

Saknakshiri - Company profile

Coal deposit in Tkibuli was discovered in 1825 and its exploitation has started since 1847. In the 1950s, coal production in four mines exceeded 3 million tons per year. After the collapse of the Soviet Union, coal mining in Tkibuli was stopped. As of today, there are two operating shafts in Tkibuli - Mindeli and Dzidziguri. Since 2006, the right to extract minerals in Tkibuli coal mine and coal enrichment plant has been owned by Saknakshiri LLC (I/C 230868120).

According to the Register of Entrepreneurs and Non-Entrepreneurial Legal Entities, Saknakshiri LLC was registered in 2006 and, until September 2019, had been owned by Georgian Industrial Group Holding Ltd the owner of which was Davit Bezhuashvili, a member of four convocations of the Parliament of Georgia.

For years, alarming statistics on injuries (often with fatal damages) inflicted upon the coal miners in Tkibuli mines have been reported. However, until recently, in all cases, as the company management stated, the accidents were caused by negligence of the injured themselves¹. Only on June 16, 2018, after deaths of four miners in the same shaft of Tkibuli mine where 6 people died and 3 were injured two months earlier², the company said that it was not able to provide a safe work environment for the employees. According to the company statement, “in recent years the Company worked on improving security systems, unfortunately, due to the specifics of Tkibuli shafts, we could not find an engineering solution that would make coal mining fully safe. Therefore, Georgian Industrial Group expresses its willingness to transfer the Saknakshiri Company to the State free of charge, despite the significant expenses spent during the last 12 years³”. The Government of Georgia did not accept the offer of the company⁴, however, it seems that, starting from that period, the Georgian Industrial Group had started preparations for getting rid of Saknakshiri. In August 2018, the GIG decided to change the brand name of Saknakshiri – “Saknakshiri Ltd (GIG Group)”. The GIG Group has been removed from the company’s name that indicated that the company joined the Georgian Industrial Group (GIG) Holding. In September 2018, the e-mail address of the company has also been changed: existing posta@gig.ge was changed into

From 2015, Green Alternative issues periodic reports on availability of information on the state of environment in Georgia. During the analysis of availability of information of the state of environment, we study accessibility of information on so-called “large-scale pollutants” and prepare company profiles of four enterprises that are singled out in terms of the scope of activities and impacts on the environment and human health.

These companies are:

- (1) RMG;
- (2) Georgian Manganese;
- (3) Saknakshiri; and
- (4) HeidelbergCement.

This document reflects the availability of information on Saknakshiri.

¹ [Tkibuli - Announced city of death, Zaza Tsuladze, April 9, 2018, Voice of America](#)

² [6 people died and 3 were injured in Tkibuli mine, Reginfo, April 5, 2018](#)

³ [We express our willingness to transfer the Saknakshiri to the State free of charge - Georgian Industrial Group, on.ge, July 16, 2018](#)

⁴ [Government response to Saknakshiri: Mine management is by no mean a public sector duty, on.ge, July 26, 2018](#)

info@saknakshiri.ge. Again, at the GIG request, the address of the Georgian Industrial Group was removed from the Saknakshiri data registered in the Entrepreneurial Registry, which was previously mentioned as address other than its legal address.

In September 2019, against the background of the workers' protests demanding their salaries and hunger strikes, Natia Turnava⁵, the Minister of Economy who visited the site to regulate the situation, informed the public that Saknakshiri would have a new owner, which would pay wage arrears to miners as well as ensure operation of

mines in the near future⁶. As the Minister said, the new owner would become a company founded by Georgian and Ukrainian business partners with experience in selling coal in the African and the Black Sea basins. On the same day, it became clear that the new owner of the coalmine has become the Steel International Trading Company with Alexander Chochia as a person to speak to the public on behalf of the company⁷. According to Chochia, at first the company planned to implement a plan for 8 million GEL for the development of Saknakshiri, which would be presented to the public and the State in the nearest future. As he said, negotiations were underway with the State over the timing of construction of a 150-megawatt thermal power plant⁸.

