

RUSSIAN CAPITAL AND RUSSIAN CONNECTIONS IN GEORGIAN BUSINESS

RUSSIA



Tbilisi, 2022-2023



Institute for Development
of Freedom of Information



USAID
FROM THE AMERICAN PEOPLE

The information developed with the support of the American People through the United States Agency for International Development (USAID). Contents of the research is the sole responsibility of the IDFI and does not necessarily reflect the views of USAID or the United States Government.

CONTENT

MAIN FINDINGS SUMMARY	01	A REVIEW OF THE CURRENT STATE OF THE ENERGY MARKET IN GEORGIA	18
INTRODUCTION	03	ELECTRICITY	18
METHODOLOGY	04	INTER RAO	19
PRIMARY DATA COLLECTION STRATEGY	04	TELASI	19
CONSTRUCTION SECTOR	05	KHRAMHESI 1 AND KHRAMHESI 2	19
LARGE INVESTMENTS	06	ENGURHESI	19
TOURISM/HOTEL SERVICE	06	SAKRUSENERGO	20
LAND SHIPMENTS	07	MTKVARI HPP	21
COMMUNICATIONS SECTOR	09	DARSALI ENERGY	22
MOBILE OPERATORS	09	ENERGIA (SHILDAGHES)	22
VEON GEORGIA	09	PSHAYI HYDRO	22
FIXED PHONE AND INTERNET COMPANIES	10	THE OIL AND GAS MARKET	23
BROADCASTERS	11	LUKOIL GEORGIA	24
BROADCASTING COMPANY (R.B.G.)	11	PETROCAS ENERGY GEORGIA	25
BANKING SECTOR	12	CHANNEL ENERGY (POIT) LIMITED* - GEORGIA	25
MINING AND MINERAL WATER	13	GULF AVIATION GEORGIA	25
RMG (RICH METALS GROUP)	13	SAN PETROLEUM GEORGIA	25
CAPITAL GROUP	14	PETROKAS' TIES TO ROSNEFT AND THE THREAT OF SANCTIONS	26
MEGA HOLDING (TIBILCEMENT GROUP)	14	NATURAL GAS	26
SAIRME MINERAL WATER	15	CONCLUSION	27
IDS BORJOMI GEORGIA	16		
GRUZAINPROM	16		
MIXOR	17		

MAIN FINDINGS SUMMARY:

- ◆ According to the "Real Estate Development Sector Survey", from January to November 2022, the share of Russian citizens in house/apartment purchase transactions in Tbilisi increased from 0.9% to 5%, and in Batumi - from 5% to 17.6%;
- ◆ According to the data published by the National Agency of Public Registry, in 2022 (up to September 9), Russian citizens purchased 15,164 buildings/structures (including 13,262 apartments) and 13,850 plots of land in Georgia;
- ◆ In 2022, the share of visits of Russian citizens and the income received from them in total is ahead of the indicators for 2019, when there were direct flights between Russia and Georgia until July 8 and no restrictions caused by the pandemic were in place;
- ◆ In January-February 2023, export of goods to Russia increased by 38%, and to Armenia by 197%. According to experts, the observations of the trends in trade show that a significant part of the increased exports in Central Asia and the Caucasus is going to Russia - and re-exports from Georgia to Russia are especially noteworthy in this context;
- ◆ 161,032 Russian citizens (individuals) and 55 legal entities had opened accounts in Georgian commercial banks as of December 31, 2022. As of December 2022, deposits placed by Russian citizens in commercial banks of Georgia amounted to 2.87 billion GEL, which is 2.16 billion GEL higher than the pre-war (January 2022) figure;
- ◆ In the communications sector, a Russian oligarch, Mikhail Fridman was the beneficial owner of "Veon Georgia", although in May 2022 the businessman Khvicha Makatsaria purchased 100% of the shares of the company;
- ◆ Another company belonging to Fridman, "Alpha Group", owns the production of the mineral water "Borjomi" in Georgia. In June 2022 it became public that the controlling shareholder (Fridman) would be transferring 7.71% share of the company to the Georgian government. Because the company is registered in an offshore zone, it is not possible to verify the information about the distribution of shares between the final owners and to ascertain how much influence over Borjomi Fridman has retained;
- ◆ The communications sector is rife with anti-western statements and the significant influence of the former member of the "Alliance of Patriots" known for his pro-Russian sentiments Fridon Injia and his family. Through new networks and CGC, Fridon Injia controls 25.19% of the fixed telephone market and 6.2% of the fixed internet market. Fridon Injia owns LLC "Fiber Optic Telecommunications Network - Fopnet". The Russian company "Vestelcom" is the business partner of the latter, itself being a subsidiary of the Russian communications company "Rostelecom";
- ◆ Only "VTB Bank Georgia", which had been in the ownership of Russian company "Vneshe Bank", was identified in the banking sector. After the start of the war in Ukraine, the National Bank of Georgia joined the international sanctions against Russia, and VTB began selling off its portfolio to other banks;
- ◆ In the minerals and mineral water sector, Russian connections, ownership, and control interests, as well as affiliations with ruling parties, were identified in the following companies: RMG Gold, Salme Mineral Water LTD, Capital Group LTD, Mega Holding LTD, Gruzeleprom and Mixor LTD;
- ◆ Salme Mineral Water LTD holds five different licenses for mineral water extraction. The company's owner and one of the supervisory board members are Russian citizens. The mentioned member of the board, Gia Gvichia is a billionaire, well-known in Russia. His sister, Nana Gvichia is a chairperson for Saint-Petersburg Tourism Development Committee;

- ◆ Mixer LTD extracts mineral waters. One of the company's shareholders is Keystone Investments LTD, which, in turn, is owned by Temur Anchabadze, a Russian citizen. Keystone Investments is a part of Anchabadze's business group and is mentioned on its own webpage as a part of South Stream project, designed to increase the supply of Russian natural gas to Europe and to provide additional gas transportation to Central and Southern Russian regions;
- ◆ The share of Russian products in the oil sector has seen a dramatic increase. Compared to 2021, the total value of oil imported from Russia has increased by 361%;
- ◆ The value of natural gas imported from Russia to Georgia increased between 2021 and 2022 from \$93.7 million to \$112 million, an increase of 24%;
- ◆ According to information obtained from the National Statistics Service, four out of the five largest companies in the market import fuel from Russia. These companies are "San Petroleum Georgia (Gulf)," "Lukoil Georgia," "Vico," and "Sokar";
- ◆ In 2010-2022, Georgian public institutions made up to 3 thousand agreements with the Russian company "Lukoil" for the acquisition of motor fuel. In total, during this period, government agencies purchased fuel worth 200 million lari from "Lukoil";
- ◆ The share of electricity coming from Russia in the total imported electricity in the territory controlled by the Georgian government is 25% (252.2 million kWh). The rest comes from Azerbaijan (60%) and Turkey (15%).



INTRODUCTION

Russian malign influence still defines the post-Soviet region's most pressing political, economic, and social challenges. The hybrid war waged by Russia for years entails coordinated attacks on the weak spots of various countries. In the case of Georgia, one of these weak points is the vulnerable state of the economic sector. While Russian hybrid strategies in cyber warfare and the information sphere have been much discussed and analyzed, there is often a lack of up-to-date empirical evidence documenting Russian influences in different Georgian business sectors. The Kremlin has long been weaponizing corruption and money flows in both its foreign and domestic politics. Corrupt practices are being deliberately exported as a tool to weaken and destabilize democratic institutions, most especially in post-Soviet countries. Counter-disinformation efforts are increasingly moving beyond the narrow media lens and are recognizing money and business as vectors of malign influence and as key tools of nonlinear warfare.

It is important to identify these business connections and influences, since they often transcend the boundaries of business and have spill-over effects on the media, politics, civil society, and related domains. The business sector is generally related to socio-political actors and influences public perceptions and long-term attitudes. Closely investigating such links – between political, civil, and media actors and business companies owned by Russian citizens – is essential to understanding not only the degree of dependence on Russian capital in Georgian business and in strategic fields that might raise security concerns, but also for a more comprehensive understanding of the country's information environment. Such an inquiry can provide a clearer picture of funding sources behind some malign political, media, and civil actors that actively spread disinformation in the country.

In 2015, the Institute for Development of Freedom of Information (IDFI) published the report "Russian Capital in Georgian Business". This report detailed the work, resources, and connections of companies owned by Russian citizens in the sectors of electricity, water resources, tourism, oil, gas, mining, mineral waters, communications, electric locomotive construction, banking, and large investments from other sectors operating in Georgia.

On February 24th, 2022, in response to the Russian Federation launching large-scale military assault on Ukraine, the US Treasury Department announced a new package of sanctions against Russian financial institutions. The study also overviews companies that were active in Georgia and were included in the list of sanctioned entities. Among these the largest was "VTB Bank", following which the sanctions also affected "VTB Bank Georgia". After the sanctions went into force, the bank sold its portfolio to other banks and ceased its operations for an indeterminate time.



Primary data collection strategy:

IDFI's team, together with experts, identified and analyzed official documents, state registry public materials, licenses, and media resources. The materials used in this study mainly include the database of the Public Registry, the reporting portal (reportal.ge), websites, public social media accounts (including LinkedIn), and media reports in Georgian, Russian, and English.

At this stage the companies were monitored from 5 broad angles:

- ◆ Information about owners and shareholders and their links with Russian government circles; their business and political background, straight fundings and investments from Russia;
- ◆ Spheres of their business activities and other interest areas;
- ◆ Projects, political parties/factors, organizations, media, events, activism, and other related spheres that are funded and supported by them;
- ◆ Their partners and the organizations associated with them;
- ◆ Their possible connections with Georgian political groups/parties/politicians/public officials/activists/journalists; public links between their activities and lobbyism tendencies.

In addition, secondary data such as research reports were analyzed and cross-referenced in the study.

Selection of the companies

As the peculiarities of the different business sectors needed to be taken into account, there was no one consistent standard for how IDFI selected companies for study across different fields. Each field provides different methods and ways of obtaining information about the relevant companies.

During the first phase of the study, companies from 4 sectors were analyzed: communications, banking, mining, and mineral waters.

