANAIR LAUNCHES FLIGHTS FROM GEORGIA

Low-cost Irish airline Ryanair launched its first ever flight from Georgia in mid-November. The liner will offer flights from Kutaisi to Marseille and Bologna twice a week, while Tbilisi and Milan will be connected by four weekly flights. Ryanair says it expects to serve over 130,000 passengers in the winters 2019 season.

Starting in 2020, Ryanair intends to launch flights from Tbilisi to Cologne three times a week, and ultimately intends to offer 12 unique destinations.

INTERNATIONAL ARRIVALS UP 4.6 PERCENT IN Q3 2019

3.4 million international travelers came into Georgia in Q3 2019, Geostat reports – a 4.6 percent hike in comparison to the same time period last year.

The top three reasons for visiting Georgia were holiday, leisure and recreation (52.8%), visiting friends/relatives (16.3%) and transit to a third country (15.5%).

TOP 10 AIRLINES IN GEORGIA BY PASSENGER VOLUME

The Georgian Civil Aviation Agency (GCAA) reports that between January-September 2019, the top three airline companies operating in the country by passenger volume are: Wizz Air (592,988 passengers, 15%), Turkish Airlines (443,932 passengers, 11%) and Georgian Airways (435,208 passengers, 11%).

The remaining seven of the top 10 airlines make up for less than five percent of total passenger volume each, and include: Ural Airlines, Pobeda Airlines, Ukraine International Airlines, Fly Dubai, Pegasus, Air Arabia and SkyUp Airlines.

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THE FAST AND THE FURIOUS 9

Shooting Fast and Furious 9 In Georgia gives green light to major film studio productions

GEORGIA HAS SUCCESSFULLY HOSTED THE SHOOTING OF A MAJOR HOLLYWOOD FILM PRODUCTION – WHAT SHOOTING FAST AND FURIOUS 9 MEANS FOR THE GEORGIAN FILM INDUSTRY

While Georgia enjoyed special status as a film production hub during the Soviet era, it struggled to get back on its feet after the collapse of the Soviet Union. However, after a long journey back, the country seems to have reclaimed its spot in the limelight.

This past summer, Fast and Furious 9, produced by Universal Studios in tandem with local Georgian production company Enkeny Films, was shot on several of Tbilisi's most iconic streets – including downtown Rustaveli Avenue, Freedom Square, Vazha Pshavela and others. The capital's suburb-city of Rustavi also had the opportunity to flaunt its stuff for the camera.

Those stuck in traffic might not have been happy, but for Georgia, the moment was huge: Hollywood has officially arrived, and has brought with it a whole new world.

After years of persistent lobbying in Hollywood, says Tbilisi-based creative director and founding board member of the Georgian Film Cluster Thomas Burns, Georgia has caught its first big fish – and now more will be biting.

GEORGIA'S LONG AND WINDY ROAD TO FF9

To stimulate the film industry, Enterprise Georgia introduced the Film in Georgia program in 2016, which offers a cash rebate of between 20–25% on qualified expenses for major film productions that decide to shoot in the country.

The road to establishing the Film in Georgia program, however, was not an easy one. Since qualified expenses needed to be rebated instantly, it meant allocating money directly from the budget in anticipation of film productions coming into the country.

Another issue, Georgian Film Commissioner David Vashadze says, was that film was at first looked at as a cultural endeavor; not an industry that could generate millions for the economy.

"For some, it was hard to understand that film can be beneficial for the country as an industry that brings in money, jobs, investments, etc – and not just a piece of art", Vashadze told *Investor.ge*, noting that one big selling point of the rebate program was the 'multiplier' effect:

"That is, for every lari that you're ready to give, you'll get another five coming back into the country. And this money disseminates throughout the economy, and back into the state coffers. Think of all the salaries that people are getting that otherwise they would not have received. Then they go and purchase something with that money. The money multiplies, so to speak", Vashadze explains.

Film expert Thomas Burns elaborates: "When a film production comes to town, they literally inhale all the resources you have available. They might come in with their core crew, actors and equipment, but there's so much more – catering, transport, makeup, lighting and tons of other services. The amount of support they need on the ground is massive."

The spillover effect of film-production is even further reaching. A commonly cited example is Game of Thrones, whose post-production pilgrimages have increased tourism at its various filming locations across the globe.

"Almost all sectors are linked to and benefit from the film industry in some way," explains Former Deputy Minister of Economy and Sustainable Development Keti Bochorishvili, who helped establish the Film in Georgia program on these grounds. "For example, if a movie shot in Georgia turns out to be successful, we get invaluable advertisement, which means more international visitors — more investments in the country."

'GEORGIA THE COUNTRY' NO LONGER

Even with the rebate program established, however, Georgia was not guaranteed to win a major film production – a number of barriers remained.

The fact that Georgia last experi- ▸▸

enced a war as early as 2008 meant that major film studios were wary of even considering Georgia for a major filming location.

"They wouldn't even allow productions to come to Georgia before," explains Sopho Bendiashvili of Enkeny Films, the production company that partnered with Universal Studios for Fast and Furious 9.

"Big film studios couldn't come here – not because they didn't want to, but because they assessed countries by risk, and Georgia was considered high-risk. We had a major film studio executive come here at some point, and she was instructed not to leave the hotel room alone."

The challenge, then, was changing Georgia's image. After the introduction of the Film in Georgia rebate program in 2016, representatives of the Georgian film industry traveled to LA for the first time with the mission of showing Hollywood that Georgia—the country, not the state—was a safe and attractive location for film production. "When we started going to LA," Bendiashvili says, "we had only one generic speech — 'Georgia is located here, we have these locations, it's cost effective', etc, etc."

After two years of carefully courting Hollywood producers and location scouts, says Bendiashvili, Georgia was finally on the map. "We moved from 'that' talk, about Georgia's locations and opportunities, to actual business and project talks."

This was when the waiting game began. "We had already had an independent American production here, a number of well-known movie stars, so everyone knew about Georgia," explains Vashadze. "But still we needed one big, successful project to really show that Georgia was open for film production."

For Georgia, that 'one big project' came in the form of *Fast and Furious 9*, one of the biggest, loudest, and highest grossing film franchises out there.

CATCHING THE VILLAIN IN — TBILISI? PERKS OF THE FILM IN GEORGIA CASH REBATE PROGRAM

One of the important things about film franchises, explains Burns, is that they often incorporate the location into the film as that location.

"They'll say, 'Now we're going to Georgia to catch the bad guy!' It's not just shooting the location as someplace else - it's shooting the location as Georgia, which means that millions of American and international fans will be introduced to Georgia—as will more film producers", Burns says.

"Everybody was waiting to see what film production is like in Georgia, because if you're sitting in LA and someone says, hey, you should film part of your film in Georgia - you're like, 'What is that? Where is that? Wasn't there just a war there? Can we do that?'"

Now these questions have been put to rest by the safe and successful production of Fast and Furious 9.

"We as a film crew proved that we can shoot everything - anything," says Bendiashvili. "We had a couple hundred Georgians in the film crew and they all worked their best. The entire international crew left happy - everyone."

NOT JUST A HOLLYWOOD DRIVE-BY

Georgian National Film Commissioner Vashadze's predictions for this year's turnover in the Georgian film sector are optimistic:

"The first year of the rebate program," says Vashadze,"the turnover was around 18 million GEL, then it was 27, then 38. This year's expectation is 97 million Georgian lari."

With the production of *Fast and Furious 9*, those numbers are only likely to grow. This will help to solve one of the last remaining issues in the local film sector – expertise. "In Georgia," Burns told *Investor.ge*, "you have a film industry geographically isolated from big production centers – that makes it difficult to bring local crew talent up to international levels and standards."

This is where Hollywood can come in. "At this stage, we still need a lot of infrastructural support," says Bochorishvili. "We need to invest in stages, train the work-force, and develop post-production. Shooting one film encourages private companies to review and improve their technical base." Enkeny Film Managing Partner Sopho Bendiashvili says that now that the ball is rolling, the pace will only pick up.

"What we accomplished with this film was not just stellar shots – we opened the country to production. This will have a far reaching influence on the local film industry in a cyclical way: more films will start coming in, which will in turn raise the experience of our local film experts and technicians."

Georgian film production has proved itself, says Bendiashvili, and this "means more films for Georgia."

Georgia's economy is glowing.
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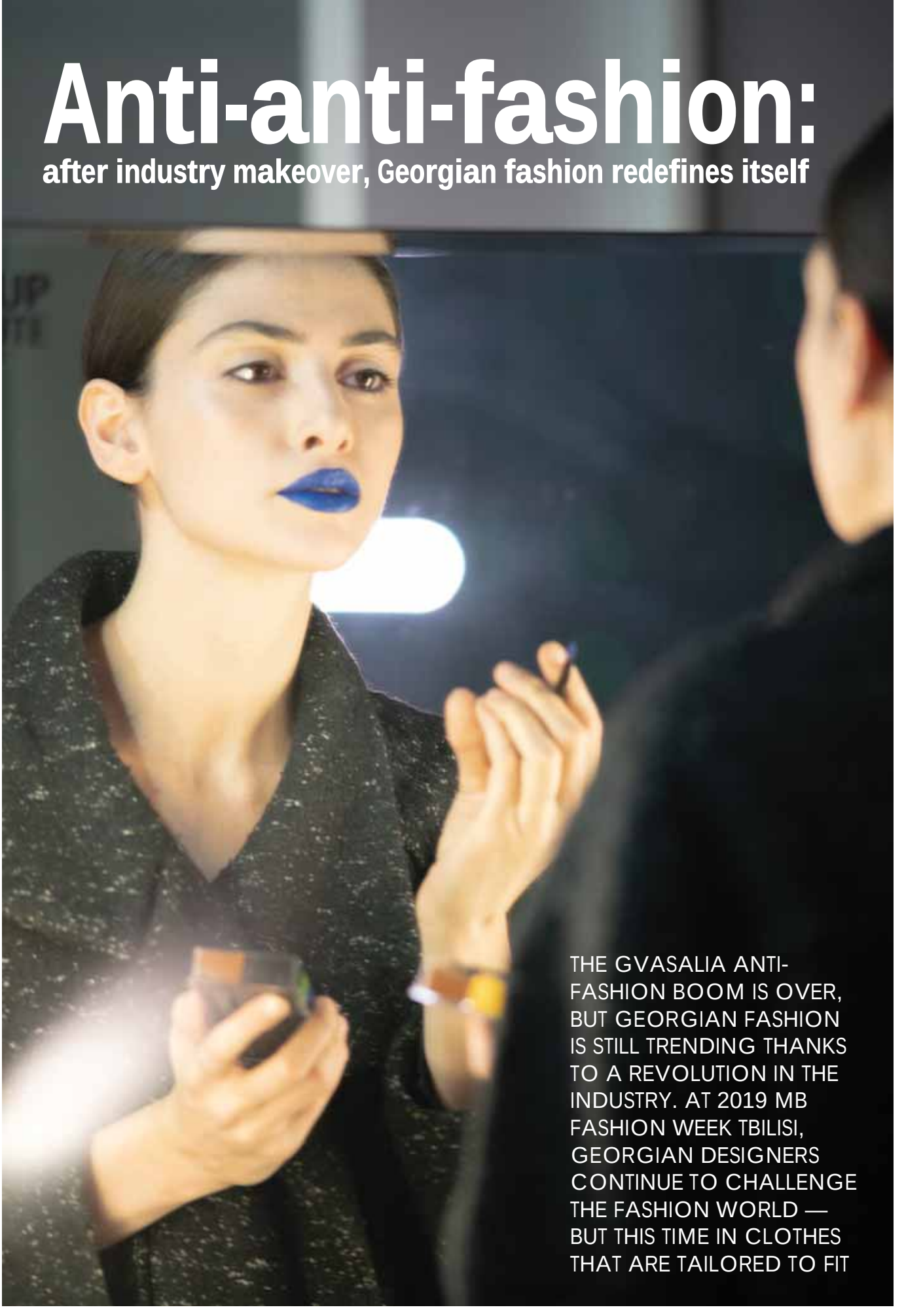
Anti-anti-fashion:

after industry makeover, Georgian fashion redefines itself



THE GVASALIA ANTI-FASHION BOOM IS OVER, BUT GEORGIAN FASHION IS STILL TRENDING THANKS TO A REVOLUTION IN THE INDUSTRY. AT 2019 MB FASHION WEEK TBILISI, GEORGIAN DESIGNERS CONTINUE TO CHALLENGE THE FASHION WORLD — BUT THIS TIME IN CLOTHES THAT ARE TAILORED TO FIT

KAY UNDIS

Since Georgia's Demna Gvasalia hit the fashion world with 'anti-fashion,' the world's top buyers have been flocking to Tbilisi's Mercedes Benz Fashion Week to see what rules Georgian designers will break next.

Missing this year, however, were the red oversized hoodies and frumpy floral frocks that put Georgian fashion on the map. At the show's various glitzy locations, from the ultra-lux wealth management branch of Bank of Georgia to a live opera performance at the Kakhidze Music Center, the tone of MB S/S 2020 was edge in style.

Georgian anti-fashion lasted only a moment, but the numbers show Georgian fashion is still trending.

After 10 successful fashion weeks, MB fashion week Tbilisi has opened the Georgian fashion industry to international buyers, allowing designers to be designers in their own right.