Later, the GIG Group made a statement according to which, "after 13 years of operation in Tkibuli, Saknakshiri GIG Group has decided to transfer its assets for a symbolic price to the Steel International Trading Company **that was recommended by the Ministry of Economy**".

New Owner

According to the Registry of Entrepreneurial and Non-Entrepreneurial (Non-commercial) Legal Entities, since September 27, 2019, Saknakshiri LLC has been owned by the Steel International Trading Company LLC (I/C 405254692), registered on February 20, 2018. 100% shareholder and, at the same time, a director of the Steel International Trading Company LLC is Giorgi Chelidze. In addition to Saknakshiri, Giorgi Chelidze is a shareholder and director of CFP Ltd (405301613), an owner and director of City Garden Ltd (405261988), an owner and director of King David Offices Ltd (405219918), a shareholder of Mobil Credit Ltd (404390547), a shareholder of Chelidze and Partners Ltd (204537803), a director of Geo Cos Ltd (405334918), an owner and director of Novus Investment Group Ltd (405330556), a director of Caucasus Online Tiz Ltd⁹ (415080637), a shareholder of GNR Management Ltd (405356305) and a director of GTS - Georgia Terminal Service Ltd (405359222).

⁵ According to the Minister's [biography](#), in 2006–2013, Natia Turnava was the Board Member of Georgian Industrial Group (GIG), CEO of Georgian International Energy Corporation (GIEC), Head of Board of Directors.

⁶ "Saknakshiri resumes work from November, salaries to be covered by a new owner", [bpi.ge, 26.09.2019](#)

⁷ [Who became the new owner of Saknakshiri - interview with the manager of Steel International Trading Company, bm.ge/, 27 September 2019](#)

⁸ [Investor taking over "Saknakshiri" in a week, bm.ge, September 28, 2019](#)

⁹ Owner 211380833, Caucasus Online Ltd

Alexander Chochia, who is still the only person to speak to the public on behalf of the company, does not appear in the registration documents of Steel International Trading Company LLC. Alexander Chochia has been mentioned in the registration documents of many companies, some of which are noteworthy in relation to Saknakshiri.

Alexander Chochia is a director and 50% shareholder of GNR Management Ltd (405356305), registered on October 4, 2019. 50% shareholder of the same company is Giorgi Chelidze.

In 2015, prior to the merger of JSC PrivatBank with JSC Bank of Georgia, Alexander Chochia served as Chairman of the Board of Directors of PrivatBank owned by Privat Group Ukraine in 2007-2014 and was 1.3% shareholder (as of 2012)¹⁰. Since 2007, as it is known, [Ihor Kolomoyskyy](#) and [Henadiy Boholyubov](#), the founders of the Ukrainian Privat Group, have been owners of GEORGIAN AMERICAN ALLOYS INC¹¹ that holds Georgian Manganese (230085797).

A 100% shareholder of GTS - Georgia Terminal Services Ltd (405359222) is **Georgian Manganese** LLC (230085797). Moreover, since April 2019, with the decision of Nikoloz Chikovani, the temporary environmental manager at Georgian Manganese, and with the consent of Giorgi Chelidze, the legal address of **Georgian Manganese** LLC is in the building owned by King David Offices.

Amendments to registration documents of a new owner

On November 29, 2019, an entry for registration of the right of pledge over shares appeared in the Excerpt from the Entrepreneurial Register concerning the Steel International Trading Company LLC. A general credit line agreement over a maximum amount of USD 2,600,000 was signed between the holder of the company Giorgi Chelidze and JSC Bank of Georgia. 100% shares of the Steel International Trading Company Ltd was pledged to secure the contractual obligations.

