



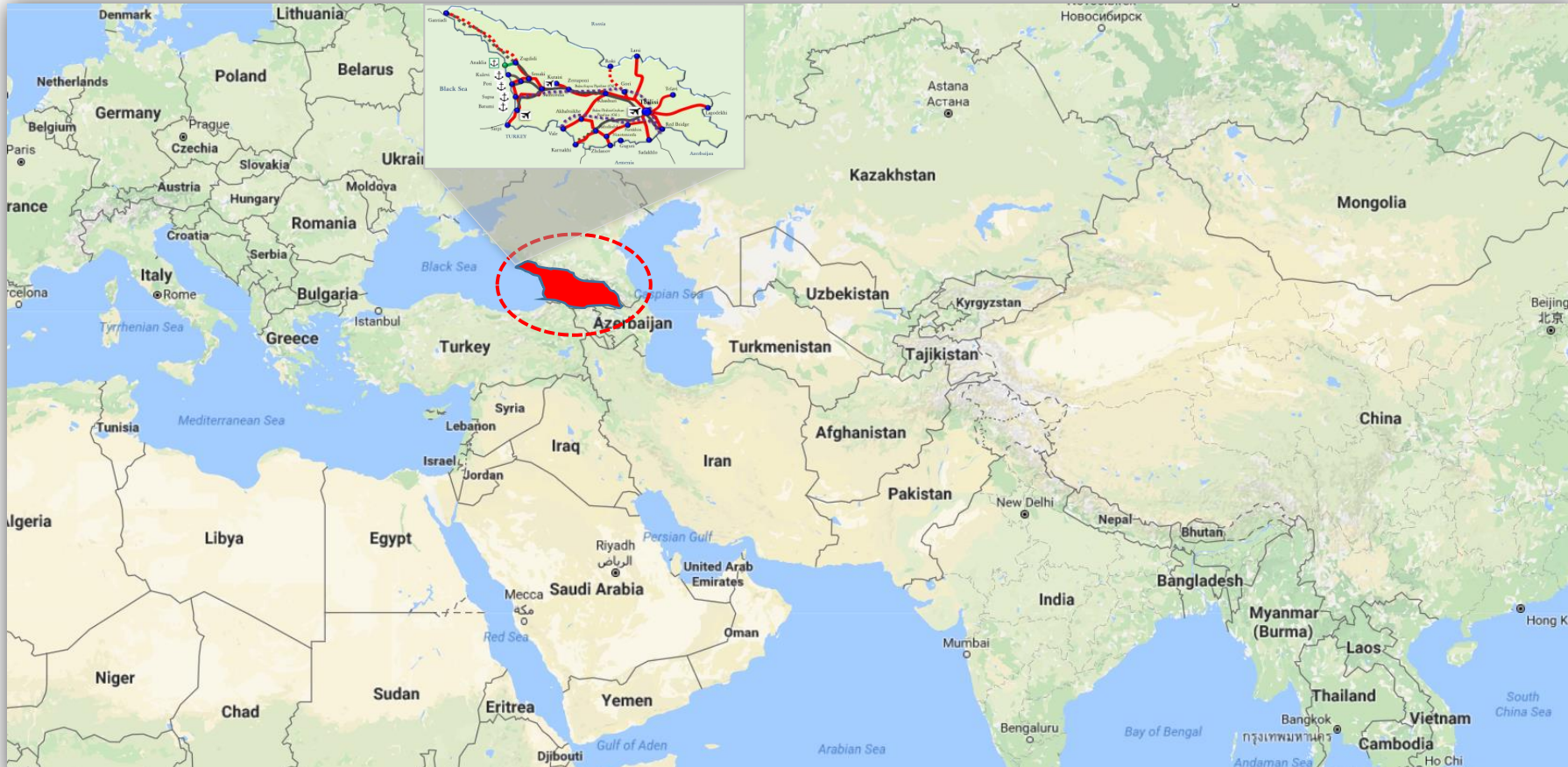
Ministry of Economy and Sustainable Development of Georgia

