



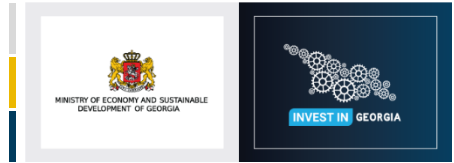
INVEST IN GEORGIA

GEORGIA  
A PLEASURE  
DOING BUSINESS



# INVESTMENT CLIMATE AND OPPORTUNITIES

# WHY GEORGIA



**Strategically located at the crossroad of Europe and Asia**



**7th Easiest Country to do Business**  
(World Bank's Ease of Doing Business Report 2020)



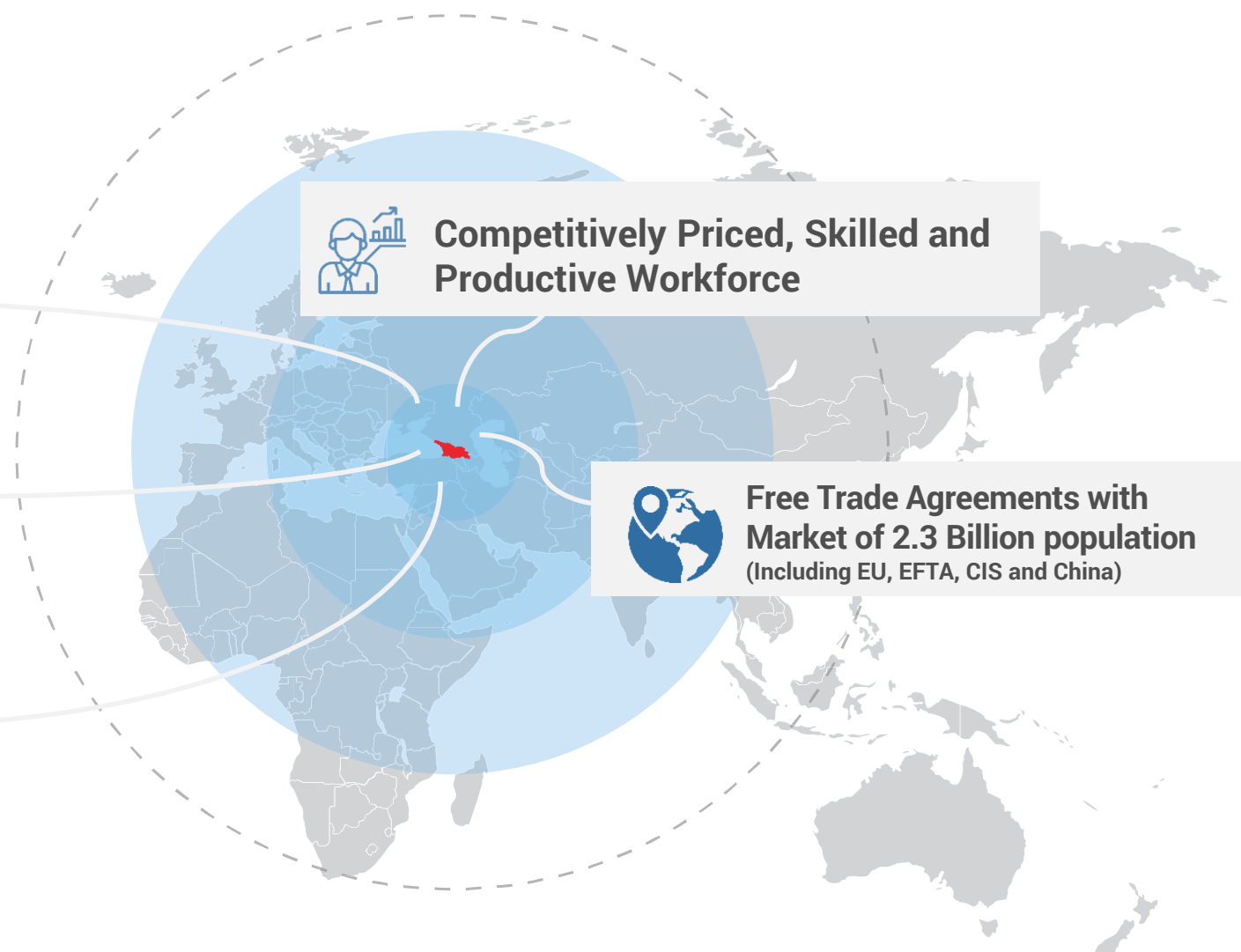
**3<sup>rd</sup> Least Tax Burden Country, with 9.9% Total Tax Rate**  
(World Bank Group)



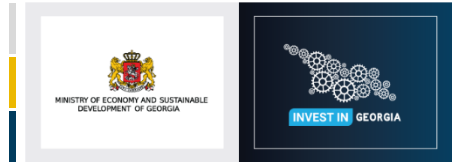
**Competitively Priced, Skilled and Productive Workforce**



**Free Trade Agreements with Market of 2.3 Billion population**  
(Including EU, EFTA, CIS and China)



# THE COUNTRY AT A GLANCE



- Region: **Europe**
- Population: **3.7 Million**
- Capital: **Tbilisi**
- Government type: **Parliamentary system**
- GDP Per Capita (2022\*): **USD 6,671**
- Inflation (2023): **8.1%**
- Currency: **Georgian Lari**



GDP in 2022\*

**24.6 bln USD**



Real GDP Growth Rate  
(2022\*)

**10.1 %**



Share of Reinvestments  
(2018-2022 average)

**58.1%**



FDI to GDP Ratio  
(2018-2022 average)

**6.8%**

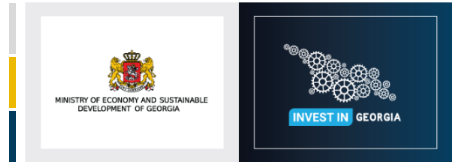


FDI inflow  
(2022)