THE BUSINESS OF ANTI-FASHION: NON-COMPETITIVE FASHION AT A PREMIUM PRICE

During Soviet times, Georgian factories mass-produced clothes for the Soviet Union. Though there was a concerted effort to revive fashion as an ideological vehicle for Soviet values, the planned economy never mastered the fleeting nature of fashion. Mass-produced, utilitarian designs were a source of discontent for many people: "We all used to wear the same things," says Tamar Davitnidze, creator of Georgian brand Individi. "Only the colors were changing."

Georgia's clothing manufacturers collapsed along with the Soviet Union, leaving tons of mass-produced, bad clothes in their wake. With the arrival of market capitalism, the post-Soviet world became fertile ground for a rebellion in high fashion. Georgian designer Demna Gvasalia became the first to spin the Soviet style of non-competition into a prestigious Parisian label with premium pricing.

In 2015, however, the anti-fashion hype looked unsustainable. Georgia's designer diaspora had earned the country something of a reputation, but with no fashion school, virtually no textiles, and no easy access to the international market, much of Georgia's creative capital was at risk of draining away.

"Fashion wasn't like a business then," says Georgian designer Lako Bukia, who herself went abroad for a fashion degree. "There was no Mercedes-Benz, no seasonal collections - only a few designers doing some fashion shows. Everyone was basically doing whatever they wanted."

Indeed, fashion in Georgia was less a business than it was an art form: "Designers were happy if they could sell their designs to their friends," says Head of Creative Industry Development at Enterprise Georgia Tatia Bidzinashvili. "Nobody was thinking about buyers."

This first started to change back in 2009 when Sofia Tchkonia launched BeNext, an annual design competition aimed at tapping into Georgia's creative capital. Apart from the annual competition, BeNext offers training programs to help emerging designers improve their communications and entrepreneurial skills.

"At first designers didn't want to attend these trainings," says Bidzinashvili, who laughs at being one of just a few people to attend the first session. "Then designers realized there was really good demand from the international market. They realized this was business, not just fun, and they started learning English and developing their business skills."

Still, even with the right entrepreneurial skills, accessing the international market from Georgia was difficult. For recent art school grads, the start-up capital needed for PR and other related expenses simply wasn't available. Meanwhile, surviving off the domestic market alone, Georgian designers and fashion experts concur, to this day remains nearly impossible.

Watching tons of untapped creative capital walk in and out of the design competitions, Tchkonia decided to launch MB fashion week in Tbilisi herself in 2015. She realized what so many others hadn't: for Georgian fashion to survive, there needed to be a 'Georgian' fashion – with Tbilisi as its capital.

A fashion week in Georgia, Tchkonia realized, would not only bring international exposure to designers, but would export a cultural identity to the world. "I think international exposure for Georgian designers is good for the whole country," says Tchkonia in an interview with the Calvert Journal. "It helps people to discover Georgia from a different angle, from its creative side."

Fashion, in other words, could be a national affair. "At some point we all realized the creativity of Georgian designers and the attention this could bring to the entire country," says Bidzinashvili. "Enterprise Georgia decided to support the fashion industry to promote Georgian designers on the international market and increase interest in tourism."

Since 2016, Enterprise Georgia has been helping Georgian designers access the international market through grants to participate in international trade fairs in important fashion hubs such as Tokyo, London, Paris, and Milan. Designers and collectives who have participated include the most successful names in Georgian fashion, such as The Situationist, Giorgi Keburia, Materiel and Avtandil.

In collaboration with MB fashion ▸▸

► week, Enterprise Georgia covers the travel costs of 20 buyers each year. The National Tourism Agency also covers the travel expenses of journalists to attend the event and promote Georgia as a fashion hub. The investments have paid off. "MB fashion week is 99% responsible for our success in the fashion industry," says Bidzinashvili, noting that market stability has been more important for international buyers than momentary hype.

Because Georgia's fashion industry and designers were new on the market, sales in 2015 and 2016 fashion weeks were nearly negligible, says Bidzinashvili. In 2017, Georgian designers sold 150,000 GEL at fashion weeks, sales at 2018 MB fashion weeks doubled to 300,000 GEL. Data has not yet been collected for 2019, but Bidzinashvili expects that sales will exceed previous years.

Since 2015, Georgian designers have exported more than 3 million euros worth of materials.

The biggest commercial success story in the Georgian fashion industry is undoubtedly Materiel, former Soviet clothing factory spun into luxury clothing brand. In 2018, their exports grew to 80 percent; in 2019— to 600. Today, they are Georgia's largest clothing company.

"Before MB fashion week had started, no one would imagine that any Georgian brand would be sold in such online retailers as we have today," says Materiel commercial director Rusa Janashia, who notes that Materiel's client portfolio includes big names such as Net-a-Porter, Browns, and Essence.

PATCHING UP THE HOLES IN GEORGIA'S FASHION INDUSTRY

Georgia has strengthened its identity as a fashion hub abroad, but designers and fashion experts agree there remain a number of practical issues .

Despite the Georgia-EU free trade agreement, exporting clothing to Europe is extremely costly from Georgia—the cost of transportation plus clearance of the goods totalling around thirty percent of the order cost. "European clients often assume that Georgia will have easy export terms and low transportation costs," says Janashia. "Then they find out that the 5k they set aside for the shipping is actually 10k—it's a deal breaker."

Georgian designers are hit by export clearance fees not just once, but twice.

Designer Lako Bukia produces everything in Georgia, but like Davitze and all other Georgian designers, is forced to source fabrics from outside the country. "Textiles and technology are not very developed here, so what you can do inside the country is limited. For nice buttons and fabrics - everything, you have to go to Turkey."

Georgian designers committed to producing in Georgia agree that it would be more beneficial to source fabric from inside the country. "At Materiel we export 100,000 euros worth of materials per season," says Janashia. "If we could supply textiles from Georgia this would not only be great for us, because it would cut costs tremendously, but it would also be great for that company, because we would be a consistent client for them."

At the same time, since the collapse of the Soviet Union, Georgia's seamstressing industry has not returned to Soviet era capacity. Davitze is dedicated to the quality of each of her individual designs, but jokes she couldn't mass-produce them even if she wanted to. "In Georgia we cannot be Zara," she says. "The manufacturing companies don't have the capacity to make tons and tons of clothes."

After the collapse of the Soviet Union, most of Georgia's seamstressing workforce went underground to the atelier, says Janashia, leaving Georgia's emerging fashion industry with serious labour demands: "We basically have to go door to door and tell tailors and seamstresses, 'Come work with us, it'll be great!'—that's how hard it is."

Not helping matters is the overly academic/somewhat under practical fashion program at Tbilisi Academy of Arts, the only school to offer a fashion degree in Georgia.

Though the school churns out a lot of great creatives, graduates often lack practical skills in business and manufacturing. To fill some of these gaps, Materiel has developed a close partnership with the school. Apart from their internship program, Materiel gives lectures at the university and gives educational tours of the factory. Materiel also scouts for fresh talent at the Tbilisi Academy of Arts as part of its commitment to give platform to Georgian designers. "That's been our goal from day one, to be a collective," says Janashia. "In Georgia you don't have a lot of financial support needed to start your own brand. What we do is bring young Georgian talent together to make collections that are cool and fresh."

Though designers must sacrifice some of their individuality for the sake of cohesion, the benefits of walking into a well-known brand with an established clientele are enormous. "When you come here as a designer," says Janashia, "you just design—everything else, whether it's PR or production or finances, that's all taken care of."

Working under a label hasn't stopped Materiel's young designers from making names for themselves. Of the collective's past and present designers, many have gone on to develop their own successful labels—these include George Keburia, Lado Bokuchava, and Alexander Akhaltsishvili.

The designs of Materiel's newest designer, social-activist and Tbilisi Academy of Arts graduate Aka Prodiashvili, have already made their way onto Lady Gaga.

ANTI-ANTI-FASHION: GEORGIAN DESIGNERS GO THEIR OWN WAY

Materiel is just one of many examples of how creatives and experts in the Georgian industry have begun to change its landscape. As for some of the remaining gaps, Bidzinashvili is optimistic: "The market will provide as the industry expands—that's just the nature of supply and demand."

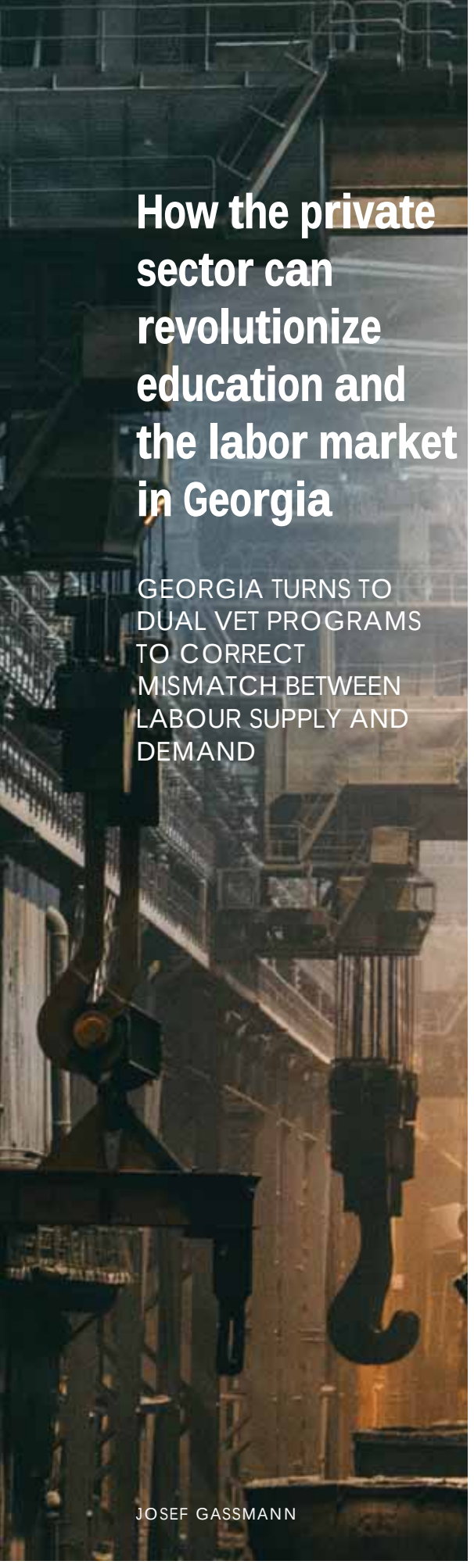
International interest in Georgian designers is continuing to grow, and with it the independence of Georgian designers. Less reliant on hype than in previous years, Georgian designers are lifting themselves out from under the blanket-terms of the 'post-Soviet aesthetic' and 'Georgian anti-fashion' to make their own names for themselves.

During the post-Soviet boom, Lako Bukia walked her digital prints - photographs of her parents' school days - down the hallway of an abandoned Soviet schoolhouse.

This year's collection, however, is less about remembrance than it is about emancipation from the past. "Women in Georgia have had to fight to be free," says Bukia. "For this year's collection, I just wanted them to feel as light as they can as women."

Materiel, meanwhile, says that elegance has always been the DNA of the brand. "In Paris, buyers would say, "Wow, in the world of streetwear, you guys make evening dresses,'" says Janashia, noting that the consistency of the brand has paid off. "Buyers see we are true to our aesthetic and not just jumping on a trend."

All this is not to say the edginess of Georgian street fashion is lost. From the gender-bending fashion of Aka Prodiashvili, to the aggressive couture of David's Road, rebellion was still very much present at this season's fashion week, albeit in a more elegant form. Georgia's access to the international fashion market has officially opened, and Georgian designers are moving forward with grace.



How the private sector can revolutionize education and the labor market in Georgia

GEORGIA TURNS TO DUAL VET PROGRAMS TO CORRECT MISMATCH BETWEEN LABOUR SUPPLY AND DEMAND

JOSEF GASSMANN

"We've enough economists and lawyers – the Georgian economy needs skilled experts in other fields. Wine experts, tourism and IT specialists. People who can work with heavy machinery, carry out technical work in the lab", Head of the Vocational Education Development Department at the Ministry of Education Irina Tserodze told *Investor.ge*.

Instead, Tserodze suggests, the key to sustainable growth in the economy now means supporting the growth of human resources and capital – and the dual VET (vocational education and training) system, tried and tested in strong European economies such as Germany and Austria, may offer one of the most effective paths forward.

Below, an in-depth look at what dual VET programs have been able to accomplish in Georgia since their inception in 2016, what hurdles they have had to get over, what challenges lay ahead – and what benefits.

A WIN FOR STUDENTS AND BUSINESS

One of the major issues facing the Georgian business sector is the fact university graduates rarely fit the needs of the labor market.

"The Georgian business sector used to tell us all the time – 'we can't employ university graduates, they don't have the skills we need.' This is what makes dual VET stand out: businesses and the labor market itself are able to define the course of study, and shape the next generation of skilled workers and specialists", Tserodze says.

Indeed, EU experience shows that well-run and extensive dual VET programs are crucial elements of addressing youth unemployment and labor market gaps. In Germany, youth unemployment in 2018 was 6.4 percent – one of the lowest rates in Europe. This is partially due to the extent of participation in dual vet programs: more than one-third of all secondary school students enter vocational education programs after graduation, of whom two-thirds decide to enroll in dual vocational education programs.

