

Rebuilding the Silk Road: a new era of global trade

Perfectly situated at the intersection where East meets West, Georgia's Silk Road Group is helping transform the region into a hub for global trade

Stretching over 4,000 miles from the historic Chinese capital of Chang'an through to the heart of continental Europe, the Silk Road played a pivotal role in the development of countless civilizations. Bridging the gap between the Eastern and Western worlds, this vast network of trade routes facilitated the exchange of goods, technologies and culture between some of the greatest empires in history. Now, more than 2,000 years after the Han dynasty began using the route to export silk to Central Asia, Georgia's Silk Road Group is reviving this ancient network to transform the region into a hub for global trade.

"Silk Road Group's vision was to take advantage of Georgia's location on the historical Silk Road," explains Group Chairman, Giorgi Ramishvili. "The vision was to create new economic ties and to revitalize all the potential connections that Georgia had in the region. We thought that Georgia could be interesting for Europe, the U.S. and to any country, as Georgia is a gateway and the easiest entrance to the region for many reasons."

Nestled between the Black and Caspian Seas, Georgia sits on the intersection where Europe meets Asia. As the most stable country in the region, the former soviet republic is a natural hub for trade and tourism, as Mr. Ramishvili explains.

"Georgia is the easiest country in the Caucasus to do business, according to the World Bank," he says. "The country is also great for tourists because of our cuisine, our hospitality. It seems almost perfectly made for people from abroad to come and explore the region from here. If any company from any country has a vision that covers the entire region, they can chose Georgia as their base and be successful."

He adds: "Georgia is one of the safest places not only in the region but in the world, which is a very important point because without safety you can do nothing. To accomplish this considering the conflicts in the surrounding areas is not easy."

By taking full advantage of its position as a gateway between East and West, Silk Road Group has grown into one of the leading oil and fuel transport and trading operators in Central Asia.

"Since we started operations, we have covered all this region including Central Asia, South Russia, Iran, Afghanistan, Kazakhstan, and China," says Mr. Ramishvili. "This was quite a challenge because we had to face different types of rail infrastructure. Now railroads are standardizing and this is what will allow us to decrease the transit time from China to Europe to 15 days."

He adds: "I also proudly mention that we were one of the first companies to use ferries to transport crude oil across the Caspian Sea to Georgia. We understood this excellent way of transit many years ago, and saw that it was a lot faster than taking the roads."

In 2004 the company began diversifying its business – expanding its interests into other sectors, including telecommunications, hospitality, real estate, banking and energy. Since 2009, the company has also been a major transportation agent for suppliers of aviation fuel and container cargoes to the Joint Forces in Afghanistan. To date, it has invested over \$500 million into the Georgian economy and created 7,000 jobs.

"As we did business outside Georgia this gave us a lot of experience and allowed us to create a very good network of partners and customers. So by the time privatization started 10 years ago, we were more than ready to start intensive business activities in Georgia," says Mr. Ramishvili. "Silk Road Group is an example of a holding that operates successful businesses in Georgia. We have already directly invested \$500 million in the country –

"Georgia's potential has been vastly underestimated, and only time will reveal the full capabilities of this driven nation. We are prepared to work with leading Western investors to forge strategic partnerships in key business areas."

Giorgi Ramishvili, Chairman,
Silk Road Group



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and we are very proud of this – not only because it's our home, but because it is a great place for doing business."

Last year, the Georgian government signed a new trade agreement with the EU, opening a huge network of possibilities in the European market. Mr. Ramishvili hopes this will create even more opportunities for the Silk Road Group.

"Culturally speaking it is like coming back home as Georgia was a part of the Byzantine Empire," he says. "It is very interesting to see how we survived all this influence from different cultures and maintained roots and traditions. So this returning is a big chance that represents a historical moment for us."

The Georgian government shares Silk Road Group's vision for the region, and has become deeply involved in developing the region's potential. The country's Minister of Foreign Affairs Giorgi Kvirikashvili, recently returned from China, where he was working on new strategies to reduce the time it takes to transport goods from China to Europe.

"We appreciate very much the efforts of Mr. Kvirikashvili and the government in general because a single private company cannot change the conditions in all those countries along the Silk Road," says Silk Road Group's partner Alex Topuria. "It doesn't matter what we achieve in Georgia if in Azerbaijan, Turkmenistan or Kazakhstan the tariffs are very high."

He adds: "Our government has been very active in this matter. The first trip that was done between Asia and Georgia was done in 12 days, which was a very good result. The turnover keeps growing and of course it represents an excellent connection of East and West, with Georgia right in the middle."

