



April – June 2009

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EUGBC Secretary General participated in the Conference: *The European Union and its Eastern Partnership – Visions from the Eastern Neighbours*, hosted by Vural Öger, Member of European Parliament

16.04.2009

On April 14, 2009, EUGBC Secretary General, Kote Zaldastanishvili participated in the Conference: *The European Union and its Eastern Partnership – Visions from the Eastern Neighbours*, hosted by Vural Öger, Member of European Parliament and held in Brussels, at the premises of the European Parliament.



The aim of the conference was to get a timely idea just between the recent EU Spring Summit and the EU summit in May 2009 in Prague, establishing the Eastern Partnership initiative and to give some room for adjustment in order to meet some of the expectations in advance to the joint summit in Prague.

The participants of the conference - Ambassadors from Azerbaijan, Ukraine and Czech Republic (acting President-in-Office of the European Council), high ranking diplomats from Armenia, Belarus and Georgia, Members of the European Parliament, Representatives of the European Commission and NGO-s - were welcomed by Miguel Angel MARTÍNEZ MARTÍNEZ, Vice President of the European Parliament and Vural ÖGER, Member of the European Parliament (host of the event).

Participants of the conference underlined that after the re-launch of the European Neighborhood Policy to the South establishing the Union for the Mediterranean, time has come to pay more attention to the East. Eastern Partnership, first proposed by the Swedish and Polish governments last year, is the good proof of it.

Milena VICENOVÁ, Ambassador, Head of Permanent Representation of the Czech Republic to the EU highlighted that Eastern Partnership - one of the priorities of Czech Presidency, is not anti-Russian initiative, is not overlapping with EU's existing initiatives, and is not about EU's enlargement but is aimed to bring stability and prosperity to region. Czech Ambassador paid an attention to the fact that the Eastern Partnership has a tailor made approach, its success is strongly depended from the active participation of EU's eastern neighbors (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) in the initiative and should facilitate cooperation between this six countries.

Representatives of the South Caucasus countries underlined that the integration with European Union is very important for there countries and the Eastern Partnership initiative will be successful only if the existing conflicts and political problems in the region will be resolved and called EU for its more active engagement in this process.

Andriy VESELOVSKYI, Ambassador, Head of the Mission of Ukraine to the EU mentioned that the Eastern Partnership is timely initiative, good addition to the European Neighbourhood Policy, but not good enough. Eastern Partnership should not be an alternative of the EU Membership and that the main goal of Ukraine is to join the European Union – added the Ukrainian Ambassador.

Representative of the Republic of Belarus expressed that his country is delighted to be invited in the Eastern Partnership initiative and underlined that the goals of this initiative can be only achieved if the EU will coordinate its activities with Russia, "main Player" in the region. The Republic of Moldova was not presented at the conference.

Progress Report on Georgia - Implementation of the European Neighbourhood Policy in 2008 was released by the European Commission on April 23, 2009.

24.04.2009

The Progress Report on Georgia covers following key issues: political dialogue and reform; economic and social reform; trade related issues, market and regulatory reform; cooperation on justice, freedom and security; transport, energy and environment; people-to-people contacts, education and health; and key facts on financial cooperation with Georgia.

According to the report, "Despite [the] difficult context, Georgia managed to advance the implementation of the ENP Action Plan. Major achievements in the reporting period were the pursuit of the fight against corruption, reforms in the rule of law area, especially in facilitating access to justice, improving detention conditions in the penitentiary system and efforts to combat torture and inhumane and degrading treatment. Increased political cooperation with the EU was underpinned by Georgia's alignment with 117 of the 154 CFSP declarations to which Georgia was invited to join. Steps were undertaken to improve the business and investment climate. A national reform strategy for the agricultural sector, covering the period 2009-12, was adopted. Georgia continued its cooperation with the EU on trade-related issues and achieved some progress in this area. Good cooperation was established with Georgia on justice, liberty and security (JLS) matters, through the establishment of a new JLS subcommittee, and in visa dialogue, with a view to launching EU-Georgia negotiations on visa facilitation and readmission agreements. Progress was also made in the fields of education and vocational training.

Georgia made less progress in the implementation of some other key objectives of the ENP Action Plan. Media freedom and pluralism remain areas of concern. Injecting new momentum into political reforms, economic recovery, the effective implementation of a comprehensive national IDP strategy and more consistent alignment with the EU regulatory system as well as advancing sectoral reforms, will continue to be key challenges in 2009. The negative influence of the August 2008 war on the Georgian economy in combination with the global economic crisis has heightened the urgency of addressing long-standing socio-economic challenges.

Full text of the report is available on the Council's website: www.eugbc.net

Eastern Partnership Summit in Prague

08.05.2009

President of the European Council Mirek Topolánek and President of the European Commission José Manuel Barroso launched the Prague Eastern Partnership summit yesterday afternoon.



During the Summit the twenty-seven EU member states signed a Joint Declaration on Eastern Partnership with Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine (full text of declaration is available on www.eugbc.net). The declaration marks a "more ambitious partnership" of EU Member States with six former Soviet Union countries.

Eastern Partnership provides additional impetus to the economic, social and regional development of the partner countries. It will facilitate good governance, including in the financial sector, stability, prosperity and multilateral building of confidence with the aim of contributing to territorial integrity and sovereignty of all partner countries. In addition, it should also support efforts to resolve regional conflicts peacefully, promote regional development and social cohesion and help to reduce partner countries' socioeconomic disparities. Eastern Partnership will be governed by the principles of differentiation and conditionality.

The Eastern Partnership builds on and is complementary to existing bilateral relations between EU and 6 former Soviet states. The participants of the Prague Summit agreed that Eastern Partnership should provide the foundation for Association Agreements between the EU and those partner countries. The Association Agreements will provide for the objective of establishing comprehensive free trade areas, support visa liberalisation and strengthen energy security. The participants of the Prague Summit support the launching of Flagship Initiatives that will give additional visibility to the Eastern Partnership. They agreed to provide additional financing in support of reforms, the flagship initiatives and projects in the framework of partnership.

Prague Summit - "Southern Corridor - New Silk Road"

08.05.2009

"Southern Corridor - new Silk Road" Summit, that is an important initiative, held in Prague today. The centre-piece of the Southern Corridor is deeper co-operation on energy. The participated countries and institutions were brought together by a common vision and common determination.



