

# GEORGIA - PROMISING MARKET FOR INVESTMENTS



MINISTRY OF ECONOMY AND SUSTAINABLE  
DEVELOPMENT OF GEORGIA



ENTERPRISE GEORGIA



# GEORGIA IS A WINNING COMBINATION



Strategically located at the crossroad of Europe and Asia



Modern and fast - developing infrastructure



Free Trade Agreements with 2.3 bln market - EU, China (Including Hong Kong), Turkey, Ukraine, CIS & EFTA



Skilled and competitively priced labor force



Stable, effective and well -developed banking sector



Flat -rate , low taxes - No corporate profit tax on reinvested profit



Recognized as one of the easiest places to do business in the world

# STRONG SUSTAINED ECONOMIC GROWTH



Key Economic Indicators	2015	2016	2017	2018 I -III Q
Nom. GDP, USD mn	13,988	14,378	15,087	11,993
Nom. GDP per capita, USD	3,755	3,857	4,047	3,216
Real GDP growth, %	2.9%	2.8%	4.8%	4.8%
Import (CIF), USD mn	7,300	7,294	7,939	6,690
Export (FOB), USD mn	2,205	2,113	2,735	2,447

Source: National Statistics Office

- ⊗ Georgia's economy has experienced economic growth at a **CAGR of 4.1%** (2012 -2017)
- ⊗ Europe and Central Asia region experienced economic growth at a **CAGR of 1.6%** (2012 -2017)
- ⊗ In 2012 -2017 the strongest growth occurred in:
  - Financial services (11.2%),
  - Hotels/Restaurants (8.8%),
  - Construction (8%), etc.

**Each growing at a CAGR of 8%**

# RAPIDLY IMPROVING GOVERNANCE

## Doing Business

N 6

Up from #112 in 2005

**2nd** among the  
countries in Europe



## Economic Freedom

N 16

Up from #99 in 2005

**8th** among the  
countries in  
Europe



## Corruption Perceptions Index

N 41

Up from #130 in 2005

**6th** among the  
countries in  
Eastern Europe



## Safety & Crime index

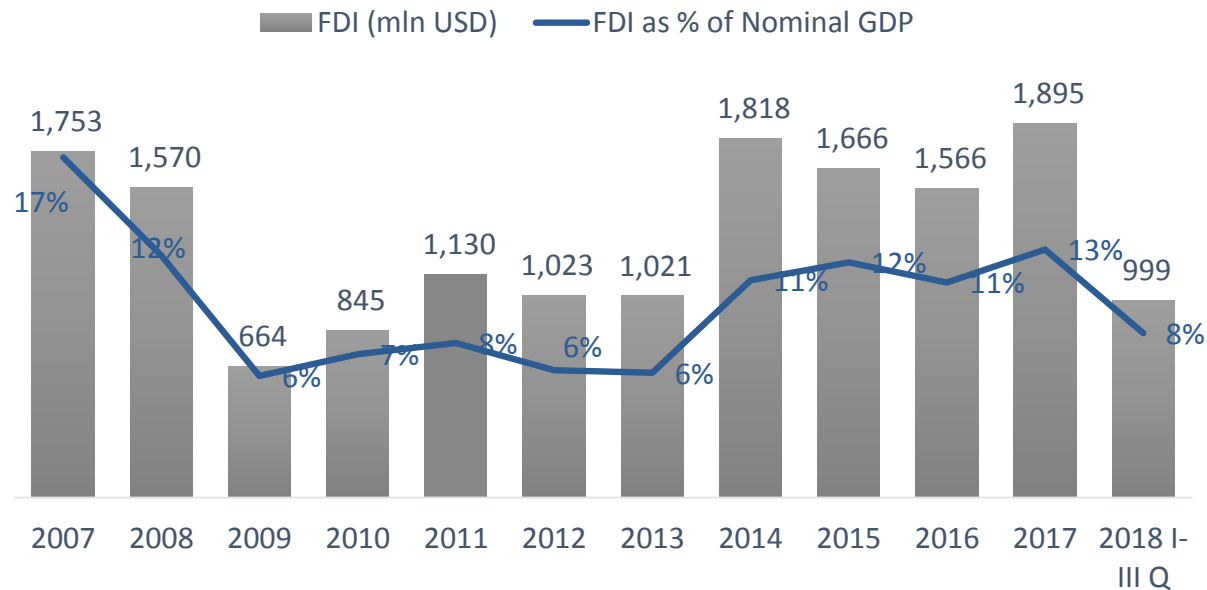
N 6

Up from #20 in 2012

**6th** place among  
the 118 countries



## FDI BY YEARS



- ⊗ Share of reinvestments in total FDI was 50.6% in first three quarters of 2018, for comparison, same number stood at 34.7%
- ⊗ Top FDI sectors:
  - Financial Sector
  - Energy
  - Transport and Communications
  - Manufacturing
  - Construction
  - Real Estate
- ⊗ Top investor countries: Azerbaijan, Netherlands, UK