> Dual VET programs deliver instruction largely through on-the-job practice in a company. which is accompanied by classroom-based learning. The dual approach leverages the heavy involvement of the private sector, which takes on the responsibility to train and mentor students, who **often become the company's** employees upon graduation.

In Georgia, Schuchmann Wines was one of the first companies in Georgia to take the dual vocational education plunge.

"10 years ago it was very difficult to find competent staff in Georgia. The educational system was structured in such a way that students were only receiving theoretical knowledge in universities; they had no practical experience. And in the field of agriculture, this is insufficient", Managing Director Dr. Roland Burdiashvili told *Investor.ge.*

"That's why we decided to get involved in dual education programs in viticulture and winemaking in cooperation with Kachreti Vocational School AISI. Nine students were selected during the first stage, who had to receive 70% of their education in the factory and 30% of their education at Kachreti Vocational School. Afterwards, all of them were employed by our company; three of them

are with us to this day."

Burdiashvili said allowing the private sector to get involved in the process of education has made it easier to find highly-qualified personnel, which in turn has lead to a growth in production and the development of the winemaking sector at large. But wine is hardly the only industry where dual education programs stand to make a difference; the approach can be used to turn Georgia into a serious competitor in a number of international industries, such as transport and logistics, ICT and construction.

There is ample reason to begin developing the human resource side of these industries now, GIZ Deputy Director of the Private Sector Development and Technical Vocation Education and Training Program, Johannes Strittmatter, told *Investor.ge*.

"These are growth sectors that have to assert themselves in highly competitive regional and international markets, and thus sectors which international businesses may source from outside of Georgia if the country fails to supply these high-level services through a very qualified workforce. That's why many of our dual education programs are targeting namely these industries", Strittmatter said, adding, "Take logistics for example. If you don't have reliable transport and shipping, then countries may continue to move their goods through Russia instead. Or construction; given the lack of a qualified workforce in the sector, it's not simply self-interest that causes a foreign construction company to bring in its own workers", Strittmatter added.

Students and youth stand to gain just as much as businesses and the economy at large; especially in a country such as Georgia where youth unemployment was 30% in 2018.

Strittmatter notes the employment rate of dual ed students is nearly 100%, because most graduates are taken on by the companies they are trained by. Moreover, GIZ expects that wages for this class of workers will eventually outstrip that of their counterparts who graduate subject-based courses.

GETTING THE PRIVATE SECTOR ON BOARD

The first step to implementing the dual VET system in Georgia entailed the involvement of the private sector, given private enterprises provide more than half the instruction and contact-hours.

However, the private sector was at first somewhat reticent to get involved, Strittmatter told Investor.ge.

"As often happens with launching anything new, you meet first with resistance and sometimes scepticism. In this case, the biggest concern of the private sector was that they would invest their time and resources into students who would then run away at the first better offer, to the competition that pays just a little bit more", Strittmatter said.

The private sector needed reassurance that the heavily interpersonal nature of dual VET education would make this an unlikely scenario, Strittmatter says.

"Dual VET education is not just training. It is also relationship building. Let's say you're a young person, and you join a dual VET program. With most of the training time provided in-company, it's very likely that the company training you is your future employer. So you build up a relationship with them, and they with you. They know you. They see you everyday, or every other day. They can guide you, become your mentor.

"So while this doesn't mean that trainees remain with their companies forever, dual VET graduates largely stay on long enough to more than justify a company's initial investment in them. In Germany, most companies make back what they spend on training employees even during the training period in most industries. It has been shown that by the end of training, apprentices already contribute so much to production and value addition as to have made up the instruction costs, both financially and in terms of labor hours."

Moreover, Strittmatter notes, dual VET education and work-based learning are, for many industries, the only reliable way to ensure a steady stream of qualified personnel.

Despite this, much of the private sector still feels that education and the instruction of the new generations of the workforce is the responsibility of the government.

Strittmatter explains: "They might say – 'we pay tax, these funds should be paid to produce the skilled labor force we need. And now you're asking us to put in more?' In some ways, this perception is correct, but ultimately, what we see is that private-sector led vocational ▸▸

Dual VET in Georgia at a glance:

- Launched in 2016
- More than 70 private companies involved
- Tuition: free
- Student stipend: between 150 and 400 GEL
- Programs offered in: construction, tourism and hospitality, transport and logistics, viticulture-winemaking, ICT, energy, agriculture, culinary sciences, construction, energy, transport, material science, livestock breeding and others
- More than 600 students enrolled since autumn 2016

education is far more effective than when curricula are exclusively developed by other actors; businesses themselves know better what the market needs."

A final hurdle to the leap of the private sector's involvement in dual VET education is the widespread perception that companies can get by with cheap, unskilled or low-skilled labor. Not all companies and sectors are convinced that if they have higher skilled labor, they will be more productive and competitive.

"This is a matter of perceptions, of how one looks at the field of human resources in general, and at the value of individuals in particular", Strittmatter says, but adds that "as companies become more competitive due to the improved labor force, other companies will follow these early adopters in order to gain similar competitive advantages."

Despite these issues, Director of Kachreti Community College AISI Malkhaz Aslamazishvili says the interest of companies is steadily growing:

"When we started out with dual education programs in viticulture and winemaking, we had just five employer companies. Now we have more than 20. Almost all of the large wine companies of the Kakheti region are involved in dual education programs, and many others have expressed their desire to be included.

"One factor that has contributed to the attractiveness of the program is the recent decision implemented this autumn to hand off the selection and uptake of new students to the employer, who ultimately gets to decide with whom they want to work.

This is much more attractive than simply being told by the college: 'this is whom we've accepted. Take them on and train them'", Aslamazishvili said at a recent meeting of the Georgian Chamber of Commerce and Industry.

STUDENT INTEREST

Students, too, are enthusiastic and attracted by the prospects of studying in dual education programs, in which enrollment numbers are steadily growing.

Though still in a beginning stage, dual VET programs are quickly gaining momentum in the country.

In 2016, the year in which dual education programmes launched for the first time in Georgia, the system had just 110 applicants, of which 62 were accepted.

But by 2018, that number had reached 694, of which 318 accepted, and 2019 is expected to have similarly strong figures, with more spaces opening up for a higher acceptance rate of students.

Here, too, however, there are several stumbling blocks along the way – one of which is prestige:

"Georgian society has yet to begin looking favorably upon vocational education and related professions in general. There is still very much the mentality in Georgian society that either you are a doctor, a lawyer, a banker, a professor – or you're nobody", Head of Vocational Education Development Department Tserodze says.

Another issue that until recently hindered the growth of the popularity of VET education in the country was a 'dead-end' in the educational system.

Tserodze explains: "Several years ago, if you chose to go into vocational education in grade nine – that is, after completing basic education – and then decided you wanted to go to university, you were basically stuck. You had to return to secondary school, complete 10th, 11th and 12th grade, and then apply for university. This was a totally unattractive perspective for students, and it scared away a lot of students who otherwise might have chosen to go down the vocational path."

To solve both these issues, the Ministry of Education has offered a compromise: now, the completion of a three year vocational education program will be recognized as the equivalent of a secondary education, which means that upon graduation, an 18-year-old school-leave can pursue either their profession or a higher education.

Tserodze says her department hopes that this will also encourage the public to look more favorably on vocational and technical education as well.

LOOKING FORWARD

Dual education and traditional subject-based vocational education have much room to grow in Georgia.

Strittmatter says that given the number of companies currently participating in dual VET programs – more than 70 as of fall 2019 – the formal Georgian VET system is currently handling about what it can in dual VET, but that if more Georgian businesses get involved, then the capacity could easily grow by a factor of 10 over the next few years.

"I believe the current number of students enrolling per year could easily grow to 4,000 – but for that you need the serious commitment of the private sector and well-managed coordination with the leisure VET colleges that provide part of the training", Strittmatter says.

Head of Vocational Education Development Department Tserodze says her department has ambitious plans as well. Ultimately, Tserodze says, her department would like to see a dramatic change in enrollment statistics between higher and VET education.

"By 2025, we want to see about 15% of 15- 24-year-olds participating in VET programs in general; that's nearly 40,000 people. Currently, our capacity for VET programs is about 12-15,000 places. So we both see and have lots of room for growth."

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Areas of Practice

Nodia, Urumashvili & Partners provides legal and tax advice of the highest quality to its clients. The firm's success is the result of its skillful and detail-oriented group of lawyers. The firm has preeminent banking, financial and tax law practice and assists its clients during negotiations, execution of real-estate, energy and infrastructure projects with particular strength in FIDIC forms and construction disputes, provides the best advice to corporate, commercial and M&A, helps to avoid disputes, and provides representation in all forms of dispute resolution. Furthermore, it is noteworthy that the firm has a unique understanding of a cryptocurrency along with block-chain-based technologies.

Our practice includes but is not limited to the following areas:

- **Tax:** The firm provides consulting services on various tax matters, conducts tax due diligence, provides tax analyses for high value transactions, double taxation agreements and transfer pricing, advices on deal structuring, as well as represents clients' interests in administrative authorities and courts on tax disputes.

- **Banking & Finance:** The firm provides full range of legal and tax services to financial institutions, including acquiring necessary licenses and permits, drafting policy documents, regulatory and anti-money laundering compliance, assisting on various stages of prospect of emission, drafting, reviewing and executing various financial instruments, brokerage and underwriting agreements. The firm also advises on issuance of corporate bonds and represents many bondholders.

- **Corporate, M&A & Commercial:** Through a tailor-made approach designed for each client's business needs, the firm provides to various industry sectors a full spectrum of corporate and M&A assistance, including but not limited to transaction structuring and closing, legal due diligence, drafting transactional documents, support and participation in negotiations, regulatory and antitrust clearances, management of insolvency proceedings, as well as representation in courts and arbitral tribunals.

- **Construction:** The firm is actively involved in the major infrastructure, energy, hospitality and other projects in Georgia. Construction law team is well-known for its unique expertise on FIDIC forms, and construction disputes. Construction group has wide ranging experience in advising all major participants in the field, including employers, main contractors, sub-contractors, consultants, engineers, architects, funders and developers at all stages of construction process, from project inception to its completion, including drafting and negotiating construction contracts, as well as handling claims and disputes.

- **Real Estate:** The firm assists in negotiating and executing real-estate projects and provides day-to-day legal advice during the entire project cycle. The company advises its clients on all types of property matters, including real-estate acquisition, planning, residential, commercial, and mixed-use property development, real-estate management, construction permits and related disputes.

- **Energy:** The firm provides full range of legal services for businesses operating in energy sector, including drafting, negotiation and execution of memorandums of understanding and agreements necessary for implementation of renewable energy projects, power purchase agreements, assists in acquisition of state-owned lands and advices on permits and licenses, environmental and electricity export issues.

- **Dispute Resolution:** The specialized team with an extensive expertise is ready to represent its clients at all stages of dispute avoidance and resolution. The team offers representation at administrative bodies, negotiations, mediation, dispute boards, arbitration, both domestic and international and litigation at all instances of courts of Georgia.

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OPIC Managing Director Kenneth Angell

Revamping the US Overseas Private Investment Corporation (OPIC)

– a key player in Georgian development

THE U.S. OVERSEAS PRIVATE INVESTMENT CORPORATION HAS PLAYED AN IMPORTANT ROLE IN GEORGIA'S DEVELOPMENT SINCE THE MID-90S. NOW, OPIC IS UNDERGOING A TRANSFORMATION TO BECOME THE U.S. INTERNATIONAL DEVELOPMENT FINANCE CORPORATION, WHICH WILL HAVE TWICE AS MUCH FINANCING CAPITAL AND EXTENDED TOOLS TO ADVANCE DEVELOPMENT AND US POLICY GOALS AROUND THE WORLD.

The Overseas Private Investment Corporation (OPIC) has been a key US player in the development of Georgia since 1993, and has provided more than $600 million in project finance to 50+ projects.

In early October, U.S. President Trump signed the Better Utilization of Investments Leading to Development (BUILD) Act into law, which will transform the OPIC into a "new federal agency to help address development

challenges and foreign policy priorities of the United States", by consolidating it with USAID's Development Credit Authority (DCA) under the name of the U.S. International Development Finance Corporation (DFC).

Soon to be operational, DFC will continue to assist in the implementation of investment projects across the globe, and will aim to be a stronger and even more competitive leader on the global development stage, "with greater ability to partner with allies on transformative projects and provide financially-sound alternatives to state-directed initiatives that can leave developing countries worse off", OPIC's website reads.

The transformation will entail several changes to the organization's mission and capabilities, including the doubling of its financing capital to $60 billion.

For more details on the changes taking place in the OPIC/DFC, Investor.ge *turned to Managing Director Kenneth Angell.*

Are there currently any particular projects or sectors in which OPIC is interested in investing in Georgia?

OPIC has a diversified portfolio of projects in Georgia with investments in financial services, education, healthcare, infrastructure, and tourism.

We are currently considering new investments in Georgia that promise strong development impact.

In particular, OPIC is interested in projects in sectors such as infrastructure, energy, and agriculture that address the country's most critical development needs.

What will the new aims and lending policies of DFC mean in the Georgian context? Will certain industries be less eligible for loans, others more?