The participants of the Southern Corridor Summit Mirek Topolánek, President of the European Council, Jose Manuel Barroso, President of the European Commission, Ilham Aliyev, President of the Republic of Azerbaijan, Mikheil Saakashvili, President of Georgia, Abdullah Gül, President of Turkey, Sameh Fahmy, Minister of Petroleum of the Arab Republic of Egypt signed the Declaration (*full text of the Declaration see attached*). They expressed their political support to the realization of the Southern Corridor as an important and mutually beneficial initiative, which will lead to the promotion of common prosperity, stability and security of all countries involved. "We acknowledge that infrastructure projects which interconnect the countries along the Southern Corridor will act as a catalyst for further co-operation in other areas. The successful cooperation in the field of energy will encourage investments also in transport area. The development of transport infrastructure, including for energy, will lead to an intensification of people-to-people contact, which is the fundamental prerequisite to further social, economic and political cooperation in the whole region", the participants said in the Declaration.

The countries signed the Declaration said they agreed to give necessary political support and, where possible, technical and financial assistance to the construction of the Southern Corridor, including the Trans-Caspian energy transportation projects, in order to support the diversification of energy sources, markets and transport routes. "We attain the energy security of all parties including consumer and transit states, such as Turkey, Georgia and Azerbaijan, on the basis of commercial agreements that are in line with the Parties' international commitments", the Declaration reads.

Javier SOLANA, EU High Representative for the Common Foreign and Security Policy, also attended the "Southern Corridor-New Silk Road" Summit (*edited summary of Solana's remarks at the Summit are available on www.eugbc.net*).



EUROCHAMBRES Congress in Prague: Economic crisis and barriers to business on the agenda

17.05.2009

On 14-15 May, EUROCHAMBRES' 16th annual Congress took place in Prague, on the theme "Doing Business without Barriers".

Chambers of Commerce from all over Europe, representatives from the European institutions (European Commission, European Economic and Social Committee, European Investment Fund, European Institute of Innovation and Technology), members of the Czech Government, small and big enterprises, and important international personalities will debate on the major challenges that businesses face today.

Innovation, energy, the labor market, access to finance, trade within the internal and foreign markets will be at the heart of the Congress' sessions and workshops. Chambers will also present their expertise and best practices in helping their member companies address these challenges.

"All those involved in charting Europe's route out of the current economic crisis and establishing our business community's long term competitiveness will no doubt value the debates at this two-day event. With this Congress, Chambers wish to contribute to the objective of knocking off barriers to business," said EUROCHAMBRES' President Pierre Simon.

Günter Verheugen, Vice-President of the European Commission responsible for enterprise and industry, and Jan Fischer, Czech Prime Minister, will be among the keynote speakers of the Congress' opening session – exceptionally organized in conjunction with the European Commission which will, on the same occasion, conclude the first European SME Week.

At the end of the Congress, Chambers will present a set of recommendations to the incoming Swedish Presidency and to the future European Parliament and European Commission on how to stimulate a dynamic and competitive business environment.

The EU's fact-finding trade mission report to Georgia

27.05.2009

During the recent consultations in Brussels on Deep and Comprehensive Free Trade Agreement (DCFTA) between Georgia and EU, Georgian delegation underlined the importance of the involvement of EUGBC in the DCFTA negotiation process. The importance of EUGBC's already implemented and ongoing activities was also underlined.



The main purpose of this visit was to update our partners on DCFTA related developments and present the position of the Georgian Government, as well jointly discuss the EC DG trade fact-finding report to Georgia on 13-15 October 2008. The European Commission's fact-finding trade mission report to Georgia on 13-15 October 2008 is available on www.eugbc.net.

Among other issues EC referred to the need of systematic involvement of stakeholders (business community, civil society etc.) in the preparatory and DCFTA negotiating process. In response we mentioned the active dialogue of the Government with EUGBC as well series of activities already implemented or in pipeline from the EUGBC side. This point was well taken by the DG trade representatives (Ewa SYNOWIEC, (Director, Directorate E), Blanca Studnikova, Philippe Cuison) and they also expressed the interest of activated dialogue with EUGBC in various formats.

Considering the political as well as economic importance of the future EU - Georgia DCFTA negotiations and its preparatory process, I strongly believe that EU GBC has high potential, experience and ability to play active role in this process. I will be ready to hear and discuss further details on above subject from your side. EUGBC is invited to participate at the biannual conference "Georgia's European Way" that will take place in Batumi beginning of July 2009.

EUGBC joins an initiative of Business Organizations to found an informal alliance

22.05.2009

EUGBC has joined the business organizations in signing Memorandum of Understanding to join force in order to better serve their goals and objectives and to secure a stable business environment in the country. Together with EUGBC the signatories are: International Chamber of Commerce ICC-Georgia; Georgian Chamber of Commerce and Industry; Association of Banks of Georgia; Association of Oil Importers and Distributors; French Business Council; International Association of Business and Parliament/ IABP; American Chamber of Commerce in Georgia; Israel-Georgia Chamber of Business; Association of Freight Forwarders of Georgia.



The Alliance will hold regular consultations with the Government of Georgia aiming to find proper solutions to the challenges that businesses are facing and to secure a proper implementation of the successful reforms, so to revive and improve the business and investment climates and insure stability in the country. Prime Minister of Georgia Mr. Nicka Gilauri attended the signing ceremony and expressed the Government support for the consolidation of the business community. After the signing ceremony Prime Minister briefed businesses of the current economic situation and of the Government strategy to help businesses and the economy.

EUGBC signs a cooperation charter with the Ministry of Finance of Georgia

25.05.2009

EUGBC joins several other business organizations and signs a Cooperation Charter with the Ministry of Finance. The created forum will enable businesses to be more actively involved in policy making and contribute to a systematized dialogue with the Ministry of Finance. Signatories will have the opportunity to regularly exchange information about important business and investment concerns.

The text of the Charter can be viewed at the Council's website www.eugbc.net.



EUGBC Secretary General participated in the preparatory meeting of EU-Georgia Subcommittee on Trade, Economic and Related Legal Issues, held at the EC Delegation in Tbilisi

28.05.2009

A preparatory meeting for the 8th EU-Georgia Subcommittee on Trade, Economic and related legal issues took place at the EC Delegation premises in Tbilisi on 27 May 2009.

The European Commission (EC) representatives from Brussels met with Konstantin Zaldastanishvili, Secretary General of EU-Georgia Business Council, Esben Emborg, CEO of Ska Capital and John Braeckveldt, Member of the Board of American Chamber of Commerce in Georgia (Amcham Georgia).

