

# U.S. Country Commercial Guides



Georgia  
2019

## Table of Contents

Market Overview	5
Market Challenges	5
Market Opportunities	6
Market Entry Strategy	6
<b>Political Environment</b>	<b>8</b>
Political Environment	Error! Bookmark not defined.
<b>Selling U.S. Products &amp; Services</b>	<b>9</b>
Using an Agent to Sell US Products and Services	9
Establishing an Office	9
Distribution & Sales Channels	10
Selling Factors & Techniques	11
Trade Promotion & Advertising	12
Local Professional Services	14
<b>Leading Sectors for US Exports &amp; Investments</b>	<b>16</b>
Agricultural Sector	16
Architecture/Construction/Engineering Services (ACE)	18
Electrical Power Systems (ELP)	20
Tourism	22
<b>Customs, Regulations and Standards</b>	<b>24</b>
Trade Barriers	24
Import Requirements & Documentation	24
Labeling/Marking Requirements	24
U.S. Export Controls	24
Temporary Entry	24
Customs Regulations	26
Trade Agreements	27
Licensing Requirements for Professional Services	28
Web Resources	28
<b>Investment Climate Statement</b>	<b>29</b>
Executive Summary	29
Openness To, and Restrictions Upon, Foreign Investment	30
Bilateral Investment and Taxation Treaties	32
Legal Regime	33

Industrial Policies _____	38
Protection of Property Rights _____	40
Financial Sector _____	42
State-Owned Enterprises _____	44
Responsible Business Conduct _____	45
Corruption _____	45
Political and Security Environment _____	47
Labor Policies and Practices _____	47
OPIC and Other Investment Insurance Programs _____	49
Foreign Direct Investment and Foreign Portfolio Investment Statistics _____	49
Contact for More Information on the Investment Climate _____	51
<b>Trade &amp; Project Financing _____</b>	<b>52</b>
Methods of Payment _____	52
Banking Systems _____	52
Foreign Exchange Controls _____	52
US Banks & Local Correspondent Banks _____	52
Project Financing _____	53
Financing Web Resources _____	53
<b>Business Travel _____</b>	<b>55</b>
Business Customs _____	55
Travel Advisory _____	55
Visa Requirements _____	55
Telecommunications/Electronics _____	55
Transportation _____	55
Language _____	56
Health _____	56
Local Time, Business Hours and Holidays _____	57
Temporary Entry of Materials or Personal Belongings _____	57
Travel Related Web Resources _____	58

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## Doing Business in Georgia

### Market Overview

Georgia is a small transitional market economy of 3.7 million people with a per capita GDP of \$4,345 (2018). Georgia is located at the crossroads between Europe and Asia. Its strategic location makes it a natural logistics and transit hub along the “New Silk Road” linking Asia and Europe via the Caucasus.

The Georgian economy is growing steadily, but external shocks in the region, such as international sanctions related to the Russia-Ukraine conflict have had a negative impact on Georgia’s economy and contributed to a relatively low growth rate 2.9 percent in 2015 and 2.8 percent in 2016. However, in 2017 and 2018 the economy grew by 4.8 and 4.9 percent respectively.

In June 2014, Georgia signed an Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA) with the European Union (EU). Through reduced tariffs and the removal of technical barriers to entry of exports to the EU, the DCFTA gives Georgian products access to over 500 million people in the EU. Reciprocally, products from the EU now have easier access to the Georgian market. The government is in the process of approximating EU legal and regulatory standards.

Launched in 2009, the bilateral U.S.-Georgia Strategic Partnership Commission (SPC) holds regular government-to-government dialogues, including meetings of an Economic, Energy, and Trade Working Group that aims to coordinate Georgia’s economic development strategy and expand bilateral U.S.-Georgia economic cooperation. In addition to the SPC, in May 2012, the United States and Georgia launched a High-Level Trade and Investment Dialogue to encourage bilateral trade.

Georgia’s successful economic reforms are reflected in its rankings by reputable international organizations. Since 2003, the World Bank has recognized Georgia as one of the world’s fastest reforming economies and as a leader in fighting corruption. Georgia ranks 6th in the 2019 World Bank’s Ease of Doing Business index, 16th in the 2019 Economic Freedom Index, and 66th out of 140 global economies in 2018 Global Competitiveness Report. According to Transparency International, Georgia has the lowest corruption rate in the region and International Credit Rating Agencies (Fitch, Moody’s Investors Service and Standards and Poor’s) rate Georgia as a stable country.

At present, Georgia’s main export markets are Azerbaijan (15.0 percent), Russia (13.0 percent), Armenia (8.3 percent), Bulgaria (7.7) and Turkey (6.9). Georgia’s main sources of imported goods are Turkey (16.0 percent), Russia (10.3 percent), China (9.1 percent), Azerbaijan (6.4 percent) and Ukraine (5.7). Georgia’s main imports are petroleum products and natural gas, automobiles, copper ore, medicines, tobacco products, and wheat. After years of declining domestic manufacturing, most consumer goods are imported.

The Georgian government does not control the separatist territories of Abkhazia and South Ossetia, which have been occupied by Russia since the 2008 Georgia-Russia war. The situation along the administrative boundary line (ABL) between Georgian-controlled territory and the separatist regions remains tense, with ongoing borderization efforts by de facto authorities and continued de facto detentions of those allegedly “illegally” crossing the ABL into the occupied territories.

### Market Challenges

The Georgian government is working to reduce obstacles to doing business in Georgia. The government has reduced or eliminated the majority of tariffs, and depending on the type of goods, custom tariffs could be 0 percent, 5 percent, or 12 percent. The majority of imports are subject to an 18 percent value added tax (VAT) and some products, such as alcohol, tobacco and automobiles, are also subject to an excise tax. In May 2016, the Georgian parliament adopted changes to the country’s income tax laws, which exempted undistributed, reinvested, or retained corporate profits from income profit taxation. The law entered into force on January 1,

2017. Other taxes are Income Tax (20 percent), Corporate Profit tax (15 percent), Dividends Income Tax (5 percent), and Property Tax (0.2-0.8 percent). Starting from 2019, an accumulative pension scheme entered into force, mandating employers make a two percent of employees' salary contribution to the Pension Fund.

Companies have reported problems arising from a lack of judicial independence, inefficient decision making processes at the municipal level, shortcomings in the enforcement of intellectual property rights, lack of effective anti-trust policies, selective enforcement of economic laws, and difficulties resolving disputes over property rights.

Most business is conducted in Georgian, official laws and regulations are printed in Georgian, and products must be labeled in Georgian. However, many Georgians involved in international business speak English and the use of English is widespread.

Communications and marketing skills are still developing, and personal connections remain of great importance. The Prime Minister has prioritized education, and specifically, vocational education.

Consulting an attorney licensed to practice in Georgia is always advisable before any substantial business transaction.

While intellectual property rights legislation is quite advanced and the government signed an agreement with Microsoft in 2015 for the sale of Microsoft's Genuine OS Licenses and Enterprise Licensing for all Georgian government workstations, adherence to and enforcement of intellectual property rights (IPR) remains uneven. As part of its commitment under its AA and DCFTA with the EU, Georgia is improving IPR enforcement and has made notable strides in public education as a first step in enforcement of international IPR standards.

### **Market Opportunities**

Georgia remains an attractive market among countries in the region. The government has increased its focus on developing the infrastructure, energy, tourism, and agriculture sectors and has received substantial support from international donors. Materials, expertise, and equipment for these sectors is in demand.

Construction of roads, energy distribution infrastructure, water systems, hotels, and office space is expanding across Georgia, presenting opportunities for producers of building equipment and materials and providers of architectural and engineering services. Infrastructure is the second largest expenditure in the national budget.

Since consumers' purchasing power is somewhat constrained, consumers are principally interested in processed foodstuffs, used automobiles, and aftermarket accessories. The food processing industry holds particular opportunities given Georgia's agricultural potential, and agricultural machinery and processing lines are in demand.

Information technology, systems, and software are needed to support new business growth.