The scope of study in the field of communications includes all companies operating in the mobile phone market, fixed telephone market, and internet market. These companies are registered with the National Communications Commission. In regard to the broadcasting sector, Russian malign influence in this direction is better understood via content analysis, which exceeds the scope of this study. However, this study covers several examples of broadcasters who attract public attention. Within the sector of banking, all 14 banks registered by the National Bank, the owners and shareholders, of which are publicly available on the National Bank's website, are analyzed. As for mining and mineral waters, the companies operating in these sectors require special licenses to operate. Therefore, information about them can be obtained from the National Agency for Mineral Resources.

The second stage concerned the circumstances of the Georgian energy market: current situation in the electricity, oil, and gas markets. It is a well-known fact that Russia has been abusing its control over energy dependence as a tool for implementing its political agenda on the international stage since 2006. Russia actively uses the dependence on energy resources, especially gas, to advance its political agenda on the international stage. Within the framework of the study, IDFI looked for information from open sources and requested it from official agencies. The organization studied information about HPPs, power transmission lines, energy stores transferred to Georgia.

During the third stage, **the construction sector, large investments in tourism/hotel services, and road transport were surveyed.** In these cases as well IDFI studied medium and large companies. In this regard, IDFI went beyond the scope of the methodology, since for the mentioned sectors it was important to study the impact that the two-waves of influx of Russian citizens to Georgia in 2022 had had on these sectors. Following the start of the war in Ukraine (March 2022) and after the so-called "partial mobilization" (October 2022), hundreds of thousands of Russian citizens entered Georgia, a part of whom remained in the country. This had a significant impact on the surveyed sectors, which is described in the study.

The study presents updated data as of April 2023.

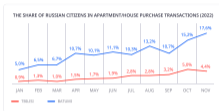
Construction Sector

According to the database of the Georgian National Statistics Service, out of 20 medium-sized, foreign companies/branches thereof registered in the construction sector, only three were founded by Russian citizens, and none of the large-scale economic operators are connected to Russia.

One of the mentioned three companies is "DS GROUP" LLC, 100% of the shares of which is owned by Ilerya Davidov, a citizen of the Russian Federation. According to research by Transparency International - Georgia, in 2014-2015, the Batumi City Hall removed the status of one of the recreational areas in Batumi and handed it over to the Ministry of Finance and Economy of Ajara in order to better attract investment. The Ministry sold the territory to "DS Group" LLC at a symbolic price. According to the same document, the company is one of the large players in the field of apartment construction in Batumi.

IDFI additionally studied the profiles of large companies in the construction sector and several important companies highlighted in studies prepared on the sector at different times, whose ownership did not show any Russian traces or other Russian connections. Accordingly, there are no direct signs of Georgia's dependence on Russia in the economic sector in question.

After the start of the Russia-Ukraine war in February 2022, the arrival of Russian migrants in Georgia had a great impact on demand and, consequently, led to an increase in prices in the real estate market. It is possible that in the future this will be considered as an important prerequisite for the interest of Russian companies in the construction sector in Georgia. According to the "Real Estate Development Sector Survey" conducted by the National Bank of Georgia, from January to November 2022, the share of Russian citizens in house/apartment purchase transactions in Tbilisi increased from 0.9% to 5%, and in Batumi - from 5% to 17.6%.



Source: Excerpt from the Real Estate Development Sector Research Survey of the National Bank of Georgia

According to the data published by the National Agency of Public Registry, in 2022 (until September 9), Russian citizens purchased 15,164 buildings/structures (including 13,262 apartments) and 13,850 plots of land in Georgia. Unfortunately, the National Agency of Public Registry has left IDFI's request for detailed information on real estate purchased by Russian citizens during the full year 2022 unanswered.

Large Investments

In terms of direct foreign investments, by country, Russia occupies the 6th place, with 41.8 million dollars (data for the third quarter of 2022).

In 2021, the direct foreign investment from Russia was 75.5 million USD, and the investments received in Georgia totaled 1.24 billion. According to the preliminary data of Geostat, the volume of total investments in 2022 is 2 billion USD, of which the share of investments coming from Russia is 71 million dollars. As such, Russia takes the 9th place among the largest investor countries.

Tourism/Hotel Service

Among the large companies registered in the field of hotel services, there are no companies of Russian origin or companies otherwise related to Russia. In addition, despite the fact that Georgia does not register tourism companies and, accordingly, complete corresponding databases, IDFI studied several important companies on the market, among which no Russian ownership/connections that led to the presence of significant Russian capital in the economic sphere under study were found.

Although Russian ownership/connections are not confirmed in the studied companies, after the Russian invasion of Ukraine, the growing influx of Russian citizens in Georgia and the subsequent geopolitical circumstances can be considered an important prerequisite for the growth of interest of Russian companies in the field of tourism. This opinion is supported by reports on the services offered by Russian tourist companies in the local market, which even offer tours beyond Georgia to customers.

In addition, the growing interest of Russian citizens in visiting Georgia contributes to the dependence of the tourism sector on Russia. For example, according to the data of the National Tourism Administration, the number of visitors from Russia in 2022 amounted to 1,087,257, which is 23% of the total number of international visitors. According to the data of the National Bank, the income received from the trips of Russian citizens to Georgia amounted to 891 million US dollars, which is 25% of the total income received from international arrivals.

In 2022, the share of visits of Russian citizens and the income received from them in the total amount is ahead of the indicators for 2019, when there were direct flights between Russia and Georgia until July 11 and there were no restrictions caused by the pandemic.

VISITS BY RUSSIAN CITIZENS TO GEORGIA



REVENUES FROM TRIPS OF RUSSIAN CITIZENS TO GEORGIA



Source: National Bank of Georgia

According to the definition presented by the National Tourism Administration, "International visitors are considered to be non-resident travelers of Georgia aged 15 or older who visited Georgia from their usual environment for less than one year". Visits that are carried out 8 times or more than 8 times a month are considered as the usual environment. The mentioned definition does not fully provide the opportunity to identify the tourist goals of the visitors. According to the data of the Ministry of Internal Affairs, in 2022, 1.46 million cases of Russian citizens crossing the Georgian border were registered. According to the information provided to IDFI by the Ministry of Internal Affairs, 42,577 citizens of Russia still had not left the country after at least one month of stay from February 25 to June 30, 2022. As of March 9, 2022, there were 112,733 Russian citizens remaining in the country. Unfortunately, the Ministry did not provide IDFI the full data for 2022. In the Parliament of Georgia, in the "Minister's Hour" format, Minister of Internal Affairs Vakhtang Gomelauri, in response to a question related to the crossings of the border by Russian citizens, explained that 913,000 Russian citizens (unique persons) entered the country within a year of the start of the war, of which 866,000 had departed. It is impossible to verify the accuracy of the mentioned data, as the Ministry does not issue official statistics.

In the first three months of 2023, Russian citizens registered 5,332 businesses in Georgia. In 2022 - up to 15,000. Accordingly, activity in this direction is increasing. Although the available statistics do not provide a detailed picture of the purpose of the visits of Russian citizens, their frequent visits to Georgia will contribute to the growth of the interest of Russian companies in the field of tourism in Georgia.

Land Shipments

As of March 2023, in the field of road freight transport, 15 medium-sized companies (none of them large) were registered in Georgia, of which 10 are local and 5 are foreign, although none of them are Russian.

As for the small private foreign property registered in this sector, according to the data of the business register of the National Statistics Service, a total of 692 entities are registered, of which only 362 have an active status (this includes both individual entrepreneurs and LLC).

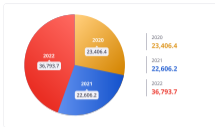
Only 10% of active business entities, 36 companies, belong to Russian citizens. The vast majority of these business entities were registered before February 24, 2022; that is, before Russia started the war in Ukraine and thus before sanctions were imposed.

According to the National Statistics Service of Georgia, in January-February 2023, commodity exports to Russia increased by 38%, and to Armenia by 197%. In absolute numbers, the data looks as follows: in the first two months of this year, 133 million USD worth of products were exported to Armenia, which is 14.5% of the total share of exports, and to Russia - 128 million USD worth of products, which is 14% of the total export.

Armenia, along with Russia, has been a member of the Eurasian Union since 2015. The members of the mentioned Union have common economic borders and customs tariffs, which means free movement of goods between the member states. There is a reasonable suspicion that the products from Georgia first enter Armenia and are then re-exported to Russia. "Radio Liberty" writes that, according to EBRD experts, the observation of trade trends shows that a significant part of the increased exports in Central Asia and the Caucasus is going to Russia - and in this context, re-exports from Georgia to Russia are noted in particular.

IDFI also requested information from the Revenue Service about the statistics of freight transport coming from Russia to Georgia and the products brought into the country by them. According to the received information, the amount of cargo registered in the territory of the Russian Federation and sent from the Russian Federation across the Georgian border to enter the free circulation procedure was distributed according to years, in tons, as follows:

As can be seen from the table, the amount of products brought from Russia to the border of Georgia by freight transport registered in Russia has increased dramatically. Importantly, the amount of imported grain products has doubled, which also took the largest share in the amount of imported products in 2022 (8,184 tons); The amount of imported fats and oils has almost doubled (3,891.5 tons). In 2022, the main 5 products with the largest number of imports in numbers (tons) and their growth from 2020 were as follows:



GRAIN PRODUCTS



● 2022 YEAR 8,184.0

● 2021 YEAR 4,062.5

● 2020 YEAR 1,923.8

FATS AND OILS



● 2022 YEAR 3,891.5

● 2021 YEAR 2,221.8

● 2020 YEAR 2,257.3

FOOD INDUSTRY RESIDUES



● 2022 YEAR 2,942.3

● 2021 YEAR 186.4

● 2020 YEAR 638.8

VARIOUS FOOD PRODUCTS



● 2022 YEAR 1,433.4

● 2021 YEAR 600.9

● 2020 YEAR 410.9

PLANT PRODUCTS



● 2022 YEAR 1,166.1

● 2021 YEAR 234.1

● 2020 YEAR 446.9

COMMUNICATIONS SECTOR

Within the framework of the 2022 [first study](#) published in March 2022, in order to identify companies in the Georgian communications sector that were directly or indirectly owned by Russian citizens or Russian companies, the main players in the market were investigated. Hence, the study covers all the main areas of the sector – mobile operators, fixed tele-phone and Internet services, as well as the web hosting market, including domain registration. Specifically, the study covered all five mobile operators operating in Georgia, 13 companies operating in the fixed telephony market, serving at least more than 1,000 subscribers, eight companies operating in the fixed internet market, which own at least 1% of the market and ten largest hosting providers operating in Georgia, which are also the main players in the market.