New Opportunities for CAREC with Georgia's Accession



Country Profile and Economic Snapshot

Georgia – Asia's Gateway to Europe



Georgia - Growing Economy

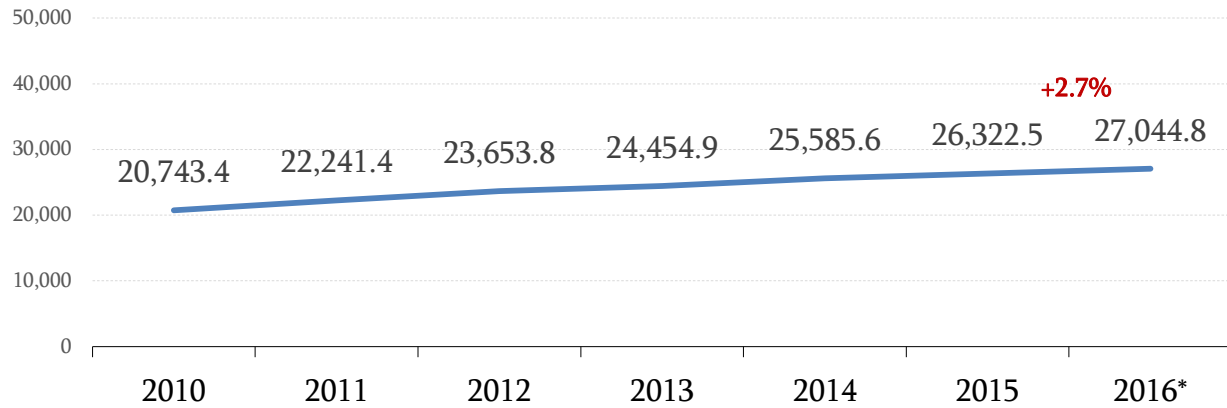
Population	3.7 mln
GDP	USD 14.3 bln - 2016
GDP growth:	2.7% - 2016 5.0% (January – March 2017) Forecast by GoG: 2017 - 4%
FDI	USD 1.6 bln (2016)
External Trade:	USD 9.4 bln (2016)
Unemployment rate	12.0% (2015)