International organizations and foreign governments have procurement needs that can be filled by U.S. exporters. These agencies include but are not limited to the World Bank, Asian Development Bank, European Bank for Reconstruction and Development (EBRD), and USAID. The Millennium Challenge Corporation (MCC) concluded its first compact with Georgia in 2011; the second compact entered into force in 2014 and ended in July, 2019. As part of that second compact, Georgian students received technical/vocational training as well as U.S. bachelor's degrees in science, technology, engineering and mathematics.

### **Market Entry Strategy**

Connecting with local representation is recommended before entering the Georgian market. American exporters should consider visiting Georgia before signing a sales or representation contract. There are several U.S.-trained and licensed attorneys and Western consulting firms operating in Georgia. In addition, the

Political/Economic Section of the U.S. Embassy in Tbilisi can help U.S. companies search for partners or market information.

## **Political Environment**

For background information on the political and economic environment of Georgia, please visit [U.S. Department of State website](#).

## **Selling U.S. Products & Services**

### **Using an Agent to Sell US Products and Services**

Several business associations operating in Georgia can serve as a resource for obtaining information about local companies, distributors, wholesalers, and retail outlets. The American Chamber of Commerce (AmCham), Georgian Business Association, International Chamber of Commerce (ICC), and Georgian Chamber of Commerce are available to assist interested investors. Practical information is also available via the [Georgian Yellowpages](#).

The U.S. Embassy in Tbilisi regularly fields inquiries from U.S. businesses. In addition to complimentary consultations for U.S. companies, the Political/Economic Section offers services such as “[Gold Key Matching Service](#),” “[International Partner Search](#),” or “[Single Company Promotion](#)” for a nominal fee on behalf of the Department of Commerce. Information may also be available from the Ministry of Economic Development’s Business Information Centers, as well as from the [Ministry website](#). In addition, the Ministry also supports a [website for privatizations and tenders](#).

### **Establishing an Office**

Business entities include sole proprietorships, joint liability companies, limited partnerships, limited liability companies, joint stock companies, and cooperatives.

In general, the process of registering a business in Georgia is quick, streamlined, and usually takes one day to complete. Registration of companies is carried out by the [National Agency of Public Registry](#) (NAPR). For registration purposes, the law does not require a document verifying the amount or existence of the charter capital. A company is not required to complete a separate tax registration. Pursuant to Georgian legislation, initial registration includes both the state and tax registration.

The following information is required to register a business in Georgia: personal information on the founder and principal officers, articles of incorporation, and the company’s area of business activity. Other required documents depend on the type of entity to be established. Registration fees are minimal.

Current legislation does not consider a representative of an international company a legal entity. However, the registration procedure is the same as for other types of enterprises. Companies should consult with licensed attorneys and accountants prior to opening a business in Georgia.

### **Franchising**

Franchising is gaining popularity in fast food, production of soft drinks, hotels, and retail trading of consumer goods, cosmetics, and apparel. Coca-Cola, McDonald’s, Curves, Pepsi, Wendy’s, Subway, Dunkin’ Donuts, KFC, Domino’s Pizza, Best Western, Wyndham Hotels & Resorts, Burger King, Marriott, and Holiday Inn all operate in Georgia.

Franchise relationships are governed by contract and commercial laws.

### **Direct Marketing**

Direct marketing was previously considered difficult in Georgia because of poor postal services and limited use of the Internet. However, direct marketing is growing together with improvements in the telecommunications and respective sectors. Express courier services operating in Tbilisi include FedEx, UPS, TNT, and DHL.

### **Joint Ventures/Licensing**

Joint ventures can be founded as any of the available entities for doing business in Georgia and operate subject to normal commercial laws.

Licensing is regulated by contract and by the Law on Issuing Permits and Licenses for Entrepreneur Activity.

### **Selling to the Government**

The Competition and State Procurement Agency (CSPA) is a state organization that governs government procurement through the e-tender system introduced in 2011. State purchases in the range of GEL 5,000- to 200,000 (\$1,798-71,940) are conducted through a simplified electronic tender which is a substitute to single-source procurement. Purchases above GEL 200,000 (\$71,940) mandate a call for a regular e-tender.

The Law on State Procurement requires an international tender announcement for contracts exceeding GEL 2 million (around \$719,400) for products and services, and GEL 4 million (around \$1.44 million) for public works projects.

Budgetary constraints limit the government's purchasing power. International organizations and foreign governments finance many major procurement purchases, and respective tenders are carried out in line with their regulations and requirements.

Credit terms are one of the most important factors in government purchasing decisions. Product quality and supplier reputation are other factors. However, government procurement is often driven by a lowest bid consideration versus a best value for money approach, which can lead to the cheapest offer winning at the expense of quality.

The time allowed for preparing bids after the announcement of a tender is frequently short. Documentation requirements, including Georgian translations, can be onerous for companies not based in Georgia.

Information about tenders is available from the [Georgian Competition and State Procurement Agency](#), and individual ministries such as the [Ministry of Defense](#).

The Georgian government finances some public work projects through borrowing from Multilateral Development Banks. Please refer to "Project Financing" Section in "Trade and Project Financing" chapter for more information.

### **Distribution & Sales Channels**

Several distribution companies have established networks for food, cosmetics, consumer goods, cars, etc. Some importers may still choose to handle their own distribution.

Some retail stores are sole proprietorships with one outlet, especially in the regions outside Tbilisi, but there are a growing number of market chains such as SPAR, Carrefour, Goodwill, Loli, 2Steps, Fresco, Smart, Agrohob and Nikora. Retail chain shops sell Western brands of cosmetics, household goods, clothing, and electronics.

Turkish trading companies successfully operate in Georgia and opportunities may exist to form alliances with these companies and use their networks.

### **Express Delivery**

There are number of express delivery and courier services operating in Georgia, including FedEx, TNT, UPS, DHL, Aramex, Camex, Express Line Services, Inex Group, etc. The local company USA2Georgia LLC is successfully implementing package shipments from the United States, while GetIt.ge is preferred for shipments from/to the United Kingdom.

Time for shipment varies. For example, USA2Georgia has daily shipments to Georgia. Shipping takes approximately one week and includes a free delivery service to homes within Tbilisi. Shipping fees depend on package weight and dimensions.

The state owned Georgian Post provides a universal postal service and has a significant comparative advantage as the largest network across the country. Georgian Post incorporates “Georgian International Express Mail Service” founded in 2001. It is included in the world network of the Express Mail Services providing mail services for EMS letters and parcels in 192 countries. Government has announced its plan to privatize Georgian Post in 2019.

Web Sources:

- [Georgian Post](#)
- [FedEx Georgia](#)
- [TNT Georgia](#)
- [DHL Georgia](#)
- [USA2Georgia](#)
- [Getit.ge](#)
- [Inex](#)

### **Selling Factors & Techniques**

American goods enjoy an excellent reputation. Price is usually the consumer’s principal purchasing decision factor.

Local entrepreneurs often request concessionary payment terms or credit. American exporters should be wary of extending credit before establishing a long and satisfactory trading history with a customer, as well as limiting exposure. Cash in advance or the use of irrevocable letters of credit through a reputable local correspondent bank is advised. Enforcement of contractual rights by the local court system remains uneven.

### **eCommerce**

E-commerce is gaining a foothold as internet penetration increases year-by-year. By the end of 2018, 74 percent of households had broadband internet connections, and 55.2 percent of cellphone users used mobile internet.

The World Bank Group, with the support of the European Union under its EU4Digital program, has been preparing recommendations for the government on a national broadband development strategy. Such a strategy would define measures that promote the roll out of more, faster, and affordable internet services across Georgia. The government will consider the recommendations and subsequently prepare its strategy for consultation and adoption in 2019.

Credit card penetration is also increasing rapidly. As of April 2019 there were 6.7 million debit cards and 0.7 million credit cards issued across Georgia’s population of 3.7 million people. Cardholders can pay public utilities electronically and purchase goods. Electronic utilities payment is widespread through a growing network of electronic payment kiosks, particularly in larger cities. Electronic transactions over the last 4 years have increased significantly. For example, in March 2019, Georgian residents carried out 26.4 million transactions by payment cards worth \$816 million, 92 percent of which were in-country transactions.

