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1. Introduction

The main objective of the report is to present an overview of the performance and achievements of the Investors Council Secretariat (ICS) during January 1 - December 31, 2019, in view of the duties as specified in:

- The Memorandum of Understanding signed between the Government of Georgia and EBRD on 12 April 2015;
- Terms of Reference related to the Head of the Secretariat of Investors Council position

During the period in question, the ICS's main objective was to consolidate constructive dialogue between the private sector and the government.

In addition, the core objective has been to provide feasible recommendations to the Government of Georgia on the topics suggested by the business sector, and approved by the IC in 2019.

ICS continues to adhere to its main principle of transparency, inclusiveness, protection of interest of the business community and continuous support to the important initiatives undertaken by the government to enhance a healthy business and investment climate.

The ICS is currently being funded by the British Good Governance Fund technical assistance funds through the EBRD, and by the Georgian Government, that covers the cost of the rent of the ICS office.

2. The Secretariat

2.1 Objective of the Secretariat

The daily activity of the Investors Council (IC) is coordinated by the Secretariat of the Investors Council.

The Secretariat of the Investors Council:

- Based on the member's proposals, but also on the Government's priorities, develops the agenda of the meetings of the Investors Council (and submits for the approval to the Prime Minister);
- Coordinates everyday activity of the Investors Council: prepares the meetings, drafts proposals for discussion, conducts consultations with businesses;
- Provides to the Investors Council members summary views and suggestions on the subjects from the Investors Council agenda;

- Steers the implementation process of the Investors Council decisions, monitors and evaluates the results and assesses their impact and effectiveness on the business environment;
- Reports to the members of the Investors Council and to the Prime Minister on progress;
- Maintains close communication with the members of the Investors Council, state institutions and business community;
- Ensures the sustainability and continuity of the Investors Council;
- In collaboration with the press service of the Government, informs the public about the activities of the Investors Council.

2.2 Mandate

The Investors Council is established under the Prime Minister to act as a platform for dialogue between the representatives of the business community and the Government in order to further develop a favourable, non-discriminatory, transparent and constructive business environment.

The working languages of the Investors Council are English and Georgian.

3. Key Functions

The Investors Council is established as an inclusive platform for high-level dialogue between the government, IFIs and business community, with the purpose of:

- Promoting constructive dialogue and the consensus building on the necessary steps between the government and the private sector in order to address the most pressing issues for the development of the private sector, to improve the business and investment climate in the country.
- Identifying the main impediments to the business environment in different sectors of the economy and proposing intervention measures with efficiency and maximum impact for the business environment and investment climate.
- Discussing proposals for the relevant changes to the legislative or regulatory framework to address the above.
- Facilitating the exchange of experience and the best practices in the regulatory reform promotion process from other countries to contribute to the objectives of the Investors Council.

The Investors Council itself has no decision-making powers, yet on the basis of the debates and proposals of the Investors Council members, the Prime Minister will make informed decisions.

The Investors Council is not meant to replace the activity of any institution or any Ministry, but rather to provide a platform for dialogue, coordination, and prioritization of policies pursued by the State in the business environment, and to analyze the effectiveness of their activity.



Picture 1. Investors Council is a platform connecting the private sector and the government.

4. Topics Dealt by ICS

During the reporting period, there was one IC meeting conducted, preceded by multiple working group meetings to address the following issues:

1. Insolvency Law
2. Law on ownership of Agricultural Land by Foreigners
3. Law of Entrepreneurs
4. New draft Law on Investment Funds
5. Cooperation with the National Tourism Administration
6. EU Harmonization: Workplace Safety Standards
7. Energy sector of Georgia
8. Changes in the procedures and composition of the Investors Council

In 2019 one IC meeting was held, in May, chaired by Prime Minister Mamuka Bakhtadze.

4.1 Insolvency Law

Ministry of Justice of Georgia (MoJ) in cooperation with the Ministry of Finance (MoF) and the Ministry of Economy and Sustainable Development (MoESD) has been working on the insolvency reform with the assistance from GIZ.

