



AMERICAN CHAMBER OF COMMERCE IN GEORGIA

16th April 2024

Re: the law 'on Transparency of Foreign Influence'

Dear Speaker Papuashvili,

We are writing to you now, as the board of the American Chamber of Commerce, which is the largest international business association in Georgia, and includes a huge range of Georgian and international businesses, regarding the draft law 'on Transparency of Foreign Influence' that is currently under review.

We wrote to you about the version of this law that was under consideration in March 2023, and were gratified when the government decided to withdraw the previous law. We were therefore surprised and disappointed when essentially the same law was presented again.

As in our previous letter, we are concerned that the law will damage foreign support-programs and the CSOs that work with them, will undermine Georgia's EU membership aspirations and will damage the country's reputation and investment environment more generally.

Georgia has long been proud of its vibrant civil society and active civil societies organizations are clearly good for democracy. At the same time, projects financed by Georgia's partners like the EU and the USA support Georgia's development; in the economy, in education, in public policy and much more. These projects work in the interest of Georgia and are financed by Georgia's allies. Labelling them as reflecting 'foreign power interests' undermines their legitimacy. Also, in refusing to accept this label, many organizations will close. This will clearly be to Georgia's detriment.

The law will make EU membership very difficult. We were all proud of Georgia's success in gaining EU candidate status last year and our collective goal should now be EU membership. This will not only increase Georgia's prosperity, democracy and security, but will establish Georgia's rightful place in the European family. However, as EU Ambassador Pawel Herczyński has said, this law 'is incompatible with European norms and European values'.

We also continue to feel that this law stigmatizes foreigners and, as a result, can only harm Georgia's ability to attract foreign investment. Foreign investment and the expertise that have come with it has been a cornerstone of Georgia's economic development, and this law puts that at risk.

This law has been presented as driven by the need to increase transparency. However, if that is the goal, it is unclear why one would target CSOs in particular. Also, labelling all foreign support as reflecting 'foreign power interest' has nothing to do with transparency. If the concern is transparency, then it would seem that the appropriate mechanism would be changes to the existing structures of corporate governance and financial reporting.

The law is also out of step with international standards of transparency. In modern democracies, like the US and the EU, it is true that foreign lobbyists are often required to register as such. However, these laws do not target CSO and do not apply to all entities that receive funds from outside the country. The US Foreign Agent Registration Act (FARA), for example, applies explicitly to lobbyists, public relations companies and law firms, that are hired by a foreign power to act as their agent. As such a relatively small percentage of registered entities are CSOs. For example, in America, a charity receiving finance from outside, that aimed at helping children or a human rights organization, would not need to be registered.

Given the large negative impact that this law will cause, the fact that it is inconsistent with EU values and with international democratic best practice, we would ask that you withdraw it at the earliest possible time.

Yours sincerely

The Board of Directors of American Chamber of Commerce

CC: Irakli Kobakhidze, Prime Minister of Georgia