There are no major buying holidays for e-commerce specifically, except Black Friday, since most apparel and consumer goods shopping is done from U.S. sources, such as amazon.com. Other popular e-commerce sites are [Alibaba](#), [Aliexpress](#), [Ebay](#), etc. Preferred payment methods include credit/debit card payments or PayPal.

Georgia is harmonizing the electronic flow of information among key players in the logistics, shipping and transport industries by launching the Trade Facilitation System (TFS). The TFS enables traders, customs brokers, freight forwarders, shipping lines and other players in international trade to submit information through a single entry point.

Georgia's Ministry of Economy and Sustainable Development (MoESD) is currently engaged in developing a draft law on e-Commerce. The adoption of the EU e-Commerce Directive is part of the Georgian government's commitment under its AA with the EU. The Law on e-Commerce will regulate the rights and obligations of intermediary service providers in the e-Commerce process, as well as protect consumers by making information services more transparent and standardized. The draft has passed committee hearings in the parliament and its adoption is planned in 2019.

### **Trade Promotion & Advertising**

The Advertising Law sets advertising standards in Georgia. Advertisements must be in Georgian, and trademarks in a foreign language need to be accompanied with Georgian text. Pharmaceutical and medical equipment advertising requires a permit from the Ministry of Health, Labor, and Social Affairs. Advertising of firearms—including firearms used for sport—requires special permission from the Ministry of Internal Affairs. Alcohol and cigarette advertising is also subject to restrictions in the Advertising Law. Municipalities supervise and monitor compliance with the Advertising Law.

There are several advertising agencies in Georgia, but businesses usually contact television, press, and radio advertising agencies directly. Georgian broadcasters successfully switched from analogue to digital in 2015. The Tbilisi-based Georgian Public Broadcaster (GPB) includes Channel 1, Channel 2 as well as the Batumi-based Adjara TV, and the State Budget funds all three. There are also a number of independent commercial television broadcasters, such as Imedi, Rustavi 2, Pirveli TV, Maestro, Kavkasia, Georgian Dream Studios (GDS), Obiektivi, and a small Russian language operator TOK TV. Tabula and Post TV are web-based television outlets. All of these broadcasters and web-based television outlets, except GDS, carry the news. The Georgian Orthodox Church also operates a satellite-based television station called Unanimity. There are 26 regional television broadcasters across Georgia that are members of the Georgian Association of Regional Broadcasters and/or the Alliance of Georgian Broadcasters. The broadcaster organizations seek to strengthen the regional media's capacities and distribution of regional products.

The major newspapers are the weekly newspaper Kviris Palitra, weekly tabloids Asaval-Dasavali and Kviris Qronika, the daily tabloids Alia, Akhali Taoba, and Resonansi. Georgia Today, The Messenger, the Georgian Journal, and the Georgian Times are English language publications. Major analytical magazines—no longer in print but online—are the weekly Tabula and Liberali, and major online publications include Netgazeti, Interpressnews, ambebi.ge, agenda.ge, ghn.ge, Civil.ge, BM.ge, Sakinformi.ge, and DFWatch.

Major periodicals are The Georgian Business Week (in Russian and English), Bank and Finance, Banki Plus, Finance, Macro-Micro Economics, and Economics (in Georgian and English). The Association of Regional Publishers is based in Tbilisi and was founded by regional newspapers. The American Chamber of Commerce in Georgia publishes the bimonthly Investor.ge magazine in English.

[Expo Georgia](#), a local exhibition and conference center, also offers online advertising services including banner placement and links on its website.

### **Pricing**

Because of limited consumer purchasing power, price is the primary factor driving sales. In a sector where American exporters do not enjoy a technological advantage, there is significant price competition from low-cost suppliers in Turkey, Iran, and East Asia. Imports of taxable goods and taxable operations at every stage are subject to an 18 percent VAT.

### **Sales Service/Customer Support**

A growing number of official distributors and individual retailers offer delivery and installation services, as well as issue their own warranties on big-ticket items, usually for up to one or two years. American firms entering the Georgian market should consider the logistics of supporting their products in-country.

### **Protecting Intellectual Property**

Although Georgia has signed all relevant treaties and enacted legislation in compliance with its international obligations, as a practical matter, protection and enforcement of intellectual property rights remains problematic. See Chapter 6 for more information on intellectual property (IP) enforcement. However, the government has taken several steps to introduce better practices. In addition, the EU-Georgia AA signed in 2014 mandates improved performance in this regard. Companies that intend to invest or trade in Georgia might be affected by intellectual property rights issues and are invited to discuss the matter with the Political and Economic Section of the U.S. Embassy in Tbilisi.

Several general principles are important for effective management of intellectual property (“IP”) rights in Georgia. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Georgia than in the United States. Third, rights must be registered and enforced in Georgia, under local laws. For example, U.S. trademark and patent registrations will not protect you in Georgia. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries do offer copyright protection to foreign works in accordance with international agreements.

Granting patents registrations is based on a first-to-file system (or first-to-invent, depending on the country basis). Similarly, registering trademarks is based on a first-to-file (or first-to-use, depending on the country), so you should consider how to obtain patent and trademark protection before introducing your products or services to the Georgia market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Georgia. It is the responsibility of the rights’ holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Georgia law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. government stands ready to assist, there is little we can do if the rights’ holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Georgia require constant attention. Work with legal counsel familiar with Georgia’s laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Georgia or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights' holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the United States and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit the [STOPfakes website](#).
- For more information about registering trademarks and patents (both in the United States as well as in foreign countries), contact the [U.S. Patent and Trademark Office](#) (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the United States, contact the [U.S. Copyright Office](#) at: 1-202-707-5959.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the "Resources" section of the [STOPfakes website](#).
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit the [STOPfakes website](#). The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. The IP attaché based in Kyiv, Ukraine covers Georgia.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

## Due Diligence

Information on potential business partners and clients can be difficult to obtain in Georgia. Laws and regulations are subject to change. Local attorneys and consulting firms can be of assistance. A list of attorneys is available from the U.S. Embassy in Tbilisi. Please also see the lists below.

The Political and Economic Section of the U.S. Embassy also offers [Department of Commerce services](#) such as "Gold Key Matching Service," "International Partner Search," "Single Company Promotion," etc. for a nominal fee.

## Local Professional Services

The [Political and Economic Section](#) of the U.S. Embassy in Tbilisi offers a range of assistance to American firms interested in developing market opportunities or increasing their business in Georgia. There are number of private consulting firms that offer market research or legal support to foreign companies. American Chamber

of Commerce in Georgia, International Chamber of Commerce, or Georgia's Chamber of Commerce are also instrumental for new market entrants.

### **Principal Business Associations**

Several business associations operate in Georgia and some accept U.S. company members. Contact the organizations directly to determine membership eligibility requirements. Some of the business organizations regularly meet with the Prime Minister as part of the Prime Minister's Investor's Council (IC). The IC meets regularly to discuss issues that are concerning to the business community.

- [American Chamber of Commerce in Georgia](#)
- [Georgian Chamber of Industry and Trade](#)
- [Georgian Business Association](#)
- [International Chamber of Commerce](#)

### **Limitations on Selling U.S. Products and Services**

No limitations known.