Presently, under OPIC criteria, all projects must meaningfully involve the U.S. private sector. Under DFC, more projects will have the potential for consideration. Projects that will not require a U.S. connection include hard infrastructure such as energy, transportation, water and sanitation, and telecommunications; projects that are owned by, led by, or provide a product or service that intentionally empowers women; and highly developmental projects which address critical needs.

What is the 2X Women's Initiative? How can projects apply for financing?

One of OPIC's leading priorities, the 2X Women's Initiative was launched in March of 2018 to support more projects that are owned by, led by, or provide a product or service that intentionally empowers women. To date, the initiative has catalyzed more than $1 billion for projects that support women around the world.

Projects that may be eligible under 2X can apply for OPIC financing or political risk insurance through the same online application process that all other projects undergo. OPIC does not have an office in Georgia or personnel in the U.S. Embassy. The only way to apply for OPIC financing or political risk insurance is through our online application, which can be found on www.opic.gov.

How will OPIC and DFC differ in mission, lending policy? How will DFC be more capable of furthering US foreign policy initiatives?

The U.S. International Development Finance Corporation (DFC) is a new U.S. Government agency that will soon modernize OPIC.

Equipped with a more than doubled investment cap of $60 billion and new financial tools, DFC will have more resources and flexibility to invest in emerging markets like Georgia. Further, DFC will place a greater emphasis on coordination with other U.S. Government agencies including the State Department and USAID to ensure that our investments complement the work of our foreign policy counterparts.

What are some of OPIC's most high-impact investments in Georgia? How have these projects affected the local economy, social life?

OPIC has provided several loans to Sante GMT, the largest dairy and juice producer in Georgia, to help it build better distribution infrastructure, expand operations and production, and meet international food safety and operating standards.

The company is improving the livelihoods of thousands of rural farmers by providing an opportunity to sell their fresh milk. Another high-impact project that OPIC has supported in the country is the Georgia-American University (GAU), which received $3.5 million in financing to establish a permanent campus. With additional space, GAU was able to expand and improve its educational programs and resources for students, including by adding more course offerings.

Managing Partner Archil Shishmanashvili (L)
CEO George Jakhutashvili (R)

The Capitol guide to asset management in Georgia
– what to know and what to look out for

INVESTOR.GE SAT DOWN FOR A TALK WITH CAPITOL INVESTMENT GROUP MANAGING PARTNER ARCHIL SHISHMANASHVILI TO DISCUSS THE STATE OF ASSET MANAGEMENT IN GEORGIA, THE POTENTIAL THE SECTOR HAS TO GROW AND WHAT'S KEEPING IT FROM DOING SO.

Capitol Investment Group has been around since 2014, and is a prominent player on Georgia's nascent asset management scene, managing businesses such as Simetria real estate development company, Gldani Mall, Best Western Kutaisi Hotel and working in partnership with high-profile international businesses such as Hotel Collection International and Best Western.

The range of Capitol Investment Group's services is diverse, as are the backgrounds of its specially selected professional team, whose aim it is to help investors reduce risk, conduct research in the country's business environment, assist with networking and provide on the ground management services. Ultimately, Capitol Investment Group's aim is to ensure that an asset is able to make full use of local resources, and to serve as a stand-in owner.

Investor.ge spoke to Managing Partner Archil Shishmanashvili to learn more about wealth and asset management and the unique experience of investing in Georgia.

How would you describe the state of asset and wealth management in Georgia?

It would be bold to speak of the existence of a developed wealth and asset management sector in Georgia. What we currently have is two circumstances, both of which are rather regrettable for the Georgian economy, and both of which have to do with trust.

The first is that wealth and asset management services are generally only looked at as alternatives if a person is going abroad, or physically unable to manage their assets. In this case, they leave their assets to their relatives, their friends – somebody they trust on a personal level.

You need trust in business, that's a given. But often that trust is interpreted to

mean that the entrustee will be capable of making well-informed and well-guided business decisions, and that's often not the case. I say this is regrettable, because in many cases it means conducting business on the fly, without serious planning or analysis.

The other issue we have is that high net-worth individuals are often too nervous about leaving their assets in the hands of a management company, or someone beyond their immediate circle. This again is an issue of trust.

This severely restricts the confines of their activities. They feel compelled to hold large sums of money in low-yield investments because they don't know how to safely expand. This creates something like a vicious cycle of a loss of opportunity.

The more money and attention stays bogged down in one place, the less chance it has to do good elsewhere.

Given the circumstances – why venture into the field?

This is a question of two issues: potential and responsibility.

We want to help Georgia grow. We want to help ourselves grow as well, of course, but we're driven largely by the desire to solve problems. We don't want to return to a time when there is only one way in Georgia to get something done.

For now, we at Capitol Management know that we have the potential to help investors solve problems and disentangle messy knots. Our team maintains a balance between openness and creativity on the one hand, and conscientiousness and discipline on the other.

Competency brings with it responsibility. We feel responsible to try and do our part to make Georgia grow, and we feel responsible towards our clients and investors as well.

These two qualities set us apart, and have been the foundation of our activities since the beginning of our work. You'd be hard pressed to find anyone that distrusts us, or dislikes us, or even feels that we have somehow benefitted at their expense.

You speak of potential – what industries do you think are particularly interesting right now in Georgia?

Real estate is always a good place to start when you're testing the investment waters in another country. It's a quite high return on your investment, and the risk is low.

And in the case of Georgia, you cannot say that Tbilisi is experiencing a bubble right now, unlike other European cities. Moreover, most of Georgia has yet to be urbanized; that will come with the development of the economy. But the signs of accelerated urbanization have been there for about 10 years or so now, and I think they will continue to pick up.

Economic development will bring about prosperity; people will want to live not in the crowded center but in the suburbs, which is also an emerging market in Georgia.

We also see much potential for production and manufacturing. Textiles, sub-components, small electronics – where China began with. Medical services and the potential of Georgia as a medical tourism destination are also worth a serious examination.

Yet another possibility is education, regional education. Draw a radius of 500 kilometers from Tbilisi, and you can see how much opportunity there is. Southern Russia is underdeveloped. Northern and eastern Turkey could be potential markets. Armenia, Azerbaijan. We have students coming into Georgia from as far afield as Georgia. Obviously Georgia has this potential. Perhaps we need a little more experience to learn best practices from Europe and so on, but slowly it is happening.

Another market that we are starting to see emerge, albeit slowly, is that of adventure and experience tourism. Not simply – 'I went there and stayed there' tourism. But tourism tied to rare and tailored experiences.

What windows do you think have closed for investment?

Almost nowhere in the world can you speak of a closed window in business. That's the very foundation of the idea behind industry disruption. I'd even say that the banking system, which has a high entrance barrier, can be disrupted in some way. There are perhaps certain industries that might give you low IRRs, but that's not the same as saying that the opportunity in a given sector has passed completely.

What should foreign investors keep in mind before investing in Georgia?

Georgia, like all countries, has its particularities, but none of which should be a reason to rethink investing here. I'd recommend investors keep note of a few things.

The first is that Georgia has done much to improve its legislature and legal infrastructure in the past years, but it is still in the process of being improved upon. The norms here may be a bit different from what you're used to. Don't make assumptions – just do your due diligence.

The second thing to keep in mind, particularly in a developing country such as Georgia, is the status and situation in the sectors that are related or merely tangential to what you're involved in. You have to be aware of the peculiarities of not only your industry, but also the surrounding ones.

That's why having a partner on the ground here in Georgia is so important. You can choose to go it alone, or make a go of it with partners who can help you avoid the stumbling blocks.

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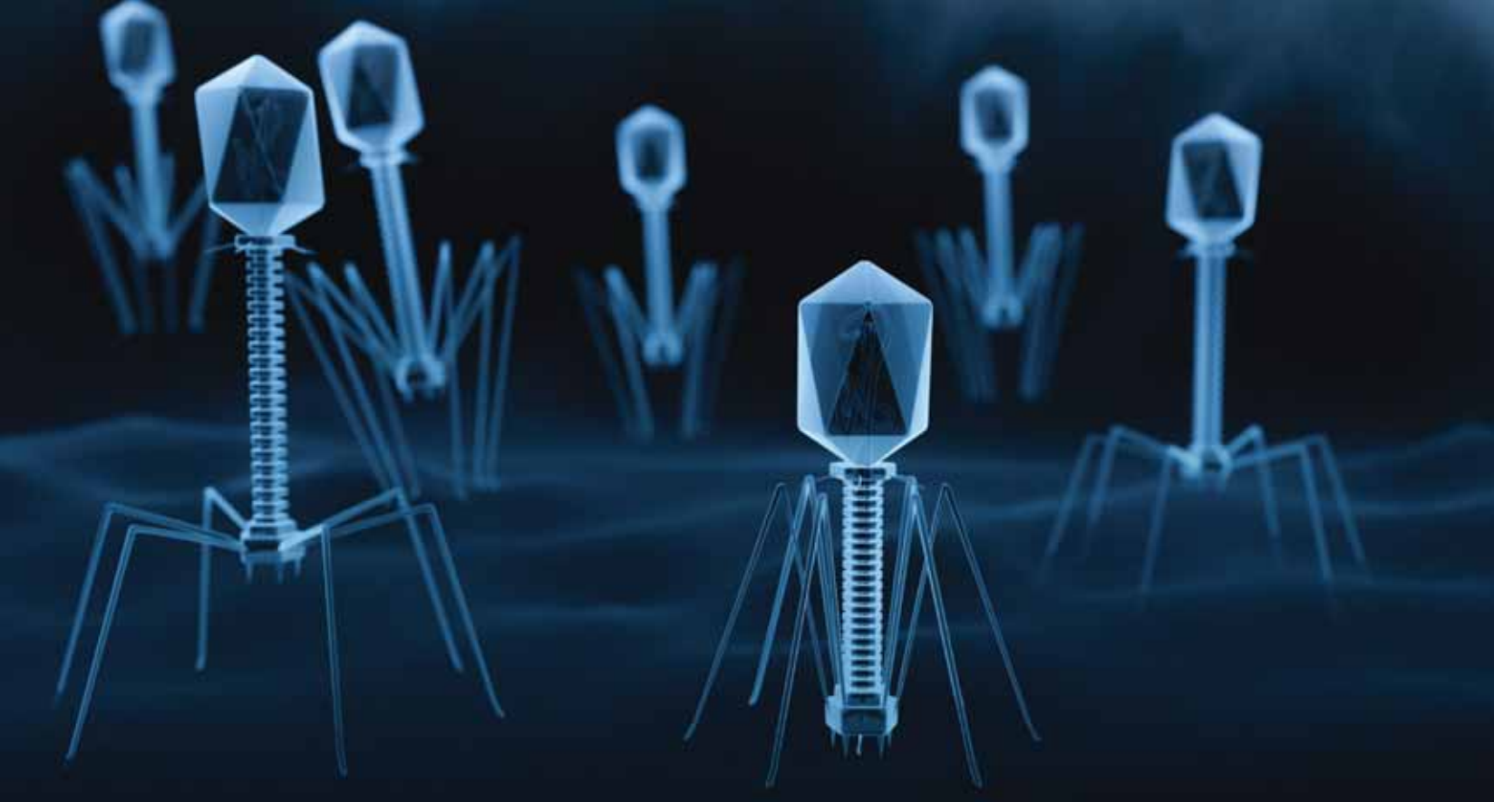

How Georgian phage science might pave the future of biotech

ERNIE WHITMAN PIPER IV

WITH THE WORLD'S LARGEST LIBRARY OF CLASSIFIED BACTERIOPHAGES, GEORGIA IS IN A UNIQUE POSITION TO TAKE ADVANTAGE OF ITS KNOWLEDGE AND EXPERIENCE IN A FIELD OF SCIENCE STILL GETTING ON ITS LEGS IN THE WEST AND ELSEWHERE

While the world races to develop new antibiotics in a race against increasingly resistant bacteria, the cure to the world's next epidemic might just be found tucked away in a lab in Georgia.

The key here is not, however, a breakthrough in antibiotics, but a collection of disease-devouring viruses, otherwise known as phages.

In 1923, Georgian doctor Giorgi Eliava returned from his studies in France and established a new sort of bacteriology laboratory in Tbilisi: one that would find and categorize these microscopic, disease-devouring creatures his colleague Félix d'Hérelle had discovered some years earlier – bacteriophages.

Given little attention in the West, where antibiotics had already gone into widespread commercial production by the 1940s, phage-based therapies and treatment options have been available in the countries of the former USSR for decades.

Now, nearly 100 years after being brought to Georgia, phage science is putting Georgia at the forefront of a coming

revolution in the biotech industry.

THE PHAGE FUTURE

Modern medicine relies heavily on antibiotics, not least because they treat infections, but also because they prevent them, without which modern surgery would be practically inconceivable.

Antibiotics, however, have an Achilles' heel: bacteria are already developing resistance to our strongest drugs. The World Health Organization considers antibiotic resistance one of the biggest threats to global health, food security and development today.

Unfortunately, the creation of new antibiotics takes too long and is too costly.

"Less and less money is going into the development of new antibiotics as they are less lucrative," says Dr. Sandro Sulakvelidze of Intralytix, a US-based company working on a solution to this problem.

"People take antibiotics once a year – if that. The pharmaceutical industry is investing in other medicines, as other medicines are needed every day. It does not make financial sense to invest in antibiotics."

But it does make sense to invest in phages – the microorganisms which Dr. Eliava began cataloguing and collecting in Tbilisi almost 100 years ago.

