

GEORGIA - PROMISING MARKET FOR INVESTMENTS



MINISTRY OF ECONOMY AND SUSTAINABLE
DEVELOPMENT OF GEORGIA



ENTERPRISE GEORGIA



GEORGIA IS A WINNING COMBINATION



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DEVELOPMENT OF GEORGIA



ENTERPRISE GEORGIA



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



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



Stable, effective and well-developed banking sector



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



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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

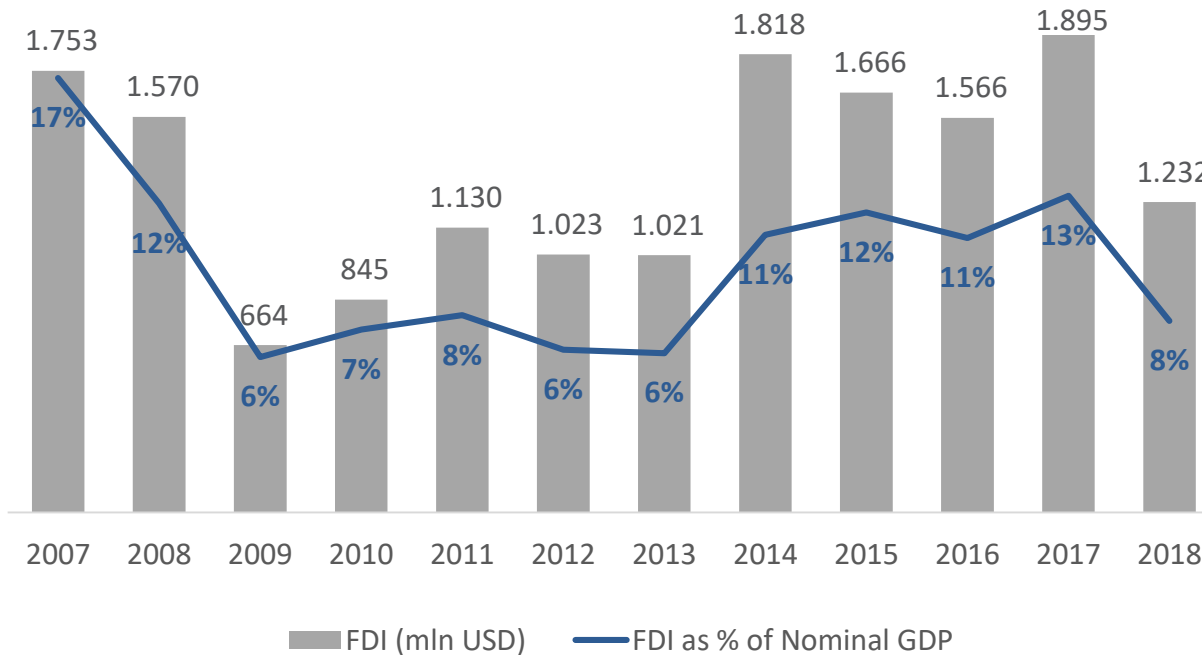
Up from #20 in 2012

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



3rd Least Tax Burden Country in the World by Total Tax Rate (% of profit)

