



Newsletter

July – September 2010

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Trade turnover continues to increase

Trade balance statistics for 8m'10 continue to demonstrate positive outlook for the year in line with the expectations of the Government of Georgia.

Year-to-date (YTD) export and imports of goods increased significantly. Trade balance deficit increased by 4,2 % year-over-year (y-o-y), however is lower by 34,4% compared to 8m'08.

YTD Trade turnover reached US\$4052.4 mln, up 16,8% y-o-y. Export of goods is up 34,3% y-o-y (by US\$ 249,6 mln) and down 8,5% compared to the same period of 2008 (by US\$ 91 mln), while import of goods is up 12,2% y-o-y (by US\$ 333 mln) and down by 27,9% compared to 8m'08 (by US\$ 1189,5 mln).

Top five products exported in 8m'10 were ferro-alloys, vehicles, gold, fertilizers and scrap metal. Top five products imported were petroleum, vehicles, natural gas, pharmaceuticals and wheat.

Top five trade partners are Turkey, Azerbaijan, Ukraine, USA and Germany.

Turnover with EU countries reached US\$ 1058 mln in 8m'10, up 10% y-o-y. Export totaled US\$177 mln, up 20% y-o-y. Import totaled US\$ 881 mln, up 8% y-o-y.

French Foreign Minister visited Georgia

France's Foreign Minister, Bernard Kouchner arrived in Tbilisi on July 14th, 2010 Kouchner's visit came five weeks after Saakashvili met with French counterpart, Nicolas Sarkozy, in Paris. The French Foreign Minister reiterated support for Georgia's territorial integrity and said that the August 12 six-point ceasefire agreement, mediated by Nicolas Sarkozy in capacity of EU presidency, was still in place, which should be fully implemented by Russia.



Before meeting with President Saakashvili and Georgia's Foreign Minister, Grigol Vashadze, Kouchner spoke about European policy issues to an audience in Europe House in Tbilisi. The French Foreign Minister told the audience, involving representatives of political parties, civil society and media, that although it was not easy for Georgia to engage in talks with Russia, it was necessary.

During his official visit Kouchner met with Georgian opposition representatives and discussed the internal political situation, as well as issues related with Russia and territorial integrity of Georgia.



The EU's High Representative for Foreign Affairs and Security Policy, Vice-President of European Commission, Catherine Ashton visited Georgia

The EU's High Representative for Foreign Affairs and Security Policy, Catherine Ashton arrived in Tbilisi on July 14th. During her visit, Catherine Ashton held meetings with the President of Georgia Mikheil Saakashvili and Foreign Minister, Grigol Vashadze.

The visit commenced with the launching of the Association Agreement together with the President Mikheil Saakashvili in the Black Sea city of Batumi. The officials declared at the joint conference that the Association Agreement is aimed at strengthening relations between the EU and Georgia as well as ensuring stability and prosperity both in Georgia and the European Union.

EU launched negotiations on Association Agreement with Georgia

Georgian President, Mikheil Saakashvili and EU High Representative for Foreign Affairs and Security Policy, Catherine Ashton have launched the negotiations for an EU-Georgia Association Agreement during her visit to Georgia on July 14th. The Association Agreements were also launched for other two South Caucasian countries, Armenia and Azerbaijan. The Agreements are based on joint commitments to a set of shared values and will cover a wide range of areas, including political dialogue, justice, freedom and security as well as trade and cooperation in sectoral policies.



The launch of the Association Agreement was officially announced by the President of Georgia, Mikheil Saakashvili and Baroness Ashton at a joint press conference on Piazza Square in the centre of Batumi.

"This square is a symbol of contemporary Georgia, because right here today we are launching talks on Georgia's associated membership to EU, which will be followed by Free Trade Agreement and visa-free regime. Few years ago, this town was the most unpromising, but today it is the most fast-developing town and demonstrates that Georgia is being constructed so rapidly. Georgia is not going to Europe, it is already in Europe and it is returning to European institutions", said president Saakashvili.

Attending the event in Batumi and welcoming the launch of negotiations, the EU's High Representative, Catherine Ashton said: "Armenia, Azerbaijan and Georgia have shown a clear ambition to intensify their relationships with the EU. I am personally convinced that this comprehensive Association Agreement shall impact positively not just on political relations but also on people's lives, in terms of economic opportunities, easier contacts with people from the EU, the environment, just to name a few. This agreement will be a catalyst to the domestic reforms in these countries and can help us to focus resources on the key institutions needed to make further efforts."

"These Association Agreements will lay a new legal foundation for our relations with Armenia, Azerbaijan and Georgia. The main objective of the Association Agreements is to achieve closer political association and gradual economic integration between the EU and these countries", stated Commissioner Stephan Füle on the occasion.

