

# 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
Nom. GDP, USD mn	13,988	14,378	15,087	16,207
Nom. GDP per capita, USD	3,755	3,857	4,047	4,346
Real GDP growth, %	2.9%	2.8%	4.8%	4.7%
Import (CIF), USD mn	7,300	7,294	7,939	9,121
Export (FOB), USD mn	2,205	2,113	2,736	3,355

Source: National Statistics Office

- ⚙ Georgia's economy has experienced economic growth at a **CAGR of 4% (2013-2018)**
- ⚙ In 2013-2018 the strongest growth occurred in:
  - Financial services (10.5%)
  - Hotels & Restaurants (9.6%)
  - Construction (9.2%)

# 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

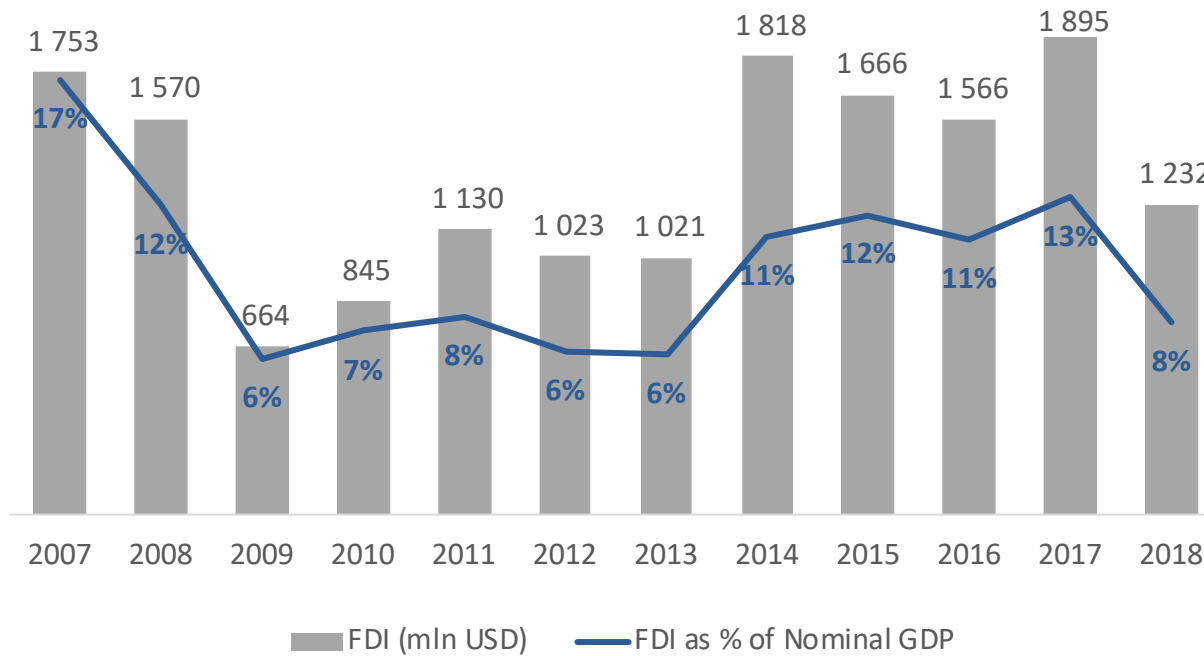
**6th** place among  
the 125 countries





# FOREIGN DIRECT INVESTMENT

## FDI BY YEARS



⚙ Share of reinvestments in total FDI was 45.3% in 2018; For comparison, same number stood at 34.7% in 2017

- ⚙ Top FDI sectors:
- Financial Sector
  - Transport and Communications
  - Energy
  - Manufacturing
  - Construction
  - Real Estate