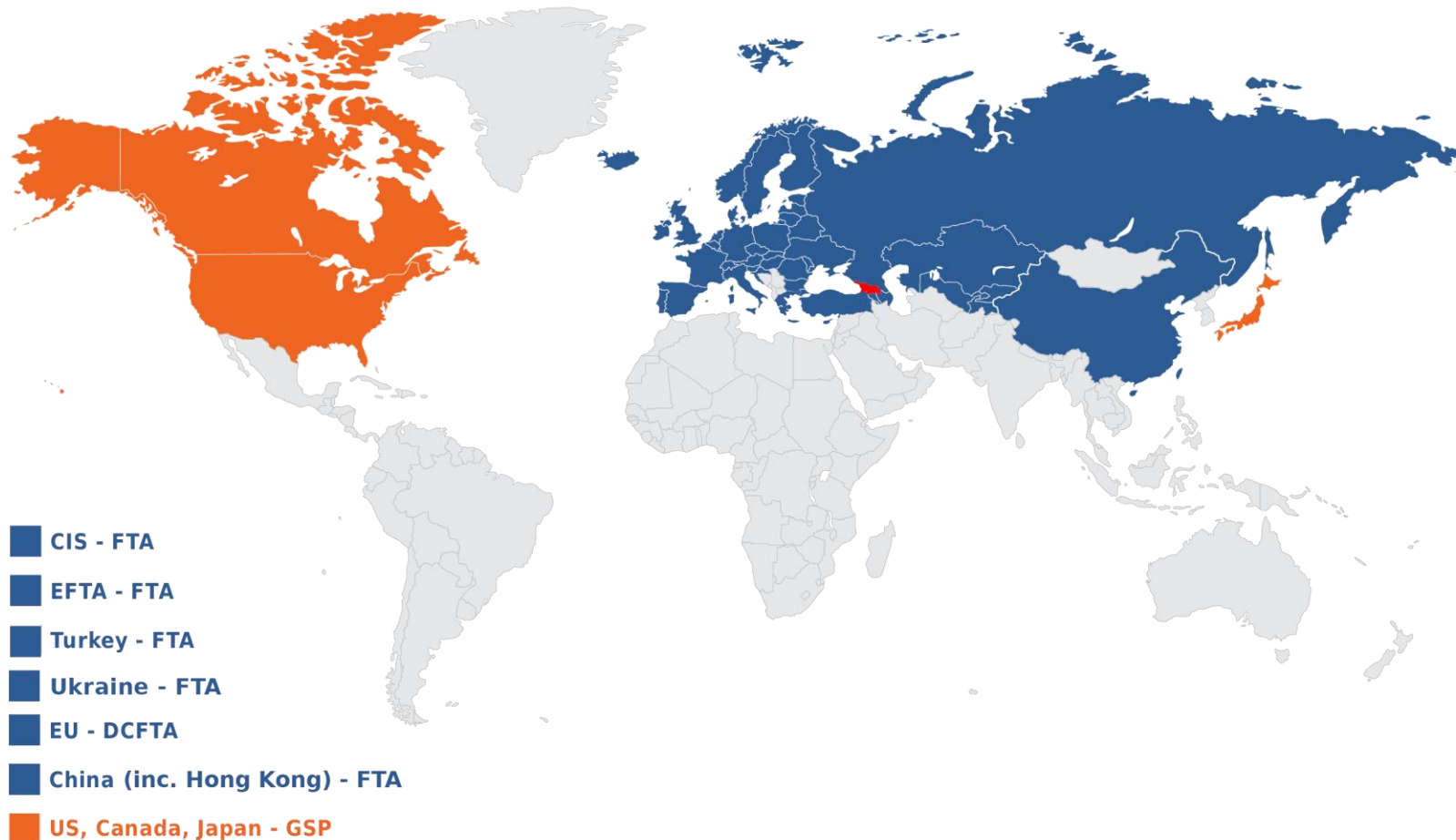
Taxation System

 <p>15 % Corporate Profit Tax</p>	 <p>20 % Personal Income Tax</p>
 <p>18 % Value Added Tax</p>	 <p><1% Property Tax</p>
 <p>Select Items Excise Tax</p>	 <p>0%, 5%, or 12% Import Tax (depending on goods imported)</p>

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

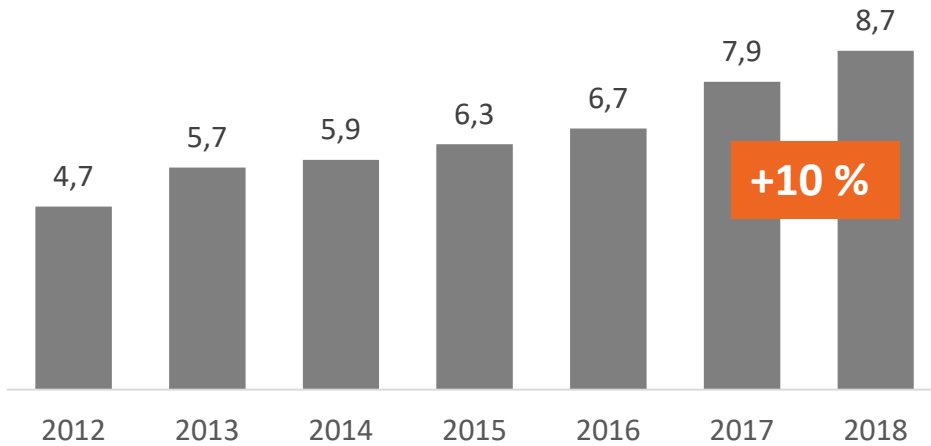


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International Traveler Trips (mln)



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 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)



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- ⊗ 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



