

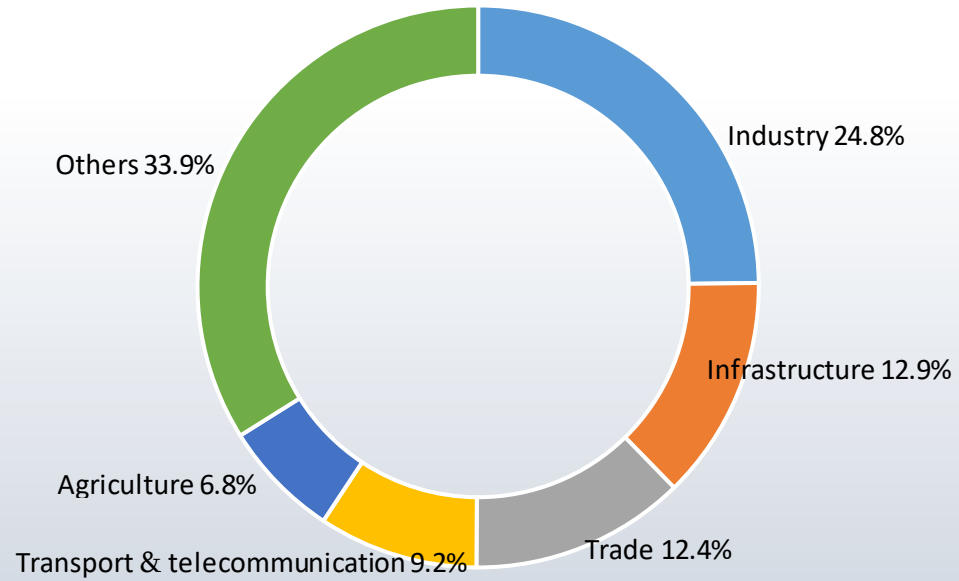


Ministry of Foreign Affairs of Georgia

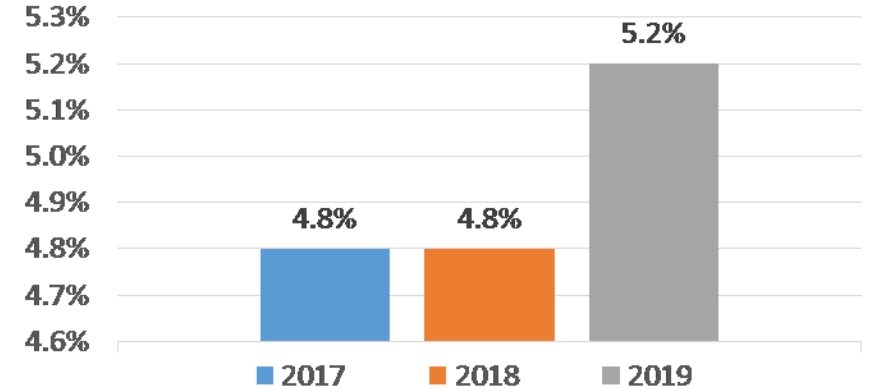


Economic Growth

Components of GDP 2018



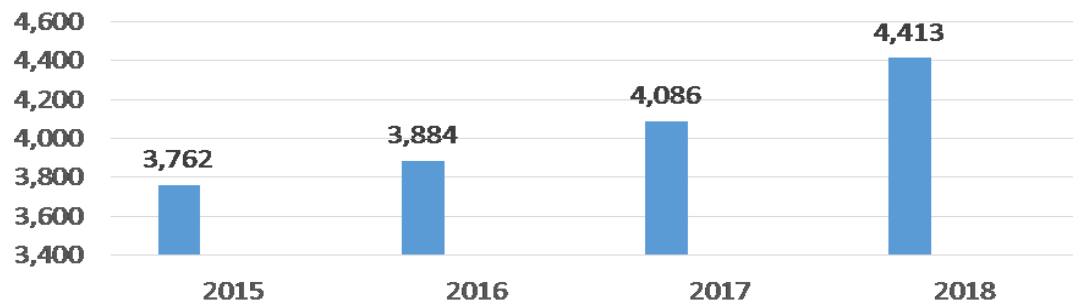
GDP real growth



GDP per capita (PPP)



GDP per capita (USD)