Source: www.geostat.ge

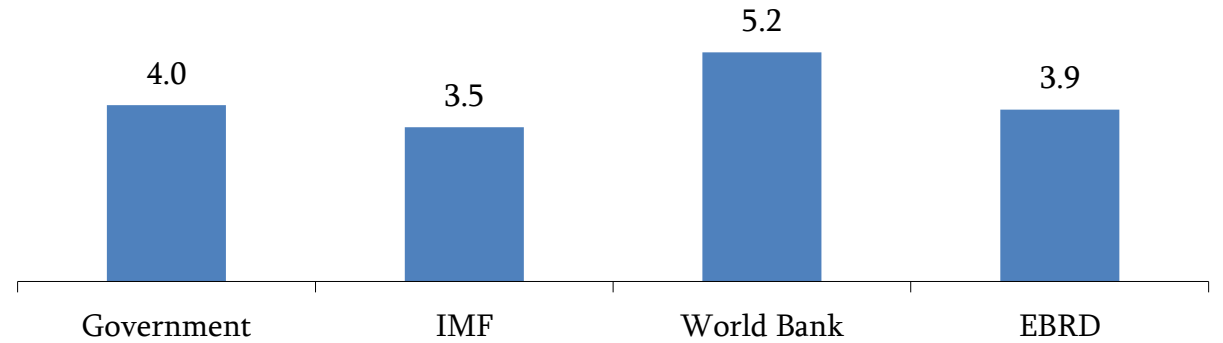
*-preliminary data

Economic Overview

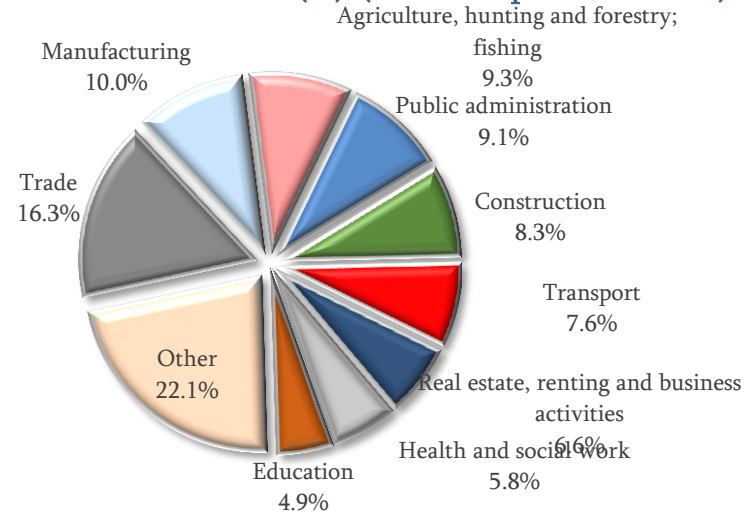
Gross Domestic Product (at Constant 2010 Prices, mil. GEL)



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



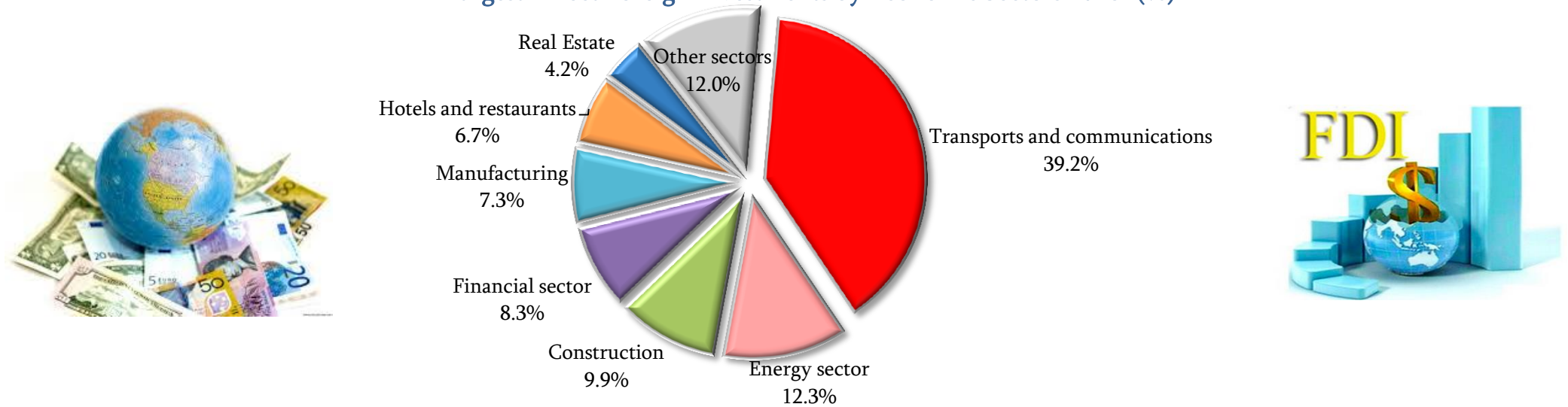
GDP structure 2016* (%), (at current prices, mil GEL)