**2 bln USD**  
(all time record)

Source: Geostat

# GEORGIA STANDING OUT



## OECD FDI Regulatory Restrictiveness Index 2021



**8<sup>th</sup>**

Georgia ranks 1<sup>st</sup> among non-EU countries

## TRACE Matrix 2022

Interaction: Contact with government



**1<sup>st</sup>**

Georgia ranks 29<sup>th</sup> in overall standings out of 194 countries

## Safety Index 2023



**10<sup>th</sup>**

Georgia ranks 3<sup>rd</sup> in Europe

## Global Services Location Index - GSLI 2021

KEARNEY

**19<sup>th</sup>**

Georgia ranks 7<sup>th</sup> in Europe

## WJP Rule of Law Index 2022

Eastern Europe & Central Asia Region



**1<sup>st</sup>**

Georgia also ranks 7<sup>th</sup> in the group of Upper Middle Income countries

## Association Agreement and DCFTA with the EU

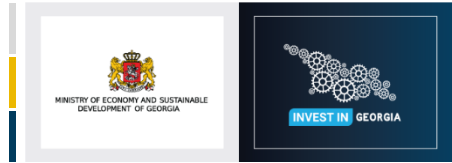


Georgia has a Deep and Comprehensive Free Trade Area, an Association Agreement, and Visa-free travel regime with European Union

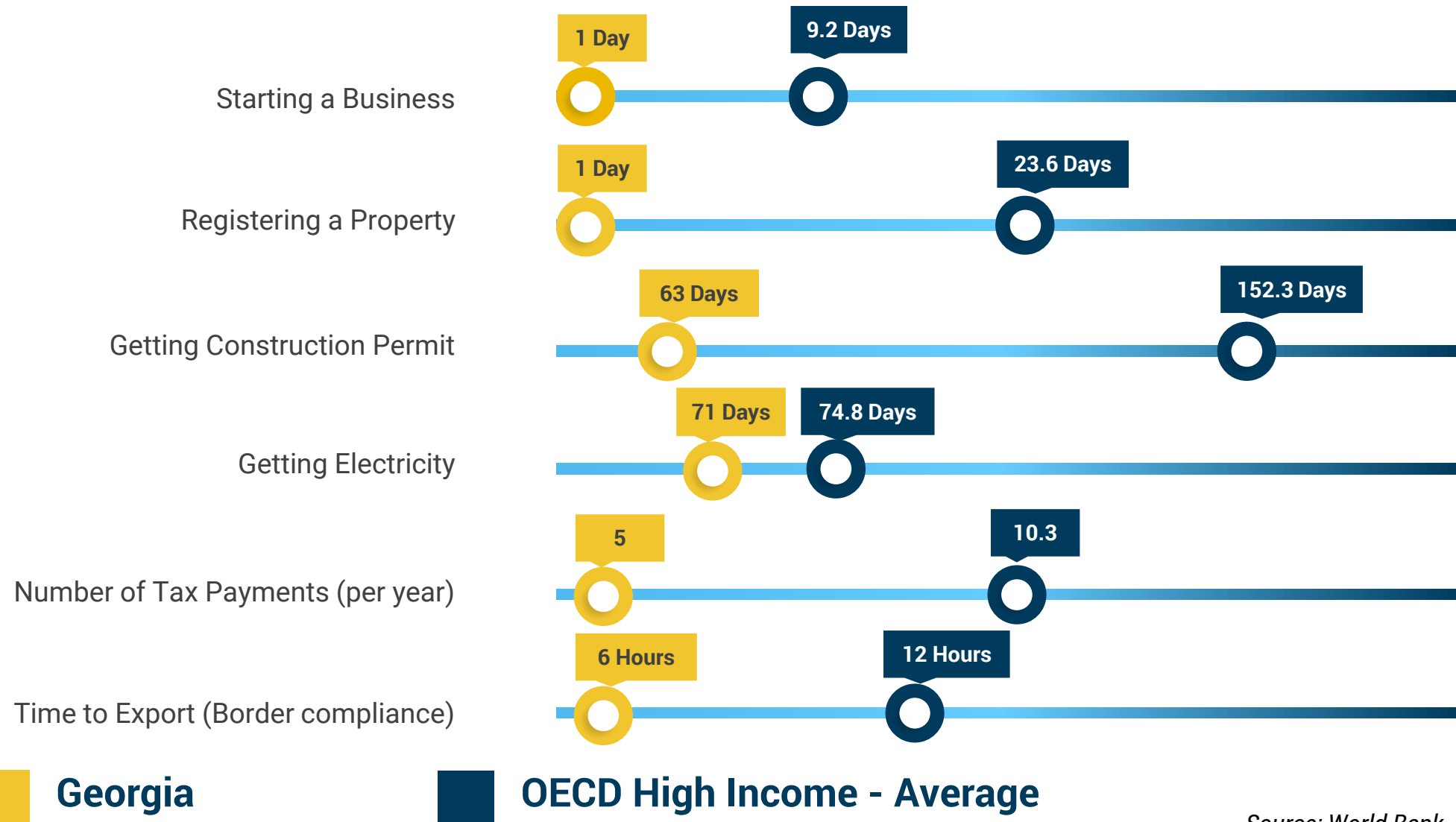
“Deep reforms in economic management and governance have earned Georgia a reputation as star reformer” - World Bank Group Georgia



# SPEND LESS TIME ON PAPERWORK

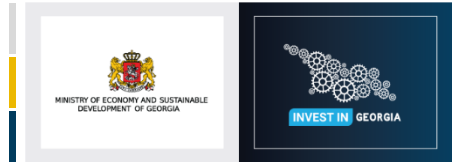


## Georgia Ranks 7<sup>th</sup> in Ease of Doing Business Ranking, Here's Why:



Source: World Bank, Ease of Doing Business 2020

# YOUR NEARSHORING DESTINATION



**Centrally located** to access Europe, Asia and the Middle East



Simple and **service-oriented customs policy** and administration



**80% of goods** are free from import tariffs



Membership of both **Middle Corridor** and TRACECA



Connected to the **EU's Trans-European Transport Networks**

■ EU - DCFTA

■ UK - FTA

■ EFTA - FTA

■ CIS - FTA

■ Turkey - FTA

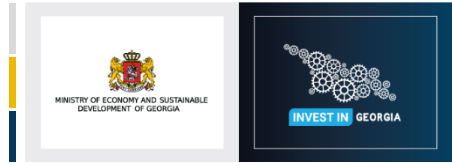
■ Ukraine - FTA

■ China (incl. Hong Kong) - FTA

**FREE TRADE AGREEMENTS COVER  
MARKET WITH 2.3 BLN POPULATION**



# BENEFIT FROM THE MOST ATTRACTIVE TAX SYSTEM



0%

**Tax on Retained Profit**



3<sup>rd</sup>

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



4

**Free Industrial Zones**

- Pension contribution\* – 2% paid by Employer, 2% paid by Employee
- Personal Income taxes for interest, **dividends and royalties are just 5%**
- **Double Taxation** avoidance Treaties with **57 countries**