The Insolvency Law Reform, based on its complexity and multidisciplinary nature, ideally should be co-led by the MoF and MoESD. To meet those needs the Ministries have been represented in the working group created by German Development Agency GIZ. ICS participated in the group as an institutional member. The group developed the first draft law on insolvency in the fall of 2017.

The draft law on insolvency aims at the improvement of the existing insolvency mechanism, and addresses concerns currently faced by both the secured and unsecured creditors. The Minister of Justice Ms. *Tea Tsulukiani* presented the draft at the meeting of the Investors Council in December 2017.

Alongside certain important but rather technical matters, two main issues remained unresolved and discussed between state agencies, particularly the MoF and MoJ:

- Fees for Services of the National Bureau of Enforcement (NBE)

In the initial draft, the NBE's role was limited to interim supervision of insolvency cases within 25 days after the commencement of a case. ICS believed that it was critical that the amount of the fee is reasonable so as not to discourage insolvency filings.

- The priority of Tax Liens

ICS position was that the priority of tax lien debt over secured creditors claims established earlier in time has to be eliminated.

In December 2018, the negotiations between the MoJ and MoF resulted in resolution of both critical issues in line with ICS recommendations: the interim supervision stage where NBE was involved was removed from the draft and tax claims would be treated as preferential unsecured claims.

The draft, modified accordingly, will be approved by the by the Government in early 2020 and uploaded on the Georgian Legislative Herald website, before going to the to the parliament for the legislative process.

During the reporting period IC completed working in cooperation with MoJ, MoF and other stakeholders on the Draft Law on Insolvency Proceedings (new title: Law on Rehabilitation and Collective Satisfaction of Creditors) including the explanatory notes. ICS will be actively involved in discussions within different parliamentary committees once the legislative procedure is initiated.

4.2 Law on ownership of agricultural land by foreigners

Drafts of the Organic Law on Agricultural Land and Law on Determination of designated purpose of land and sustainable management of the agricultural land has been reviewed and commented by ICS Land Law Reform Working Group. IC representatives, together with the representatives of the Agricultural Committee of the Parliament and the AmCham, also took part in PPD platforms for discussing the new legislation. The laws cover principal issues related to the ownership of the agricultural land by foreigners. The new legal regime creates a possibility for foreign or foreign-controlled enterprises to own the agricultural land based on investment plan subject to governmental approval. The laws refer to Decision of the Government as the secondary normative act to determine further technical procedures regarding decision-making on agricultural land ownership by foreigners.

For the practical implementation of the new legal regime of the agricultural land ownership, the government of Georgia should approve several regulations, most importantly, the regulation on submission and approval of investment plans. The draft governmental decree must be submitted by the Ministry for Agriculture and Environment in agreement with MoESD and approved by the Government till April 30, 2020, as the law provides. ICS will work closely with all stakeholder, particularly with the state actors in charge, for developing a practicable submission and approval procedures.

4.3 Law of Entrepreneurs

The MoJ has initiated the drafting process of the new Law on Entrepreneurs (LoE) back in 2013 with the support of USAID and GIZ legal programs. The first draft was completed by the end of 2016. ICS Legal expert is one of the authors of the draft LoE. The draft is intended to provide for more detailed and coherent regulations for the business organizations to contribute to a more predictable legal and judicial practice. Another major objective of the draft was the harmonization of the Georgian company law with the relevant EU directives.



Picture 2. Prof. Dr. George Jugeli, ICS Legal expert has been leading all workgroups associated with legislative changes

To develop recommendations for this important piece of legislation, IC Secretariat created a Company Law Working Group and, after several months of intensive work, provided relevant ministries and other stakeholders with detailed comments. All stakeholders accepted the overwhelming majority of the recommendations, and the draft has been modified accordingly in the October-December 2017.

