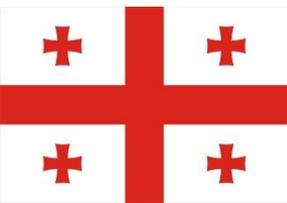


PARTNERSHIP FOR ECONOMIC DEVELOPMENT

BUSINESS ASSOCIATION OF GEORGIA
IRAKLI ASLANISHVILI, CEO



April 2015



About Georgia

Area	69 700 sq. km.
Population	4 490 500*
Capital, Tbilisi	population 1 175 200
Neighboring countries	Azerbaijan, Turkey, Russia, Armenia
Currency	Georgian Lari (GEL); 1 USD= approx. 2.25 GEL**
Climate	Dry and continental in eastern Georgia with hot summers and mild winters. Warm and semitropical in western Georgia

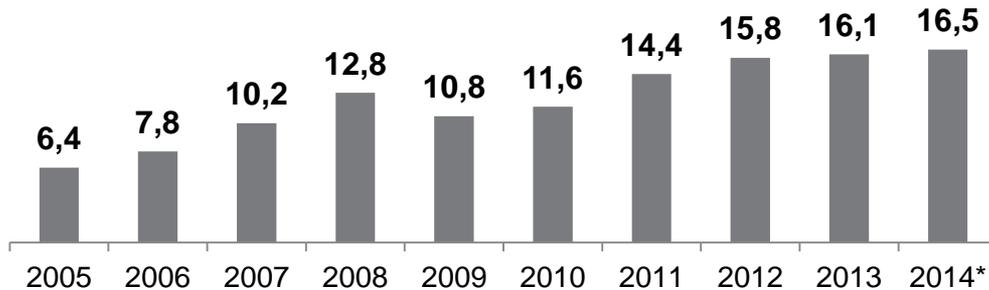
* As of 01.01.2014, source: Geostat.

** As of 07.04.2014, National Bank of Georgia

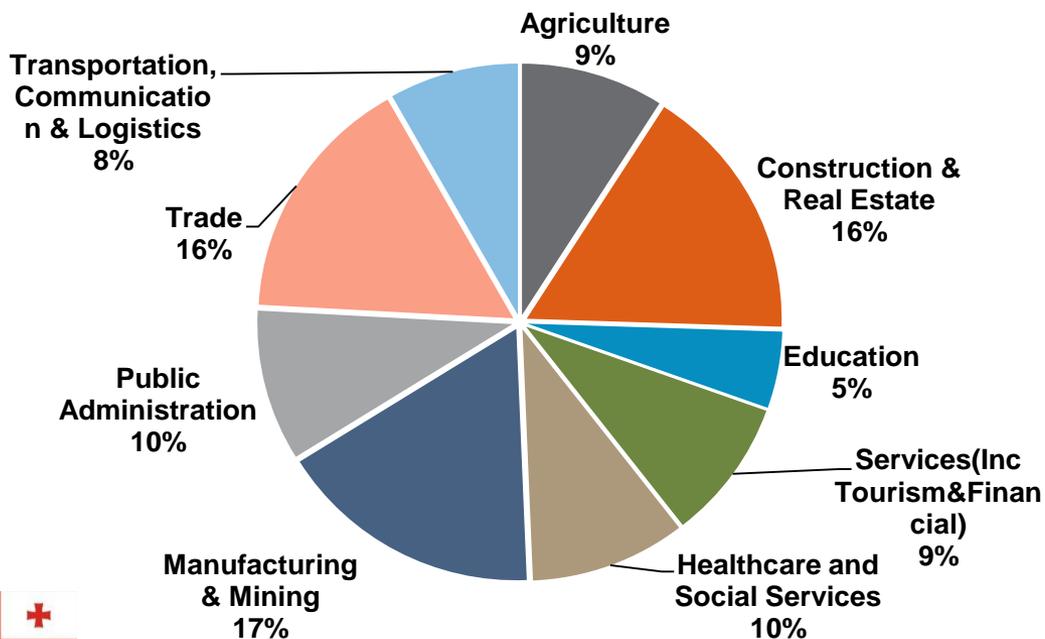


Georgian Economy – In Brief

GDP (Nominal, USD/bln)



GDP Structure 2014*



In the past ten years Georgia's GDP increased more than times.

Number of taxes was reduced significantly from 21 in 2005 to only 6 flat taxes today, with accompanying reduction of nearly all tax rates.

Banks are privately owned, well capitalized, with strong balance sheets, high liquidity ratios and significant growth prospects. Two largest banks are listed on London Stock Exchange.

The Deep and Comprehensive Free Trade Agreement with the European Union was signed in Brussels on 27th June, 2014.