The parties underlined the importance of the Subcommittee as an effective format of dialogue at experts' level, which serves to discuss the current macro-economic developments taking place in Georgia and further prospects of EU-Georgia economic cooperation.

The discussion referred to business climate prevailing in the country and affects of the global economic crisis, last August Russian aggression and current protest rallies on it.

The parties also talked about the EU-Georgia trade relations.

At the meeting, EUGBC Secretary General stressed several issues as crucial in EU-Georgia trade relations:

- Raising business community's awareness in Georgia on the trade with the EU. EUGBC's role in this respect referring to the Council's project supported by the EC Delegation in Georgia, which aims at publishing three thematic brochures on trade issues with the EU, was underlined;
- Ensuring business communities active involvement in the negotiations on Deep and Comprehensive Free Trade Agreement (DCFTA) between Georgia and European Commission;
- People-to-people contacts. Therefore, the ongoing negotiation on visa facilitation between the EU and Georgian should be focused on factual simplification of issuing the EU travel visas for local businessmen.

The EU's Declaration on the "Parliamentary elections" in South Ossetia, Georgia, held on May 31, 2009

02.06.2009

Declaration by the Presidency on behalf of the EU on the "Parliamentary elections" in South Ossetia, Georgia the EU is aware that "parliamentary elections" took place in the South Ossetia region of Georgia on 31 May 2009.

The EU does not accept the legality of the "elections", nor its results. The holding of such elections is illegitimate and represents a setback in the search for a peaceful and lasting settlement of the situation in Georgia. The EU reiterates its firm support for sovereignty and territorial integrity of Georgia within its internationally recognized borders.

The declaration text can be found at: http://www.europa-eu-un.org/articles/en/article_8767_en.htm

The European Elections

03.06.2009

The European elections, held simultaneously in 27 EU member states for the first time in history, ended in a clear victory for the centre-right EPP-ED group and a defeat for the Party of European Socialists (PES). The turnout across Europe was the lowest ever 43.24%.



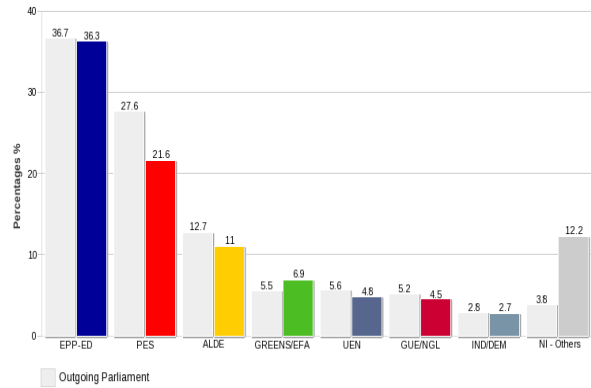
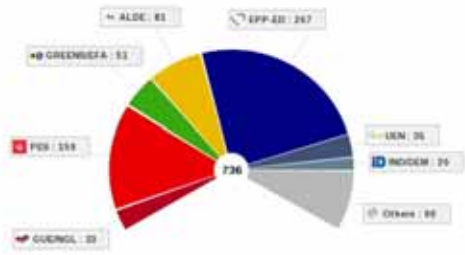
The EPP-ED group is credited with between 263 and 273 members of the European Parliament, against 155-165 MEPs for the PES. In the outgoing 785-member European Parliament, EPP-ED had 284 MEPs to the PES's 215. This time, the British Conservatives left the EPP-ED group but the EPP remained by far the largest grouping in the 736-seat parliament.

The Alliance of Liberal and Democrats for Europe (ALDE) obtained between 78 and 84 seats, down from 103 in the previous legislature. The Greens/European Free Alliance group won 52-56 MEPs, up from 42 last time around. The Eurosceptic Independence-Democracy group, which previously had 24 members, lost seats and has now 15-19 MEPs, while the Union for Europe of the Nations group (UEN) also lost members and is down from 44 to 33-37 MEPs. Similarly, the Confederal Group of the European Left/Nordic Green Left (GUE/NGL), is down from 44 to 33-37 MEPs.

It can be concluded that despite the crisis, there is no ideological divide in Europe – no considerable shift to the extreme Left or far-Right. The election results do not give a clear indication of European Commission President José Manuel Barroso's chances of securing a second mandate, although the elections winner EPP-ED is expected to support him.

Here are the provisional results of the European Parliamentary elections 2009:

| Political group | Number of seats | Score in % |
|------------------------|------------------------|-------------------|
| EPP-ED | 267 | 36.3 |
| PES | 159 | 21.6 |
| ALDE | 81 | 11 |
| GREENS/EFA | 51 | 6.9 |
| UEN | 35 | 4.8 |
| GUE/NGL | 33 | 4.5 |
| IND/DEM | 20 | 2.7 |
| Others | 90 | 12.2 |



- EPP-ED : Group of the European People's Party (Christian Democrats) and European Democrats
- PES : Socialist Group in the European Parliament
- ALDE : Group of the Alliance of Liberals and Democrats for Europe
- UEN : Union for Europe of the Nations Group
- GREENS/ EFA : Group of the Greens / European Free Alliance
- GUE/ NGL : Confederal Group of the European United Left - Nordic Green Left
- IND/ DEM : Independence/Democracy Group
- Others : Others

The second meeting of EU-Georgia Sub-Committee on Justice, Freedom and Security was held at the Ministry of Foreign Affairs of Georgia

04.06.2009

On 3 June 2009, the second meeting of EU-Georgia Sub-Committee on Justice, Freedom and Security was held at the Ministry of Foreign Affairs of Georgia.

The Sub-Committee was co-chaired by Director of the Department of European Integration of the Ministry of Foreign Affairs of Georgia Tea Akhvlediani and Head of Unit for Ukraine, Belarus, Moldova and Southern Caucasus, Directorate General for External Relations of the European Commission John Kjaer.

The Georgian delegation was represented by different state agencies of Georgia and, in particular, by the Ministry of Foreign Affairs; Ministry of Internal Affairs; Ministry of Justice - Main Prosecutor's Office,

Civil Registry; Ministry of Corrections and Legal Assistance; Ministry of Refugees and Resettlement; Financial Monitoring Service; Ministry of Labour, Health and Social Protection; State fund for Protection and Assistance of (Statutory) Victims of Human Trafficking; Tbilisi City Court; Group of Advisors to the Prime-Minister of Georgia and State Minister's Office for European and Euro-Atlantic Integration.

The European side was represented by the European Commission, the current EU Presidency - the Czech Republic and members of the European Commission Delegation to Georgia.

