

GEORGIA

A PLEASURE DOING BUSINESS



MINISTRY OF ECONOMY AND SUSTAINABLE
DEVELOPMENT OF GEORGIA

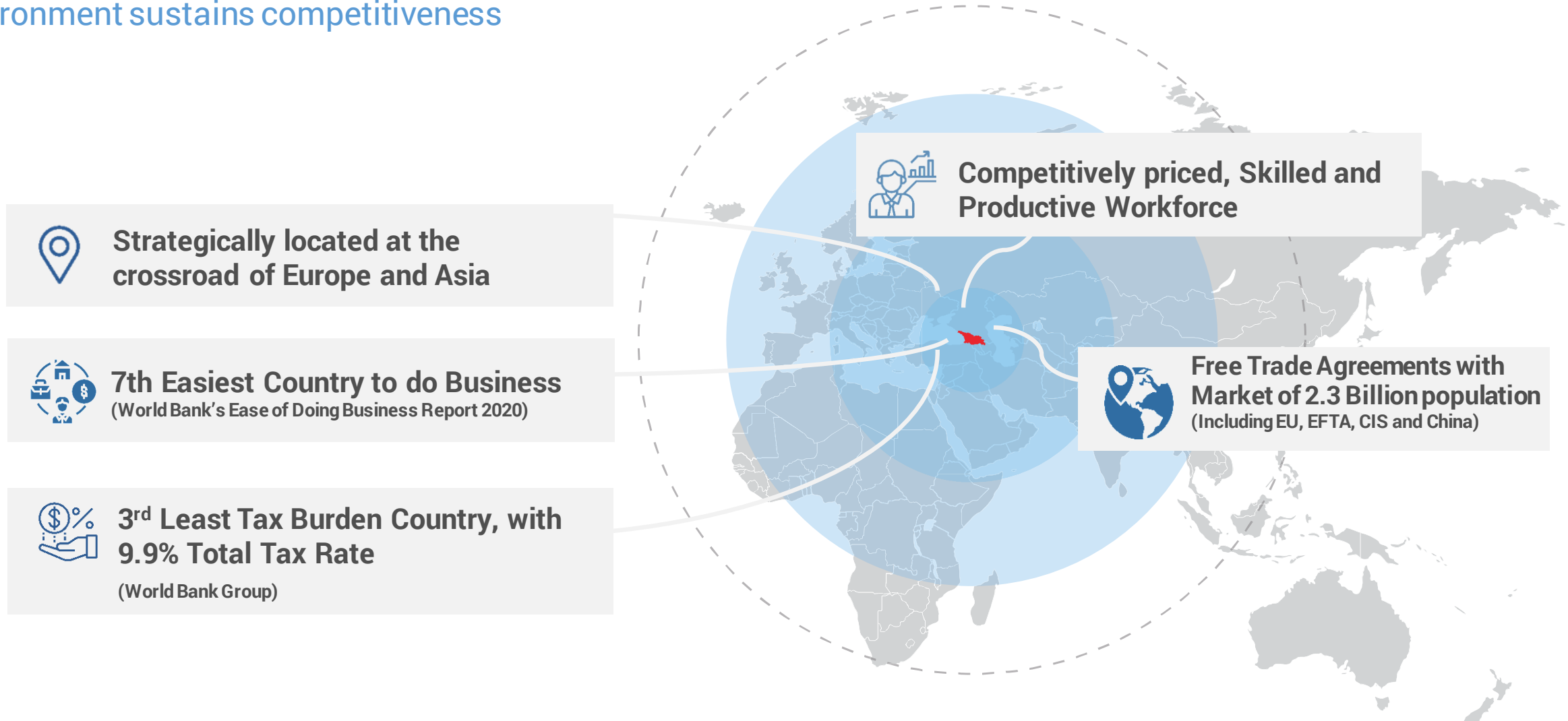


INVEST IN GEORGIA

WHY GEORGIA








International companies in Georgia find that the combination of **tariff-free access** to major markets and **low overheads** enhance cost efficiencies, while **skilled and inexpensive labor pool** and exceptional business environment sustains competitiveness