Mobile operators

According to the information from the Communications Commission, in March 2022, a total of 5 mobile operators were working in Georgia – “Magticom”, “ Silknet”, “Veon Georgia”, “Ectetic”, and “Global Cell”. As of September 21, 2021, mobile operators had a total of 5,142,263 users, and as of January 2023, their number increased to 5,364,588. “Ectetic” has 4,829 subscribers out of the total number, and “Global Cell” - only 38. As for the main 3 market players, their shares are distributed as follows: “Magticom” 41.7%; “Silknet” 33.4%; “Veon Georgia” – 24.8%.

Veon Georgia

The cellular communication company “Veon Georgia” entered Georgia in 2007 under the name “MobilTel” and was founded as a cellular communication company under the “Beeline” brand. “MobilTel” was a member of the Russian “Vimpelcom Group”. At the beginning of 2017, “Vimpelcom Group” rebranded, after which it was renamed “Veon”. In 2017, the name of “MobilTel” was changed to “Veon Georgia”.

“Veon’s” website notes that the company offers cellular communication branch, television channels, and other digital services to 680 million users across 9 countries (Russia, Georgia, Kazakhstan, Kyrgyzstan, Ukraine, Uzbekistan, Pakistan, Algeria, and Bangladesh). Until May 2022, a sanctioned oligarch, Michael Freedman, was the beneficial owner of the operator operating on the cellphone market “Beeline” (Veon Georgia). On February 28, 2022, Michael Freedman was included in the list of those sanctioned by the European Union on the basis that, on the one hand, he had provided material and financial assistance to and had received benefits from Russian persons that were responsible for the annexation of Crimea and destabilization of Ukraine.

In May 2022 it became public that 100% of the shares of “Veon Georgia” were purchased by businessman Khvicha Makarabia. However, according to the data from the public registry, the official owners of “Veon Georgia” until this time were offshore companies - Waterfall Industries Ltd. (71%) and Investco Alliance (29%). Therefore, it is likely that the deal was made in an offshore zone and at the moment it is impossible to verify its details based on publicly available documented sources.

“Veon Georgia” rebranded itself in April 2023 and will provide its services to customers as “Selfie Mobile” instead of “Beeline”.

FIGURE 1
RUSSEAN/RUSSIAN
CITIZENSHIP OFFICIALS



Fixed Phone and Internet Companies

The fixed telephone market in Georgia has been declining significantly in recent years. According to National Communications Commission data, in January 2019, the number of fixed telephone users lay at over 570,000 while by November 2021, that number dropped to only 341,742. Consequently, the revenues of this sector have been decreasing. In January 2019, the total revenues of this market were about GEL 2.8 million (approximately USD 1 million), which decreased to GEL 1.9 million GEL (approximately USD 600,000) by November 2021; the mentioned indicator totaled up to 1,6 million GEL in January 2023 (a decrease as compared to the previous year, by approximately 300 thousand GEL). This data refers directly to the fixed telephone market, which is calculated independently of the Internet market. However, it should be noted that companies offer customers both Internet services and landline services.

The second-largest company in the market is Akhali Kaelebi LLC, which controls 22.78% as of November 2021 (79,291 subscribers) of the fixed telephony market. The same company owns 4.7% of the fixed internet market and provides services to 45,909 subscribers throughout Georgia. As of November 2021, the fixed internet market in Georgia includes 970,067 subscribers. Apart from "Akhali Kaelebi LLC" (see below), no other major company in the fixed telephone and internet market has ties with any Russian company or Russian citizens.

A holder of dual Georgian-Russian citizenship, Fridon Inja, was the Georgia's Minister of Communications in 1992-1998. Currently, he, together with his family, owns several phone and internet provider companies. Fridon Inja was also a majoritarian member of the parliament in 2000-2004, holding the position through the party listing of the Labor Party. Fridon Inja later became a member of the Tbilisi City Council for the 2017-2021 convocation from the listing of the Alliance of Patriots. Inja donated a total of GEL 118,400 to the AoP Party between 2015-2020. In 2021, he donated GEL 25,000 to the [European Society](#), and in 2014 GEL 50,000 to the Christian-Democratic movement. In 2014, Inja's wife Lali Rukhala also donated GEL 14,970 to the Alliance of Patriots.

Inja's entry into the telecommunications business also coincides with his time in the government. In 2001, the prosecution fired him during his tenure. He was accused of embezzling USD 14 million while holding the position, but parliament did not lift Inja's immunity and closed the case (Source: [Transparency International - Georgia](#)). Fridon Inja is a member of the Parliament of Georgia of the 10th convocation, who was invited to the Parliament through the "Alliance of Patriots (AoP)" party list. The party is publicly positioning itself with anti-Western narratives and stresses the importance of closer ties with Russia. Fridon Inja's companies in the communications sector include: Akhali Kaelebi System Net Popnet CGC Through Akhali Kaelebi and CGC, Fridon Inja controls 25.19% of the fixed-line telephone market. As of November 2021, 341,742 people were using this service in Georgia. Inja's companies also provide services to 6.2% of the fixed internet market. There are a total of 970,067 subscribers in this market. As for System Net and Popnet, they mainly operate in the wholesale market.

One of Inja's companies is Akhali Kaelebi LLC is the second largest company in the Georgian fixed telephone retail market, with a share of 22.78%. Akhali Kaelebi LLC also controls 4.7% of the fixed internet retail market. The company provides internet services to more than 45,000 subscribers living in different regions of Georgia. Shares of the company in Akhali Kaelebi are distributed as follows: Fridon Inja – 46.238%; LTD System Net – 10%; Avtandil Lashvili – 33.177% (Inja's business partner); 10% of the shares are owned by 6 different people.

Fridon Injia and his family own 49.89% of the LTD System Net. The main shareholders of the company are:

- ◆ Ila Injia (Fridon Injia's son) – **24.709%**;
- ◆ Khatuna Injia (Fridon Injia's daughter) – **5.714%**;
- ◆ Fridon Injia – **15.318%**;
- ◆ Lali Rukhala (Fridon Injia's wife) – **4.149%**;
- ◆ Avtandil Iashvili (Injia's business partner) – **29.349%**.

20% of the shares are owned by 11 people.

For its part, Injia's System Net owns shares in CGC (Georgian Central Communications Corporation). CGC provides Internet, television and landline telephone services to the population of Russia. Its total share in the fixed telephony market is 2.49% (8,517 users). In addition, it owns 1.4% (13,865) of fixed Internet subscribers. The shareholders of this company are:

- ◆ System Net – **49.89%**;
- ◆ LTD Jeneri – **13%**;
- ◆ Movemvasia Shipping & Trading Company (Liberia) – **13%**;
- ◆ COSMOTE technical services (Greece) – **25%**.

Fridon Injia's spouse Lali Rukhala, a dual citizen of Georgia and Russia, is the manager of Injia's shares in Akhali Kvelebi LLC. Rukhala is also the chairman of the company's supervisory board. The family ties go over the director of the company – Fridon Injia's son, Ila Injia, who is also a dual Russian-Georgian citizen. Ila Injia and Lali Rukhala hold managerial positions in other companies of Fridon Injia as well.

Fridon Injia's interests in the communications business are not limited to owning Akhali Kvelebi, and System Net. Fridon Injia also owns Popnet Ltd. Popnet is owned by: System Net (Injia's company) – 50%; Fridon Injia – 22.3%; Ila Injia (Fridon Injia's son) – 3%; Avtandil Iashvili (Injia's business partner) – 14.3%; 10% of the shares are owned by 4 people.

According to the official website of "Popnet", the company provides services through long-distance, international, and transit telecommunication channels, using a network of state-of-the-art technologies built on fibre-optic cables.

Services are provided through long-distance channels from Tbilisi to Bolnisi, Gori, Khushuri, Zestaponi, Kutaisi, Poti, Zugdidi, Batumi (main Georgian cities).

The company provides services through international channels from Tbilisi to Russia, CG, Europe, and Asia, using direct connections with the operators of fiber-optic highways in neighbouring countries, including two operators in Azerbaijan and three in Armenia. Popnet owns Georgia-Russia fiber optic cable. Moreover, according to Popnet's website, its partner is the Russian company [Vostokcom](#), which in turn is a subsidiary of the Russian communications company Rostelecom.

BROADCASTERS

- ◆ Broadcasting company R.B.G.

R.B.G. (405085740) was registered in 2015. R.B.G. has an authorization for private, specialized, entertainment broadcasting. The owners are Russian citizen Olga Mileva (90%) and Georgian citizen Irakli Adamiia (10%). The television is known in the market as "1 Entertainment Channel" and mainly broadcasts Georgian translations of Russian Public Broadcaster (ORT) programs. According to their website, its concept includes "traditional values of family television and is intended for people of all ages and social classes". R.B.G. broadcasts educational-entertaining programs: comedy, children, music, documentaries, and feature films.



THE WEBSITE OF "1 ENTERTAINMENT CHANNEL" AND OF OTHER MEDIA, THE MAIN CHANNELS OWNED BY INJIA

According to the Communications Commission, the total revenue of the broadcaster in 2020 is GEL 582,752, in 2021 – 620 thousand lari, and in the first quarter of 2022 – up to 120,000 lari. The section "about us" on the website was last updated in 2018 and mentions that its financing comes mainly from "funds received from private legal transactions and contributions (loans) by the founders".

According to a survey conducted by the Communication Commission in 2015, ORT is one of the most-watched foreign language channels in Georgia.

In Georgia TV ratings are measured by two companies - TV MR Georgia and Tn Media Intelligence. These companies measure only those channels that are chosen by the customers. For example, TV MR Georgia measures the ratings of only 13 TV channels operating in Georgia, not including R.B.G. Consequently, it is currently impossible to determine the rating of the mentioned TV channel from publicly available sources.

BANKING SECTOR

Within the scope of the study, the team studied 15 commercial banks registered in Georgia. Among these, only VTB Georgia (VTB Bank) was owned by a Russian company, Vetebe Bank. According to the data as of December 31, 2021, in terms of its capital, 77% of the Georgian banking market belongs to two of the largest banks. The sector as a whole is distributed as follows:

- ◆ "TBC Bank" - **42%**;
- ◆ "Bank of Georgia" - **35%**;
- ◆ The remaining 12 banks - **23%**;

"VTB Bank" is the former "United Georgian Bank". According to the data presented to the National Bank in 2021, 97.38% was owned by the Russian "Vetebe Bank", while 1.47% was owned by "Lucarpa Enterprises Limited Ltd." The Russian Federation is a beneficial owner of the bank, with 59.34%.