### **Web Resources**

- [American Chamber of Commerce in Georgia](#)
- [America Georgia Business Council](#)
- [Civil.ge \(news\)](#)
- [Deloitte & Touche](#)
- [Ernst & Young](#)
- [ExpoGeorgia](#)
- [Georgia.gov](#)
- [Georgia Department of Tourism](#)
- [Georgian Chamber of Industry and Trade](#)
- [Georgian Opinion Research Business International \(GORBI\)](#)
- [Georgia National Investment and Export Promotion Agency](#)
- [Georgian Research Institute for Scientific and Technical Information](#)
- [Institute for Polling and Marketing](#)
- [Ministry of Economic Development](#)
- [PricewaterhouseCoopers](#)
- [Privatizations](#)
- [Tbilisi Business Service Center](#)
- [Tbilisi Municipal Portal](#)
- [Tbilisi Yellow Pages](#)
- [U.S. Embassy in Tbilisi](#)

## Leading Sectors for US Exports & Investments

### Agricultural Sector

#### Overview

Georgia's fertile soil and favorable climate support production of a wide variety of high-value agricultural products including grapes and wine, nuts (hazelnuts, almonds, walnuts, and chestnuts), citrus fruits, apples, peaches, and apricots. Russia traditionally received most of Georgia's exports but, since 2014 when Georgia signed a DCFTA with the EU, new European markets have been developing. Georgia also grows an increasing quantity of crops, including vegetables and corn, for domestic consumption. Georgia relies on imported powdered milk, meat products, and wheat imports, but does produce some fresh milk domestically.

For Georgia, agriculture remains an important sector in terms of GDP contribution. In 2018, agriculture accounted for 7 percent of GDP, down from 9.4 in 2013. The sector also provides an important safety net for the rural population, considering that over 40 percent of Georgia's population lives in rural areas. According to the most recent agricultural census conducted in 2014, the share of commercial farms in agricultural production remained low. A majority (77 percent) of farms were represented by small-sized plots of less than 1 ha area each, constituting 21.5 percent of total agricultural land of the country.

As a result of land reform, the Georgian government has privatized over 45 percent and leased about 30 percent of the country's agricultural land. The law on Privatization of State-owned Agricultural Land was passed in July 2005, which increased efficiency and output in the agricultural sector. In June 2017, the Parliament adopted a legislative amendment that placed a moratorium on the sale of agricultural land to foreign citizens and stateless persons. Furthermore, the new Constitution that came into force in December 2018 imposed restrictions on the sale of agricultural land. Currently the parliament is considering a draft law, which would allow foreigners to purchase land under an investment plan and other preconditions.

The Georgian government identified agriculture as a priority for development and increased funding for the given sector considerably. It has also set up the Agriculture Investment Fund to support the sector by providing credit to farmers. Governmental programs implemented through the Agriculture Project Management Agency (APMA - <http://apma.ge/projects>), such as *Plant the Future*, cheap credit programs, etc., may create additional demand among farmers for equipment and inputs supplied from abroad, including from the United States.

#### Leading Sub-Sector: Food Processing and Packaging

Georgia's location positions it to be an ideal exporter to markets in Russia and the EU, offering high-quality raw materials and a good location for food processing. The sector has suffered from the collapse of traditional links among post-Soviet states, decades of negligence towards state-owned enterprises in the sector, obsolete equipment, lack of investment, and lack of current technical knowledge. Georgia imports 80 percent of its packaged food products which has a significant negative impact on its trade balance. However, the food processing industry is growing steadily but slowly following the privatization of state enterprises and an increasing demand for locally produced goods. In addition, a number of foreign aid programs, including USAID, target agricultural development and provide financial or material support to individual farmers or bigger enterprises to enable them to meet the requirements of international markets. Opportunities for growth in the sector are ripe, as natural conditions (climate, soil, and available labor) enable Georgia to become an exporter of agricultural goods to the broader region, including Europe, Asia, and the Middle East. This sector is growing steadily with a proliferation of Georgian-brand products -- wine, beer, dairy, nut, sausages, fruit juices and mineral waters -- filling local stores and beginning to find new export markets. Several years ago Georgia imported the majority of such products. Georgian wines and spirits have long enjoyed an excellent reputation in Russia and Commonwealth of Independent States countries, and improved bottling and packaging now allows Georgian firms to sell across a wider export market.

There are opportunities for U.S. exporters of food processing and packaging equipment for fruits, nuts (particularly hazelnuts), vegetables, citrus, and meat and dairy products. Currently, many of the existing processing plants use old Soviet equipment that do not provide for high productivity or technical safety. Existing alternatives mostly include Turkish technologies or second-hand lines from Europe. Based on information provided by local authorities and managers, the best sales prospects are for small and medium capacity bottling lines, production plants for wine and juices, and machinery for tea processing and packaging. Additional prospects involve seed crushing and oil refining machinery. There is also demand for mini-bakeries and machinery for the manufacture of confections. Price and payment terms are important factors affecting customers' purchasing decisions. In many cases, the lease or purchase of used equipment may be a means by which local enterprises can acquire plant machinery and equipment for restarting production.

**Web Resources**

[Ministry of Agriculture](#)

## Architecture/Construction/Engineering Services (ACE)

### Overview

New construction and renovation in Tbilisi and Batumi and construction of the Baku-Supsa, Baku-Tbilisi-Çeyhan, and Shah Deniz pipelines have led a revival of the construction industry in recent years. Other energy related construction and rehabilitation projects are under consideration. In addition, necessary upgrades of transportation and tourism infrastructure will continue to create demand for construction services and building materials for the near future.

Numerous hotels have been built or are under construction in Tbilisi, Batumi, and Kobuleti along the Black Sea coast. Commercial banks with new mortgage lending and joint projects with construction companies are playing an important role in the real estate market's development. Construction standards are undergoing reforms. Marriott, Hilton, Hayat, Biltmore, Sheraton, Radisson, Best Western, IBIS, and other brands are operating in Georgia, with most of them adding new hotels in the capital and some also building in new touristic destinations elsewhere in the country.

The Georgian Co-Investment Fund (GCIF) announced in March 2014 its plans for a \$1.3 billion multi-faceted development project in Old Tbilisi involving multiple hotels, retail spaces, and other commercial real estate. One element, Panorama Tbilisi, is under construction.

The Georgian government announced a tender for the construction of a deep-sea port and Free Trade Zone north of Poti in Anaklia to expand the overall capacity of Georgia's ports and the Caucasus transit corridor. After a subsequent bidding process, the Conti Group -- a U.S.-based global developer and builder of capital-intensive assets -- founded [Anaklia Development Consortium](#) (ADC) together with the Georgian development company TBC Holding, and won the tender. ADC currently consists of TBC Holding from Georgia, Conti International from the United States, SSA Marine from the United States, British Wondernet Express working in Central Asia, and G-Star Ltd. from Bulgaria. The \$3.7 billion project, towards which the government has contributed over \$100 million funding will have an initial capacity of 7 million tons but is designed to handle 100 million tons when completed. The port groundworks started in the first quarter of 2018. The project also involves modernizing Georgia's rail and road network and design plans for these projects are ongoing.

Significant reforms have been carried out in recent years to simplify the system of issuing permits in the construction sector, and construction businesses are now permitted to use the technical regulations of the OECD and the EU member countries for their construction projects. The government has also eliminated the need for construction licenses and has simplified the process for the issuing of construction permits. The government and municipal authorities further facilitated and liberalized the paperwork to connect newly built construction projects to utility services.

There are a number of reputable construction and development companies in Georgia. A list of companies can be found via the [Georgia Business Directory](#).

In architectural design and technical solutions, local companies still generally rely on foreign specialists. It is common practice to solicit the provision of certain services for major construction projects through international tender. The Government of Georgia has initiated several projects for the rehabilitation of the Old City of Tbilisi, with the participation of several banks and developers, to stimulate the construction sector. Georgia depends heavily on importing construction material. Locally available materials include cement, wood, and concrete. Resources such as tiling materials, roofing, and exterior-interior design staff are primarily imported from Europe and Turkey.

Despite the recent slowdown of previously soaring real estate prices, demand is still growing, especially for commercial development and office space. Competition in residential construction, particularly apartments, is likely to intensify.

### **Opportunities**

The modest growth of the middle class and easier access to credit has increased the demand for quality housing, corporate/business infrastructure, and real estate in general. Prices have increased by 200 percent for residential and 300 percent for commercial real estate since 2003. Demand is still expected to grow in the next few years. Georgia is located in an active seismic zone, so firms with expertise in building to standards that improve resistance to earthquakes are in demand. Tbilisi and other Georgian cities such as Batumi and Kutaisi feature many buildings in the Art Nouveau architectural style in need of significant rehabilitation.