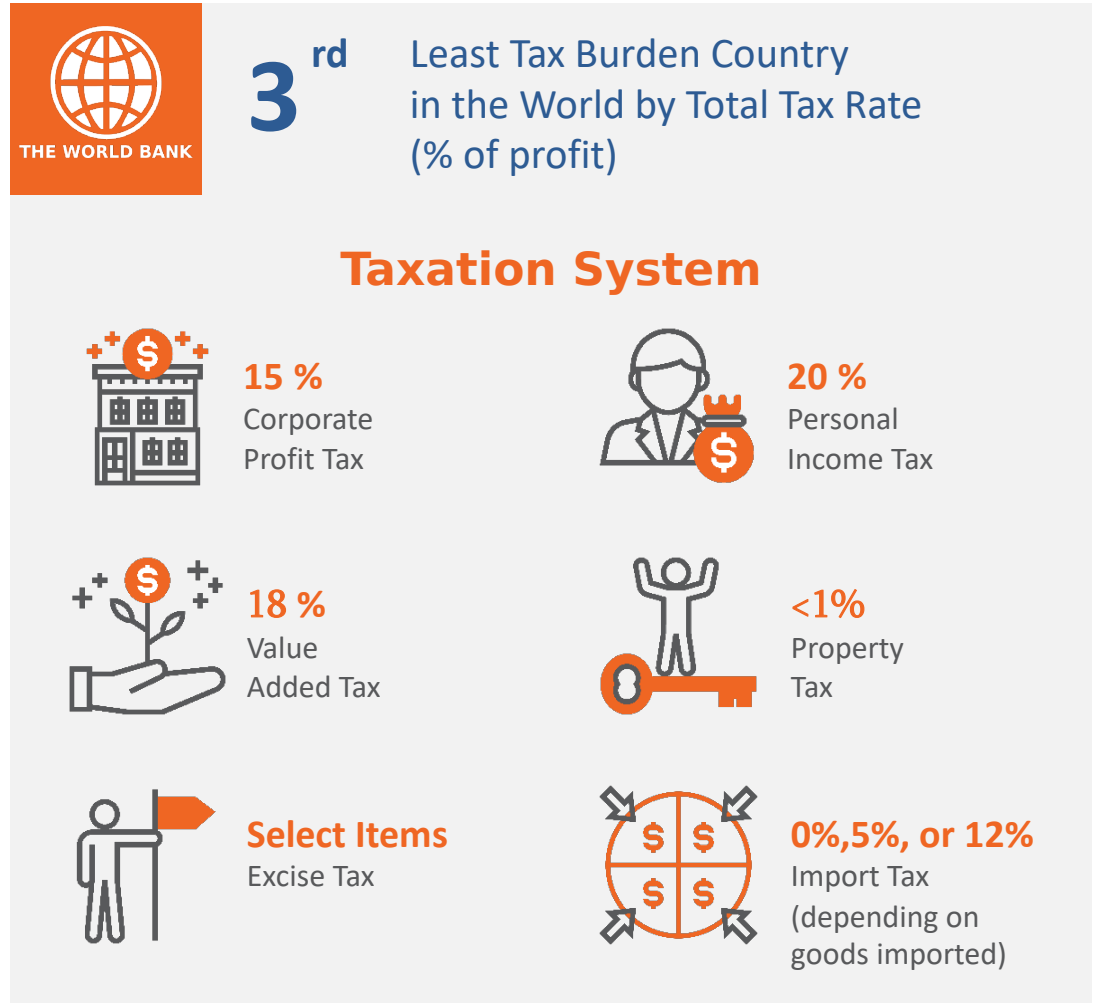
⚙ Azerbaijan is the largest investor in Georgia, followed by UK, Netherlands and USA

# TAX INCENTIVES

- ⚙️ Pension contribution – 2% paid by Employer, 2% paid by Employee, 2% paid by Government
- ⚙️ No Corporate Profit tax on retained profit
- ⚙️ 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