THE COUNTRY AT A GLANCE

- Region: Europe
- Population: 3.7 Million
- Capital: Tbilisi
- Government type: Parliamentary system
- GDP Per Capita (2019): USD 4696.2
- Inflation (2020): 5.2%
- Currency: Georgian Lari



 <p>GDP in 2019</p> <p>17.5 bln USD</p>	 <p>Real GDP Growth Rate (2015-2019 average)</p> <p>4.1 %</p>	 <p>Share of Reinvestments (2016-2020 average)</p> <p>44.61%</p>	 <p>FDI to GDP Ratio (2015-2019 average)</p> <p>9.91%</p>	 <p>FDI Over Last 5 Years (2016-2020)</p> <p>6.8 bln USD</p>
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Source: Geostat

GEORGIA STANDING OUT

4



OECD FDI Regulatory Restrictiveness Index 2019



8th

*Georgia Ranks 4th in the Eastern Europe and Central Asia Region

TRACE Matrix 2020

Interaction: Contact with government



1st

*Georgia Ranks 28th in overall standings out of 200 countries

Safety Index 2020



4th

*Georgia Ranks 1st in Europe in Safety index

Index of Economic Freedom 2020



12th

*Georgia Ranks 7th and 11th in Trade Freedom and Business Freedom Respectively

WJP Rule of Law Index 2020

Eastern Europe & Central Asia Region



1st

*Georgia Ranks 7th in the group of Upper Middle Income countries and 42nd in overall ranking

Association Agreement and DCFTA with the EU



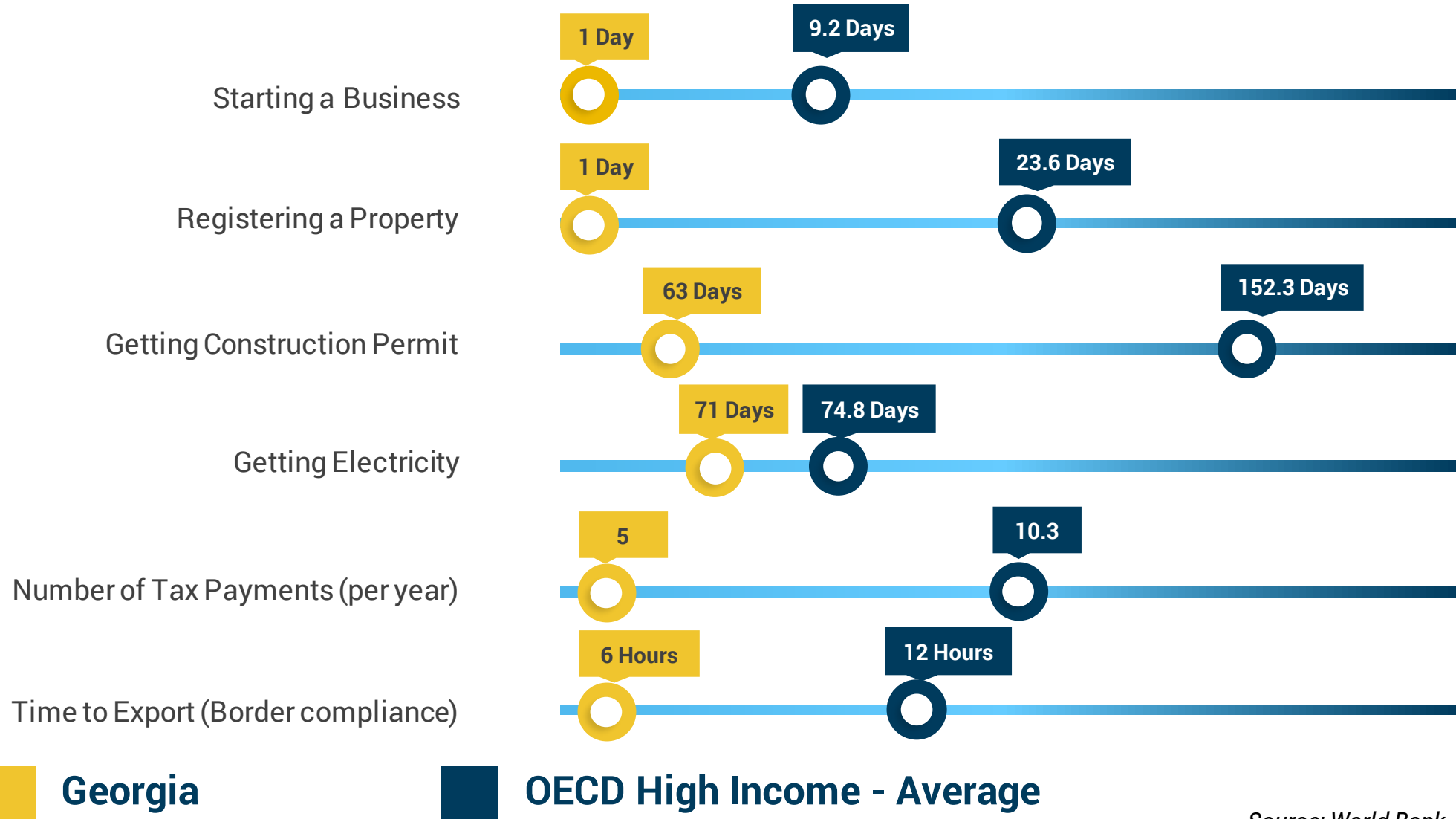
Georgia has a Deep and Comprehensive Free Trade Area, an Association Agreement, and Visa-free travel regime with European Union