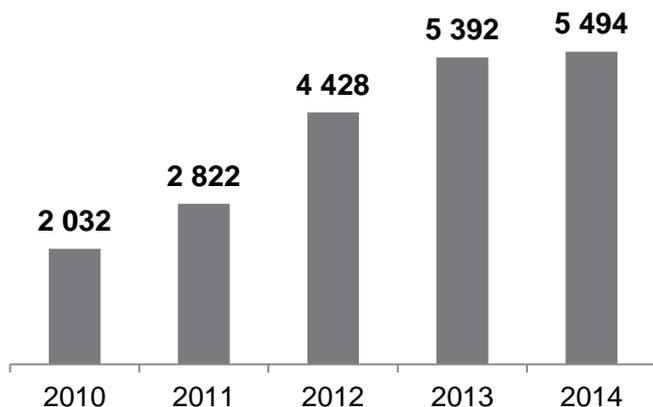
Georgia has open trade strategy, with free trade regime with almost all neighbors.



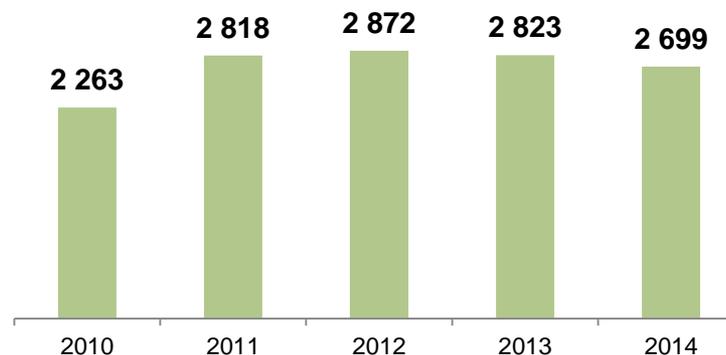
* Unspecified data, source: Geostat.

Georgian Economy – In Brief

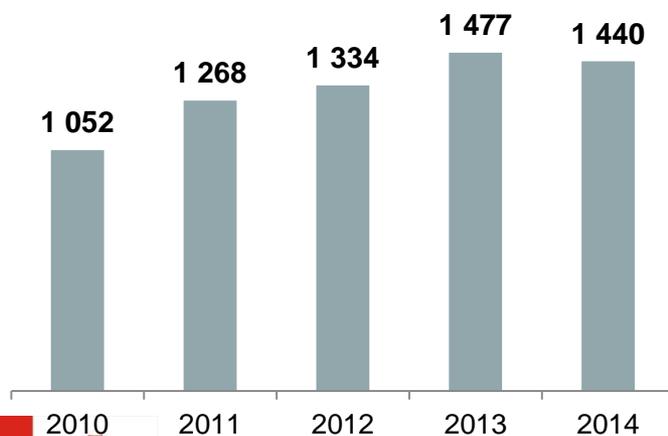
Foreign Visitors (Thousand Pers.*)



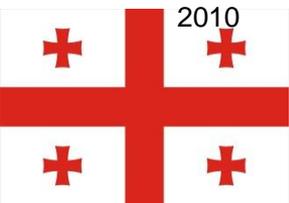
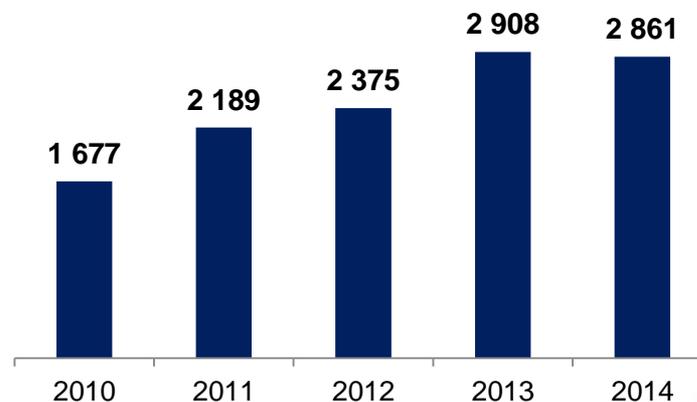
Gross International Reserves (M, USD)



Money Transfers (M, USD)**



Exports (M, USD)



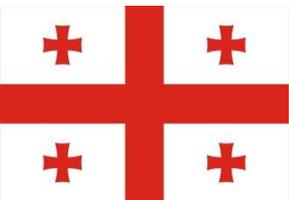
* Source: Ministry of Internal Affairs

** Source: National Bank of Georgia

Business Association of Georgia

Founded in October of 2009, BAG is one of the largest unions of businesses in Georgia. Our members represent large and midsize business organizations.

