



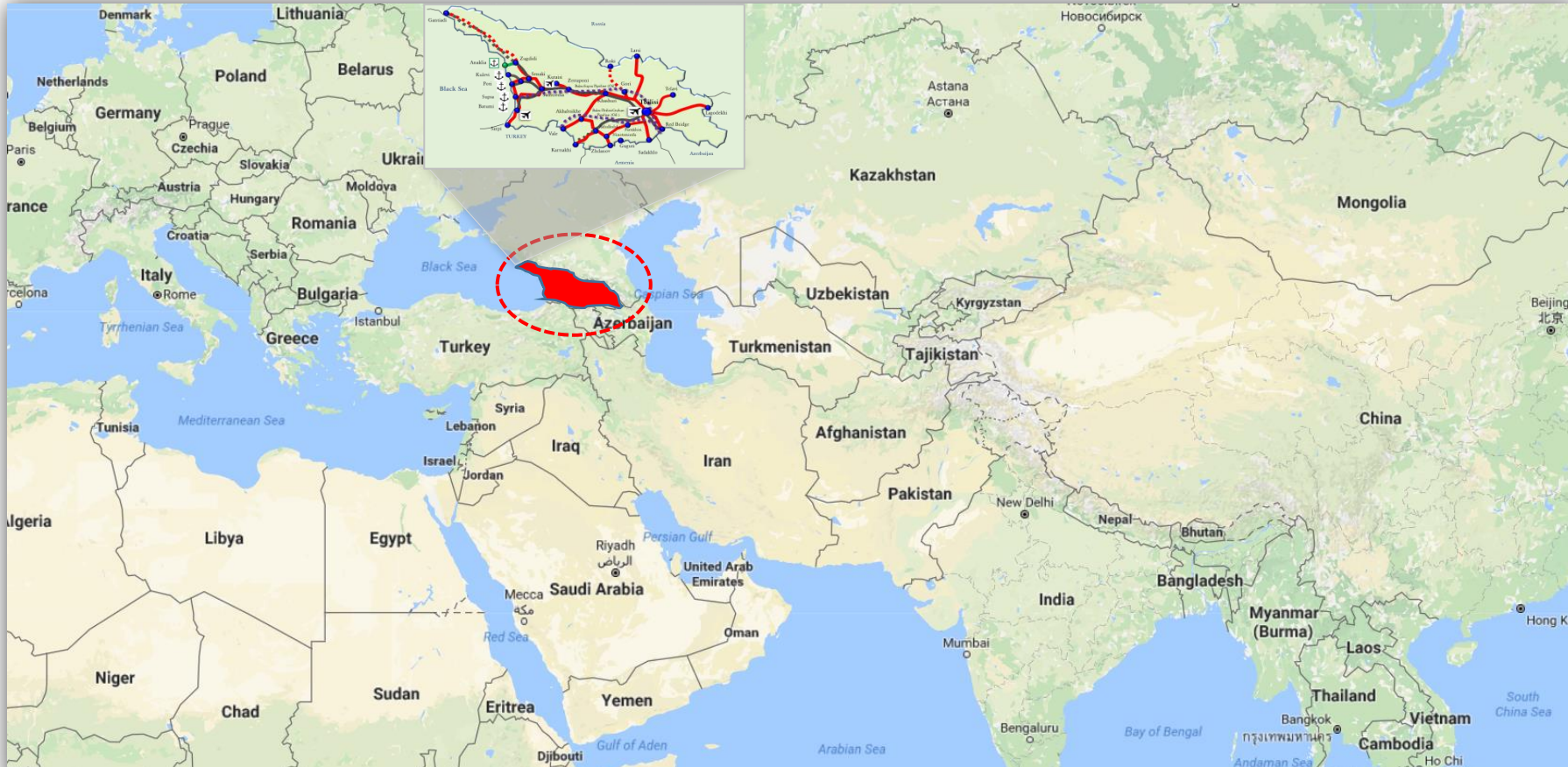
## Ministry of Economy and Sustainable Development of Georgia