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





Georgia Ranks 7th in Ease of Doing Business Ranking, Here's Why:



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**

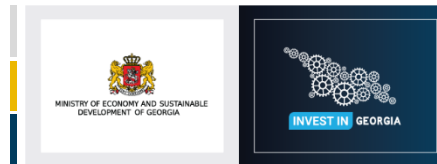
- EU - DCFTA
- UK - FTA
- EFTA - FTA
- CIS - FTA
- Turkey - FTA
- Ukraine - FTA
- China (incl. Hong Kong) - FTA

FREE TRADE AGREEMENTS COVER MARKET WITH 2.3 BLN POPULATION



ACCESS YOUNG, SKILLED AND COMPETITIVE TALENT POOL

7



Flexible Labor Code
22nd in Labor Freedom Index
(Heritage Foundation)



Labor Productivity Growth Forecast
4.7%
(ILOSTAT)



Total Workforce
1.9 mln



Unemployment with advanced education
12.9%

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



Average Monthly Salaries in Customer Service
(including social security)



Source: fDi Benchmark from the Financial Times Ltd 2021

'We have found the Georgian workforce to be highly skilled, highly educated and add value to our company'

Ann Davies, Head of Country, Georgia, BP

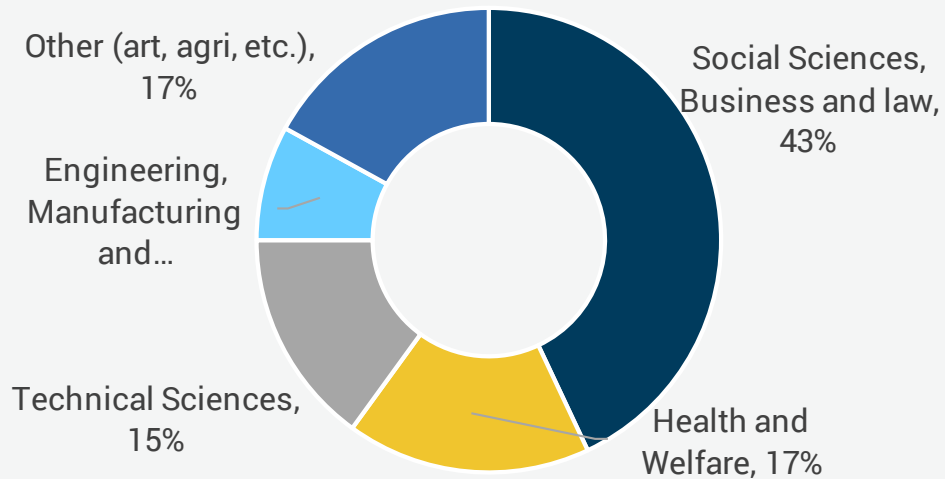


ACCESS TO FRESH TALENT POOL

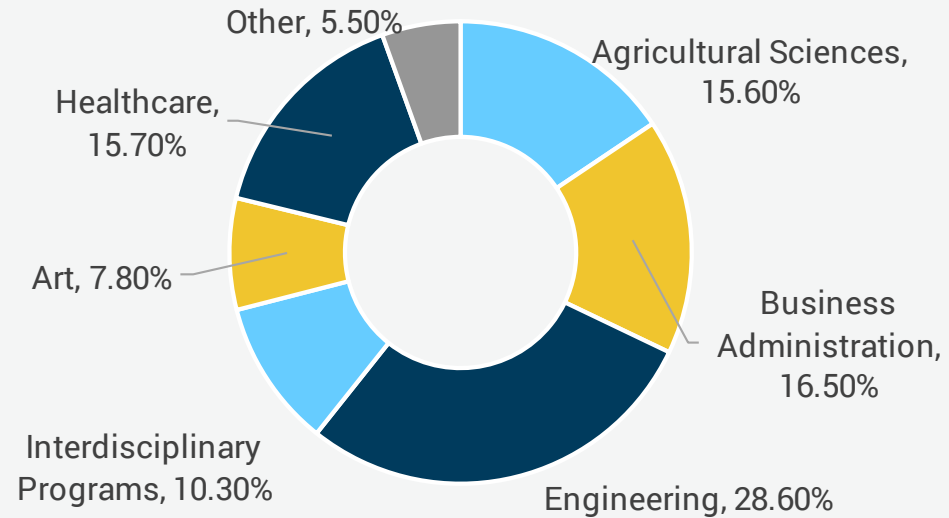


BREAKDOWN OF GRADUATES BY FACULTIES, 2019

HE INSTITUTES



VET SCHOOLS



Source: Geostat, Ministry of Education of Georgia

OVER LAST 5 YEARS



120,961 graduated from bachelor, master and professional programs



54,328 students graduated from Vocational Education Institutions

'We have today a very good engineering team because they are very responsive and very well educated'
Arie Weisbord, CEO Aerostructure Technologies Cyclone



