

# Minutes of the 14th Meeting of the Investors Council

January 29, 2021

chaired by the  
Prime Minister of Georgia Giorgi Gakharia

## Present at the meeting

### Participating Members of the Investors Council:

- Giorgi Gakharia, Prime Minister, Chair of Investors Council
- Maya Tskitishvili, First Deputy Prime Minister, Minister of Regional Development and Infrastructure
- Ivane Matchavariani, Minister of Finance
- Natia Turnava, Minister of Economy and Sustainable Development
- Gocha Lortkipanidze, Minister of Justice of Georgia
- Levan Davitashvili, Minister of Environment Protection and Agriculture
- Catarina Bjorlin Hansen, Regional Director for Caucasus, EBRD
- Mark Clayton, Ambassador of the UK to Georgia
- Thea Gigiberia, Country representative, IFC
- Sarah Williamson, President, American Chamber of Commerce in Georgia
- Samson Pkhakadze, Chairman, Business Association of Georgia
- Giorgi Pertalia, President, Georgian Chamber of Commerce and Industry
- Zviad Chumburidze, Secretary General, EU-Georgia Business Council
- Fady Asli, Chairman, International Chamber of Commerce Georgia
- Sascha Ternes, Chairman of the Board, German Business Association
- Mustafa Tabakoglu, Executive Board Member, Georgian and Turkish Businessmen's Association
- Nino Kvetenadze, Acting Business Ombudsman of Georgia
- Giorgi Cherkezishvili, Head of Investors Council Secretariat

### Invited Guests:

- Sebastian Molineus, World Bank Regional Director for the South Caucasus
- Mikheil Khidureli, Head of Enterprise Georgia
- Levan Vepkhvadze, Executive Director, Business Association of Georgia
- George Welton, Executive Director, American Chamber of Commerce in Georgia
- Thomas Kimmeswenger, Executive Director, German Business Association
- Giorgi Kacharava, Executive Director, EU-Georgia Business Council
- Khatia Bukhrashvili, Secretary General, International Chamber of Commerce Georgia
- Nino Suknidze, Vice President, Georgian Chamber of Commerce and Industry
- Salome Gagua, Chief of the staff, Prime Minister's Office
- Ellen Wichmann, Head of the GGF Georgia, British Embassy in Georgia
- Givi Chanukvadze, GGF Economic Projects Manager, British Embassy in Georgia
- Loretta Martikian, Communications, EBRD
- Hester Coutanche, EBRD

- Christine Hagedorn, EBRD
- George Jugeli, Legal Expert, Investors Council Secretariat
- George Lomidze, Business Analyst, Investors Council Secretariat

## Opening Remarks

Giorgi Gakharia, Prime Minister, Chair of Investors Council:

- Welcomed the participants.
- Thanked the IC Secretariat for organizing the meeting and mentioned that it looks like the Council should meet once a month in this challenging period.
- Announced the meeting's agenda to be focused on how the Government is planning to reopen economy and start the process of lifting restrictions, with the priority of protecting jobs, supporting investors and local producers.

Mark Clayton, Ambassador of the UK to Georgia:

- Once again confirmed support for the Investors Council as an important mechanism for dialogue between government policymakers and the private sector.
- Talked about the challenges that the governments and businesses are facing around the world and about the dilemma between health and economic growth, mentioning UK's experience in this regard.
- Stressed that Georgia is not alone in this crisis and that the UK with EBRD and other partners is working with the Government of Georgia to develop a range of COVID-19 economic recovery strategies.
- Underlined the importance of vaccination and the support of UK to COVAX platform and expressed hope that in the course of the next few months that program will be able to deliver a rapid rollout of vaccine.

## Progress on activities of the ICS in 2020 and Investors Council Work Plan 2021-2022

Giorgi Cherkezishvili, Head of Investors Council Secretariat:

- On behalf of the IC Secretariat and all members, expressed gratitude to the British Embassy and wished the new Ambassador success in his work in Georgia.
- Welcomed new members of the Council, Mr. Gocha Lordkipanidze, new Minister of Justice, and Ms. Sara Williamson, new president of AmCham Georgia.
- Spoke about the activities and achievements of the Investors Council together with its partners over the past year, including the next steps to be taken:
  - Adoption of the new Law on Investment Funds in July 2020.
  - The reform of insolvency and the adoption of the new Law on Insolvency in September 2020. ICS continues cooperation with MoJ and other actors to support the completion of this reform and adoption of several secondary normative acts.

