

# Entrepreneurship Development Agency



**ENTERPRISE GEORGIA**

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# Growing Economy

## Georgia – Snapshot 2013

- ❑ Population: ~ 4.5 mln
- ❑ GDP: USD 16.1 bln (2013\* )
- ❑ GDP/Capita (PPP 2013\*): ~ 6,100 USD
- ❑ GDP growth: 3.2% (2013\*),  
5.9% (9 months 2014\*)
- ❑ FDI: USD 941.9 mln (2013)
- ❑ Export: USD 2.9 bln (2013)
- ❑ Import: USD 7.9 bln (2013)
- ❑ Unemployment rate: 14.6% (2013)

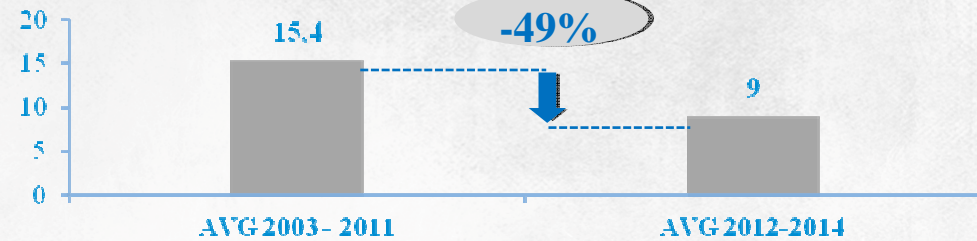