In the course of the Sub-Committee meeting, the European and Georgian sides discussed in detail issues related to the management of legal and illegal migration, border management, fight against organized crime and terrorism as well as judicial cooperation.

The parties to the meeting agreed on the agreements' texts. However, several issues still remain open for negotiation, namely Readmission Agreement text. The venue and date of the next meeting will be further announced.



EUGBC Chairman and Secretary General held a conversation with the representative of European Investment Bank

09.06.2009

Potential areas for cooperation between the European Investment Bank (EIB) and the EU-Georgia Business Council (EUGBC), were discussed in a phone conference on 8th May between Markus Pfeffer (EIB representative) Howard Chase (Chairman of EUGBC Board) and Konstantin Zaldastanishvili (Secretary General of EUGBC).



The EIB briefed on its investment capacity in Georgia, noting that it provides loans in the areas of transport, energy, telecommunications and environmental infrastructure. EIB is entitled to lend up to EUR 3.7 billion until 2013 to the Eastern Partnership members, as well as Russia and Central Asian countries. EIB is also reviewing possibilities for extending its range of activity in the region.

Participants discussed the possibility of EUGBC providing input on potential investment projects and keeping EIB updated from a business perspective on economic developments in Georgia. The expertise available from EUGBC in trade promotion was also recognised.

In addition the EIB representative was interested in the current status and future prospects for oil and gas infrastructure projects in Georgia.

During the conversation, participants discussed the possibility of conducting a joint event with other financial institutions on investment opportunities in Georgia. EIB noted that it appreciates EUGBC's expertise and would welcome closer cooperation.

EU opens negotiations with Georgia on Air Transport Agreement

11.06.2009

On 11th of June, the Council of the European Union adopted in Luxembourg a decision authorising the European Commission to open negotiations with Georgia on a Comprehensive Air Transport Agreement. The agreement is aimed at establishing EU-Georgia Common Aviation Area, which implies mutually opening the respective markets where air carriers can freely provide their services and be able to compete on a fair and equal basis. This should lead to significant traffic growth and thus boost trade and tourism flows between the EU and Georgia.

The very first year of an EU-Georgia Common Aviation Area is expected to result in an additional 25 000 passengers and consumer benefits of at least 9 million Euro. A Common Aviation Area would create substantial new market opportunities for air carriers in the EU that would like to start operations to Georgia but do not currently have the necessary traffic rights. It could also facilitate the integration of Georgian carriers into existing alliances of EU air carriers, thus allowing for the development of integrated products and better services to passengers.

The agreement is a step towards developing a wider European Common Aviation Area by 2010 incorporating EU neighbouring countries. In addition, the Commission's mandate to negotiate Comprehensive Air Transport Agreement is in line with the EU-Georgia Partnership and Cooperation Agreement and falls within the EU's commitment to create a free trade area with Georgia as soon as the conditions are met.



The EU-Georgia Business Council (EUGBC) issues third publication for Georgian exporters

11 June 2009

The EU-Georgia Business Council (EUGBC) in the framework of the project supported by European Union has issued the third publication - *Certification of the live animals, products of animal origin, poultry, meat of poultry and eggs exported to the European Union market from third countries.*

This publication focuses on main aspects of certification of live animals and animal products exported to the EU from third countries; Main aspects of certification of poultry, hatching eggs, day-old chicks, meat of poultry, ratites

and wild game-birds, eggs and egg products exported from third countries into the EU market; The procedure of a third country application approval by the EU of a third country application for export of live animals, animal products, poultry, poultry meat and egg to the EU market.

The main goal of the trade facilitation project, realized by EUGBC and funded by the European Union, is to raise business sector's awareness of internationally recognized trade practices, rules and conditions for access to the European Union (EU) market. Three publications, issued in the framework of the project and intended for potential exporters, are in Georgian with an English summary. The project is aimed at providing the Georgian business community (mainly, small and medium entrepreneurs) with practical information on the complex EU trade legislation, regulations, procedures, rules and standards. Two seminars will also be organized to provide interested parties, in different regions of Georgia, with an opportunity to better understand the requirements for trade with the EU.

Tamar Beruchashvili, Deputy Minister for European and Euro-Atlantic Integration stated that "With this publications and seminars, EUGBC as a business organization successfully carries out one of its main functions to raise awareness of small and medium entrepreneurs on the trade with the EU."

Ambassador Per Eklund, Head of the EC Delegation to Georgia expressed his satisfaction with the project outcomes and stated: "We are very pleased to collaborate with the EUGBC as this will help the implementation of one of the main priorities of the European Neighborhood Policy Action Plan – facilitation of trade between Georgia and the EU."

In his comments Howard Chase, Chairman of the EUGBC Board of Directors said: "We consider that the brochures will provide valuable information and serve as a practical guide to Georgian businesses oriented towards export to the European market".

While explaining objectives of the project, Ambassador Kote Zaldastanishvili, EUGBC Secretary General said: "These publications, written in a simple and reader-friendly way, as well as the workshops to explain different aspects of trade with the EU to potential exporters, will provide valuable information, serve as a practical guide, explain different aspects of trade with the EU to Georgian exporters and will help promoting export of Georgian products to the EU market."

The electronic version of the publication can be found on EUGBC website www.eugbc.net as well as on the EC Delegation's website www.delgeo.ec.europa.eu.

UGBC & Amcham Georgia Meet the Minister of Finance of Georgia

09.06.2009

On Monday, June 8, the American Chamber of Commerce in Georgia (AmCham Georgia) and EU-Georgia Business Council (EUGBC) organized a special roundtable meeting with the Minister of Finance, Kakha Baidurashvili. The meeting took place at Sheraton Metechi Palace Hotel.



The Minister presented new economic data and provided information on the intended amendments to the Tax Code of Georgia. Baidurashvili announced that despite earlier calculations that the Georgian economy would continue to grow in 2009, now the government believes the economy has contracted by 1.5%. Tax revenues are also down; the ministry has recalculated the budget to reflect revenues worth 500 million lari less than anticipated. However he noted that the government is hopeful the economy will start to recover by the end of the year. Despite the affect of the world financial crisis, the government is still planning to revise the tax code.



Changes to the tax on leasing, as well as some changes to the construction code, are anticipated. For more information, please see the MoF presentation "Georgian Economy Overview, June 2009" can be found on www.eugbc.net.

