Ministry of Economy and Sustainable Development of Georgia

Georgia as a Gateway to Europe and Asia
Country Profile

- Strategically located at the crossroad of Europe and Asia
- Free Trade Agreements with 2.3 bln market - EU, China (Including Hong Kong), Turkey, Ukraine, CIS & EFTA
- Modern and fast-developing infrastructure
- Skilled and competitively priced labor force
- Stable, effective and well-developed banking sector
- Flat-rate, low taxes - No corporate profit tax on reinvested profit
- Recognized as one of the easiest places to do business in the world
Economic growth in 2018: 4.8%
Average real GDP growth projection in 2020-2024, according to IMF: 5.0%
Foreign Direct Investments

In 2017 FDI in Georgia amounted to 1,962.6mln. USD reaching all time record high.

In 2018 FDI amounted to 1,265.2 mln. USD.

In first half of 2019 FDI amounted to 473.2 mln. USD.

In 2017 FDI in Georgia amounted to 1,962.6mln. USD reaching all time record high.

In 2018 FDI amounted to 1,265.2 mln. USD.

In first half of 2019 FDI amounted to 473.2 mln. USD.
External Trade

**Top 5 trading partners in total Exports – 2019 Jan–Oct**

- Ukraine: 6.6%
- Bulgaria: 7.6%
- Armenia: 10.2%
- Azerbaijan: 13.2%
- Russia: 13.5%

**Top 5 commodity positions by Exports – 2019 Jan–Oct**

- Cooper ores: 17.4%
- Motor cars: 17.2%
- Ferro-alloys: 8.3%
- Wine: 5.8%
- Medicaments: 4.9%

**Top 5 trading partners in total Imports – 2019 Jan–Oct**

- Turkey: 17.7%
- Russia: 10.6%
- China: 9.8%
- Azerbaijan: 5.8%
- Germany: 4.9%

**Top 5 commodity positions by Import – 2019 Jan–Oct**

- Oil and Oil Products: 8.4%
- Medicaments: 3.3%
- Copper ores: 7.2%
- Motor cars: 6.6%
- Gases: 4.0%

*Preliminary data
Source: [www.geostat.ge](http://www.geostat.ge)
80% of Goods Free From Import Tariff

Rapidly Increasing Market Size by FTAs

- China - FTA
- EFTA - FTA
- Turkey - FTA
- CIS - FTA
- EU - DCFTA
- US, Canada, Japan - GSP
- India – Ongoing Consultations on FTA
- Israel – Ongoing Feasibility Study on FTA
Tourism Statistics

INTERNATIONAL VISITORS (THOUSAND)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sea</th>
<th>Railway</th>
<th>Air</th>
<th>Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.8</td>
<td>1.0</td>
<td>12.8</td>
<td>85.4</td>
</tr>
<tr>
<td>2015</td>
<td>0.7</td>
<td>0.9</td>
<td>14.0</td>
<td>84.4</td>
</tr>
<tr>
<td>2016</td>
<td>0.7</td>
<td>0.8</td>
<td>18.5</td>
<td>80.0</td>
</tr>
<tr>
<td>2017</td>
<td>0.5</td>
<td>0.8</td>
<td>22.2</td>
<td>76.5</td>
</tr>
<tr>
<td>2018</td>
<td>0.5</td>
<td>0.9</td>
<td>24.8</td>
<td>73.8</td>
</tr>
<tr>
<td>2018/11</td>
<td>0.4</td>
<td>1.0</td>
<td>25.1</td>
<td>73.6</td>
</tr>
<tr>
<td>2019/11</td>
<td>0.5</td>
<td>1.1</td>
<td>24.2</td>
<td>74.3</td>
</tr>
</tbody>
</table>

Source: Information Centre, Information and Analytical Department, Ministry of Internal Affairs of Georgia
## Business Friendly Environment

### Doing Business
(out of 190 countries)

**№ 7**
*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 enterprise.

### Economic Freedom
(out of 180 countries)

**№ 16**
*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 180 countries)

**№ 41**
*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)

**№ 5**

In the last ranking of countries by crime index, Georgia was named as one of the safest places in the world.
Transport Network of Georgia

Sea Ports & Terminals

Poti Sea Port (APM Terminals)
• Berths - 15
• Depth: 8-11m
• Annual Capacity: 4 mln tons of dry cargo, 1 mln tons of oil products, 1.0 mln. Ferry cargo, 550 000 TEU

Batumi Sea Port (BIH)
• Berths - 11
• Depth: 9-12m
• Annual Capacity: 15 mln tons of oil products, 2 mln tons of dry cargo, 0.7 mln. Ferry cargo, 180 000-200 000 TEU, 180 000 passengers

Kulevi Sea Terminal (Socar)
• Berths - 2
• 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

Airports

Tbilisi International Airport (TAV)
• Capacity: ≈3 000 passengers per hour

Kutaisi International Airport (UAG)
• Capacity: ≈800 passengers per hour

Batumi International Airport (TAV)
• Capacity: ≈600 passengers per hour

Ambrolauri Domestic Airport (UAG)
• Capacity: ≈100 passengers per hour

Mestia Domestic Airport (UAG)
• Capacity: ≈50 passengers per hour

Natakhtari Domestic Airport (UAG)
• Capacity: ≈50 passengers per hour

Telavi Domestic Airport (UAG)
• Flight training

Pipelines

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, Diameter - 530 mm
• Annual Capacity: 8 mln tons

Roads

• Total Length: ≈20 000 km
• Capacity: min. 8-10 thousand motor vehicles, max. 50 thousand motor vehicles per day (highway)

