



# Georgian Business Development News

*Issue N1, January 2007*

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(MKD) Law Firm**

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- **Bank of Georgia is Planning to Issue Euro Obligations**
- The JSC Bank of Georgia is planning to issue Euro obligations on the international market. The exclusive manager for presenting the Bank's obligations will be the leading American consulting company Merrill Lynch. Since January 22 Merrill Lynch is planning to present the obligations in Singapore, Hong-Kong and four European countries.
- Bank of Georgia noted that it will be the first time that Euro obligations will be nominated not in national currency but in USD.
- On November 29 the Bank of Georgia presented stocks for 160 million dollars to the London Stock Exchange. This is the first time that a Georgian Bank has taken part in LSE trade. 9 million stocks were sold during the IPO. Global deposit receipt evaluated these papers for the sum of 160 million dollars.
- Last week the price for the GDR of the Bank on the London Stock Exchange was raised by 3.2 % and reached 23.25 dollar per piece. According to the data for September 30, 2006, assets of the Bank of Georgia reached 482.6 million dollars, the volume of obligations – 403.3 million dollars, bank stocks – 75.2 million dollars. The net profit of the company is equal to 7.94 million dollars.
- (Georgian Business Week)
- **Bank of Georgia Acquired Share in Ukrainian Bank**
- Lado Gurgenidze, chairman of Bank of Georgia supervisory board, has confirmed today the information on acquiring shares of one of Ukrainian banks.
- Bank of Georgia owns 3% of shares for now, but plans to raise the share up to 97%, Gurgenidze declared to journalists. He refused to name the Ukrainian bank until the procedures will be completed. Bank of Georgia is expecting to receive consent from Antimonopoly Service of Ukraine, while the whole process will be finished in April of following year, Gurgenidze mentioned.
- This is the first case when Georgian bank becomes owner of foreign bank. Bank of Georgia, along with TBC-Bank, is leading in the Georgian banking sector.
- (Sarke Information Agency)
- **German Company Kutter To Make \$100m Investment In Georgia**
- German company Kutter will make \$100 million investment in Georgia within the following year, Onur Ersen, the regional office representative declared today at a news conference. The concrete and cement production, infrastructure and roads construction will be implemented under the investment project.
- Ersen has noted that the company will participate in tenders on road constructions in Georgia, in particular in

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- Samtskhe-Javakheti region, where Millennium Challenge Georgia (MCG) will carry out the project. The tender participant is to have at least \$75 million investments, while the volume of capital investments, made by Kutter, amounts to \$3 billion, Ersen mentioned.
- The company plans to use own materials during construction. The output of cement factory, build by Kutter, will reach 300 cubic m daily, Ersen declares. In the future, the company intends to export construction materials to Azerbaijan, Moldova and Ukraine.
- The regional center, headed by Ersen, will be founded for this purpose in Georgia. Land plot for office construction will be purchased in near future.
- Kutter was founded in 1970 and has operations in such countries as Austria, Great Britain, Poland, Spain and Russia.
- (Sarke Information Agency)
- **10 Locally Produced Wine Brands will Register at World Intellectual Property Organization**
- Georgia became a member of World Intellectual Property Organization (WIPO) and 10 Georgian wine brands will be officially registered at the World Intellectual Property Organization. After listing of these brands in the Catalogue of WIPO, the Georgia will be entitled to protect its brands against the 30 member countries of Lisbon Agreement.
- **BSTDB Will Provide Georgia with 48m EUR over the Next 4 Years**
- According to the information of National Bank of Georgia (NBG), the Black Sea Trade and Development Bank (BSTDB) will allocate 48 million EUR to Georgia in 2007-2010. The decision was made at the meeting of the board, held recently in Thessaloniki (Greece). Roman Gotsiridze and Deputy Finance Minister Dimitri Gventsadze participated in the meeting.
- According to the NBG, in the next 4 years BSTDB will provide Georgia with 12 million EUR yearly for funding different business projects. For example, Georgian beer producing company Lomisi will receive 5 million EUR. At the moment, BSTDB's loan portfolio in Georgia amounts to \$40 million, of which \$32 million went to the banking sector, while \$8 million finances the oil terminal at Poti port.
- BSTDB was founded by BSEC member-states (the Organization of Black Sea Economic Cooperation), and started operations in 1999. Georgia has a 1% share in the chartered capital of the bank.
- (Sarke Information Agency)
- **New Legislative Changes to Make Entry of Foreign Investors and Brokerages Easier**
- Georgian Parliament will soon discuss a package of legislative amendments to remove barriers that stall the entry and

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- operation of foreign investors, broker companies and investment banks in Georgia.
- Under the existing law, non-resident individuals have to settle a complicated procedure to open an account in Georgian banks. The state minister notes that foreign brokerage companies and investment banks should be qualified as nominal owners of stocks, as local companies are. However, the brokerage companies registered outside Georgia that may secure on behalf of Georgian customers are not qualified as nominal owners and have to be registered as beneficiary owners in the record of Owners of Securities.
- The National Bank of Georgia has already made some steps toward the liberalization of financial sector. Banking regulations have been improved in the line of modern standards. NBG lifted a ban that blocked foreign companies and banks from acquiring more than 25 percent stake in Georgia's private banks.
- NBG drafted a bill about Compulsory Insurance of Deposits of Retail customers to better protect the interests of depositors. Furthermore, NBG proposed a bill on the Activity of Credit Bureaus to enhance credit culture in the country.
- Several additional bills are waiting parliament's approval, including one about securities that allow trading with stocks of JSC's registered on Georgian Stock Exchange outside of the Georgian Stock Exchange.
- According to the existing law, NBG Financial Monitoring Service will have to probe and examine any banking transactions over 30.000 GEL. State minister proposed the introduction of the term "a transaction of different category" which would not be subject to the surveillance.
- (Georgian Business Week)

Mgaloblishvili, Kipiani, Dzidziguri (MKD) law firm was founded in November 1996. It operates as a general partnership and is recognized as well-established, respected leading law firm in Georgia with major national, regional and international clients.



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