



## KINSTELLAR

Bilateral legal relationships – legal risks of business in Georgia, how to deal with them?

September 2021

# Kinstellar: Legal advice in Emerging Europe and Central Asia

**Kinstellar is an international law firm. We focus on emerging economies in Central and South Eastern Europe and Central Asia.** Our offices are in **Almaty** and **Nur-Sultan** (Kazakhstan), **Belgrade** (Serbia), **Bratislava** (Slovakia), **Bucharest** (Romania), **Budapest** (Hungary), **Istanbul** (Turkey), **Kyiv** (Ukraine), **Prague** (the Czech Republic), **Sofia** (Bulgaria) and **Tashkent** (Uzbekistan).

**We have strong experience in providing legal advice to clients in jurisdictions where we do not have a local presence working in joint teams with leading local law firms.**



  
11  
offices

  
300+  
lawyers

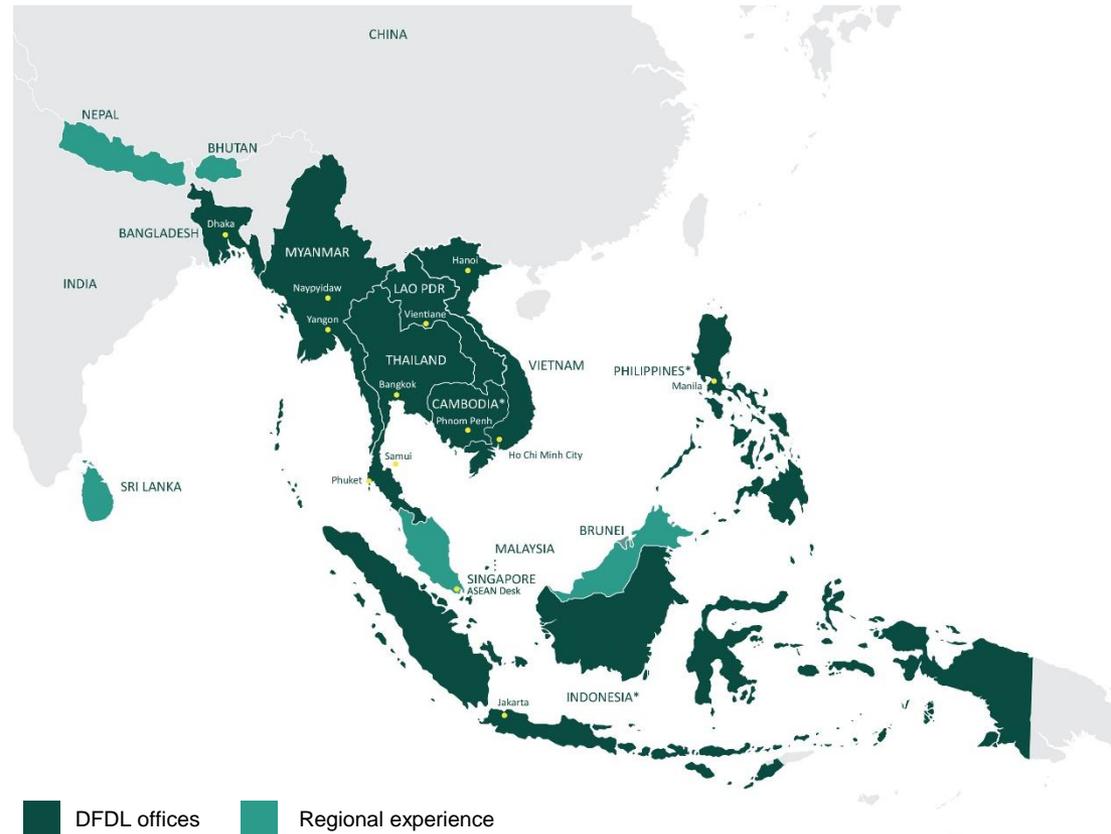
  
8.500+  
matters

# DFDL: Legal advice in Southeast Asia

**DFDL is an international law firm. We focus on emerging economies in Southeast Asia.**

DFDL practices in **Bangladesh, Cambodia, Indonesia, Lao PDR, Myanmar, Philippines, Thailand, Vietnam** and **Singapore** (ASEAN Desk).

As a leading international law firm serving the Southeast Asian region, DFDL has also developed 'desks' to serve those clients from Singapore, China and India and which operate or have business in the DFDL Southeast Asian countries.



 13 offices	 9 countries	 150+ advisers
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# What We Do

The range and breadth of our specialist practices and sectors set us apart in Emerging Europe and Central Asia.

## Sectors

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- Asset Solutions
- Aviation
- Automotive & Industrials
- Banks & Financial Institutions
- Energy & Natural Resources
- Industrials
- Infrastructure
- Life Sciences & Healthcare
- Private Equity
- Real Estate
- Technology, Media & Telecommunications

## Practices

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- Banking, Finance & Capital Markets
- Competition & State Aid
- Compliance, Risk & Sensitive Investigations
- Dispute Resolution
- Employment & Labour Law
- Energy & Natural Resources
- Infrastructure & Projects
- Intellectual Property
- M&A & Corporate
- NPLs & Distressed Assets
- Real Estate, Construction & Planning
- Restructuring & Insolvency
- Tax
- Technology, Media & Telecommunications
- White Collar Crime



# Out of Area

But certainly not out of our depth. Quite the contrary.