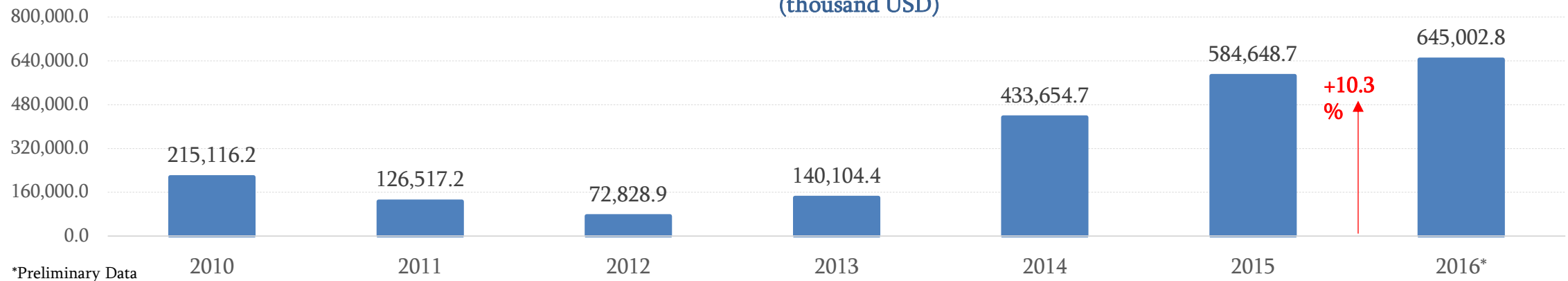
*Preliminary Data

Economic Overview

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



Direct Foreign Investments in Transport and Communications (thousand USD)

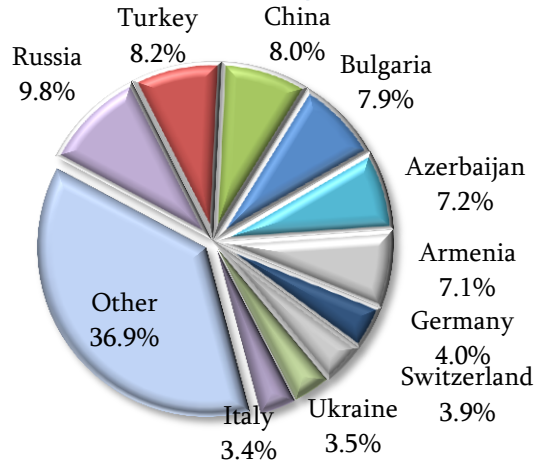


*Preliminary Data

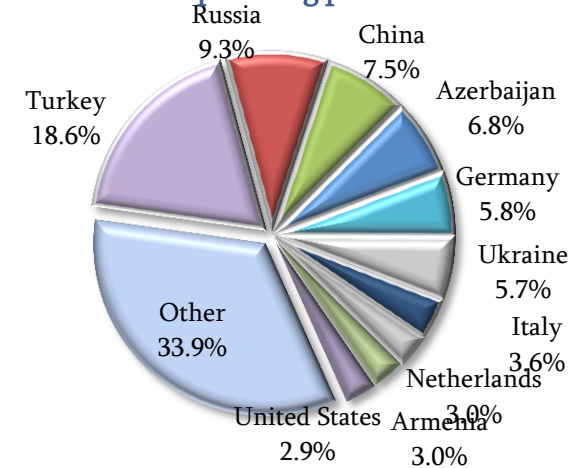
Economic Overview

External Trade (%)

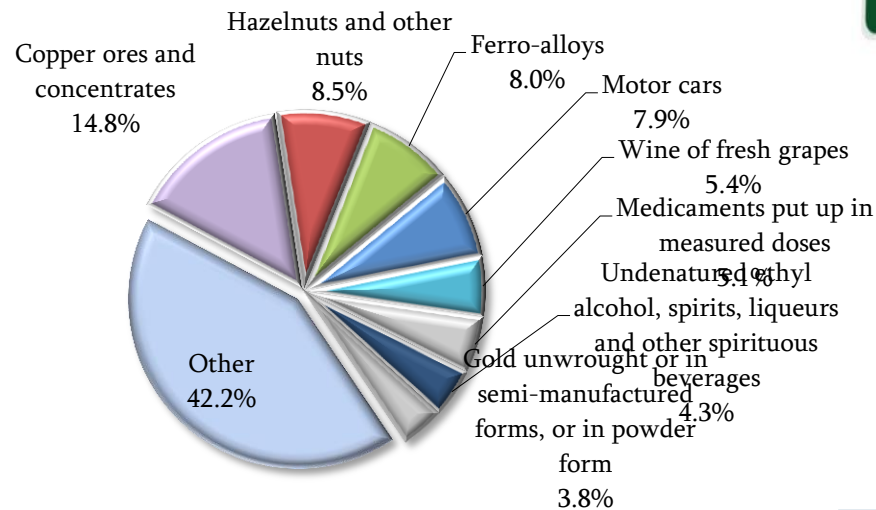
Share of the top trading partners in total exports - 2016*