Bacteriophages, read, "bacteria-eaters," are viruses.

The viruses we are most familiar with are things like influenza, which infect our own cells, but phages instead hunt and kill bacteria themselves.

"They have little legs which are encoded to attach to certain bacterial cell walls. When they grasp onto them, they act like a key to 'open' that bacteria", Head of Business Development at BioChimPharm Rati Golijashvili told Investor.ge.

"They then inject their own DNA, and turn the bacteria into a phage multiplier factory, and then the phages burst the bacteria and hundreds of phages come out."

However, just as bacteria come in many shapes, sizes and virulencies, so do phages.

To treat a bacterial infection with phages, one must use the correct cocktail of phages which will target a particular kind of infection. This is why it is important to have a living database of viruses to fight known diseases, and know which petri dish to "check out" from the library, so to speak.

The Eliava Institute in Tbilisi has the world's largest library of known phages, and their staff have been producing commercially available phage drugs for the countries of the former USSR for decades.

"Our institute is one of the pioneers in phage study and phage therapy. Even today, the institute is considered the center of phage science, personnel, and know-how in bacteriophages," Mzia Kutateladze, the director of the Eliava Institute, told *Investor.ge.*

"Nowadays, phage research has become very active in the EU, US, China and other countries, and the scientists have to try to reinvent the wheel, and spend a lot of money and time in doing so. This is where Georgia has an important role to play, and can help in the development of phage science abroad", Kutateladze adds.

LATE BLOOMERS

Despite their efficacy, phages have still not received much attention in the west.

Dr. Sulakvelidze points at two reasons for this: the ease of the use of broad-spectrum antibiotics, and the old prejudice that phages are remnants of "Soviet medicine."

Sulakvelidze founded Intralytix in Maryland to help bring the well-known phage science of Georgia to the West.

"When we started the company, no one knew what phages were, no-one knew how to approve them, regulate, patent them, so it was next to impossible to develop them for human therapy at the time," he says.

He and his team chose to market food safety products before human or animal drugs. Intralytix boasts the largest portfolio of FDA-approved phage products on the US market: a series of food-safety aerosols to kill contaminants like E. Coli or Salmonella.

"Food safety is easier as 100% of non-processed fresh food already contains billions of phages. They can also contain bacteria that trigger illness. Food-born illnesses are a significant problem. The phages occur naturally in food, so you are not genetically modifying, you are just picking one that occurs naturally and spraying a little more on."

Another issue of developing and promoting phages is securing a patent.

"When you patent a phage, you can only patent the manner of application and formulation. It is a limited protection, as someone can isolate another phage and do the same with other phages", Sulakvelidze says.

MOVING FURTHER AFIELD

Sulakvelidze estimates that the market for food safety phage products will plateau at $50 million in the US. But the more significant potential market is in drug development, with ramifications for fields as diverse as women's health and industrial agriculture.

Though progress has been slow, Kutateladze says the Eliava Institute has already made inroads with international organizations looking at applications for ▸▸

phages. “We’re supplying some German farms with phage preparations for poultry and veterinary applications, also we are working on phages for aquaculture,” she says. “We have a lot of scientific collaboration via joint projects, we are participating together with six countries in Horizon 2020 project, and recently we started cooperation with two big companies in Switzerland and the US.”

Sulakvelidze agrees with the potential.

“Researchers are looking for links between microbiomes and obesity, cancer, alzheimers. There are all kinds of links. Once the links are established, then how do you intervene? Hypothetically, you find Bacteria X responsible for Alzheimer’s, and try to eliminate it. With antibiotics, you end up destroying the entire biodome. While with phages, you can be more selective and purposeful in what you target.”

In Georgia, there is already a significant knowledge base in terms of personnel and phage samples; home-grown BioChimPharm already offers a number of products to treat bacterial infections such as Streptococcus, Staphylococcus, E. Coli and other horror stories. However, the infrastructure to develop, test, and manufacture phage drugs on a large scale is still lacking. Other countries are catching up, leaving questions whether Georgi a will maintain its leg up.

“The global phage market is still in an infant stage,” says BioChimPharm’s Rati Golijashvili, “but in 5-10 years there will already be a lot of markets and products that will be popular and well-known”.

Rolijashvili predicts that the future of phage science will likely entail a synthesis of Georgian know-how with foreign capital and access to markets.

Kutateladze agrees that time is ticking for Georgian labs.

“In Georgia, we have built and operated everything by ourselves. We still have high recognition and respect from outside of the country. Now we must make use of this advantage, and find reliable partners with whom to make the ‘jump’ forward.”

Sulakvelidze is optimistic about Georgia’s potential in attracting foreign partners.

“The Eliava Institute is very well known. With some additional state support to upgrade the local infrastructure, support clinical trials and develop additional products...we could eventually even see phage products coming directly out of Georgia onto foreign markets.”

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Where's the beer?

Georgia's fermenting craft culture

ENTREPRENEURS ARE BREWING A REVOLUTION IN GEORGIAN BEER, AS CRAFT BEERS GAIN POPULARITY AND MARKETABILITY IN A COUNTRY FORMERLY KNOWN ONLY FOR ITS WINE

ANDREW WESTON BRAUN

While Georgia has been gaining recognition as a destination for wine and food over the past few years, its beer has remained relatively generic.

If the next generation of Georgian brewing has anything to say about it, though, the country will soon be able to add craft beer to its list of (literally) liquid assets.

In 2016, there were practically zero microbreweries. Three years later, there are at least ten, ranging from garage-based nanobreweries to full-scale operations with strong export sales. Thanks to adventurous young entrepreneurs, rising tourist numbers, increased disposable income, and a strong sense of national pride, the energy behind independent, artisanal operations is building steadily.

In terms of alcohol culture and consumption, Georgia falls into the same category as viticultural countries like Italy and France.

43% of total alcohol consumed in the country is wine, followed by spirits (39%), beer (18%) and a mysterious "other" category (1%). Local brewers, though, see this as more of an asset than a liability, giving them both the ability to tap into generations of related experience and unique ways to differentiate their products on the local and international markets.

Tbilisi's Megobrebi Brewery, for example, has even been experimenting with brewing its beers in qvevri and creating wine-beer hybrids using Georgian grapes. That's not something you're likely to find anywhere else in the world, and that kind of innovation (along with a solid lineup of traditional favorites) could be the signal that Georgia's beer market is headed for some serious catch-up growth. As Megobrebi's owner Yar Nigay says, "It is just beginning."

CRAFT BEGINNINGS

When Zurab Chitaya returned to Tbilisi after over twenty years of working abroad in places where craft beer had already started trending, he was surprised to find that the local brewing scene was almost empty.

"It was a big surprise for me," he says. "In Russia, it had already been three or four years that craft culture had taken over Moscow, St Petersburg…"

Even the now fairly-ubiquitous Black Lion (Shavi Lomi) had only just started up operations.

Constantine and Ksenia, who prefer to go by first name only in keeping with their business Underground Microbrewery, made the same observation when they arrived in Georgia to work as mining engineers in 2016.

"It's a problem," says Ksenia. "Everything is the same. There is no taste – you don't have a choice."

Chitaya didn't waste time going after the opportunity. In 2016, he had opened up Black Dog Bar, serving up craft beer from what they dubbed the Number 8 craft brewery. Number 8's forays into more full-flavored, hoppy offerings were met with some skepticism:

"Before we started," Chitaya said, "everybody was telling me that Georgians will never drink it – those IPAs, bitter ales, no way."That prediction couldn't have been more wrong—IPAs are now Number 8's best-selling beer. "Georgians do drink bitter and heavy ales! They love it!" says Chitaya triumphantly.

With that success under their belt, Number 8 expanded into several other locations in Vake, and before the paint was dry on their tap handles, other producers had started stepping up.

Since then, in no particular order, Seahorse, Naturale, 9 Mta, Megobrebi, Underground Microbrewery, Bayo, Krik, and Alkhainadze have either opened up or grown quite a bit — finding a craft beer in Tbilisi is no longer the futile quest it once was.

COLD BEER, HOT MARKET: WHO'S DRINKING AND WHY?

In 2018, Georgia Capital acquired Genuine Brewing Company — the makers of Black Lion (Shavi Lomi) beer, adding to their already-sizable investment in the local beer market through Global Beer Georgia, which brews Icy, Heineken, and Amstel.

While independent brewers have mixed feelings about this acquisition, it's also a signal that profit-maximizing companies in the beer business see the need to start expanding their portfolio. Big beer companies in the U.S have been quietly buying microbreweries for a long time now for the same reason.

And interest in craft beer is definitely growing. New brands are constantly ap- ▸▸

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pearing, trendy beer bars are popping up everywhere, and Georgia-based search queries for craft beer-related terms have shown a steady uptick since 2015.

What's contributing to the sudden surge in interest? Most brewers point to a few general trends: tourism, young people, increasing disposable income, and a renewed interest in local products.

Of these factors, international travel may be the most important. According to Georgia Capital's analysis, beer consumption in Georgia tends to be heavily seasonal, rising sharply during peak tourism/vacation times in the summer months. International travelers coming from countries with vibrant beer scenes are increasingly likely to be on the lookout for something interesting and local. As Chitaya points out, why go to another country just to drink a mass-produced beer that's basically equivalent to what you'd have at home?

It may not be a coincidence, then, that the rise of craft beer in Georgia has coincided with a roughly 250% increase in international visitor numbers between 2011 (5.8 million) and 2018 (14.4 million).

That's quite significant given that total visitor spending in 2018 was around 7.9 billion GEL ($2.7 billion USD). 29% of that goes to food and drink, and, given that tourists tend to seek out high-quality, local goods and aren't very price-sensitive, craft breweries are well-positioned to capture some of that spending.

This tourism effect flows both ways: as more Georgians travel abroad to Europe and other destinations, some of them are bound to encounter—and develop a taste for—a higher caliber of beer. "When Georgians go to these countries," Megobrebi owner Yar points out, "they can see that people drink craft beer. It's the new trend."

This cosmopolitan vibe, combined with the unique branding and personality that sets a lot of craft beers apart, is a big draw for younger generations, who are probably the most enthusiastic local craft beer drinkers. "You look at your friend and you see some kind of nonstandard sort of beer they're drinking, and you look at it and think you'd like to taste it as well. It's something new", says Yar.

Chitaya makes the same observation, with the added caveat that older generations aren't so enthusiastic. "The old school guys—they don't buy it. They always say the same: 'You have normal beer?'"

He's not wrong, at least according to Georgia Capital, which reports that 90% of beer consumed in Georgia falls into the "mainstream and economy" category.

Georgia Capital's move to acquire Black Lion, however, can be taken as evidence that they expect that ratio to shift towards more premium beers in the long run.

A less-visible force driving the movement forward, though, is the same local pride that has helped lift Georgian wines out of their post-Soviet slump. "When I was growing up," Chitaya points out, "there was almost no good wine in Georgia. Now we have maybe not hundreds, but a lot of tiny wineries."

Georgia is already punching above its weight for wine, and breweries like Megobrebi believe that they can help put it on the map for beer as well. That

particular brewery already exports up to 80% of their beer to countries like Sweden, Singapore, Taiwan, and Russia, where their most popular beers tend to be those made with unique Georgian ingredients, like glass cucumber and tarragon.

"Using local ingredients, fruits herbs, some combination of Georgian tradition—that's our market," says Yar.

A RISING TIDE LIFTS ALL BEERS: WHAT'S THE FUTURE OF CRAFT BEER IN GEORGIA?

Currently, craft beer represents a tiny sliver of the market in Georgia—well under ten percent of alcoholic beverages. But as Number 8's Chitaya points out, Georgia is fast becoming a trendy country for food and wine, and there's no reason for beer to lag behind.

Starting a business in Georgia is fairly straightforward and low-cost compared to many other countries, as Underground's founders, originally from Russia, can attest:

"It's not so easy to start a business in Russia," says Ksenia. "Here [in Georgia] you should pay taxes, but nobody touches you. You just do what you do."

Georgia consistently places in the top ten of the World Bank's Ease of Doing Business Index, and that applies to breweries as much as any other business.

Alcohol regulations are also quite relaxed and none of the big brewers have managed to maintain a monopoly or get restrictive brewing legislation passed, meaning microbreweries are entering a fairly free and unfettered market.

Changing local tastes, skyrocketing tourism and increased export opportunities give microbreweries a lot of room to grow. As of 2019, Georgian craft beer is pretty much exclusively limited to bars. Supermarkets and convenience stores only carry a small selection from one or two local craft brands, and while they may never see the hundreds of varieties one can find in an American beer store, there's clearly a lot of retail real estate for Georgian craft beer to expand into.

Yar also points out that craft brewers actually have an easier time succeeding in international markets than the big breweries, as they can offer a recognizably different product.

"We have quite the mission in life," he says. "We would like to be 'brewery number one,' in the case of international markets. If someone from the U.S asks, 'What is the best Georgian craft beer?' we want them to make an association with our brewery."

Number 8 is also focused on the issue of international perceptions, but more in terms of Georgia as a place where people are looking for good experiences. "In terms of our food, we are one of the interesting destinations," Chitaya says. "People come here to eat and drink, so we must raise our bar. Food is great here, but we have to improve in other categories."

