

Plans for a Georgian Benelux Chamber of Commerce

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by Vakhtang Chkheidze

Vakhtang Chkheidze (1957) was a Senior Counsellor at the Embassy of Georgia to the Benelux Countries and the Mission of Georgia to the European Communities in Brussels from 2002 till August 2005. During the years 1998 - 2002 he was Co-ordinator of the Netherlands Programme for Economic Co-operation for Georgia and Head Technical Assistance and Grant Programs Division (2000 - 2002) at the Ministry of Foreign Affairs in Tbilisi.

Chkheidze worked in the field of transport, agriculture, trade and intergovernmental agreements. He is an expert on Dutch-Georgian relations.

Speech, given by Vakhtang Chkheidze on July 20, 2005 at Amsterdam

- We have already had consultations and discussions with our colleagues and partners about the creation of a Georgian-Benelux Chamber of Commerce (GBCC). The functions and activities of the GBCC are explained below.
- The main goals of the GBCC would be:
 1. To create an adequate “Business Platform” and to facilitate commercial activities between Georgian and Benelux companies;
 2. To provide Georgian and Benelux companies with the information about possible partner companies (“matchmaking”);
 3. To improve the co-ordination of business activities between the Benelux and Georgia and to increase the turnover of export-import operations;
 4. To assist Georgian companies wishing to export their production to EU market (EU-legislation, marketing, procedures, relevant documentation, etc.);
 5. To make better use of the opportunities offered by the three Benelux Countries governmental programmes;
 6. To represent Georgian businessmen in the Benelux countries (participation in business seminars and various exhibitions, organization of Georgian wine-tasting events, etc.);
 7. To protect and lobby, with the co-operation of relevant Benelux organizations, the interests of Georgian companies in the Benelux countries;
 8. To protect and lobby, with the co-operation of relevant Georgian organizations, the interests of Benelux companies in Georgia;

- It is unfortunate that European companies experience difficulties in the relations with their Georgian counterparts. These difficulties are often caused by the failure to provide relevant information in time, the lack of response from potential partners, etc. Quite often there is a lack of trust at the onset of negotiations between future partners as well. When representatives of Benelux (mostly Dutch or Belgian) or Georgian companies contact the Embassy, its personnel always tries to help them, but the participation of the Embassy is often insufficient for the promotion of successful business relations, because it is not within the competence of the Embassy to interfere in business/or commercial activities. It is for this reason that we have already suggested that a Georgian-Benelux Chamber of Commerce be set up. This body could create an adequate “Business Platform” – in order to facilitate business activities;
- The GBCC would co-operate closely with the Embassy of Georgia in the Benelux Countries and the Mission of Georgia to the European Communities. Co-operation with the Embassy of Georgia gives a good opportunity to provide detailed information on rules for Export of any product from Georgia to the EU. The information would consist of relevant EU regulations, legal acts or other forms of Community law with necessary explanatory notes for any kind of product which Georgian businessmen intends to import to the EU market. Also timely information about modifications in the relevant EU rules and procedures, etc. It should be noted that even the large, well-organized private Georgian companies always face difficulties in dealing with these matters without outside help.
- At present Georgia’s main trading partners are Russia and Turkey. It is in the interest of Georgian businessmen to increase the export of their products to the European market. This, in turn, could have only a positive influence on Georgia’s economic development;
- The GBCC could co-operate with the following organizations in the Benelux Countries: various governmental agencies and bodies of the Benelux Countries; EVD (Netherlands); NCH (Netherlands); Chamber of Commerce of the Netherlands, Belgium and Luxemburg; private Dutch, Belgian or Luxemburg companies; Dutch-Georgian and/or Belgian-

Georgian Foundations, Associations and Societies, etc (The Embassy of Georgia to the Benelux Countries and the Mission of Georgia to the European Communities);