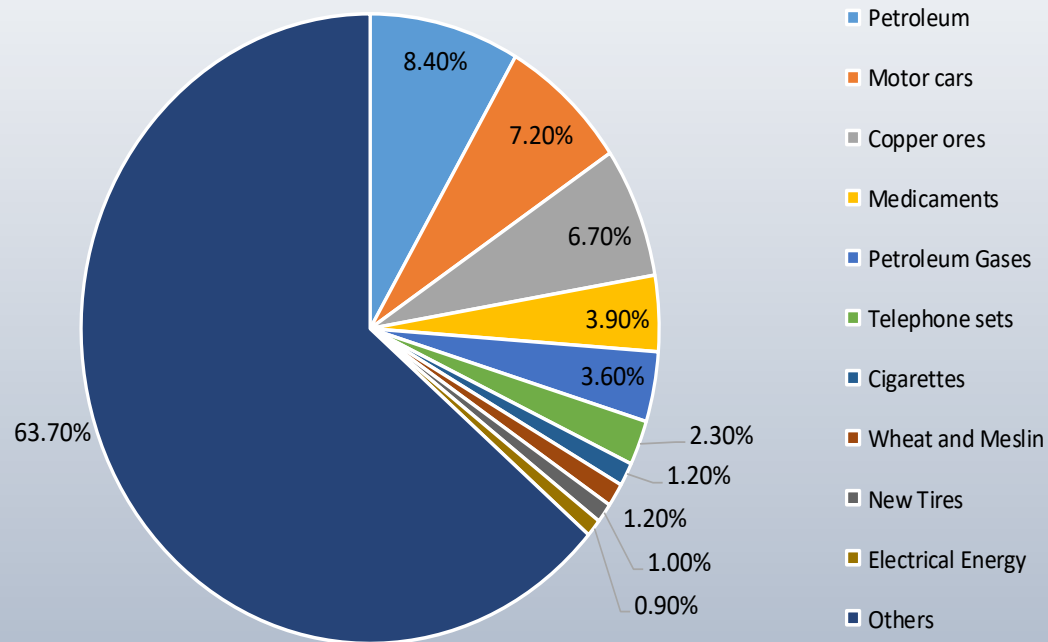


External Trade

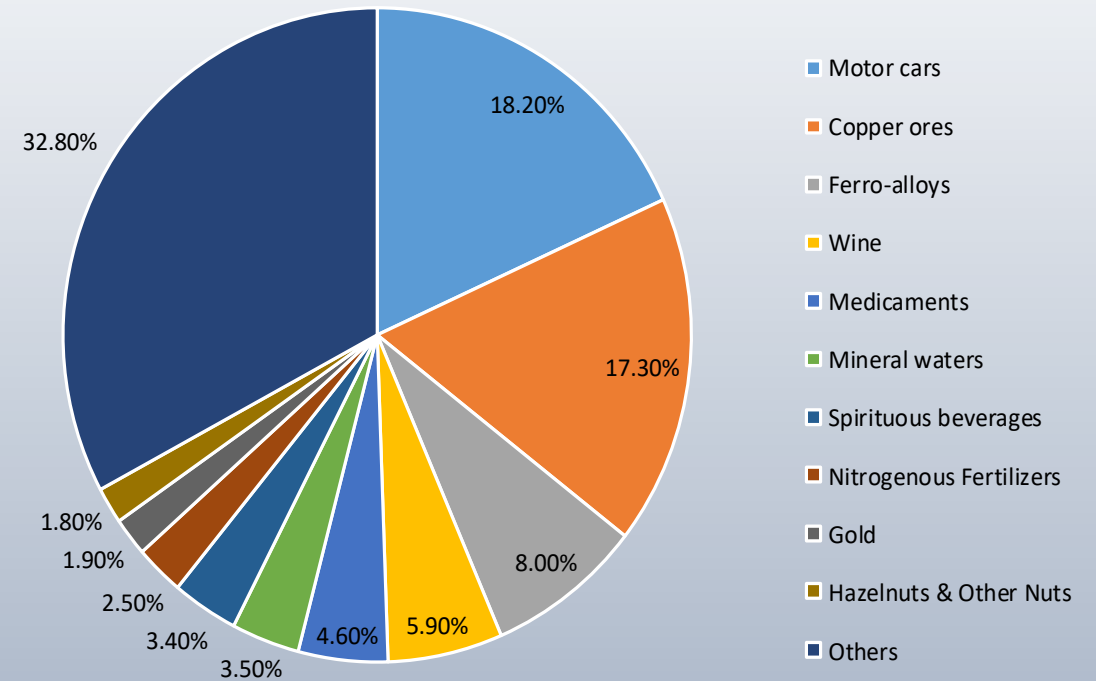
Change in imports in 2019
-0.8%

Change in exports in 2019
+12.4%

Share of Major Commodity Groups by Imports in 2019