Members of both associations representing a significant portion of the international and Georgian business community held a lively discussion with the Minister and raised various questions around the planned changes to the tax code, the state budget, the state of the Georgian Economy, role and future of SMEs, etc.

The business community also discussed with the Minister points to be addressed for the speediest possible turnaround of the Georgian economy that is suffering due to the global financial crisis as well as the current political impasse.

The Minister stressed a strong will of the Ministry's cooperation with the business community. Both business associations expressed readiness to frequently arrange meetings with relevant government bodies on these and other issues sensitive to Georgian businesses.



EUGBC Secretary General participated in the round table discussion: *Mobility in the Eastern Neighbourhood: a bumpy road to Europe* 16.06.2009

On June 15, Konstantin Zaldastanishvili (EUGBC Secretary General) participated in the round table discussion: *Mobility in the Eastern Neighbourhood: a bumpy road to Europe*, which was organised in Brussels by the European Policy Centre (EPC) in collaboration with Stefan Batory Foundation - a Polish independent foundation.

The objective of the meeting was to identify the main obstacles to mobility in the Eastern Neighbourhood and look for solutions to overcome the existing barriers. Stefan Batory Foundation presented the recent monitoring report - Change in Visa Policies of the EU Member States, stating the current challenges of mobility and the recommendations for achieving the visa liberalisation goal of the Eastern Partnership initiative (EaP). The representatives of the European Commission laid out the present status of visa facilitation negotiations with EaP countries.

Presentations were followed by the debate on future developments of EU's mobility policy. Ambassadors of Georgia and Moldova underlined the high importance of the ultimate visa liberalisation for Eastern Partnership members and explained the country specific progress in the visa facilitation process. Georgia

is already part of the mobility partnership projects with several EU member states. EU-Georgia negotiations on visa facilitation and readmission agreements were launched in November 2008.

The discussion referred to the EU's approach to the gradual opening of EU borders for EaP countries in a secure and controlled manner. The representatives of the European Commission underlined that visa free regime is a long term goal which envisages a parallel establishment of border management systems including enhanced border control.

EUGBC is invited to participate in the Fifth International Conference, *Georgia's European Way*, to be held in Batumi on 3-4 July

The Fifth International Conference *Georgia's European Way - European Neighborhood Policy Action Plan Implementation in Georgia* (Democratic and Economic Reforms, EU's Eastern Partnership) will be held in Hotel Intourist, in Batumi, on 3-4 July.

The conference will give an opportunity to government officials, civil society representatives and Georgia's European partners to discuss future cooperation within the *Eastern Partnership* initiative, reforming democratic institutions and economic development.

Main topics of the conference will be: New wave of democratic reforms aimed at enhancing the role of parliament and independence of the judiciary, improving freedom of media and protection of property rights, further elaboration of the electoral legislation, protecting human rights and reinforcing the rule of law; Prospects of deep and comprehensive FTA with the EU; impact of the global financial crisis on the Georgian economy, GoG priorities; Bilateral and multilateral cooperation, thematic cooperation in the areas of democracy, good governance and stability, economic integration and convergence with EU policies, energy security, and contacts between people.

Around 140 participants are expected to attend the conference, including Prime Minister of Georgia, Ministers, the EC representatives, EU member state representatives, the EU ambassadors, representatives of EC Delegation in Tbilisi, the EU Special Representative in South Caucasus, representatives of the Georgian and International Civil Society. Member of the **EUGBC Board, Geir Westgaard** and **EUGBC Secretary General, Konstantin Zaldastanishvili** are invited to take part in the conference.

The 'Export Marketing Training – Introduction' (FAME XXI) to be held in Rotterdam

23.06.2009



The 'Export Marketing Training – Introduction' (FAME XXI) will be organized by CBI (centre for the promotion of imports from developing countries) in Rotterdam on September 21 - 25, 2009.

The CBI 'Export Marketing Training' at the introductory level is a training activity on the promotion of exports to EU-markets for middle management staff of Business Support Organisations. The programmes will provide participants with practical knowledge and tools on exporting to the EU Market. The programme consists of a mix of lectures, a case study, field visits and group exercises. Please find below an overview of the subjects that will be covered during the training.

- EU trade structures and business practices;
- Marketing and trade promotion techniques;
- Market Research;
- EU Market Access Requirements;
- EU Buyer requirements;
- EU consumer trends;
- Collective trade fair participation;
- Writing a Sector Export Marketing Plan for the EU.

You are invited to nominate one full-time trade promotion officer who fully meets the criteria mentioned on the website (www.cbi.eu/fame). A maximum of 25 participants will be selected for this FAME XXI training.

The Application Form can be found on the website - www.cbi.eu/fame. This document has to be filled out and returned to CBI *before July 27, 2009*. Only fully and correctly completed Application Forms will be taken into consideration. Please note that the applications will be subject to a strict selection procedure.

CBI will cover the costs of the hotel and provides a fixed contribution to your flight ticket. Participation fee is €250,00.

More information on the training can be found on CBI's website www.cbi.eu/fame.

In case you have any questions about the 'Export Marketing Training – Introduction, FAME XXI', please contact Mr. Dirk-Jan Zegelaar, Program Manager Knowledge Center, CBI on fame@cbi.eu, or on dzegelaar@cbi.eu

Barroso wins EU's 27 national leaders backing for second term

23.06.2009

The outgoing President of the European Commission, Jose Manuel Barroso has been unanimously endorsed by the EU's 27 leaders for a second term in the post.

On 18th of June Barroso set out to the European Council his plans and political programme for the next five years. Council's agreement is not a full, formal decision. Before Barroso can formally be appointed, the EU presidency – held for the next two weeks by the Czech Republic and from 1 July by Sweden – will hold talks with leaders of the new elected European Parliament's political groups to secure their political backing. The European Council will then make a formal decision – probably by written procedure – to nominate Barroso, which they will ask the Parliament to vote upon. To be appointed, Barroso needs a simple majority in the 736-strong Parliament.



EUGBC Members News



TBC Bank to Receive USD161 million

10.04.2009

TBC Bank successfully completed negotiations with International financial institutions. on April 7, IFC, EBRD, and FMO have partnered to provide TBC Bank with a financial package of up to USD 161 million. The funds received will strengthen TBC Bank's capital base and support the bank in increasing its activities in the small and medium-sized enterprises sector.

As a result of this transaction, TBC Bank's shares are held by six major financial institutions: IFC, DEG, EBRD, FMO, U.S. large bank and U.K. investment emerging markets manager.

All this institutions are minority shareholders, however Georgians remain single largest shareholders.