Georgia has signed Bilateral Investment Treaties (BIT's) with 33 countries and is a member of ICSID Convention since 1992

# TAX INCENTIVES

- ⊗ 8th Least Tax Burden Country in the World
- ⊗ No Corporate Profit tax on retained profit
- ⊗ Pension Contribution - 6% (2% paid by Employer, 2% paid by Employee, 2% paid by Government)
- ⊗ Personal Income taxes for interest, dividends and royalties are reduced to just 5%
- ⊗ Double Taxation avoidance with 55 countries
- ⊗ No capital gains, wealth or inheritance tax
- ⊗ No restrictions on currency conversion or capital/profit repatriation

## Taxation System



**15 %**  
Corporate  
Profit Tax



**20 %**  
Personal  
Income Tax



**18 %**  
Value  
Added Tax



**<1%**  
Property  
Tax



**Select Items**  
Excise Tax

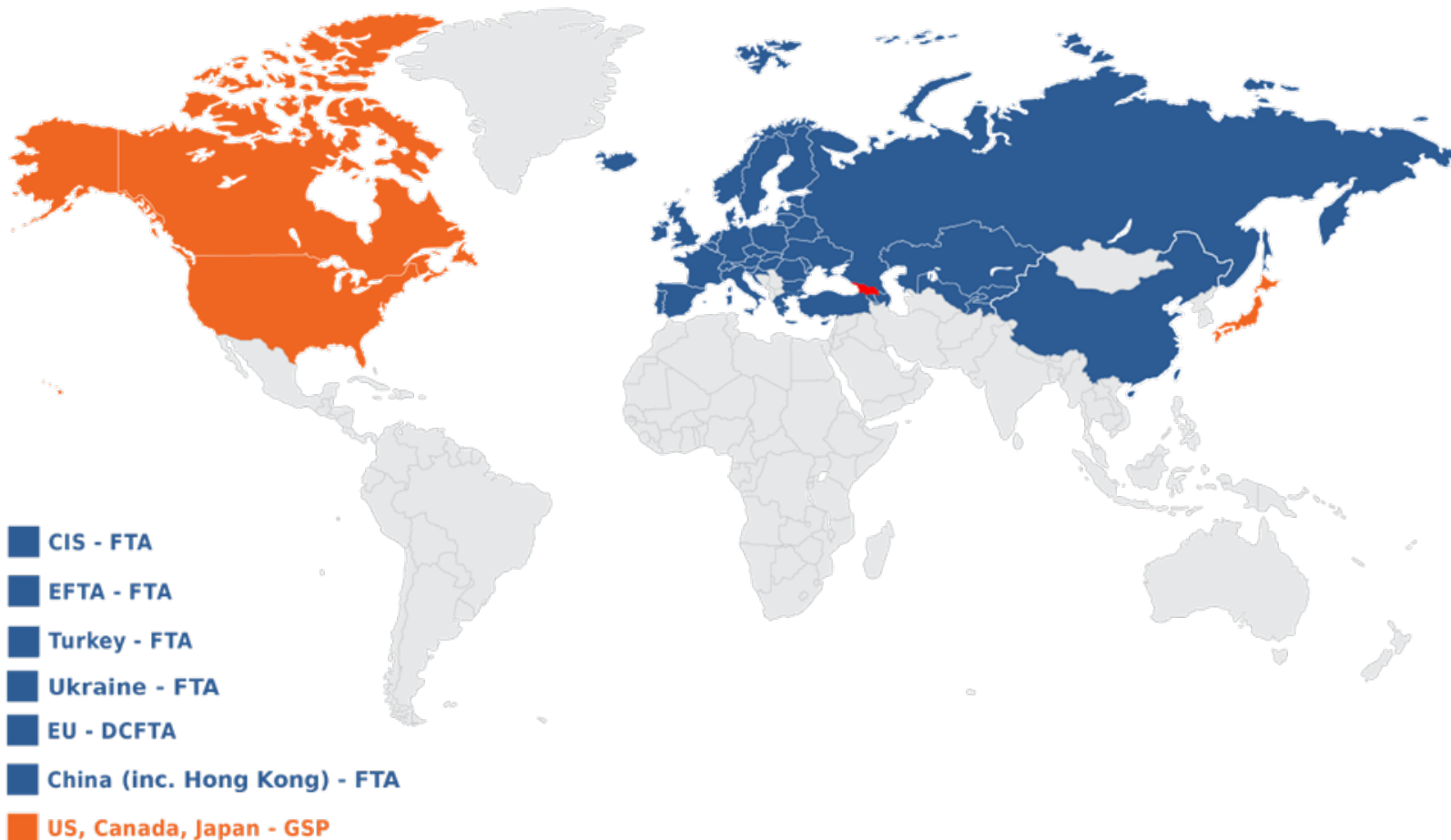


**0%, 5%, or 12%**  
Import Tax  
(depending on  
goods imported)

# REGIONAL HUB FOR DOING BUSINESS



## FREE TRADE AGREEMENTS WITH 2.3 BLN MARKET



⊗ Very simple and service-oriented customs policy and administration

⊗ No quantitative restrictions or tariff barriers

⊗ 80% of goods free from import tariff



*Most Favored Nation (MFN) since 2000*

# INVESTMENT SECTORS



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**HOSPITALITY &  
REAL ESTATE**



**LOGISTICS**



**ENERGY**



**MANUFACTURING**



**BUSINESS PROCESS  
OUTSOURCING**