\*up to 2% paid by Government until savings reach 60,000 GEL

## Taxation System



**0% or 15 %**  
Corporate Profit  
Tax



**20 %**  
Personal Income  
Tax



**18 %**  
Value  
Added Tax



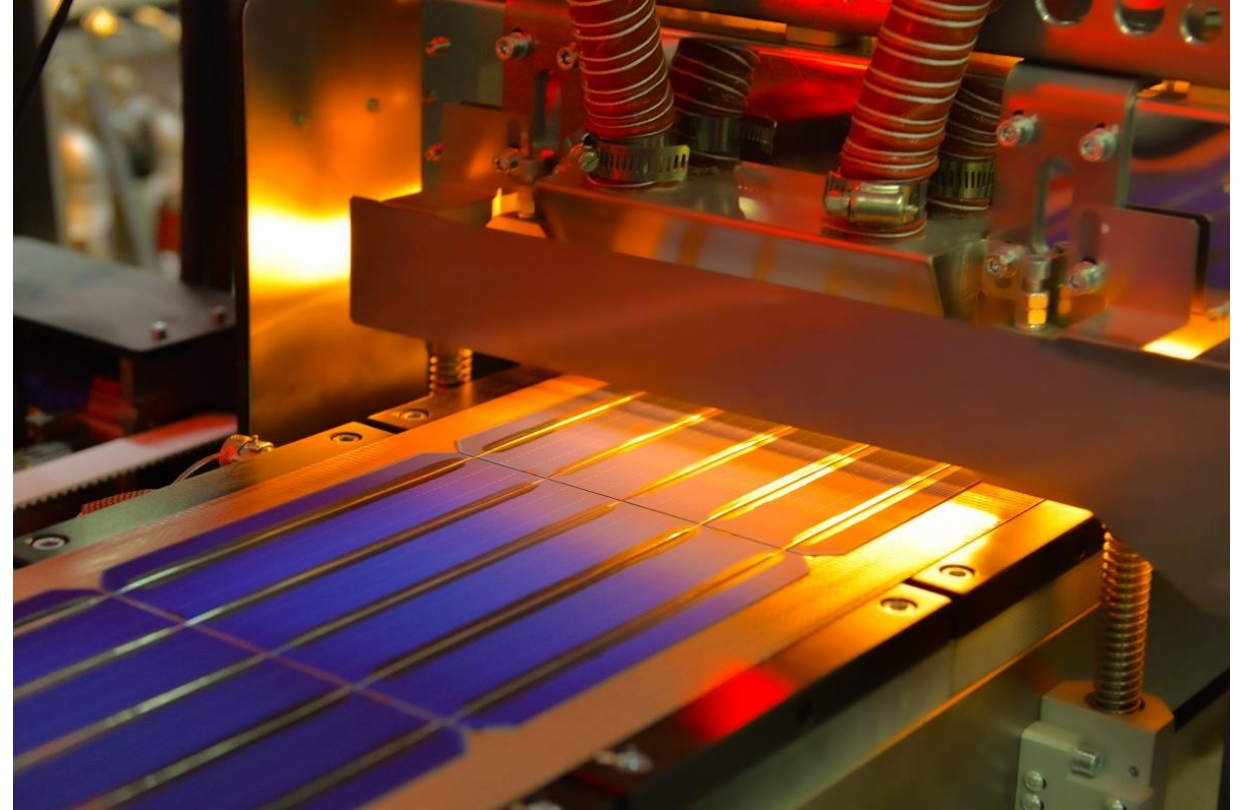
**<1%**  
Property  
Tax



**Select Items**  
Excise Tax



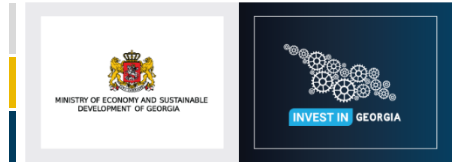
**0%, 5%, or 12%**  
Import Tax  
(depending on  
goods imported)