The Russian "Vetebe Bank" owns dozens of financial and credit organizations across European and Asian countries. The "VTB Bank Georgia" active in Georgia is one of them. The shares of the "United Georgian Bank" was purchased by the Russian Vetebe in 2005. The company underwent a rebranding in December 2006, with the name changed to "VTB Bank".

Following the imposition of sanctions on the bank in the aftermath of Russia's invasion of Ukraine, the subsidiary Georgian Bank of the Russian "VTB Bank"

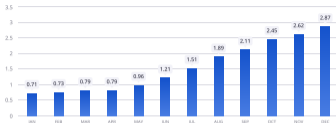
According to Georgian law, TV channels operating in Georgia are required to provide the Communications Commission with information on revenues that are over GEL 7,000 (approximately USD 2,300). This information is published on the Communications Commission's website. Because this data has not been published yet, it was necessary to contact the Communications Commission and request public information about the financial sources of R.B.G. The Communications Commission responded that they have not received the complete information about their revenues from the TV channel and as soon as they are provided with this information they will publish it on their website.

caused operations in the summer of 2022. Soon after the sanctions went into force, it became public that the debt and deposit portfolio of "VTB Bank Georgia" had been purchased by "Basisbank". The bank explained this decision on the basis of the protection of interests of its depositors and customers. The processes following the beginning of the Russia-Ukraine war do not end with only sanctions against "VTB Bank" and have had an important influence on the activities of every bank in Georgia.

On the one hand, the financial sector of Georgia, as a part of the global financial system, joined in the international financial sanctions imposed on the Russian Federation, and the banking sector was restricted from carrying out the sanctioned operations, while, on the other hand, the migration of Russian citizens and the increased trade circulation with Russia as well as remittances contributed to the growth of the operations of the banking sector. For example, according to the information provided by the National Bank, 100,0 thousand citizens of Russia opened accounts in Georgian commercial banks following the invasion of Ukraine by Russia. As a result, as of December 31, 2022, 161,032 citizens (natural persons) and 55 legal entities of Russia had opened an account with Georgian commercial banks.

As a result of the active entry of Russian citizens to Georgia and opening of bank accounts, the indicator of their deposits with commercial banks increased significantly. Specifically, as of December 2022, Russian citizens had deposited 2.87 billion GEL in Georgian commercial banks, which is 2.16 billion GEL more than the situation prior to the beginning of the war (January 2022). Consequently, as of December 2022, the funds deposited to Georgian commercial banks by Russian citizens increased 4 times compared to the number re-

**DEPOSITS PLACED IN GEORGIAN
COMMERCIAL BANKS BY RUSSIAN
CITIZENS
(REMAINDER, BILLION LARI)**



Source: Public information received from the National Bank of Georgia

MINING AND MINERAL WATER

A total of 3,000 companies were identified in the mining and mineral water sector. Company data was processed according to the ownership, shareholders and management. After identifying Russian connections (according to citizenship and/or affiliations), background checks were conducted on over 120 companies and individuals. The data outlined below reflect the most relevant findings. Some of the identified companies are either owned by Russian or Russian-Georgian dual citizens. In terms of political ties, influential names (primarily in Russian, but also in Georgian context), and/or appearances in political donations, several cases were separated for further investigation.

RMG (Rich Metals Group)

The company with a gold mining license for the period of 2014-2042. The company's name is connected with the removal the status of the National Heritage from the Sakdrisi monument, which resulted in the explosive demolition of the latter. Owned by RMG Copper (3.79%) and Mining Investments LLC (96.21%). The chairperson of the supervisory board is Russian citizen Dimitri Troitski, deputy chairman is Russian citizen Dmitry Korotki. According to the financial audit documents of 2020 published by RMG Gold, the parent company of Mining Investments LLC is Bulachon Limited, and its beneficial owner is Dimitri Troitski. These documents show that the total revenue of the company in 2020 reached 371,954,000 GEL, decreasing to 289,297,000 GEL according to the 2021 data. In 2020, 278,646,000 GEL of the revenue was the amount received from the sales of gold, while in 2021, said share was 203,627,000 GEL.

According to Forbes data from 2017, Dmitry Troitskiy ranks 184th among Russia's richest businessmen. He has been pursuing business activity in Russia with his friend Dmitry Korzhnev since 1993.

In addition to gold, RMG Gold and RMG Copper also hold 6 additional licenses for various minerals, including quartz, mineral waters and stone gravel. Moreover, another company affiliated with RMG Gold, RMG Auramine LLC holds licenses of gold (2016-2041) and fresh-water (2019-2036). According to the audit documents published by the company, from September 2019 its main activities have been extraction of minerals containing gold, zinc, lead and copper. All the supplies are sold to RMG Copper. The company had a total income of GEL 50,099,000 from sold supplies in 2020. RMG Auramine LLC is owned by Caucasian Mining Group LLC which in turn is owned by Ramilton Holdings Limited, registered in Cyprus. Beneficial owners of the latter are not disclosed. Tomiko Lipartia was the General Director of RMG Auramine Ltd., also occupying the same position in RMG Gold, while since October 2022 the same positions in these two companies were occupied by Jando Shubitidze. The parent company of RMG Auramine is Caucasian Mining Group LLC, and the members of the supervisory council of Caucasian Mining Group LLC are Dmitry Korzhnev, holding the same position in RMG Gold and Kakhaber Mchedlishvili, holding the same position in Mining Investments LLC (parent company of RMG Gold).

In the research [published](#) by IDFI in 2020, a number of individuals were identified who are likely affiliated with RMG Gold and have donated a total sum of GEL 800,000 to the ruling political party before the 2020 parliamentary elections.

A Georgian-German archeological team headed by Dr. Thomas Stollner of Bochum's German Mining Museum was investigating the Sakdrisi-Kachugiani hill in the Bolnisi district. The group of scientists concluded that Sakdrisi's gold mine, dating back 5,000 years, was the oldest gold mine, which they confirmed on the basis of the laboratory research result. Together with civil activists, they called on the government and RMG not to launch gold mining works on the location, and to allow scientists to thoroughly explore the territory and set up a museum. In April 2019, the Georgian Ministry of Environment and Natural Resources Protection published a report on environmental impact, which also mentioned RMG Gold. The report states that the company's actions, without due decision of the ecological expertise, entailing pollution/degradation of the soil as a result of ore leaching, had caused GEL 39,153,880 worth of [damage to the environment](#). The same report also suggests that RMG Copper's pouring of open-cast acidic water into the river Kazetula had caused GEL 1,078,188 worth of damage to the environment.

Capital Group

Capital Group Ltd (with a Gold Mining License for the period of 01.08.2019 - 01.06.2044) - As of March 2022, 50% share belonged to the dual Georgian and Russian citizen Fridon Katamadze, although during this year the shares changed twice, following which Katamadze became the owner of 87.5%. He was closely connected to the project that entailed the construction of an artificial island in the center of Batumi; he is the director of the implementing company of the project - Ambassador - Batumi Island Ltd. The owners of the company are Batumi Island Ltd. (18%) and Russian dual citizen Elguja Keburia (82%); Fridon Katamadze is the owner of 100% share of "Batumi Island" LLC and, therefore, the final owner of 18% share of "Ambassador - Batumi Island".

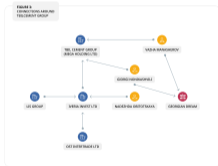
According to the data from March 2022, 82% of the shares of "Ambassador - Batumi Island" belonged to LLC Property Assets Investments LTD, which was registered on the British Virgin Islands and the beneficial owners of which were not named. According to the January 6, 2022 changes, Elguja Keburia purchased the mentioned share for 5 million euros. Keburia himself is a shareholder of "Ambassador Group", "Ambassador Batumi", "Ambassador Club", "Ambassador Batumi Island", "Elite Ski Resort", and "National Medical Center named after Academician G. Ghudushauri. The land where the island should be built (90 ha) was directly handed over to the company by the government. In July 2022, a government decree granted the project the status of a "special object", and in September of the same year, a presentation of the project was held, during which it was noted that the construction permit had already been issued. According to the information from "Batumelebi", there is no official report on the environmental impact as of yet. Before August 2019, Capital Group had another owner, who obtained a gold mining license for GEL 788,305 in May 2019. On 14 August 2019 the shares of the company were transferred to Fridon Katamadze and his partner free of charge.

Mega Holding LLC (TbilCement Group)

Mega Holding LLC (formerly named Tbil Cement Group, with a license for stone gravel extraction for the period of 2020-2025) is a holding of concrete manufacturers and construction companies. Factory is located in Zahesi, Mtskheta and according to their official website, they produce 120 cubic meters of concrete and more than 14 tons of cement. Company is owned by Vadia Manasherov (17%), Rusudan Tshitnadze (19.6%), Mikheil Datikashvili (12.25%), Giorgi Nonikashvili (1.15%) and Iveria Pro LTD (50%). Two of the Georgian shareholders, Vadia Manasherov and Giorgi Nonikashvili, are donors to the ruling Georgian Dream coalition.

As of March 2022, One of the shareholders of the Mega Holding (Toll Cement Group) was Iberia Pro Ltd (50%), which was in turn owned by Iberia Invest Ltd. (100%). The shareholders of the latter were the Russian company OJSC InterTrade Ltd. (20%) and the Lithuanian company LIS Group (10%), as well as a Russian citizen Nadezhda Obitotskaya (19%). The registration addresses of the two legal entities and that of Ms. Obitotskaya were identical. As of December 2022, a share (50%) of "Iberia Pro" Ltd. was purchased by the beneficial owner of this company "Lis Group" for 1 lari.

In the case of other shareholders, political activity was expressed in terms of party donations: in 2017, Vazha Minashverdi and Giorgi Nonikashvili donated the maximum admissible amount of 60,000 lari each to the physical persons representing "Georgian Dream".