During the reporting period, ICS continued working on the company law reform. In particular, with GIZ supports ICS legal expert participated in drafting extended explanatory notes (guide) to the draft law on Entrepreneurs, which is intended to serve as the first guide for practitioners. According to MoJ the draft should go the Parliament during in the nearest future together with the new insolvency law.

4.4 New Draft Law on Investment Funds

Based on the positive experience of the IC in establishing working groups to review draft legislation and to provide feedback to the government as part of public-private consultations, the ICS was approached by the representatives of the financial sector with a request to establish a working group to provide comprehensive comments on the new law on investment funds.

The ICS established the Capital Market Working Group comprising the key players from the relevant sectors, with support from USAID - G4G project, and, organized 16 working

meetings to review the draft in cooperation with the representatives of NBG. Detailed consolidated comments are provided to NBG. A part of the group's recommendations has already been reflected in the revised version of the Draft.

During the reporting period ICS working group was focused to ensure that the relevant changes to the Georgian Tax Code are as supportive as possible to the emerging industry of investment funds. The group members reviewed and commented on the first draft provided by MoF regarding taxation of investment funds and their unit holders.

ICS expects that the finalized legislative package be approved by the government and sent to the parliament in the spring 2020. ICS will be actively involved in parliamentary discussions together with ICS Capital Market Working Group members.

4.5 Cooperation with the National Tourism Administration

Establishment of the Tourism Board with the assistance of the ICS was decided and formalized in 2017. The board was comprised of the representatives of companies working in tourism and hospitality sectors, as well as representatives of tourism associations and marketing agencies.

The aim of the board is to have an organized policy dialogue between the tourism sector representatives and the Administration and the Ministry. Also to provide timely annual input to the Administration for the following year's tourism budget. The engagement and the initiative of the Administration is crucial for successful cooperation between the market players and the administration going forward. Main directions of the Board activities along inputs to the Marketing budget relate to tourism infrastructure, capacity development and regulatory issues.

In 2019 the cooperation with Georgian National Tourism Administration continued. In June, with the help of the Tourism Administration a meeting of IC tourism working group was held with the experts of USAID G4G projects working on new tourism regulatory framework. New draft tourism law was discussed and suggestions provided to the team working on the law.

Another meeting was planned at the end of June to discuss the draft Tourism Administration budget for 2020, however the Russian ban on direct flights to Georgia and subsequent crisis in the sector interrupted the regular schedule. The emergency meeting of IC members with the Head of Tourism Administration, Mariam Kvrivishvili, was held where the expected losses for the sector and economy as a whole, as well as potential steps by the Government and the private sector to mitigate these effects were discussed.

In October the meeting of IC Tourism Board members with Mariam Kvrivishvili, the Head of National Tourism Administration on budget of 2020 was held. The Tourism Administration presented draft budget for tourism for the next year and the members of the board provided their opinions and suggestions. As it was mentioned in the previous report, this meeting was planned in June though due to the crisis in the sector following the Russian ban on direct flights to Georgia, Tourism Administration did not manage to hold this meeting before early October. In the meeting it was noted by the members of the Tourism Board that in 2020 it would be expedient to start discussion on the next year's budget with the Tourism Administration in May or June to have enough time to be able to provide proper feedback and the Administration to have enough time to take everything into account.

4.6 EU Harmonization: workplace safety standards

The EU – Georgia Association agreement contains comprehensive obligation regarding the harmonization with numerous EU legal instruments. Annex XXX contains the list of EU directives on Employment, social policy, and equal opportunities. During the reporting period, ICS worked with the Ministry of Internally Displaced Persons from the occupied Territories, Labor, Health and Social Affairs (MOH). ICS and AmCham provided comments on the draft governmental decree “On the minimum safety and health requirements for work with display screen equipment” developed based on Council Directive 90/270/EEC of May 29, 1990. During the further working meetings at MOH, with efforts of ICS AmCham and GBA the majority of the comments has been accepted by MOH. ICS expects to see the revised draft decree from MOH by the end of March, 2020.