# MANUFACTURING ADVANTAGES AND OPPORTUNITIES



# ACCESS YOUNG, SKILLED AND COMPETITIVE TALENT POOL



**Flexible Labor Code**  
**No Minimum Wage Regulation**



**Labor Productivity Growth**  
**8.5%**  
(ILOSTAT)



**Total Workforce**  
**1.5 mln**

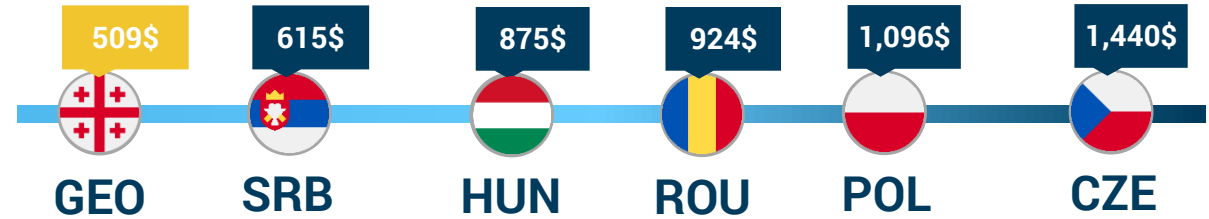


**Unemployment**  
**16%**

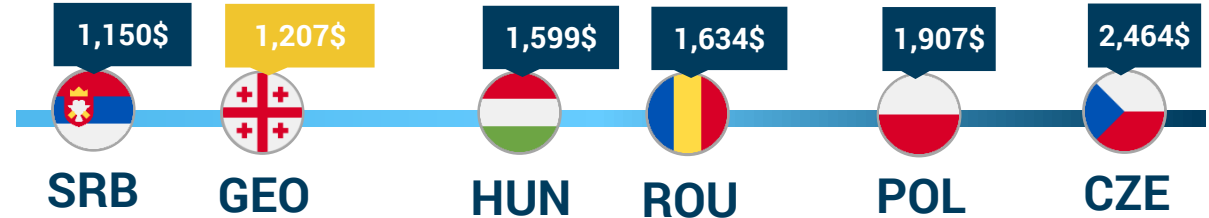


**Unemployment with advanced education**  
**11.3%**

**Average Monthly Salary for Skilled Production Operative**  
(including social security)



**Avrg. Monthly Salary for Engineer**  
(including all taxes)



**Avrg. Monthly Salary for Automotive Engineer**  
(including all taxes)



Source: fDi Benchmark from the Financial Times Ltd 2023

**'We have today a very good engineering team because they are very responsive and very well educated'**

Arie Weisbort, CEO Aerostructure Technologies Cyclone



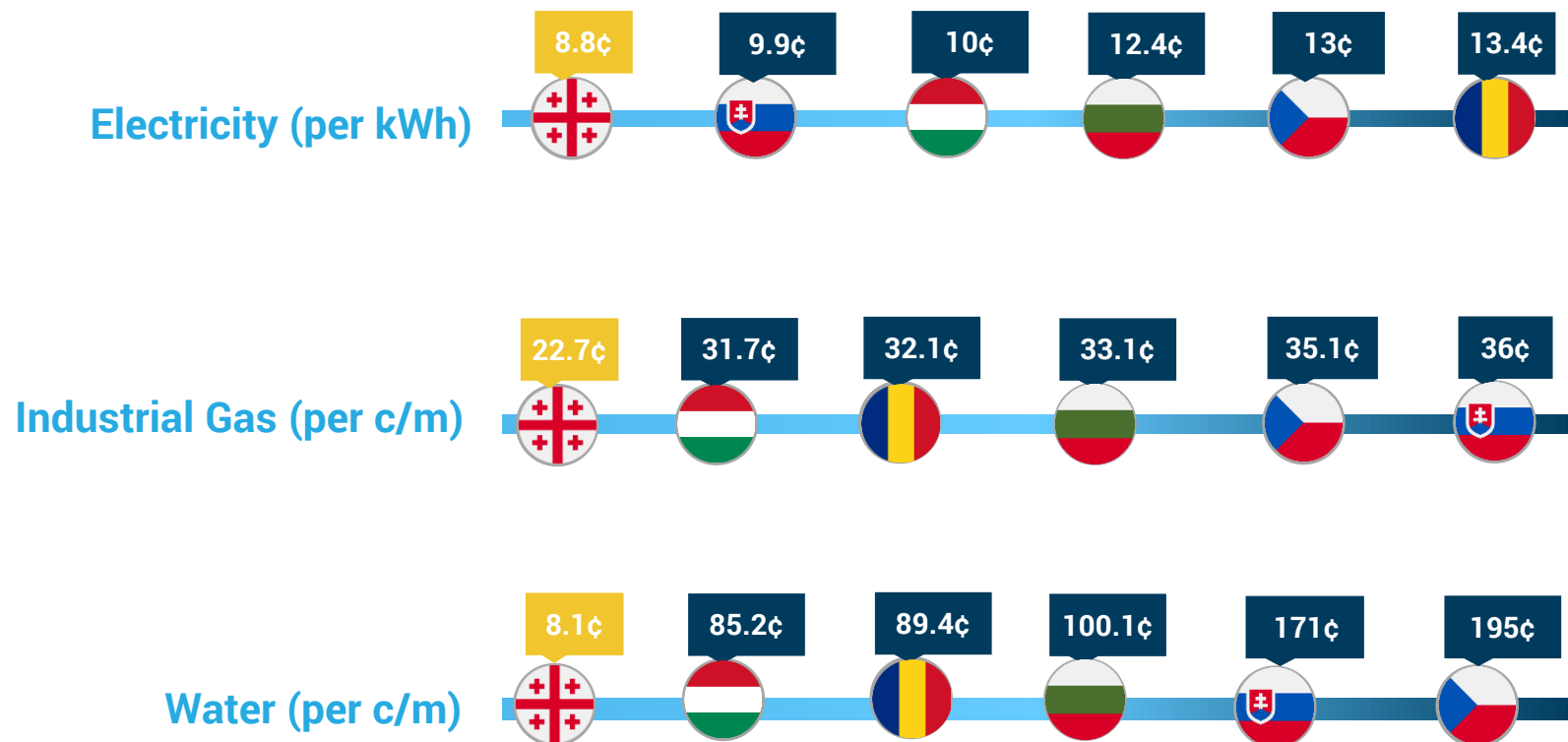
# COMPETITIVE OPERATIONAL COSTS

**Green Energy**  
70% of generation form renewables

**Power Exchange**  
Day ahead, intra day and balancing markets (operated By Nord Pool)

**Corporate PPAs**  
All consumers (ex. Household) can find direct supplier

**Partially Deregulated Gas Tariff**  
Buyer can choose supplier and negotiate price

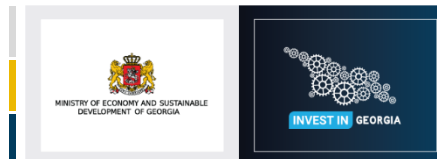


*\*all utility costs are given in USD Cents*

*Source: fDi Benchmark from the Financial Times Ltd 2023*



# THOSE WHO HAVE CHOSEN GEORGIA



- Producing Solar Panels
- Employing more than 140 Professionals
- Manufacturing capacity of Kutaisi Plant is 500 MW per year
- The company has established a distributorship network in 26 countries



- Producing electric water heaters
- Company employees more than 135 professionals
- In 2019 the company produced 207K water heaters and exported 100% to Spain, Russia, France, Poland and Ukraine
- Groupe Atlantic has 28 industrial sites including France and abroad



- **Aero-Structure Technologies Cyclone (ATC)** - joint venture between the Israeli company **Elbit Systems** and the Georgian state-owned **Partnership Fund**
- ATC's core competencies include the production of composite parts for aircrafts,
- The company serves aerospace OEMs and Tier 1 & 2 suppliers

'Comparing Georgia with other Central and Eastern European countries we found the best advantages in Georgia...because of low cost of utilities and there is no bureaucracy'

**Durbek Fattakhov**  
CEO AIONRISE

'The main reason Groupe Atlantic decided to invest in Georgia was to be close to its customers and start export in neighboring countries, also simplified process for doing business and good relationship with EU were major factors too.'