Sairme Mineral Water

Sairme Mineral Water Ltd (with a total of 3 licenses of fresh water (2010-2030), underground fresh water (2011-2030) and carbonated mineral water(2019-2031))- As of March 2022, it was in the ownership (100%) of Russian citizen Yakov Gulchia. Gio Gulchia, who at the time had Russian citizenship, was a member of the supervisory board. Gulchia is included in the lists of Russia's top billionaires every year. He owns breweries in St. Petersburg and is currently an owner of a glass factory operating there. As of March 2022, together with Yakov Gulchia, Gia and Khatsuna Gulchia became the shareholders of "Sairme Mineral Water". According to the data from the public registry, both are citizens of Saint Kitts and Nevis. Gio Gulchia's sister, Nana Gulchia, currently [works](#), the position of deputy chairman of the Tourism Development Committee of St. Petersburg.



IDS Borjomi Georgia

LLC IDS Borjomi Georgia extracts and produces mineral and still water - Borjomi, Likani as well as table still water - Borjomi Springs, Bakuriani. The company owns bottling factories no. 1 and no. 3. IDS Borjomi Georgia was formerly known as Georgian Glass and Mineral Waters Company. The latter made a foundation for the creation of the international company IDS Borjomi International) by the company co-owned by Badri Patarakatsishvili. In early 2013, the Patarakatsishvili family announced it sold IDS Borjomi International controlling interest to the major investment company Alfa Group, belonging to Russian billionaire Mikhail Fridman for USD 300 million.

According to the public registry data, the official name of "Borjomi" is: LLC IDS (Borjomi) Georgia, the founder of which is IDS Borjomi Beverages Company, registered in the Netherlands-Antilles. The company is registered offshore, which complicates the discovery of its final beneficial owners.

After the invasion of Ukraine and the start of a full-scale war, "Borjomi" ceased production, citing international sanctions as the reason. This caused a protest by the employees, which was swiftly followed by a June 13 statement by the Prime Minister Irakli Garibashvili, according to which a part of the shares of "Borjomi" were transferred to the state, although the Prime Minister did not specify what percentage of the shares fell into state ownership.

A later statement issued by IDS BORJOMI International clarified that the controlling shareholder of the company (Fridman) would transfer 7.73% of the shares to the Georgian government. The company did not issue any information on how the remaining shares would be distributed after the transfer of 7.73% shares to the government. However, according to the explanation by the company, according to the agreement:

- Fridman will no longer have control function over IDS BORJOMI International;
- The number of controlling shareholders in the board of directors of IDS BORJOMI International would be reduced from 8 to 2 members;
- A representative of the Government of Georgia would be the Chairman of the Board of Directors of IDS BORJOMI International.

In December 2022, "Borjomi" declined to answer a question on how the Georgian side would have a controlling function with insufficient shares. In addition, as mentioned previously, due to the company being registered in an offshore zone, it is not possible to verify the information on the distribution of shares between the final owners.

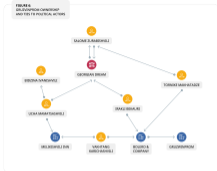
As such, it is currently unknown how the Georgian government is fulfilling the promise to eliminate problems in the operation of "Borjomi". It is also unknown what direct impact the criminal case brought against Mikhail Fridman in Britain will have on the activities of the "Borjomi" company.

Gruzeinprom

Gruzeinprom obtained mineral waters extraction license in Georgia. The company is owned by another company named Bolero & Company. In turn, Bolero & Company is part of Georgia's largest industrial-trading group of enterprises, which also includes "Gruzeinprom" Ltd, "Kand Georgian Spirits" Ltd, and a bulk stock terminal in the Poti Port Free Industrial Zone.

The International Consortium of Investigative Journalists (ICIJ), which examined the leak of about 12 million documents from 14 offshore service providers known as the Pandora Papers, says that Bidina Ivanishvili established 12 companies in the British Virgin Islands, an offshore haven, between 1998 and 2018 and Brightstone Finance, which is a shareholder of Poti FIZ Management Company, is one of the 12 companies. According to the ICIJ, Ivanishvili founded Brightstone Finance to finance debt-equity of certain projects of the Georgian Co-Investment Fund. More specifically, the Pandora Papers read that established in 2015, Brightstone Finance is a controlling shareholder of Georgia-based Eurasian Invest, a company that through several other firms holds sizable stakes in Poti Free Industrial Zone, near Georgia's key port of Poti. The profitability of the Poti Free Industrial Zone is [directly related](#) to cargo turnover in the Poti port.

The only stakeholder of the Bolero & Co is Vakhtang Karichashvili, a dual citizen of Georgia and Russia, which makes him the beneficial owner of all the companies established by Bolero & Co, including Gruzeinprom. Similarly to the above-discussed cases, nearly all of the managers of these companies have made donations to the ruling political party Georgian Dream. Furthermore, Vakhtang Karichashvili owns another company named Melikishvili Inn with his business partner Ucha Mamatsashvili, who also holds dual citizenship of Russia and Georgia and is a relative of Bidina Ivanishvili. On the other hand, the companies are noticed at the receiving end of the state procurements. According to TI Georgia, one of Krichashvili's companies, Universal Spirits, was one of 10 companies receiving the biggest amount of money from simplified public procurements in 2020. Universal Spirits LLC received 19 contracts worth GEL 5.7 million in 2020 through simplified public procurement. 18 of these contracts were signed with the state-owned company Akuna. Universal Spirits has been getting simplified public contracts since 2015. It has not participated in public tenders. February 6, 2023, marked the official opening of the "Gori Inn" hotel, which also belongs to Vakhtang Karichashvili.

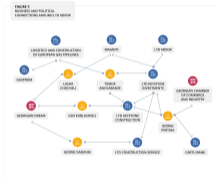


Mixor

Among the shareholders of LTD Mixor are Tescor Chochel (42.12%) and LTD Keystone Investments (15.75%), which itself is owned by Temur Ancharbaev, a businessman from St-Petersburg. He is the founder of a number of companies in Russia, including North European Gas Pipeline Logistics (NGLT). According to their website, for more than 17 years this company has been working with large enterprises of the industrial, oil and gas and energy complex of Russia. They take part in large-scale projects for the construction and reconstruction of gas pipelines. On their website, Keystone Investment is listed as a member of a business group and is described as the company to take part in the South Stream project to diversify the supply of Russian natural gas to Europe and transport additional gas to regions of central and southern Russia.

Another shareholder of "Keystone Investments Ltd." was Giorgi Pertala (10%), the President of the Georgian Chamber of Commerce. He gave up his share in the company in 2023 and, thus, no longer participates in its activities. Back in 2018-2019, Giorgi Pertala was a member of the Cartu supervisory board, the company famously associated with the founder and former chair of the governing Georgian Dream.

In a complicated map, Mixor's major shareholder is indirectly linked with Gazprom, as is his business partner, connected to the Georgian governing political actors.



A REVIEW OF THE CURRENT STATE OF THE ENERGY MARKET IN GEORGIA

According to the Georgian Ministry of Economy, the country's energy system is linked to those of Russia, Turkey, Azerbaijan, and Armenia. The bulk of electricity trade originates from the first two countries. Imports from these nations are carried out in the winter to meet increased demand, while exports occur during the summer months due to the abundance of natural water and generated electricity. The exchange with Armenia is conducted in a smaller volume.

Georgia utilized 14,8 billion kWh of energy in 2022. There was a total demand for 14,165 kWh of energy, of which there was a loss of 368,69 kWh of electricity.

In 2022, a total of 1,5 billion kWh of electricity was imported to Georgia. Of this number, 1,265 billion kWh was imported from Russia, comprising 84% of the total import. As a rule, the majority of the electricity is directed to the region of Abkhazia under Russian occupation, where Georgia does not have de facto administrative control. However, the 2022 report, published regularly by "Georgian State Electrosystem", does not contain a detailed distribution of the electricity imported from Russia and what portion was directed to the de facto Abkhazian territory.

Meanwhile, according to the 2021 report, the share of electricity imported from Russia in the total indicator was 25%. The rest came from Azerbaijan (60%) and Turkey (15%). It is also important that only 1.61% of the electricity (including losses) consumed in Georgia in 2021 came directly from Russia to territories controlled by Georgia (with the exception of Abkhazia).

ELECTRICITY

The Russian company „Inter RAO“ holds a significant position in the Georgian energy market, owning and managing hydroelectric power plants. Unfortunately, it is also responsible for supplying electricity to the capital of Georgia. The company is primarily owned by Russian state energy companies, with „Rosneftgas“ holding 27.63% of its shares, „Inter RAO Capital“ owning 39.56%, and Rosset FGC UES holding 8.57%, while also being the sole owner of Russian power transmission lines. The remaining 34.24% of „Inter RAO“ shares are publicly traded.

The General Director of „Inter RAO“ is Boris Kovalchuk. The company's Supervisory Board comprises 11 members, many of whom have ties to Russia's ruling elite.

„Inter RAO“ holds a 75% stake in „Telasi“ („Khrameshi 1“ and „Khrameshi 2“) in Georgia. The company also manages Urgur HPP, which is owned by the Georgian state. However, the specific details of its management practices are not publicly known, and efforts to obtain information through public information requests have been unsuccessful. On the other hand, „Telasi“ (from 2020 „Telmiko“) is the only energy supplier of the capital of Georgia, serving 697.4 thousand [subscribers](#).

LLC „Tbilisi Electric Supply Company“, also known as „Telmiko“, was founded in 2020. From July 1, 2021, it became the electricity supplier for the population of Tbilisi, serving subscribers instead of Telasi. All „Telasi“ users automatically became „Telmiko“ subscribers. After the change, the electricity distribution infrastructure remained in the possession of „Telasi“. As „Telmiko“ announced in 2021, the change in the electricity supply company is due to the large-scale reform of the energy sector, within the framework of which Georgia is moving to the European model of the energy market. Telmiko and Telasi actually have the same owners: 75.471% of Telmiko is owned by „Silk Road Holdings B.V.“, registered in the Netherlands. „Silk Road“ also owns the same number of shares in „Telasi“. The remaining 24.529% of Telmiko's share is owned by „Energy Company“ LLC, 100% of which is owned by businessman Khvicha Makatsaria.

In 2012, „Inter RAO“ entered into negotiations with the newly elected Georgian Dream government, leading to the signing of a secret memorandum on March 31, 2013. As a result of these negotiations, the company's obligation to build energy facilities was replaced with a promise by the government to reduce electricity fees by 3 tetri. This reduction was part of the Georgian Dream's pre-election promises to the population. Studio „Monitor“ reached out to „Telasi“ regarding the funds accumulated between 2007 and 2013 and their disposal, but the company declined to provide this information, citing protection of „commercial secrets.“ According to its 2020 financial statements, „Inter RAO“ earned a profit of 5.5 million GEL in that year.