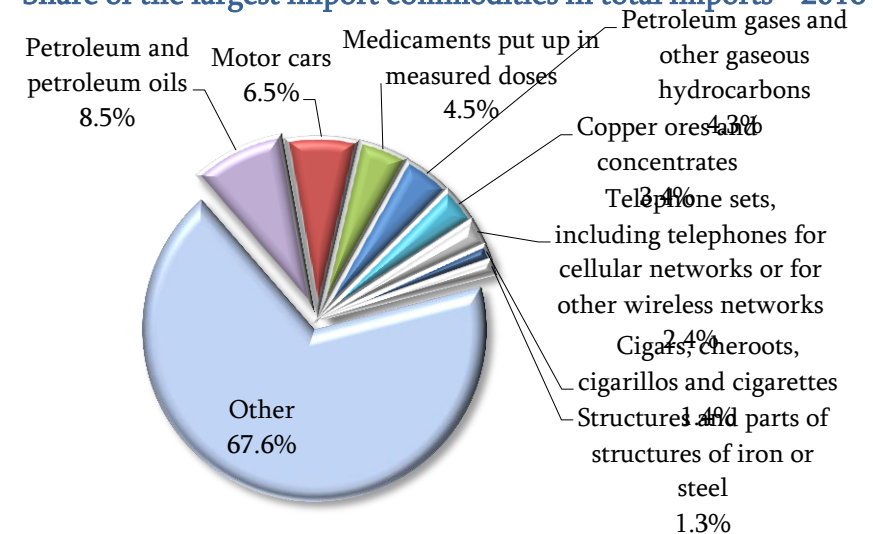
Share of the top trading partners in total imports - 2016*