# HOSPITALITY & REAL ESTATE

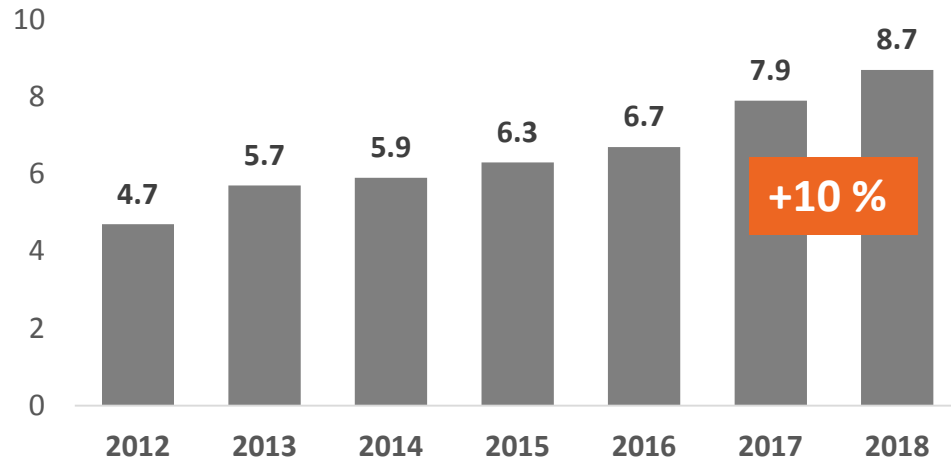


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International Traveler Trips (mln)



## PIPELINE OF ON-GOING BRAND HOTELS IN GEORGIA



- ⊗ Tourism revenue increased by 19% in 2018 (USD 3,3 bln )
- ⊗ “International upscale brands enjoy occupancy rate of 72 % in Tbilisi” Colliers International
- ⊗ “Georgia has become a hub for tourism and business” Sheikh Nahyan Bin Mubarak Al Nahyan

# MANUFACTURING SECTOR



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## International Companies Presented in Georgia



- ⊗ Average monthly salary amounts to USD 370
- ⊗ Free Trade Agreements with 2.3 billion market
- ⊗ 1 kWh is ~7 USD cents for 30 -110 kV high voltage electricity
- ⊗ 4 Free Industrial Zones - No taxes except Personal Income Tax (20%)
- ⊗ *“A highly qualified, technology -driven workforce and strong manufacturing capabilities are attracting high -tech businesses to Georgia” - Elbit Systems, manufacturing of aircraft composites*
- ⊗ *“HeidelbergCement invests in Georgia because of its transparent and simple tax system, stable macro -economic environment and favorable geographic location” – HeidelbergCement*
- ⊗ *“Georgia has transparent business climate, growing economy, acceptable labor cost and simple legislation ” - Henkel*

