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CURRENT TRENDS IN BUSINESS AND LEGAL LIFE OF GEORGIA

Georgia is a small country but we would like to believe that it has a significant investment potential due to its exceptional location, natural resources, strive to be more investment friendly than others and continuous efforts to uphold the rule of law. Apart from the general legal framework and investment opportunities, it is important to share practical stories of the on-going business projects as well as the significant trends established by the courts of Georgia.

Defamation Dispute

In March 2015 Tbilisi City Court decided on one of the most important and broad-lined defamation disputes where BLC represented TBC Bank and its founder Mamuka Khazaradze vis-à-vis the Georgian newspaper Asaval-Dasavali. Starting from January 2014, in almost every issue of the newspaper defendant published defamatory, misleading articles containing allegedly fabricated facts with regards to the claimants. In addition, the names of the defendants were used in the negative context in the unrelated stories without any evident purpose of telling the true story or news. The contents and spirit of publications led to the obvious conclusion that the newspaper was engaged in the negative information campaign against the bank and its founder. Court ruled in favor of TBC and Mamuka Khazaradze and established that all three facts given in the civil complaint were defamatory and false and the newspaper was instructed to negate the facts in its own issues. Nevertheless, the court did not share our arguments on imposing the monetary damages on the newspaper as a preventive measure of the likely future defamations. Considering the need to protect the business reputation of the bank and its founder from unsubstantiated and provocative statements and with the purpose of setting up the precedent of the efficient judgment preventing the fabricated statements, we intend to appeal the decision in the higher courts of Georgia.

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Financial Close of the Largest Investment on the Energy Sector of Georgia

In March 2015 Adjaristskali Georgia (a joint venture of Clean Energy and Tata Power) marked the financial close of the multimillion investment made by international financial institutions – European Bank for Reconstruction and Development (EBRD), International Financial Corporation (IFC) and Asian Development Bank (ADB) in Shuakhevi HPP with the installed capacity of 187 MW. The latter is the largest infrastructure Project in the energy sector of Georgia with the aggregate investment of USD 400 million. BLC acted as a legal counsel to Adjaristskali Georgia and assisted the latter in execution of the necessary condition precedents for bringing the Project to the financial closing. Notably, this is the first non-recourse project financing in Georgia, which promises further development of similar projects with the active involvement of the international financial institutions.

Manufacturing of Premium Segment Bavarian Beer in Georgia

In February 2015 Castel Georgia, represented by BLC Law Office signed the Trade Mark License and Know-How Agreement with König Ludwig International. Castel Georgia intends to manufacture internationally recognized Bavarian premium brand locally. Notably, the license territory also covers Armenia and Azerbaijan. Respectively, Castel Georgia intends to start sale and export of beer in summer 2015, which will have positive impact on Georgia's economy and diversity of the locally produced beverages.

Financing of Dariali HPP

In January 2015 JSC Dariali Energy obtained the syndicated loan from EBRD in the amount of USD 80 million, co-financed by FMO Entrepreneurial Development Bank, the Netherlands and the Green for Growth Fund, Southeast Europe. Dariali Energy is engaged in the construction of Dariali Hydro Power Plant on river Tergi, in the north-eastern Georgia. BLC has acted for the Borrower and assisted the latter in complying with the Lenders' requirements for obtaining the financing. Dariali HPP is one of the few privately owned greenfield hydropower plants in Georgia with the installed capacity of 108MW.