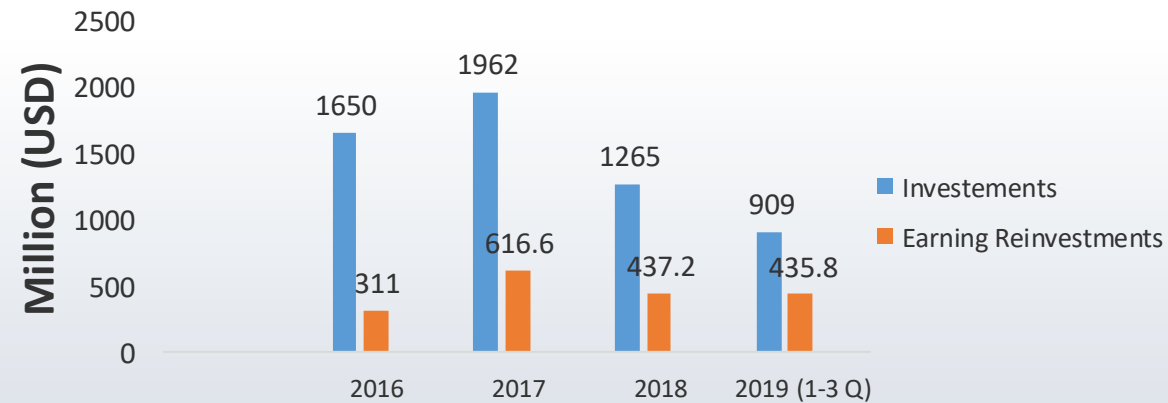


Share of Major Commodity Groups by Exports in 2019

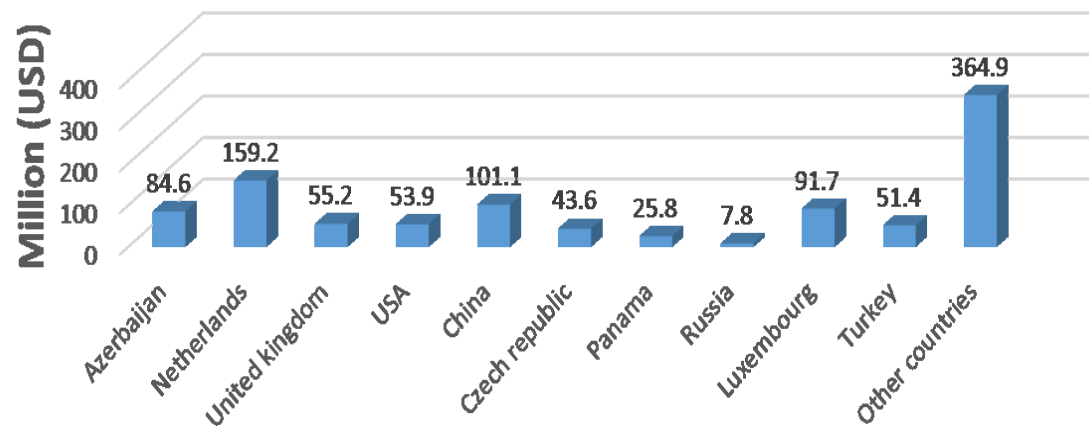


Foreign Direct Investments

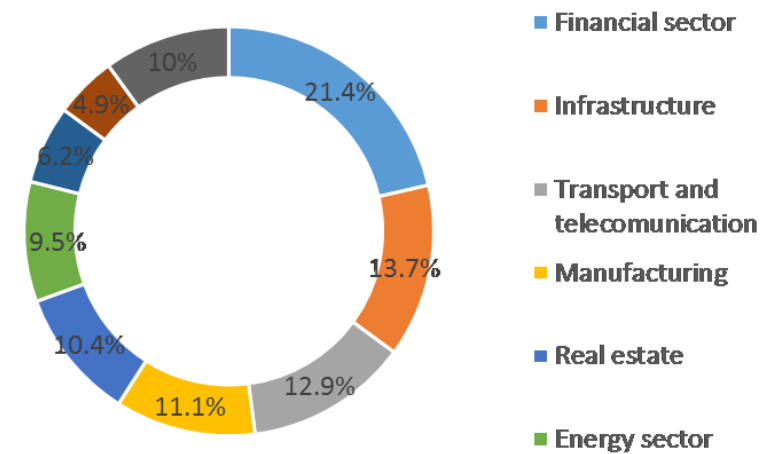
FDIs and Reinvestments
2016 - 2019 (1-3Q)