The Association Agreement negotiating process will be guided by the principles of inclusiveness, differentiation, conditionality and joint ownership, as well as by a strong commitment of the parties to shared values and principles, including democracy, the rule of law and respect for human rights and good governance. The EU is currently negotiating similar Association Agreements with Ukraine and Moldova.

Member of EUGBC Board, Geir Westgaard and EUGBC Secretary General, Konstantin Zaldastanishvili participated in the 7th International Conference: Georgia's European Way – Cooperation in the Framework of the Eastern Partnership

Since 2007 the Office of the State Minister for European and Euro-Atlantic Integration organizes regular semi-annual conferences in order to demonstrate progress, achievements and challenges of the European Neighbourhood Policy Action Plan (ENP AP) implementation process in Georgia, which enable both the Government and its European partners to have an active dialogue on all the ENP AP issues.

The 7th international conference entitled *Georgia's European Way – Cooperation in the Framework of the Eastern Partnership* was held in Batumi on July 15-16, 2010. **Giorgi Baramidze**, State Minister for European and Euro Atlantic Integration and **Gunner Wiegand**, Director, Directorate of Eastern Europe, Southern Caucasus, Central Asian Republics, Directorate General for External Relations, European Commission opened the conference.



The high ranking officials of the executive, legislative and judicial branches of the authority, representatives of the EU Member States and European Commission, the diplomatic corps accredited in Georgia, NGOs, academics and members of the media took part in the conference. EUGBC was represented at the Conference by the Member of the Board, Geir Westgaard and Secretary General, Konstantin Zaldastanishvili.

Temur Yakobashvili, Vice Prime Minister of Georgia, State Minister for Reintegration, **David Jalagania**, Deputy Minister of Foreign Affairs of Georgia and **Irakli Adeishvili**, Judge, Tbilisi Appeal Court delivered presentations at the conference.

Four thematic sessions were held in the framework of the conference:

- **Security and Stability**, which focused on the security and stability challenges in the Eastern Partnership region, the EU's increased role in Russia-Georgia conflict resolution, the EU's support in implementation of state strategy of the government of Georgia on the occupied territories – "Engagement Through Cooperation".
- **Economic Convergence with EU Policies** that discussed the Prospects of the Deep and Comprehensive FTA with the EU, trade and economic related reforms, energy security issues, energy efficiency and renewable energy.
- **Democracy and Rule of Law** that examined the Georgia's second wave of democratic reforms in action, increased media pluralism, enhancing role of the parliament and independence of the judiciary, results of the local elections – achievements and challenges, reinforcement of the rule of law.
- **People to People Contacts and the EU supported projects** that focused on different dimensions of the people to people contacts: education, culture, youth, new opportunities for participation in the EU projects and programmes.

Geir Westgaard, Member of EUGBC Board delivered a speech at the economic reforms session. In his speech, Mr. Westgaard provided a general overview on the EUGBC, its activities and role in developing economic relations between EU and Georgia. He also touched important issues in the development of EU-Georgia relations, such as DCFTA and Visa Facilitation.

At the conference, the EUGBC Publications: *Export of Fresh Fruits and Vegetables from Third Countries to the European Union Market* and *Norwegian Market of Alcoholic Beverages - Specific Issues* were presented and distributed to the participants.



The conference was closed by the **President of Georgia, Mikheil Saakashvili**, who spoke about Georgia's achievements and his Views on EU-Georgia relations.

The conference program, speech of Geir Westgaard and the Georgia's progress report on implementation of the ENP Action Plan in the first half of 2010 is available at www.eugbc.net - Events.

The EU-Georgia Business Council (EUGBC) has elected a new Board

On July 19th, 2010, at the Annual Members Meeting held in Tbilisi, the EU-Georgia Business Council (EUGBC) has elected a new Board, as well as Chairman and Vice-Chairmen of the Board.

Following EUGBC Members were appointed on the positions in the Council's Board of Directors:

- Howard Chase (BP-Europe) - Chairman of the Board
- Badri Japaridze (IDS Borjomi Georgia) – Vice-Chairman of the Board
- Geir Westgaard (Statoil, Brussels office) – Director
- George Chirakadze (UGT) – Director
- Nick Gvinadze (Gvinadze and Partners) – Director
- Natia Turnava (GIG Holding) – Director
- Tengiz Bendukidze (Rakeen Development LLC) – Director
- David Loladze (Mtkvari Energy Ltd.) – Advisor to the General Director

The mandate of the new elected Board will expire in July 2012.

EUGBC Facilitates Georgia's Membership in Enterprise Europe Network (EEN)

The EU-Georgia Business Council (EUGBC), in cooperation with the Ministry of Economic Development of Georgia and Tbilisi City Hall, has been holding consultations with the European Commission about joining the Enterprise Europe Network (EEN).