Amendments to the registration documents of Saknakshiri

After the change of ownership, at first, the Director General has been changed. On October 3, 2019, a position of Director General was assumed by Giorgi Chkheidze who is a Director of CBM Ltd, a subsidiary of Saknakshiri. According to the amendment registered on November 7, 2019, Giorgi Chkheidze was dismissed from his position and replaced by Coal of Georgia Ltd (400264361) as the General Manager of the company; Mikheil Turabelidze, a financial director of Saknakshiri, has also been dismissed.

¹⁰ [Who owns Bank of Georgia? b2p.ge](#)

¹¹ [GEORGIAN AMERICAN ALLOYS INC. Last dossier update: Aug. 1, 2019](#) ©Anti-corruption Action Centre, 2015-2019

General Director of Saknakshiri

As mentioned above, as of November 7, 2019, the Director General of Saknakshiri is the Coal of Georgia Ltd (400264361) that was founded in March 2019 by Ukrspectechnik - a scientific production company registered in Ukraine in 2017 (21783176, Director Vyacheslav Bogoslowski). Zurab Aghdgomelashvili has been a director of Coal of Georgia since its registration.

According to the amendment to the company registration documents in October 2019, 50% shares of Coal of Georgia were transferred to Datvi Ltd free of charge. Datvi Ltd (400275368) itself has been registered in the Entrepreneurial Register the day before and 10% of its shares are owned by Zurab Aghdgomelashvili while 90% - by a Russian citizen Mikhail Sotsky.

Information about the State of Environment

Tkibuli is one of the alarming hot spots in terms of environmental condition¹². Saknakshiri has three main facilities: shafts, enrichment plant and thermal power station - all three facilities face acute environmental problems that have been left unsolved for many years.

The right to use mining resources

Saknakshiri is the only coal producing company in Georgia. In addition to coal mining, the company processes (enriches) coal in a coal-enriching plant and sells it. Currently, the company has following licences:

Date of granting the licence	Licence No.	Mining area	Volume of minerals to be mined under licence	Licence validity period (years)
September 4, 2001	№10000246	Use of waste from Tkibuli coal enriching plant - 9 ha	total extraction 6 882 000 m ³	20
August 15, 2006	№100752	Tkibuli-Shaori coal mine - 8 ha	minimum 110 000 t/year in 2010-2011, unlimited in subsequent years	30
December 25, 2007	№01018	Tkibuli and Ambrolauri district - licence area 5 479,9 ha	233 298 000 t	45
July 26, 2016	№1003794	Mining of Tkibuli colored sandstone (Imereti temporary quarry site) - licence area on Tkibuli territory - 5.02 ha	602400 m ³	20

The company sells two types of coal: ordinary and enriched. In 2017, the company exported a total of 224 946 tons, and 115 060 tons of coal - in 2018¹³.

¹² Public Broadcasting Program “Real Space” – [Tkibuli facing ecological disaster](#)

¹³ [Saknakshiri LLC, Consolidated and Individual Financial Statements and Management Report together with Independent Auditor’s Report for the reporting year ended on December 31, 2018](#)

According to the information provided by the National Agency of Mines (NAM), terms and conditions of the licence #01018 owned by Saknakshiri were reviewed in 2018. Any stakeholder interested in obtaining information on this fact as well as findings of the examination can receive it through a request for public information.

Environmental permits

Positive ecological expertise reports have been issued to the enterprises owned by Saknakshiri at various times:

1. In Tkibuli, on the right bank of the River Tkibula, for the purpose of setting up a coal enrichment plant on the site of the former central enrichment plant¹⁴ and for the gravitational enrichment of ordinary coal extracted in the Dzidziguri and Mindeli shafts.

