

Minutes of the Seventh Meeting of the Investors Council

**11th December 2017, 16:00 at the State Chancellery Chaired by the
Prime Minister of Georgia Giorgi Kvirikashvili**

Present at the meeting

Participating Members of the Investors Council:

- Giorgi Kvirikashvili, Prime Minister, Chair of Investors Council
- Dimitri Kumsishvili, First Vice Prime Minister, Minister of Economy and Sustainable Development
- Mamuka Bakhtadze, Minister of Finance
- Zurab Alavidze, Minister of Regional Development and Infrastructure
- Levan Davitashvili, Minister of Agriculture
- Zurab Dzelashvili, Acting Business Ombudsman
- Michael Cowgill, President, American Chamber of Commerce
- Giorgi Chirakadze, President, Business Association of Georgia
- Nino Chikovani, President, Georgian Chamber of Commerce and Industry
- Zviad Chumburidze, President, EU-Georgia Business Council
- Fady Asly, Chairman, International Chamber of Commerce Georgia
- Bruno Balvanera, Director for Caucasus, Moldova and Belarus, EBRD
- Jan Van Bilsen, Regional Manager for South Caucasus, IFC
- Mariam Megvinetukhutsesi, Head of IC Secretariat

Invited Guests:

- Tea Tsulukiani, Minister of Justice
- Nino Gvenetadze, Chief Justice
- Giorgi Mikautadze, Secretary of the High Council of Justice
- Eka Beselia, Head of Parliamentary Legal Committee
- George Chogovadze, Head of Georgian National Tourism Administration
- Samson Pkhakadze, Vice-President, Business Association of Georgia
- Asif Cheema, Senior Investment Specialist, Asian Development Bank
- Sarah Williamson, Vice-President, American Chamber of Commerce
- David Lee, CEO, European Business Association
- Giorgi Kacharava, Projects Director, EU-Georgia Business Council
- George Welton, Executive Director, American Chamber of Commerce
- Irakli Aslanishvili, Executive Director, Business Association of Georgia
- Zurab Katchkatchishvili, Executive Director, International Chamber of Commerce Georgia
- Beka Injia, Legal Advisor, Georgian Chamber of Commerce and Industry
- Lina Jikia, Senior Lawyer and Public Policy Officer, American Chamber of Commerce
- Loretta Martikian, EBRD
- George Jugeli, Legal Expert, IC Secretariat
- Erekle Kokaia, Business Analyst, IC Secretariat

Opening Remarks by the Prime Minister:

Giorgi Kvirikashvili, Prime Minister:

- Welcomed everyone and presented the recent changes in the government aimed at eliminating overlaps of works, increase efficiency of the ministries, and decrease of bureaucratic costs.

Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

- Thanked the guests for coming to the meeting and asked Eka Beselia to update the council about the work of the Parliamentary Interagency Working Group on the 4th wave of the Judicial Reforms

Eka Beselia, Head of Parliamentary Legal Committee

- Noted that the three waves of the judicial reform were successfully implemented.
- Explained the format of the working group that involves three government branches: judicial, legislative and the executive, as well as international partners and donors.
- Presented the four topics that the working group is working on: 1) Managing the case flow; 2) Disciplinary measures; 3) Reform of the High School of Justice, 4) New Code of procedures of High Council of Justice, and the Commercial Chambers that will be discussed as soon as the concept is developed.

Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

- Underlined that IC Judicial Working Group would like to review the draft of the proposed changes to the legislation and give its feedback.

Zviad Chumburidze, President, EU-Georgia Business Council:

- Asked Eka Beselia to allow the IC business organizations to participate in the discussion with the Parliamentary Interagency Working Group.

Eka Beselia, Head of Parliamentary Legal Committee:

- Expressed her readiness to organize such meeting.

Progress on decisions of the previous IC meeting dated 6th September 2017

1. Reform of Judiciary:

Presenter: Mariam Megvinetukhutsesi, Head of Investors Council Secretariat

Main Points:

- ICS is cooperating with the Ministry of Justice (MoJ) on a regular basis on establishing the Commercial Chambers.
- British government provided the funding for the first stage of the project.

- Dechert/PWC started working with the MoJ on the project and hopefully for the next IC meeting Dechert will have completed working on the proposal on structure, governance and management of the Commercial Chambers.
- EBRD and US government will assist with the capacity building for the new judges, which will be the second phase of the project.
- GIZ consultants will do a Regulatory Impact Assessment after Dechert/PWC's work is completed to make sure the project is in line with the current legislation as well as with Georgia's EU aspirations.

Comments:

Giorgi Chirakadze, President, Business Association of Georgia:

- Introduced the results of BAG's survey which they conducted among its members about the positive and negative aspects of working in Georgia, according to which judiciary is the biggest problem in the country.
- Explained the necessity to communicate between the Judiciary and the businesses, in order for the Judiciary to clearly understand what the concerns the society has with the system are.
- Informed the audience that the BAG had a very productive first meeting the members of the High Council of Justice.

Tea Tsulukiani, Minister of Justice:

- Updated the IC members on the steps taken for offloading of courts.
- Announced that Ministry of Justice finished working on the draft law on Mediation, which was shared with and commented on by the ICS, and which will be presented to the parliament in January 2018.
- Confirmed that the presentation on Commercial Chambers structure, governance and management issues will be ready in several weeks to come.
- Expects the draft law on commercial chambers will be introduced to the parliament in 2018 and it will be implemented around January 2019.