**Management of**  
Groupe Atlantic

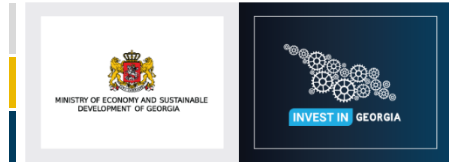
'A highly qualified, technology-driven workforce and strong manufacturing capabilities are attracting high-tech businesses to Georgia. Moreover, all the operational costs in Georgia are much lower than in Europe'

**Arie Weisbort**  
Former CEO, ATC

## OTHER NOTABLE INVESTORS



# WE ARE HERE TO SUPPORT YOUR BUSINESS



## INCENTIVES FOR MANUFACTURING



### “Produce in Georgia”

Receive one, several or all of the following benefits

- Subsidies for loan interest payment – 5%
- Loan collateral guarantee co-financing - up to 80% of the principal
- Cashback on loan – 15% of the principal, up to 170,000 USD



### “FDI Grant”

Receive Up to 15% cashback

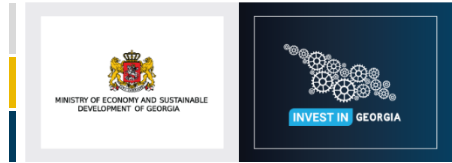
- Eligible sectors: electronics, auto & aircraft parts, Eligible costs: training of workforce and development of infrastructure & communications
- Investment obligations: Manufacturing of electronics, auto& aircraft parts - at least 100 new jobs created and USD 2.5 mln investment

**Companies established with foreign direct investments are eligible for both “Produce in Georgia” and “FDI Grant” incentives**

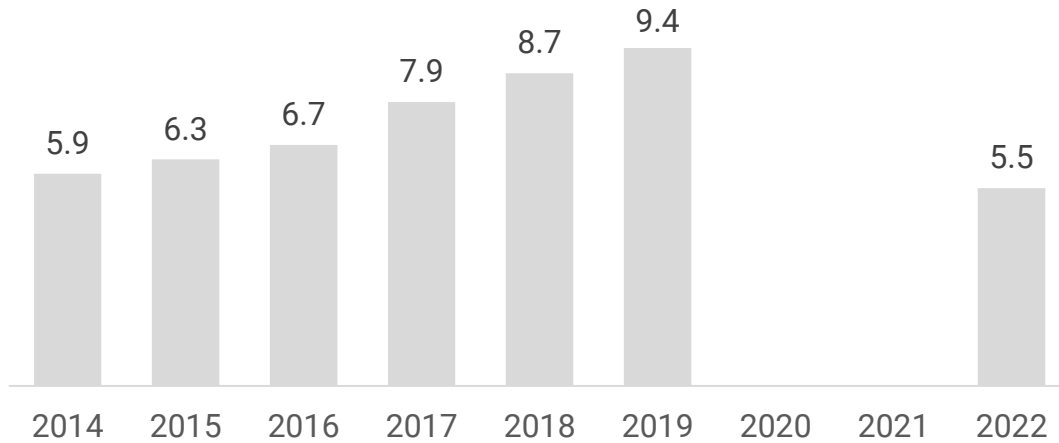


# HOSPITALITY AND REAL ESTATE ADVANTAGES AND OPPORTUNITIES

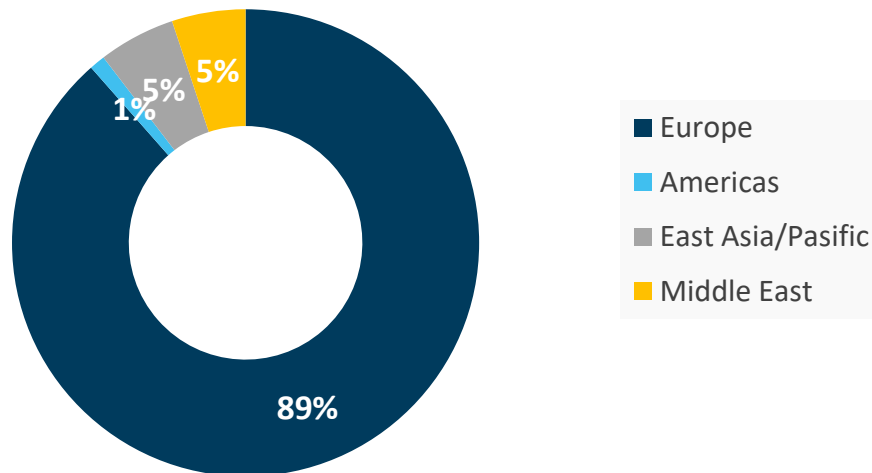
# SECTOR OVERVIEW



## INTERNATIONAL TRAVELER TRIPS (MLN)

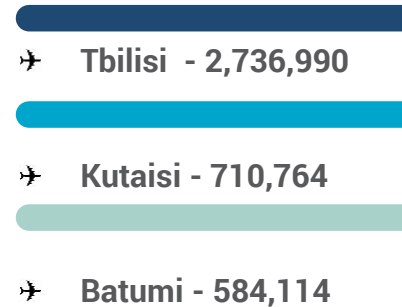


## TOP REGIONS, 2022 (11Months)



## WELL CONNECTED AND EASILY ACCESSABLE LOCATION

### Number of Passengers by Airports, 2022 (11Months)



**Tbilisi International Airport**  
named as the best Eastern  
European airport (Skytrax World Airport  
Awards 2021)

- Tourists arrivals recovery more than 60% of 2019
- Tourism revenue has already surpassed 2019 levels with around 4 bln USD (2022)
- The hotel industry in Georgia comprises approximately 48 000 rooms. The supply is expected to increase roughly by 7,000 new rooms by 2024

# A TRACK RECORD OF SUCCESS



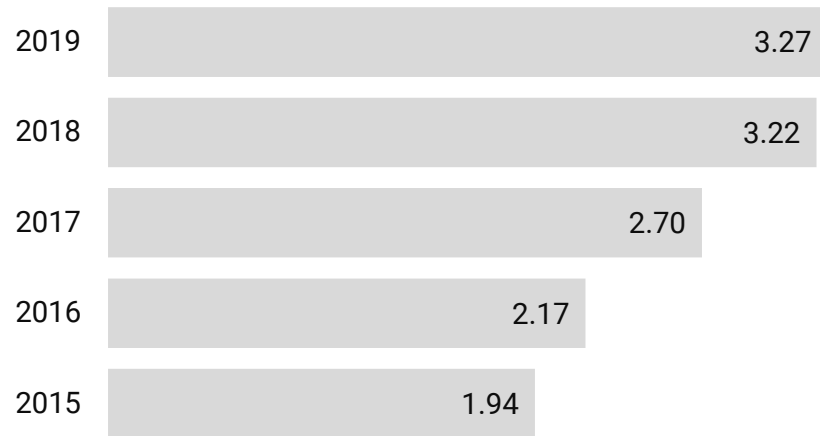
## International Hotel Brands in Georgia