EEN is Europe's largest business and technology network, which focuses on supporting SMEs in their growth and innovation activities.



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EUGBC has been acting as a mediator between Georgian partners and Directorate-General for Enterprise and Industry of the European Commission, which is in charge of the Network. The council has organised several meetings with European side in Brussels to receive practical guidance on Network membership. Complete information and documentation regarding the procedures and requirements for membership in EEN has already been forwarded to the Georgian partners.

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) showed interest in supporting the Georgian interested organisations, in the process of joining the Enterprise Europe Network. Considering the high interest towards EEN membership and readiness of several important institutions for membership, EUGBC considered it's well-timed to launch negotiations by organizing the first informal meeting of all interested parties, where cooperation possibilities as well as future plans could have been discussed.

The first such meeting was held on July 20th, 2010 at German House in Tbilisi. The participants of the meeting were **Konstantin Zaldastanishvili**, EUGBC Secretary General, **Tamar Khuntsaria**, EUGBC Country Representative, **Tatia Julakidze**, EUGBC Brussels office representative, **Frank Tibitanzi**, GTZ Team Leader, **Girogi Grdzlishvili**, GTZ Program Coordinator, **Virginie Cossoul**, EU Delegation Project Manager, **Nuca Abramishvili**, Head of Department of Strategic Development and Socio-Economic Programs of Tbilisi City Hall, **Michael Kordzakhia**, Executive Director of Employers Association, **Elene Makharashvili**, Head of Department of International Relations of Employers Association.

EUGBC Brussels office representative, Tatia Julakidze delivered a presentation on EEN and its mission. She also explained the formal procedure as well as the benefits of the network membership.

The parties to the meeting agreed to prepare their views on EEN membership. It was also agreed that after exchange of the participants' information, next meeting will be arranged where specific plans regarding the membership will be made.



EU and Georgia Initial Bilateral Agreement on Mutual Protection of Geographical Indications of Agricultural Products and Other Foodstuff

The European Union and Georgia have concluded negotiations on a bilateral Agreement for the Mutual Protection of Geographical Indications of Agricultural Products and Other Foodstuff.

The text of the Agreement was initialled by the Deputy Minister of Foreign Affairs of Georgia, **David Jalagania** and by the Head of Unit - B3 responsible for the Neighbourhood Policy and the European Free Trade Association (EFTA), **Nicolas Verlet** on July 29, 2010, at the Ministry of Foreign Affairs of Georgia.

This Agreement will promote and foster trade in agricultural products and foodstuffs originating in the territories of both Georgia and the European Union. This Agreement applies to the recognition and protection of geographical indications which are originating in the territories of the Contracting Parties.

Georgia is the first among the EU Neighbourhood countries that has concluded the negotiations with EU to taken this important step forward in promoting and protecting the quality of the agricultural production. The use of geographical indications will act as a certification that a product possesses certain qualities, or enjoys a certain reputation, due to the fact that it has been produced in a determined region.

One of the preconditions for the conclusion of Deep and Comprehensive Free Trade Agreement (DCFTA) with EU is the harmonization of national legislation with EU's norms. Through this agreement Georgia is adapting its domestic legislation to the highest international standards on the protection of intellectual

property rights. The short presentation was introduced by EU representatives at the end of initialling procedure.

EUGBC Country Representative, Tamar Khuntsaria attended the initialling ceremony as well as the subsequent press conference at the Ministry of Foreign Affairs of Georgia.



US-Georgia Business Summit was hosted by the US Department of Commerce

On September 8-9, 2010, the US Department of Commerce hosted a Business Summit in Tbilisi, Georgia. The American Chamber of Commerce (Amcham) was involved in organizing the event. The Summit was designed to promote new trade and investment relationships between US and Georgian companies. US Department of Commerce Deputy Assistant Secretary for Europe and Eurasia Juan Verde visited Georgia to host the summit.

The Business Summit on September 8 featured panels on US Government Resources, Opportunities for Commercial Cooperation in Georgia, International Support for Business Development, Poti Free Industrial Zone Propositions and Best Prospects for Cooperation, including franchising and tourism. Speakers included representatives of the Georgian government and private sector, US Embassy in Georgia, representatives the US Department of Commerce, US Export-Import Bank, US Overseas Private Investment Corporation - OPIC, USAID Georgia, and multilateral development banks. A half-day of networking on September 9 provided an opportunity for Summit attendees to have one-on-one meetings with select Summit speakers and trade mission delegates.

In conjunction with the Summit, the American Chamber of Commerce in Georgia managed a Trade Mission, certified by the US Department of Commerce, for US companies interested in the Georgian market.