We have experience in **close teamwork with legal counsel in jurisdictions where we do not have our own office**. Kinstellar Prague would be your **single point of contact** in order to ensure the unified approach.



In **Georgia** we work closely with **MG Law**, the first full-service law firm in Georgia to be founded by international partners recognized by Legal 500 as a Top Tier Band 1 Firm.

**MG Law** is a market leader with its unique expertise and commercial sense, built on its years of being part of an international law firm. MG Law team includes some of the market's leading advisors on both domestic and cross-border corporate, energy, and financing transactions, and domestic and international dispute resolution in the region.

- Investment
- Most Common Types of Entities
- Establishing a company
- International Treaties
- Enforcement of Decisions / Judicial Cooperation / Arbitration
- IP protection



- Georgia is a developing economy that welcomes international companies
- Georgia's business environment is very investor-friendly – **7th place in Ease of Doing Business rankings (2020)**
- **Index of Economic Freedom – World Rank 12 (2021)**
- Since 2014, Georgia has been part of the European Union's free trade area
- Foreign investors can operate **any type of business under the same conditions** as local investors
- Georgia has a **liberal economic environment** and an economic policy based on the free market



# Most Common Types of Entities

- **Limited Liability Company (“LLC”)** - An LLC is the **most common type of business entity** in Georgia
- **Joint-Stock Company (“JSC”)** - incorporated by large companies operating in Georgia
- **A Branch Office** - Legislation in Georgia also prescribes the possibility of opening a branch office or a subsidiary (not a separate legal entity)



## Joint-Stock Company (“JSC”)

- **No required minimum** share capital needed
- All the major decisions are taken by the **general meeting of the shareholders**
- Every daily decisions are taken by a **director or a board of directors**
- **A supervisory board** is appointed if the shares are registered on the stock market, if the number of shareholders exceeds 100 members or if it is licensed by the Financial Monitoring Agency. The minimum number of members of the supervisory board is four and the maximum number is 21.

## Limited Liability Company (“LLC”)

- **No required minimum** share capital needed
- Founded with a minimum of **one shareholder and a maximum of 50**
- The number of directors is **not limited**
- All daily decisions are taken by the **director or by a board of directors**
- Major decisions are taken by the **general meeting of the shareholders**
- The procedure for company registration in Georgia for this company type can be completed in a period of **two days**

## **Foreign branch office in Georgia**

- not a separate legal entity
- represents a sub-unit of the parent company operating in this country or in a foreign jurisdiction



# Restrictions on foreigners owning shares / real estate

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## SHARES

- There are no restrictions on foreigners owning shares

## REAL ESTATE

- Agricultural land cannot be owned by foreigners



## Business and trade

- Georgia signed an **Association Agreement with the EU** on 27 June 2014 in Brussels, including the Deep and Comprehensive Free Trade Area (DCFTA), which entered into force on 1 July 2016
- **UN Convention on Contracts for the International Sale of Goods (CISG)**

## Dispute resolution

- **ICSID Convention (Washington Convention)** - Convention on the Settlement of Investment Disputes between States and Nationals of other States
- **Member of Multilateral Investment Guarantee Agency (MIGA)** |

## Transport and logistic

- Convention for the Unification of Certain Rules for International Carriage by Air (**Montreal Convention**)
- Convention concerning International Carriage by Rail (**COTIF**)
- Convention on International Transport of Goods Under Cover of TIR Carnets (**TIR Convention**)



## Energy

- Energy Charter Treaty (ECT)

ECT provides for protections very similar to those of BITs. ECT survives the doubts regarding the Intra-EU BITs as the EU itself is a Party to the ECT.



## Finance

- Agreement of the International Monetary Fund (IMF)
- Member state of the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), International Development Association (IDA) and European Bank for Reconstruction and Development (EBRD)

## Terrorism and Corruption

- UN International Convention for the Suppression of the Financing of Terrorism
- UN Convention against Corruption

- Agreement between the Czech Republic and Georgia for **the Promotion and Reciprocal Protection of Investments**
- Agreement between the Government of the Czech Republic and the Government of Georgia **on Economic and Industrial Cooperation**
- Agreement between the Government of the Czech Republic and the Executive Authority of Georgia **for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital**

# Enforcement of Decisions / Judicial Cooperation / Arbitration

## Enforcement of Decisions

- **Agreement between the Czechoslovak Socialist Republic and the Union of Soviet Socialist Republics on Legal Aid and Legal Relations in Civil, Family and Criminal Matters**

## Enforcement of Arbitral Awards

- **Resolution of the Parliament of Georgia of 3 February 1994 on accession to the International Convention on Recognition and Enforcement of Foreign Arbitral Awards**

- In Georgia intellectual property (“**IP**”) is protected by laws but also by numerous **international treaties**.
- Georgian intellectual property comprises the protection of **copyrights, trademarks, patents, designs, topography, as well as trade secrets and trade names and other IP related matters**.
- A member of the **World Intellectual Property Organization**





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Thank you!

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