# Economic Fundamentals

Interest rates have stabilized at lower levels



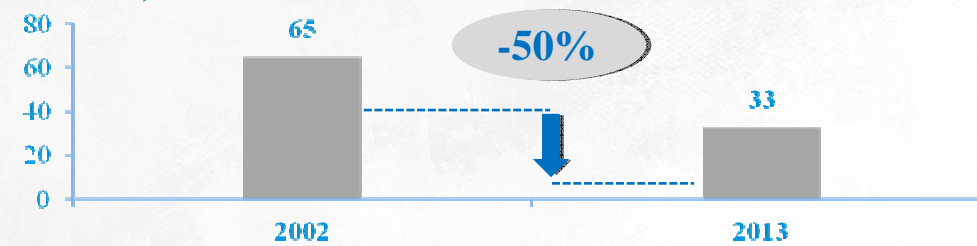
Real interest rates, %



Low level of public debt



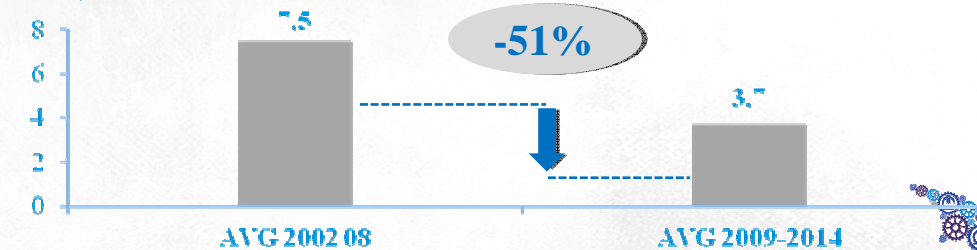
Government debt, % of GDP



Inflation has decreased



Inflation rate, %



# Sovereign Ratings

**STANDARD  
& POOR'S**

**FitchRatings**

**MOODY'S  
INVESTORS SERVICE**

2008

**B+  
Negative**

**B+  
Negative**

**N/A**

2009

**B  
Stable**

**B+  
Stable**

**B1  
Stable**

2014

**BB-  
Stable**