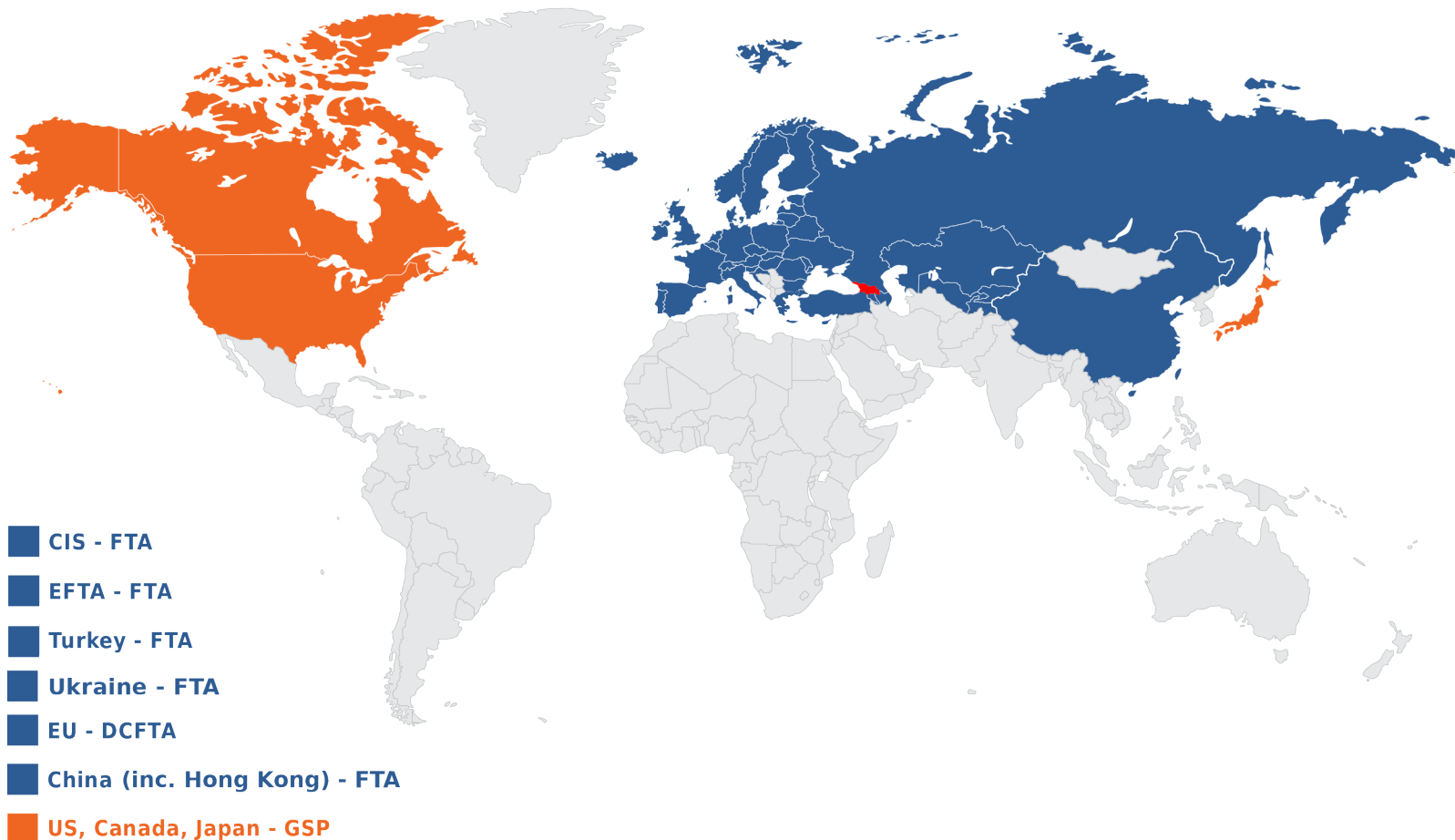
## New Tax Incentives available for companies which set up International Headquarters in Georgia

- Corporate Profit Tax on distributed profit - only 5%
- Exemption from the property tax