III. Terms and Conditions

Enterprise management shall ensure to:

1. Construct the designed facility and put it into operation in accordance with the plan proposed in the Environmental Impact Assessment (EIA) report;
2. Prior to commissioning of the facility and after launching and running enterprise equipment, submit the documentation on testing of high pressure and high temperature technology equipment to the LEPL National Environmental Agency (NEA).
3. Conduct environmental monitoring (self-monitoring) and submit to the controlling authorities upon request;
4. Carry out monitoring of noise intensity at the nearest settlement during the construction and operation process and submit to the controlling authorities upon request;
5. Protect sources of emission and discharge of harmful substances presented in the draft maximum permissible dispersion norms for harmful substances into the atmospheric air, as well as parameters of air-dust collection devices and, thus, comply with maximum permissible dispersion norms that are established accordingly;
6. Comply with maximum permissible discharge norms for pollutants discharged with wastewater into surface waters;
7. Plant perennials on the enterprise perimeter;
8. Arrange temporary disposal facilities for produced hazardous waste (waste oils, oil pollution spills, expired and outdated accumulators, vehicle filters, etc.) in accordance with environmental requirements;
9. Transfer to organizations with respective environmental permits with the purpose of further management of hazardous waste management (recycling, disposal or storage);
10. Manage waste in accordance with the waste management plan proposed in the EIA report;
11. Fulfil the mandatory requirements, recommendations and environment impact mitigation measures proposed in the EIA Report.

¹⁴ Issued on May 16, 2008, based on the ecological examination of environmental impact report prepared by a scientific research firm Gamma. The document is available on website of the Environmental Information and Education Center: [Environmental Impact Permit Map/Register](#)

2. For the construction and operation of the local coal-fired 13.2 MW thermal power plant (TPP) near Tkibuli coal enrichment plant¹⁵. The opinion was also issued with a number of mandatory conditions.

1. III. Terms and Conditions

1. LLC shall be obliged to:

- Perform activities in accordance with the technology regulations presented in the EIA report;
- Prior to starting activities, to set up the dynamic equipment used in the enterprise with vibration isolating shock absorbers;
- Prior to starting activities, arrange embankment together with dam in order to prevent contamination of the River Tkibula from waste rock dump during frequent rains and mudslides; Plant non-invasive species common to the region on the dump perimeter;
- Use modern, relatively low-noise vehicles for waste rock transportation during the operation of the enterprise;
- Install ventilation systems in the enrichment plant and other indoor workplaces prior to starting activities;
- Carry out measures envisaged in the environmental protection management plan proposed in the EIA report;
- Prior to the commissioning of the enterprise, improve the site used for construction-reconstruction works. Arrange a protective strip of trees at the border of the residential zone;
- Ensure the development of the environmental monitoring plan and waste management plan within 3 months after commissioning of the enterprise; Envisage full reporting on acoustics in the process of commissioning of the enterprise, in the monitoring plan; Agree these plans with the Ministry of Environmental Protection and Natural Resources of Georgia;
- Ensure pre- and periodic medical check-ups for workers employed at the enterprise.

Since January 1, 2018, with the enactment of the Environmental Assessment Code, the Ministry of Environment and Agriculture is obliged¹⁶ to publish a further analysis of its activities on the Ministry's website, which includes:

- a) monitoring of conditions and mitigation measures;
- b) analysis of environmental impact of the activity;
- c) assessment of changes in environmental characteristics provided for in the EIA report.

This obligation has not been fulfilled even at the end of the second year after the entry into force of the Code - neither with respect to Saknakshiri nor any other enterprise. Information on fulfilment of the conditions is only possible upon request for public information.

¹⁵ Issued on January 5, 2011, based on the ecological examination of environmental impact report prepared by a scientific research firm Gamma. The document is available on website of the Environmental Information and Education Center: [Environmental Impact Permit Map/Register](#)

¹⁶ Environmental Assessment Code, Article 17.

Safe environment for humans (labour)

To ensure the safety of labour in high-risk enterprises, on May 11, 2017, the two Ministers issued a joint Order on Creation of a Joint Monitoring Group of the Ministry of Economy and Sustainable Development of Georgia and the Ministry of Labour, Health and Social Affairs of Georgia¹⁷. According to the Order, with the purpose of monitoring of working conditions and technical inspection in the workplace with heavy, harmful, hazardous conditions as well as increased technical risk to human life and health, a joint monitoring group was established composed of representatives of the Technical and Construction Supervision Agency and the Labour Inspection Department under the Ministry of Labour, Health and Social Affairs.