EUGBC Board Members met the Ambassador of the Kingdom of the Netherlands, Pieter Jan Langenberg

In the framework of EUGBC dialogue with the EU Member States' Embassies in Georgia, EUGBC Board Members held a meeting with the Ambassador Extraordinary and Plenipotentiary of the Kingdom of the Netherlands, Pieter Jan Langenberg.

The participants of the meeting from the side of the Embassy were the Ambassador Jan Langenberg, Counsellor/Deputy Head of Mission, Heino van Houwelingen and Trade Officer, Maia Todria. On behalf of EUGBC, Vice-Chairman of the Board, Badri Japaridze, Members of the Board, George Chirakadze and Nick Gvinadze, Secretary General, Konstantin Zaldastanishvili and Country Representative, Tamar Khuntsaria took part.

The meeting aimed at introducing EUGBC and its activities to the Ambassador, discussing cooperation possibilities and reviewing the talks on Deep and Comprehensive Free Trade Agreement (DCFTA) between Georgia and the EU, Dutch programs supporting business development in Georgia, business environment and reforms in the



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country.

In addition, EUGBC briefed the Netherlands Embassy about the council's publications and seminars concerning EU-Georgia trade, which the Ambassador considered as an important campaign for raising business sector's awareness and thereby expressed strong interest towards cooperation with EUGBC on important issues referring to trade development and investment growth in Georgia. It was also noted from both parties that increasing business dialogue and professional contacts between Dutch and Georgian businesses will be extremely productive for both countries. To this end potential role of business associations and Dutch institutions supporting business development, alongside with the Embassy of Netherland in Georgia and the Georgian Embassy in the Kingdom of the Netherlands was highlighted.

Both EUGBC and the Embassy stated readiness to cooperate in the framework of the preparation of possible business mission from the Kingdom of the Netherlands and other joint events.



EU-Georgia Business Council (EUGBC) has organized a seminar for the Georgian producers of alcoholic beverages on the specific issues of Norwegian alcohol market

EU-Georgia Business Council (EUGBC) and the Ministry of Agriculture of Georgia, with the support of EUGBC Honorary Member Arve Thorvik has organizing a seminar on **“What the Georgian producers of alcoholic beverages should know to access Norwegian Market”**. The seminar took place on September 9th, 2010, at the Ministry of Agriculture of Georgia.

The goal of the seminar was to inform Georgian producers of alcoholic beverages on specific issues of Norwegian Market of alcoholic beverages.

The Minister of Agriculture of Georgia, **Bakur Kvezereli** opened the seminar and took part in its working session. The Minister thanked EUGBC for providing Georgian producers of alcoholic beverages with useful publication and for initiating a respective seminar.



During the seminar EUGBC Secretary General, **Konstantin Zaldastanishvili** provided the participants with the information on the following subjects:

- Historical overview of Norway's alcohol market;
- Specific issues of Alcoholic Beverage's import to Norwegian Market;
- Role of Norwegian state monopoly;
- Statistical data and trends;
- Taxation on alcoholic beverages in Norway.

The Head of the Department of Vine and Wine "SAMTREST" of the Georgian Ministry of Agriculture, **Vasil Managadze**, around 30 representatives of Georgian wine producer companies, as well as representatives of public institutions took part in the seminar.

The participants showed strong interest towards the seminar topics, which resulted in a lively discussion and question and answer session.



Georgian Small and Medium Enterprises Association (GSMEA) was founded by leading business associations

The leading business associations in Georgia – EU-Georgia Business Council (EUGBC), American Chamber of Commerce Georgia (AmCham Georgia), Business Association of Georgia (BAG), and International Chamber of Commerce Georgia (ICC Georgia), along with some businessmen – have founded Georgian Small and Medium Enterprises Association (GSMEA).

The association aims at lobbying and protecting the interest of small and medium businesses operating in Georgia.

The official signing ceremony of GSMEA founding documents followed by a respective presentation took place at Sheraton Metekhi Palace Hotel on September 10th.

The adviser to the Primer Minister in the field of enhancing communication between business circles and the government, George Pertalia, Members of EUGBC and other business associations, representatives of larger business community as well as press and media attended the event.

Welcoming speech and brief presentation on GSMEA goals, future activities, opportunities and perspectives were delivered by Giorgi Isakadze, First Vice-President of BAG.



Konstantin Zaldastanishvili, Secretary General of EUGBC, David Lee, Chairman of AmCham-Georgia Board and Fady Asli, Chairman of ICC-Georgia Board also welcomed the participants of the event Giorgi Isakadze was elected as a Chairman of the GSMEA Board.

EUGBC will be represented in the GSMEA Board by Secretary General Konstantin Zaldastanishvili. Levan Kalandadze was elected as an Executive Director of GSMEA.