He points out that other traditionally wine-oriented countries like Italy, Spain, and Portugal, where beer culture has historically been lacking, have also seen a craft beer surge in recent years, and believes Georgia is headed in a similar direction. Regardless, he says, "It's not all about the money. It's about our wish, our will to push our country forward. It means a lot for us and I know it means a lot for other guys in our community."

For the duo at Underground Microbrewery, they're just hoping to brew good beer and eventually create a sustainable brewing operation. "We are still improving," says Ksenia. "Our main aim is to do our best."

They plan to stay small-scale in the short run, as, much like the other brewers, they're not in it to make a quick buck. As they put it, "You don't want to lose the taste of life."

THE COMPETITION: BIG BEER

In terms of raw market share, there's no competing with the large-scale brewing companies. Even in the original craft beer boom country, the USA, 75% of beer sales are non-microbrews, and, as you might expect, there's even more concentration in Georgia, where 89% of the beer market is controlled by just four main companies.

Of course, there's nothing inherently wrong with drinking mass lagers and pilsners, and microbrewers don't see themselves as competing for the demographics that have a strong preference for standard beers. They're marketing to the sort of people who say 'yes' to new things.

"Some people are curious about the new kinds of beers," says Constantine. "They have choice, so they're interested."

In the long run, it's a quality vs quantity game: craft beer comes at a higher price point (though it can often be cheaper than premium imports), which means the typical drinker will have to be less price-sensitive than average or view craft beer as providing more value per unit. Tourists and a rapidly-urbanizing younger generation tend to check both of those boxes, and both of those populations are on the rise.

Regardless of how the market pans out, though, craft brewers tend to stick to a philosophy of quality and local support.

Says Yar: "You can earn much more money selling more product with poor quality, or you can be unique, but you will not earn a lot of money. For us, it's not only the money. It's our friends, it's our hobby, it's our dream—we are Megobrebi because of friends."

In Vino Veritas:

Numbers show Georgian wine production pressing on

BY SALLY WHITE

Georgia has 500 registered wine companies, 100,000 home wineries, its wine turnover last year totalled GEL 868 million and 85 percent of that was exported, the Ministry of Environmental Protection and Agriculture's Wine Agency reported recently.

That wine is such big business for Georgia is due to another figure, this time from Georgian investment banker Galt & Taggart – the industry's net profit margin is 26 percent compared to only 8.4 percent for the total business sector.

"The wine production sector is becoming a lucrative part of the Georgian economy", Georgia Capital, owners of major Georgian wine company Teliani Valley, commented in a fund-raising document. It now accounts for six per cent of total exports.

After five years in which the sector's revenue almost doubled, the Wine Agency is forecasting continued strong growth, citing expanding non-traditional markets in Asia, increasing Georgian marketing efforts internationally (especially in the US and Europe) to build brands and improve distribution networks.

Teliani Valley gives a rare insight to the wine business as its London stock-market quoted parent, Georgia Capital, publishes its figures.

These showed a 24 percent revenue jump in 2015-2017 to 22.2 million GEL with profits of 5.7 million GEL, then in 2018 revenue rose to 29.4 million GEL and profits to 7.2 million GEL.

Most Georgians drink their own home-made and village wines, for reasons of price and pride, and these dominate the domestic market. Although exports increased, sales of branded wine in Georgian supermarkets fell by 44 percent in 2015-2017 when its price rose. However, Teliani Valley said, opportunities for Georgian sales were improving as "tourist numbers rise and as the premium wine segment develops."

The latter including "varieties of wine that are unique to Georgia", such as qvevri and semi-sweet red wines.

Wine business may be lucrative, but it is not easy: Georgian wine is little known and overseas markets are extremely competitive.

In Vino Veritas points to risks in such an export-orientated business from currency fluctuations and economic difficulties in major markets such as Russia. Then there are vine diseases, increasing volatile weather and shortages of land. While most wine companies are trying to acquire land to add to their own vineyards, to increase quality control and yields, they still buy much of their grapes from small vineyard owners who use technically unsophisticated methods. Yields in Georgia, according to In Vino Veritas, are 3.8 tonnes a hectare against the more profitable 16.5 in the US, 10.7 in Italy and 5.7 in Spain.

Many of the major companies have boosted revenues and reduced risk by diversifying into parallel businesses – Telavi Wine Cellars into winery machinery, Kakheti Traditional Winemaking, Schuchmann and others into hotels and restaurants. Teliani's parent, Georgia Capital, used its knowledge of the wine market networks, cash flow and group financial strength to diversify into beer (with Black Lion, Kazbegi and Heineken) and now beverage distribution.

It was distribution experience, as well as brand awareness, that helped Georgian companies re-establish themselves so rapidly in Russia after its market reopened in 2013. However, alerted to the need to diversify, the major wine companies have since been investing heavily to meet quality, regulatory and marketing

requirements in Asian, European and North American markets. They now export to 53 countries. As Galt & Taggart comment in their report on the wine and spirit industry "In Vino Veritas", the "low price per exported per liter in Russia is another argument to intensify efforts to re-orientate from the Russian market."

The efforts are showing some success and the pace is escalating. The companies face no technical issues for sales in Europe and Asia as Georgia has free-trade agreements with most target export countries. Wine and spirits exports to non-traditional markets tripled in dollar terms over 2013-18 "which seems a good achievement considering bottlenecks in brand promotion and positioning", states In Vino Veritas.

China's imports rose by 11 per cent in January-September 2019 to 5,334,939 bottles. US growth was particularly good, sales rising 60 percent to 533,206. There were big gains in sales to Israel, up 88 percent to 218,921 bottles and Germany, up 36 percent to 476,125. Smaller markets, but still showing good gains, were the UK, up 40 percent at 93,067, the Netherlands, up 21 percent at 73,078 and Sweden up 397 per cent at 55,506. However, Russia, with sales of 41,112,235 bottles, up 11 percent, still dominates. The heavy-weight companies in the business – Teliani Valley, Telavi Wine Cellars, Kakheti Traditional Winemaking, Badagoni and Tbilvino et al – may dominate export sales, yet it is the small wine-makers that have been catching the headlines, getting business by winning high profile competitions in Europe, Asia and the US with qvevri wines, reviving old wines and bringing in new ones. (Geostat classifies these as having annual revenue below GEL 12 million.) Some 90 percent of companies operating in the Georgian market, says the Wine Agency, are small.

"High profits and the availability of various grants and subsidized loans from the government in recent years are the major reasons for the large number of small-scale wineries in the sector," states In Vino Veritas. Without this help small wineries would have "little capability to invest in brand development and distribution networks."

Lesser feted than Georgian wine are the country's bottled brandy and brandy spirit, although Georgia is the world's 10th largest exporter of brandy, with over 20 percent of the Spanish and French markets. Quality bottled brandy exports increased at a rate of over nine percent a year in 2013-2018, according to Galt & Taggart, coming from Askaneli Brothers, Bolero, Kakhetian Traditional Winemaking, Sarajishvili and others. The low cost of Georgian raw spirit enables it to dominate export sales (59 percent of the total), and Spain and France buy it for making own-label cheaper brandy brands.

A small country like Georgia, states In Vino Veritas, will never have sufficient vineyards to compete in low-cost markets against the likes of Chile or Spain. Yet, wine companies are split in their views on market positioning and strategy, it notes. Some companies "think a winning strategy is to focus on affordable wines, while maintaining better quality than low priced competitors". Others "see opportunities to position in the premium segment, with potential in unique varieties of wines produced in Georgia".

Galt & Taggart believes that Georgia's wine and spirit business would make more impact in export markets if companies marketed together with a unified strategy. They "do not have a collaboration platform or agreement regarding their long-term positioning in their export markets. Corporate governance within the sector is still evolving but cluster-building and greater coordination are needed over the coming years".

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Pushing back the pest
– is Georgia beating the stink bug?

HANS GUTBROD

THE BROWN MARMORATED STINK BUG HAS TAKEN A BIG BITE OUT OF GEORGIAN HAZELNUT EXPORTS, BUT WITH THE HELP OF DONOR AND STATE SUPPORT IN RECENT YEARS, GEORGIAN FARMERS SEEM TO HAVE PUT THE PEST IN CHECK FOR NOW

In recent years, the Brown marmorated stink bug (BMSB, or, in Georgian "parosana") has been a major challenge for Georgian agriculture, especially in western Georgia – but for now the situation seems to be under control.

In 2018, the stink bug destroyed a good part of the Georgian hazelnut production, reducing exports to a third of their 2015 levels. Additionally, the stink bug attacked citrus, corn and vegetables. The impact on the local economy was devastating.

As local farmer Roland Shartava put it, "All of Samegrelo depends on hazelnuts, every family depends on their orchard."

Many families were unable to repay their loans.

The challenge wasn't restricted to Western Georgia: a couple that had left their car at Kutaisi airport for a summer weekend trip abroad found dozens of thumbnail-sized bugs crawling out of their side mirror, upon their return to Tbilisi over the Rikoti Pass.

Many similar observations about the travel-eager bug raised fears that parosana could soon spread across Georgia and even reach the Kakheti wine region. The sense of impending doom was not just a product of sharing bugshots on Facebook.

In other countries, Halyomorpha halys, as this invasive species from Eastern Asia is known to scientists, has

already left a trail of destruction.

Apple farmers in New York State, for example, lost up to 30% of their harvest to the stink bug.

Overall losses in the United States are thought to be in the billions of dollars.

As Georgia looked at the stink bug problem, a clear and present danger stared back.

How, then, has Georgia fared?

As of 2019, it seems that the progress of the stink bug has been checked.

Farmers report that their yields are up. After tough times, there is a sense that finally Samegrelo, the west Georgian region most afflicted by the pest, has had a good agricultural year again, and winemakers in Kakheti say that the stink bug has not become a problem for them.

Four factors – coordinated state action, targeted donor support, private sector mobilization and active farming – seem to have been involved in halting the bug's progress, according to people working in agriculture.

The National Food Agency (NFA) has led the fight with a region-wide application of pesticide, with the help of large machines that produce a kind of fog from the back of pickup trucks. The NFA teams were hard at work throughout Samegrelo; they could be spotted on Sundays, at 8 o'clock in the morning, already on the road to their next destination.

Georgia's foreign partners, including the US, played a major role, too. They supported Georgia's efforts with various form of assistance. The United States Agency for International Development (USAID), for example, contributed a total of $6.5 million in aid, supplying 17 tractors, 15 sprayers, numerous traps and lures, and recently also 45 Ford trucks for spraying and monitoring.

USAID helped to mobilize experts to assist the Georgian NFA, and organized study visits to counterparts in the US.

More discreetly, various donors supported the fight against the stink bug in Gali and in Abkhazia more generally. The stink bug is widely assumed to have first arrived in the Caucasus in containers from China that had been brought in for the Sochi Olympics.

However, sustained success against the pest requires cooperation with the de facto authorities in Abkhazia, tricky as that may be politically.

The private sector has contributed supplies and their expertise to the fight.

Kartlis, a supplier of agricultural inputs, developed a detailed spraying schedule, with the help of one of its lead agronomists who also keeps abreast of international research on the issue.

Local farmers described this program as particularly effective.

"Those that kept themselves on that schedule had a good harvest", is how one farmer south of Zugdidi put it.

Farmers themselves, then, were the main line of defense, adapting to their particular context.

One farmer, for example, this summer emphasized spraying in a belt around his orchard, to minimize exposure of his fruit to pesticide. He added a sticky substance to the pesticide, for sustained impact. In the previous year, he had found high levels of pesticide residue after four waves of spraying inside his orchard.

While he said that Bifentrin residues had remained within EU limits, the new perimeter spraying method has reduced exposure significantly.

Not everyone was entirely happy with the widespread spraying.

Some beekeepers in Samegrelo believe that the insecticide harmed their populations; while spraying schedules were advertised, detailed coordination can be tricky.

It appears likely that all insects in the area have been affected, with a broader impact on the entire food chain, including birds.

Environmental activists argue that such a schedule of intense spraying cannot be sustained over several years without major detrimental impact on all wildlife in the region.

For that reason, too, some farmers argue that one should begin to introduce the natural enemy of the stink bug, the so-called samurai wasp.

The wasp (Trissolcus japonicus), also widespread in East Asia, hunts stink bug eggs. Like exterminators showing up at a monsters' maternity ward, they interrupt the reproductive cycle of the pest. Currently, researchers at Cornell University are testing how they can best work with the samurai wasp, to push back the stink bug.

This method of biological control is seen as particularly promising, especially once researchers discovered that the samurai wasp had made its way to the US on its own.

It is at least possible that the samurai wasp has also arrived in Georgia, on the heels of the stink bug itself. The samurai wasp is as small as a single printed letter on this page, and thus hard to spot. If the samurai wasp has made it to Georgia, this could explain a slight puzzle: the bug has not thrived even in areas which have received less attention.

Shartava, for example, highlights that his family in the Gali district, where much less systemic spraying took place, also had a plentiful hazelnut harvest, with more than four kilograms of nuts per tree, even though they applied no pesticide themselves.

Previously, one argument against bringing the samurai wasp was that introducing one invasive species to battle another may have unintended consequences. ▸▸

Yet, as one farmer says: "we are spending millions on pesticide, and killing lots of insects – by comparison, bringing a tiny wasp that only attacks specific bugs and doesn't sting seems the far less invasive measure".