## International Airlines in Georgia

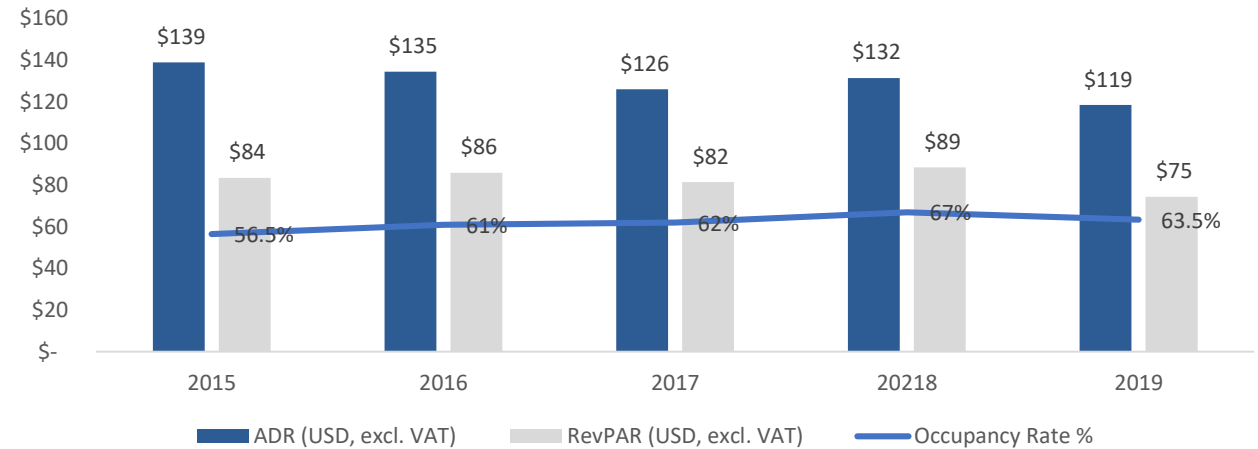


## Tourism Revenue by Years (USD, BLN)



- The tourism industry accounted for **8.1% of Georgia's economy in 2019**
- The hotel industry in Georgia comprises approximately 33,460 rooms. The supply is expected to increase roughly by **7,000 new rooms by 2024**

## Performance Indicators of International Brands



- Revenue from tourism have been growing rapidly over past five years. The **occupancy rate, RevPAR and ADR** for international branded hotels has maintained its stability



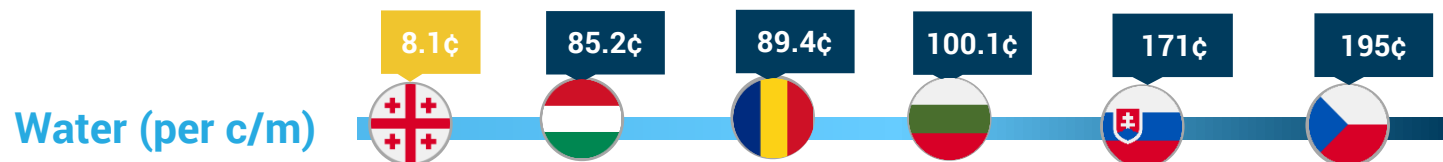
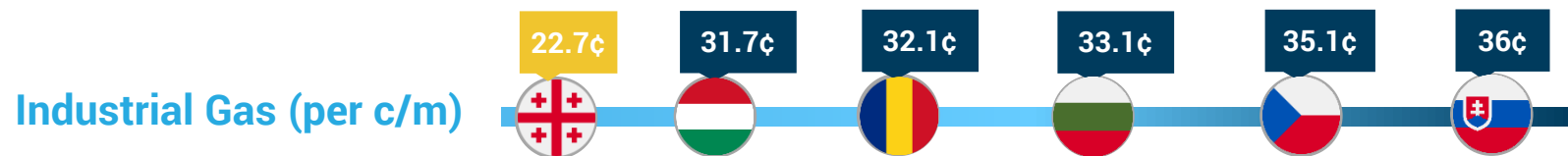
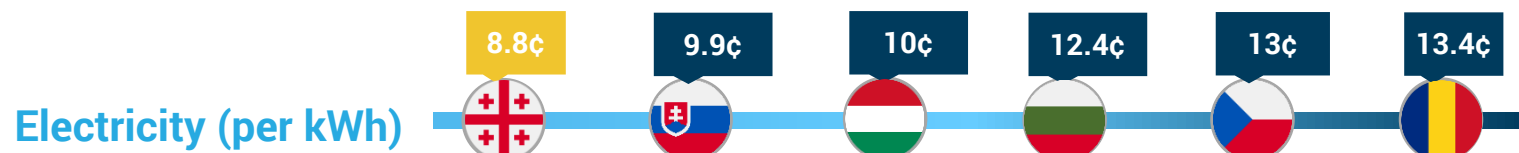
# COMPETITIVE OPERATIONAL COSTS

**Green Energy**  
70% of generation form renewables

**Power Exchange**  
Day ahead, intra day and balancing markets (operated By Nord Pool)

**Corporate PPAs**  
All consumers (ex. Household) can find direct supplier

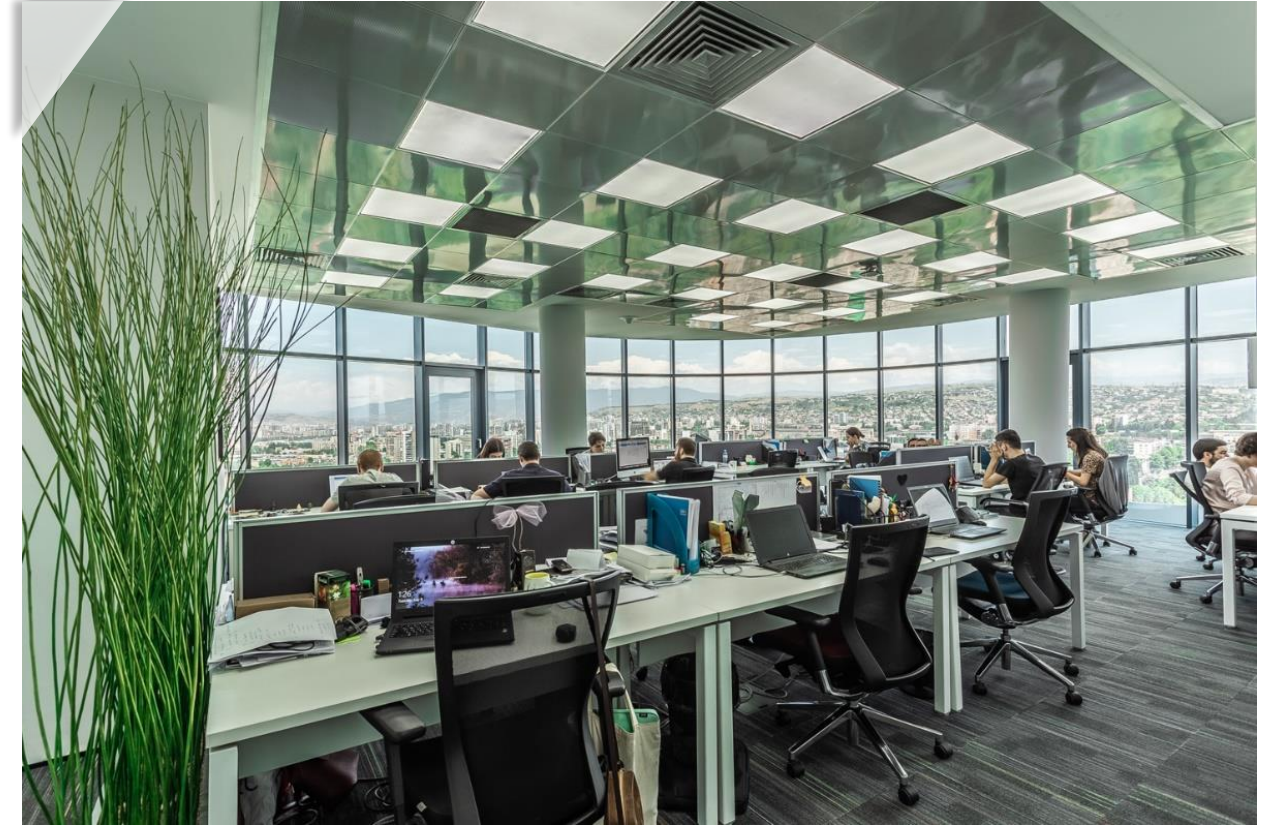
**Partially Deregulated Gas Tariff**  
Buyer can choose supplier and negotiate price