Giorgi Mikautadze, Secretary of the High Council of Justice

- Spoke about Parliamentary Interagency Working Group's successful cooperation with the foreign experts and High Council of Justice.
- Underlined the importance of increasing Magistrate's responsibility for offloading the courts
- Shared his support for establishing Commercial Chambers within the court system.
- Touched upon the importance of the High School of Justice in training and preparing professional judges, hoping for foreign aid in building the capacity and providing training to the judges both in commercial and other fields of justice.

Giorgi Chirakadze, President, Business Association of Georgia:

- Raised the issue of remuneration of judges, which is currently on the law end, and addressed the importance of having adequate remuneration for judges, to ensure integrity, competence and independence of the profession.

Fady Asly, Chairman, International Chamber of Commerce Georgia:

- Expressed his complete support for Giorgi Chirakadze's opinion about judges' salaries.
- At the same time noting that the high pay would need to be combined with high accountability of judges.

Giorgi Kvirikashvili, Prime Minister:

- Thanked the private sector representatives for their engagement with judiciary.
- Requested the BAG to share the study with him.
- Stressed the importance of communication between the society and the judiciary.
- Underlined the importance of strengthening of the High School of Justice and asked the IC members to help find more donor support for the school.

Decision:

ICS will share BAG's study with the government.

MoJ will prepare the presentation about Commercial Chambers for the next IC meeting.

ICS will continue engaging with the MoJ, High Council of Justice and Parliamentary Interagency Working Group on the Reform of Judiciary.

2. Law of Entrepreneurs, Insolvency Law, and Injunction Practice

Presenter: Dr. George Jugeli, Legal Expert, IC Secretariat:

- Announced that the IC Secretariat working group on company law reform worked closely with the MoJ and international experts to discuss their recommendations on the draft law to make it more business friendly, as a result of which majority of the recommendations were considered by the drafters.
- Presented updates about the Insolvency Law reform, hoping that the novelties in the new draft will positively influence ease of doing business in Georgia.
- Announced that the ICS will convene a working group to promote insolvency reform along with MoJ and GIZ.

Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

- Thanked the Minister of Justice for considering Company Law Working Group's comments on the Law of Entrepreneurs.
- Expressed her hopes that the MoJ will accelerate its work on the Insolvency Law.

Tea Tsulukiani, Minister of Justice:

- Notified the audience that the work on Regulatory Impact Assessment (RIA) for the Law of Entrepreneurs is over, which means it's time to start consultations with judiciary and stakeholders on the draft law, after which there will be a final round of discussions with Private Law Council established by the government and then the draft law will be presented to the parliament.
- Announced that more consultations are needed with the Ministry of Finance and other stakeholders on Insolvency Law; GIZ already announced a tender to find a company which will do RIA; timeline for submission to the parliament is Spring 2018.

Decision:

The ICS working group will work with MoJ to accelerate the completion of the Insolvency Law reform.

3. Tourism Board Establishment, cooperation with the MoESD

Presenter: Mariam Megvinetukhutsesi, Head of Investors Council Secretariat

- ICS came up with the concept of the technical assistance project for the GNTA, which concept has been approved by the British government, the project will commence in 2018.
- Announced that the Tourism Board nominated by the ICS will have a meeting in December 2017 to have a look at the Tourism Budget and provide recommendations, and thereafter will have quarterly meetings with the GNTA to ensure regular formalized public private dialogue on tourism.
- Conveyed to the newly appointed Minister of Finance the businesses' request to increase the tourism budget for 2018.

Mamuka Bakhtadze, Minister of Finance:

- Announced that tourism's portion in GDP has doubled in the last five years, therefore the ministry has decided to increase the budget for the Tourism in 2018.
- Shared his expectations that the tourism industry will keep growing significantly in the future.

Decision:

The ICS Tourism Board will meet in the second half of December 2017 and provide its recommendations to the GNTA and MoESD, once the board members have received the draft budget.

Discussion Topics

Organic Law on the Agricultural Land Ownership

Presenter: Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

- Spoke about the importance of involving the private sector in the early stages of the discussions for drafting the Organic Law on the Agricultural Land Ownership rights.

Michael Cowgill, President, American Chamber of Commerce:

- Expressed his concerns on the lack of information on the work on the organic law, referring to the letter from IC members send to the PM

Giorgi Kvirikashvili, Prime Minister, Chair of Investors Council:

- Reassured everyone that the draft will be made available for public consultations once ready.
- Explained that the draft will consider the best international practice as well as the regional context.

Decision: ICS will obtain the draft once it is ready for public disclosure.

Miscellaneous

Fady Asly, Chairman, International Chamber of Commerce Georgia:

- Talked about the increasing optimism in the business sector as the communication between the government and private sector is becoming more constructive.
- Asked for having the Pension reform as one of the topics for discussion for the next IC meeting.

Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

- Announced that the ICS is planning a meeting with various stakeholders to come up with joint comments on the pension reform within the next week.
- Announced that ADB will no longer be part of the council as the two year term of membership has elapsed, while a new member will be nominated at the next meeting.

Michael Cowgill, President, American Chamber of Commerce:

- Touched upon the Student Visa issues in Georgia, underlining that Georgia has significant revenue potential from foreign students.

Giorgi Kvirikashvili, Prime Minister, Chair of Investors Council:

- Requested relevant ministers to look into this issue and to address the bottlenecks to encourage foreign students to come to Georgia for higher education.

It was agreed that next meeting would take place in early February 2018

Agenda of the next meeting among other issues will include:

1. Pension Reform

Other issues to be agreed upon in the due course.

Giorgi Kvirikashvili

Chair of investors Council

Mariam Megvinetukhutsesi

Head of IC Secretariat