**Georgia - open for new businesses**

**Georgia, a magnificent country with one of the world’s most attractive business climates, genuinely positions itself as a highly demanded investment destination. With its liberal trade regimes, low taxes and strategic location Georgia is the new frontier for the unique Investment opportunities.**

In last two years Georgia once again proved to the rest of the world, that it is a genuinely democratic country. In 2013 Georgia witnessed highly democratic parliamentary and presidential elections. This was an important political milestone and today country is led by the new government and its current agenda is as comprehensive as ever. It includes enhanced independence of the judiciary and greater media openness, continued fight against corruption, further lightening of the tax burden, removal of infrastructure bottlenecks and further trade liberalization.

There has never been a better time to Invest, as the new government continues to improve the business climate and opens doors for international businesses. Due to a diverse economy and attractive business climate country has a big potential for attracting FDI. For proof look no further than Georgia’s international rankings in world’s trusted surveys. According to World Bank “Ease of Doing Business” survey Georgia occupies 8th place in 2014, country is outstanding in terms of low corruption level and the economic freedom index measured by the “Heritage Foundation”. Also add a unique tax system. In fact according to “Forbes Tax Misery Index” Georgia runs 4th in terms of minimal tax burden just after Qatar, UAE and Hong Kong, which are almost tax free countries. There is no payroll or social insurance tax, no capital gain tax, no wealth tax, inheritance tax or stamp duty, therefore investment opportunities should not be missed.

Due to its unique strategic location and liberal trade regimes government of Georgia sees the country becoming as THE place of choice for any company that would like to produce and trade in our part of the world and do so profitably, interacting with lean-working, corruption free administration.

Georgia is a natural hub connecting several important regions with a total population of 827 million people. Favorable trade regimes are established by Free trade with CIS countries and Turkey, GSP (Generalized System of Preferences) with EU, US, Canada, Norway, Switzerland and Japan. Georgia is seen as a gateway not only to South Caucasus, but also Central Asia, the CIS, the Gulf and Middle East, as well as Eastern Europe.

The **Association Agreement between Georgia and EU**, including the Deep and Comprehensive Free Trade Area (DC FTA) (signed in June 27, was ratified on 18th of July and will enter in to force on 1st September 2014) offers elimination of tariff barriers as well as non-tariff barriers in trade with the EU and regulates the wide range of trade related issues (e.g. food safety, production security, competition policy, the intellectual property rights, customs administration, state procurement, etc.). The DCFTA implies approximation of the trade related legal framework and the institutions to the EU regulations and administrative structures.

Thus, the establishment of the Deep and Comprehensive Free Trade Area between Georgia and the EU will finalize the formation of the Georgian trade system compatible with the EU’s requirements; - growth of Georgia’s investment attractiveness; - diversification and expansion of the export markets for the Georgian products; - reduction of export related expenses; - protection of Intellectual Property Rights.

By the signing Association Agreement, including the DCFTA, we actually started a new chapter in our relations with the EU. Implementation of the DCFTA provides Georgian goods and services a preferential access to the largest market in the world. It increases country’s attractiveness as a viable investment destination.

Upon arrival in Georgia, once you have explored the diverse local economy and a number of investment opportunities offered, the local Government will help you do your business fast, clean and cheap.  Speaking of diverse economy, one should pay attention to several industries that are showing excellent growth dynamics and displaying huge potential. **Hydro energy, transport, agriculture, real estate and tourism** are among those sectors of economy which attract an increasing number or investments.

**Hydro-energy** captures a great deal of interest from investors as Georgia not only has huge hydro resources, with over 300 rivers suitable for hydro energy production, but is surrounded by countries with a projected structural power deficit. Having electricity hungry Turkish market next to it investors coming to Georgia are eager to build and produce for this market. Georgian Government has already conducted prefeasibility studies for about 70 sites. Industrial project opportunities range from a few MW to 700 MW. Currently high voltage transmission lines are under construction to provide greater access to neighboring markets.

Georgia plays special role in diversification of **energy** supply routes and delivering hydrocarbons from Caspian Sea and beyond, to the European Market and contributing to the energy security of the South Caucasus region and the Europe. The Baku/Tbilisi/Ceyhan and Baku/Supsa oil pipelines, as well as Baku/Tbilisi/Erzurum gas pipeline are successfully delivering Caspian hydrocarbon resources to the west.

On December 17, 2013, the Shah Deniz consortium announced the final investment decision (FID) for the Stage 2 development of the Shah Deniz field. It will expand the South Caucasus Pipeline through Azerbaijan and Georgia by Trans Anatolian Gas Pipeline (TANAP) across Turkey and Trans Adriatic Pipeline (TAP) across Greece, Albania and into Italy. Together these projects, as well as gas transmission infrastructure to Bulgaria, will create a new Southern Gas Corridor to Europe and open for customers in Europe direct access to the Caspian gas resources for the first time

Timely launching of the Trans-Caspian gas pipeline that will transport natural gas from [Kazakhstan](http://en.wikipedia.org/wiki/Kazakhstan) and [Turkmenistan](http://en.wikipedia.org/wiki/Turkmenistan) to central [Europe](http://en.wikipedia.org/wiki/Europe) and the Azerbaijan-Georgia-Romania Interconnector Project (AGRI)  that will transport the Caspian LNG resources to Romania, Hungary and Western Europe via Black Sea ports of Georgia bear particular importance for diversification of gas supply to the EU.

Another Important field is **Transport**. Located at the crossroads of Europe, Central Asia and Middle East, Georgia is the key link in the shortest transit route between Western Europe, Central Asia, China and India for transportation of oil and gas, capital and people. This favourable geographic location makes the country as a natural transportation and business hub in the region.