The debate on this issue will likely continue. Were it to be shown that the samurai wasp already has arrived, Georgia could potentially emphasize this method in the future. Its advantage is that the samurai wasp will follow and find the stink bug wherever it is, not just where they can be reached by spraying.

What is still lacking, says Shartava, who farms himself and also works in the management of a hazelnut factory, is systemic research. While one understands the broad factors that helped push back the bug, the exact impact of each measure has not been understood.

Few of the studies that donors have financed are publicly available.

There are various sensitivities, including those that relate to the status of Abkhazia. This opacity, also with regards to the negative side-impact of spraying, makes it harder to have an informed discussion on which direction Georgia should follow in the future.

An informed debate is needed, as tactical success does not necessarily translate into strategic victory.

One international expert cautions that the stink bug population may be cyclical. Perhaps, he says, the bugs will soon come back in force.

The NFA, for its part, is trying to mobilize farmers to maintain vigilance, and to use the "attract and destroy" method. Among other measures, the beginning of winter may be a good occasion to offer boxes that attract the bugs seeking a comfortable place for hibernation, so as to collect them for destruction.

While uncertainties remain, Shartava is cautiously upbeat. He argues that the stink bug may have even had something of a positive impact. For people in the hazelnut sector, he says, the arrival of the stink bug was similar to the Russian embargo against Georgian wine in 2006.

Farmers realized that they couldn't take their income for granted. "People woke up, they started to take care, starting from pruning and fertilizer application to maintaining a timely schedule of spraying." In that regard, Shartava says, these hard years "in one way were good. The farmers have now started to think in a more proactive way."

Hans Gutbrod works in consulting and agriculture, and heads up AmCham's agricultural committee. Follow him on Twitter at @HansGutbrod

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Georgia moving towards recycling

– Interview with the Georgian Waste Management Association

THE AMERICAN CHAMBER OF COMMERCE IN GEORGIA AND THE GEORGIAN WASTE MANAGEMENT ASSOCIATION HAVE RECENTLY TEAMED UP TO STIMULATE A WIDER CONVERSATION ABOUT RECYCLING AND OTHER PRESSING ENVIRONMENTAL ISSUES IN GEORGIA. AS PART OF THIS PROJECT, INVESTOR.GE SPOKE WITH THE PRESIDENT OF THE GEORGIAN WASTE MANAGEMENT ASSOCIATION GIORGI GULIASHVILI ABOUT THE ORGANIZATION'S HISTORY, MISSION AND THE CHALLENGES THAT FACE GEORGIA'S RECYCLING SECTOR TODAY.

Proper recycling and waste management are some of the most pressing issues facing Georgia today.

The American Chamber of Commerce in Georgia and the Georgian Waste Management Association have recently teamed up to launch a wider conversation about recycling and related issues.

As part of this cooperation, Investor.ge spoke with the president of the Georgian Waste Management Association Giorgi Guliashvili about the organization's history, mission and the challenges that face Georgia's recycling sector today.

How did the Georgian Waste Management Association get its start?

The Georgian Waste Management Association (GWMA) was formed in 2015.

The USAID-funded Waste Management Technologies in the Regions Program (WMTR), implemented by CENN, took the initiative to establish the association, given that at the time, the players on the waste collection and recycling market were rather scattered and their actions to address issues in the sector were uncoordinated.

The program brought together all viable players on the market to form a unified body in an attempt to both cultivate collaboration and to build networking infrastructure that would ultimately lead to assembling a proper waste management system.

The industry as a whole was facing a whole slew of problems, and we needed coordinated action to lobby the government for certain changes in the sector legislation.

We were just 10 organizations when we started out, and now we have grown to 26, and I'm happy to say that now we have most of the large players of the recycling sector as members in our

organization. Our members deal with paper, plastic, glass, tires, cooking oil and a range of other recyclable materials.

What are some of the main issues facing the recycling sector today?

The biggest issue we face right now is that there is a lack of collected and sorted material for our companies to use. The potential is there, but accessing it remains an issue.

Generally, once recyclables are combined with other items or waste, they become contaminated and are unusable.

For example, we have three paper recycling companies. Together, they have a total recycling capacity of about 2,700 tonnes per month. However, as things stand, they only manage to operate at about a third of their capacity, recycling just 900 tonnes per month.

It's the same with plastics, PETs – we have four companies that have recycling permits, but only three are active. They manage to recycle some 250 tonnes a month maximum, but were they working at full capacity, they'd be recycling around 1,100 tonnes per month.

However, reforms that are slowly coming into place now should address this issue.

If extended producer responsibility (EPR) policies – which oblige producer companies to either physically or financially ensure the proper disposal or treatment of post-consumer products – are correctly implemented, we will have a problem not with raw material, but with capacity!

This in turn will bring up other issues. Such as that of technical assistance. Some of our companies are working with technology that is either very old, or subpar in terms of quality. This makes recycling less effective, more expensive and more complicated a process. Subsidized tech purchases and preferential loans would do a lot to stimulate the industry.

A better equipped industry would bring down the cost of operations, would make room for more players on the market and ensure that recycling remains a sustainable sector in the country.

And the third biggest issue we have is that of visibility; the public and private sectors often just don't have information. They don't know what to do with their waste: how to separate it, where to dispose of it. Moreover, there is little data available as to waste production in the country, where it ends up, how it is disposed of or who is even capable of doing so.

This data is vital not only to the in- ▸▸

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dustry and country so that it can pursue a correct policy, but also to attract foreign investors who might be interested in setting up here as well – any investor needs clear data and information, regardless of the field.

How has the GWMA tackled some of these issues?

We've made significant progress in recent years. General awareness about the importance, ease and methods of recycling has gone up both in the private and public sectors. The USAID WMTR program facilitates connections between our association and the public and holds frequent public events and awareness-raising campaigns. The program and the association continue to negotiate partnerships with third parties as well.

As part of this same effort to increase awareness, with the USAID WMTR program's initiative and in cooperation with Tbilisi City Hall, we've set up the city's first-ever recycling bins. We've 26 of them around Tbilisi. In addition, the program has placed more than a dozen in the regions as well.

These waste recycling corners are fully functional, but their activities are of course on the small scale. For recycling to be effective, it has to be on a much larger scale. On the other hand, people have already started asking us to have collection companies come more often, because people are already bringing in so many recyclables that the bins are overfilling. This is a good sign; it means the will is there.

What we wanted to do with this project was to just get people starting to think about the importance of recycling. Without this consciousness and sense of responsibility, it's difficult to make progress.

In December, with the assistance of the USAID WMTR program, we plan to hold a waste expo, during which members of our association and other companies involved in recycling will exhibit their products, each of which will have their own table and they will have the chance to talk about their products and services directly with company representatives.

What are some of the most important changes that have taken place recently in the recycling sector?

The most important change to date in the legislation regarding recycling was the adoption of the waste management code of Georgia which entered into force back in January 2015.

According to the Waste Management

Code companies producing more than 200 tonnes of municipal waste or 1,000 tonnes of inert waste or any amount of hazardous waste are obliged to come up with a waste management plan and submit it to the Ministry of Environmental Protection and Agriculture of Georgia for approval.

According to this same code, all municipalities in Georgia are obliged to come up with separate waste collection plans within their jurisdiction.

The government has come up with a series of six by laws on extended producer responsibility which will be discussed in September, the aim of which is to further regulate the proper disposal of packaging, electronic waste, batteries, end-life-vehicles, tires and waste oils.

Producers will have to create collective or individual non-profit organizations and manage waste produced by them through a material's life cycle, that is – ''from the cradle to the grave''.

Per the reforms in 2016, as of this year Georgian municipalities have to start thinking about recyclable waste separation. For plastic alone, the plan is ambitious: the National Action Plan or 2016-2020 demands that the country be recycling 30% of its plastic waste by 2020, 50% by 2025 and 80% by 2030.

As early as next year, companies should be taking more preventive measures against waste production as well.

The success of these resolutions will depend highly on public awareness and corporate social responsibility.

What do you hope to get out of partnering with the American Chamber of Commerce of Georgia?

In partnering with AmCham, we hope to develop further our association as a business member organization.

As part of the project, between the USAID WMTR program and the American Chamber of Commerce, an Environmental Committee has been set up to stimulate a wider conversation about environmental issues, sustainable development and circular and green economies.

In order for any of these concepts to take root in Georgia, we need to have the participation of the larger business community, and to have a more active dialogue with them. Building a relationship with larger producers in the country should lead to an increased sense of mutual understanding.

We have good laws and legislation coming into play – the biggest challenge is effectively implementing them.

Georgia vying for status as logistics, transport hub on China's reimagined Silk Road

THE TBILISI SILK ROAD FORUM TOOK PLACE ON 22-23 OCTOBER, BRINGING TOGETHER 2,000 DELEGATES AND REPRESENTATIVES FROM 60 COUNTRIES TO TALK ABOUT CHINA'S BELT AND ROAD INITIATIVE AND GEORGIA'S ROLE IN THE DEVELOPMENT OF REGIONAL TRANSPORT AND LOGISTICS INFRASTRUCTURE.

LIKA JORJOLIANI

Georgia was one of the first countries to sign up for the One Belt, One Road initiative, having signed a memorandum of understanding with China in 2015, just two years after the announcement of the initiative by Chinese President Xi Jinping back in 2013.

The initiative is a 21st century re-vamping of the Silk Road which seeks to boost international trade through the development of new and existing trade corridors.

The important role Georgia hopes to play in this ambitious plan was highlighted at the third Silk Road Forum in Tbilisi, which was held on October 21-23.

More than 2,000 delegates from more than 60 countries attended the event – including politicians, representatives of the business sector and prominent NGOs.

"Historically, Georgia played an important role in the development of the Silk Road," Georgian Prime Minister Giorgi Gakharia said at the forum opening, and emphasized Georgia intends to become a key transport and logistics hub in the modern embodiment of the Silk Road, helping to "connect Europe and Asia more effectively."

THE BELT AND ROAD INITIATIVE – IN DETAIL

The Belt and Road Initiative is the merger of two separate initiatives: the Silk Road Economic Belt (SREB) and the 21st Century Maritime Silk Road, which were originally put forward by Chinese President Xi Jinping during his visits to countries of Central and Southeast Asia in 2013.

The initiative consists of five main points: policy cooperation, infrastructure connectivity, trade connectivity, financial cooperation and people-to-people exchanges.

The One Belt, One Road initiative covers most of Eurasia, and would connect areas inhabited by 63% of the world's population.

To date, 136 countries and 30 international organizations have already signed a document with Beijing on cooperation in the framework of the Belt and Road Initiative.

THE SILK ROAD FORUM IN TBILISI

Panels at the conference were devoted to the transport and logistics sectors, prospects for boosting international trade and technological trade.

LIBERAL TRADE AND LEGISLATION

PM Gakharia noted that with 80% of imports into the country exempt from tax, Georgia has one of the most liberal tariff policies and legislative frameworks.

"Facilitating international trade is an important step towards economic development. Business is the main driver of economic growth and the ultimate beneficiary of reform. A small number of administrative, logistics and transport reforms contribute to the expansion of trade between countries.

In today's globalized world, Gakharia said, the development of new transport corridors between Asia and Europe is necessary to facilitate international trade, and noted that Georgia is consistently working to improve the legal and transport framework of the country and integrate it into international transport systems.

MORE ROADS, FASTER ROUTES, MORE OPTIONS

Gakharia also drew attention to the importance of the existence of multiple trade routes and transport options, noting that Georgia actively participates in initiatives to develop new transport routes, such as the Middle Corridor, Lapis Lazuli and others.

Other projects that stand to increase the interconnectivity of Georgia and the region at large include the Baku-Tbilisi-Kars railway which launched in 2017 and which has already shipped 275,000 tons of freight since its inception, in addition to Georgia's efforts to invest in high-speed road infrastructure.

The importance of Georgia's potential as a maritime hub and transport point between Europe and Asia was also raised:

"It is also important to engage the seaports of Batumi and Poti, as Georgia offers the shortest route between China and Europe. Today, land transport from East Asia to Georgia can arrive in less than 10 days, and from there you can arrive at a number of European ports in just five days."

SETTING A REGIONAL EXAMPLE

Georgia's strategic geographical location and work on improving the local business environment puts the country in a position to set an example for neighboring countries and encourage free trade.

"Free trade agreements with China on the one hand and the European Union on the other make our country unique in the region and offer great opportunities for both local and international investors", Gakharia noted in his address.

Vice PM Elyor Ganiev also touched on the success of Georgia's liberal economic policy, and noted that it was Uzbekistan's participation at the Tbilisi Silk Road Forum in 2017 that launched tighter cooperation between Georgia and Uzbekistan.

"The number of joint projects and enterprises has grown. It is important to study the experience of Georgian reforms, as it is exemplary in many areas. Uzbekistan is interested in cooperation in the field of transport and logistics with all countries of the region. Currently, all the countries of the region – Azerbaijan, Georgia, Kazakhstan, Turkmenistan, Turkey, have created good conditions for the transportation of goods both in the direction of the East and the West. It is necessary to use this huge potential. We must use this potential and restore the old Silk Road."

Chairman of the Georgian Manufacturers Association Levan Silagava highlighted Georgia's participation in the project as a recognition of the notion that a rising tide lifts all boats.