Top investor countries in 2018

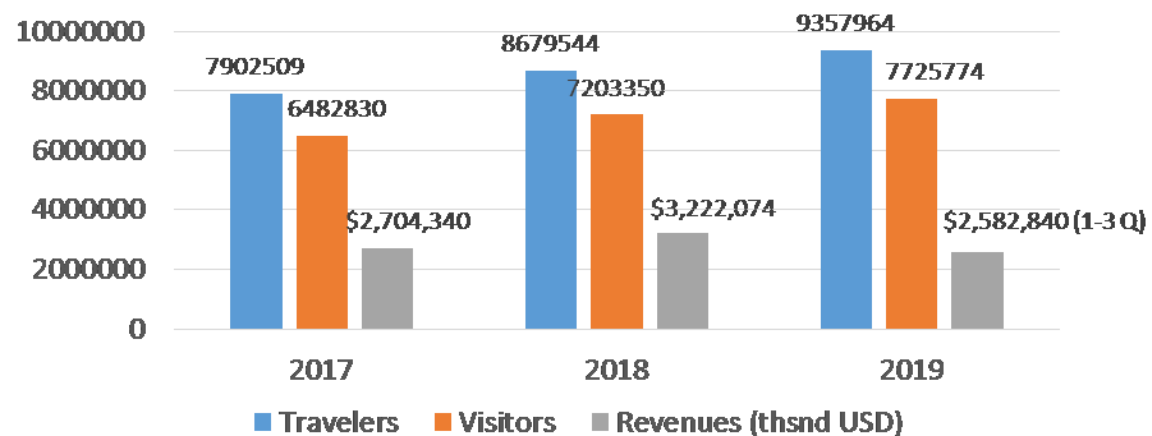


FDI by major economic sectors in 2018

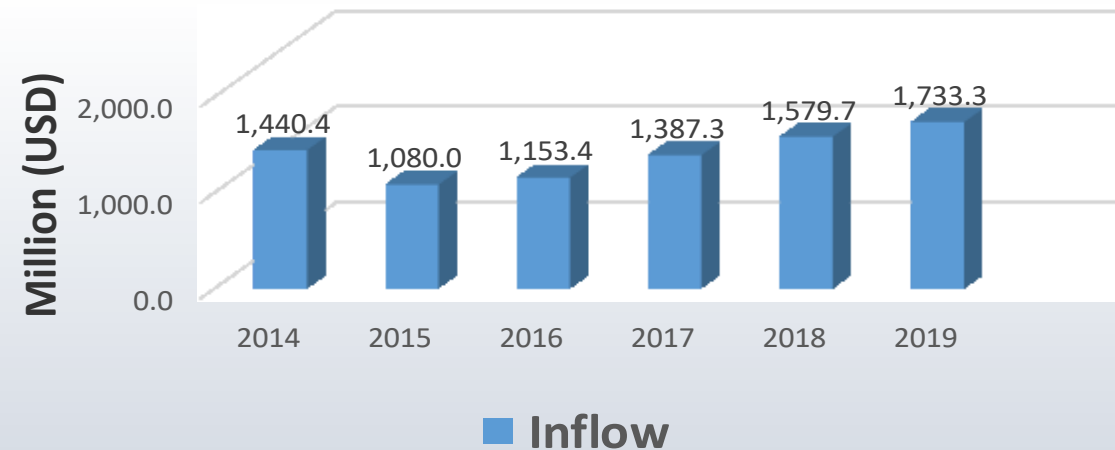


Tourism and Remittances

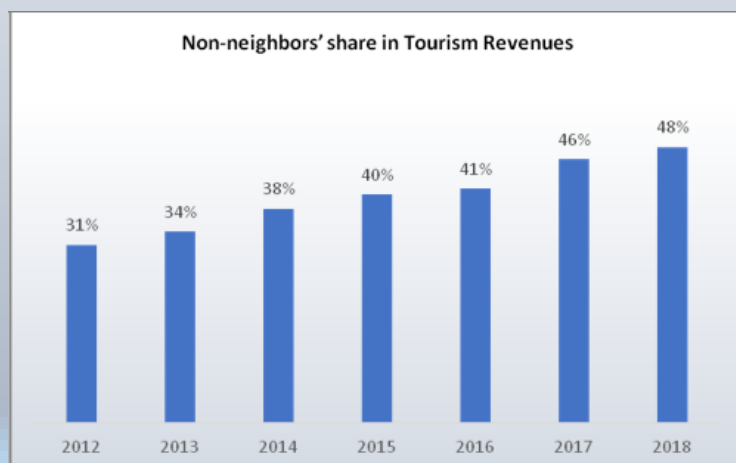
Tourists & Revenues



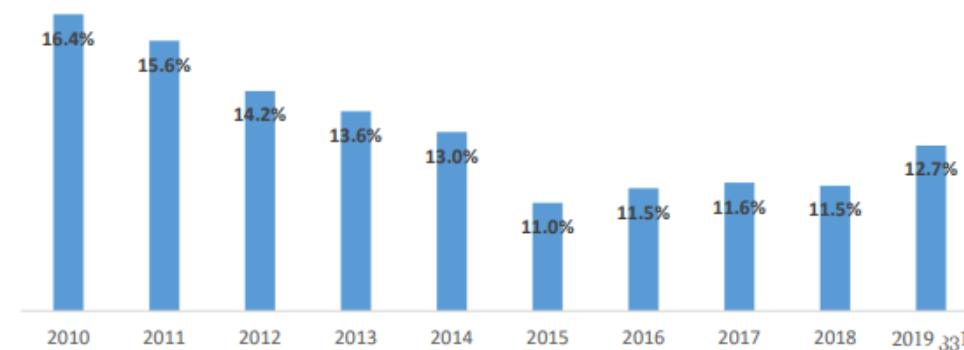
Money Transfers



Non-neighbors' share in Tourism Revenues



Money Transfers as a percent of CA inflows



Investment Sectors



HOSPITALITY & REAL ESTATE



LOGISTICS



ENERGY



MANUFACTURING



BUSINESS PROCESS
OUTSOURCING

Business Friendly Environment

Doing Business

N 7

Up from #112 in 2005

Georgia is one of the leading countries in the world in terms of starting a business, dealing with bureaucracy and the number of procedures required to launch and operate an enterprise



Economic Freedom

N 16

Up from #99 in 2005

Majority of Georgia's reforms are oriented on the development of free, open and transparent, private-sector driven market economy

8th Place in the European Region (44 countries)



Corruption Perceptions

N 44

Up from #130 in 2005

Alongside recognitions as the top reformer in the world, Georgia is the leader in the wider region in terms of fighting with corruption. Corruption index is lower than in number of EU states.