* Georgia as the transit gate to and from the Central Asia, South Caucasus, through Black Sea Region and Europe is an important component of TRACECA (Transport Corridor Europe-Caucasus-Asia) railroad and motorway networks. The main regional transit road from north to south and east to west also goes across Georgia. Georgia is directly connected with the EU via Black sea ports in Ukraine (Ilyichevsk), Romania (Constantsa), Bulgaria (Varna) and Turkey (Derince).
* Georgia actively participates in a range of important regional and international projects and at the same time works for modernizing its domestic transport infrastructure and increasing its energy efficiency.

**There are several important regional infrastructure projects in the field of transport.**

* The Baku-Tbilisi-Kars railway will establish a direct route between Georgia and Turkey and thus via Marmara tunnel will have direct connection from Europe via Turkey to Georgia and further to other TRACECA countries. (Up to the recent period, 40% of the works has been done on the Georgian section). By the end of 2014, it is planned to make a test train passage. Completion of the project is planned in 2015.
* The Silk Wind Multimodal Block Train project suggests to development the container transportation through railway from China via Kazakhstan, Azerbaijan, Georgia and Turkey and further to Europe and is expected to accelerate the delivery of goods from China to Europe and backwards.
* Another important priority of the Government of Georgia is the construction and rehabilitation of main E60 International Road - the East-West Highway in accordance with international standards. The World Bank, Asian Development Bank (ADB), Japanese International Cooperation Agency (JICA), European Investment Bank (EIB), Chinese Development Bank (CDB) and the European Bank for Reconstruction and Development  make financial contribution to the project.
* Answering the growing demand on transit and logistic infrastructure the Government of Georgia is going to build a new deep seaport in Anaklia. On July 10th 2014 The Prime-Minister of Georgia, Mr. Garibashvili announced the launching of the new deep water seaport construction project “Anaklia”. Thus the expression of interests to take part in the project has been opened. The multifunctional Port will be designed for large-capacity vessels. Once operational, it will significantly increase the volume of cargo transit through Georgia and will make the cargo shipment between eastern and western markets fast and cost-efficient. The Chinese, US and German companies have already expressed their interest to the Project. The port is expected to become operational within two years period.

Looking at figures most of the investors notice that the **tourism** is booming in Georgia and investing in tourism infrastructure guarantees short payback period along with high returns. The number of visitors per year is growing on average by 35 %, there was 22% growth in 2013, when tourist numbers exceeded 5.4 million.  As tourists need somewhere to stay new hotels are mushrooming across the whole country, especially high demand comes on 3-4 star hotels due to a big market gap in this segment. Country’s aspiration of becoming a political, economic and cultural hub as well as a major tourist destination opens up excellent opportunities in real estate development and construction, as demand for all kind of commercial infrastructure such as hotels, offices, shopping facilities etc. is high.

**Tourism as the fast-growing sector of Georgia’s economy**, offering investment opportunities, in particular for **Seaside, Mountain and alpine ski resorts (**Location: Gudauri, Bakuriani and Svaneti regions), as well as **Spa hotels (**Location: Tskaltubo, Akhtala and Borjomi).

* **The main characteristics are:**
* Unique biodiversity: subtropical marshes, semi-deserts, alpine zones and snowy peaks, all within hundred kilometres of each other;
* More than 12 000 historical and cultural monuments, four out of which are included in the list of UNESCO World Heritage Sites;
* Over 103 resorts;
* Around 2400 springs of mineral waters;
* 8 national parks and 31 protected areas;

Yet another sector of great potential is **agriculture**. Thanks to its geographic, topographic, and climatic diversity, Georgia has a great variety of ecological and climatic zones that allow for the production of most types of temperate and even sub‐tropical food and agricultural products. There are business opportunities not only in farming but also in supplying equipment and services.

* Agriculture is one of the key sectors of the Georgian Economy with an important potential for further development as there are 49 types of Soil and 22 Microclimates in Georgia.
* The key sector is the wine-making: 8000 years tradition, 500 endemic wine varieties in Georgia.
* Georgia can offer number of investment opportunities in this field: Import substitution opportunities (meat, dairy products, onions, potatoes, etc); Export opportunities (wine, walnuts, hazelnuts, sheep meat, etc); Productivity gain opportunities (tomatoes, apples, cucumbers, stone fruits, citrus etc);
* Creation of joint ventures in food processing industry would be welcomed as well.

**Georgian Government´s key priority is to stimulate opening of new opportunities for local and foreign businesses. In this light,** **the following Funds are available for investors**

* Georgian Co-Investment Fund with a budget of 6 billion USD seeking to actively invest in the key sectors of the country’s economy: energy, tourism & hospitality, agriculture and manufacturing;
* Rural and Agricultural Development Fund with the budget of 1 billion USD, which is implementing two projects: “Spring works support project for small-scale farmers” and “Cheap Agro credit project”, which is an important mechanism for stimulating this particular sector of the Georgian Economy.
* Partnership fund with a budget of 1,4 billion USD is a state owned investment fund, established in 2011. The fund is assigned Fitch rating "BB-", which is equal to sovereign ceiling of Georgia. PF’s main objective is to promote investment in Georgia by providing co-financing (equity, mezzanine, etc.) in projects at their initial stage of development.
* In addition, creation of a Sovereign Fund for Strategic Development and Innovation is foreseen.

**Georgia invites businesses from around the world to start swiftly, grow dynamically and prosper continuously. And of course, we welcome British entrepreneurs and investors to explore new potential of trade-economic cooperation with Georgia.**

**In case of your interest in any of particular fields mentioned by me, I would be glad to assist you to communicate with relevant Georgian authorities, in order to ensure your further successful cooperation with Georgia.**

**Thank you for your attention.**