“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

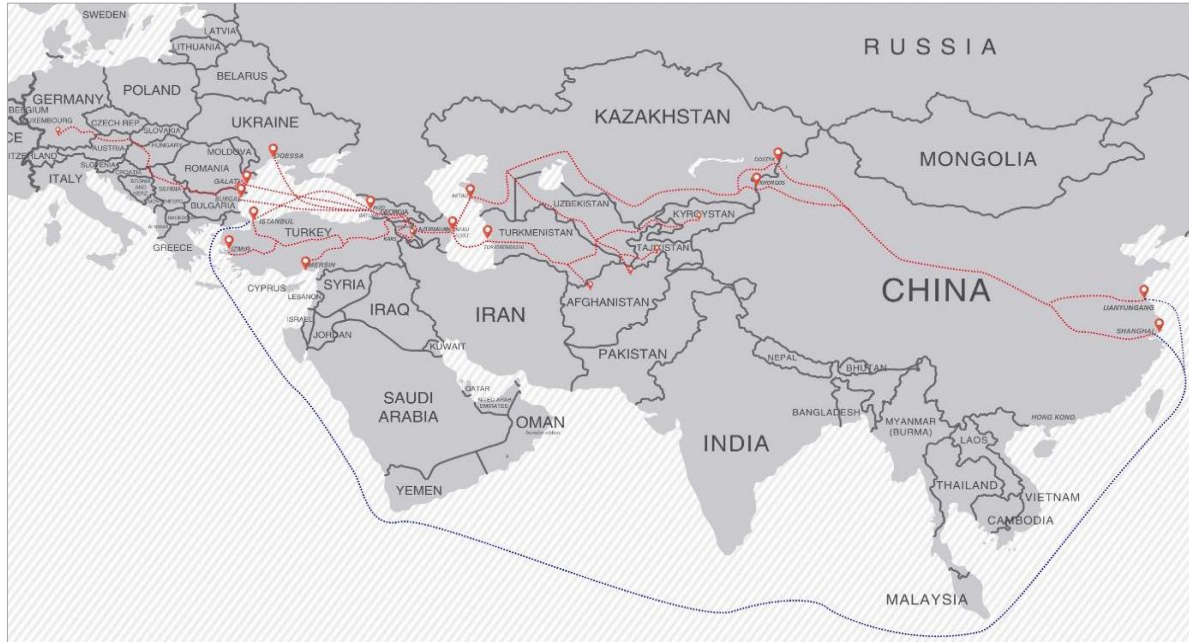
TRANSPORT AND LOGISTICS SECTOR



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- ⚙️ 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



***“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:

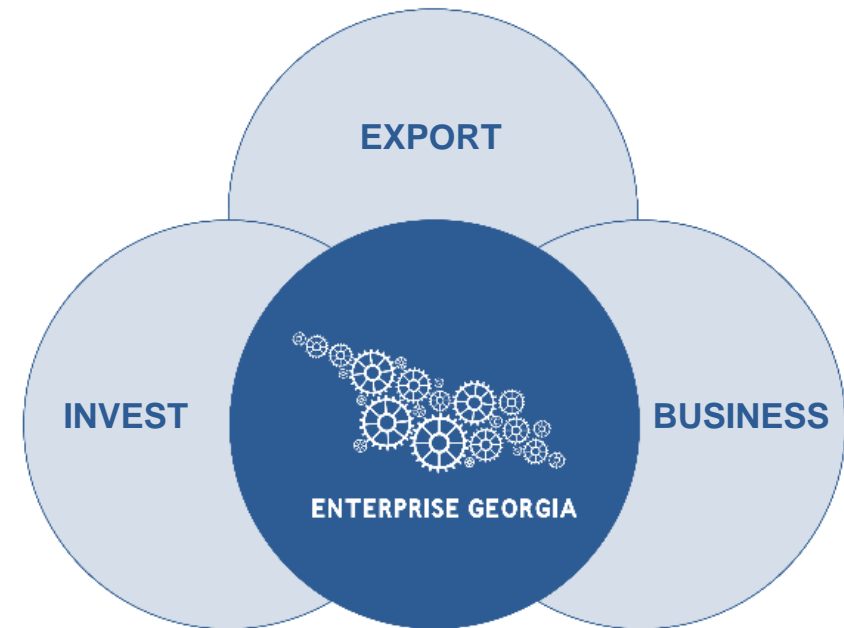
- ⊗ Co-financing of Franchising Fee/Management Contract (hotels)
- ⊗ 10% Interest Rate Co-financing (2 years)

Film in Georgia:

- ⊗ 20%- 25% cash rebate

CO-INVESTMENT OPPORTUNITIES:

State-owned investment fund: Partnership Fund



THANK YOU



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5/6 Marjanishvili str. (18 Uznadze str. 0102 Tbilisi, Georgia)



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