Soon after the enactment of the Order, it was reported that Saknakshiri was one of the first enterprises to be inspected by the Group¹⁸. **The results of monitoring and technical inspection of the Group have not been published.**

“In June 2018, Saknakshiri LLC suspended coal mining due to several fatal incidents. However, as of December 31, 2018, and for the date of current financial statement, the Georgian Industrial Group has been conducting active negotiations with foreign mining companies for restoration and reconstruction of coal mining operations with new technologies in order to make coal mining in Saknakshiri cost efficient from technical and commercial point of view” – it is said in the company’s financial statement 2018¹⁹. In fact, “several fatal incidents” were two tragic incidents at a four-month interval: 1. on April 5, 2018, 6 miners died and 3 miners were injured in the Mindeli shaft, and 2. on July 16, 2018, four died and six miners were injured in the Mindeli shaft. Cases of injuries and deaths at the Mindel shaft have become an integral part of the enterprise operations - at least 20 people were injured and 27 died in the workplace within 2010-2018²⁰.

In September 2018, the Minister of Health announced²¹ the decision of the Ministry to hire a German company [DMT Group](#) to study the situation in Tkibuli mine. According to the Minister’s statement, the expenses of the invited specialists would be covered by the state budget.

A year later, on November 1, 2019, the DMT Group presented its report on the labour safety situation in Mindeli shaft at the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia. **The report was not published in this case either.** The presentation of report was also attended by new owners of Saknakshiri. Representatives of the Steel International Trading Company stated that they would continue to cooperate with the German company that would regularly monitor the implementation of

¹⁷ [A joint Order on Creation of a joint monitoring group of the Ministry of Economy and Sustainable Development of Georgia and the Ministry of Labour, Health and Social Affairs of Georgia](#)

¹⁸ [Inspection of Tkibuli and Chiatura mines have been started, netgazeti.ge - 16.05.2017](#)

¹⁹ [Saknakshiri LLC, Consolidated and Individual Financial Statements and Management Report together with Independent Auditor’s Report for the reporting year ended on December 31, 2018](#)

²⁰ [Four miners dead. Mine shafts closed. „Saknakshiri” to the State? Nino Tarkhishvili, Radio Liberty, July16, 2018](#)

²¹ [The German company DMT Group will study the working conditions in Mindeli shaft, First Channel, 07.09.2018](#)

safety works in the Mindeli shaft and issue relevant recommendations. “To some extent, our company has already undertaken strides aimed at eradication of deficiencies. We have invited German company to develop a new conclusion on the progress made. In parallel, we have invited Turkish specialists to develop behaviour rules and to assist in terms of explosion management. They are expected to complete work before the end of the week. German specialists will prepare a document before the end of the year. The document will describe issues to be corrected and the monitoring will be continued by the specialists. The staff will be also trained on labour safety. The next stage covering the period of 2 years, envisages introduction of new technology in coal mining”, - stated Alexander Chochia, the representative of Steel International Trading Company”²².

Conclusion

In conclusion, it can be said that, **like other companies, Sahnakhshiri does not make publicly available information on: terms of mining licence, terms and conditions of permit of enrichment plant and their fulfilment; damage caused to the environment as a result of company activities, planned and implemented measures to reduce or repair environmental damage; as well as on the state of environment being affected by company activities.**

Nor the Ministry of Environment Protection and Agriculture provides information about the environmental conditions in the area affected by company activities, although, according to international and national legal requirements, this information should be available to the public proactively – without having to request the information.

Considering the fact that at the time of drafting this document it was only two months since the owner of Sahnakhshiri had been changed and the company’s website that was integrated with the website of the old owner had been cancelled - we hope that company’s new website will give the public concerned as much valuable information as possible.

²² [Meeting of Tripartite Commission of Social Partnership, 1 November, 2019](#)

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