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# Geosteel To Revive Steel Production In Georgia

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The EBRD is providing a \$28 million loan to the company Geosteel LLC for the construction and operation of a mini-steel mill in the Georgian town of Rustavi, about 35 km from Tbilisi

The plant will have a production capacity of 180,000 tonnes of a year. To meet demand in Georgia but also in neighbouring Armenia and Azerbaijan, the company is planning to focus on the production of rebar which is essential for the construction industry in the region. Geosteel plans to increase production gradually to a level of about 180,000 tonnes in line with the development of market demand.

The EBRD financing comes under an A/B structure under which the A loan of up to \$14 million is provided by the Bank and the B loan of up to \$14 million is syndicated to State Bank of India.

"Geosteel will create a small, low-cost flexible steel mill. The company will benefit from the strong supply of scrap metal available on the Georgian and Armenian market. Presently, both countries are exporting scrap metal." EBRD reports.

Geosteel is a joint venture between Georgian Steel Holding Group and JSW Steel, one of the leading steel producers of India. JSW Steel will bring its extensive know-how and expertise into the newly established company which is planning to employ more than 350 people in an area which has been severely affected by the economic downturn over the last 2 decades.

Michael Davey, EBRD Director for the Caucasus, said the investment will send a strong signal to other investors about the benefits of investing in Georgia and the wider region. "The Caucasus countries have seen strong growth in recent years, and now the priority must be to maintain this momentum. Attracting international investors such as Geosteel is one of the major elements for this", he added.

The EBRD has invested some \$400 million in Georgia in recent years in all major sectors of the economy. The country is part of the Early Transition Countries Initiative, launched in April 2004 and including Armenia, Azerbaijan, the Kyrgyz Republic, Moldova, Mongolia, Tajikistan and Uzbekistan. Using a streamlined approach to financing, the initiative is aimed at mobilising more investment, and encouraging economic reform.

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