# 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



HOSPITALITY &  
REAL ESTATE

LOGISTICS

ENERGY

MANUFACTURING

BUSINESS PROCESS  
OUTSOURCING



# HOSPITALITY & REAL ESTATE

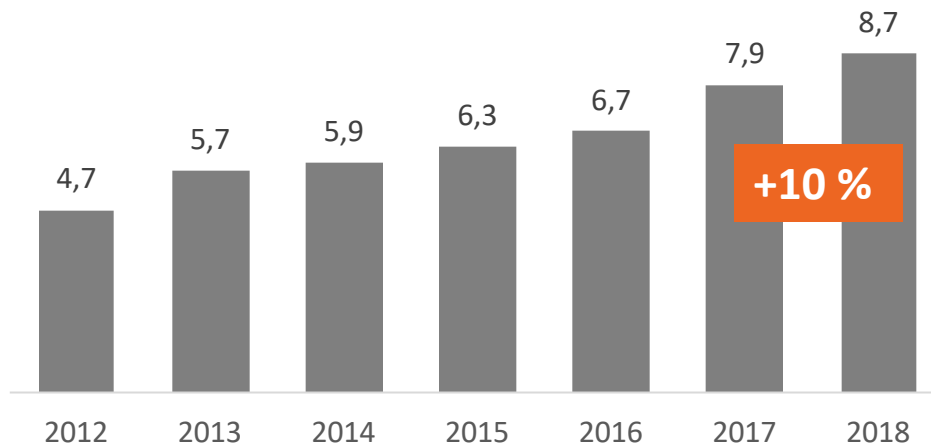


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International Traveler Trips (mln)



## 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



## International Companies Presented in Georgia



- ⊗ Average monthly salary amounts to USD 390
- ⊗ 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, Cement Factory***
- ⊗ ***“Georgia has transparent business climate, growing economy, acceptable labor cost and simple legislation” - Henkel, Adhesives Factory***

# BUSINESS PROCESS OUTSOURCING (BPO)



- ⊗ Average monthly salary - 500 USD
- ⊗ 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
- ⊗ Lowest utilities costs (including internet) in the wide region, approximately 2.5 USD per sq. m.
- ⊗ The most attractive directions: CRM, HRO, F&A, ITO, Architecture and Design services.