Philip Dimitrov has received the strategic position - Head of EU Delegation in Georgia

Catherine Ashton, EU High Representative for Foreign Affairs and Security Policy/Commission Vice-President has appointed 27 new Heads of EU Delegation and 1 Deputy Head of EU Delegation. After the entry into force of the Lisbon Treaty the rank of the Heads of Delegations is now equal to ambassadors for the first time in European history.

The appointments are part of a wider recruitment exercise for the future EEAS - European External Action Service, headed by EU High Representative Catherine Ashton. The Baroness commented with satisfaction that she has appointed "the best people for the right jobs". According to her these

appointments demonstrate an improvement in achieving gender and geographic balance, “but there is more to do”. As soon as the 2010 rotation exercise has been concluded, Catherine Ashton will start work on the 2011 rotation, which is expected to include a comparable number of Head of Delegation posts as in 2010.

Philip Dimitrov (born 31 March 1955), Bulgarian politician has been appointed as an EU ambassador to Georgia. Given the strategic importance of Georgia to the EU, the selection of a Bulgarian representative is obviously not accidental. *“With the choice of a Bulgarian EU Head of a Delegation in a region of strategic importance for the European Union and Bulgaria, our country gives a concrete contribution to the modernisation of European foreign policy in the name of our common values and interests”*, Bulgarian Minister of Foreign Affairs **Nikolay Mladenov** said in his statement.



Obviously, the rich political biography of Philip Dimitrov has put significant weight for the appointment:

- ✓ Prime Minister of Bulgaria (1991-1992);
- ✓ Member of 36th, 37th and 40th National Assembly;
- ✓ Permanent Representative to the UN (1997-1998);
- ✓ Ambassador to the US (1998-2001);
- ✓ Special Envoy of the President of the CSCE for Armenia and Azerbaijan (2004);
- ✓ Member of the Bulgarian Parliamentary Delegation for Relations with the European Parliament;
- ✓ Member of the European Parliament and Deputy Chairman of the Committee on Constitutional Affairs (January-June 2007).

EUGBC finalized the project, “Publication and Seminar on the export of Georgian wines and spirits to the Norwegian Market”, supported by Thorvik International Consulting (TIC)

The EU-Georgia Business Council (EUGBC) finalized the project, **“Publication and Seminar on the export of Georgian wines and spirits to the Norwegian Market”**, supported by its Honorary Member and Managing Partner of “Thorvik International Consulting” (TIC), Arve Thorvik.

In the process of realization of the project, EUGBC Secretary General, Konstantin Zaldastanishvili visited Oslo (June 3-5, 2010) and held the consultations with the representatives of Norwegian importers of alcoholic beverages, Norwegian State monopoly – VINMONOPOLET, Association of Norwegian Wine and Spirit Suppliers (VBF), etc.

The publication: ***Norwegian Market of Alcoholic Beverages - Specific Issues*** that is intended for Georgian producers of alcoholic beverages and is in Georgian language with an English summary, was issued in July 2010.

In the framework of the project, seminar: ***What the Georgian producers of alcoholic beverages should know to access Norwegian Market*** was organized by EUGBC to provide interested parties, with an opportunity to better understand the requirements and specific issues of Norwegian market of alcoholic beverages.

Release of the publication and the respective seminar were actively covered in press and media.



The project report has already been approved by "Thorvik International Consulting", which along with publication and other related materials can be found at www.eugbc.net – Publications.



The tenth meeting of the EU-Georgia cooperation committee was held in Brussels

The tenth meeting of the EU-Georgia cooperation Committee was held in Brussels on 14th of September 2010, in the frame of the EU-Georgia political dialogue.

From the Georgian side the meeting was chaired by Deputy Foreign Minister Davit Jalaghania and from the European side - by Gunnar Wiegand, Director of Eastern Europe, South Caucasus and Central Asia of the European Commission's Directorate General for External Relations. The meeting was also attended by representatives of various Ministries of Georgia and the European Commission.

The parties discussed the issues of EU-Georgia relations, priorities and future prospects of cooperation. Attention was focused on the issues of cooperation in the bilateral as well as multilateral formats of European Neighbourhood Policy and Eastern partnership; process of talks on the Association Agreement, possibility of creation of the deep and comprehensive free trade zone, simplification of visa regime and its further phased liberalization as well as the possibilities of deepening cooperation between Georgia and the European Union in the fields of transport and energy.

Discussions centered on the state of the rule of law, democracy and governance, human rights and fundamental freedoms in Georgia. The Georgian side provided the European side with detailed information on the reforms and measures carried out or planned in the aforesaid fields.

At the meeting parties agree to establish subcommittees of EU-Georgia cooperation on the issues of transport, energy and environmental protection and on the issues of employment, social security, public health, training, education and youth, culture, audio-visual policy, science, technologies and innovations.