Investment Friendly Tax Environment

- ✓ Only 6 flat taxes today
- ✓ No payroll tax or social contribution
- ✓ No wealth tax
- ✓ Foreign-source income of individuals fully exempted
- ✓ DTA with 52 countries
- ✓ Since 1 January 2017 - only distributed profits are taxed

TAXES

- ✓ VAT – 18%
- ✓ Personal Income Tax – 20%
- ✓ Property Tax – Up to 1%
- ✓ Corporate Profit Tax – 15%
- ✓ Import Tax – 0%, 5%, 12%
- ✓ Excise Tax – Depends on Goods

Streamlined Tax Administration

- ✓ Robust e-filing and e-payment systems
- ✓ Electronic VAT Invoices
- ✓ Risk Based Tax Audit
- ✓ Advance Ruling
- ✓ Accelerated Services
- ✓ Average customs clearance procedures takes just 20 minutes

HOSPITALITY & REAL ESTATE INVESTMENT OPPORTUNITIES



„SUN-BEACH” RESORTS

and all- inclusive seaside
Mixed resorts

LOCATIONS

Batumi Gonio
Anaklia
Kobuleti
Other Black
Sea locations

WINTER SKI RESORTS

Winter resorts with wide range of
activities including freeride and
heli- skiing

Mestia
Bakurian
i
Gudauri
Goderdzi

FOUR SEASON RESORTS

Majestic landscapes
allow four season
tourism activities

Mestia
Bakuriani
Goderdzi
Kazbegi,
etc.

