

For the last two months government and legislature was busy adopting new laws, signing and ratifying Association Agreement with the European Union, preparing the framework for construction of Anaklia deep sea port, transformation of the Financial Monitoring systems, etc.

Some regulations provide grounds to anticipate possible quick solution of largely debated and argued issues, amongst them – construction of Anaklia Deep Sea Port. With one of its regulations issued on July 7th 2014, the Government of Georgia simplified acquisition of services related to the advertising campaign with respect to calls for expression of interests for investing in this project. Thus, we should anticipate more activities related to the foregoing in fall 2014.

CONSTITUTIONAL COURT RULLING ON AGRICULTURAL LANDS

On June 24 the Constitutional Court of Georgia declared unconstitutional and overruled the moratorium applied to the ownership of Agricultural Lands by foreigners. The case was brought by the Austrian Citizen Mathias Huter vis-à-vis the Parliament of Georgia. Court did not review the case in merits, due to its direct factual link to the similar case brought by the Danish citizen Heike Kronquist reviewed by the court in June 2012. In both cases the Court declares that Article 21 of the Constitution equally applies to the Georgian and foreign citizens, therefore any restriction of ownership right should be similarly applied to every individual/company without discrimination.

SIGNING AND RATIFICATION OF THE ASSOCIATION AGREEMENT

On June 27 2014, the long awaited Association Agreement was signed between EU and its member states and Georgia. The agreement was ratified by the Georgian Parliament on July 18th. Georgian state is expected to start discussions with respect to amending number of laws of Georgia for the required harmonization of legislation. Among other benefits and requirements Association Agreement provides for the tax free entry of Georgian goods and services to the respective markets of the EU member states.

REORGANIZATION OF THE FINANCIAL MONITORING SERVICE

From July 1, 2014 the Financial Monitoring Service (FMS) has been transformed into the Legal Entity of Public Law, directly accountable to the Prime Minister of Georgia. Previously the FMS was functioning under the National Bank of Georgia. The new entity shall be regarded as a legal successor of its NBG regulated predecessor.

Underlying law on Legalization of Illegal Income, adopted in 2003 intended to prevent money laundering through or within Georgia, including criminal, political, etc. sources. The list of entities required to monitor such transaction is quite extensive and includes lawyers, auditors, notaries, banks, exchange points, MFIs, brokers, leasing companies, etc. such monitoring includes identification of the parties, recording information and reporting to the respective authority. Notably, Layers,



accountants and Auditors enjoy certain exemptions within the scopes of confidentiality requirements legally applicable to their profession.