The state of security and stability in Georgia was also discussed at the meeting. The Georgian side emphasized the importance of further intensifying the European Union's role in strengthening security in the country, enhancing the scope of the EU Monitoring Mission's activity, effectively conducting Geneva talks, as well as implementing the European Union's non-recognition policy.

Two new Subcommittees of EU-Georgia cooperation were set up

At the tenth meeting of EU-Georgia cooperation Committee, that took place in Brussels on September 14th two new subcommittees of EU-Georgia cooperation were set up: on the following issues:

- Subcommittee of EU-Georgia cooperation on the issues of transport, energy and environmental protection and
- Subcommittee of EU-Georgia cooperation on the issues of employment, social security, public health, training, education and youth, culture, audio-visual policy, science, technologies and innovations.

New Intellectual Property Rights (IPR) survey launched by the Directorate General of Trade

After similar exercises in 2003 and 2006 (see <http://ec.europa.eu/trade/creating-opportunities/trade-topics/intellectual-property/enforcement/>), the European Commission (DG Trade) launched a new survey regarding IPR protection and enforcement in third countries (relevant from a EU trade policy perspective), targeting in the first place EU companies established or operating in third countries.



The survey can be accessed at <http://ec.europa.eu/yourvoice/ipm/forms/dispatch?form=IPRsurvey2010>. The replies to this survey will be taken into account by DG TRADE in reviewing its priorities in that area. In particular, combined with other sources of input, it will enable the Commission to update its list of "priority countries" (cf. *IPR Enforcement Report 2009*).

In order to ensure representative conclusions, as many EU right holders as possible should participate in this survey.

The survey will close on 31 October 2010 (although this deadline might be slightly extended if needed).



Made in Jordan Exhibition was organized under the patronage of the Minister of Economic and Sustainable Development of Georgia

Under the patronage of the Minister of Economic and sustainable Development of Georgia, Jordan Small and Medium Enterprises Association in cooperation with Georgian Employers Association organized the Made in Jordan Exhibition. The event took place on September 22nd and 23rd, 2010 at Courtyard Marriott Hotel, Tbilisi.

Jordanian delegation was represented by 8 companies from the following sectors: olive oil production, wood furniture and accessories, construction materials, packaging items, the Dead Sea products, paper production, stationery items, electronic gadgets, printing materials and chocolate production.

The above mentioned companies had discussions with Georgian business sector representatives in order to establish business partnerships. Up to 30 Georgian companies took part in the event.

Jordanian delegation had a meeting with Irakli Matkava, Georgian National Investment Agency director who outlined the current investment climate in the country, Georgia ratings according to different international surveys and also current investment opportunities.

In addition to the business forum, the members of the delegation visited the town of Poti on September 24th to acquaint with the conditions of the free economic zone. The guests had a sight tour around the EUGBC member, free economic zone of Poti Port.

Jordanian delegation expressed high interest in establishing business partnerships with Georgian counterparts.

Germany-Georgia Business Forum was organized by the Georgian National Investment Agency (GNIA)



Germany-Georgia Business Forum held on September 28th, 2010, in Radisson BLU Iveria Hotel, Tbilisi. The forum was organized by the Georgian National Investment Agency (GNIA), Federal Ministry of Economics and Technology of Germany, German Economic Association in Georgia (DWVG) and COMMIT GmbH (German consulting group).

Germany was represented by 13 companies from the following sectors: Export promotion, Identification marking of animals, Household products, Plastics technology, Water technology, Engineering industry, Building and construction, International Trade, Planning, Construction and Agriculture, Consulting, Textile, Chemical industry, Plant engineering and construction, Road construction techniques, Consulting, development of projects. The above mentioned companies expressed interest to establish business relationships with the Georgian companies. In the frames of the business forum B2B meetings were organized between Georgian and German company representatives according to the sectors they operate in. EUGBC Country Representative, Tamar Khuntsaria participated in the event.

The list of the participants and the event program are available at www.eugbc.net - Events.

EUGBC members participated in ICC-Georgia organized meeting with the Mayor of Tbilisi, Gigi Ugulava

On September 22, Tbilisi Mayor, Gigi Ugulava met with members of the International Chamber of Commerce at Radisson BLU Iveria Hotel. Upon the invitation of ICC-Georgia, EUGBC members also participated in the event.

The Mayor introduced the implemented and ongoing projects and focused on the necessity to support businesses.



Gigi Ugulava informed the business community representatives about the plans for developing Tbilisi in terms of its infrastructure, construction of new roads, organizing street traffic and other further details, which are planned to be introduced in the capital in the coming years. Several other issues were discussed, such as: the prospects of opening markets in the Caucasus, and the issue of unemployment as a major problem the country faces; unemployment could be fought mostly through the activities of the business sector – noted the Mayor.



