Entrepreneurship Development Agency

ENTERPRISE GEORGIA

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Growing Economy

Georgia – Snapshot 2013

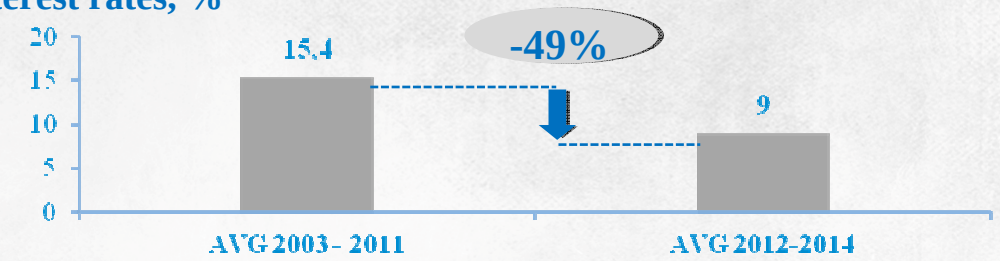
- Population: ~ 4.5 mln
- GDP: USD 16.1 bln (2013*)
- GDP/Capita (PPP 2013*): ~ 6,100 USD
- GDP growth: 3.2% (2013*),
  5.9% (9 months 2014*)
- FDI: USD 941.9 mln (2013)
- Export: USD 2.9 bln (2013)
- Import: USD 7.9 bln (2013)
- Unemployment rate: 14.6% (2013)

Source: National Statistics Office of Georgia

Economic Fundamentals

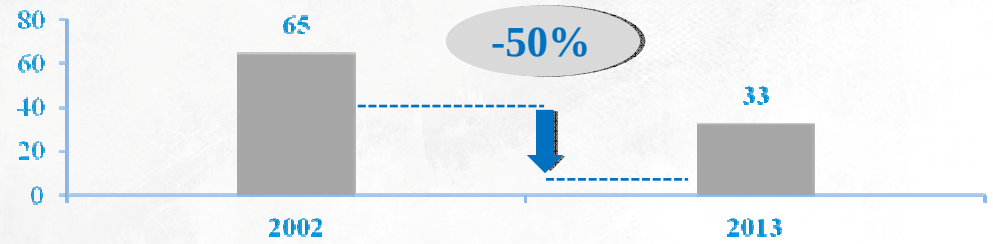
Interest rates have stabilized at lower levels

Real interest rates, %



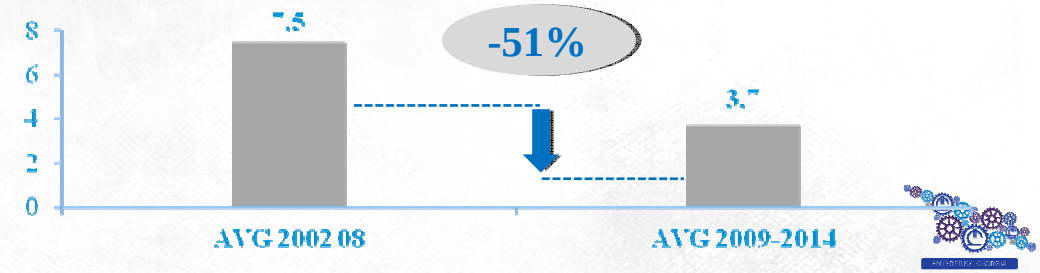
Low level of public debt

Government debt, % of GDP



Inflation has decreased

Inflation rate , %



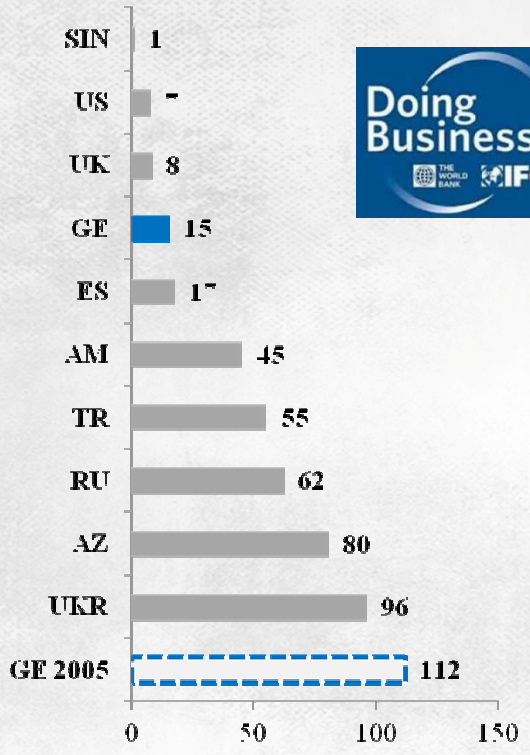
Source: National Statistics Office of Georgia, National Bank of Georgia