Literacy Rate

98 %



64 HEIs and 66 VETs



Population with Secondary Education

92 %

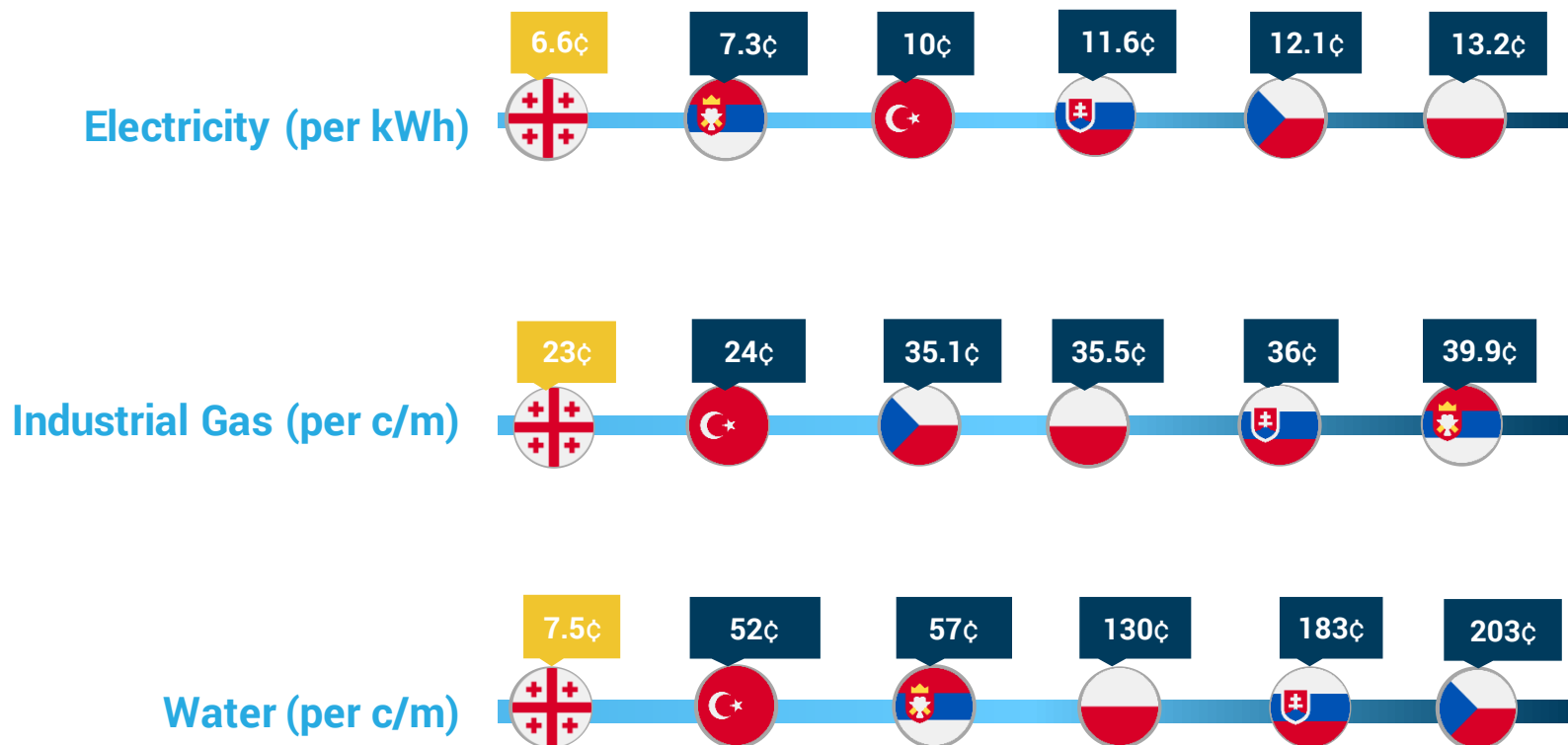
COMPETITIVE OPERATIONAL COSTS

Green Energy
80% 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 2021



INDUSTRIAL PROPERTIES AND WAREHOUSE SPACE

10



- The total volume of industrial and logistics space in Georgia amounts to **approximately 2.5 million sq. m.**,
- The weighted average rent for dry storages varies between **USD 2-3 per sq. m.**
- Four Free Industrial Zones operate in three Georgian cities:
 - Tbilisi Free Industrial Zone;
 - Kutaisi Free Industrial Zone;
 - Hualing Free Industrial Zone (in Kutaisi);
 - Poti Free Industrial Zone;
- Free Industrial Zones provide land and industrial properties **for lease up to 50 year**