In his speech the Mayor also touched on the independence of business from government, as he noted, the only involvement of Government in the operation of businesses can be the creation of healthy business environment and good legislation. Mayor Ugulava promised the businesspeople that steps would be taken to further the integration of the business community in everyday life in order to support the development of the private sector and limiting bureaucratic activities.

Businesspersons mentioned the supportive role the Tbilisi Municipality can play to attract investors and asked the Mayor to outline the vision expressed in his speech in written form so that the businesspersons could have the opportunity to show this document to the investors intending to start business in Tbilisi.

EUGBC Secretary General met Georgian journalists in Brussels

On September 30th, 2010, EUGBC Secretary General, Konstantin Zaldastanishvili met 15 Georgian journalists visiting Brussels in the framework of the press-visit organized by the European Commission and European Journalism Centre.

The EU-Georgia trade and economic relations, e.g. importance of GSP+ and Deep and Comprehensive Free Trade Agreement (DCFTA), were discussed at the meeting.

Besides, the journalists were interested and respectively informed about the perspectives of export of Georgian products to the EU market, including mineral water, wine, nuts and herbs. In addition, the meeting covered interesting topics of Georgia's potential in producing organic products and exporting them to the EU market.

The Secretary General also informed the journalists about EUGBC activities and goals.

The second round of EU-Georgia talks on the Association Agreement to take place in Brussels in October

The second round of EU-Georgia talks on the Association Agreement will take place in Brussels on October 11th, 2010.

The issues on the agenda are:

- The process of negotiations on the Association Agreement in general;
- Discussion of the results of the negotiation conducted at the level of the working groups;
- Political dialogue, reforms and cooperation in the field of foreign and security policy;
- Justice, freedom and security issues.



Georgian Energy Conference to take place in Brussels in November

Georgian Energy Conference is planned to take place on November 5, 2010 in Brussels.

The event, which is jointly organized by the European Commission and the Government of Georgia, will focus on investment opportunities in Georgia's energy sector, including its transit potential in the framework of large scale energy infrastructure projects from the Caspian Basin to Europe.

Among the participants of the conference will be the Prime Minister of Georgia Nika Gilauri and EU Commissioner for Energy Günther Oettinger.

EUGBC Members News

EUGBC Member, Danish company, Bols Forstplanteskole/Fair Trees organized a concert to support fairtrade

BOLS
FORST·
PLANTESKOLE

At the magnificent open air museum that is one of the charms of the historic city of Copenhagen, a remarkable concert and meeting of cultures took place on Thursday, 1 July, 2010. The internationally highly popular Georgian singer, Katie Melua, gave a concert to an audience of all ages that completely packed the outside auditorium.

EUGBC Member, Danish company, *Bols Forstplanteskole*, which has been doing business with Georgia, especially with the mountain forest area of Ambrolauri, invited some 100 special guests to the concert. One of the reasons for celebration is Katie's support for the Fairtrade activities that the Danish company carries out – namely, seed collection and production of Noordmann fir Christmas trees under the new brand name "Fair Trees". Through a special Fund, money and resources are ploughed back into the local infrastructure, supporting the welfare of workers and their families.

The Georgian Ambassador to Denmark and Norway, based in Copenhagen, David Kereselidze, was one of the guests of honour. In a warm speech, he welcomed Katie and went on to commend her in Georgian for her support of this valuable cause.

The Georgian TV company, Rustavi 2, sent a reporter and camera crew to cover the event, as well as to visit the Danish plantations of Marianne and Lars Bols, the owners of Bols Forstplanteskole.



EUGBC Member, Danish Forestry Company, Forstplanteskole/Fair Trees has provided mountain district of Georgia, Ambrolauri with dental care for the 600 school age children

Bols Xmas Tree Fund – set up by the EU-Georgia Business Council's (EUGBC) Member, Danish company ***Fair Trees*** has created a travelling dental clinic that will visit the area every six months providing much needed

dental care.

"The children are the future of this area," declared **Marianne Bols, Director of Fair Trees** at the official launching ceremony on 24th of September 2010. "It's essential to support local welfare to ensure that families stay here. Providing work and healthy conditions are just part of the commitment involved in Fair Trade business."

At the ceremony, numerous officials and local dignitaries were present along with a large number of children, the staff of the clinic and the local hospital.

Dental hygiene accessories have been generously provided through a special grant from the Colgate-Palmolive company. As an unexpected surprise, the children were given a gift provided by the Lego Company - a Danish company with its headquarters close to Bols Forstplanteskole, where Marianne Bols and her husband Lars run their international forestry business.



The travelling clinic is a logical "next step" in the work of the Fund, which distributes a percentage of the income from the sales of Fair Trade seed harvested in the abundant forests of Ambrolauri. The school has been renovated, schoolbooks provided and a fence around the schoolyard planned. Besides, the teacher of the school has received a scholarship for a "work study" in Denmark.