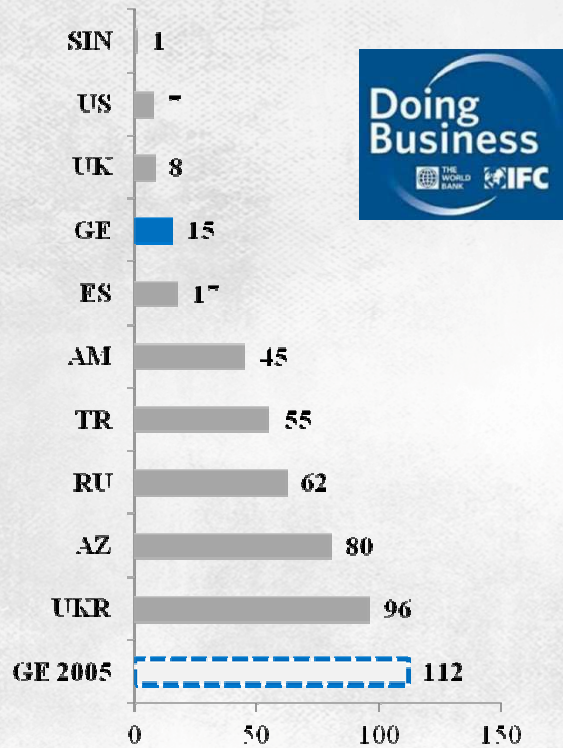
**BB-  
Positive**

**Ba3  
Positive**

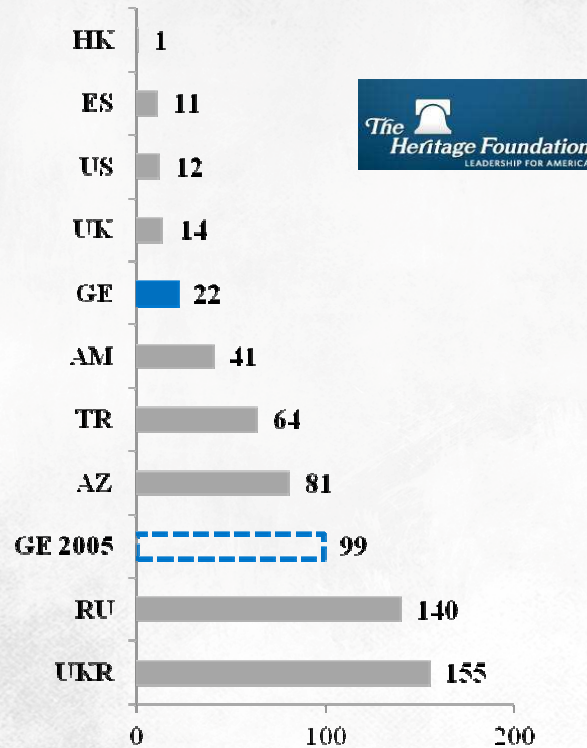


# Business Friendly Regulations

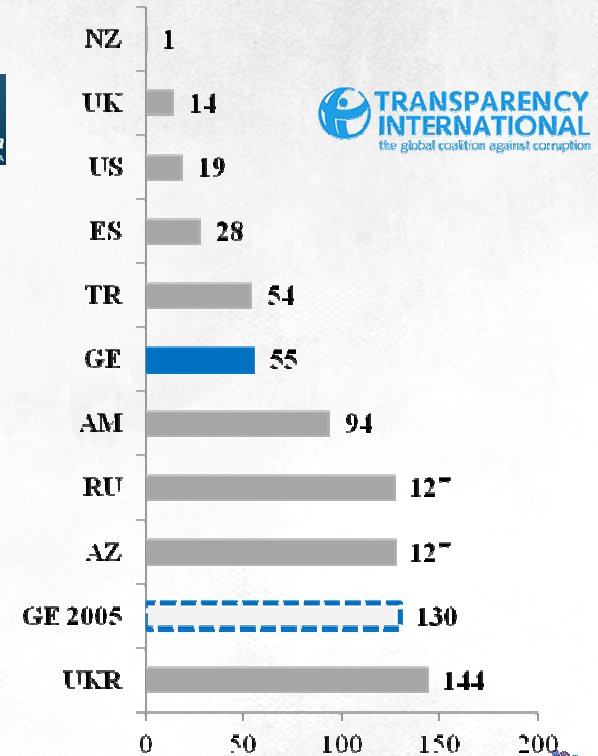
Ease of Doing Business Ranking



Economic Freedom Ranking



Corruption Perception Index



Source: World Bank



# Business Friendly Regulations

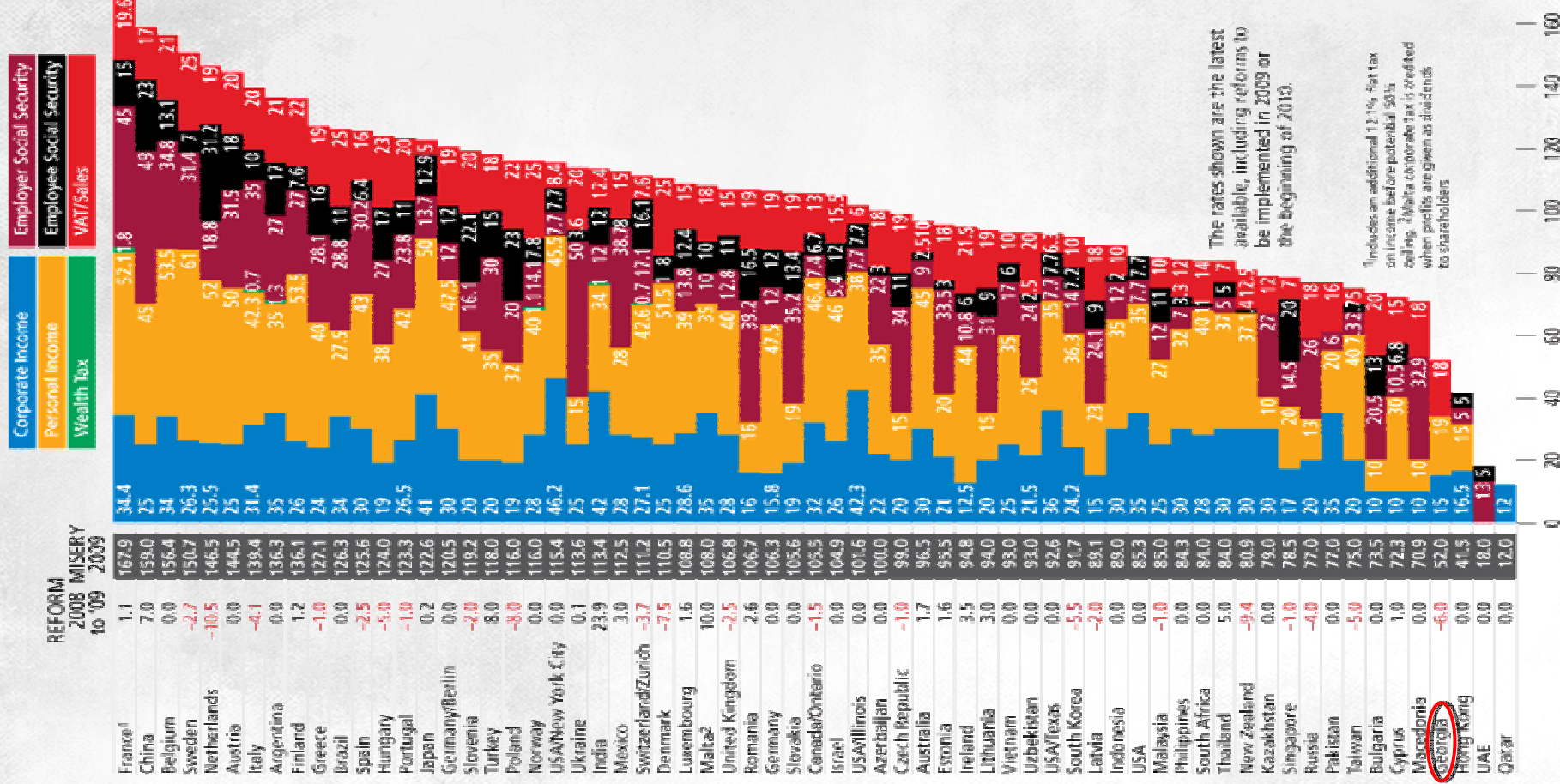
**Figure 1** Firms Spend Less Time Dealing with Business Regulations in Georgia Than Elsewhere in the Region