### **Web Resources**

[Georgian National Investment and Export Promotion Agency](#)

[Ministry of Economic Development](#)

[Tbilisi Yellow Pages - Construction and Real Estate Section](#)

## **Electrical Power Systems (ELP)**

### **Overview**

Georgia is a net importer of electricity since 2012 but still exports some electricity during the summer months. There is significant additional export potential, especially to markets in Turkey and Europe. Georgia also serves as a transit country for electricity flowing between Azerbaijan, Russia, and Armenia. With assistance from USAID, the European Bank for Reconstruction and Development (EBRD), Kreditanstalt für Wiederaufbau (KfW), and the European Investment Bank (EIB), Georgia completed construction of an electricity interconnector project that will allow for the export of electricity to more lucrative markets with high demand such as Turkey and Western Europe in the future. With assistance from KfW, a new high voltage transmission line is under development that, if constructed, will connect Georgia and Armenia and allow for greater power flow between those countries. The Government of Georgia has aggressively undertaken efforts to attract investments in the hydro power sector. During 2011-2012, the U.S. government financed the rehabilitation of transmission lines that are an important part of the power transmission infrastructure for increased security of supplies and reliability, facilitating exports, and assisting Georgia in the establishment of the Georgia Electricity Market Model of 2015 that facilitated the development of an electricity trading mechanism with Turkey. Regional legal, regulatory and technical advisory assistance for the cross-border electricity trade with countries in the region is underway, along with technical advisory assistance to reduce cyber security risks of the Georgian power transmission system operator and others in the region. The U.S. government also supported the development of the Energy Strategy for Georgia which was partly based upon the Market Allocation Model (MARKAL). In June 2015, the U.S.-based Schulze Global Investments private equity firm launched \$100 million investment fund in Georgia that will mainly focus on hydropower projects and clean energy. The U.S. government provides legal and regulatory advisory assistance to Georgia to establish a fully competitive electricity market to meet the country's obligations under the Energy Community Treaty and to create a competitive market with transparent pricing and a stable environment. The U.S. government also supports the development of wind and solar power generation projects through technical advisory assistance renewable energy incentives schemes.

Eighty percent of Georgia's electric energy is produced by hydro power plants, 19 percent by thermal, and around one percent by wind.

### **Leading Sub-Sector: Hydroelectric Power, Transmission, and Distribution**

The best opportunities for U.S. companies in this sector are in electricity power generation – specifically hydroelectric power, transmission, and distribution projects. There are also export opportunities for U.S. manufactured equipment and services during construction and rehabilitation of facilities, and management and upgrades of existing power infrastructure. Opportunities for U.S. suppliers are also available in projects financed by multilateral financial organizations and bilateral assistance: the World Bank, EBRD, the Asian Development Bank, the Japan Bank for International Cooperation (JBIC), and KfW. Investors are also looking at the opportunities that wind and solar energy projects hold. The government supports initiatives that relate to renewable energy to lessen dependence on fuel imports for thermal plants and to increase Georgia's electricity export potential.

Other opportunities exist in demand side energy management for the electricity distribution companies that serve electricity market end-users. These opportunities are for smart grid, metering, and intelligent energy management systems for the distribution grid operators, industrial and commercial users, and to a lesser extent for residential users, as the country develops better incentives for energy efficiency.

## Opportunities

Georgia does not currently produce power generation and transmission equipment, with the exception of some small capacity hydroelectric turbines and electricity meters. Most current equipment was produced in the Soviet era, primarily in present-day Russia. Current efforts of the Georgian government end subsidies for electricity and to develop renewable energy, including hydropower, wind, and solar generation infrastructure, and the construction of new power transmission infrastructure should create demand for equipment and opportunities for U.S. investors and exporters. All medium and large hydroelectric generation facilities except Enguri and Vardnili hydropower plants have been privatized. Between 2009 and 2014, USAID's Hydroelectric Investment Promotion Project (HIPP) and Hydro Power and Energy Planning (HPEP) project worked with the Georgian Ministry of Energy to address gaps in Georgia's regulatory framework to encourage private sector investment and create the market rules to enable electricity exports, primarily to Turkey. A follow-on project supported market-based initiatives to promote and secure international investment in Georgia's small- and medium-sized run-of-river type hydroelectric power market. Development of the competitive electricity market and establishment of the renewable energy incentives should make wind, solar, and hydropower projects more attractive for investors, thus creating demand for U.S. equipment.

## Web Resources

- [European Bank for Reconstruction and Development](#)
- [Georgian Ministry of Energy](#)
- [Georgian National Electricity Regulatory Commission](#)
- [Georgian State Electrosystem](#)
- [Japan Bank for International Cooperation](#)
- [Kreditanstalt für Wiederaufbau Bank](#)
- [World Bank](#)

## **Tourism**

### **Overview**

Tourism accounted for 7.5 percent of GDP growth in 2018. Georgia received a record number of 8.7 million international visitors (tourists, transit, other) in 2018, a 10 percent increase over 2017. This figure included 4.8 million tourists, which was 16 percent higher than the previous year. Georgia has substantial potential for tourism development because of its great natural beauty, varied topography, a pleasant climate, and rich culture and history. To facilitate tourism, the Government of Georgia eased its visa regime, began widespread rehabilitation of roads, privatized infrastructure and hotels, and established limited tax incentives for tour operators. New development taking place in Batumi, at ski resorts in Gudauri, Bakuriani, Goderdzi and Mestia, the winegrowing region of Kakheti, and other areas are turning Georgia again into an attractive tourism destination.

Citizens from Georgia's neighboring countries made up the largest share of international visitors in 2018. The top five source countries were Azerbaijan, Russia, Armenia, Turkey, and Iran. The number of visitors from Europe increased by 12 percent and from the United States by 25 percent from 2017 to 2018. The government has made it a priority to turn Georgia into a four-season tourist destination and is supporting and promoting medical, entertainment, sports, wine and other kinds of tourism. 'Check In Georgia' is an example of a government project, that supports turning Georgia into a regional cultural and entertainment center.

### **Leading Sub-Sector: Tour Operators, Hotels, Infrastructure**

Georgian tour operators report an increase in tourists in both summer and winter, particularly in adventure and cultural tourism. Despite this interest in travel to Georgia, suitable accommodations outside of the capital and the major resort areas are still scarce because facilities have not been maintained or do not exist. The seaside resorts of Batumi and Kobuleti are undergoing rapid development. Foreign investments have supported construction of high-end hotels throughout the country, such as Sheraton, Radisson, Biltmore, Marriott, Hilton, Millennium, and Rixos, with more in development. To develop new tourism destinations, the government is promoting the seaside areas of Anaklia and Kobuleti (north of Batumi) and the mountainous town of Mestia by building the needed infrastructure and offering concessionary terms to potential investors.

### **Opportunities**

Development of tourism infrastructure will require significant investment and rehabilitation of assets such as hotels, restaurants, sports facilities, and ski resorts. Rehabilitation of several recently privatized hotels is underway in Tbilisi and Adjara and additional opportunities may be found in the ski resorts of Gudauri, Bakuriani, and Mestia.

The World Bank's roads rehabilitation and construction project aims to promote tourism by decreasing travel time and increasing auto safety as well as facilitating the transport of goods across the country. The World Bank is implementing a long-term program aimed at nature conservation, cultural heritage preservation, and sustainable tourism development.

The state-owned Partnership Fund and privately held Georgian Co-Investment Fund (GCF) are looking at investment opportunities in tourism infrastructure in Tskaltubo (Imereti region), Kakheti, and have new or ongoing projects such as Best Western Kutaisi and Radisson Tsinandali. These funds are interested in partnering with investors on these projects.