ICS will work with responsible ministries and other stakeholder to ensure that legal changes to the business-related legislation to comply with relevant EU Directives are implemented in a business-friendly manner. ICS will review the revised draft decree on the minimum safety and health requirements for work with display screen equipment to assure that the recommendation for the businesses are duly reflected in the text. As to the labor legislation in general, further changes to the labor code and other labor-related legislative acts are to be expected. ICS will monitor closely this process and intervene when necessary to protect the interest of the business community.

4.7 Energy Sector of Georgia

Energy security of the country is one of the key issues where the Investors Council is keen to engage more actively. Electricity market development is particularly crucial in this regard. At the same time electricity generation is one of the most attractive sectors for investors. Certain problems and concerns have been voiced by the representatives of

companies involved or interested in Georgia's electricity market and brought to the attention of the Investors Council members. A working group has been formed at the Investors Council to identify challenges to development of electricity generation and export from Georgia focusing on renewable sources of energy (hydro, wind, solar). Representatives of companies and investors involved in the sector, Investors Council members, IFIs and development partners are part of this working group. ICS held meetings with the Deputy Minister of Economy and Sustainable Development in charge of energy sector and the CEO of Georgian Energy Development Fund to identify the government's plans in the sector. It was agreed that respective government agencies will participate in working group meetings.

The next step for ICS is to establish dialogue of the members of the working group with the government and ensure the progress is achieved. The ICS aims to have the most critical problems of the sector identified together with most effective solutions that will be agreed among the key players of the sector, both private and public. The findings will be presented to the IC for approval and to ensure that the relevant actions are taken.

4.8 Changes in the procedures and composition of the Investors Council

In 2018, Asian Development Bank left the council, and another IFI/donor is to be selected as a new member. Based on the fact that there are only a few IFIs present with resident representations in Georgia, it was agreed that the IC would consider accepting other donors as rotating members to the council. In 2019 the UK Embassy in Georgia became the first such rotational member of the IC, reflecting the role of the UK Government in supporting the IC and its activities.