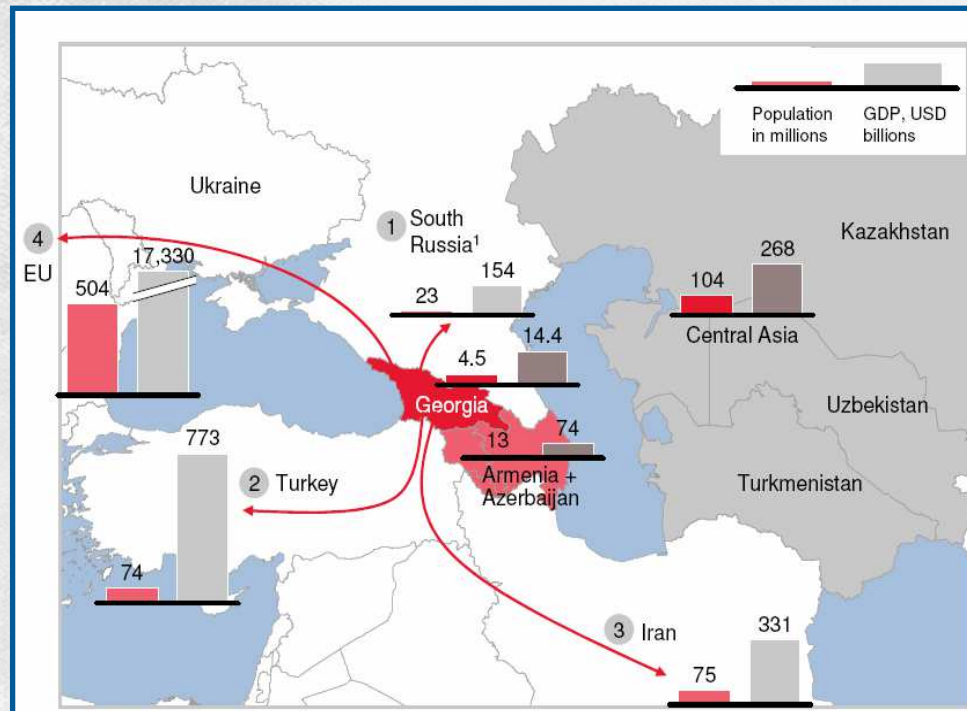
Source: World Bank



# Fourth Least Tax Burden Country



# Georgia – Regional Gateway



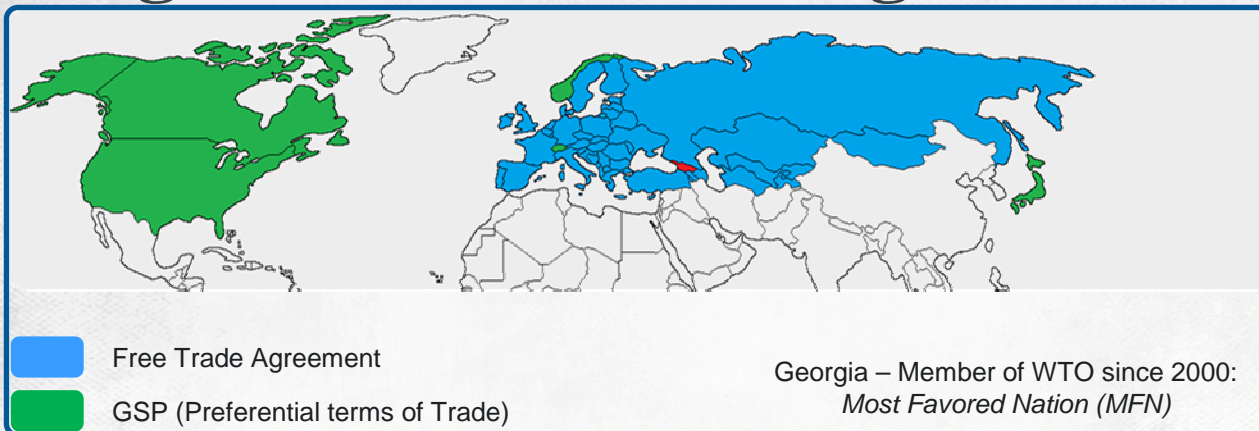
*Includes Russia's Southern Federal District and North Caucasian Federal District*

## Georgia as a natural corridor

- Could function as a regional hub for the region similar to Singapore in Southeast Asia
- Gateway to
  - Caucasus
  - The "Stans"
- Can serve as stepping stone to additional regions
  - South Russia
  - Turkey
  - Iran
  - EU



# Regional Hub for Doing Business



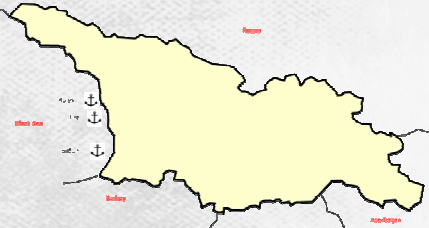

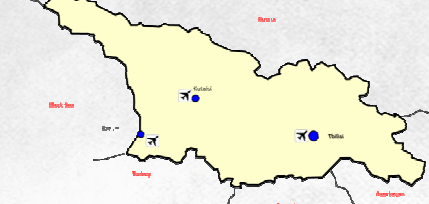
**Located at the crossroads of Europe, Central Asia, Middle East and Africa, Georgia is the shortest transit route between Western Europe and Central Asia for transportation of oil and gas as well as dry cargo.**

State Incentives to further solidify such positioning:

- Very simple and service oriented customs policy
- Efficient tax administration
- No quantitative restrictions or tariff barriers
- Average Customs Clearance ~15 minutes
- 0% customs tax on over 80% of imports
- 0% customs tax on all exports
- 0% VAT on all exports
- Maximum customs tax on imports – 5-12%



