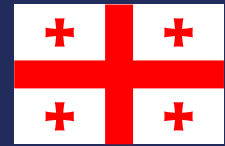




Investing in Georgia:

Unlocking Opportunities at the Crossroads of East and West



STATISTICS

- ◉ **Gross Domestic Product (GDP):** Approximately \$19 billion USD (2022 estimate).
- ◉ **GDP Growth Rate:** Projected growth of 5.5% for 2023, reflecting a robust economic trajectory.
- ◉ **Population:** Over 3.7 million people (2023 estimate).
- ◉ **Official Language:** Georgian.
- ◉ **Currency:** Georgian Lari (GEL).
- ◉ **Foreign Direct Investment (FDI):** FDI inflows reached approximately \$2 billion USD in recent years.
- ◉ **Memberships:**
 - ◉ United Nations (UN)
 - ◉ World Trade Organization (WTO)
 - ◉ Council of Europe
 - ◉ Organization for Security and Co-operation in Europe (OSCE)
 - ◉ European Bank for Reconstruction and Development (EBRD)
 - ◉ Association Agreement with the European Union
- ◉ **Ease of Doing Business Ranking:** Ranked 7th out of 190 countries (World Bank Doing Business Report 2020).
- ◉ **Literacy Rate:** Approximately 99%.
- ◉ **Time Zone:** Georgia Standard Time (GET), UTC+4.
- ◉ **Strategic Location:** At the intersection of Europe and Asia, serving as a key transit hub in the region.

INTRODUCTION

Georgia, a country steeped in history and nestled at the crossroads of East and West, offers a unique blend of cultural richness and economic potential. With its strategic location along the ancient Silk Road, Georgia has historically been a bridge between continents, facilitating trade and cultural exchange. Today, this tradition continues as Georgia emerges as a dynamic and attractive destination for international investors.

The Georgian government's commitment to economic reform, liberalization, and integration with global markets has transformed the nation into one of the most favorable business environments worldwide. Robust legal protections, streamlined regulations, and a range of incentives make Georgia an ideal gateway for businesses looking to expand their horizons. This comprehensive report highlights the positive aspects and abundant opportunities for investing in Georgia, providing valuable insights into the country's economic landscape and investment potential.

BACKGROUND

Since gaining independence in 1991, Georgia has undergone significant economic and political reforms aimed at fostering a free-market economy and democratic governance. The government's proactive approach has included anti-corruption measures, modernization of public services, and the creation of a business-friendly regulatory framework.

Georgia's economy is diverse, with key sectors including agriculture, manufacturing, tourism, energy, and services. The country has signed an Association Agreement with the European Union, including a Deep and Comprehensive Free Trade Area (DCFTA), enhancing access to EU markets and aligning regulations with European standards.

Infrastructure development has been a priority, with investments in transportation networks, energy infrastructure, and digital connectivity. Georgia's location offers strategic advantages for logistics and trade, connecting Central Asia, the South Caucasus, and Europe. The govern-

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ment's vision is to position Georgia as a regional hub for commerce, finance, and innovation.

BENEFITS OF INVESTING IN GEORGIA

Strategic Geographic Location

- » **Gateway Between East and West:**
 - » Positioned at the crossroads of Europe and Asia, Georgia serves as a crucial transit route for regional trade.
 - » Access to over 2.3 billion consumers within the wider region, including Europe, Central Asia, and the Middle East.
- » **Transportation and Connectivity:**
 - » Well-developed network of seaports, airports, railways, and highways facilitating efficient logistics.
 - » Batumi and Poti ports on the Black Sea provide maritime access to global markets.
 - » The Baku-Tbilisi-Kars railway enhances connectivity between Europe and Asia.

Business-Friendly Environment

- » **Ease of Doing Business:**
 - » Ranked 7th globally in the World Bank's Doing Business Report 2020.
 - » Simplified procedures for starting a business, obtaining permits, and registering property.
- » **Liberal Trade Regime:**
 - » Low import tariffs and free trade agreements with the EU, EFTA, CIS countries, Turkey, China, and Hong Kong.
 - » No quantitative restrictions on imports and exports.