BP Confirms successful completion of well kill operations in Gulf of Mexico

On September 19, 2010 BP confirmed the completion of well kill operations on the MC252 oil well in the Gulf of Mexico which exploded earlier this year leaving 11 people killed and causing widespread pollution in the Gulf of Mexico.

"This is a significant milestone in the response to the Deepwater Horizon tragedy and is the final step in a complex and unprecedented subsea operation – finally confirming that this well no longer presents a threat to the Gulf of Mexico," said Tony Hayward, BP group chief executive. "However, there is still more to be done. BP's commitment to complete our work and restore the damage done to the Gulf of Mexico, the Gulf coast and the livelihoods of the people across the region remains unchanged."



Approximately 25,200 personnel, more than 2,600 vessels and dozens of aircraft remain engaged in the Deepwater Horizon incident response effort. The cost of the response to September 18 amounted to approximately \$9.5 billion, including the cost of the spill response, containment, relief well drilling, static kill and cementing, grants to the Gulf states, claims paid and federal costs.



Robert Dudley took the position of BP CEO

BP announced that, by mutual agreement with the BP board, Tony Hayward is to step down as group chief executive with effect from October 1, 2010. He will be succeeded by fellow executive director **Robert Dudley**.

BP chairman Carl-Henric Svanberg said: "The tragedy of the Macondo well explosion and subsequent environmental damage has been a watershed incident. BP remains a strong business with fine assets, excellent people and a vital role to play in meeting the world's energy needs. But it will be a different company going forward, requiring fresh leadership supported by robust governance and a very engaged board."

Bob Dudley (54) is a main board director of BP and currently runs the recently-established unit responsible for clean-up operations and compensation programmes in the Gulf of Mexico. He joined BP from Amoco after the merger of the two companies in 1998. He was president and CEO of BP's Russian joint venture, TNK-BP, until 2008.

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Bank of Georgia signs loan agreements with EBRD in the aggregate amount of USD 50 million

JSC Bank of Georgia (LSE: BGEO) (the "Bank"), Georgia's leading universal bank and the European Bank for Reconstruction and Development (EBRD) has signed three loan agreements in the aggregate amount of USD 50 million (the "Financing Package"). The facilities under the Financing Package bear maturity of five years and can be drawn down by Bank of Georgia within 18 months.

"I am pleased that EBRD, our long-time partner, continues to support Bank of Georgia. The Financing Package extended by the EBRD will further increase our competitiveness in issuing long-term loans in Georgia. I would also like to congratulate our funding team for successfully completing this transaction", noted Irakli Gilauri, Chief Executive Officer.

JSC Bank of Georgia receives the Euromoney Award for Excellence as the Best Bank in Georgia BG Capital receives Best Frontier Market Investment Bank in Central & Eastern Europe in 2010

JSC Bank of Georgia (LSE: BGEO) (the "Bank"), Georgia's leading universal bank announced today that it has received for the sixth consecutive year the Euromoney Award for Excellence as the Best Bank in Georgia 2010.

The Bank also announced that BG Capital, its fully owned investment banking and brokerage subsidiary with operations in Georgia and Ukraine, received the Best Frontier Market Investment Bank in Central & Eastern Europe in 2010.

Euromoney, a leading global capital markets magazine, incorporates 25 global awards for banking and capital markets and awards for the best banks and securities houses in almost 100 countries around the world.

"I am delighted that our achievements for the past year have been rewarded with such prestigious awards and I want to congratulate my colleagues at Bank of Georgia and BG Capital for this recognition", noted Irakli Gilauri, Chief Executive Officer.

Fitch Ratings upgrades Bank of Georgia

JSC Bank of Georgia (LSE: BGEO) (the "Bank"), Georgia's leading universal bank announced today that Fitch Ratings upgraded its Long-term Issuer Default Ratings to 'B+' from 'B' and its senior unsecured debt to 'B+' from 'B'. At the same time the agency has affirmed the Bank's ratings at Short-term 'B', Individual 'D', Support '4' and Support floor 'B'.

According to Fitch Ratings, the upgrade in the Bank's ratings reflects the stabilization in the Bank's asset quality metrics, its strong Basel capital ratios, comfortable liquidity position supported by sizeable deposit inflows, limited refinancing risk and a track record of manageable performance through crisis. The ratings were also supported by the Bank's general good governance and strong customer franchise in Georgia.

"We are delighted that Fitch Ratings upgraded Bank of Georgia's ratings, which indicates the emergence of Georgian banking system from global financial crisis. I would like to thank Bank of Georgia management team for the professionalism and commitment demonstrated throughout the downturn that helped the Bank overcome the stress posed by the crisis – an achievement that is now recognized by the global rating agency", noted **Irakli Gilauri**, Chief Executive Officer.

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