### **Web Resources**

- [Georgian National Investment and Export Promotion Agency](#)
- [Georgian State Department of Tourism](#)

- [Georgian Tourism Association](#)
- [Silk Road Group](#)
- [Partnership Fund](#)
- [Georgian Co-Investment Fund \(GCIF\)](#)

## **Customs, Regulations and Standards**

### **Trade Barriers**

Georgia has no quantitative restrictions (quotas) on trade (except on ozone depleting substances). Only medical products, firearms, explosives, radioactive substances, dual use goods, industrial waste, and a few types of agricultural chemical products are subject to import/export licensing. In 2005, the number of permits for import and export was reduced from 14 to eight. Excise taxes and VAT apply equally on imported and domestic products.

### **Import Tariff**

Rates of duty on imported goods fall into three bands: 0 percent, 5 percent, and 12 percent. Nearly 90 percent of goods benefit from a zero rate of duty. Import of agricultural goods, food products, clothes, construction materials, wood and wood products, plastics, wire and cable, iron, steel, soap, organic surface-active agents, and washing preparations which are produced in Georgia in whole or in part, are major areas of goods taxed at higher rates. A combined rate of customs tariffs is applied to alcoholic beverages. A fee of €5 is charged per customs declaration for goods valued below 3000 GEL (\$1,079) and €60 (\$67) for goods valued above GEL 3000. As of January 1, 2015, the customs tariff on passenger cars will remain 0.05 GEL (\$0.018) per cubic centimeter of the engine capacity plus 5 percent of the amount of the customs tariff per each year of the use of a vehicle.

An 18 percent VAT applies to most imported goods. Fixed excise tax rates apply to certain goods such as alcoholic drinks, ethyl alcohol, ethyl petrol for cars, and cigarettes. The customs value of goods for customs clearance is defined based on the customs declaration. Export, transit, and re-export of goods are exempt from customs duties and fees. Chapter 39(1) of the [Georgian Tax Code](#) defines the amount of the customs tariffs and exemptions.

Once every 30-day period, individuals are allowed to import the following goods free of customs duties, VAT, and excise duties within the following limits:

Import of vegetables, fruit (including dried), tea, coffee, macaroni, baked goods, sugar, confections (with the exception of chocolate), sausage, milk and dairy products that have a maximum total weight of 30 kg, and a total value of less than 500 GEL (\$180).

Import of 200 cigarettes, or 50 cigarillos, or 50 cigars, or 250 grams of tobacco product or any combination of these for personal use is permitted, but must not exceed 250 grams in total weight.

### **Import Requirements & Documentation**

At a minimum, imports require a declaration, an invoice, and transport documentation. The Customs Code of Georgia does not require financial guarantees from importers to Georgia prior to the customs clearance, except for the temporary entry of goods.

### **Labeling/Marking Requirements**

All cosmetics, pharmaceutical, chemical, processed food and utility products must have Georgian language labeling at the sales point. Alcoholic drinks and tobacco products require excise stamps.

### **U.S. Export Controls**

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce's Bureau of Industry and Security (BIS)

administers U.S. laws, regulations and policies governing the export and reexport of commodities, software, and technology (collectively “items”) falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS’s Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA’s Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. [OTE’s data portal](#) provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (*i.e.*, the item’s classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at [www.bis.doc.gov](http://www.bis.doc.gov) or by contacting the Office of Exporter Services at the following numbers:

Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322  
Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347.

Further information on export controls is available at: <http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS’s Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS’s licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR.

Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party’s reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS’s Unverified List or Entity List, as applicable.

BIS has developed a list of “[red flags](#),” or warning signs, intended to discover possible violations of the EAR.

Also, BIS has “[Know Your Customer](#)” guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Check a [current seminar schedule](#) for a list of upcoming seminars.

BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The [EAR](#) is available on the BIS website and on the e-CFR ([Electronic Code of Federal Regulations](#)) website.

The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The CSL is available here: <http://apps.export.gov/csl-search> or <https://developer.trade.gov/consolidated-screening-list.html>.

## **Temporary Entry**

Temporary importation procedures allow for the use of foreign goods imported into the customs territory of Georgia for return in an unaltered state, with total or partial exemption from import charges (except for customs duties) and without being subjected to trade policy measures for a certain period, except for changes due to wear and tear, and losses due to normal conditions of transportation or storage.

The period during which goods may remain under the temporary importation procedure shall not exceed two years. The Revenue Service of the Ministry of Finance of Georgia may however provide for different time limits for certain types of goods.

## **Prohibited & Restricted Imports**

Georgia prohibits the import of goods that pose a threat to the health and safety of Georgia or its citizens, including for example, narcotics, pornography, or nuclear materials. Weapons and ammunition have complex licensing requirements, and interested parties should contact the Ministries of Justice and Internal Affairs prior to any importation.

## **Customs Regulations**

[Georgia's Revenue Service](#), which is subordinated to the Ministry of Finance, oversees implementation of customs regulations. Detailed Information about the specific regulations is available on [Georgia's Revenue Service](#) website.

## **Standards for Trade**

### **Overview**

The government has adopted a system of "voluntary" standards and certification, whereby the importer can choose to conform their products to Georgian standards or the standards of any EU or Organization for Economic Cooperation and Development (OECD) member country. If foreign standards are chosen, they must be registered by the importer in the National Agency for Standardization, Technical Regulations and Metrology. Standards for food products are administered by the Ministry of Agriculture.

### **Standards**

The main standards organization in Georgia is the National Agency for Standardization, Technical Regulations and Metrology.

### *Conformity Assessment*

Conformity assessment is one of the functions of the National Agency for Standardization, Technical Regulations and Metrology.

#### *Accreditation*

Certification offices are accredited by the National Accreditation Office of the National Agency for Standardization, Technical Regulations and Metrology.

#### **Testing, Inspection and Certification**

If the importer chooses to comply with Georgian standards, there are about 100 test laboratories accredited in the following fields in Georgia:

- Electrical Products;
- Products from the chemical, perfume and pharmaceutical industries;
- Food, drinking water and mineral water, alcoholic and non-alcoholic beverages;
- Composition of soil and mineral resources;
- Oil and mineral oil products;
- Glass products;
- Paints and dyes;
- Building materials; and,
- Radio engineering products.

#### **Publication of Technical Regulations**

Publication of technical regulations is the responsibility of the National Agency for Standardization, Technical Regulations and Metrology.

#### **Contact Information**

##### *NIST Notify U.S. Service*

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. **Notify U.S.** ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by a selected country or countries and industry sector(s) of interest and can request full texts of regulations. This service and its associated web sites are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

[National Agency for Standardization, Technical Regulations and Metrology](#)

[Ministry of Agriculture of Georgia](#)

#### **Trade Agreements**

As a member of the WTO, Georgia has Most Favored Nation trading relationships with all WTO member countries. Georgia benefits from Generalized System of Preferences reductions in tariffs on a wide range of products with Switzerland, Norway, Canada, and Japan. In 2010, the United States Trade Representative (USTR) accepted a petition alleging that Georgia's labor reforms violated the GSP labor eligibility criteria. USTR's review is ongoing. The EU grants Georgia GSP+ treatment, with duty free treatment for more than 7,000 products. Georgia has free trade regimes with countries of Commonwealth of Independent States and Turkey. In June 2014, Georgia signed an AA and DCFTA with the EU. Georgia signed a Free Trade Agreement (FTA) with China in 2017, and in 2018 it signed a FTA with Hong Kong.

## **Licensing Requirements for Professional Services**

There is no unified agency regulating licensing requirements for all professional services. Professions that are subject to licensing have their respective bodies to issue permits or licenses. The '[Law of Georgia on Licenses and Permits](#)' regulates organized activities or actions that can endanger human life or health, important state or public interest or use of state resources. This law defines a comprehensive list of the types of licenses and permits required (?) and stipulates the rules of their issuance.