Attractive Tax System

- » **Competitive Tax Rates:**
 - » Corporate income tax rate of 15%, with a 0% rate on reinvested profits under the Estonian model.
 - » Personal income tax flat rate of 20%.
- » **Tax Incentives:**
 - » Special tax regimes in Free Industrial Zones and for International Companies.
 - » Value-Added Tax (VAT) rate of 18%, with exemptions for certain goods and services.

Highly Skilled Workforce

- » **Educated Labor Force:**
 - » High literacy rate of 99%, reflecting strong emphasis on education.
 - » Universities producing graduates proficient in English, Russian, and regional languages.
- » **Competitive Labor Costs:**
 - » Labor costs lower than many neighboring countries, offering cost-effective operations.

Political Stability and Security

- » **Stable Governance:**
 - » Democratic institutions and commitment to the rule of law.
 - » Strong track record of peaceful transitions of power and political stability.
- » **Investor Protection:**
 - » Robust legal framework safeguarding property rights and investments.
 - » Membership in international organizations promoting security and cooperation.

Government Support and Incentives

- » **Investment Promotion:**
 - » Proactive government policies to attract and support foreign investors.



- » One-stop-shop services simplifying administrative procedures.
- » **Infrastructure Development:**
- » Ongoing investments in transportation, energy, and digital infrastructure.
- » Development of logistics and industrial parks to support business activities.

Quality of Life

- » **Safe and Welcoming Environment:**
- » Low crime rates and hospitable culture.
- » Rich cultural heritage, cuisine, and natural beauty enhancing the living experience.
- » **Affordable Living Costs:**
- » Competitive costs for housing, healthcare, and education.

RELEVANT AGENCIES

Enterprise Georgia

- » **Role:** Primary government agency responsible for investment promotion and export development.
- » **Services:**
- » Provides information on investment opportunities and procedures.
- » Offers support in business establishment, including site selection and networking.
- » Facilitates access to government support programs and incentives.
- » **Website:** www.investinggeorgia.org
- » **Contact:**
- » **Email:** info@enterprise.gov.ge
- » **Phone:** +995 32 2 43 70 70

Georgian National Investment Agency (GNIA)

- » **Role:** Facilitates foreign investments and supports investors throughout the investment process.
- » **Services:**
- » Assists with market analysis, regulatory guidance, and partner identification.
- » Provides aftercare services to ensure investor satisfaction.
- » **Website:** www.investinggeorgia.org
- » **Contact:** (Functions merged with Enterprise Georgia)

Ministry of Economy and Sustainable Development

- » **Role:** Develops economic policies, regulations, and strategies to promote sustainable growth.
- » **Services:**
- » Offers policy guidance and information on regulatory frameworks.
- » Coordinates initiatives to enhance the business environment and infrastructure.
- » **Website:** www.economy.ge
- » **Contact:**
- » **Email:** info@economy.ge
- » **Phone:** +995 32 299 11 11

Revenue Service of Georgia

- » **Role:** Administers tax and customs regulations, ensuring compliance and facilitating trade.
- » **Services:**
- » Provides information on taxation, customs procedures, and incentives.
- » Offers electronic services for tax declarations and payments.
- » **Website:** www.rs.ge
- » **Contact:**
- » **Email:** info@rs.ge
- » **Phone:** +995 32 2 299 299

Georgian Chamber of Commerce and Industry (GCCCI)

- » **Role:** Represents business interests and promotes economic development.
- » **Services:**
- » Facilitates networking, business matchmaking, and market information.
- » Offers training, arbitration services, and trade promotion.
- » **Website:** www.gcci.ge
- » **Contact:**
- » **Email:** chamber@gcci.ge
- » **Phone:** +995 32 2 47 48 78

INCENTIVES FOR INVESTORS

Tax Incentives

- » **Free Industrial Zones (FIZs):**
- » Located in Poti, Kutaisi, and Tbilisi, offering tax exemptions on corporate income, VAT, and property taxes.
- » Simplified customs procedures and duty-free import/export within FIZs.
- » **Special Trade Regimes:**
- » Virtual Zone Status for IT companies, granting tax exemptions on income received from foreign sources.
- » International Company Status offering reduced corporate income tax rates and exemptions.