### New Opportunities for CAREC with Georgia's Accession



# Country Profile and Economic Snapshot

## Georgia – Asia’s Gateway to Europe



### Georgia - Growing Economy

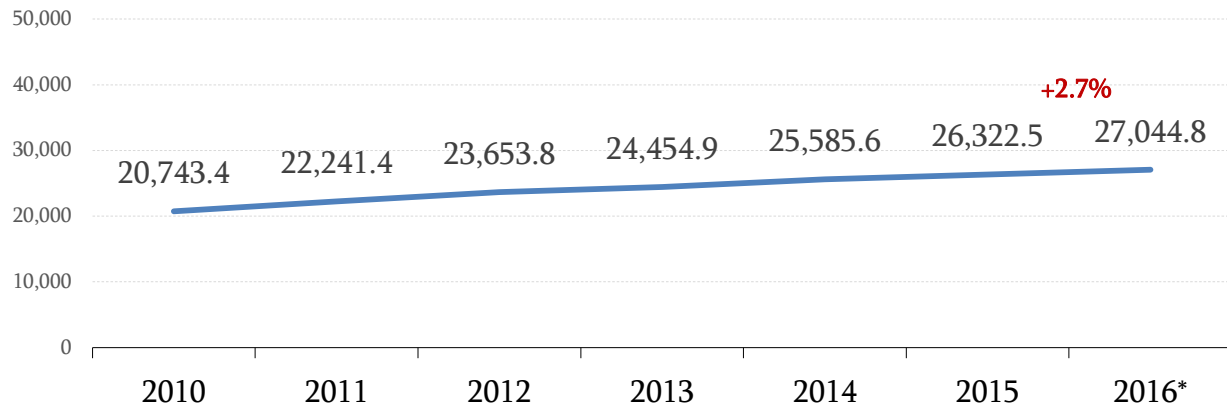
Population	3.7 mln
GDP	USD 14.3 bln - 2016
GDP growth:	2.7% - 2016 5.0% (January – March 2017) Forecast by GoG: 2017 - 4%
FDI	USD 1.6 bln (2016)
External Trade:	USD 9.4 bln (2016)
Unemployment rate	12.0% (2015)

Source: [www.geostat.ge](http://www.geostat.ge)

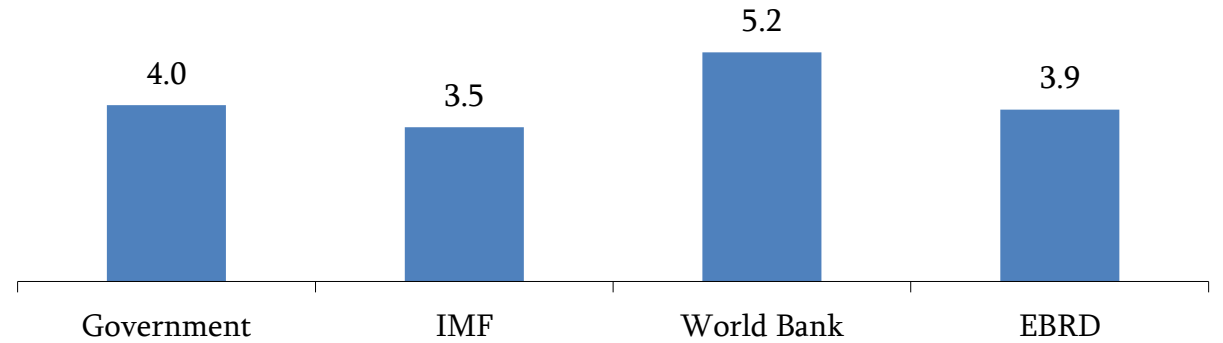
\*-preliminary data

# Economic Overview

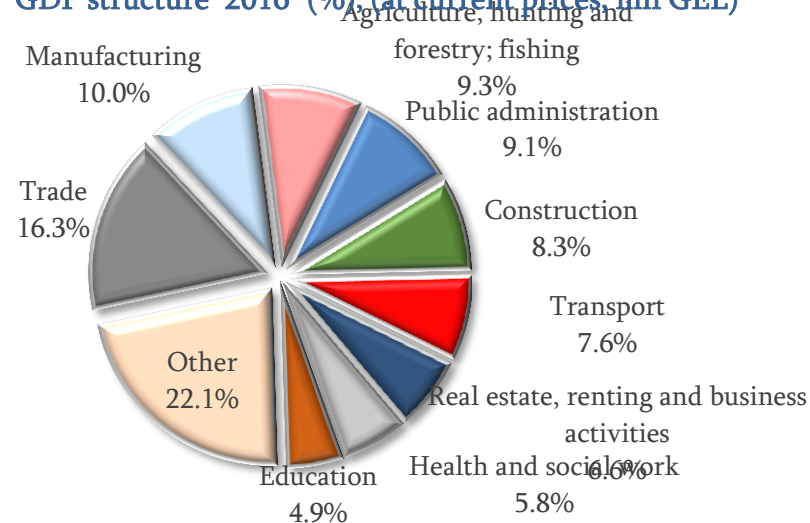
Gross Domestic Product (at Constant 2010 Prices, mil. GEL)



GDP Growth Forecast for 2017  
(Minimum growth rate is 3.5% according to various International Financial Institutions)