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

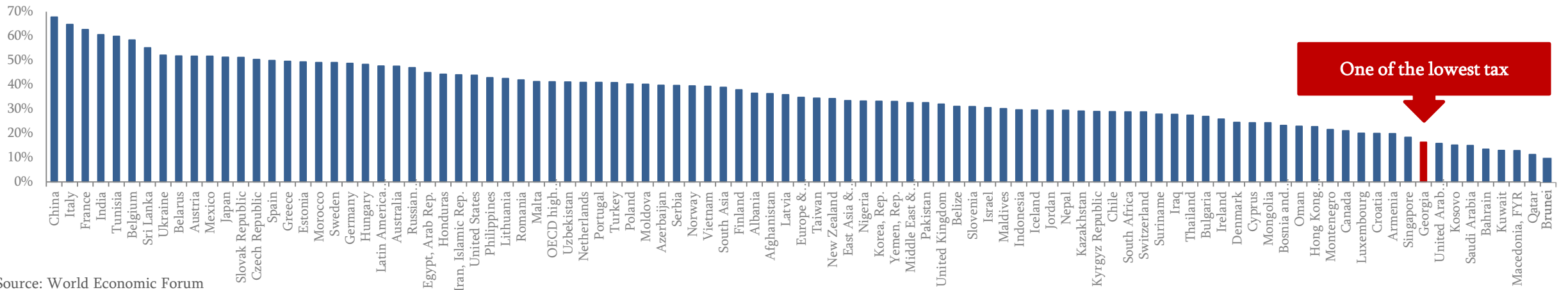
Taxes in Georgia

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

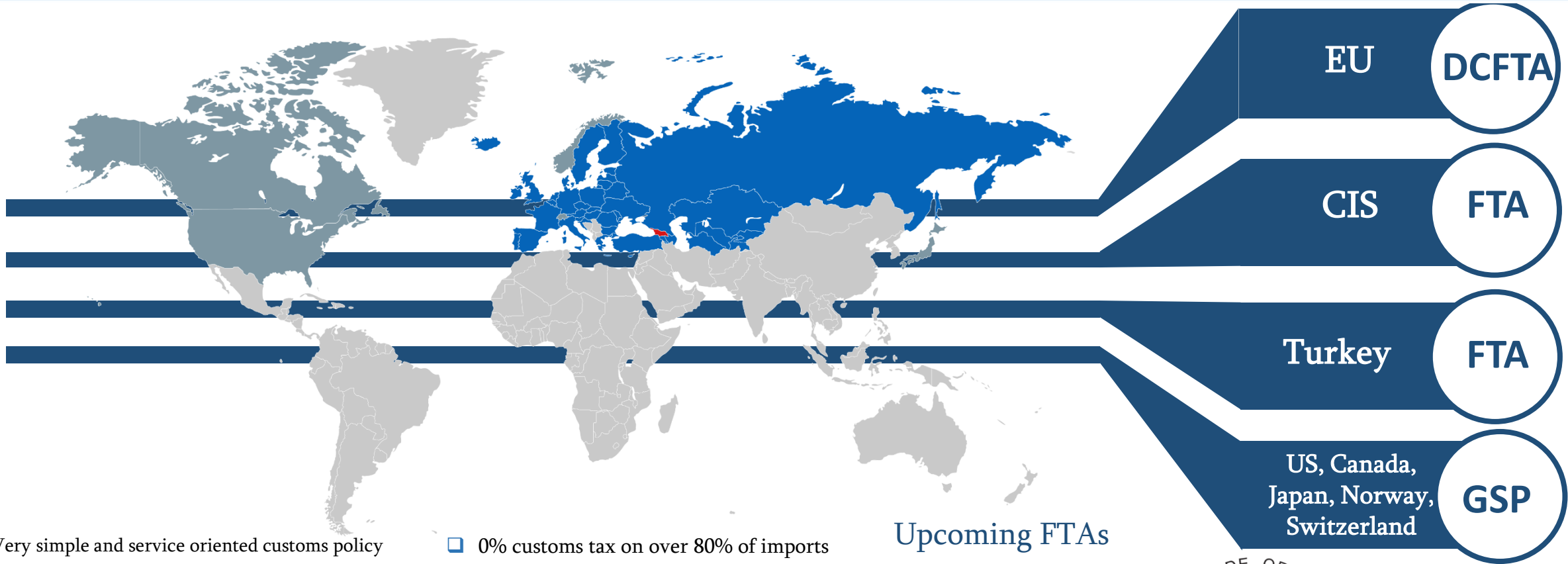
- » Only 6 flat taxes today
- » No payroll tax or social contribution
- » No wealth tax
- » Foreign-source income of individuals fully exempted
- » Double Taxation avoidance with 54 countries

9th Least Tax Burden Country in the World

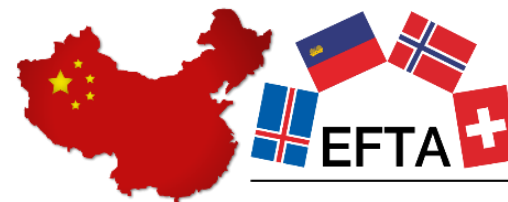


Source: World Economic Forum

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)