Please follow the link to see the first quarter report of the year 2009:

http://www.tbcbank.ge/en/about/financial_highlights/quarter_report/



ProCredit Bank Started Constructing New Head Office

11.04.2009

ProCredit Bank started constructing its new Head Office building in May. The 12 000 sq.m. facility, to be completed by 2011, will house all ProCredit employees from the bank's current head office on Agmashenebeli Avenue, as well as those employees, who will join ProCredit team in coming years. Located on Al. Kazbegi Avenue, Saburtalo district, the new building will be easily accessible for the clients, partners and the employees of the bank.

The new building will effectively serve three functions: head office, training centre and new central branch of the bank. Equipped with modern building technologies, rooms for conferences, meetings and trainings will allow all functions and activities of the bank to be conducted with maximum efficiency. The spacious, seven-storey building, featuring an atrium with a glass roof, will create a calm, fresh and

welcoming atmosphere. Its modern design will make the building a landmark of the district. A small park adjacent to the building will add to the pleasant working environment.

“After ten years in Georgia, the public knows ProCredit as a responsible and transparent western bank. As we have been growing strongly over recent years, the size of our current head office building became insufficient to meet the increasing needs of our clients and employees. This investment once again shows the commitment to our long-term goals of making contribution in the development of the Georgian economy by supporting small and medium-sized businesses and offering high-quality banking services to the population”, said Philipp Pott, General Director of ProCredit Bank.

“We put great emphasis on the professional development of our staff, trying to create the most enjoyable and efficient working atmosphere for them. The new building will reflect our corporate values of transparency, open communication and professionalism”, said Sascha Ternes, Director of ProCredit Bank.

ProCredit Bank Hosts Exhibition and Sale of the Paintings of Georgian Artists in Ukraine under Project ProArt

05.06.2009

ProCredit Bank, Georgia continues to support Georgian art and promote it both within Georgia and abroad. In the framework of the “ProArt” project, ProCredit Bank introduced artworks of Georgian artists to the Ukrainian public.

The exhibition and sale of the artworks of five Georgian artists coincided with the occasion of the opening of a new branch of ProCredit Bank, Ukraine on Podol, a historic district of Kiev, on June 4. Works of Nino Peradze, Ketevan Shalamberidze, Eldar Kavshbaia, Murtaz Shvelidze and Giorgi Goglidze were presented and they personally introduced them to the public.



Representatives of diplomatic corps, art and business circles, and the Georgian diaspora attended the official opening of this event. The viewers expressed great interest in the works of the representatives of the modern Georgian school of fine art. The visitors were treated with Georgian food and wine, accompanied with live performance of the Georgian music band.

The exhibition and sale of the artworks of the Georgian artists will last for 2 months in Ukraine, covering different branches in Kiev and other large cities. Moreover, several guests have already purchased paintings during the first day of the event.



The history of the “ProArt” project dates back to 2007. ProCredit Bank launched the initiative in Georgia in May, 2007 which lasted for more than a year. It aimed to support Georgian artists and promote contemporary Georgian fine art. Exhibition and sale of the artworks of 38 Georgian artists took place in the branches of ProCredit Bank, Georgia all over the country, where artists sold over 100 paintings.

Copies of the “ProArt” catalogue, which contains paintings of the artists and their contact data, were distributed throughout 22 countries, where ProCredit operates.

ProCredit Bank, Ukraine has been successfully implementing a similar project for two years, with the same goal – to support Ukrainian artists. Through this event, Ukrainian and Georgian artists had a chance to meet each other and exchange experience in their respective field of art.

Philipp Pott, General Director of ProCredit Bank, Georgia: “I am very glad that the exhibition and sale of the artworks of the Georgian artists was held in Kiev, on the initiative of ProCredit banks in Georgia and in Ukraine. ProCredit Bank is present in 22 countries and wherever we are, we remain a socially

responsible bank and implement similar projects. We will continue our support to artists, and facilitate the promotion of the Georgian fine arts at home and abroad, under the "ProArt" project."

ProCredit Bank's Annual Report 2008, Outlook for 2009 and Future Plans

21.05.2009



On May 20, 2009 Philipp Pott, General Director of ProCredit Bank and Stephan Boven, Chairperson of the Supervisory Board held an annual press conference in the Hotel Tbilisi Marriott.

Despite the military conflict in August and the economic impact of the global financial crisis on the country, 2008 was another successful year for ProCredit Bank Georgia.

Branch network expansion: During the year, 16 additional branches opened their doors to customers in Tbilisi and in the regions (Zestaponi and Borjomi). With 58 branches, ProCredit Bank has the third largest branch network in the Georgian banking sector. Owing to the strong expansion of the bank's branch network, during 2008, the number of employees increased by more than 300 to over 1,800. All new employees have received intensive training that enables them to provide excellent customer service from the very first day of their assignment in one of the new branches.

Loan Portfolio: In 2008 the bank's gross loan portfolio increased by 36.3% to GEL 526.1 million (USD 315 million). After a strong growth in the first seven months of the year, the loan portfolio was stagnating for the period August to December, as demand for loans declined. Despite the worsening economic environment in the last months of the year, the loan portfolio quality remained high, with only 1.2% of loans in arrears over 30 days as of December 2008.

Deposits: Last year the bank's deposit base grew by 6.3% to GEL 293.6 million (USD 176.1 million) and the total number of customer accounts reached 365,000. Almost 130,000 of them are savings and term deposit accounts, 88% of which are for amounts less than USD 1,000. Such a large number of small savings accounts clearly demonstrates ProCredit Bank's focus on the social and economic development of the country. As in the loans, the development of the deposit base was strong during the first seven months of the year and stagnated at the end of the year. Nevertheless, the fact that the bank was able to grow its deposit base in 2008 proves its reliability and shows the trust of the population.

Liquidity: Despite the significantly stronger growth of loans as compared to deposits, the liquidity of the bank was high throughout the year 2008 as the bank successfully attracted long term financing from its international partners. In spring, a credit line of USD 10 million was received from the Black Sea Trade and Development Bank (BSTDB), as well as USD 10 million from the Swiss Social Investment Fund responsibility. In December, the Netherlands Development Finance Company FMO disbursed a subordinated loan of USD 10 million to ProCredit Bank Georgia. Also, in December, a credit line of USD 47.5 million was signed with the German Development Bank KfW and the Austrian Development Bank OeEB. Out of the USD 47.5 million, only USD 12 million has been utilized, so far. The remaining amount can be drawn down by the bank when needed.