"In the context of modern economic integration and globalization, trade and economic development are of paramount importance. Georgia recognizes the importance of the concept of the New Silk Road, and believes that countries that participate in the One Belt, One Road initiative are not competitors of each other, but countries that help each other achieve the best results."

TRADE AND ENERGY – HAND IN HAND

In his address, PM Gakharia also noted that the development of energy corridors is equally important to the construction of roads and maritime shipping channels. "As you know, Georgia is trying to use its geographical location to implement projects to fulfill the role of an energy corridor. But there are still more opportunities to be had. Georgia welcomes and supports the development of the Southern Gas Corridor, the expansion of the South Caucasus Pipeline, as well as the development of the Trans-Adriatic Pipeline (TAP) and the Trans-Anatolian Pipeline (TANAP)."

INCREASING TRADE TURNOVER WITH CHINA

During the forum, Chinese representatives praised the efficacy of Georgia's participation in the project.

"The trade turnover between China and Georgia last year exceeded one billion dollars, and in the first half of this year alone it reached 900 million dollars," said Liu Hui, Special Representative of the People's Republic of China in the Eurasian Region.

"As a result of our joint efforts, we have created a network of six corridors, six interconnected routes including many countries and ports. Georgia is actively participating in these processes."

More transport connections between Georgia and China has done much to boost trade, Hui said, and noted the particular winner in this regard has been Georigan wine:

"The Chinese already know about Georgia and Georgian wine, both of which have grown tremendously in popularity in recent years."

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AMCHAM EDUCATION AND TRAINING COMMITTEE MEETING

THE AMCHAM EDUCATION AND TRAINING COMMITTEE MET ON OCTOBER 8 TO DISCUSS GENERAL MATTERS CONCERNING EDUCATION AND SET PLANS FOR THE COMING YEAR. IT WAS DECIDED TO SET UP A PROGRAM WHICH WILL INVOLVE COMPANIES IN PROVIDING TAILORED ASSISTANCE AND EXPERTISE TO STUDENTS SEEKING TO SPECIALIZE IN VARIOUS INDUSTRIES.

AMCHAM EDUCATION AND TRAINING COMMITTEE MEETING

AMCHAM HELD A MEMBERS ONLY LUNCHEON ON OCTOBER 9 WITH THE NEW EBRD REGIONAL DIRECTOR FOR THE CAUCASUS MS. CATARINA BJORLIN HANSEN. SHE PRESENTED ON CURRENT EBRD ACTIVITIES AND PROJECTS IN GEORGIA. MEMBERS THEN HAD AN OPPORTUNITY TO ASK QUESTIONS.

AMCHAM MEETS WITH PM GAKHARIA, ECONOMY MINISTER TURNAVA

This month AmCham, along with a range of other business associations, met with Prime Minister Giorgi Gakharia and Economy Minister Natia Turnava.

Both meetings involved a frank exchange of ideas about the challenges facing the economy in Georgia and government strategy to facilitate economic growth and employment.

The meetings were wide ranging and included discussions of employment law, the implementation of the EU DCFTA, government investment policy, banking regulations, taxes, building licenses and a range of sectors, including energy, agriculture, transport and logistics, construction and much more.

The meetings were part of an initiative on the part of the new Prime Minister to reach-out to the business sector.

AMCHAM LAUNCHES ENVIRONMENTAL BUSINESS COMMITTEE

AmCham Georgia held the first meeting of its newly launched Environmental Businesses Committee on November 6. The committee was created as a result of partnership with USAID/CENN's WMTR II program. The meeting was attended by representatives of more than 30 member companies from different business sectors, including construction, hospitality, banking, FMCG and others. Committee members presented their current involvement with environmental issues, the main challenges faced and what their expectations towards the committee work are. The primary focus of the meeting was waste management and recycling, which turned out to be the most interesting and revalent issue for the companies. In addition, CENN described the scope of their USAID WMTR II program and core work stream, and introduced the Georgian Waste Management Association which AmCham is supporting within the scope of the USAID project. As a result of the discussions the committee members formulated an action plan which the committee will be guided by in the future.

AMCHAM GEORGIA LAUNCHED AN AGRIBUSINESS COMMITTEE AND ORGANIZED THE FIRST MEETING AT SHERATON HOTEL ON NOVEMBER 12. ALL MEMBERS WERE GIVEN AN OPPORTUNITY TO PRESENT THEMSELVES AND BRIEFLY STATE HOW THEY ARE CURRENTLY INVOLVED IN AGRICULTURAL ISSUES, THE MAIN CHALLENGES AND WHAT THEY EXPECT OF THE COMMITTEE WORK.

NEW MEMBERS

Chemonics International, Inc.
Corp A

Chemonics is an employee-owned, for-profit corporation based in Washington, D.C. The international development and consulting firm has received some of the U.S. government's largest aid contracts supporting agriculture, conflict and crisis, democracy, economic development, education, energy, governance, health care and supply chain, international trade, microfinance, sustainability, water, welfare reform, and youth programs.

www.chemonics.com

Geomedica Ltd.
Corp A

The main activity of the company is import of medical equipment and consumables in Georgia. The company has its own service center where certified engineers work in manufacturing companies. Currently, Geomedica represents one of the main players on the market and is the official distributor of the world-famous manufacturers, such as GE healthcare, Pentax, Nihon time, Care Fussion, etc.

Geomedica is cooperating with the leading clinics within Georgia on the regularly bases and is supplying them with the world's most novel products. Since 2012, the company has expanded its scope of activities and offers the customers the service which includes planning and design of the clinics, both architecturally and in terms of medical equipment.

www.geomedica.ge

Hilton Garden Inn Tbilisi Chavchavadze
Corp A

Hilton Garden Inn Tbilisi Chavchavadze is located in the up-market, vibrant neighborhood of Chavchavadze Avenue, the primary district for business and commercial in Tbilisi & Georgia.

The hotel offers 170 fabulous rooms with a modern design including 23 connecting rooms, 5 suits, and 8 meeting spaces for any kind of event, together with the best dining venue for your visit to this historic city, be it Business or Leisure.

www.hilton.com

ICE Ltd.
Corp A

ICE Ltd has been operating on the Georgian market for 9 years with HVAC systems and 4 years with elevators and escalators. Nowadays it occupies one of the leader position in this field. "ICE" is the official distributor of Shanghai-Mitsubishi in Transcaucasia. We offer customers world leading brands in HVAC systems like Mitsubishi, Toshiba, Carrier, Lennox. ICE has worked on a number of large-scale projects such as: Galleria Tbilisi, Moxy Tbilisi, Tbilisi Gardens, Encore Ramada, East Point, Parliament of Georgia, McDonalds, Smart Supermarket, Tegeta Motors. The mission of the company is to create more harmonious style of life with professionalism and high quality service.

www.ice.com.ge

Le Meridien Batumi
Corp A

Le Meridien Batumi is located in the picturesque Batumi Tower with a stunning beachfront location on the Black Sea, and is the perfect choice for a beach, city or family holiday in Batumi. Attractive all kinds of travelers, including young families, the resort offers spectacular facilities with 105 luxurious rooms and suites with stunning views of the Black Sea, a swimming pool, direct beach access, a spa and a fitness center.

www.lemeridien.com

RE/MAX Capital
Corp A

RE/MAX Capital is the award winning franchise of RE/MAX Global in Georgia. Founded 40 years ago, RE/MAX has become one of the most recognized names in real estate, and is a global real estate network of franchise-owned and operated offices with more than 120,000 sales associates in 100 countries. Operating in Georgia from 2014, in 2017 and 2018 RE/MAX was nominated twice as Top #2 Company in Commercial Sales Worldwide among RE/MAX 7,000 brokerages in 100 countries. The company has the largest real estate portfolio of residential and commercial properties of Georgia integrated into the international platform remax.com.

www.remax.com

NEW MEMBERS

Strada Motors / Jeep-Chrysler
Corp A

Strada Motors is the official dealer of Fiat, Jeep and Alfa Romeo brands in Georgia. The company is one of the leading and dynamically growing companies on the Georgian auto market, operating since 2011.

www.strada.ge

Kockablo Ltd.
Corp B

Kockablo Ltd, in Georgia was founded by Ismail Koc (80) and Irakli Bregvadze (20%); Ismail Koc comes from Koc family which owns and operates Kockablo factory located in Istanbul. Kockablo Turkey's activities started in 1972; company processes annually 8600 tons of copper.

www.kockablo.com.ge

SavvY
Corp B

SavvY takes a different, progressive, and innovative approach to solving challenges in the Georgian market. Fields of activity: business planning, strategy & execution, IFRS implementation, valuation of tangible and intangible assets, research, business systems and process optimization, cost optimization, financial institutions negotiation, due diligence, IPO preparation.

www.savvy.ge

Georgian Retailers Association
Non-profit

Main purpose of the association is to promote and protect rights of small and medium retailers, on top of that the company is the initiator alongside with other associations of 2 governmental projects that should regulate the retail market. The association tries to keep its members updated about on-going and future regulations by inviting them to trainings, workshops and informative meetings.

https://www.facebook.com/GeorgianRetailersAssociaton/

Georgian Waste Management Association
Non-profit

The Georgian Waste Management Association (GWMA) unites waste aggregating and recycling companies. The main goal of the association is to promote its members and recycling sector in Georgia through strengthening its member companies and lobbying their interests at the governmental level. In addition, the GWMA works on awareness raising regarding waste management through its FB page, email and social media.

https://www.facebook.com/wmageorgia

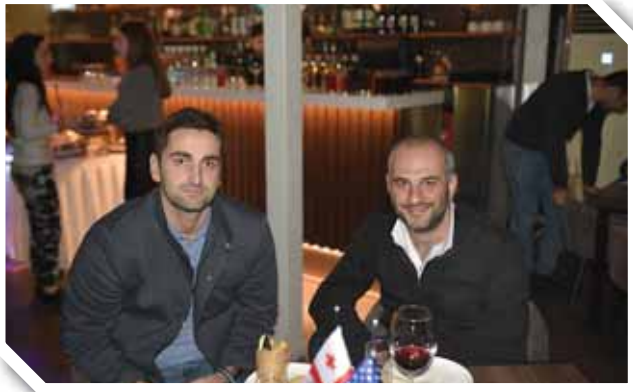
Levan Bakhutashvili
Individual

Levan Bakhutashvili is a dual-licensed attorney admitted to practice law in New York state and Georgia. He is a law graduate of the University of Texas School of Law. Levan has for many years represented interests of American business in Georgia as legal advisor. Since the inception to 2018, Levan was Chair of AmCham's Energy, Mining and Utilities Committee.

Marco V. Montesinos
Individual

THE AMERICAN CHAMBER OF COMMERCE IN GEORGIA HELD ITS ANNUAL GENERAL ASSEMBLY AND LUNCHEON AT THE SHERATON GRAND TBILISI METECHI PALACE ON NOVEMBER 12. AMCHAM PRESIDENT MICHAEL COWGILL OFFERED AN OVERVIEW OF THE WORK OF THE CHAMBER OVER THE PAST YEAR. AMCHAM VICE PRESIDENT AND TREASURER IRAKLI BAIDASHVILI PRESENTED THE 2018 ACCOUNTS, WHICH HAD BEEN AUDITED BY NEXIA AND WAS APPROVED BY MEMBERS. ANN DAVIES FROM BP GEORGIA AND NATIA JANELIDZE FROM GAZELLE FINANCE WERE CANDIDATES FOR ONE CORP A BOARD POSITION AND ANN DAVIES WAS ELECTED BY A MAJORITY OF THE MEMBERS. THE GENERAL ASSEMBLY WAS MODERATED BY THE HEAD OF THE ECONOMIC SECTION OF THE US EMBASSY, MACKENZIE ROWE. FOLLOWING THE FORMAL PROCEEDINGS, AMCHAM EXECUTIVE DIRECTOR GEORGE WELTON GAVE AN INTRODUCTION OF NEW AMCHAM INITIATIVES, INCLUDING A BRIEF OVERVIEW OF A NEW PROJECT THAT AMCHAM IS INVOLVED IN PARTNERSHIP WITH USAID/CENN IN THE FRAMEWORK OF THEIR WASTE MANAGEMENT TECHNOLOGIES IN THE REGIONS II PROGRAM.

AMCHAM GEORGIA HOSTED A COCKTAIL RECEPTION AT THE ROOF ON 15 NOVEMBER. AMCHAM PRESIDENT MICHAEL COWGILL GREETED GUESTS AND ANNOUNCED UPDATES AND UPCOMING AMCHAM EVENTS. MEMBERS USED THE OPPORTUNITY TO CONNECT WITH FRIENDS, COLLEAGUES AND FELLOW REPRESENTATIVES OF MEMBER COMPANIES AND ENJOYED COCKTAILS, WINE ALONG WITH DELICIOUS FOOD AND DESSERTS.



ON OCTOBER 25 AMCHAM GEORGIA HOSTED A COCKTAIL RECEPTION AT BEST WESTERN CITY CENTER. AMCHAM PRESIDENT MICHAEL COWGILL GREETED GUESTS AND ANNOUNCED UPDATES AND UPCOMING AMCHAM EVENTS. MEMBERS USED THE OPPORTUNITY TO CONNECT WITH FRIENDS AND COLLEAGUES OF MEMBER COMPANIES AND ENJOYED COCKTAILS, TASTED DELICIOUS FOOD AND DESSERTS OF THE RESTAURANT.

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