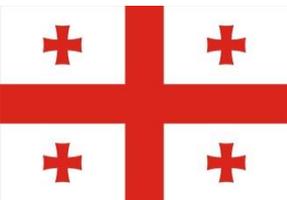
We unite businesses from different sectors: manufacturing, production, services, construction, IT and communication, banking and finance, insurance, transportation, oil importers and distributors, mining, consulting, agriculture, advertising, food and beverages, pharmacy, and other.



Business Association of Georgia

JOINTLY OUR MEMBERS

- Have yearly **revenues** more than **3 billion USD**.
- Have paid about **450 million USD taxes** in 2014 in Georgian budget.
- Represent more than **200 companies** within their business groups.
- Have more than **200 000 employees**.



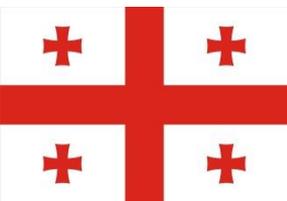
Business Association of Georgia

We Support, protect and advocate interests of our member companies and caring for business environment

Issues raised by our members are reviewed and advocated through **BAG's different thematic committees and working groups**, such as: Tax and Customs Committee, Finance Committee, Employment and Labor Relations Committee and others.

BAG organizes thematic and large **business events** for its members, including **meetings with government officials, international organizations or other parties involved in economic policy making**. Also, our members are offered an opportunity to have **one-to-one meetings with government officials** organized by the association.

Our members have an **opportunity to develop relations** amongst other members in a formal as well as informal environment.



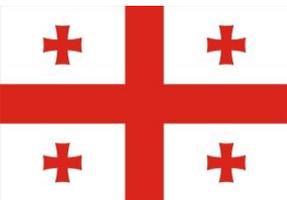
Business Association of Georgia

Georgia's Long-term Economic Development Concept By BAG:

- **Strategy of economic development of Georgia covers years 2014-2020** and is directed to a rapid economic growth that is achieved through the strengthening of the country's competitiveness within the region.
- It is our goal to become an **upper-middle income nation by the end of 2020**. In particular, by the end of 2020 GDP per capita in Georgia should constitute no less than USD 8500.
- **The strategy serves the purpose of developing Georgia as a state that** 1) is competitive in the region; 2) is oriented on export; 3) has an economy based on the principles of free market; 4) has a high quality education system and 5) adheres to European values.
- **Strengthening of country's competitiveness within the region can be achieved through accomplishment of five strategic objectives.** These objectives are the following: 1) improvement of business environment 2) transition of Georgia into a regional hub 3) establishment and development of full-fledged labor market 4) improvement of innovation potential and 5) improvement of infrastructure

Quantitative Goals for The End of Year 2020		
	2012	2020
GDP per capita	USD 3500	min. USD 8500
GDP growth rate	6.1%	min. 7%
Gini index	0.41	max. 0.4

Pic. 1. Georgia's quantitative economic goals for the end of year 2020

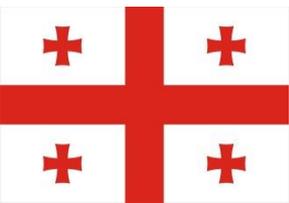


Business Association of Georgia

Cooperation with the Government

Notwithstanding seemingly different goals at a glance, both the government and private sector have a common goal – economic development of the country.

- This goal cannot be achieved without a stable business environment. Since the establishment of the Association, these relations became more stable and constructive, provided that the Association does not communicate to the government on behalf of a specific company, but establishes regular communication and business needs and displays the problems to the government.
- Cooperation went beyond sharing concerns with each other and currently the Association provides the government with its vision concerning the improved business environment, while the government, on its part, shares information with business sector on the planned economic reform plans, and on changes that are intended to be carried out in terms of taxation, etc.
- The Association applies several formats to communicate with the government: meetings of representatives of its member companies with officials from specific state agencies, thematic meetings-conferences, wider meetings of the government and business sector.
- Initiatives usually come from the business sector. Nevertheless, there are some cases, when the government is itself interested in discussing certain changes with business sector and often asks them to present their own views.
- Such diverse communication fosters open and transparent cooperation and as a result, we all get qualified and balanced legislative amendments.