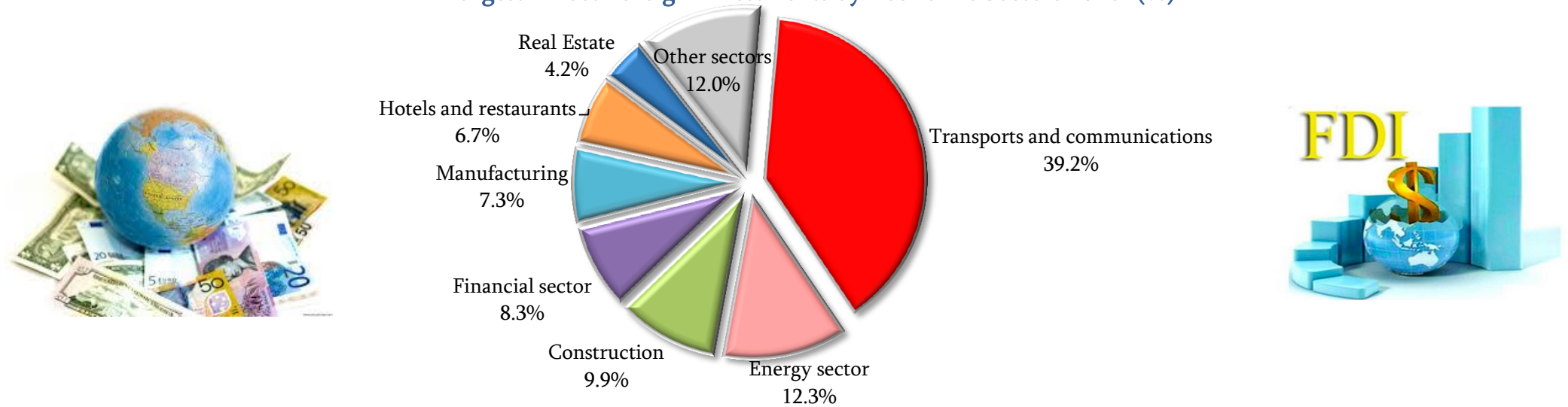
GDP structure 2016\* (%) (at current prices, mil GEL)



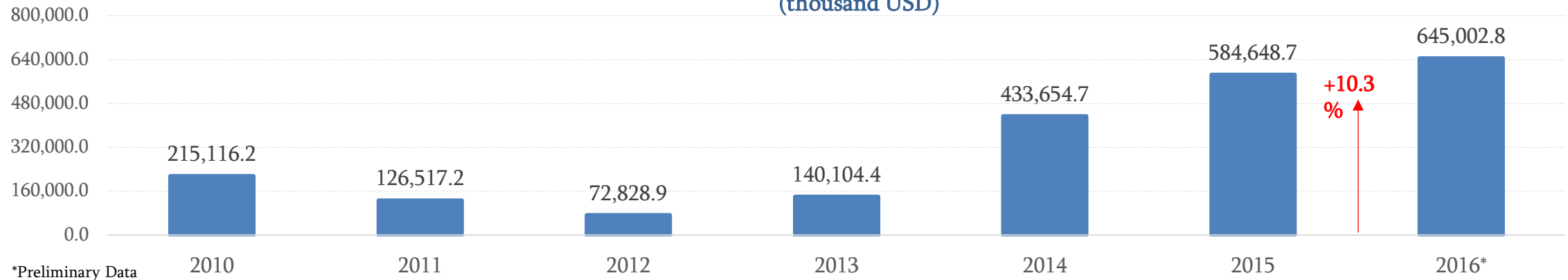
\*Preliminary Data

# Economic Overview

Largest Direct Foreign Investments by Economic Sectors 2016\* (%)



Direct Foreign Investments in Transport and Communications (thousand USD)

