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THE LAW ON PROTECTION OF CONSUMER RIGHTS

The Government of Georgia has initiated a new bill on Protection of Consumer Rights. The need for new legislation was triggered by the Association Agreement concluded between Georgia and the European Union. The proposed bill aims at harmonizing the local law with that of the European Union.

The bill regulates the rights of the consumers and corresponding obligations of the businesses. It mainly focuses on the warranty terms and the obligation of the business to provide the consumer with detailed information regarding the product (e.g. name of the product, identity of the producer, the payment and delivery terms, etc.).

The novelty introduced by the bill is a new body in charge of consumer affairs - Consumer Ombudsman, primarily designed to facilitate enforcement of the consumer rights in Georgia.

MAJOR DEVELOPMENTS IN ENERGY SECTOR

HYDROPOWER PROJECTS

Georgia's achievements in energy sector is getting even more impressive as the ongoing energy projects attract more and more investors from various parts of the world.

On 19 March 2015, the state-owned shareholding company Partnership Fund entered into an agreement with Korea Water Resources Corporation (K Water) regarding construction of Nenskra Hydropower Plant in upper Svaneti region, Georgia. Nenskra HPP will be jointly financed by Partnership Fund and K Water. The project is worth \$1 billion USD. K Water has already announced the winner in a tender regarding construction of Nenskra HPP. Some of the world's famous companies were pitching in the tender and eventually the contract was awarded to a prominent Italian company Salini Impregilo S.p.A.

The Nenskra HPP is intended to have an installed capacity of 280MW and will start production from 2019.

In addition, the Ministry of Energy of Georgia has announced expression of interest for construction of several other power plants, such as Ackuri HPP, Dviri HPP, Sakuneti HPP, Khan HPP 7, Akhalkalaki HPP and Mestiachala 1 HPP. The projects will greatly contribute to development of the country's energy sector.

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SIGNIFICANT CHANGES IN BANKING SECTOR

In the beginning of September 2015, amendments were introduced to the Organic Law of Georgia on the National Bank. The respective bill was heavily discussed among politicians and financial experts and was subject to great controversy. Pursuant to the amendments, the financial supervision functions were taken away from the National Bank of Georgia (NBG) and were vested with a new supervisory agency under the NBG. However, given that the Supervisory Agency is an independent legal entity of public law, the NBG would no longer have any supervision mechanisms over the agency.

While the opponents of the new law claim that amendments will not only inhibit the NBG from fulfilling its constitutional duties but also expose the entire banking sector to such external threats as undue influence from the Government, proponents argue that the system is based on foreign practice and guarantees efficient and independent supervision of financial sector.

On the other hand, several national, as well as international financial institutions and experts expressed their concern regarding the amendments. They mainly fear that this may adversely affect the stability of Georgian financial system. Criticism also came from the European Central Bank (ECB), which openly supported keeping the supervision function within the NBG.

President of Georgia, Mr. Giorgi Margvelashvili used his veto right to oppose the bill. Nevertheless, the Parliament of Georgia managed to overcome the veto and passed the bill on 3 September 2015. The amendments came into force from 10 September 2015.

NEW AMENDMENTS TO THE LAW OF GEORGIA ON THE LEGAL STATUS OF ALIENS AND STATELESS PERSONS

New amendments to the Law of Georgia on the Legal Status of Aliens and Stateless Persons were enacted on 5 August 2015. The law introduces new types of residence permits, significantly simplifying the procedure for obtaining such permits by foreigners and stateless persons.

According to the amendments, a new D5 type visa will be issued to individuals who own real property within the territory of Georgia (other than agricultural lands) with a market value exceeding USD 35 000 or its equivalent in GEL. The value of such real property is established by valuers certified by Georgian Unified National Accreditation Body - Georgian Accreditation Centre.