- The draft Law on Factoring was prepared with the support of EBRD’s international experts and a working group including Ministry of Finance, National Bank of Georgia and Ministry of Economy and Sustainable Development. In the nearest future Ministry of Finance will present the draft law to the Government for approval and further procedures in the Parliament.
- Two technical assistance projects funded by the GGF have started: “Development of Alternative Financing mechanisms for MSMEs” and “Functional Analyses and Development of Roadmap for State Support Programs”. The projects should be completed in March 2021 and the results will be presented at the next IC meeting.
- The discussions on the draft Law on Entrepreneurs are expected to start in the Parliament in Spring 2021. ICS will continue working with the state actors and other stakeholders including the Parliament to speed up the adoption of the draft together with other relevant legislation changes.
- Adoption of the procedure of approval of investment plans on agricultural land ownership by foreigners by the Ministry of Environment Protection and Agriculture. ICS is expecting to receive a revised version of the regulation that will enable much needed FDI in the agriculture sector.
- In April and September 2020, two surveys of Georgian economy and businesses were conducted by PwC Georgia with active involvement of ICS and funded by GGF.
- A technical assistance project “Assessment of the Impact of Covid-19 on the Georgian Economy and preparation of a Medium-term Strategy for recovery and Tax revenue shortfalls” funded by EBRD started in January 2021. The assessment will enable the Government to understand the extent of the impact of the pandemic on priority economic sectors and help identify medium and long-term policy measures and initiatives
- Briefly spoke about some topics of work plan of the Council for 2021-2022 such as Public procurement reform, business disputes and judiciary, energy reform, construction sector, digitalization, cooperation with National Tourism Administration, and support to Enterprise Georgia.

Catarina Bjorlin Hansen, Regional Director for Caucasus, EBRD:

- Thanked the IC Secretariat for the work done over the past year, as well as all members of working groups, and all members of the Investors Council.

### Discussion on Covid-19 pandemic and responses

George Welton, Executive Director, American Chamber of Commerce in Georgia:

- Announced that this section of the meeting will be dedicated to the discussion of most pressing issues related to the pandemic, namely the following four topics: support to businesses and specific sectors hard-hit by the crisis, communication between government and businesses, government vaccination plan, and medium-term priorities in response to crisis and plans for reopening the economy.
- Starting with the issue of support to businesses and specific sectors hard-hit by the crisis, acknowledged the work that has been done by the Government and the IFIs.

- Asked the Prime Minister to address the plans of the Government for support of business moving forward.

Giorgi Gakharia, Prime Minister, Chair of Investors Council:

- Mentioned the limited nature of resources the Government of Georgia has and underscored the importance of effective use of these resources.
- Mentioned the Government support to small and medium businesses most affected by the pandemic especially those from or related to tourism sector.
- Pointed out very high level of uncertainty and difficulty of planning and stated that Government is preparing for still very difficult situation in 2021 and possibly even 2022.
- Asked the Minister of Finance to elaborate on this issue.

Ivane Matchavariani, Minister of Finance:

- Talked in detail about the Government relief and stimulus measures for businesses conducted since the start of the pandemic and plans going forward.
- Spoke about the Government's commitment to reforms despite the pandemic and mentioned transfer of VAT refund to a fully automated system in November 2020, calling it a success and comparing its importance to profit tax reform conducted several years ago.

Zviad Chumburidze, Secretary General, EU-Georgia Business Council:

- Proposed to set up additional format of communication between the Government and business within the framework of Investors Council for the period of pandemic which would imply weekly meetings chaired by Deputy Prime Minister with participation of line ministers, or deputy ministers and other sectorial associations depending on topic.

Giorgi Gakharia, Prime Minister, Chair of Investors Council:

- Thanked Mr. Chumburidze for the proposal and promised to consider this idea with the Government members.
- Noted that the immediate plan to fill some communication gap with the businesses the Government is to appoint a new Business Ombudsman (the selection process is underway) in the nearest future, to hold frequent meetings on specific topics with, and also make the IC meetings more frequent.