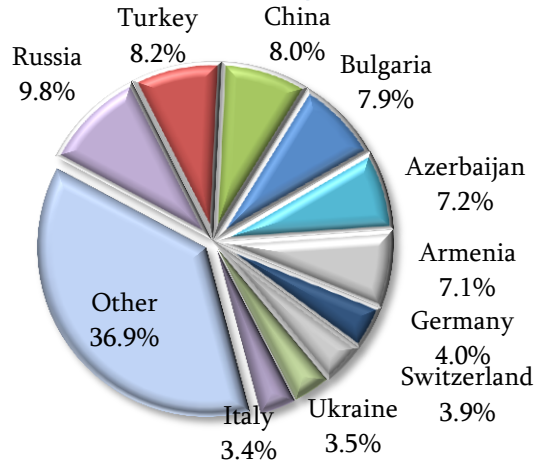


\*Preliminary Data

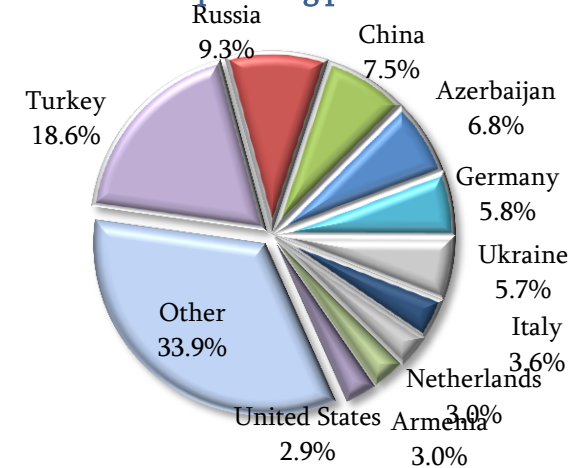
# Economic Overview

## External Trade (%)

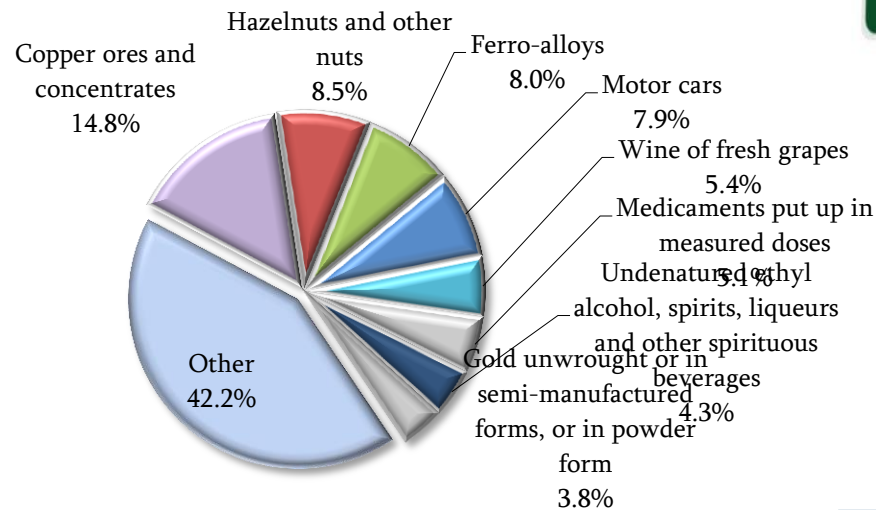
Share of the top trading partners in total exports - 2016\*



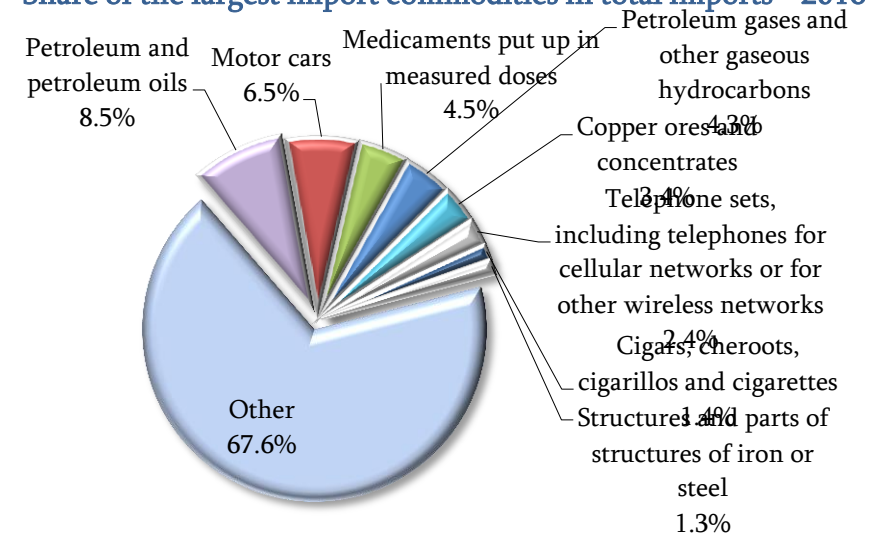
Share of the top trading partners in total imports - 2016\*



Share of the largest export commodities in total exports - 2016\*



Share of the largest import commodities in total imports - 2016\*



\*Preliminary Data

# Business Friendly Environment

## Doing Business (out of 190 countries)

#16

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



## Economic Freedom (out of 180 countries)

#13

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



## Corruption Perception (out of 175 countries)

#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



## Crime Index (out of 125 countries)

#7

World

In the last ranking of countries by crime index, Georgia was named as one of the safest place in the world



