



NEWSLETTER

January – March 2020





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EFES GEORGIA	TAM MANAGEMENT
GROSS ENERGY GROUP	UGT
HUALING GROUP	



EUGBC Annual Members' Meeting



On January 24, 2020 EUGBC held an Annual Members Meeting.

The event was attended by the representatives of the Member companies, as well as The Deputy Minister of the ministry of Economy and Sustainable Development.

The meeting aimed to elect a new chairperson of the board, discuss 2019 activities of the council and present new Action plan for the year 2020.

New members of EUGBC introduced their companies and welcomed a new Chairperson BP Head of Country – Ann Davies.

Among the news was the brief introduction of the modernized webpage of the Council. 2020 Action plan generated a high interest among the companies and suggestions were made to work on joint projects and ideas.





Newly elected chairperson of EUGBC - Ann Davies



Ann Davies arrived in Georgia in summer 2019 to take on the role of the Head of Country overseeing BP's activities in Georgia including the Baku-Supsa and Baku-Tbilisi-Ceyhan oil pipelines and South Caucasus gas pipeline operations.

Ann has 15 years' experience in the energy industry in a variety of engineering, operations and leadership roles. Prior to her appointment as a Head of Country Ann was Engineering Manager for BP's offshore wells in Azerbaijan, and before that she worked in BP head office in London supporting the Upstream Chief Financial Officer.

The career path has also taken Ann to Scotland, Norway and Canada where she worked as a lead engineer and a project manager for a variety of large engineering projects.

Ann holds a master's degree in Physics from University of Oxford. She is a passionate advocate for physics and engineering and is an active promoter of STEM and diversity in engineering.

[Ann Davies on EUGBC Annual Members' meeting](#)

[Ann Davies Attending Georgia-Azerbaijan Business Forum](#)



Energy Week Georgia 2020

KNOWLEDGE PARTNERS



“Eu-Georgia Business Council” Executive Director, Giorgi Kacharava participated in “Energy Week Georgia 2020”, held on January 28-29. EUGBC is one of the knowledge partners of the event.

The event brought together the Government officials, generating as well as transmission and distribution companies, local funds as well as international financial institutions, major international investors, EPC and consultancy companies from all over the world to foster the deployment of renewable energy in the country and to unlock the potential of international cooperation.





EUGBC Top Management participated in The investors council meeting



On February 3, 2020, Zviad Chumburidze, Secretary General of the EU-Georgia Business Council and Giorgi Kacharava, Executive Director participated in the 11th meeting of The Investor Council, chaired by the Prime Minister of Georgia, Mr. Giorgi Gakharia. Out of the broad range of matters discussed at the meeting, EUGBC Secretary General raised issues, first being the GMP (Good Manufacturing Practice) Mandatory standardisation and its results, a working group will be set up within the framework of the Investor Council and the second point – The Roundtable – Georgian Business and Reforms 2020-2024.

[Media Coverage](#)



The Investors Council organized a meeting with the Minister of Economy and Sustainable Development



“EU-Georgia Business Council” Executive Director, Giorgi Kacharava and Member company representatives participated in the meeting organized by Investors Council with the minister of Economy and Sustainable Development, held on February 24, 2020.

The Minister Natia Turnava introduced the council and Business

Associations the components of the program “100 Offers to Business” and investment opportunities.





Meeting with the Ambassador of the Kingdom of the Netherlands



On February 25th, “EU-Georgia Business Council” organized a meeting with The Ambassador Extraordinary and Plenipotentiary of the Kingdom of the Netherlands, H.E. Maria (Maaïke) Van Koldam.

The meeting was held at the Embassy of the Kingdom of the Netherlands and was attended by the representatives of member companies of the council, from various business sectors.

Discussions focused on prospects for future cooperation and sharing of experience, as well as opportunities for planning the future Georgian Dutch business round table in The Hague.

Representatives of the companies highlighted issues which may become the main directions of bilateral relations.



GEORGIA – AZERBAIJAN BUSINESS FORUM



Georgia – Azerbaijan Business Forum was organized by EU-Georgia Business Council On 5th of March 2020, in Tbilisi.



