



1st March 2023

Re: the law 'on Transparency of Foreign Influence'

Dear Speaker Papuashvili,

We are writing to you now, as representatives of the American Chamber of Commerce in Georgia, the European Business Association, the EU Georgia Business Council, and the German Business Association in Georgia, who represent a large number of Georgian and international businesses and investors, out of concern regarding the law 'on Transparency of Foreign Influence' that is currently under review.

As you know, this law requires that NGOs receiving funding coming from 'foreign powers' should register as 'an agent of foreign influence'. We are concerned that this law will create a negative perception of foreign support-programs, will harm Georgia's prospects for EU membership and will damage the investment environment.

First, labelling an organization as an 'agent of foreign influence' makes them sound like they are damaging the Georgian people. However, projects financed by Georgia's partners like the EU, the USA and many others, are doing great work to support Georgia's development in the economy, in education, in public policy and much more. Discouraging these projects will do great harm to the country.

Second, it seems clear that this law will clash with EU principles and therefore harm Georgia's prospects for EU membership. We are happy that the Parliament have said that they will wait until they hear from the Venice Commission before finalizing the law, but we worry that the law may be too far progressed by that stage to change significantly. We therefore encourage suspending the passage of the law until the Venice Commission have commented.

Third, we are concerned that by labelling all foreign involvement as damaging, the law may discourage foreign investment. As we are sure you understand, foreign investment and the expertise that have come with it, has been crucial to the development of Georgia's economy. Laws that ostracize foreigners undermine that investment when we need it most.

We have heard two main explanations for why this law is needed. First, to allow for the tracking of potentially damaging foreign entities, particularly those that spread disinformation. If this is the reason, however, we think the law should clearly target foreign entities that seek to undermine Georgia. If the law, for example, only targeted NGOs financed by political actors who do not recognize Georgia's territorial integrity, that would seem entirely reasonable.

Second, it has been suggested that the law is needed to control foreign lobbyists, as is done in the USA. In this case, the Georgian law should only apply to entities that are hired to work as representatives of a foreign power. The American law applies explicitly to lobbyists, public relations companies and law firms, that are hired by a foreign power to act as their agent. It does not apply to other NGOs/charities that receive financing to support their normal work. For example, in America, an entity receiving finance from outside, that aims at helping children or a human rights organization, would not need to be registered.

As you know, as business organizations, we very rarely make public comments on issues of public policy. We are all explicitly non-political organizations that work closely with the government and parliament on a wide range of issues. We are only speaking publicly now, because we feel so strongly about the potential negative impact of this new law, particularly on the economy and Georgian people's livelihoods.

We would be happy to join any working group you might form to discuss these issues further.

Yours sincerely,

Irakli Baidashvili

President

American Chamber of Commerce of Georgia

Zviad Chumburidze

Secretary General

EU Georgia Business Council

John Braeckveldt

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CC: Irakli Garibashvili, Prime Minister of Georgia