Financial Results: ProCredit Bank closed the year 2008 with an after-tax profit of GEL 13.6 million (USD 8.1 million), a 33% increase against the year of 2007 (GEL 10.2 million or USD 6.4 million). This result proves the bank's financial stability and strength.

New Structure of Shareholders

In March 2009, ProCredit Holding AG (Frankfurt am Main) purchased the remaining shares of 6.1% from IPC (Internationale Projekt Consult) GmbH and became 100% shareholder of ProCredit Bank Georgia. This share purchase was in line with the general strategy of the ProCredit group, with ProCredit Holding becoming the main shareholder in all ProCredit banks.

Outlook for 2009 and future plans

In the future ProCredit Bank will remain focused on lending to very small, small, and medium-sized businesses, as the bank is convinced that these businesses create the largest number of jobs and make a vital contribution to the Georgian economy. Unlike most other banks, ProCredit Bank is not focused on

consumer lending. The bank's key goal is to offer reliable lending services by establishing long-term relationship with its customers.

ProCredit Bank will also continue encouraging the savings culture in Georgia, as it is convinced that savings add stability to households in the long term.

To serve as many clients as possible, in 2009 new branches will be opened which will allow the bank to improve its outreach in Tbilisi and in the country's regions.



Deposit that has become the true Friend of ours

12.04.2009

Due to unstable situation in the country, caused by last year war and economical recession, depositors tend to avoid long term commitments. Thus, easy retrieval and accessibility of funds has become the most demanded feature on the market.

This tendency was felt stronger each month since last year and Bank Republic (BR) decided to react to market needs adequately. Competitive situation was not favorable for BR because competitors were offering very flexible saving deposits with high interest rates.

We recognized strong need for filling up this gap and created new saving product "Megobari" Deposit with possibility of depositing and withdrawal of funds anytime and competitive interest rate.

For untouched balance during the month, customer earns high annual interest (GEL 10%; USD/EUR 8%; GBP 7%) accrued at the end of each month. At the same time on amounts withdrawn or deposited, only 2% annual interest is paid for the days the amount was on deposit balance in the month when operation was performed. This kind of interest accrual architecture is designed to encourage depositors to keep their funds untouched as long as possible.

To underline the accessibility, additional feature, Visa Electron card was added to the product as an option for retrieving funds not only from BR branches, but also from any ATM or Bank terminal throughout the world. This is an optional feature and so far is used by roughly 17% of "Megobari" Deposit owners.

The marketing communication strategy architecture was based on the formula: Maximal accessibility + high interest. The name of the product, "Megobari" – means "Friend". It was chosen because we wanted to position the product as very loyal friend who is always with you when you need him in any situation. The name also rhymes well with Georgian word for 'deposit' - "anabari". This led us to "Megobari Anabari" - "Friend Deposit".

BR also used a white zip as a symbol of the campaign, which sticks to you the moment you open "Megobari Anabari" in BR.

The new product Megobari Anabari proved to be the advanced and innovative saving tool, enriched by the plastic card, that has already become the true friend of each of our Megobari holders. This new idea and its implementation turned out to be really successful, encouraging the existing and potential customers to entrust their savings to the reliable international group, flexibly withdraw and add money and, at the same time, enjoy the competitive interests accrued. The old word "Megobari", and its traditional meaning for Georgians, has obtained the status of the flexible deposit with the smart solutions and, consequently, the pool of the general deposit portfolio has been significantly increased.



Presentation of the BP Statistical Review of World Energy 2009

19.06.2009

On June 17 BP Europe organized the presentation of the **BP Statistical Review of World Energy 2009** delivered by Dr. Christof Rühl, BP Chief Economist (Dr. Rühl's presentation see attached). The annual BP Statistical Review provides a wide range of data on global markets for primary energies. Dr. Rühl discussed the current status of the energy market in light of the world economic crisis and gave outlook on possible future developments.

Discussion was moderated by Howard Chase, Director of European Government Affairs, BP Europe and followed by a networking lunch. Representatives of EU institutions and Business Community as well as EUGBC Secretary General Konstantin Zaldastanishvili attended the event.

The BP Statistical Review of World Energy 2009 is available on the following link:
<http://www.bp.com/productlanding.do?categoryId=6929&contentId=7044622>

BP Selects new chairman to succeed Peter Sutherland

25.06.2009

BP today announced that it has appointed Carl-Henric Svanberg, currently chief executive officer of the Swedish telecommunications company, Ericsson, to replace Peter Sutherland as chairman of BP.

Mr Svanberg, who is also chairman of Sony Ericsson and a non-executive director of Melker Schörling AB, will join the BP board as chairman-designate and a non-executive director on September 1, 2009. He will step down at year-end after a seven-year tenure as Ericsson chief executive and Sony Ericsson chairman and succeed Mr Sutherland as chairman of BP on January 1, 2010. He will be based in London and devote the majority of his time to BP business.

Mr Svanberg, 57, said: "BP is a recognised world leader in the energy sector and it's a great privilege to be invited to lead its board. Following such a distinguished predecessor is quite a challenge but I'm hugely excited about joining the energy industry which is so much at the heart of the global economy. I look forward to it with relish."

The search for the new chairman was conducted by the BP board's nominations committee led by Sir Ian Prosser. The other committee members were Sir William Castell, DeAnne Julius and Peter Sutherland. Sir Ian said the process had been worldwide and exhaustive, producing candidates from the UK, continental Europe and the US.

BP chief executive Tony Hayward said: "Peter Sutherland has been an outstanding chairman, guiding the company through one of the most successful periods in its history. He will be a hard act to follow.

"But I am sure Carl-Henric will be a worthy successor. He is a businessman of international stature who is recognised for his transformation of Ericsson. Our shared views on many aspects of global business give me great confidence that we will work very effectively together on the next phase of BP's progress."

Note to editors:

- A biography of Mr Svanberg is attached below and photographs are available from the BP press office

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Carl-Henric Svanberg, President and CEO, Ericsson

Carl-Henric Svanberg is chief executive officer and president of the Ericsson Group, the world's leading provider of telecommunications solutions and related services to mobile and fixed network operators. Ericsson is the largest supplier of mobile communications technologies as well as a leader in broadband solutions. Working in 175 countries, Ericsson has more than 70,000 employees and generated revenue of USD 27 billion (SEK 209 billion) in 2008. The company was founded in 1876 and is headquartered in Stockholm, Sweden. Svanberg joined Ericsson in April, 2003.