Ekaterine Mikabadze, First Deputy Minister of Economy and Sustainable Development of Georgia participated in the business forum, as well as Ambassador of Azerbaijan to Georgia – Dursun Hasanov; BP Head of Country – Ann Davies, General Director of Socar Energy Georgia – Mahir Mamedov, Group CEO Caspian European Club/Caspian Energy – Telman Aliyev, Member of the Board of Directors, CRO of Pasha Bank Georgia – Asaf Huseynov, Chairman of “AZEBI” – Nariman Gurbanov, also representatives of Georgian-Azeri business companies from various sectors namely Energy, Oil and Gas, Banks, Investment Partners, Free industrial zones, Transport and Logistics, Food&Beverages, Industrial products&Construction, Legal Services&Consulting, Tourism&Hospitality, Medicine&Insurance, etc.



It should be emphasized that “EU-Georgia Business Council” in cooperation with Georgian and Azerbaijani partners, plans to hold the aforementioned forum annually, and it is scheduled to take place in Baku in 2021.



The main purpose of bilateral business forum is to promote the development of mutual economic cooperation between Georgia and Azerbaijan.

General partners of the event were BP, SOCAR Energy Georgia, Pasha Bank and partners - Kulevi Oil Terminal, Embawood, Hualing Kutaisi Free Industrial Zone and Luca Polare.



The Forum featured presentations by Georgian and Azeri Companies and also specific investment projects were voiced, that could be implemented jointly.



Within the framework of the Forum a Memorandum of Cooperation was signed between "EU-Georgia Business Council" and Azerbaijani Businessmen Association(AZEBI)





General Partners of the event



Partners of the event



<https://youtu.be/YwEApDqt2rU>

<https://www.facebook.com/EUGBC/videos/205861363815469/>



EU-Georgia Business Council's proposals to the Government of Georgia for the purposes of minimization of Economic losses stemming from outbreak of Covid 19, as well as for the assistance of the Business Sector

On March 30, based on the suggestions of its member companies EU-Georgia Business Council has sent a series of steps to the Georgian Government to be discussed for the purposes to minimize the economic losses stemming from outbreak of Covid 19, as well as for the assistance of the Business Sector. *The present document was prepared following a discussion with an audit and business consulting company BDO.*

We should highlight one of the main problems - permanent fluctuation of currency exchange rates, which actually impedes any business forecast and development.

It is crucial that in the coming days by the National Bank, together with the Prime Minister and the Government's economic team, to be presented the fastest, 3-month plan for the strengthening / stabilization of the national currency. GEL has significantly devaluated in the Bloomberg's trading system during last one month, 1 USD exchange rate has changes from 2.79 GEL to 3.28 GEL, while the exchange rate of neighboring countries' national currencies had very low fluctuation in the same period.

It is of utmost importance that the above-mentioned action plan for the strengthening/stabilization of GEL to be adopted promptly, otherwise all the other proposed benefits for business will be ineffective. Issues for overcoming economic crisis, which are presented below are divided into topics and we express readiness to discuss in detail each item with the Government and Business associations, taking into account the interests of both sides.

Our goal is to encourage the Government's prompt actions in order to avoid economic collapse.

1. Taxes

- 6 months reduction of income tax by 50 percent;
- Postponement of VAT payment to companies affected by the crisis for 6 months;
- Payment of VAT only in the part of the received cash, namely: if the payment is not received then VAT is not paid in the budget;
- Introduce benefits (property tax and VAT) on business income from renting commercial and office spaces;
- Tax exemptions on funds and donations related to fight against Covid 19;



- During import, exemption of VAT payers from refundable VAT and postponement to VAT non payers until the end of the year on

2. Access to finance

- Conduct active consultations with international financial institutions for timely receipt of funds and provide cheap loans in GEL, specifically for businesses affected by the virus;
- The removal of loan restrictions by the National Bank so that commercial banks themselves can determine the amount and type of currency to be issued, it is also important to set an annual interest rate upper limit for the loan.
- Hold a round of negotiations with the private banking sector, stemming from state interests, in order to lower the loan's interest rate in such extraordinary situation.
- Request to suspend the interest accrued on restructured loans by the commercial banks during the grace period as part of these negotiations.