On February 15, 2023, it became public that Georgia lost the \$76 million arbitration case against „Inter-RAO“. The case was initiated by the company against the government in 2017. The arbitration case was filed on behalf of two Dutch subsidiaries of Inter-RAO, GAR-DABANI HOLDINGS B.V. and SILK ROAD HOLDINGS B.V. The company wished to increase electricity tariffs and was demanding „compensation for the losses caused by the devaluation of the GEL“ when determining the tariffs in 2014.

TELASTI

Silk Road Holdings B.V. holds a 75.11% stake in JSC „Telasi,“ which is fully owned by „Inter RAO.“ 24.53% of „Telasi“ shares are owned by „Best Energy Group“ LLC, with the remaining 0.36% owned by other shareholders.

„Telasi“ is the sole energy supplier for the capital of Georgia, serving [over 4 thousand subscribers](#). Its activities include electric energy transportation and the maintenance, operation, reconstruction, modernization, and expansion of Tbilisi's electric distribution network for effective electric energy system functioning. According to the company, the annual electricity consumption in the capital is around 3 billion kWh, which constitutes approximately 20% of Georgia's total consumption. According to its annual report, „Telasi“ had a profit of 71,655,000 GEL in 2021, a 221% increase from the previous year. In 2020, the profit of „Telasi“ was 21,796,000 GEL. During the shareholders' meeting on March 31, 2022, the following individuals were approved to serve on the „Telasi“ Supervisory Board:

- | | |
|----------------------|--------------------|
| ◆ Alexander Abramkov | ◆ Sergey Samarin |
| ◆ Dmitry Volkov | ◆ Zunab Gelentidze |
| ◆ Yuri Maikhov | ◆ Koba Ghurtskaya |

In addition to his interests in the energy sector, Koba Ghurtskaya is involved in a wide range of other business ventures in Georgia. He is a business partner of businessman Khvicha Makatsaria in various companies and also serves as a director in companies where Makatsaria holds shares. Makatsaria's company „Best Energy Group“ owns 24.53% of „Telasi“. In May 2022, it was reported that Georgian businessman Khvicha Makatsaria is acquiring a 100% stake in Von Georgia, which is linked to a sanctioned Russian oligarch Mikhail Fridman.

Koba Ghurtskaya is the single owner of „Vin“ LLC, which in turn holds a 75% stake in „G&L“ LLC. In 2017, it was revealed that G&L LLC had won a tender organized by the Georgian Ministry of Economy, granting the company exclusive rights to operate a lottery within the country for a decade, until 2027, in exchange for 5 million USD. No other company participated in the tender. Ghurtskaya is also the Director of CBS Group Holding, which, according to its website, manages several significant companies operating in Georgia, including Tbilisi Mall, Telasi, Caucasus Cable Systems, Caucasus Online, Tbilisi Minibus, and others.

KHRAMHESI 1 AND KHRAMHESI 2

„Khrameshi 1“ and „Khrameshi 2“ are high-mountain power stations located in the south-western part of Georgia. „Khrameshi 1“ is situated in the Tsalka district, while „Khrameshi 2“ is on the 115th km of the Khrumi River. „Khrameshi 2“ operates in a round-the-clock regulation mode and primarily uses water produced by „Khrameshi 1“. Both of these power stations are owned by Gandabani Holding B.V., which is in turn owned by Inter RAO. In 2021, they generated 629.1 million kWh of energy, accounting for 4% of the total energy consumed in Georgia.

ENGURHESI

In December 2008, just a few months after the conclusion of the Russo-Georgian war, the Georgian Ministry of Energy signed another memorandum with „Inter RAO“ for the joint management of „Engurhesi.“ The largest hydroelectric power station in the Caucasus, „Engurhesi“ is located on the Enguri River and boasts a total capacity of 1300 MW. In 2021, it generated 3.5 billion kWh of energy, accounting for 22.5% of Georgia's total energy consumption. The Engurhesi Dam is located in Georgia with the power plant located on the Abkhazian side of the administrative border. The Georgian Ministry of Energy signed a memorandum with „Inter RAO“ for joint management of the Engurhesi hydroelectric power station two weeks before any comment was made on the agreement. On January 12th, 2009, the Minister of Energy, Alexander Khetaguri, announced to the media that the Enguri HPP would be managed jointly by both Georgian and Russian parties.

According to information from Inter RAO, the ten-year program aimed to "effectively operate" the Enguri HPP was agreed upon as part of the memorandum signed between the two parties.

Despite widespread public interest, the details of the memorandum signed between the Georgian government and the Russian company "Inter RAO" were kept confidential. Despite attempts by the newspaper "Resonans" and the "Young Lawyers Association" to obtain information through the court, the content of the agreement remains unknown to this day, even under the new government that took office after 2012.

In May 2022, the Institute for Development of Freedom of Information (IDFI) requested a copy of the memorandum from the Ministry of Economy of Georgia, but there has been no response from the agency to date. The 2020 report reveals that Engurhesi operated at a loss during the year, with a total loss of 51,960,000 GEL. This was an increase from the loss of 8.2 million GEL in 2019.

SAKRUSENERGO

Sakrusenergo is a crucial player in the Georgian energy sector, managing and owning crucial power transmission lines, including those through which Georgia receives electricity from Russia. The joint-stock company is co-owned by the Georgian state with a 50% stake and the Russian company "Federal Grid Company of United Energy System" with the other 50%. Founded in 1996 by both entities, "Sakrusenergo" is overseen by a supervisory board with a Russian chairman, Alexei Molok, and a Georgian deputy chairman, Atandil Tevdzide. The board also comprises members from both Russia and Georgia, including Madina Kaloeva, Dmitry Ustyugov, Andrei Tulba, Aleksandre Chivadze, Tessa Gabadadze, and Ivane Roslatskhili. According to the company's information, "Sakrusenergo" operates and controls a number of important power transmission lines. These include inter-system lines, such as the [500 kV "Kavkazian" line](#) connecting Georgia and Russia, the [500 kV "Mukhrani Valley" line](#) connecting Georgia and Azerbaijan, the [330 kV "Gardabani" line](#), and the [220 kV "Adjara" line](#) connecting Georgia and Turkey. Additionally, the company operates internal system lines such as ["Imeret"](#), ["Kartli-1"](#), ["Kartli-2"](#), ["Mukhrani"](#), and ["Assuret"](#).

The main objectives and functions of "Sakrusenergo" are:

- ◆ Ensuring the maintenance and safe operation of its owned electrical transmission lines;
- ◆ Facilitating seamless transmission of electricity, including providing transit transmission services;
- ◆ Promoting collaboration and parallel operation with neighboring countries' energy systems.

The tasks and goals of JSC "Sakrusenergo" as outlined in their 2019-2029 ten-year plan include:

- ◆ Building a new [330 kV two-chain power plant "I. J. Gardab"](#) to connect the energy systems of Georgia and Azerbaijan at the Georgia-Azerbaijan border;
- ◆ Constructing the [200 kV "Mamouli-Armen"](#) and 500 kV line from the N42 tower of ["Mukhrani"](#) to the Georgia-Armenia border;
- ◆ Rehabilitating the [500 kV "Imeret"](#) building;
- ◆ Building the Kumi-Sepantskhinda Mtskheta connection site.

In August 2017, "Sakrusenergo" signed a 49-year lease with the Ministry of Economy and Sustainable Development of Georgia, securing two plots of land in Gldani, Tbilisi - one 7500 square meters and another 3000 square meters - for its office and base construction. The company's new base, which includes a logistics and transport service, Tbilisi operation and repair area, and a warehouse for heavy equipment and materials, was commissioned in 2017. Prior to this, the company operated in a rented office and in a leased area for its base. The latest annual report shows that "Sakrusenergo" had a profit of 14,476,000 GEL by 2021.

MTKVARI HPP

According to the Georgian Co-Investment Funds website, the construction of the Mtkvari Hydro Power Plant (HPP) project is underway in Akhaltsikhe Municipality along the Mtkvari River. The Fund took the lead and fully acquired the project in 2014, revitalizing its construction. With a total installed capacity of 53 MW and an average annual electricity production of 251.5 million kWh, the estimated output of the project accounts for 1.9% of Georgia's total electricity consumption, which was 13.4 TWh in 2019. In February 2020, Mtkvari Hesi completed the excavation of Georgia's longest and largest diameter tunnel, a 9.6 km tunnel with a 6-meter diameter, using Double Shield TBM technology. The excavation of the tunnel was a significant and lengthy stage of the project and marked a move towards its final phase. The project was slated for completion and operational launch in early 2022. According to the latest information, this process was delayed into 2024. The ownership structure of the company is as follows: "Mtkvari Holding" LLC owns the company and "GCF Partners" LLC, a limited liability company, manages 100% of the shares.

In turn, 100% of Mtkvari Holding LLC is owned by GCF Luxembourg LLC, with ultimate control by GCF (I)pl registered in the Cayman Islands. As a managing company of the co-investment fund, "GCF Partners" LLC specializes in investment management, general management, and other consulting services. According to the 2020 report on the reporting portal, the company concluded a general management service agreement with "Georgian Tourism Development Fund" (GTDF) LLC in 2017. GTDF LLC is fully owned by "Karta Fund".

Giorgi Baldarashvili has been holding the position of director of "Georgian Tourism Development Fund" LLC since 2019, just after he left the position of director of JSC "Tbilisi Development Fund". It should be noted that with the changes in September 2022, he also took the position of the director of "Mtkvari Holding".

Until December 2022, the owner of 100% of GCF Partners LLC was Giorgi Bachiasvili, a dual citizen of Georgia and Russia, while Tzotne Ebralidze held the position of general director. At the moment, 100% of the shares of the company are owned by Kakha Kobiasvili. Kobiasvili is the nephew of Bidzina Ivanishvili, and according to a [study](#) by Transparency International - Georgia, is the official representative of the offshore companies operating in Georgia owned by Bidzina Ivanishvili. Additionally, Kobiasvili holds the position of director in "Aqua-Center" LLC, owned by the offshore company of Bidzina Ivanishvili, Vanity Overseas Limited, through the mentioned company, he also conducts business in Russia. Kakha Kobiasvili has made donations to Georgian Dream in the amount of 200,000 lari, with the final donation of 50,000 lari having been made in 2021.

Tzotne Ebralidze is the general director of "GCF Partners", while Nana Khvedelidze holds the position of deputy director. The latter has donated a total of 60,000 lari to the Georgian Dream in 2019 and 2021.