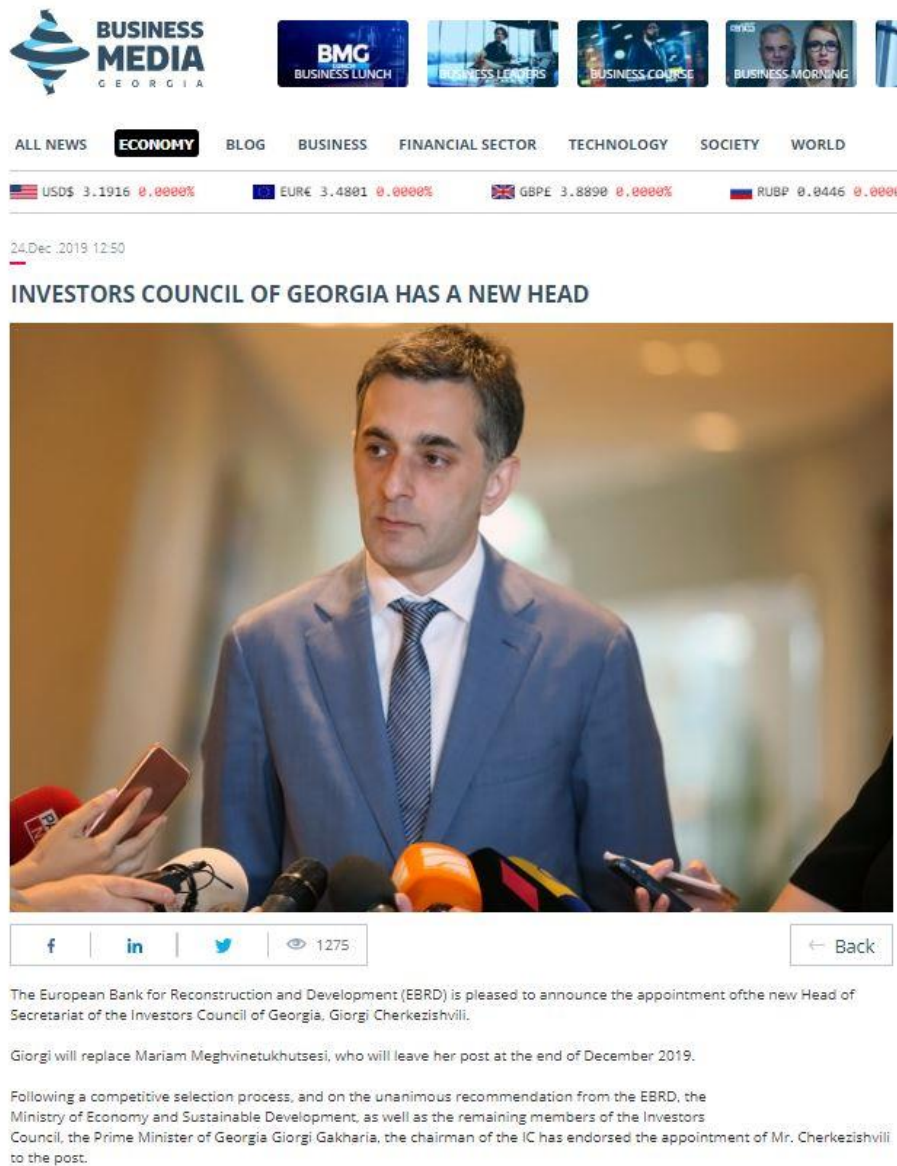
Since its inception, the IC has been receiving requests from a number of business associations to accept them as members. Prompted by the principles of transparency and inclusivity, the Council Secretariat prepared changes in the regulations of the council, to reflect the selection process of two rotating business association members. The rotation envisages a 24-month membership term for rotating business associations. The proposal on the selection of the business associations has been to delegate the selection to the founding business associations and the member IFIs/donors, and the final decision to require the Prime Minister's endorsement.

On 21st of June 2019, The Secretariat of the Investors Council (IC) Georgia announced a call for applications for two non-permanent (rotating) members. The deadline for submission of the application documents was July 8, 2019. Six organizations expressed their interest to participate, After a competitive selection process, two rotating members were selected to join the IC: The German Business Association (DWV) and Georgian and Turkish Businessmen's Association.

5. Communications and Publicity

5.1 Website

The IC Website (www.ics.ge) has been managed by the Secretariat since its launch in December 2015. The website provides essential information about the Investment Council such as IC meetings (agenda, minutes of the meetings, PPT presentations, technical notes, etc.), press releases after every IC Meeting, IC & Secretariat's activities such as important meetings with stakeholders and focus-group meetings, publications in the media, etc.



The screenshot shows the homepage of the Business Media Georgia website. At the top, there is a navigation menu with categories: ALL NEWS, ECONOMY (highlighted), BLOG, BUSINESS, FINANCIAL SECTOR, TECHNOLOGY, SOCIETY, and WORLD. Below the menu, there are currency exchange rates for USD, EUR, GBP, and RUB. The main content area features a news article titled "INVESTORS COUNCIL OF GEORGIA HAS A NEW HEAD" dated 24 Dec 2019 12:50. The article includes a photograph of Giorgi Cherkezishvili, the new head of the Secretariat, speaking at a press conference. Below the photo are social media sharing icons for Facebook, LinkedIn, and Twitter, along with a view count of 1275. A "Back" button is also visible. The article text states: "The European Bank for Reconstruction and Development (EBRD) is pleased to announce the appointment of the new Head of Secretariat of the Investors Council of Georgia, Giorgi Cherkezishvili. Giorgi will replace Mariam Meghvinetkhutsesi, who will leave her post at the end of December 2019. Following a competitive selection process, and on the unanimous recommendation from the EBRD, the Ministry of Economy and Sustainable Development, as well as the remaining members of the Investors Council, the Prime Minister of Georgia Giorgi Gakharia, the chairman of the IC has endorsed the appointment of Mr. Cherkezishvili to the post."