### **Web Resources**

[Georgia Customs Department](#) (tax/customs contents page)

[U.S. Government Export Controls](#)

## Investment Climate Statement

### Executive Summary

Georgia is located at the crossroads of Western Asia and Eastern Europe. Georgia has made sweeping economic reforms since 1991 that have produced a relatively well-functioning market economy. Through dramatic police and institutional reforms, the government has mostly eradicated low-level corruption. Georgia ranks 6th in the 2019 World Bank's *Ease of Doing Business* index, 16th in the Heritage Foundations' 2019 *Economic Freedom Index*, and 66th in the World Economic Forum's *Global Competitiveness Report*. Fiscal and monetary policy are focused on low deficits, low inflation, and a floating real exchange rate, although the latter has been affected by regional developments, including sanctions on Russia and other external factors such as a stronger dollar and weaker regional economies. Public debt and budget deficits remain under control.

The Georgian government's "Georgia 2020" economic strategy, initially published in 2014, outlines economic policy priorities. It stresses the government's commitment to business-friendly policies such as low taxes, but also pledges to invest in human capital and to strive for inclusive growth across the country, not just in Tbilisi. The strategy also emphasizes Georgia's geographic potential as a trade and logistics hub along the New Silk Road linking Asia and Europe via the Caucasus.

Overall, business and investment conditions are sound. However, some companies have expressed an increasing lack of confidence in the judicial sector's ability to adjudicate commercial cases independently or in a timely, competent manner, with business dispute cases languishing in the court system for years. Other companies complain of inefficient decision-making processes at the municipal level, occasional shortcomings in the enforcement of intellectual property rights, lack of effective anti-trust policies, selective enforcement of economic laws, and difficulties resolving disputes over property rights. Georgia's government continues to work to address these issues and, despite these remaining challenges, Georgia stands far ahead of its post-Soviet peers as a good place to do business.

The United States and Georgia work to increase bilateral trade and investment through a High-Level Dialogue on Trade and Investment and through the Strategic Partnership Commission's Economic Working Group. Both countries signed a Bilateral Investment Treaty in 1994, and Georgia is eligible to export many products duty-free to the United States under the Generalized System of Preferences (GSP) program.

Georgia suffered considerable instability in the immediate post-Soviet period. After independence in 1991, civil war and separatist conflicts flared up along the Russian border in the areas of Abkhazia and South Ossetia. The status of each region remains contested, and the central government in Tbilisi does not have control over these areas. The United States supports the territorial integrity of Georgia within its internationally-recognized borders. In August 2008, tensions in the region of South Ossetia culminated in a brief war between Georgia and Russia. Russia invaded undisputed Georgian territory and continues to occupy South Ossetia and Abkhazia. Tensions still exist both inside the occupied regions and near the administrative boundary lines, but other parts of Georgia, including Tbilisi, are not directly affected.

Transit and logistics are a priority sector as Georgia seeks to benefit from increased East/West trade through the country. Georgia's transit prospects have been boosted by the Baku-Tbilisi-Kars railroad. The Anaklia Deep Sea Port project, involving two U.S. companies, the Conti Group and SSA Marine, faced multiple delays and extensions, but the lead investor is still working towards meeting the 2020 completion date. The port would add additional shipping and berthing options for larger vessels, such as Panamax sized vessels. Agriculture and tourism are also attractive areas for investment to respond to the increased inflow of international visitors and demands of local food processing industry.

*Table 1: Key Metrics and Rankings*

Measure	Year	Index/Rank	Website Address
<b>TI Corruption Perceptions Index</b>	2018	41 of 180	<a href="http://www.transparency.org/research/cpi/overview">http://www.transparency.org/research/cpi/overview</a>
<b>World Bank's Doing Business Report</b>	2019	6 of 190	<a href="http://www.doingbusiness.org/en/rankings">http://www.doingbusiness.org/en/rankings</a>
<b>Global Innovation Index</b>	2018	59 of 126	<a href="https://www.globalinnovationindex.org/analysis-indicator">https://www.globalinnovationindex.org/analysis-indicator</a>
<b>U.S. FDI in partner country (\$M USD, stock positions)</b>	2018	22 million USD	<a href="http://www.bea.gov/international/factsheet/">http://www.bea.gov/international/factsheet/</a>
<b>World Bank GNI per capita</b>	2017	3,780 USD	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">http://data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

## **Openness To, and Restrictions Upon, Foreign Investment**

### **Policies Towards Foreign Direct Investment**

Georgia is open to foreign investment. Legislation establishes favorable conditions for foreign investment, but not preferential treatment for foreign investors. The Law on Promotion and Guarantee of Investment Activity protects foreign investors from subsequent legislation that alters the condition of their investments for a period of ten years. Investment promotion authority is vested in the Investment Division of Enterprise Georgia, a legal entity of public law under the Ministry of Economic and Sustainable Development. The Investment Division's primary role is to attract, promote, and develop direct foreign investment in Georgia. For this purpose, it acts as the moderator between foreign investors and the Georgian government, ensures access to updated information, provides a means of communication with government bodies, and serves as a "one-stop-shop" to support investors throughout the investment process. (<http://www.enterprisegeorgia.gov.ge/en/about>).

To enhance relations with investors, Georgia's then-Prime Minister created the Investors Council in 2015, an independent advisory body, with the objective of promoting dialogue among the private business community, international organizations, donors and the Georgian government for the development of a favorable, non-discriminatory, transparent, and fair business and investment climate in Georgia. (<http://ics.ge>). The Business Ombudsman, who is a member of the Investors Council, is another tool for protecting investors' rights in Georgia. (<http://businessombudsman.ge>)

### **Limits on Foreign Control and Right to Private Ownership and Establishment**

Georgia does not screen foreign investment in the country, other than imposing a registration requirement and certain licensing requirements as outlined below. Foreign investors have participated in most major

privatizations of state-owned property. Transparency of privatization has been an issue at times. No law or regulation authorizes private firms to adopt articles of incorporation or association that limit or prohibit foreign investment, participation, or control. Cross-shareholder or stable-shareholder arrangements are not used by private firms in Georgia. Georgian legislation does not protect private firms from takeovers. There are no regulations authorizing private firms to restrict foreign partners' investment activity or limit foreign partners' ability to gain control over domestic enterprises.

There are no specific licensing requirements for foreign investment other than those that apply to all companies. By law, the government has 30 days to make a decision on licenses, and if the licensing authority does not state a reasonable ground for rejection within that period, the government will approve the license or permit for issuance. The government only requires licenses for activities that affect public health, national security, and the financial sector. The government currently requires licenses in the following areas: weapons and explosives production, narcotics, poisonous and pharmaceutical substances, exploration and exploitation of renewable or non-renewable substances, exploitation of natural resource deposits, establishment of casinos and gambling houses and the organization of games and lotteries, banking, insurance, securities trading, wireless communication services, and the establishment of radio and television channels. The law requires the state to retain a controlling interest in air traffic control, shipping traffic control, railroad control systems, defense and weapons industries, and nuclear energy. Only the state may issue currency, banknotes, and certificates for goods made from precious metals, import narcotics for medical purposes, and produce control systems for the energy sector.

### **Other Investment Policy Reviews**

In January 2016, the World Trade Organization (WTO) concluded its second Trade Policy Review of Georgia. In this review, WTO members reiterated their approval of Georgia's broadly open, transparent, and predictable trade and investment regimes. During the review period, Members noted that Georgia had undertaken an impressive range of reform initiatives aimed at streamlining, liberalizing, and simplifying trade regulations and their implementation. The review lauded Georgia's trade openness and its commitment to the multilateral system through its responsible contribution to the work of the WTO.