# BUSINESS PROCESS OUTSOURCING (BPO)



*German, US and other foreign companies already provide BPO service from Georgia*

**arvato**  
BERTELSMANN

  
BASE4

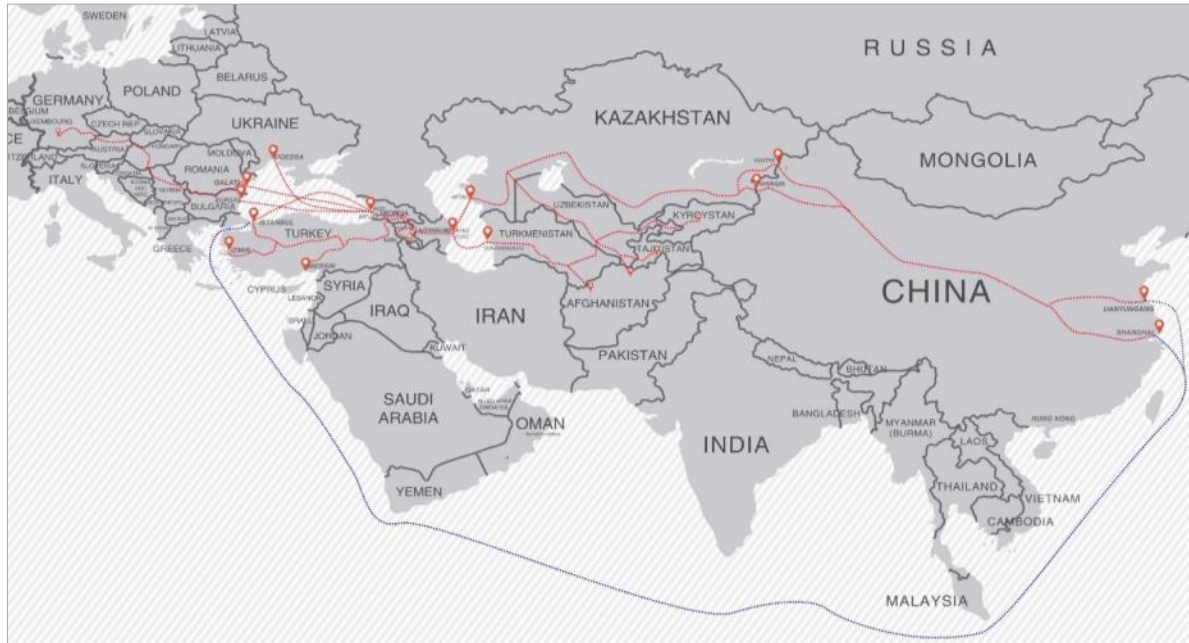
  
Netex  
Consulting

  
FSP GLOBAL

- ⊗ Time proximity and cultural flexibilities (GMT+4)
- ⊗ Language skills to serve English, German and Russian speaking countries
- ⊗ 75 higher educational institutions
- ⊗ 125 professional education centers
- ⊗ Competitive average gross monthly salary of USD 500
- ⊗ Lowest utilities costs (including internet) in the wide region, approximately 2.3 USD per sq. m.
- ⊗ The most attractive directions: CRM, HRO, F&A, ITO, Architecture and Design services.

*“Georgia was very welcoming due to its ease of opening a firm and finding quality team members. Georgia has an unique place with limitless potential”*  
*Base4, architecture & engineering service outsourcing*

# TRANSPORT AND LOGISTICS SECTOR



- ⚙️ Strategic location within Belt and Road initiative
- ⚙️ Alternative route through Georgia takes 10-15 days from China to Europe instead of 45 days of traditional route

*“Georgia has strategic Geographically hub location, key position in Caucasus region, transparent tax and customs regulation” - Gebrüder Weiss, logistic company*

## Sea Port

- 🚢 Poti Sea Port (APM Terminals)
- 🚢 Batumi Sea Port (BIH)
- 🚢 Kulevi Terminal (SOCAR)
- 🚢 Supsa Terminal (BP)

## International Airports

- ✈️ Tbilisi International Airport (TAV)
- ✈️ Batumi International Airport (TAV)
- ✈️ Kutaisi International Airport (UAG)