MEDICAL & WELLNESS RESORTS

Unique water and mud resources
provide opportunities for SPA resort
development

Tskhaltubo
Akhtala
Borjomi
Abastumani,
etc.

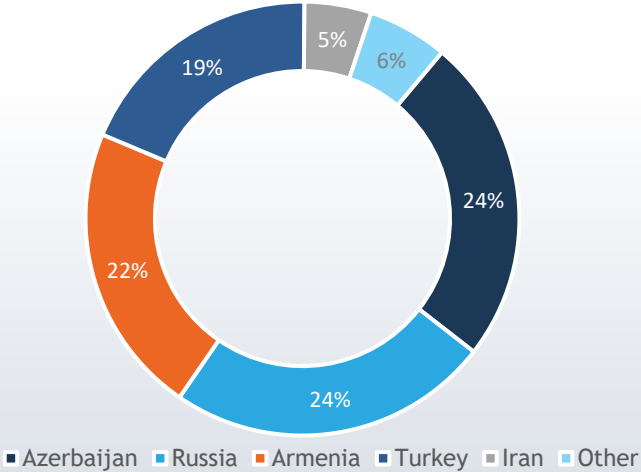
GAMBLING

Development of large-scale
integrated casino complex

Batumi
Anaklia
Tbilisi
Tskaltubo
Bakuriani
Signaghi
Kobuleti,
etc.

Hospitality & Tourism Trends by Regions

Top Countries By International Arrivals In 2018



Tourism made up 7.6% of total GDP in 2018

Accommodation Units by Region

(as of November 2019)

Region	Quantity	Number of Rooms	Number of Beds
Georgia	2,480	37,255	90,793
Ajara	480	10,878	26,519
Guria	110	1,804	4,772
Tbilisi	492	10,244	23,072
Imereti	188	2,544	6,118
Kakheti	230	1,915	4,579
Mtskheta-Mtianeti	169	2,042	5,314
Racha-Lechkhumi, Lower Svaneti	72	509	1,481
Samegrelo-Upper Svaneti	484	2,940	7,406
Samtskhe-Javakheti	212	3,941	10,397
Lower Kartli	17	239	562
Inner Kartli	26	199	573

Source: Georgian National Tourism Administration



Manufacturing Sector



Growing regional market and various import substitution opportunities

Average monthly salary in manufacturing industry amounts to USD 360 (2018)



Free Trade Agreements with 2.3 billion market - EU, Turkey, China, EFTA, CIS countries and UK

Standard cost for 1 kWh is -7 USD cents for 30-110 kV high voltage electricity



4 Free Industrial Zones (FIZ) - In FIZ, businesses are exempt from all taxes except Personal Income Tax (20%)



Young, skilled & competitively priced labor force

- Around 60% of young population and 40% of overall population know English
- All ILO core conventions are ratified by Georgia



of unemployed population are in 20-40 age category

Promoting Transit Hub

Rapid development of the framework infrastructure

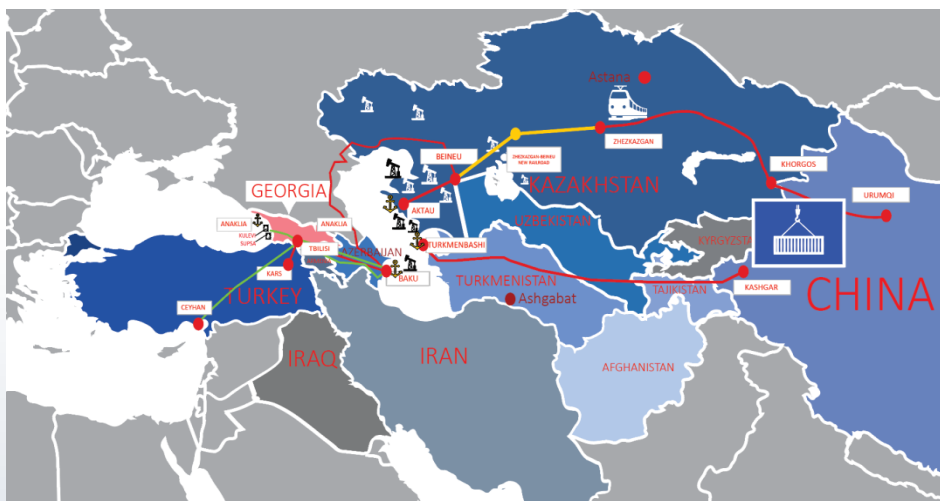
To ensure Georgia's spatial development, the GOG is accelerating development & modernization of infrastructure projects. The Government is going to invest 5 billion USD till 2023 to accelerate infrastructural projects.