Sarah Williamson, President, American Chamber of Commerce in Georgia:

- Referring to what the Minister of Finance said noted that it is very important to inform the public and businesses about everything that has been done by the Government to fight the crisis
- Echoed the speech of Ambassador Clayton and reiterated the important of balance between economic consideration and health risks in regard to the process of lifting the restrictions.
- Suggested the Government to appoint a particular contact person for business associations and IC members who could be contacted on all urgent matters and who will have the authority to make decision on an issue or quickly take it to a higher level.

Giorgi Gakharia, Prime Minister, Chair of Investors Council:

- Agreed with Ms. Williamson and suggested that Investors Council Secretariat could serve as contact point between the Government and business associations.
- Once again mentioned the risks associated with immediate lifting of all restrictions and assured IC members that the Government will start gradually opening up the economy in February.

Sascha Ternes, Chairman of the Board, German Business Association:

- Praised the efforts of the Government in communication with particular businesses to prepare them for opening-up and recommended to also employ Investors Council more actively to quickly channel the information to thousands of companies that IC member associations unite.
- Suggested to include one representative of Investors Council in all meeting with businesses.

George Welton, Executive Director, American Chamber of Commerce in Georgia:

- Asked the Prime Minister to share information on the Government's plan for coronavirus vaccination and what potential role the business association could play to assist the Government in this process.

Giorgi Gakharia, Prime Minister, Chair of Investors Council:

- Said that the Government has the National Vaccination Plan but he is not ready to announce particular details.
- Mentioned that the vaccination should probably start in March and as soon as more details will be known they will be immediately communicated to the public.

George Welton, Executive Director, American Chamber of Commerce in Georgia:

- Asked the Government to share information on medium-term priorities in response to crisis and plans for reopening the economy.

Maya Tskitishvili, Deputy Prime Minister, Minister of Regional Development and Infrastructure:

- Emphasized that the pace of opening-up depends on the epidemiological data and so-called positivity rate and once this rate is below 4 percent the processes of lifting of restrictions can be sped up.
- Said that from February 1, most of the restrictions will be lifted all over Georgia except Tbilisi, Kutaisi and Rustavi and in those 3 cities the positivity rate is being monitored daily and the Government is considering the possibility to restart public transport and schools ahead of schedule announced earlier.

Natia Turnava, Minister of Economy and Sustainable Development:

- Mentioned the lifting of any restrictions on international flights to and from Georgia.
- Announced that all visitors who can provide certificates of full cycle of vaccination will be allowed to Georgia, as well as citizens of EU, the United States, the UK and several other countries in case they present a valid negative PCR test.

Mustafa Tabakoglu, Executive Board Member, Georgian And Turkish Businessmen's Association:

- Inquired about conditions for entry to country for permanent residents of Georgia who are citizens of the countries from which the entry to Georgia is not allowed with negative PCR test.

Giorgi Gakharia, Prime Minister, Chair of Investors Council:

- Agreed that is an important issue and the Government is currently working on the solution.

### **Suspension of certain regulations that are costly for businesses and a moratorium on new ones for the period of crisis**

Samson Pkhakadze, President, Business Association of Georgia:

- In order to give further relief to businesses in the current crisis proposed to abstain from new regulations in 2021 that will carry additional financial burden for the businesses and to suspend execution of regulations that are already adopted and that should come into force in 2021.

- Reminded the IC members about the difficulties Georgian pharmaceutical producers are facing regarding the planned mandatory GMP standardization from January 1, 2022 and urged Government to individually consider investment plans and schedules for transfer to new standard for Georgia companies and adjust deadline accordingly.

Giorgi Gakharia, Prime Minister, Chair of Investors Council:

- Regarding GMP standardization noted this is issue is still undecided and the Government is open for discussions.
- Expressed readiness to consider temporary suspension of certain regulations however keeping in mind Georgia's obligation with international partners, within DCFTA and other treaties.
- In conclusion, once again expressed readiness to gather more frequently in the format of Investor Council meetings.