Construction cost per sq. m. of White Frame

Sandwich-Panel Construction

**USD 263
(net of VAT)**

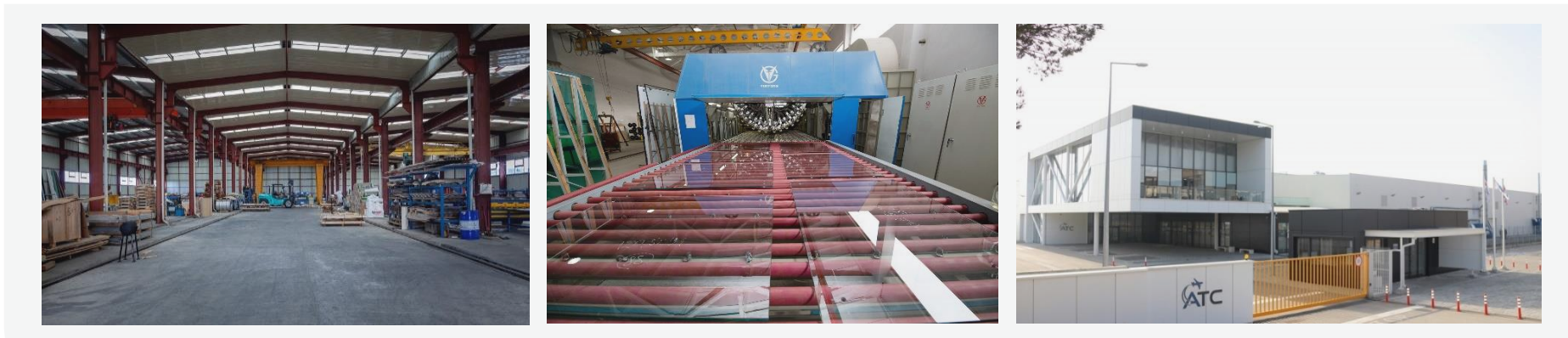
Reinforced Concrete Construction

**USD 143
(net of VAT)**

Metal Construction

**USD 68
(net of VAT)**

Source: Colliers International Georgia



BENEFIT FROM THE MOST ATTRACTIVE TAX SYSTEM

11



0%

Tax on Retained Profit



THE WORLD BANK

3rd

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



4

Free Industrial Zones
All located in strategic locations

- 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 **56 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)

FREE INDUSTRIAL ZONES



Special Tax Regime

- Exemption from all taxes except Personal Income Tax (20%), which is paid from employees' salaries (goods produced for export)
- In case an import, the company has to pay VAT and 4% of revenue from national sales
- Simplified Procedures and Available Facilities
- Great Location: Tbilisi (capital city), Poti (sea port), Kutaisi (International Airport)

TAX INCENTIVES FOR IT SECTOR



Virtual Zone Entity status

Export of IT services exempt from profit tax

International Company status

Profit and personal income taxes reduced to 5%

INCENTIVES



State Support Programs

- Free lands & buildings for the manufacturing factory
- Subsidies for loan interest payment – 11% (Hotels and Manufacturing)
- Collateral Guarantee co-financing - up to 90% of the principal (Hotels and Manufacturing)



FDI Grants

- Eligible sectors: electronics, auto & aircraft parts, BPO, MRO, logistic centers
- Up to USD 300,000 cashback for the training of workforce and development of infrastructure & communications
- Investment obligations:
 - Manufacturing of electronics, auto & aircraft parts - at least 150 new jobs created and USD 3 mln investment
 - BPO - at least 200 new jobs created and USD 1.5 mln investment
 - MRO, logistic centers - at least 100 new jobs and USD 3 mln investment

WE ARE HERE TO SUPPORT YOUR BUSINESS



**BUSINESS
DEVELOPMENT**

**INVESTMENT
ATTRACTION**

INVEST IN GEORGIA

**EXPORT
SUPPORT**

Information

- General statistics and data about business-operating costs
- Sector researches

Communication

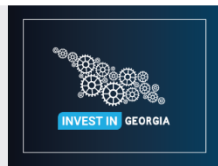
- Access to Government at all levels
- Connection to local partners (consulting, education, real estate)