*\*all utility costs are given in USD Cents*

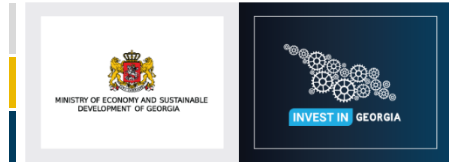
*Source: fDi Benchmark from the Financial Times Ltd 2023*





# **BUSINESS SERVICES SECTOR AND IT ADVANTAGES AND OPPORTUNITIES**

# GROWING VIA GEORGIA



Number of employees in offshore IT&BP activities

Over 20,000



Turnover of IT & business services sector

117.6 Million USD (2019)



Export of IT & business services

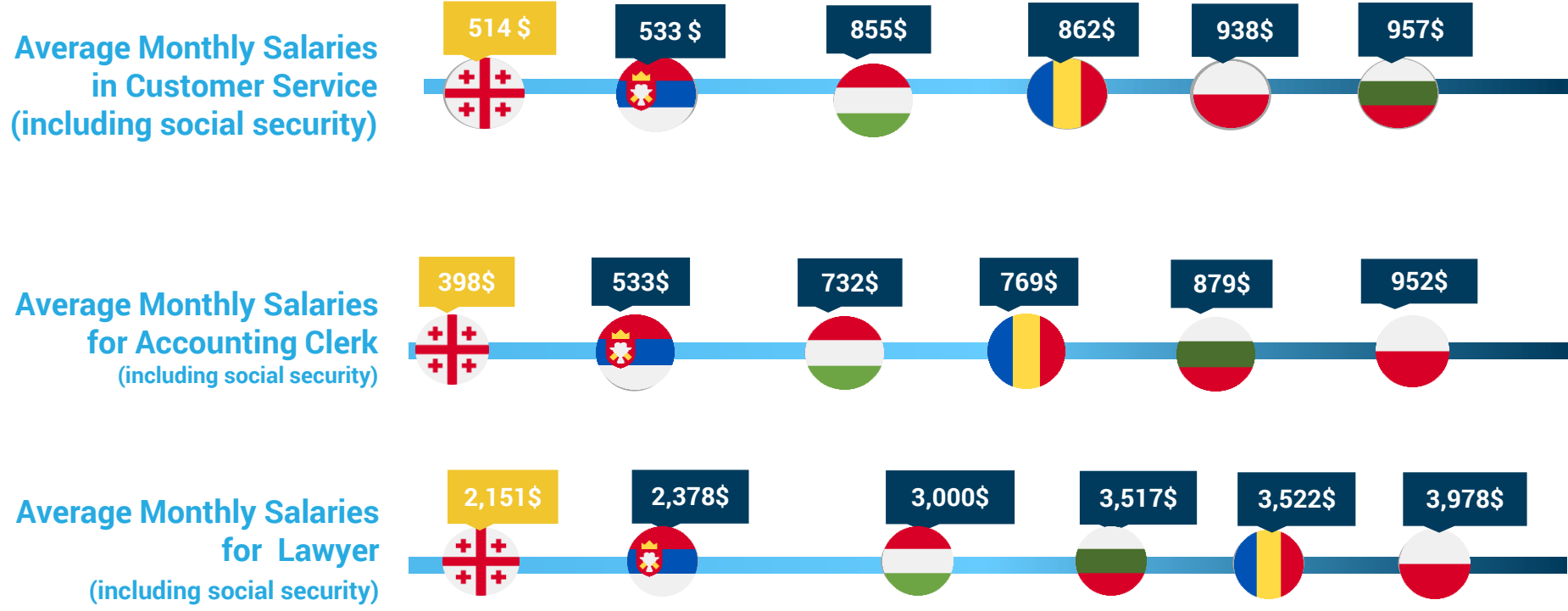
114 million USD (2020)



“Key factors for the company’s success in Georgia lays the engagement of local employees, and on the other hand on the business-friendly investment climate and the good partnerships with both – state and private local institutions” – Majorel