Financial Support

- » **Enterprise Georgia Programs:**
- » Access to co-financing grants, loans, and credit guarantees for qualifying projects.
- » Support for startups, innovation, and business expansion.
- » Land Ownership and Use
- » **Property Rights:**
- » Foreign investors can own and lease property, including agricultural land under certain conditions.
- » **Construction Permits:**
- » Streamlined procedures and support for obtaining necessary permits.

Investment Protection and Guarantees

- » **Legal Safeguards:**
- » Protection against expropriation without prompt and adequate compensation.
- » Access to international arbitration under bilateral investment treaties.
- » **Repatriation of Funds:**
- » Freedom to repatriate profits, dividends, and capital without restrictions.

Skilled Workforce Development

- » **Training Support:**
- » Government programs to assist with workforce training and development.
- » **Educational Partnerships:**
- » Collaboration opportunities with universities and vocational institutions.

OPPORTUNITIES FOR INVESTORS

Energy Sector

- » **Renewable Energy Projects:**
- » Abundant hydropower potential with over 300 rivers suitable for energy generation.
- » Opportunities in wind, solar, and biomass energy projects.
- » **Energy Export:**
- » Strategic position to export electricity to neighboring countries.
- » **Transmission Infrastructure:**
- » Investment in upgrading and expanding transmission lines and grid reliability.

Tourism and Hospitality

- » **Hotel and Resort Development:**
- » Investment in boutique hotels, resorts, and wellness centers in regions like Batumi, Gudauri, and Borjomi.
- » **Adventure and Cultural Tourism:**
- » Opportunities in eco-tourism, ski resorts, and heritage site development.
- » **Infrastructure Enhancement:**
- » Development of airports, roadways, and tourist facilities.

Agriculture and Agribusiness

- » **High-Value Crops:**
- » Production of wine, nuts, fruits, and organic products with export potential.
- » **Food Processing:**
- » Investment in processing facilities to add value to agricultural products.

- » **Logistics and Storage:**
- » Development of cold storage, packaging, and distribution centers.

Information and Communication Technology (ICT)

- » **Software Development:**
- » Growing IT sector specializing in software, gaming, and fintech solutions.
- » **Business Process Outsourcing (BPO):**
- » Establishment of call centers and shared service centers leveraging skilled labor.
- » **Innovation Ecosystem:**
- » Participation in tech hubs and startup incubators.

Manufacturing and Industry

- » **Light Manufacturing:**
- » Production of textiles, apparel, construction materials, and electronics.
- » **Automotive and Aerospace Components:**
- » Investment in component manufacturing for regional and global supply chains.
- » **Pharmaceuticals:**
- » Opportunities in generic drug production and medical supplies.

Logistics and Transportation

- » **Trade Corridors:**
- » Development of logistics centers along the Middle Corridor connecting China and Europe.
- » **Port Development:**
- » Investment in expanding and modernizing Poti Port and Batumi Port facilities.
- » **Aviation Services:**
- » Opportunities in airport services, cargo handling, and maintenance operations.

Real Estate and Construction

- » **Commercial Real Estate:**
- » Development of office spaces, retail centers, and mixed-use properties.
- » **Residential Projects:**
- » Investment in housing developments to meet growing urban demand.
- » **Infrastructure Projects:**
- » Participation in public-private partnerships for infrastructure development.

CONCLUSION

Georgia presents a compelling landscape for investors seeking growth and diversification in a dynamic and strategically positioned market. The government's commitment to creating a pro-business environment, coupled with robust legal protections and attractive incentives, makes Georgia an ideal destination for foreign investment. The country's rich natural resources, skilled workforce, and integration with global markets offer abundant opportunities across various sectors.

By investing in Georgia, businesses can leverage the nation's unique position at the crossroads of East and West, tapping into new markets and partnerships. Whether in energy, tourism, agriculture, ICT, manufacturing, or logistics, investors will find a welcoming environment that supports innovation and expansion.

Embrace the opportunities Georgia offers and become a part of its exciting journey toward sustained economic growth and development.

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