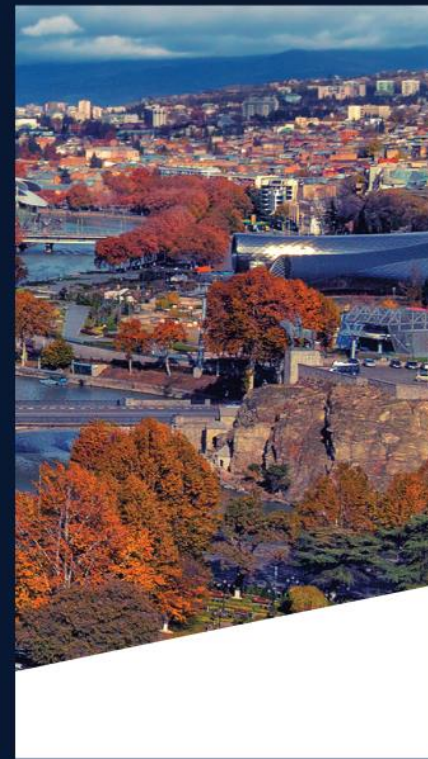
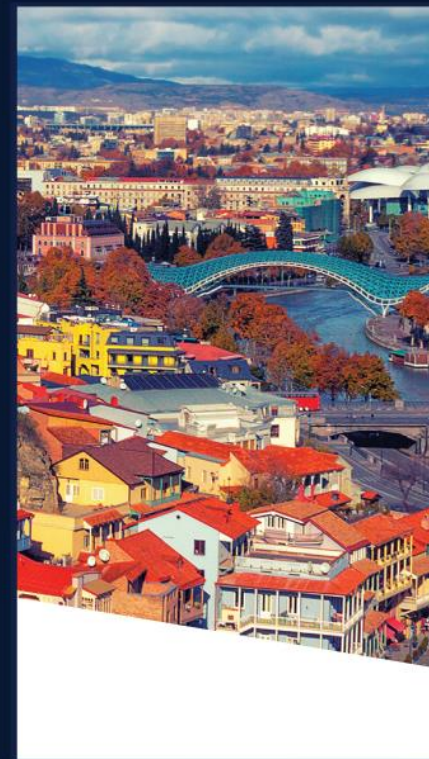
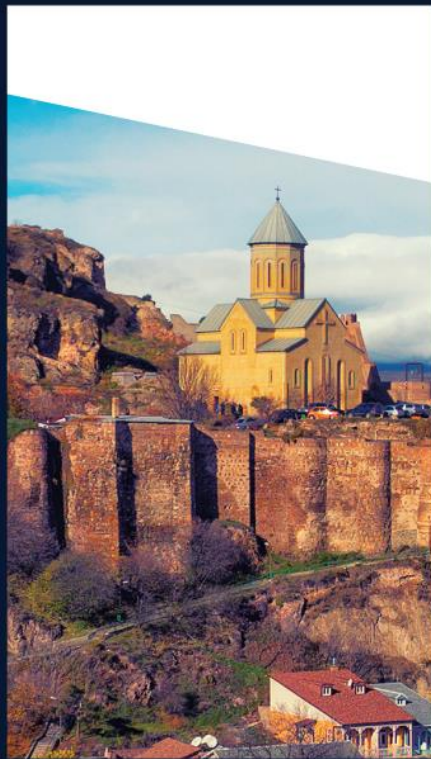
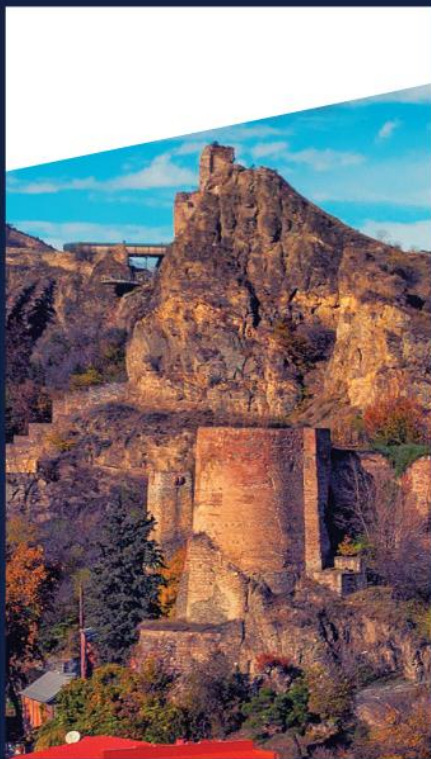
Facilitation

- Assistance in location selection
- Organization of site visits

Aftercare

- Support in further expansion
- Constant feedback





THANK YOU



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