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

**arvato**  
BERTELSMANN

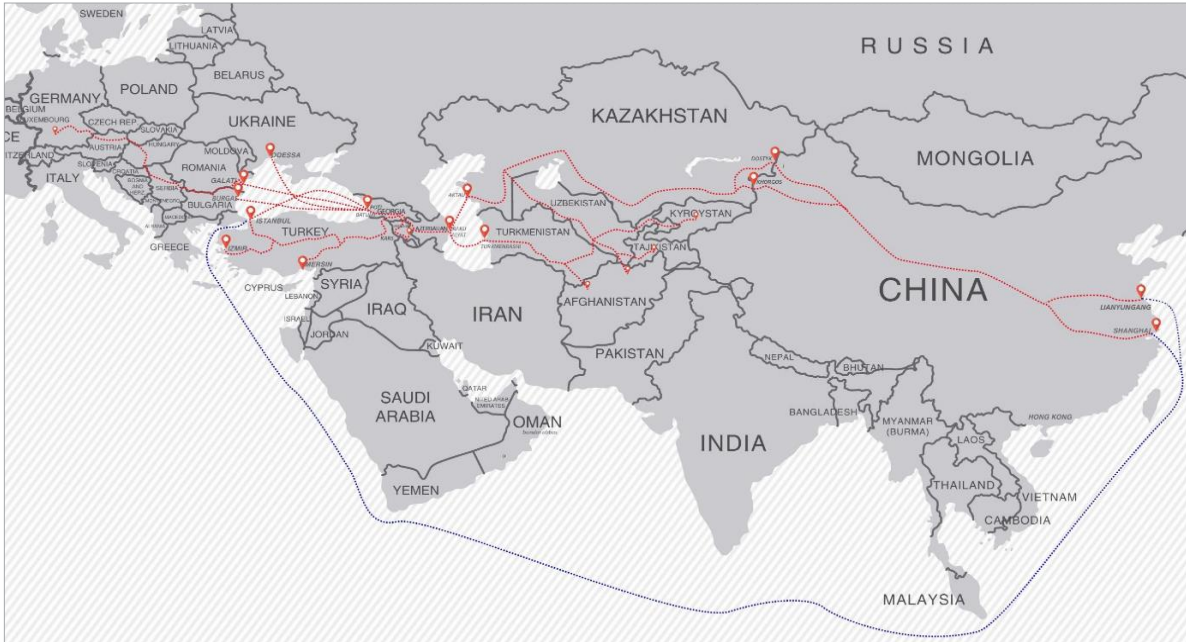
  
**BASE4**

  
**Netex**  
Consulting

  
**FSP GLOBAL**

***“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

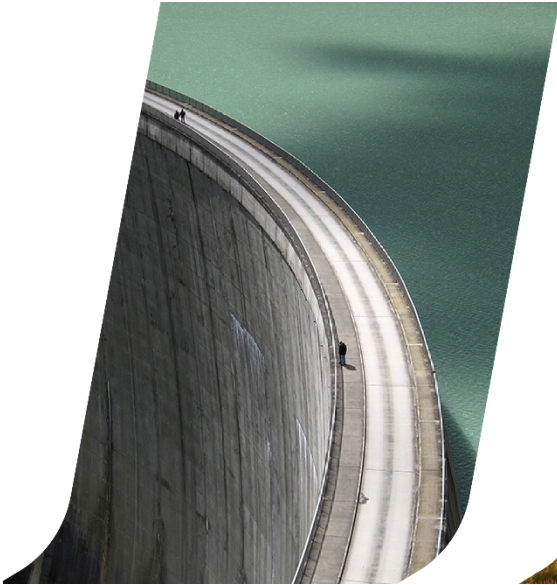
- ✈ Tbilisi International Airport (TAV)
- ✈ Batumi International Airport (TAV)
- ✈ Kutaisi International Airport (UAG)

## Roads and Railway

- 🚆 Georgian Railway - Total Length: 2,083.9 km
- 🚗 Road - Total Length: 20,329 km



# ENERGY SECTOR



## 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



***“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)
- ⊗ 70% Collateral Guarantee
- ⊗ Free Land for Manufacturing (investment obligation)

### Host in Georgia:

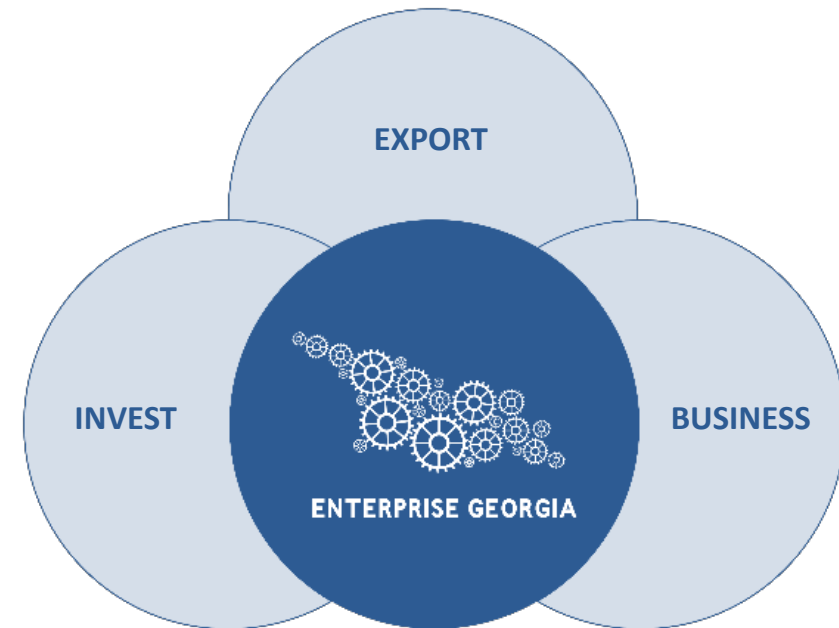
- ⊗ Co-financing of Franchising Fee/Management Contract (hotels)
- ⊗ 10% Interest Rate Co-financing (2 years)

### Film in Georgia:

- ⊗ 20%- 25% cash rebate

### **CO-INVESTMENT OPPORTUNITIES:**

State-owned investment fund: Partnership Fund





# THANK YOU



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