The co-investment fund was established in 2011, with its founding partners being Giorgi Bachiasvili (42%), Ucha Mamatsashvili (42%), and Levon Vasadze (16%). In 2014, Levon Vasadze left the partnership, returning his 16,000 GEL donation to the company's charter capital, and his share was evenly divided among the remaining two partners. In 2018, Ucha Mamatsashvili sold his 50% share of the company to Giorgi Bachiasvili. Until 2019, Giorgi Bachiasvili was the head of the co-investment fund, and **currently**, he serves as the Chairman of its Advisory Board, with Tzotne Ebralidze as the Executive Director.

According to the co-investment fund website, aside from "Mtkvari HPP", "Lentekhi HPP" is indicated as one of the current projects in the energy sector. Its total capacity is 192 megawatts, and the average annual output is 668 million kWh, which is 6% of the total electricity of Georgia. According to the foundation, the technical feasibility study stage has been completed, and the project will be put into operation from 2026. In this project, the Georgian Co-investment Fund will be the owner of a minority share, while the largest Korean company will be the owner of the majority share.

Leontina Galava is the director of current energy projects for Lentekhi Holding, as well as having previously held the director position at GCF Hydro Development LLC, a company connected to the co-investment fund and fully owned by GCF Luxembourg. In 2017, GCF Hydro Development underwent a reorganization that involved separating it from GCF Hydro Mtkvari, Lentekhi Holding, and Oni Holding, and merging it with Tschernitskai, Khobi Holding, and Namakhvani Holding. In 2018, the company rebranded as Batumi Tower Holding LLC and was involved in the construction of Batumi Riviera as the mortgagee of the construction company. In 2021, it underwent another reorganization and merged with Resort Holding LLC, retaining the Resort Holding name. The company is fully owned by GCF Luxembourg SARL and is currently directed by Givi Gabelaia, who also serves as the director for the Asis Tower Holding project of the co-investment fund. As of March 2022, Leontina Galava simultaneously held the position of a member of the supervisory board of the state-owned JSC "Georgian State Electrosystem", although no information about her can be found on their website at the moment. The same website contains information that Leontina Galava simultaneously worked in the partnership fund in the sphere of energy in 2018, in the position of an officer, which is also no longer able to be found. The Georgian State Electric System is the sole operator of Georgia's electricity transmission system, responsible for transmitting and dispatching electricity to distribution companies and directly to consumers, sourced from hydro, thermal, and wind power plants.

DARIALI ENERGY

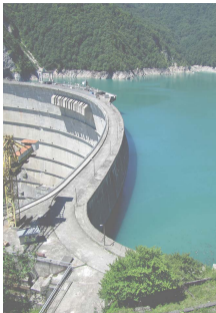
Dariali Energy is undertaking the construction of the "Dariali HPP" in Kazbegi, located along the Tergi River. The project involves building a 108 MW hydroelectric power plant in the north-east region of Georgia, specifically in the Kazbegi area, at an altitude of 1729 meters above sea level. The hydroelectric plant harnesses the water flow from the Tergi River, which is directed through a derivation tunnel to the main facility located 1.2 km from the Russian-Georgian border at 1334 meters above sea level. With an annual stable output of 500 million kWh, roughly 70% of the energy will be generated during the summer months (May-October). The project also involves connecting the Dariali power plant substation to the national grid through the Dariali 110 kV transmission line. The construction timeline is 4.5 years, and the estimated payback period, after the start of operations, is 40 years. The total investment required for the project amounts to 123 million US dollars. The current shareholders of the company are "Energiya" LLC (44.37%), "TEPCO Renewable Power Singapore PTE" LLC (31.38%), and the Lock W. Home Irrevocable Trust, dated December 2012 (24.25%). "Energiya" LLC has two shareholders, Mervud Bliadze, a citizen of the Russian Federation (70%), and "Feri" LLC (30%). Bliadze is a businessman based in Russia, with a focus on constructing infrastructure projects. On the other hand, Feri LLC's primary business is constructing hydroelectric power stations, power transmission lines, pipelines, roads, bridges, tunnels, and various other structures and facilities in challenging terrains. [One of the projects](#) executed by the company was the excavation of the Mtkvari HPP tunnel for the co-investment fund. As per the annual report, "Dariali Energy" LLC recorded a profit of 24,169,000 GEL in 2021.

ENERGIYA (SHILDABES)

Mervud Bliadze, a Russian citizen, owns 70% of the shares in the "Shildabes" small hydroelectric power station, while 30% is owned by "Feri" LLC. In 2021, "Shildabes" produced 18 million kWh of energy, accounting for only 0.1% of the total production. It should be mentioned that the financial information of "Energiya" LLC is not readily accessible on reporting portals.

PSHAVI HYDRO

"Skundi HPP" in Adjara is a hydroelectric power plant with a capacity of 1.33 megawatts, built by the company. The Georgian government entered into a memorandum with the company in 2014, just a few months after its establishment, to build the HPP. It was commissioned in 2019. Raul Kurdadze, who holds dual citizenship in Georgia and Russia, owns 87% of the company, while Zviad Gugava, also a dual citizen of Georgia and Russia, owns the remaining 13%.



THE OIL AND GAS MARKET

According to Geostat data, in 2022, oil, oil products, gasses and other gaseous hydrocarbons were at the top of the largest commodity groups imported from Russia to Georgia.

THE LARGEST PRODUCT GROUP IMPORTED FROM RUSSIA INTO GEORGIA



2021 YEAR

THOUSANDS OF USD
1,023,181.6

TONS

2022* YEAR

THOUSANDS OF USD
1,835,412.4

TONS

IMPORT - TOTAL

INCLUDING:

OIL AND OIL PRODUCTS

135,128.8

224,765.8

622,747.4

657,421.7

PETROLEUM GASSES AND OTHER GASEOUS CARBOHYDRATES

90,682.4

319,181.4

112,377.5

416,873.4

WHEAT OR WHEAT-RYE FLOUR

11,541.0

36,517.1

66,768.4

179,743.2

WHEAT AND MESLIN

87,431.3

337,838.0

61,648.2

174,132.9

MET COKE AND SEMI COKE

23,427.0

63,646.1

99,199.3

114,439.7

OTHER PRODUCTS - TOTAL

674,971.1

912,719.7

*According to preliminary data

The share of Russian production in the oil sector has increased. According to the full data from 2022, during the year Georgia purchased 1.2 million tons of oil with the value of \$1.33 billion, and in January-February 2023 – oil worth \$158 million.

During 2022, 857 thousand tons of oil worth \$623 million were imported just from Russia. Compared to 2021, Georgia purchased 192% more oil from Russia, while in terms of value this increase reached 381%.

According to the 2022 data, motor gasoline and diesel held the largest share in the imports of oil and oil products.

Among the oil market companies operating in Georgia, there is scarce evidence of Russian ownership. The sole company where Russian ownership is still apparent is Lukoil Georgia. With regard to GuT, its owner is Petrokavia, of which 49% of the shares are owned by the Russian company Rosneft.

Since the beginning of the war in Ukraine, Rosneft's stake has been divested, thus erasing any direct evidence of Russian influence in the company. Despite this, the upward trend of Russian oil imports indicates that a substantial number of Georgian companies are still reliant on Russian oil, even with out Russian ownership. Consequently, the element of economic dependence in this sector continues to grow.

According to the National Competition Agency's 2022 data, the five largest companies control 59% of the Georgian oil market, with Russia's Lukoil Georgia among them. As per [Tenders Monitor's](#) findings on August 8, 2022, from 2010 to June 2022, Lukoil Georgia had signed nearly 3,000 contracts with Georgian state authorities for the supply of vehicle fuel, worth a total of 200 million GEL. In Georgia's natural gas sector, the majority of imports come from Azerbaijan.

In 2021, the sum paid for gas imported from Russia accounted for 22% of the total value of imported gas, while in the first half of 2022, it dropped to 14.6%. In total, between 2021 and 2022 (according to Geostats 2022 foreign trade analysis), the value of natural gas imported from Russia increased from \$90.7 million to \$112 million. As for its volume – it increased from 319,181 tons to 416,873 tons.

Regarding companies that import natural gas in the Georgian market, there is no evidence of Russian ownership or other affiliations with Russia.

Due to the confidentiality surrounding information on oil importers, it is impossible to determine which companies contributed to the increased volume of Russian oil imports in Georgia.

On August 17, 2022, the Competition Agency released a monitoring report on the motor fuel market, which indicated that the volume of fuel imported from the Russian Federation was increasing and accounted for 64.5% of the total imports during the April-July period.

In addition, the agency's analysis of factors contributing to retail prices found that fuel imported from the Russian Federation had a significant impact. On average, the price of fuel imported from the Russian Federation (March-July) is 30-70 tetri lower than that of the fuel imported from European countries. However, it has been observed that large companies in the retail market sell fuel at the same price as European fuel. At present, Russian ownership in the oil sector of the Georgian market is limited to "Lukoil Georgia".

According to information obtained from the National Statistics Service, four out of the five largest companies in the market import fuel from Russia. These companies include "San Petroleum Georgia," "Lukoil Georgia," "Mtsol" and "Sokar." As part of the research, questions were sent via email to these companies inquiring about the amount of fuel they imported from Russia between January and July of 2022, the percentage share of the fuel imported from Russia in the total amount of fuel they imported in 2022, and the main reasons why they import fuel from Russia. However, the companies did not provide any responses to these questions.

Lukoil Georgia

The retail oil market in Georgia saw a volume of 1,322,225 thousand liters and 506 operating companies in 2021. There are 1,232 gas stations across the market. According to data from 2022 published by the National Competition Agency, the top 5 largest companies in the retail oil market control up to 59% of the market share, and one of them is the Russian company "Lukoil Georgia". "Lukoil Georgia" was established in Georgia in 2002 and is now 100% owned by LITASCO SA, which has been owned by the Russian Lukoil Public Joint Stock Company since December 2020. The Director of "Lukoil Georgia" is Mikhailo Juravich from Serbia. However, in January 2022, the United States included the Russian "Lukoil" in its [list](#) of sanctioned companies, which limits oil projects.