# Growth Friendly Tax Environment

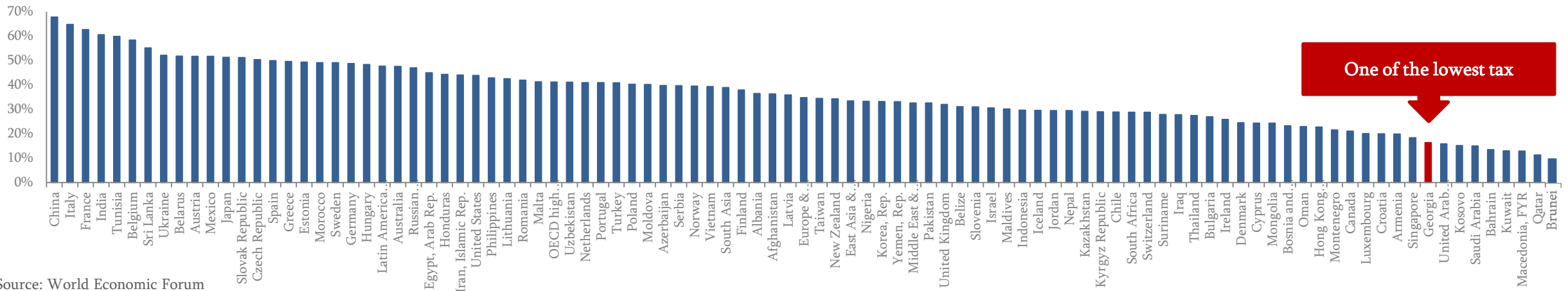
## Taxes in Georgia

VAT	18%
Personal Income Tax	20%
Corporate Profit Tax	15%
Property Tax	Up to 1%
Import Tax	0%, 5%, 12 %
Dividend & Interest Income Tax	5%

**No Corporate Profit tax on retained profit:** From 2017 profit tax is deductible only in case of profit distribution

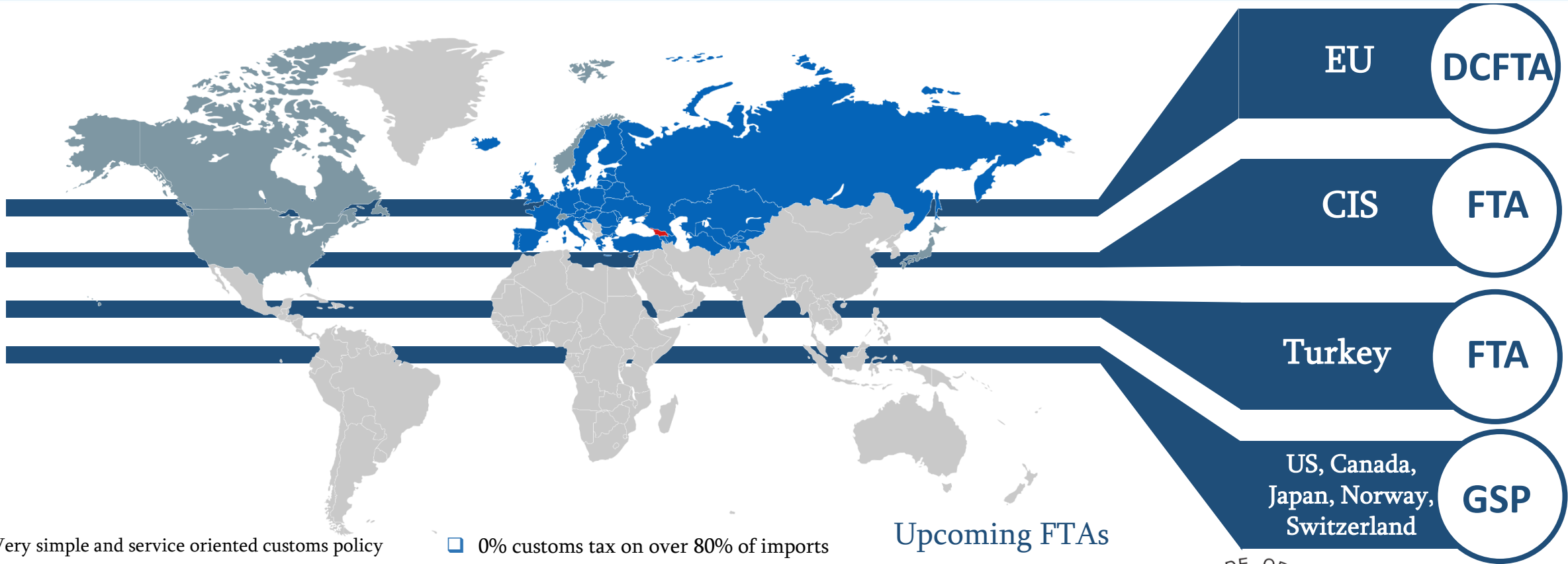
- » Only 6 flat taxes today
- » No payroll tax or social contribution
- » No wealth tax
- » Foreign-source income of individuals fully exempted
- » Double Taxation avoidance with 54 countries