Picture 3. New Head of IC Secretariat, Giorgi Cherkezishvili.

5.2 Media Appearance

Media and the general population interested in the business environment in Georgia keep track of Investors Council's meetings. There are several articles and videos uploaded online describing major events concerning the IC. Few of the media reports include Maestro TV, TV Pirveli, Rustavi 2, First Channel (Georgian Public Broadcaster), bm.ge, tabula.ge, commerciant.ge, etc.

ANNEX 1. Agenda and minutes of the 10th Investors Council meeting

**10th Meeting of the Investors Council
May 7, 2019
State Chancellery**

Agenda

Opening speech by the Prime Minister Mamuka Bakhtadze

Progress on decisions of the last meeting of IC dated October 1. 2018

1. Judicial Reform, Commercial Chambers

· Presenter: Mariam Megvinetukhutsesi, Investors Council Secretariat

2. Organic Law on Agricultural Land

● Presenter: Mariam Megvinetukhutsesi, Investors Council Secretariat

3. Temporary EU Employment for Georgian Citizens

● Presenter: George Kacharava, EUGBC

4. Insolvency Reform

● Presenter: Giorgi Jugheli, Investors Council Secretariat

5. New Law on Investment Funds

● Presenter: George Jugheli, Investors Council Secretariat

6. Changes in the procedures and the composition of the council

● Presenter: Mariam Megvinetukhutsesi, Investors Council Secretariat

Proposed new topics

1. Empowering investor aftercare function of Enterprise Georgia
2. Draft law on regulatory impact assessment

Miscellaneous:

Current pressure on business

· Presenter: Fady Asly, Chairman, ICC Georgia

Approval of the next IC meeting date and preliminary agenda

Minutes of the Tenth Meeting of the Investors Council

**May 7, 2019, 14:00 at the State Chancellery Chaired by the
Prime Minister of Georgia Mamuka Bakhtadze**

Present at the meeting

Participating Members of the Investors Council:

- Mamuka Bakhtadze, Prime Minister, Chair of Investors Council
- Natia Turnava, Minister of Economy and Sustainable Development
- Mzia Giorgobiani, Deputy Minister of Regional Development and Infrastructure
- Giorgi Khanishvili, Deputy Minister of Environment and Agriculture
- Irakli Lekvinadze, Business Ombudsman of Georgia
- Michael Cowgill, President, American Chamber of Commerce in Georgia
- Samson Pkhakadze, Chairman, Business Association of Georgia
- Nino Chikovani, President, Georgian Chamber of Commerce and Industry
- Zviad Chumburidze, Secretary General, EU-Georgia Business Council
- Fady Asly, Chairman, International Chamber of Commerce Georgia
- Justin McKenzie Smith, Ambassador of the UK to Georgia
- Thea Gigiberia, Country representative, IFC
- Mariam Megvinetukhutsesi, Head of IC Secretariat

Invited Guests:

- Mikheil Sarjveladze, First Deputy Minister of Justice
- Irakli Aslanishvili, Executive Director, Business Association of Georgia
- Giorgi Kacharava, Executive Director, EU-Georgia Business Council
- George Welton, Executive Director, American Chamber of Commerce in Georgia
- Givi Chanukvadze, GGF Economic Projects Manager, British Embassy in Georgia
- Mikheil Khidureli, Director, Enterprise Georgia
- Loretta Martikian, Communications, EBRD
- George Jugeli, Legal Expert, Investors Council Secretariat
- George Lomidze, Business Analyst, Investors Council Secretariat

Opening Remarks by the Prime Minister:

Mamuka Bakhtadze, Prime Minister in his opening remarks:

- Welcomed the attendees;
- Started with evaluation of the economic performance of the country in the first quarter of 2019, considering it satisfactory and mentioning that Georgia was the only country in the region that had its outlook upgraded to positive by S&P;
- Identified Georgia's current account deficit as a major weakness of the country and mentioned third quarter of 2018 as a "historic milestone" as it was the first time since independence that Georgia had current account surplus;
- Reported on Government's efforts towards larization, very important for reduction of FXrelated risks for Georgia; pledged to continue efforts in this direction;
- Declared the government's commitment to adopt the laws in the formulation of which the IC was actively engaged in the second quarter of 2019: Law on Insolvency Proceedings, Organic Law on Agricultural Land Ownership, and Law of Entrepreneurs;
- Announced plans to adopt new legislation that would grant significant tax preferences to foreign companies that would open head offices in Georgia;
- Reported on the intensive work on the new Customs and Tax Codes by the Ministry of Finance, where the Council would be urged to get involved;
- Announced that the education reform is underway and respective legislation should be adopted by the Parliament in June. According to the new legislation the Government will have the obligation to gradually increase expenditures on education up to 6% of the GDP by 2022

1. Organic Law on Agricultural Land

Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

- Expressed satisfaction with progress with Law on Agricultural Land and thanked the Government and the Agricultural Committee of the Parliament for taking into account the recommendations of the IC. The draft Law in its current shape is acceptable to the members of IC

2. Temporary EU Employment for Georgian Citizens

Giorgi Kacharava, Executive Director, EU-Georgia Business Council:

- Reported on the progress regarding temporary employment of Georgian citizens in EU, mentioning the ratification by France of the bilateral agreement with Georgia and work on respective agreements with other EU member states.

Mamuka Bakhtadze, Prime Minister:

- In regard to temporary employment of Georgian citizens in EU stressed the importance of reforms in vocational education that are underway and identified harmonization of Georgian vocational education system with that of EU as a priority.

3. Insolvency reform

Presenter: George Jugeli, Legal Expert, Investors Council Secretariat

Main Points:

- In the Law on Insolvency Proceedings, two main recommendations of the IC were the reduction of the fee for services of the National Bureau of Enforcement and removal of the priority of the tax liens over secured creditors. Both recommendations were taken into account.
- Ministry of Justice prepared together with the main draft relevant changes to other statutory acts, as well as explanatory notes and RIA document
- Considering all those positive developments the new draft once adopted should be significant step forward for investors' confidence and business friendly environment in Georgia

4. New draft Law on Investment Funds

- The IC established a working group to work on the draft Law on Investment Funds comprising the key players from the relevant sectors with support from USAID G4G project and reviewed the draft in cooperation with the National Bank of Georgia. Detailed consolidated comments have been provided to the National Bank and it is expected that substantial parts of group's recommendations will be reflected in the revised version of the draft law and secondary normative acts

Mamuka Bakhtadze, Prime Minister:

- Specifically mentioned the positive effect the new insolvency law will have on commercial banks' performance, interest rates, and on risk profile of the investment projects. The next step, which the Government is about to take, is to work on the law on insolvency of individuals.
- Also added that the Government already completed work on draft law on start-ups and technological companies.

5. Changes in the procedures and the composition of the Council

Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

- Provided an update on changes in the procedures and the composition of the Investors 4 Council.
- Stated that all the details should be finalized within a period of two weeks and will be ready for government approval and then the new rotational members can be elected.

Proposed new topics

Mariam Megvinetukhutsesi, Head of Investors Council Secretariat:

- Stated the three issues the IC has been dealing with, namely the Law on Insolvency Proceedings, Organic Law on Agricultural Land, and Law on Entrepreneurs, have been resolved or are nearing the resolution, and proposed two potential issues that IC could

start working on: Empowering investor aftercare function of Enterprise Georgia and draft law on Regulatory Impact Assessment (RIA)

Fady Asly, Chairman of International Chamber of Commerce Georgia:

- Stressed the importance of investor aftercare and emphasized the necessity of political will for empowering the institution responsible for this function to make it more effective

Mamuka Bakhtadze, Prime Minister:

- In this context added that a new Deputy Minister of Economy and Sustainable Development responsible for this issue is about to be appointed and asked Natia Turnava, Minister of Economy and Sustainable Development, to elaborate on this topic.