3. Promoting Local Production

- Complete inventory of enterprises by the Government's economic team whose products are needed to carry out ongoing and planned capital / infrastructure projects in the country.
- Giving special priority to the products produced in Georgia in accordance with the quality and price, required for the implementation of the capital / infrastructure projects financed by the state budget.
- Despite the GEL devaluation, for the maintenance of prices on energy consuming plants' outputs (e.g. cement, steel/ferro-concrete reinforcement etc.), giving the access to the cheaper energy (which is calculated in USD) via reducing average electricity price through electricity market operator ESCO, by mixing Enguri HHP electricity with other private energy Operator companies.
- Taking into account the new reality, revision of the sectors under the Loan Co-financing Program, as well as increase the loan co-financing term and loan ceiling within the framework of the state program "Enterprise Georgia".
- Joint development and implementation a step-by-step plan for compliance with the GMP standards. Mandatory standardization as of 2022 and the absence of a roadmap to meet the standard will entail:
 - 1) Closure of 72 pharmaceutical companies;
 - 2) abolishment of sale of GEL 65 million worth of locally produced drugs, including 10 export markets;
 - 3) Cancellation of 1,500 jobs;
 - 4) Prevention of GEL 66 million planned investment in new, international standard pharmaceutical companies;



5) Threatens despairing of world known unique and innovative areas, such as bacteriophages, immunobiological drugs and natural medicine.

- Immediate permission of medicines export from Georgia, except of medicines of strategic importance for the country. *It should be noted that export-made preparations are not used for the treatment of the Corona virus, nor their export volumes represent any significant loss to the domestic market. In case of necessity, the Georgian Pharmacists Association expresses its readiness to be involved in developing a list of medicines of strategic importance and quotas.*
- Launch consultations with chain markets and hypermarkets during the emergency period to alleviate difficult commercial conditions for local producers, which will significantly contribute to the maintenance and development of Georgian production in the future. *It is noteworthy that due to the closure of HoReCa; the devaluation of GEL, the failure of dealers to withdraw funds from the merchants, and the general market downturn in the coming months will result in the capital / cash problem in turnover in various industries (including food, water, alcoholic and non-alcoholic beverages, etc.).*
- Creation of certification and standards bodies for export-oriented enterprises that will determine the suitability of certain industrial products and pave the way for Georgian production on the world market.

4. Utility fees

Initiate urgent consultations with utility companies (Energo Pro, Telasi, Tbilisi Energy, GWP and other companies operating in Georgia) to develop for coronavirus-affected companies reasonable postponing schemes by the end of the year and to avoid suspension of their services.

5. Jobs maintenance and pension fund contributions

- Paying 50% of average wage during six months period to those who have lost their jobs or are on unpaid leave due to a coronavirus;
- In case of extreme situation, returning of pension contributions (or part of it) to those who have lost their jobs or are on unpaid leave.
- Cancellation of pension fund contributions till the end of the year.
- Government grants up to 10,000 GEL, 20,000 GEL Or GEL 30,000 for affected companies, especially for small enterprises.
- Following proper consultation with companies by sectors, in exchange of tax incentives and/or grants , the companies should have commitment for maintenance of employees and their salaries for certain period



e.g postponing of income tax for 6 months and reduction of excise tax on beer from 0.12 to 0.08 GEL might may be short-term solution for beer industry in order to take liability to maintain all employees with previous salaries.

6. Insurance Sector Support

- Supervisory Requirements - Temporary simplification of requirements to the extent of existing rules, so that companies do not face operating challenges and give more scope to insurance services. For example: flexible subordinated loan terms when calculating equity, mitigating ratios for specific insurance types, etc.
- 1% Supervision Fee - Reducing it within the framework of the effective functioning of the State Insurance Supervision Service of Georgia, this is particularly important in light of the sharp decline in tourism and compulsory third-party liability insurance for foreign countries registered car owners. For most of the insurance companies, this tax is 50% or more of their net profit.
- Estonian Model - Dissemination of Estonian model of profit tax to insurance companies to mitigate the damage caused by the current challenges.
- Tax Exemptions - Exemption from Income Tax on Health Insurance.

7. State budget revision

- Considering the new reality, the Government should revise the budget and to reduce expenditures according the relevant articles of the state budget (business trips, representative and fuel costs, government cars maintenance, bonuses) in order to direct the accumulated funds for overcoming the country's crisis.
- As mentioned above, it is important to work actively with donors, raising funds so to avoid budget crisis.