## 9<sup>th</sup> Least Tax Burden Country in the World

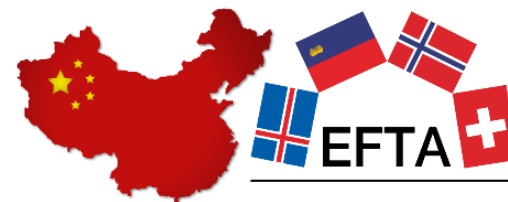


Source: World Economic Forum

# Regional Hub for Doing Business



## Upcoming FTAs



Most Favored Nation (MFN) since 2000

- ❑ 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

Source: Geostat.ge; \* - preliminary data

# Georgia's Contribution to Regional Connectivity

## Transport Network in Georgia

### Poti Sea Port (APM Terminals)

- Port has 15 berths
- Depth: 8-11m
- Annual Capacity: 4 mln tons of dry cargo, 1 mln tons of oil products, 500 000 TEU

### Batumi Sea Port (BIH)

- Port has 11 berths
- Depth: 9-12m
- Annual Capacity: 15 mln tons of oil products, 2 mln tons of dry cargo, 100 000 TEU, 180 000 passengers

### Kulevi Sea Terminal (Socar)

- Port has 2 berths
- Depth: 17.10 m and 13.60 m
- Annual Capacity: 6 mln tons of oil products

### Supsa Sea Terminal (BP)

- Annual Capacity: 8 mln tons of oil

### Baku–Tbilisi–Ceyhan (BTC) pipeline (BP 30.1 %)

- Total Length: 1768 km
- Annual Capacity: 60 mln tons

### Baku–Supsa Pipeline (BP)

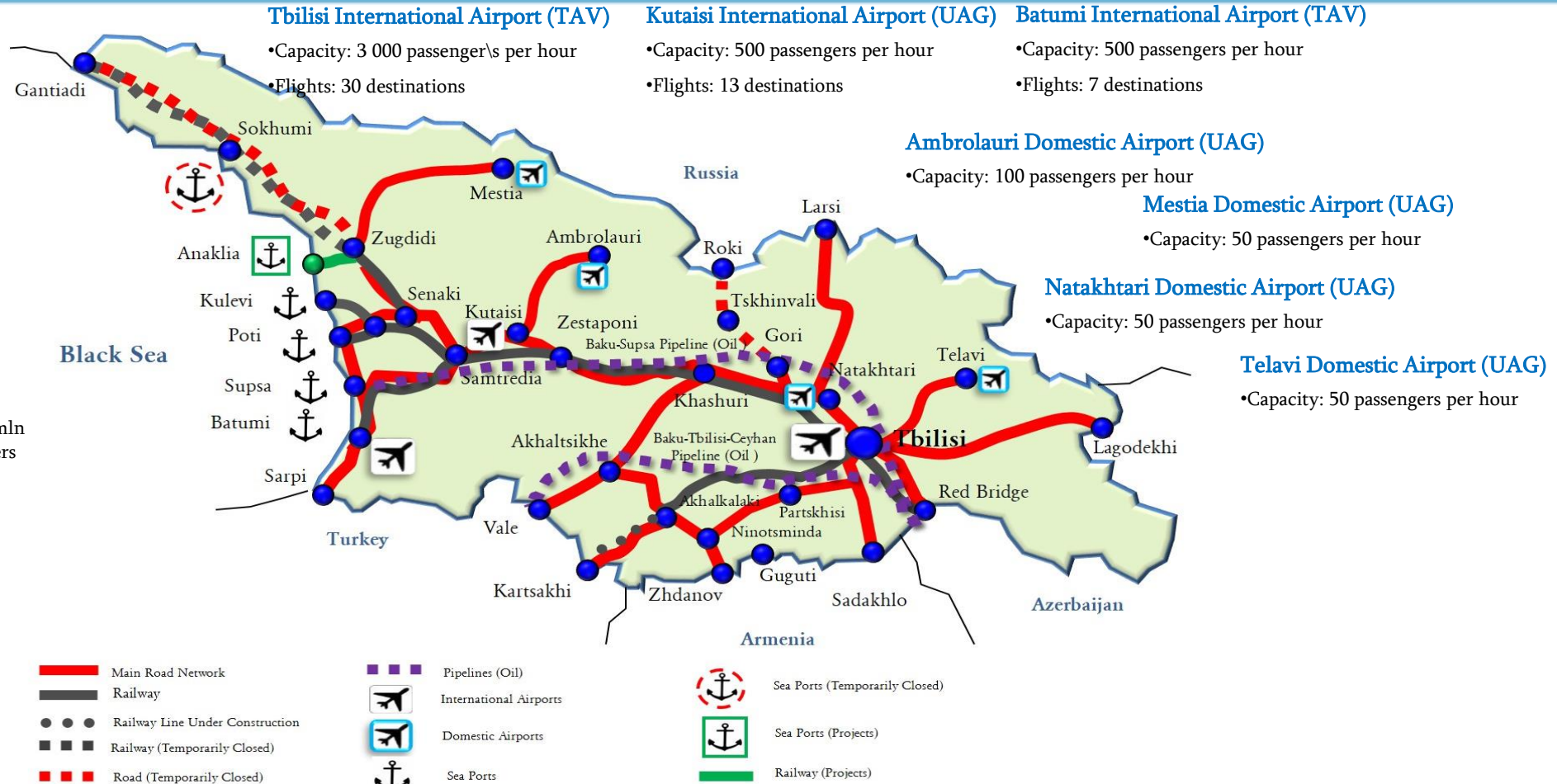
- Total Length: 830 km
- Annual Capacity: 8 mln tons