Sovereign Ratings

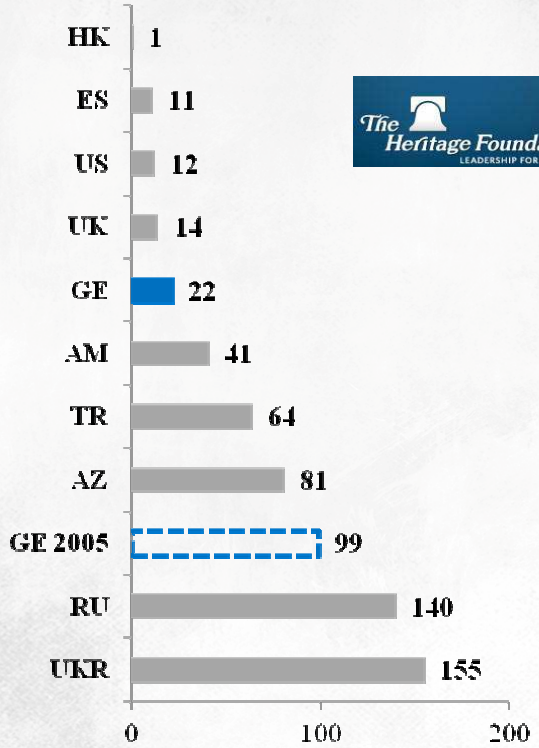
	STANDARD &POOR'S	FitchRatings	MOODY'S INVESTORS SERVICE
2008	B+ Negative	B+ Negative	N/A
2009	B Stable	B+ Stable	B1 Stable
2014	BB- Stable	BB- Positive	Ba3 Positive