Interviews & Articles



EUGBC Secretary General, Zviad Chumburidze commenting on Georgia's rankings according to EuCham Research



EUGBC Executive Director, Giorgi Kacharava commenting on EuCham Research for Best European Countries for Business 2020 Georgia's rankings



Plans of stimulating Georgia's Economy on Business Partner covers the comments of EUGBC Executive Director, Giorgi Kacharava



Perspectives of development Georgia – Azerbaijan economic relations and Corona Virus influence on Georgias Business Sector, speaking on subject EUGBC Secretary General, Zviad Chumburidze

ARTICLES



- [BMG – EUGBC addresses the Government](#)
- [BMG – EUGBC , Secretary general](#)
- [IMEDINEWS – EUGBC recommendations](#)
- [INTERPRESSNEWS – EUGBC statement](#)
- [NEWSDAY – Georgia-Azerbaijan Business Forum](#)
- [INTERPRESSNEWS – Georgia-Azerbaijan Business Forum](#)
- [Kvira.ge – Georgia-Azerbaijan Business Forum](#)
- [NETGAZET – Georgia-Azerbaijan Business Forum](#)
- [Azerbaijan24 – Georgia-Azerbaijan Business Forum](#)
- [Report.ge – Georgia-Azerbaijan Business Forum](#)

EUGBC Secretary General on FDI issue





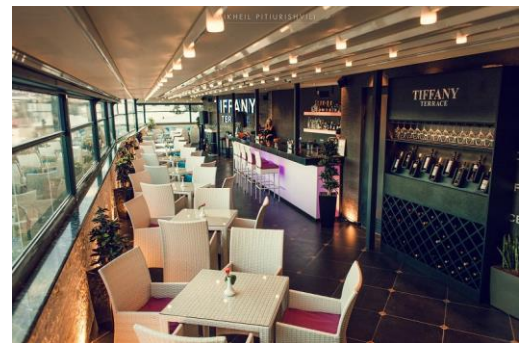
EUGBC MEMBERS NEWS

EUGBC FAMILY HAS BEEN JOINED BY





HOTEL RIVER SIDE



Mira Hotels operates a brand Hotel River Side Tbilisi which is located in historical, commercial and architectural center of Tbilisi.

Within walking distance of the city's business district, major attractions and retail hub, making the hotel an ideal base from which to explore the city or conduct business.

You will feel at home, and at the same time will enjoy the luxurious hotel comfort. Mira-Hotels also operates first official Tiffany Bar which offers a chic, stylish look and feel. With beautiful opulent pieces of furniture and a menu that includes creative cocktails and culinary wonders masterfully created by our Chef.

Food and drinks are served throughout the day, starting with Continental breakfast in the morning and continuing with a full menu of lunch, snack and dinner option into the evening, accompanied by live jazz performances every Thursday-Sunday.

River Side Hotel with Tiffany Bar won prestigious Travelers' Choice Awards 2015-2018 by Tripadvisor Inc. Are HACCP certified and members of American Hotel and Lodging Association (AHLA)





MOUZENIDIS TRAVEL



25 years of successful work; Wide spectrum of services; Impeccable reputation of the leader of the Greek tourist market – for already 25 years the company Mouzenidis Travel has been a leader in the tourist market of Eastern Europe with Greece being the destination.

The headquarters of the company are situated in Thessaloniki, Greece. The offices of Mouzenidis Travel are located in holiday resorts covering all Greek regions: Athens, Kastoria, Pieria, Halkidiki, Peloponnese, Crete, Corfu, Rhodes, Thassos, Zakynthos. Our regional network is constantly expanding – the number of branches in Russia, Ukraine, Belarus, Moldova, Kazakhstan, Romania, Serbia, Latvia and Bulgaria exceeds 80. The company established itself in South Caucasus as well through its offices in Tbilisi, Baku and Erevan. In Georgia the **Mouzenidis Travel** is operational since 2015.



The experience of successful functioning of the offices allows the company to further expand the areas of outgoing and incoming destinations. Thus, now Cyprus, Italy, Hungary, Georgia are ready to be explored. The **Mouzenidis Travel** owns an air company Ellinair, over 50 hotels worldwide (Bomo Club) and cooperates with nearly 20000 agencies around the world.

The **Mouzenidis Travel** is a Destination Management Company (DMC) and renders top quality services in combination with the most attractive and competitive prices possible. The services provided by *Mouzenidis Travel* cover the whole duration of your trip. This allows for controlling quality of our service at every stage of your vacation and maintaining it at the highest standard



TAM MANAGEMENT

Our company was founded in 2015 by Tbilaviamsheni (Tbilisi Aviation Factory) management group and operates in the same factory area.