Railway

• Total Length: 1,342 km
• Annual Capacity: 28 mln tons

Pipelines

Baku–Supsa Pipeline (BP)
• Total Length: 830 km, Diameter - 530 mm
• Annual Capacity: 8 mln tons
Transport Infrastructure Development
Extension of Trans-European Transport Network (TEN-T)

- TEN-T is divided into “Core” and “Comprehensive” networks:

  - **Comprehensive network** – covers the whole EU region and includes all transport modes
  - **Core Network** - is a part of the comprehensive network consisting of the most important transport connections and is considered as a high priority

- Completion of the TEN-T Core Network is planned by 2030 and of the Comprehensive Network by 2050

- High-level Understanding between Georgia and the EU on the Trans-European Transport Network Extension to Georgia was signed in Brussels on 18 July 2018

- Extension of the TEN-T to the Eastern Partnership (EaP) region officially came into force on 9 January 2019

The Indicative TEN-T Investment Action Plan identifies priority investments of around 12.8 billion Euros for the EaP countries.

According to the Investment Plan, 18 priority projects with the total cost of around 3.4 bln Euros have been identified in Georgia.

Completion of the priority projects listed in the Investment Action Plan is envisaged by 2030.
Large-scale Railway Project by Georgia and Neighbouring Countries

- 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 has been completed
- BTK line is currently in the testing mode
Implementation of Large-scale Transport Infrastructure Projects
Donors and Partners

**WB** – World Bank

**EU** – European Union

**ADB** – Asian Development Bank

**JICA** – Japan International Cooperation Agency

**EIB** – European Investment Bank

**Kuwait Fund**

**AIIB** – Asian Infrastructure Investment Bank

**EU** – European Union
Development of Transport Routes and Corridors

Georgia is a member since 1993

Georgia is a member since 2016
Development of Transport Routes and Corridors

**Black Sea - Caspian Sea Transport Corridor**
- Participating countries: Turkmenistan, Azerbaijan, Georgia, Romania

**Lapis Lazuli Route**
- Participating countries: Afghanistan, Turkmenistan, Azerbaijan, Georgia, Turkey

**Persian Gulf-Black Sea Corridor**
- Participating countries: Iran, Azerbaijan, Armenia, Georgia, Bulgaria, Greece
Railway - Based Multimodal Transportation between Europe and Asia

Middle Corridor

Note:
Khorgos - Georgia Lead time: 9-10 days
Lianyungang - Khorgos Lead time: 5 days
Factors:
- Increased tendency in transportation of tomato pasta to Italy
- Block trains from Lianyungang to Istanbul
- Local export and transit from Turkey
- Rhine-Danube direction development

Total TEU

<table>
<thead>
<tr>
<th>Year</th>
<th>TEU</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>220</td>
</tr>
<tr>
<td>2016</td>
<td>132</td>
</tr>
<tr>
<td>2017</td>
<td>198</td>
</tr>
<tr>
<td>2018</td>
<td>1,332</td>
</tr>
<tr>
<td>2019</td>
<td>2,774</td>
</tr>
<tr>
<td>2020</td>
<td>21,250</td>
</tr>
</tbody>
</table>

Forecast
Number of Containers (TEU) Handled by Georgia’s Sea Ports in 2013-2019

- 2013: 403,447
- 2014: 446,972
- 2015: 379,816
- 2016: 329,805
- 2017: 394,787 (15.0% growth)
- 2018: 453,938
- 2017/10-2018/10: 319,870
- 2018/10-2019/10: 370,128 (42.1% growth)
- Total: 526,059

Transported cargo by Georgian Railway

- 2018:
  - Transit: 41.6%
  - Local: 18.1%
  - Export: 11.6%
  - Import: 28.7%

- 2019/10:
  - Transit: 48%
  - Local: 16%
  - Export: 12%
  - Import: 24%

Growth in railway freight in TEU

- 33.6% growth in container business in 2019/10 compared to 2018/10
- 37.2% growth in container business in 2018 compared to 2017
International Road Transport of Goods in 2014-2019 (mln. tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>Export</th>
<th>Import</th>
<th>Transit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.7</td>
<td>3.1</td>
<td>2.6</td>
<td>6.4</td>
</tr>
<tr>
<td>2015</td>
<td>0.9</td>
<td>3.0</td>
<td>2.7</td>
<td>6.6</td>
</tr>
<tr>
<td>2016</td>
<td>1.0</td>
<td>3.4</td>
<td>2.9</td>
<td>7.3</td>
</tr>
<tr>
<td>2017</td>
<td>1.4</td>
<td>3.8</td>
<td>3.6</td>
<td>8.8</td>
</tr>
<tr>
<td>2018</td>
<td>1.3</td>
<td>4.0</td>
<td>4.0</td>
<td>9.3</td>
</tr>
<tr>
<td>2018/10</td>
<td>1.0</td>
<td>3.3</td>
<td>3.3</td>
<td>7.6</td>
</tr>
<tr>
<td>2019/10</td>
<td>1.2</td>
<td>3.6</td>
<td>3.9</td>
<td>7.7</td>
</tr>
</tbody>
</table>

+4.3% growth from 2014 to 2018

+12.7% growth from 2018 to 2019/10
In total, 104 bilateral and multilateral agreements are concluded:

- Civil Aviation - 38
- Maritime Transport - 22
- Road Transport - 31
- Railway Transport - 11
- Transport Corridor - 2
Work continues on 27 bilateral agreements

- Civil Aviation - 19
- Maritime Transport - 4
- Road Transport - 4
Thank you for your attention