### Georgian Railway

- Total Length: 2 083.9 km
- Annual Capacity: 28 mln tons

### Road

- Total Length: 20,329 km
- Capacity: min. 8-10 thousand motor vehicles per day, max. 50 thousand motor vehicles per day (highway)



# Georgia's Contribution to Regional Connectivity

## Vision and Strategic Objectives

### ➤ Vision:

- ✓ Full realization of Georgia's transit potential

### ➤ Strategic Objectives:

- ✓ Development of transport infrastructure
- ✓ Enhancement of international cooperation
- ✓ Harmonization of national legislation with European legislation
- ✓ Development of logistics centers and value added services
- ✓ Improvement of safety and service standards



# Large-Scale Infrastructure Projects

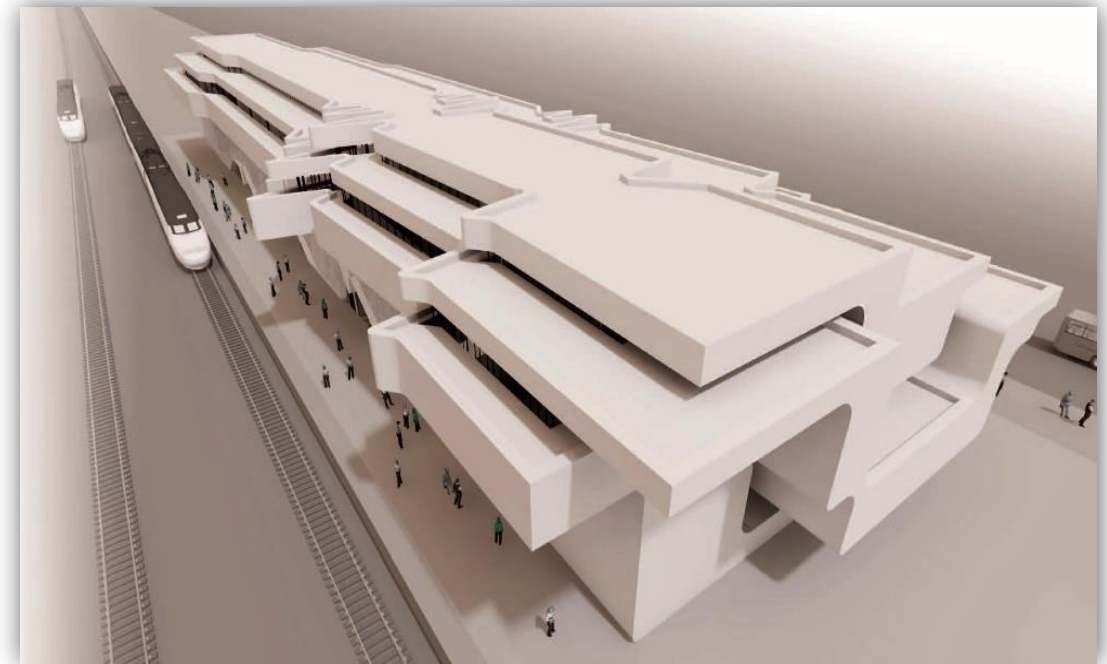
## Vision and Strategic Objectives

### Anaklia Deep Sea Port



- Anaklia Port will be constructed in 9 phases
- Capacity of the I phase: 8 mln tons / Last phase: 100 mln tons
- Total project cost: USD 2.5 billion Cost of the first phase: USD 600 mln
- Government contribution ≈ USD 600 mln