Main Priorities:

- Finalization of construction of the main highways connecting East and West - 65% of construction is completed
- Modernization of regional Secondary road network
- Modernization and capacity development of Georgian railway lines network – will be completed by the end of 2021
- Further expansion and development of port infrastructure via planned construction of new multimodal terminals in Poti and Batumi Sea Ports and New Deep Sea Port Anaklia

There are **1609** bridges and 32 tunnels in Georgia

Overview of Georgia's Logistics Sector



Georgia-Regional Logistics Hub

- Leveraging its location, Georgia's transport economy can benefit from large addressable transit flows, growing economies and landlocked resources
- Ports are cost-competitive vs. alternative routes
- Georgia's existing transport economy is transit based
- Upgrading regional transport infrastructure
- Alternative route through Georgia takes 7-9 days from China to Europe instead of 45 days of traditional route
- In 2019 Georgian airports served 5,209,505 passengers which is 3.5% more than in 2018 and 28% more than in 2017

Sea Port

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

Roads and Railway

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

International Airports

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

Planned

- New Deep Sea Port-Anaklia
- New terminal in Poti Sea Port
- New terminal in Batumi Sea Port

Planned

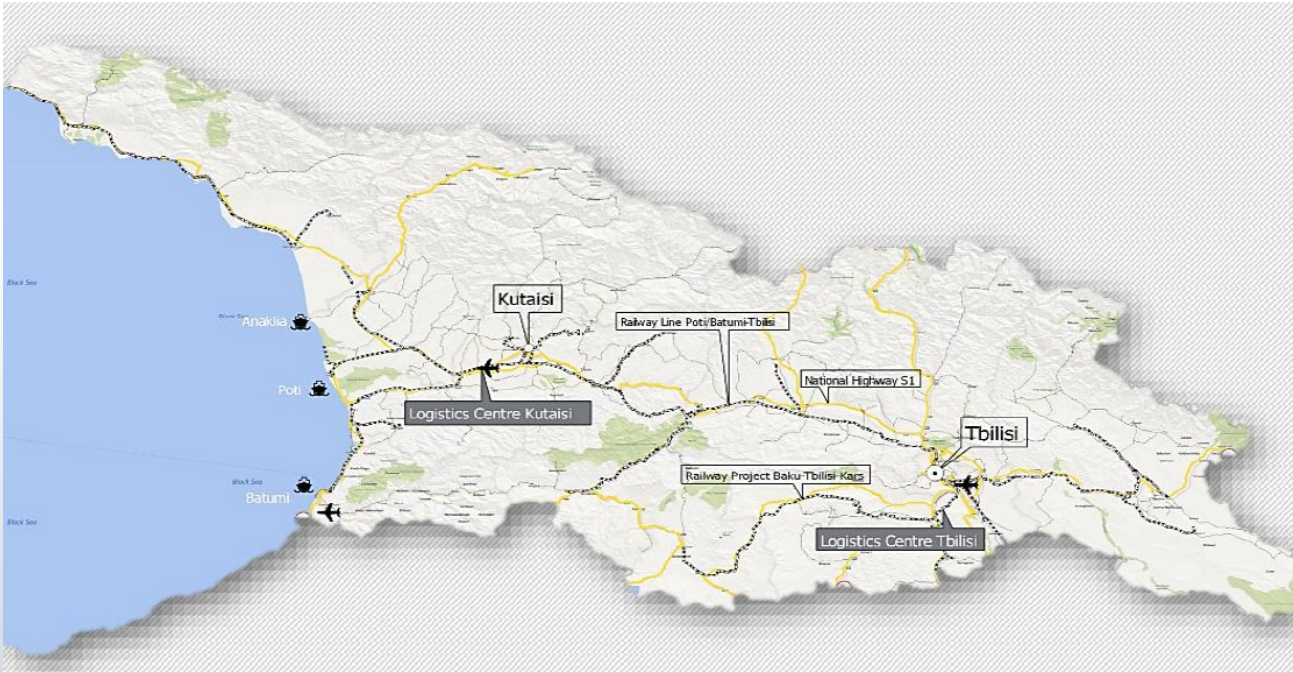
- Georgian Railway Modernization Project
- Tbilisi Railway Bypass
- East-west highway
- Rehabilitation of existing infrastructure
- Development of the logistic centers (Tbilisi and Kutaisi)