## Roads and Railway

- 🚂 Georgian Railway - Total Length: 2,083.9 km
- 🚛 Road - Total Length: 20,329 km

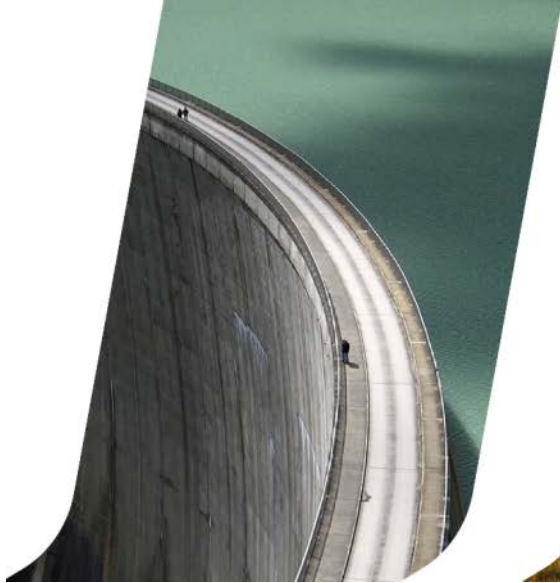
# ENERGY SECTOR



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## HYDRO POWER

- ⊗ Among top countries in terms of water resources per capita (only 20% utilized )
- ⊗ 80% of total electricity is generated from HPPs



## WIND

- ⊗ Wind potential of Georgia is estimated up to 1500 MW
- ⊗ Share of wind power in total generation will reach 10% by year 2025



## SOLAR

- ⊗ Big potential for solar energy development
- ⊗ During the year in most regions there are 250 -280 sunny days and the annual average amount of sunshine hours is over 2000

### International Companies Presented in Georgia



Clean Energy



*“Georgia has one of the largest untapped hydro potentials in Europe, making the country an attractive destination”  
Clean Energy Group*

## SUPPORT TOOLS:

### Produce in Georgia:

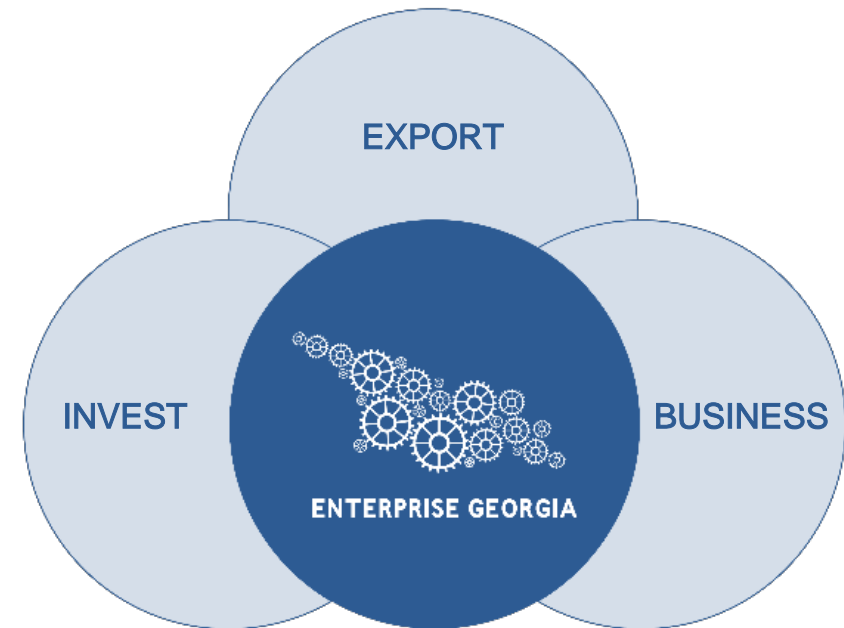
- ⊗ 10% Interest Rate Co -financing (2 years)
- ⊗ 50% Collateral Guarantee (up to 4 years)
- ⊗ Free Land for Manufacturing (investment obligation)

### Host in Georgia :

- ⊗ Co-financing of Franchising Fee/Management Contract (hotels)
- ⊗ 10% Interest Rate Co -financing (2 years)

### Film in Georgia:

- ⊗ 20%- 25% cash rebate



## **CO-INVESTMENT OPPORTUNITIES:**

State -owned investment fund: Partnership Fund

# THANK YOU



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