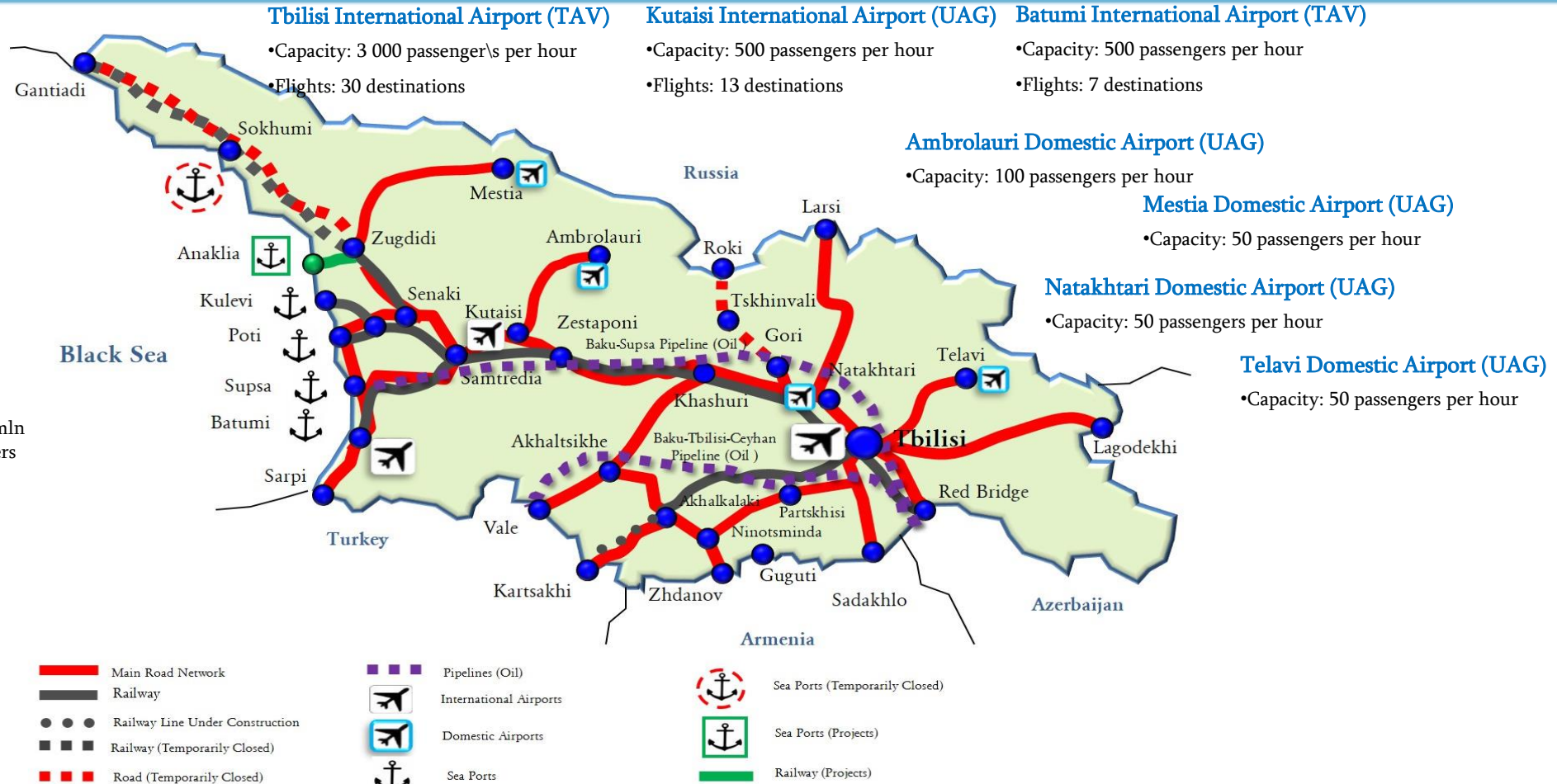
- Total Length: 830 km
- Annual Capacity: 8 mln tons

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 100 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 m² 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

TEN-T Highway Network – 600km



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

*Ketevan Salukvadze
Head of Transport and Logistics Development Policy Department
Ministry of Economy and Sustainable Development of Georgia*

Tel: +995322 991150

E-mail: ksalukvadze@economy.ge