

## BGI Alert

2 March 2023

### The Bill on Transparency of Foreign Influence Submitted to the Parliament

On 14 February 2023, a bill on Transparency of Foreign Influence (the “Bill”) was filed with the Parliament by members of the Parliamentary Majority doing business as “People’s Power”. The ruling party, Georgian Dream, immediately announced that it would support the initiative and soon started a campaign in support of the Bill.

Under the Bill, non-commercial legal entities such as NGOs and media outlets would be required to register with the Ministry of Justice of Georgia as “agents of foreign influence” if more than 20% of their total income received during a calendar year derives from a “foreign power” (except non-commercial legal entities established by administrative bodies). A “foreign power” is defined broadly to include: (a) entities which are a part of the government system of a foreign state; (b) individuals other than citizens of Georgia; (c) legal entities other than entities established in accordance with Georgian law; and (d) organizational formations (including foundations, associations, corporations, unions, and other organizations) or other forms of association of persons which are established on the basis of the law of a foreign state and/or international law.

Failure to undergo mandatory registration or file mandatory financial reports shall result in a prohibitive administrative fine in the amount of GEL 25,000 (circa USD 10,000). The proposed statute of limitation is 6 (six) years. The Ministry of Justice will be vested with the power to investigate the cases of potential violation of the law, on its own initiative or based on the information received from third persons. Financial monitoring of the same entity for the purposes of revealing a potential agent of foreign influence can be conducted once in every six months.

Notably, the Bill shall have a retroactive effect and shall apply to all entities who would qualify as “agents of foreign influence” based on the data of the year 2022.

The Georgian civil society, all major business associations, leading media outlets, human rights organizations, embassies and capitals of friendly countries have all made statements with a grave concern that adopting what has been dubbed as “Russian Law” by the public (it is analogous to the one adopted by Putin’s Russia in 2012 and used to stifle various freedoms) would signal Georgia’s descent into authoritarianism and distancing from its friends in the West. Many observers have noted that the law can be used to commence Soviet-style persecutions.

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