### Baku – Tbilisi – Kars New Railway Connection Line



- Rehabilitation, reconstruction and construction of the 180 km-long railway line
- Capacity: 5 - 15 mln tons, 1 mln passengers
- Major construction works on the Georgian territory will be completed by the end of 2017

# Large-Scale Infrastructure Projects

## Vision and Strategic Objectives

### Development of Logistics Centers (WB)



- Feasibility study at the final stage
- 2 best locations selected for the creation of 2 logistics centers – Kumisi (East Georgia), Kutaisi (West Georgia)
- Determining an optimal model of PPP
- Call for expression of interest for the selection of investors

### Expansion of Tbilisi International Airport



- Construction of a new arrivals terminal at Shota Rustaveli Tbilisi International Airport
- Construction launched in late June 2016
- Terminal will cover an area of 6300 m<sup>2</sup> and will be equipped with the latest technology

### Reconstruction of Air Traffic Control Centre in Tbilisi



- The project aims at upgrading/expanding the existing Automated Air Traffic Control System (SELEX)
- The reconstruction works of the Air Traffic Control Centre are in the final stage of completion
- Design Document of the Automated Management System prepared by Spanish company (Indra Systemas, S.A.) was approved
- The factory acceptance testing (FAT) is currently underway
- The project will be completed in 2017

# Large-Scale Infrastructure Projects

## Vision and Strategic Objectives

### Railway Modernization



- Capacity of the Khashuri-Zestafoni railway section will increase from 28 mln tons above to 100 mln tons per year
- Project Cost – CHF 260,1 mln
- Project Completion – 2019

### E60-E70 Highway (Red bridge-Poti- Sarpi) Development Program



- Capacity of the Highway will be 30-50 thousand vehicles per day
- In total, the project envisages the construction of 450km Highway which will be completed in 2020
- 150 km of the Highway (6 sections) is already constructed



# Large-Scale Infrastructure Projects

## Donors and Partners



**WB – World Bank**



**EU – European Union**



**Kuwait Fund**



**EIB – European  
Investment Bank**



**ADB – Asian  
Development Bank**



**JICA – Japan International  
Cooperation Agency**



**AIIB – Asian  
Infrastructure Investment  
Bank**



**Korea Economic Development Co-operation Fund**



# Development of New Transit Routes and Corridors

## Trans-European Transport Network – TEN-T





# Development of New Transit Routes and Corridors

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



### Transit and Transport Cooperation (Lapis Lazuli Route Agreement)

#### Participating countries:

Afghanistan, Turkmenistan, Azerbaijan, Georgia, Turkey



## Persian Gulf-Black Sea corridor

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



## Baltic Sea- Black Sea –Caspian Sea International Transport Corridor

Participating countries: Latvia, Lithuania, Estonia, Belarus, Ukraine, Moldova, Bulgaria, Georgia, Azerbaijan



## Development of New Transit Routes and Corridors Belt and Road



- Strategically located between Europe, Asia and the Middle East Georgia is one of the key platforms for revitalizing the ancient Silk Road
- Georgia actively supports the Belt and Road Initiative unveiled by the Chinese Government in 2013 intending to improve intra & inter-regional connectivity and boost trade relations between countries
- On March 9, 2015 the Memorandum on the Silk Road Economic Belt Development Cooperation between Georgia and the People's Republic of China was signed



**China's Belt and Road Initiative**

# Georgia as a Logistic Hub

## Location

- Strategically located between the Black and Caspian Seas
- 17 million South Caucasus's population is reachable by truck within a day's drive

## Connectivity

- Well integrated into the local and regional road and rail network
- Baku-Tbilisi-Kars Railway connection to Turkey and West Europe
- Excellent sea connection to the East Europe and Turkey

## Capability

- Two Black Sea ports with a future capacity 2 million TEU
- Developing intermodal infrastructure with a throughput cap. of 65 million tons
- Planned deep sea port with a handling cap. of 895 000 TEU (I phase)



## Trade facilitation

- 
- Liberal trade regimes
- Simplified export/import procedures
- Free trade agreements with main trade partners

## Anchor business

- 
- Growing number of international 3PLs
- Rapid development of international wholesale and retail
- Developing manufacturing sector

Thank you for your attention

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