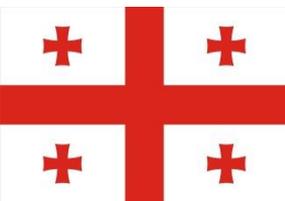


Business Association of Georgia

BAG – Partner of Dispute Resolution Center (DRC)

Modern Standard Arbitration

- In the beginning of 2014 **Business Association of Georgia became the partner of the Arbitration Institute Dispute Resolution Center**. On the one hand, this has united the biggest and leader companies, businessmen in their fields and on the other hand, professionals having appropriate reputation and qualification under a single idea – transforming Tbilisi into a regional center for resolving international commercial disputes and developing DRC into an institute for resolving international commercial disputes. It is worth mentioning that in business and civil relations a huge importance is attached to speed and the form of resolving disputes in the course of dispute proceedings. One of the main significances of arbitration is to resolve the dispute rapidly and with less expenditure.
- **DRC – Dispute Resolution Center** offers business its services through arbitration and mediation. DRC operates since 2008 and is characterized with high professionalism and reputation. Arbitration institute arbiters contributed greatly to the establishment of Georgian Arbiters' Association in 2013, which has elaborated and adopted "Arbiters' Code of Ethics". DRC advises business subjects to choose arbitration as the possible mechanism for dispute prevention and dispute resolution
- **DRC is the only arbitration institution, which conducts electronic arbitration dispute proceedings**
- **DRC is the first arbitration institution in Georgia, which has a strong administration (DRC Secretariat).**
- **DRC is the first institution in Georgia that has set up the most important body – DRC Court within the arbitration Institutional structure.**
- **DRC is the only institution in Georgia, which ensures the integration of its electronic arbitration program with respective programs of common courts**

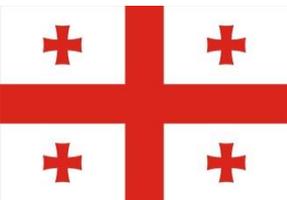


Business Association of Georgia

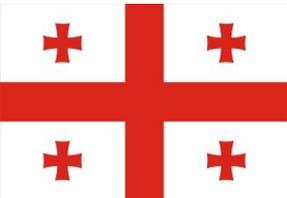
Business Association of Georgia is represented in:

- **State Procurement and Competition Agency**, Procurement Dispute Resolution Board;
- **Ministry of Justice of Georgia**, Advisory Council for Private Law Reform Implementation;
- **Ministry of Agriculture**, Grant Committee;
- **Solidarity Fund**, Supervisory Board and Permanent Commission;
- **Ministry of Economy and Sustainable Development**, Working Group on SME Development;
- **Georgian Chamber of Commerce and Industry**, Supervisory Board;
- **World Bank Private Sector Liaison Officers Network** (PSLO Network);
- **Millennium Challenge Corporation – Georgia**, Advisory Council;
- **Ministry of Justice of Georgia**, Georgian Anti-corruption Council;
- **Ministry of Justice of Georgia**, Working Group on the Revision of National Anti-Corruption Strategy and 2014-2016 Anti-Corruption Action Plan;
- **National Center for Educational Quality Enhancement**,
- **Ministry of Education and Science of Georgia**, Employment and Vocational Education and Training Coordination Council;
- **National Center for Educational Quality Development**, Member of Accreditation Council;
- **Ministry of Environment Protection and Natural Resources of Georgia**, Advisory Board.

During **2014-2015 Business Association of Georgia** has identified , analyzed and prepared up to **50 relevant proposals for legislative flaws** in the field of business, as well as worked with the government and parliament on legislative initiatives.



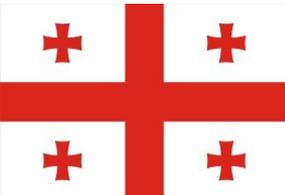
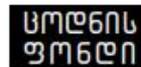
Members of Business Association of Georgia



Members of Business Association of Georgia



ამერიკისა და ევროპის კავშირების განვითარების ცენტრი



საქართველოს ბიზნეს ასოციაცია
BUSINESS ASSOCIATION OF GEORGIA

THANK YOU FOR YOUR ATTENTION

www.bag.ge



<https://www.facebook.com/BusinessAssociationofGeorgia>

Irakli Aslanishvili

CEO

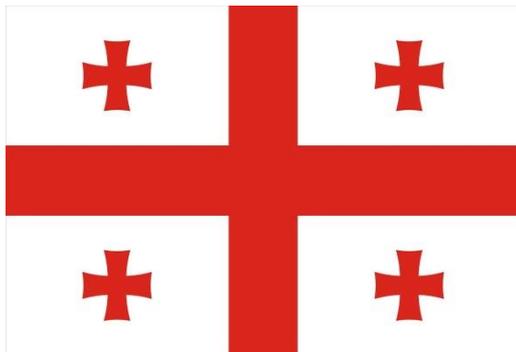
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საქართველოს ბიზნეს ასოციაცია
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