It is comprised of highly qualified personnel (designers, engineers, technicians, workers) with multi-year experience in aviation, which ensures manufacture of products of high technical difficulty, quality, modern standards and requirements as well as service delivery guaranty.

The main activity of the company is to design, manufacture, repair / overhaul, modernization, maintenance service, etc. of military and civil aviation products, special equipment, spare parts.

In order to ensure a successful start-up and development, the company carried out full recovery/ reconstruction / repair works of outdated/obsolete assembly plant delivered in possession of the company as well as equipped with machines, improved laboratory and design service (with full software provision).

The assembly workshop meets internationally accepted and law-stipulated norms for the same type of industrial infrastructure in relation to technical safety (including seismic resistance, fire safety), as well as workplace safety, safe environment for life and health of employees.

The company management system is based on the best practices of corporate governance, the quality management standards are introduced. The company holds international certificates of quality assurance – ISO and EN.

The company, in the framework of international contracts, carries out repairs of air-to-air R-60 and R-73 type missiles, Mi-8/17/24/35 type helicopters repair and repair / overhaul / update of Su-25 type military fighter aircraft.

In addition to the main strategic projects, using the engineering and technical knowledge and experience, the work is underway and the main works are implemented in the development of new projects and innovative technologies, namely:

1. Business-aviation direction – 9-seat business jets manufacture and certification
2. Start production of unmanned aerial vehicles (intelligence complex)
3. Start production of aviation parts from composite material and etc.





ATR CASPIAN

ATR Caspian Business unit is based in Baku and has a Permanent Presence In Georgia.

Our nearest business unit to Baku is in Kazakhstan and our Head office is in Aberdeen UK

We provide power, lifting, tooling and subsea solutions to a range of markets around the world.

At the same time they handle the certification and inspection requirements across thousands of individual assets.

Whether it's offshore, marine and subsea, onshore operations or renewables, our assets and expertise support the successful delivery of projects – time and time again.

That's because our business units work to simple ATR principles: right first time, on time – every time.

With the right tools, plant and equipment available – as they're required – you can meet your project execution goal of completing on schedule and within budget.

By focusing on customer priorities and delivering cost-effective packages, we've become established as an integrated supply chain partner to over 1,200 companies around the world.

Our highly experienced and knowledgeable people manage the fleets of some of the most logistically diverse companies in the sectors we serve, supporting complex operations in tough operating environments.

ATR's success story is based not only upon our recognition of the right people, assets and infrastructure as our core business strengths, but upon investing in them. It's a strategy that underpins our position as a leading player in our specialist field, and will continue to do so.

Let us apply our resources and technical expertise – to solve your owned equipment and rental equipment challenges.





GEORGIAN PHARMACISTS ASSOCIATION



GEORGIAN PHARMACISTS ASSOCIATION

Georgian Pharmacists Association" was established in 1992. Association represents a non-profit legal entity.

Nowadays, Association brings together approximately 20 legal entities and about 2000 individuals.

Our goals are:

1. Protecting our members' professional interests and rights;
2. Promoting the development of the National Pharmaceutical Industry;
3. Promoting protection of medical plants and improvement of their ecological status;
4. Promotion protection of medicinal plants and working on the improvement of their ecological status;
5. Elaborating and participating in pharmacy reform and drug policy recommendations;
6. Cooperating with state structures, individual and legal entities in Georgia and Abroad;
7. Researching Georgian pharmacy history;
8. Participating in the process of pharmacy education and further specialist diploma trainings;
9. Organizing congresses, symposiums and conferences, as well as charitable activities;
10. Raising public awareness of the importance of the pharmacist in the health care system;
11. Protecting the interests of the population by providing them with quality, effective and affordable medicines;
12. Supporting pharmacists' social security.



REVUP



Revup started in the US in 2015 as a boutique management and investment firm.

Activity is focussed on managing, providing know-how and accelerating business growth at an early stage.

Group is involved in multiple early stage projects in Georgia. Combining new technologies and startup approach with traditional business models allows creating above the average value.

Recent projects in Georgia include recycling and hygiene services company, innovative hospitality project, financial services startup.



EUGBC Members donated to StopCov Foundation





HUALING GROUP



SINCE 1884

SARAJISHVILI

ს ა რ ა ქ ი შ ვ ი ლ ი



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SILKNET



UGT
Your IT Solutions



EU-GEORGIA
BUSINESS COUNCIL

EUGBC, 2020