# Developed Infrastructure

Mode of Transport	Existing Infrastructure	Development
<p><b>Sea Ports</b></p> 	<p><b>Poti Sea Port</b></p> <ul style="list-style-type: none"> <li>•13 berths, 8-10m depth</li> <li>•Container and bulk (210k TEU)</li> <li>•Owned/Operated by Maersk/Rakia</li> </ul> <p><b>Batumi Sea Port</b></p> <ul style="list-style-type: none"> <li>•5 berths, 1 offshore mooring, 11m depth</li> <li>•70% petroleum/oil, 30% containers (44k TEU) Operated by JSC KazTransOil</li> </ul> <p><b>Kulevi Sea Port</b></p> <ul style="list-style-type: none"> <li>•Crude Oil, petroleum and lubricants (10 mln. ton)</li> <li>Owned/operated by State Oil Company Azerbaijan (SOCAR)</li> </ul>	<p><b>Poti Sea Port</b></p> <ul style="list-style-type: none"> <li>•New Container berth in 2014</li> </ul> <p><b>Batumi Sea Port</b></p> <ul style="list-style-type: none"> <li>•USD 20 mln. allocated for port development</li> </ul> <p><b>Kulevi Sea Port</b></p> <ul style="list-style-type: none"> <li>•Carbamid Plant to be constructed with up to USD 700 mln. investments volume (SOCAR)</li> </ul> <p><b>Anaklia Deep Sea Port</b></p> <ul style="list-style-type: none"> <li>•Up to 20m depth</li> <li>•Capable of accommodating Panamax size cargo vessels</li> </ul>
<p><b>Road &amp; railway</b></p> 	<p><b>Rail</b></p> <ul style="list-style-type: none"> <li>•1,500 km (90% electrifies)</li> <li>•~7,000 rolling stock, 180 locos</li> </ul> <p><b>Road</b></p> <ul style="list-style-type: none"> <li>•1,500 km international road</li> <li>•+20,000 km internal and local roads</li> </ul>	<p><b>Rail</b></p> <ul style="list-style-type: none"> <li>•Baku-Tbilisi-Kars Connection to Turkey</li> <li>•Modernization</li> <li>•Tbilisi Bypass</li> <li>•~2,500 new rolling stock</li> </ul> <p><b>Road</b></p> <ul style="list-style-type: none"> <li>•East-west highway</li> <li>•Rehabilitation of existing infrastructure</li> </ul>
<p><b>International Airports</b></p> 	<p><b>Tbilisi International Airport</b></p> <ul style="list-style-type: none"> <li>•~1 mln. passengers ( Capacity - ~ 3 mln.)</li> <li>•Serving 28 destinations</li> </ul> <p><b>Batumi International Airport</b></p> <ul style="list-style-type: none"> <li>•~170,000 passengers (Capacity – 600 thsd.)</li> <li>•Serving up to 10 destinations</li> </ul> <p><b>Kutaisi International Airport</b></p> <ul style="list-style-type: none"> <li>•~100,000 passengers (Capacity – 600 thsd.)</li> <li>•Serving up to 10 destinations</li> </ul>	<p><b>Tbilisi International Airport</b></p> <ul style="list-style-type: none"> <li>•2nd runway to be constructed</li> <li>•International Cargo terminal</li> </ul> <p><b>Kutaisi International Airport</b></p> <ul style="list-style-type: none"> <li>•Runaway extension</li> <li>•Cargo Terminal</li> </ul>

Source: Ministry of Regional Development and Infrastructure of Georgia



# Regional Gateway – Growing Multi Sector Hub

## Capitalizing on Georgian resources

### HPP



Capitalizing on high potential for HPP production at low cost and growing demand (both domestic and external)

### Tourism



- Building upon summer franchise
- Developing winter resorts
- Creating a regional casino hub
- Developing eco-/cultural tourism

### Agriculture and Agribusiness



- Modernizing the Georgian agriculture to take advantage of import-substitution opportunity
- Increasing food processing

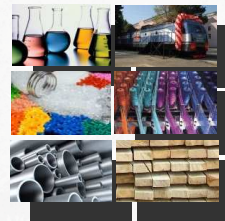
## Regional Manufacturing and Service hub

### Regional logistics corridor



Building deep sea port  
Developing regional logistics corridor

### Industries



Piggy-backing on logistical advantage with focus on selected subsectors such as pharmaceuticals food processing, construction, wood processing

### Regional services hub



Attracting regional headquarters/ financial services  
Offering high quality education and healthcare services for the region



# Georgia – Incentives and Support Programs

## Free Industrial Zones



- Developed Infrastructure
- Corporate Income Tax – 0%
- Value Added Tax – 0%
- Property Tax – 0%
- Import/Export Customs Taxes – 0%
- Personal Income Tax – 20%

## “Produce in Georgia”



- New Agencies:
  - Entrepreneurship Development Agency
  - Innovation and Technology Agency
- Government Support:
  - Interest Rate financing (10% of the total rate) during the first 2 years
  - Collateral Insurance – 30% of the total loan amount for 2-4 years
  - Transfer of real estate in the state ownership, free of charge (Specific land plots & buildings identified)
  - Technical Assistance



# Thank you!



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