



ევროკავშირი საქართველოსთვის

EU4Business: მცირე და საშუალო მენარმეობისა და კერძო სექტორის ხელშეწყობა

მცირე და საშუალო
მენარმეობის
განვითარება და DCFTA
საქართველოში

**SME DEVELOPMENT AND
DCFTA IN GEORGIA**

A Delegation of Georgian Furniture Industry Visits IMM Cologne

In Practice Edition – January 2017

A delegation from Georgia attended an international interiors show – IMM Cologne (internationale möbelmesse) from January 17 to 22, 2017. **The visit was funded by the European Union in the framework of “SME Development and DCFTA in Georgia” project, implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).**

The delegation included the management and companies of the Tbilisi furniture cluster – **Craftsmen City, Export Development Association, top management of Georgian Entrepreneurship Development Agency (Enterprise Georgia) and furniture designers collaborating with the furniture cluster.** The group was led and mentored on the site by Ms. Genoveva Christova-Murray - an international expert and a head of the Bulgarian Furniture Cluster.



This has been the first trip of its kind for Georgian furniture industry representatives. “We usually attend fairs individually and mainly with the purpose of updating our equipment or raw material base, but this time, we had the opportunity to see the range of finished products designed according to the latest trends, which got me into thinking about serial production of pieces for retail in local market” - says Gocha Giorgadze,

owner of Orioni Ltd. that operates on the cluster territory.

Georgia’s furniture industry is worth about \$126M, of which, only 35% is local production and the rest is import. Exports are insignificant.



Tbilisi Furniture Cluster Craftsmen City is an

amalgamation of about 100 furniture producers and service providers that rent or own working space at the privately held premises in the outskirts of Georgia’s capital. The annual output of the cluster reaches \$20M, that is almost half of the recorded industry output overall. Given the above snapshot, there is a quite spacious room of expansion for local producers on the market, although in order to compete with imported pieces there needs to be an improvement of quality to comply with European standards keeping the prices low at the same time.

While some delegates were inspired with serial production, others started drafting models of mobile self-enssembled sets and calculating production costs. “This is amazing how the space-savers-on-the-wheels trend has evolved in Europe”, says Zura Macharadze, producer of custom-made furniture of plywood at the Craftsmen City. Zura attended the fair with his life and business partner Khatuna Bardadze, who is a talented furniture designer. The couple started thinking about drafting a business plan for production of small mobile furniture for offices and student rentals. They have planned to apply for state-aided projects run by Enterprise Georgia (EG) after a very convenient and unique opportunity of consulting with Ani Kvaratskhelia,



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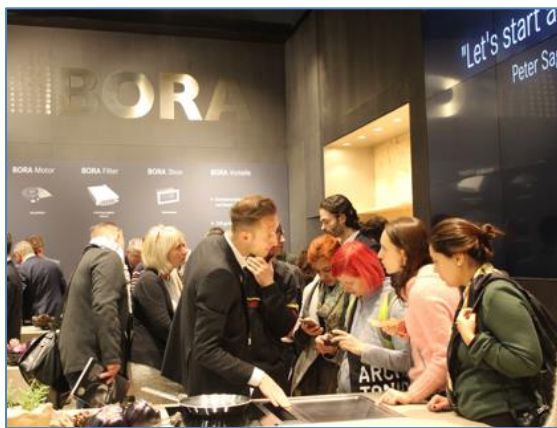
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the CEO of Enterprise Georgia, who was part of the delegation. **“I was amazed to see so much entrepreneurial spirit in this couple and this is still rare in Georgian private sector. Sometimes this means much more than the capital the companies own and it is the unmeasurable quality we always seek in our beneficiaries” – said Ani.**



The agenda of the visit was custom-tailored to all delegates. The young furniture designers Khatuna Bardadze, Mariam Kapanadze and Gia Chirakadze, together with Creative Industry Department Head Sophio Bendiashvili explored creative installations spread throughout the city of Cologne within the frames of the Interior Design Week PASSAGEN Cologne. The group was hosted by the founder and director of this 30-year-old initiative Ms. Sabine Voggenreiter, who did an inspiring personal tour for the Georgian delegation. The creative part of the group was especially delighted. **Mariam Kapanadze said that the impressions of the trip have reinforced her confidence to start her design bureau, while Gia Chirakadze settled on the façade of his new line of furniture pieces he plans to produce in the cluster. According to Sophio Bendiashvili, Head of the Creative Industries Department at Enterprise Georgia, there is immense uncovered artistic talent in Georgia that needs to be explored and participation in such wide spectrum of events as the PASSAGEN, opens up**

untapped potential of creative people helping them incarnate their ideas.

The leitmotiv of the visit was the development of industries through clusters, to see how cluster approach works in furniture industries of other countries. Ms. Christova-Murray arranged a tour to central Cologne branch of German BB Hotel chain (about 100 hotels), fully furnished by the Bulgarian furniture cluster under her management. The group had the opportunity of examining the quality of the work on the spot and exploring the issues of contract furniture industry from the primary source.

After the tour, Ms. Christova-Murray moderated the meeting of the group with the management of two German clusters – Mr. Hannsjörg Pohlmeier, Holzbau-Cluster Rheinland-Pfalz and Mr. Jan Bulmer, Cluster *proHolzBW*, who kindly agreed to arrive at IMM and share their experience with Georgian colleagues. The group learned that the main role of the German clusters is to support members with strategic advisory through rigorous research, consult through dedicated hotline, provide common online platforms for showcasing the members, arrange networking events and lobby their interests in the government. According to Mr. Irakli Koberidze, owner and manager of Craftsmen City Cluster, this was particularly interesting information, altering his view on the importance of the support services in the cluster. **“The trip convinced me that organization of services in the cluster and its structuring is important and that it will add to the logistical convenience that derives from close geographic proximity of the member companies” – he said.** The trip was designed to fit the purpose of every delegate and the feedback from the delegation proves that each representative found it to be a useful and eye opening experience.



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