Business Friendly Regulations

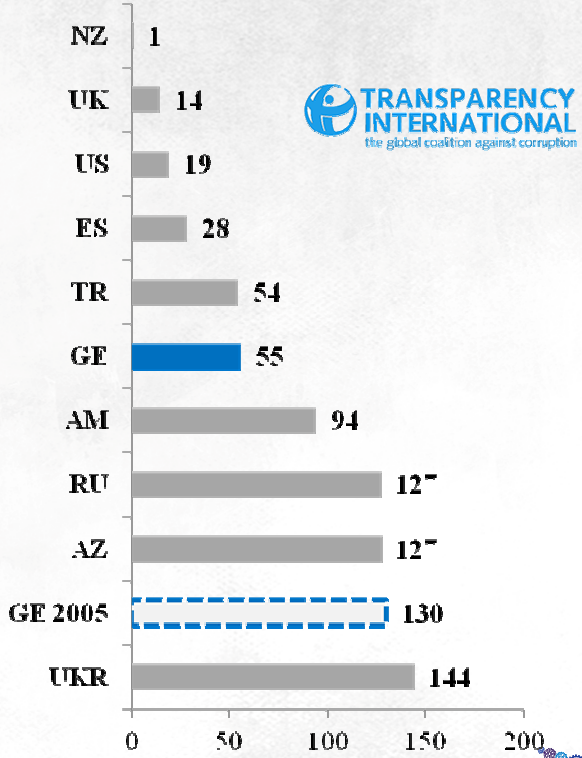
Ease of Doing Business Ranking



Economic Freedom Ranking



Corruption Perception Index



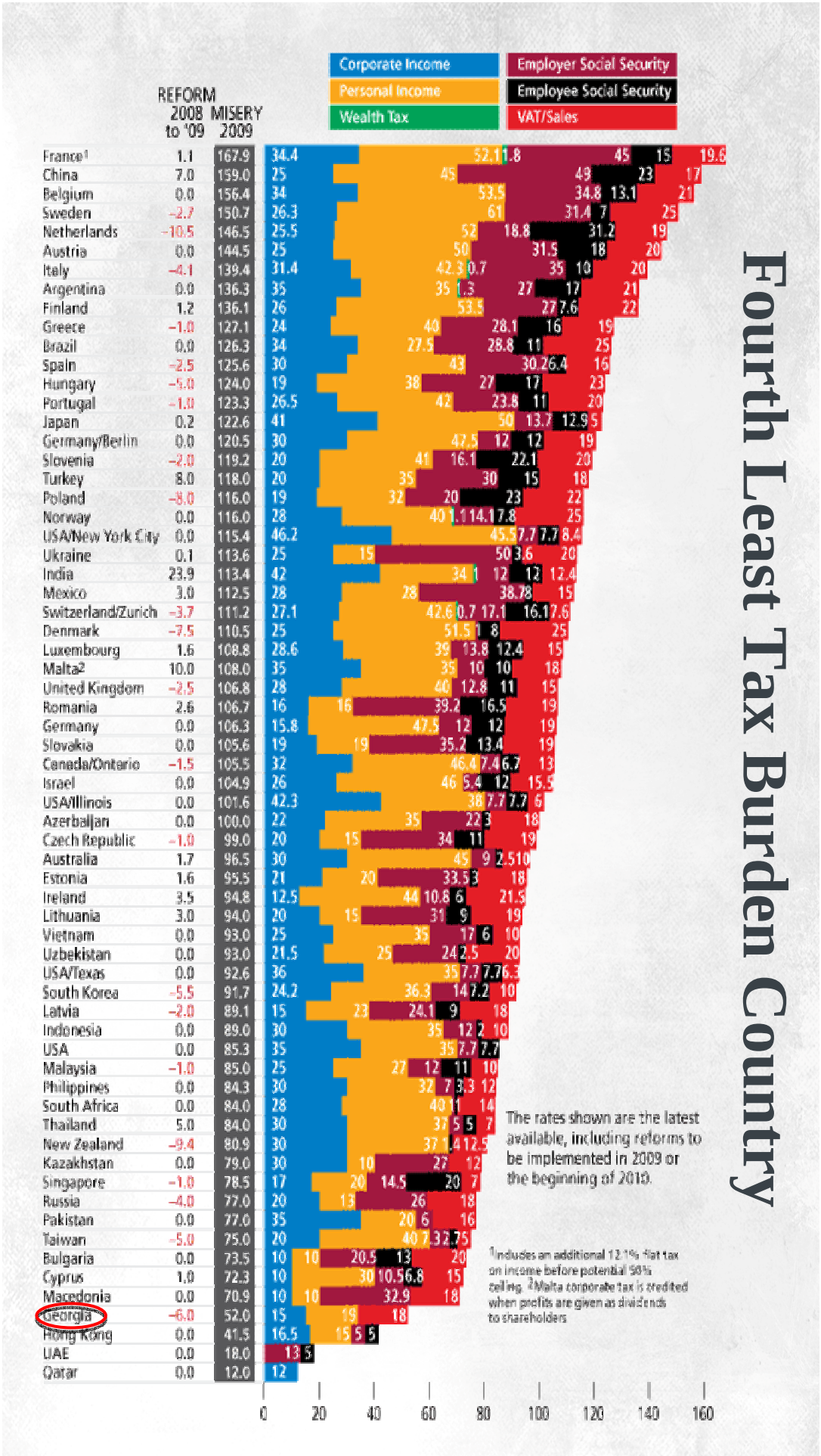
Source: World Bank

Business Friendly Regulations

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

Source: World Bank

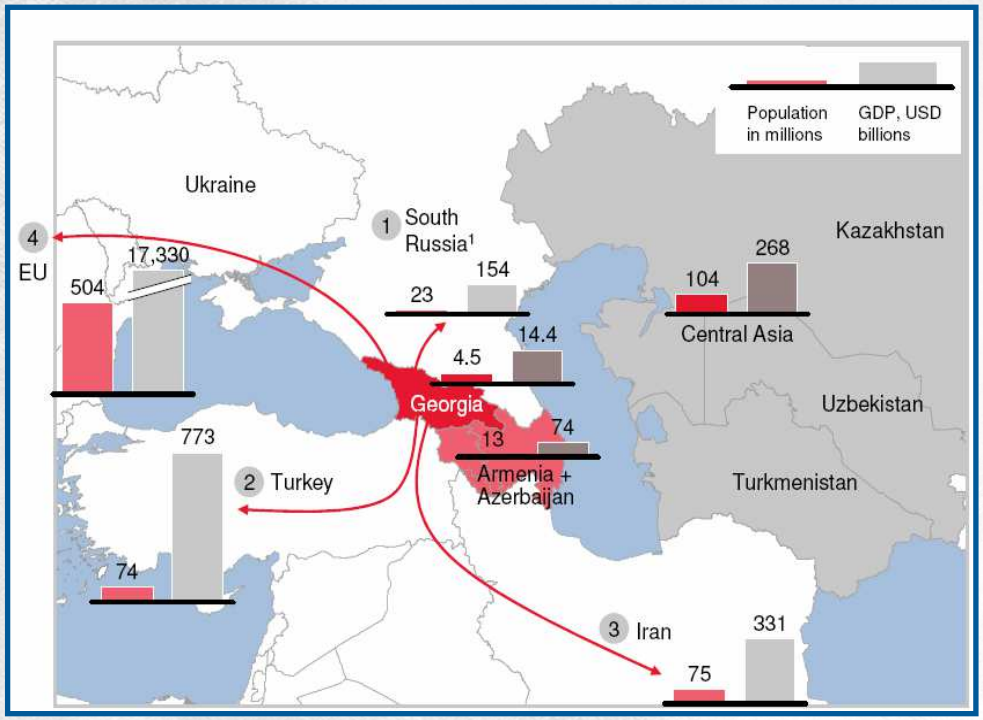
Fourth Least Tax Burden Country



The rates shown are the latest available, including reforms to be implemented in 2009 or the beginning of 2010.

[1]Includes an additional 12.1% flat tax on income before potential 50% ceiling. [2]Malta corporate tax is credited when profits are given as dividends to shareholders

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

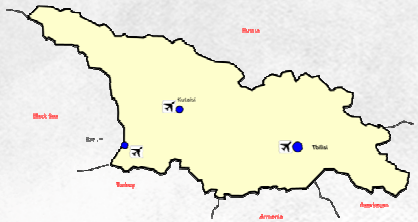
Located at the crossroads of Europe, Central Asia, Middle East and Africa, Georgia is the shortest transit route between Western Europe and Central Asia for transportation of oil and gas as well as dry cargo.

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%

Source: World Bank

Developed Infrastructure

Mode of Transport	Existing Infrastructure	Development
Sea Ports	**Poti Sea Port** •13 berths, 8-10m depth •Container and bulk (210k TEU) •Owned/Operated by Maersk/Rakia **Batumi Sea Port** •5 berths, 1 offshore mooring, 11m depth •70% petroleum/oil, 30% containers (44k TEU) Operated by JSC KazTransOil **Kulevi Sea Port** •Crude Oil, petroleum and lubricants (10 mln. ton) Owned/operated by State Oil Company Azerbaijan (SOCAR)	**Poti Sea Port** •New Container berth in 2014 **Batumi Sea Port** •USD 20 mln. allocated for port development **Kulevi Sea Port** •Carbamid Plant to be constructed with up to USD 700 mln. investments volume (SOCAR) **Anaklia Deep Sea Port** •Up to 20m depth •Capable of accommodating Panamax size cargo vessels