# COMPETITIVE BUSINESS OPERATING COSTS



Source: fDi Benchmark from the Financial Times Ltd 2023



Literacy Rate  
**98 %**

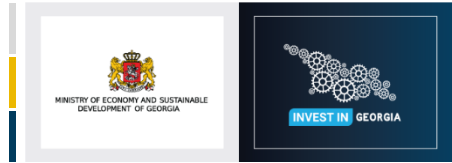


**YOUNG LABOR FORCE**  
53% of the unemployed population is in the 20-40 age group



**FAVORABLE LABOR CODE**

# PREFERENTIAL TAX REGIME FOR IT AND BPO COMPANIES



## International Company Status - Special Rates for IT Companies



**5%** Corporate Profit Tax



**5%** Personal Income Tax



**NO** Property Tax



**NO** Value Added Tax



## “FDI Grant”

**Receive Up to 15% cashback**

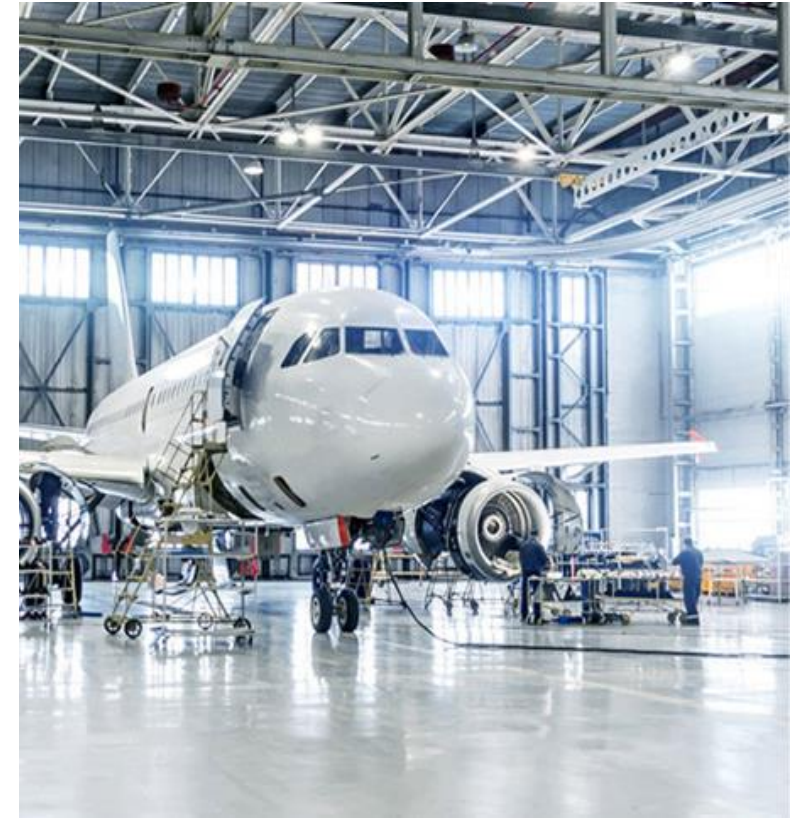
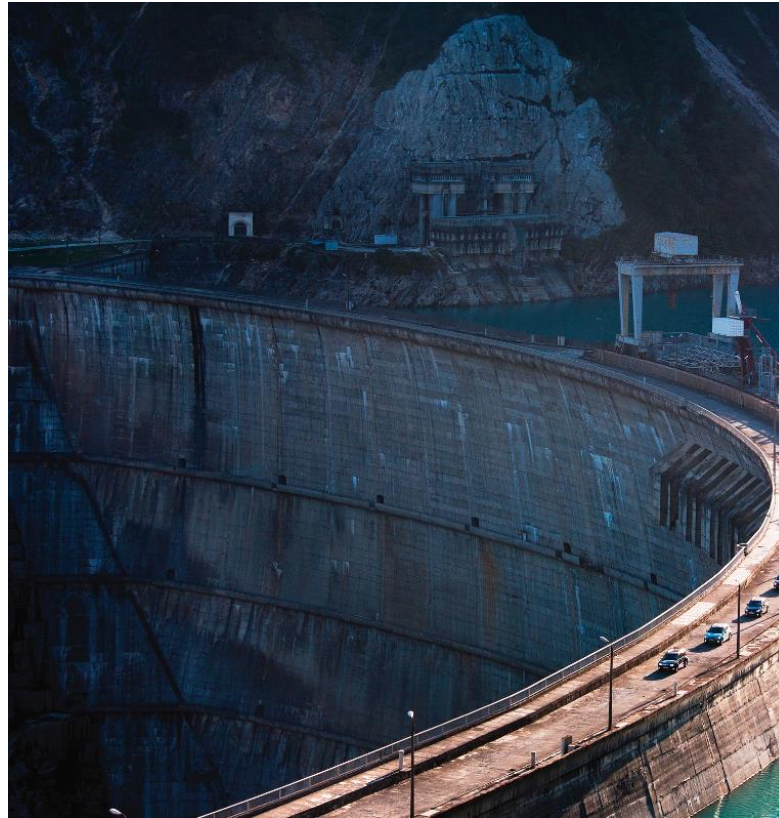
Eligible costs: Investments in assets (material and immaterial) and training of workforce

Investment obligations:

- at least 200 new jobs for BPO
- at least 50 new jobs for IT
- At least USD 0.75 mln investment for BPO and IT

Eligible activities - Combined office administrative service activities (SSC), Data processing, hosting and related activities, Architectural and engineering activities, Software publishing and Computer programming, consulting and related services

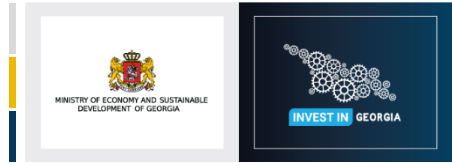
**IT companies are eligible for both “International Company” status and “FDI Grant” incentives**



# OTHER STRATEGIC SECTORS

## ADVANTAGES AND OPPORTUNITIES

# INVESTMENT OPPORTUNITIES



## Logistics

### Gateway to Between Europe and Asia

#### Developed Infrastructure

4 Sea ports, 3 International Airports, Highway and Railway connected to all neighbors

#### Part of new Silk Road (Belt and Road Initiative)

#### Shortest route from China to Europe

Goods can reach Georgia in 8-10 days and takes only 15-20 days to Europe



## Energy

#### Pipeline

53 RES projects on licensing and construction stage

#### Strong Local Demand

Demand is increasing by around 4%, deficit could reach 3-5 TWh by 2030

#### Energy Exchange Market

Day ahead and Intra Day energy market will be launched soon

#### Opportunities

Tender for 1,500 MW will be announced soon



## MRO

### Georgian MRO target market (3% of serviceable market of 5,395 aircrafts)

162 Aircrafts

4 Narrow-Body bays

Operating Revenue 2032	\$24.1 mln
Payback Period	8 Years (2031)
NPV	\$ 55.2 mln
<b>IRR</b>	<b>12%</b>





INVEST IN GEORGIA

# GEORGIA A PLEASURE DOING BUSINESS



[investingorgia.org](http://investingorgia.org)

18 Uznadze str. 0102 Tbilisi, Georgia

# THANK YOU



MINISTRY OF ECONOMY AND SUSTAINABLE  
DEVELOPMENT OF GEORGIA