Natia Turnava, Minister of Economy and Sustainable Development:

- Explained that the new Deputy Minister of Economy will be fully responsible for coordination between different agencies and ministries, the coordination will be led by the Ministry of Economy and by doing so the concept of the one stop shop for investors will be strengthened.

Samson Pkhakadze, Chairman of Business Association of Georgia:

- Thanked Prime Minister for starting legislative process for the new Law on Regulatory Impact Assessment that can be an effective tool in the hands of the Government.
- Pointed out the expedience of one amendment to the draft law: according to the current draft all legislative initiatives of the Government have to go through RIA, however this does not apply to the initiatives of the Parliament members. Asserted that in order for the new law to be effective this procedure should apply to all legislative initiatives including the Parliamentary initiatives.

Miscellaneous:

Current pressure on businesses

Presenter: Fady Asly, Chairman of International Chamber of Commerce Georgia:

- Pointed out slowdown of the growth of Georgian economy and the potential to return to double-digit growth rate in case of further improvement of the business and investment climate
- Asserted that main hurdle for business in Georgia for the past twenty years has been the pressure from the Government, oftentimes politically motivated.
- Pointed out details of particular cases of pressure on business in recent years: Philip Morris and British American Tobacco, Omega Group, TBC Bank and Anaklia Development
- Asked the Government to ease pressure on business, resolve problematic cases listed above and take measures to improve business climate.

As per the request of Mr. Asly his speech has been added to the minutes in the Annex 1.

Mamuka Bakhtadze, Prime Minister:

- Generally disagreed with Mr. Asly's negative assessment of Georgian economic growth and FDI figures, pointing out the general economic slowdown in the region in the recent

years and Georgia still having higher growth rates than its neighbors. However, added that more can be achieved and the Government will do its best in this direction

- Regarding particular cases of pressure on business listed by Mr. Asly, Prime Minister ruled out any political motivation and presented his view on the objective reasons behind each problematic case and pointed out accountability of the businesses
- Regarding Omega Group Prime Minister asserted that it is purely a case of tax debt, namely excise tax. This debt had been accumulating for years and the tax authorities had provided extension to the company 16 times. Moreover, in 2012 the new government showed significant support to Omega Group and facilitated the return of assets the company was unduly deprived of during the previous government.
- On Anaklia Development Prime Minister noted that the Government regards this project as vitally important for Georgia and fully supports it from the very inception. The Government held negotiations with European partners and IFIs to ensure support and funding for this project, continues to fulfil its commitments regarding provision of land and development of infrastructure.
- Recognizing TBC Bank as a key systemic bank in the country, the Prime Minister stated that after the agreement was reached and the joint statement was made by TBC Bank and the National Bank of Georgia, he does not see any uncertainties or any open questions on this matter.

Black Sea electric power underwater transmission line project

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

- Briefed the Council on the steps taken towards formulation of Black Sea electric power underwater transmission line project and the significance of this project for Georgia's energy sector and economy as a whole
- Kindly asked the Prime minister to approve signing of the memorandum of understanding on project promotion between the Government of Georgia and EU-Georgia Business Council.

Mamuka Bakhtadze, Prime Minister:

- Confirmed that the Government has the same view on significance of this project and that the Ministry of Economy and Sustainable Development has already started working on this issue.
- Mentioned that he already discussed this project with his Romanian and Bulgarian colleagues.

Natia Turnava, Minister of Economy and Sustainable Development:

- Informed the Council that the Government has already approached EU energy community secretariat with a request to give high priority status to this project.
- Acknowledged that support of EU-Georgia Business Council will be instrumental for successful implementation of this project, and that the Memorandum draft is being reviewed by the Ministry.



It was agreed that the next meeting of the Investors Council would be held in summer 2019.