- The GBCC would co-operate with the following organizations in Georgia: Georgian Chamber of Commerce and Industry; Taxpayers Union of Georgia; Georgian Business Confederation; The National Investment and Export Promotion Agency; Different private Georgian companies, etc. The GBCC, would, of course, co-operate with the Embassy of the Kingdom of the Netherlands in Georgia;
- Should be underlined the experience of the management of the GBCC in this direction, partnership relations with Dutch and Belgian colleagues, contacts and network of the management of the GBCC in the Benelux Countries and in Georgia, working experience - gained in the governmental structures of Georgia, working experience - gained during the co-operation with the government of Benelux countries (mostly Belgian and Dutch government). Also working experience after the long-term co-operation with Benelux and Georgian private companies during the last seven years. Above-mentioned allows us to say that based on the managerial skills and experience of the management of the GBCC - achievement of the goals of the GBCC is quite realistic;
- Although Embassies and other governmental bodies may bring together potential business partners, they cannot interfere in business activities, or in the preparing and implementation of projects. Therefore, it seems logical and obvious that good results may be achieved when combination of working experience in both the public and private sectors are presented;
- Political leaders and the government of Georgia want to initiate radical reforms involving structural changes, to fight against corruption, to modify the Taxation Codex and regulations for the Banking Sector, to adjust Trade and Price liberalization, to develop a clear and univocal legal system which establishes the basis for a well-functioning market economy, to support the private sector, etc. The President of Georgia and his government are striving to attract more foreign businessmen,

to promote business activities and to protect foreign investment in the country;

- Thanks to a prudent monetary policy of relevant financial Institutions, inflation has been kept under control. After a peak of the inflation (19%) in 1999, in the years 2000-2002 the inflation is on an average rate (4,6%). In 2003 the inflation rate was 7%. The GDP grew at 8,6% rate in 2003 (Source: State Department of Statistics, State Customs Department and National bank of Georgia);
- Georgia has been a member of the Council of Europe since 1999 and of the World Trade Organization since July 2000. Situated strategically at the crossroads between Europe and Central Asia, Georgia is an attractive potential market;
- After the smooth, “velvet” transition of power in November 2003, Georgia’s current government has pursued a course of radical and irreversible reforms. The creation of a more favorable business environment is at the core of these policies. The priority of the government’s economic policy is openness to foreign direct investments. The irreversible reform of the Georgian economy is focused on minimizing state intervention and regulations, as well as creating opportunities for the protection of investments and promoting International business co-operation in Georgia. This complex task requires a concreted effort to harmonize initiatives across a wide spectrum of policy areas including public administration, legislation, taxation, custom, permits and licensing and judiciary, as well as in the rehabilitation of infrastructure.
- Administrative reform: One of the main priorities of the administrative reform is to downsize state administration and significantly reduce regulatory bureaucratic barriers. The major direction of this reform is deregulation, which implies a reduction in the number of controlling agencies and regulatory procedures with which a businessman has to contend when starting or operating his/her business.
- The project describes a concrete attempt to organize a fruitful co-operation between Georgian and Benelux private companies. GBCC, in co-operation with the relevant Benelux countries and Georgian bodies, will be able to develop

investment promotion activities as well as to analyze and evaluate the feasibility of projects with a view of their implementation;

- Dutch governmental programmes have been playing an important role in the economic development of Georgia (Successful projects are being implemented in various fields: Agriculture, Transport, Poultry, Food Processing, Wood production, etc.). These programmes have a positive influence on both the country's economic development and business relations between Dutch and Georgian companies.
On the other hand, Georgian participation in Dutch governmental programmes (announced Tenders) is very low and limited. The GBCC will be able to use its managerial skills to bring together potential partners, to identify and prepare feasible projects in view of their future implementation within the framework of the Dutch (or Benelux) governmental programmes;
- Taking into account that the GBCC project foresees not only cooperation with both the Dutch and Belgian bodies, but also with Luxemburg and the Euro Commission, it is advisable that its headquarters be in Brussels;
- Taking into account the contacts and experience of the GBCC staff, it could successfully combine its business activities with the implementation of various cultural undertakings and projects.

Information and response:
E-mail Vakhtang Chkheidze
v_chkheidze@yahoo.com