According to the data of "Tenders Monitor" on August 8, from 2010 to June 2022, the company had signed up to 3,000 contracts with the state agencies of Georgia for the supply of vehicle fuel, the total value of which reaches 200 million GEL. Agreements signed in recent years, mainly include direct, simplified purchases. The annual financial reports of "Lukoil Georgia" indicate a consistent decrease in the company's overall profits in recent years. These reports, spanning from 2016 to 2020, are readily accessible on a financial reporting portal where the annual reports of companies operating in the country are publicly available. The figures outlined in the aforementioned annual reports paint a concerning picture, with "Lukoil Georgia" earning 11.7 million GEL in 2016, 4.6 million GEL in 2017, 13.6 million GEL in 2018, 3.2 million GEL in 2019, 1.2 million GEL in 2020, and only 1.4 million GEL in 2021.

Interestingly, the name of Otar Partakhaladze, a former chief prosecutor of Georgia, is closely associated with "Lukoil Georgia." Georgian media reported in 2017 that Partakhaladze held the position of deputy director of Lukoil. More recently, an investigation conducted by "Freedom Monitor" raised questions regarding the alleged monopoly/ corruption schemes related to the transportation of oil products, which apparently involve Lukoil and Partakhaladze directly.

PETROKAS ENERGY GEORGIA

"Petrokas Energy Georgia" is wholly owned by "Petrokas Energy Management Limited," a company registered in Cyprus. Nuzar Kutamadze, a citizen of Georgia, serves as the director of "Petrokas Energy Georgia," with Vano Nakaidze being one of the company's founders. Until May 2022, 49% of the company was owned by Russian Rosneft, which Nakaidze subsequently [acquired](#).

Despite publicly available documents, the ownership structure of "Petrokas Energy Georgia" through businessman Davit Iakobashvili's companies remains unclear, despite a wealth of information available in the media. For example, in 2010, Iakobashvili and his partners sold their shares in Wimm-Bill-Dann, Russia's largest food products manufacturing company, for \$600 million. Iakobashvili purportedly invested this money into Petrokas Energy, acquiring a 10.5% stake in the company.

"Petrokas Energy Georgia" is a controlling stakeholder in several of Georgia's largest oil companies. According to company information, these include "Channel Energy (Pot) Limited" LLC (the Pot oil terminal), "San Petroleum Georgia" (a chain of Gulf gas stations), and Gulf Aviation. Additionally, the company trades in oil products from the countries in the Caspian Sea basin.

"CHANNEL ENERGY (POT) LIMITED" - GEORGIA

"Channel Energy (Pot) Limited" holds a 32.67% stake in "Pot Terminal Holding" LLC (Pot Oil Terminal). Other shareholders of the oil terminal include "Danedo Management Corp.," registered in the Virgin Islands, with a 16.33% stake, and "Otona Trading," also registered in the Virgin Islands, which holds a controlling 51% stake. On the other hand, "Channel Energy - Georgia" is 75% owned by "Channel Energy (IRA) Limited," registered in Gibraltar, with the remaining 25% held by the joint stock company "Corporatia Poti Seaport." Due to the offshore registration of these companies, the complete chain of ownership cannot be ascertained with publicly available sources at this stage. However, "Petrokas Energy Georgia" has publicly stated on its website that it owns and controls the Poti oil terminal, as well as the "Gulf" gas station network and "Gulf Aviation."

GULF AVIATION GEORGIA

Gulf Aviation Georgia has been a part of Petrokas Energy Georgia Holding since 2017. It supplies fuel to the international airports of Tbilisi, Batumi, and Kutaisi, as well as to airlines operating in local airports. According to the company, it supplies fuel to the following airlines: Turkish Airlines, Air France, LOT Polish Airlines, Etihad Airways, Ryanair, Pegasus Airlines, Ukraine International Airlines, El Al Airlines, MyWay Airlines, Georgian Airways.

SAN PETROLEUM GEORGIA

In 2010, LLC "Sonoil Oil Products" was established in Georgia with the aim of creating a gas station network. The company was eventually renamed "San Petroleum Georgia" in March 2011. Currently, the company owns a network of 150 gas stations, 65 stores, and 5 liquid gas (LNG) terminals with a combined capacity of 25 million liters. As of December 31, 2020, Energy Investment Venture Holdings, registered in the USA, was the immediate parent company of the company, with "Petrokas Energy International Limited," registered in Cyprus, as the ultimate controller. The director of the company is Craig Steven Kramer, a US citizen.

In the past, "San Petroleum Georgia" was owned by Davit Roerashvili, the former Minister of Defense of Georgia. When the "Georgian Dream" government replaced the "United National Movement" government in October 2012, "San Petroleum Georgia" issued a statement a few weeks after the election stating that Roerashvili was no longer among the company's shareholders as of November 2012. Instead, businessman Davit Iakobashvili had reportedly increased his share in "Gulf."

Nevertheless, the change in shares was not reflected in the Public Registry of Georgia, with only the company's management data being updated, and Energy Investment Venture Holdings remained the owner of "San Petroleum Georgia". It is likely that the transaction took place outside the borders of Georgia, possibly in an offshore zone.

In its June 2013 report, "Transparency International - Georgia," a non-governmental organization, claimed that Davit Jakobashvili had acquired a portion of Davit Kezerashvili's businesses linked to the "National Movement" following the elections, potentially as a result of deals made in offshore locations. The report stated that after the change in government, various advertising and energy companies, which were owned by firms registered in offshore locations and controlled by Kezerashvili or his associates, had changed hands. According to the report, Russian businessman Davit Jakobashvili, who was born in Tbilisi, had acquired several of these firms.

The same report also highlighted the links between Davit Jakobashvili and Bidzina Ivanishvili, the founder of Georgian Dream. Specifically, in March 2012, Ivanishvili's agro-industrial firm, "Stolenskaya Niva," purchased multiple factories from Jakobashvili's holding company, **IAO Pыcарпoпoкeр** (Russian Agrarian Project). Although Jakobashvili confirmed the transaction in 2012, he did not disclose its exact value.

More recently, on August 24, 2022, it was reported that "San Petroleum Georgia" had been granted permission by the National Competition Agency of Georgia to control (lease) 32 gas stations owned by 23 economic agents. According to the latest information, the retail network of "San Petroleum Georgia" is expanding in Georgia.

PETROKAS' TIES TO ROSNEFT AND THE THREAT OF SANCTIONS

Since December 2014, the Russian energy company "Rosneft" has owned 49% of the shares in "Petrokas Energy Georgia," which has been operating in Abkhazia, a region of Georgia under Russian occupation. However, in May 2022, the CEO of "Petrokas," Vano Nakhaidze, announced that he had bought out "Rosneft's" shares, making the Russian energy company no longer one of the company's shareholders.

In the summer of 2022, the Ukrainian platform "War and Sanctions" published a [note](#) regarding "Petrokas Energy Georgia's" parent company, PETROKAS ENERGY INTERNATIONAL LIMITED, which is registered in Cyprus, and its founder, businessman Davit Jakobashvili.

According to the note, Jakobashvili has close ties to the regime responsible for an aggressive war against Ukraine, in which crimes against humanity have been committed. The note further states that Jakobashvili was present at a meeting with the President of the Russian Federation on December 26, 2018, where issues related to the state's economy were discussed. As a result, the businessman may be responsible for providing material or financial support for actions that undermine or threaten Ukraine's territorial integrity, sovereignty, and independence.

The "War and Sanctions" platform was created by the Ministry of Foreign Affairs of Ukraine and the National Anti-Corruption Bureau. The database lists businesses and businessmen who support or are close to the Russian government, as well as entities that support Russia's war with Ukraine. Some of the individuals and companies listed in the database have been sanctioned, and the work to impose sanctions on others continues. The goal of the database is to collect information about such companies and individuals and share it with other countries.

As of August 9, 2022, neither "Petrokas" nor Davit Jakobashvili have been sanctioned by any country, and there have been no discussions of such actions apart from the Ukrainian authorities.

NATURAL GAS

In total, between 2021 and 2022 ([analysis](#) of the foreign trade in 2022 by Geostat), the value of natural gas imported from Russia increased from \$90.7 million to \$112 million. As for its volume - from 319,181 tons to 416,823 tons.

Between January and June of 2022, a total of 1,657 million cubic meters of natural gas was imported, with a value of \$225 million. Of this total, more than \$102 million was spent on gas imported from Azerbaijan, while the remaining \$33 million was spent on Russian gas. The exact volume of natural gas purchased with these funds is unknown, as this information is confidential. In 2021, the amount paid for Russian gas accounted for 22% of the total amount paid for the total of imported natural gas, which was \$70.9 million, according to data provided by the Statistics Service. Forbes reports that the amount paid for Russian gas in 2020 was \$35.9 million, which is nearly half of the amount paid in 2021.

CONCLUSION

Within the framework of the study "Russian Capital and Russian Connections in Georgian Business", IDFI studied the 11 leading sectors in Georgia. As of April 2023, large Russian companies and capital are less present in Georgia. International sanctions affected primarily large companies and further lessened their presence, which was reflected in the cases of the banking ("VTB") and communications ("Beeline") sectors.

After the start of the Russia-Ukraine war, there was a significant influx of citizens of the Russian Federation into Georgia. This was directly reflected in remittances, deposits in Georgian banks, the increase of prices in the real estate sector, registration of new companies, and other spheres. The capital entering the country in this manner exacerbates the risks of Russian influence and requires further monitoring and study. As a whole, the impact of Russian migration on the Georgian economy is complicated and multifaceted: despite the fact that the migration may have an instant effect in the short term (for example - strengthening the *lat vis-a-vis* other currencies), this is a cause for concern, and in the long term, maybe negatively affect the political and economic stability of the country.

Although in recent years the electricity and natural gas imported from Russia do not have a high share in Georgia's domestic consumption, energy dependence on Russia is still significant (especially the supply of electricity to Tbilisi). For years, Russia has used energy resources as a tool of political influence by establishing relationships of energy dependence with other countries. Energy dependence can give Russia significant leverage in gaining political influence in Georgia.

The sanctions used against Russia and the methods of sidestepping them is an important topic. The production exported from Georgia to Armenia likely ends up in Russia by way of re-exports. Georgia must control and avoid all loopholes that the Russian Federation can use to receive sanctioned cargo.

Reducing economic dependence on the Russian Federation, diversifying markets, and attracting more Western investment are the existential goals facing Georgia.





The research was developed with the support of the American People through the United States Agency for International Development (USAID). Content of the research is the sole responsibility of the IDFI and does not necessarily reflect the views of USAID or the United States Government.