Svanberg was born 1952 in Porjus, in the north of Sweden. He graduated from Sweden's Institute of Technology at Linköping University with a Master of Science in Engineering and also holds a Bachelor of Science in Business Administration from Uppsala University. In addition to this, Svanberg holds honorary doctorates at Luleå University of Technology and Linköping University in Sweden.

After graduation in 1977, he worked for Asea Brown Boveri (ABB) with various foreign assignments within project exports. In 1986 Svanberg moved to Securitas, the world-leading security company. After four years he was appointed First Executive Vice President for the Securitas Group. In 1994, he moved to the Assa Abloy Group as president and CEO.

Svanberg is chairman of Sony Ericsson Mobile Communications AB and serves on the boards of the Confederation of Swedish Enterprise, Melker Schörling AB and the University of Uppsala.

In addition to Svanberg's business track record, he is personally committed to and an advocate for many corporate responsibility issues, including human rights, climate change, and the United Nations' Millennium Development Goals. He is also a member of the Steering Committee of The Global Alliance for Information and Communication Technologies and Development (GAID) and of the external advisory board of the Earth Institute at Columbia University. He was recently awarded the King of Sweden's medal for his significant contribution to Swedish industry.

Svanberg is married with three children.



UGT, together with its partner company Card Hall, started a complex project of preparing modern bank cards with chips for Halyk Bank 23.06.2009

UGT, together with its partner company Card Hall, started a complex project of preparing modern bank cards of EMV standard (with chips) (<http://www.emvco.com>). At the first stage of the Project UGT will supply Halyk Bank with EMV bank cards produced by Gemalto. Gemalto is the world's leader in smart card production. Its products will enable the Bank to make modern services accessible for its clients, ensuring maximum protection of the card owners' information which means protection from unauthorized access to deposited funds by third persons (frauds).

Within this complex Project UGT will fully modernize the system necessary for the card personalization in the processing center, giving Halyk Bank an opportunity for quick and faultless personalization of its cards.

At the final stage of the Project, UGT will provide subsequent support and consultancy services with regards to procedures necessary for certification of bank cards in the international payment systems (Visa, Master Card). The Bank will be able to use the cards in the whole world, where the international payment systems function.

It is worth to mention that based on the experience gained during the past years, UGT is successfully helping the banking/financial sector to introduce complex solutions and to modernize technological



infrastructure. For this purpose, UGT is cooperating with several leading companies in different fields, such as self service systems, automation of banking operations, bank card personalization systems and other software and hardware solutions in the banking sector.

About Card Hall:

Card Hall is the one of the most important players in the bank card market in Russia and the CIS countries. Card Hall group includes several companies working in three main directions:

Gamma Card – is a distributor of globally famous brands such as Data Card, PFE, KDE, Gmalto and others. The company distributes products and solutions necessary for personalization of cards.

Pronit – is a producer of software necessary for personalization of cards. Personalisation of more than half of EMV (chip) cards produced in Russia and the CIS countries is done with the use of Pronit's software.

Targus – is focused on production of bank cards. It is also an exclusive representative of Tag System's factory in Russia, CIS, Georgia and Mongolia.

UGT will ensure proper and uninterrupted operation of JSC Khalik Bank's ATMs during one year

23.06.2009

UGT and JSC Khalik Bank signed an agreement based on which UGT will carry out full maintenance of the Bank's ATMs during one year.

Within this agreement, during one year, UGT will ensure proper and uninterrupted operation of JSC Khalik Bank's ATMs, including the hardware and software.

Under the agreement, UGT must develop screen scenarios for the Bank and adapt them to the processing center. The agreement also envisages provision of consultancy services in the field of international payment systems (Visa, Master Card). The certification will enable the Bank to carry out operations with the cards of EMV standard by means of ATMs and in full compliance with international standards.



UGT Seminar – “Modern Approaches to Data-Centers Organization”

23.06.2009

On June 19-20, 2009, a two-day seminar on “Modern Approaches to Data-Centers Organization” took place at the Gudauri Hotel. The seminar was organized by UGT and sponsored by the world's leading corporations: HP, EMC, Symantec, Vmware, and RITTAL.

During the Seminar, experts and technical consultants of UGT's partner companies: HP, EMC, Symantec, Vmware, Cisco and RITTAL made presentations on modern tendencies and the newest technological methods of designing, building and start up of data centers.

The Seminar was intended for managers and leading IT specialists working in the private and public sectors.



The Seminar was attended by the representatives of the following organizations: Bank of Georgia, TBC Bank, VTB Bank, Magti, and Georgian Railway, also Ministries of Internal Affairs, Education, Healthcare, Justice etc.

Representatives of the world's leading companies informed the participants about the ways of creating reliable, effective and expandable data centers in case of rapidly growing volume and importance of information; also about protection of critical information in any situation and minimizing costs and risks in order to ensure better management of the business activities.

Topics discussed during the seminar included: Unified Concept of Data Center Implementation- UGT; Computing Platforms – HP; Data Storage Platforms – EMC; High-Availability - Symantec -; Data Protection & Archiving; Server & Storage Virtualization – Vmware; Unified Communications Fabric for Datacenter - Cisco Systems; Physical & Engineering Infrastructure – RITTAL.



At the end of the two-day Seminar held outside Tbilisi, there was a reception, during which the participants had an opportunity to share experience with their colleagues in an informal environment.

BORJOMI



ბორჯომი

Likani in glass bottle: Second anniversary of the famous Georgian brand

25.06.2009

IDS Borjomi Georgia has launched another innovative initiative. The mineral water *Likani* is now available with new packaging in glass bottles.

The presentation of a new glass bottle took place at Shardeni Street on June 26 at 12.30. The event coincided with the date of first appearance of *Likani* in the market.

“Today is the second anniversary of *Likani*. It is a young brand; however it already managed to become one of the most favourite brands of Georgian consumers and hold 25% of Georgian market. In addition, *Likani* has contributed 250 000 GEL to Georgian Orthodox Church over the last two years, which is very important. Our company launched the charity project at *Likani's* appearance in the market and donates 1 tetri from every sold bottle to Georgian Church. The donation is directed to the agricultural projects carried out by the Georgian Church” – said Zaza Kikvadze, Director General of *IDS Borjomi Georgia*.

Representative of diplomatic corps, governmental officials, as well as representatives of chain stores, hotels, restaurants and cafés-bars were invited to attend the presentation of *Likani* in glass bottle tomorrow. The presentation concluded with special theatre and musical performances about the new product.



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