Road & railway	**Rail** •1,500 km (90% electrifies) •~7,000 rolling stock, 180 locos **Road** •1,500 km international road •+20,000 km internal and local roads	**Rail** •Baku-Tbilisi-Kars Connection to Turkey •Modernization •Tbilisi Bypass •~2,500 new rolling stock **Road** •East-west highway •Rehabilitation of existing infrastructure
International Airports 	**Tbilisi International Airport** •~1 mln. passengers (Capacity - ~ 3 mln.) •Serving 28 destinations **Batumi International Airport** •~170,000 passengers (Capacity – 600 thsd.) •Serving up to 10 destinations **Kutaisi International Airport** •~100,000 passengers (Capacity – 600 thsd.) •Serving up to 10 destinations	**Tbilisi International Airport** •2nd runaway to be constructed •International Cargo terminal **Kutaisi International Airport** •Runaway extension •Cargo Terminal

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

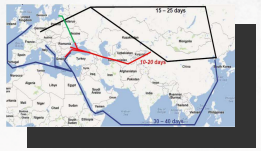
- Building upon summer franchise
- Developing winter resorts
- Creating a regional casino hub
- Developing eco-/cultural tourism

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

Source: National Investment Agency

Georgia – Incentives and Support Programs

Free Industrial Zones

POTI FREE INDUSTRIAL ZONE

FRESH

- 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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