Planned

- Tbilisi International Airport
 - International Cargo terminal
- Kutaisi International Airport
 - Apron extension
 - Cargo Terminal



Large-Scale Infrastructure Projects



Logistics Centre Tbilisi

- First capable Logistics Hub for East Georgia as well as South Caucasus Region
- Direct access to Baku-Tbilisi-Kars railway line
- Implementation of a Rail-Road Container Terminal (about 8 ha)
- Area size: about 53 ha
- Overall investment: USD 80 million

Logistics Centre Kutaisi

- First capable Logistics Hub for West Georgia
- Excellent location adjacent to Kutaisi International Airport
- Optional further implementation of a Rail-Road Container Terminal (about 2.5 ha)
- Area size: about 46 ha
- Overall investment: USD 73 million

Note: currently the concept of development of modern logistics centres in Georgia is under revision, after which the investment attraction process will be resumed

Development of New Transit Routes and Corridors

Trans-Caspian International Transport Route – The best shortcut to Europe

Founding countries: Kazakhstan, Azerbaijan, Georgia



Persian Gulf-Black Sea corridor

Participating countries: Iran, Azerbaijan, Armenia, Georgia, Bulgaria, Greece



Transit and Transport Cooperation (Lapis Lazuli Route Agreement)

Participating countries: Afghanistan, Turkmenistan, Azerbaijan, Georgia, Turkey



Renewable Energy



Hydro Power

- Among top countries in terms of water resources per capita (only 30 % utilized)
- 78% of total electricity is generated from HPPs
- 300 rivers for electricity generation
- Generation and Export activities are exempted from VAT



Wind

- Wind potential of Georgia is estimated up to 1500 MW
- High generation during winter
- 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

Business Process Outsourcing (BPO)



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

- Average monthly salary – 380 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 2.3 USD per sq. m.

“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



Access to Finance/Incentives

➤ FREE INDUSTRIAL ZONES

www.economy.ge

- Exemptions from all taxes except Personal Income Tax (20%).
- Four FIZ operate in POTI (port city), KUTAISSI (third largest city) and TBILISI (capital)

➤ FREE TOURISM ZONES

- Free land.
- Profit and Property Tax exemptions Until 2026.
- Free casino license for Hotels with over 80 Rooms.

www.gnta.ge

➤ MANUFACTURING

- Government can offer a free state owned land with an investment obligation.
- Program “Produce in Georgia” provides 10% interest rate co-financing for loans received from Georgian banks.
- Grants for food processing factories.

www.enterprisegeorgia.gov.ge

➤ FINANCING OF VOCATIONAL TRAINING

- 33 state owned vocational education training facilities throughout Georgia.
- Most of the course’s fees are financed by the Government.

Access to Finance/Incentives



- State support program
- 10% Interest Rate Co-financing (2 years)
- 50% Collateral Guarantee (up to 4 years)
- Transfer of state property for 1 GEL (only for manufacturing industry)
- Co-financing of Franchising Fee/Management Contract (hotels)
- Co-financing of Technical Assistance



- State support program
- Access to finance programs:
 - ✓ Startup Georgia USD 40 000 (10-15% co-finance: high-tech; globally scalable projects)
 - ✓ Matching grant for R&D commercialization USD 200 000 (up to 35% co-finance)
- Physical space in TechPark and Technical Assistance
- Business incubation & acceleration
- Investment opportunities in start ups (Fintech, Healthtec, AI, VR, Tourismtec, Biotechnology)



- 100% State Fund
- Total Assets – USD 3 billion
- Investment Options:
 - ✓ PF participation should not exceed 50% of the total investment
 - ✓ Senior and Subordinated Loans, Bridge Financing, mezzanine, etc.



- Promote and stimulate development of production-oriented industries:
 - Preferential Agro credit (access to long-term, preferential financial resources , Agency co-finances the interest rate of the loan).
- Agro-insurance
 - Co-finances the insurance premium
- Co-financing Of Processing Enterprises And Storage Facilities Project
 - 40% Co-finance, 60% Beneficiary co-investment