WTO members commended Georgia for the ratification of the Trade Facilitation Agreement, which would benefit Georgia's role as a trade transit corridor in the region, and the related notification to the WTO of Category A, B and C commitments. Members also noted that Georgia was an observer to the Government Procurement Agreement and was currently assessing the prospects for joining the Agreement. Members welcomed the announcement that Georgia was considering joining the expanded Information Technology Agreement, which would constitute a significant step forward for attracting further investment. See more at: [https://www.wto.org/english/tratop\\_e/tp428\\_crc\\_e.htm](https://www.wto.org/english/tratop_e/tp428_crc_e.htm)

### **Business Facilitation**

Registering a business in Georgia is relatively quick and streamlined, and Georgia ranks fourth in registering property among countries assessed in the World Bank's 2019 Doing Business Report. Registration takes one day to complete and Georgia has a single window registration process. Registration of companies is carried out by the National Agency of Public Registry (NAPR) ([www.napr.gov.ge](http://www.napr.gov.ge) - webpage is in Georgian only), located in the Public Service Halls (PSH) under the Ministry of Justice of Georgia. The web page of the PSH (<http://www.psh.gov.ge/main/page/2/85>) outlines procedures and requirements for business registration in English. For registration purposes, the law does not require a document verifying the amount or existence of charter capital. A company is not required to complete a separate tax registration. The initial registration includes both the state and tax registration.

The following information is required to register a business in Georgia: personal information of the founder and principal officers, articles of incorporation, and the company's area of business activity. Other required documents depend on the type of entity to be established.

To register a business, the potential owner must first pay the registration fee, register the company with the Entrepreneurial Register and obtain an identification number and certificate of state and tax registration. Registration fees are: GEL100 (around USD35) for regular registration, GEL200 (USD70) for expedited registration, plus GEL1 (bank fees). Second, the owner must open a bank account (free).

Georgia's business facilitation mechanism provides equitable treatment of women and men. There are a variety of state-run and donor-supported projects that aim to promote women entrepreneurs through specific training or other programs, including access to financing and business training.

### **Outward Investment**

The Georgian government does not have any specific policy on promoting or restricting domestic investors from investing abroad and Georgia's outward investment is insignificant.

### **Bilateral Investment and Taxation Treaties**

#### **Bilateral Investment Treaties**

Georgia has bilateral agreements on investment promotion and mutual protection enforced with 31 countries, including: the United States, Armenia, Austria, Azerbaijan, Belgium-Luxembourg Economic Union, Bulgaria, China, the Czech Republic, Estonia, Finland, France, Germany, Greece, Iran, Israel, Kazakhstan, Kuwait, Kyrgyzstan, Latvia, Lithuania, Moldova, the Netherlands, Romania, Spain, Sweden, Switzerland, Turkmenistan, Ukraine, the United Kingdom, and Uzbekistan. Concluded agreements awaiting signing are with Egypt, Turkey, and the United Arab Emirates (UAE). Negotiations are underway with the governments of Canada, Hungary, Iceland, Italy, Japan, Qatar, and Slovenia. Additionally, in 2007, Georgia signed a Trade and Investment Framework Agreement (TIFA) with the United States.

On June 27, 2014, Georgia signed an Association Agreement (AA) and a Deep and Comprehensive Free Trade Area (DCFTA) with the European Union. In 2016, the government signed a free trade agreement with the European Free Trade Association (EFTA) countries of Iceland, Liechtenstein, Norway, and Switzerland. Georgia's free trade agreement with China entered into force in January 2018. A free trade agreement is in force with the Commonwealth of Independent States and others exist bilaterally with Ukraine, Russia (though trade is restricted by the Russian government), Kazakhstan, Azerbaijan, Armenia, Moldova, Uzbekistan, Turkmenistan, and Turkey. Georgia has ongoing free trade agreement consultations with Belarus, Kyrgyzstan, the Cooperation Council of Gulf Arab States, India, and Tajikistan. Georgia and Hong Kong signed an agreement in 2018, which is awaiting ratification by Parliament.

The United States and Georgia established a High-Level Dialogue on Trade and Investment in 2012, a bilateral dialogue aimed toward identifying measures to increase bilateral trade and investment. The United States and Georgia have shared a Bilateral Investment Treaty (BIT) since 1997, and Georgia can export many of its products duty-free to the United States under the Generalized System of Preferences (GSP) program.

#### **Bilateral Taxation Treaties**

The United States and Georgia are beneficiaries of the U.S.-Georgia Bilateral Taxation Treaty as Georgia is one of the former Soviet Republics, which is covered under the U.S. treaty with the former Union of Soviet Socialist Republics (USSR). Double taxation issues are covered under the Convention with the Union of Soviet Socialist Republics on Matters of Taxation of 1973 (<http://www.irs.gov/pub/irs-trty/ussr.pdf>).

Georgia has concluded agreements for avoidance of double taxation with 55 countries: Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium, Bulgaria, China, Cyprus, the Czech Republic, Croatia, Denmark, Estonia, Egypt, Finland, France, Germany, Greece, Hungary, Iceland, India, Iran, Ireland, Italy, Israel, Japan, Kazakhstan, Kuwait, Latvia, Liechtenstein, Lithuania, Luxemburg, Malta, Moldova, the Netherlands, Norway, Poland, Portugal, Qatar, Romania, San Marino, Serbia, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Turkey, Turkmenistan, UAE, Ukraine, the United Kingdom (UK), and Uzbekistan. Treaties have been negotiated but are waiting to be ratified with Lebanon and Oman, and treaty negotiations have started with Jordan, Montenegro, Saudi Arabia, Vietnam, Iraq, Argentina, Indonesia, Malaysia, Mexico, Albania, Colombia, Mongolia, Morocco, New Zealand, Peru, the Philippines, Tajikistan, Uruguay, Brazil, Cuba, Ecuador, Canada, and South Africa. Georgia and Russia signed a double taxation avoidance treaty in 1999, which the Georgian Parliament ratified in 2000; although the Russian Duma has not ratified it, Russia regards it as an active agreement.

### **Legal Regime**

The Georgian government has committed to greater transparency and simplicity of regulation. The government publishes laws and regulations in Georgian in the official online legislative herald gazette, the Legislative Messenger, 'Matsne' ([www.matsne.gov.ge](http://www.matsne.gov.ge)). Another online tool to research Georgian legislation is [www.codex.ge](http://www.codex.ge), or webpage of the Parliament of Georgia [www.parliament.ge](http://www.parliament.ge).

Draft bills or regulations are available for public comment. NGOs, professional associations, and business chambers actively participate in public hearings on legislation.

Georgia has six types of taxes: corporate profit, value added tax (VAT), property, income, excise, and dividend. The tax on corporate profits is 15 percent. However, in January 2017, the government adopted a corporate profit tax scheme that exempts undistributed, reinvested, or retained corporate profits from income taxation. The VAT is 18 percent. The tax on personal income is 20 percent. The dividend income tax rate is five percent. There are no dividend or capital gains taxes for publicly traded equities (a free float in excess of 25 percent). There are excise taxes on cigarettes, alcohol, fuel, and mobile telecommunication. Most goods, except for some agricultural products, have no import tariffs. For goods with tariffs, the rates are five or 12 percent unless excluded by an FTA.

In 2019, the Georgian government introduced new regulations to simplify the tax regime and provide a more streamlined business environment for small businesses. The new legislation decreased turnover tax from five percent to one percent for small businesses; defined small business as a business with below GEL 0.5 million annual turnover (\$185 thousand), a five fold increase from the previous GEL 0.1 million threshold. In addition, the new regulations allow small businesses to pay taxes by the end of month, instead of by advance payments. Regarding medium and large businesses, the reform introduces an automatic system of value-added tax (VAT) returns, and activated a special system wherein entrepreneurs are able to pay VAT returns in five to seven business days by filling out an electronic application without any additional bureaucracy-related challenges. The government also announced it planned to implement new tax policies to encourage multinational companies to establish regional offices in Georgia. Respective legislation, which, inter alia, provides for reduced corporate income tax and property tax, has been submitted to Parliament and is expected to be adopted in 2019.

Enterprise Georgia, the state agency under the Ministry of Economic and Sustainable Development, operates the Business Service Center in Tbilisi intended to provide domestic and foreign businesses with a standard package of information about doing business in Georgia. It also provides specific information for individual businesses. The Business Service Center also facilitates an on-line chat tool for interested individuals (<http://www.enterprisegeorgia.gov.ge/en/SERVICE-CENTER>). Additionally, the government has institutionalized engagement with the private sector through an independent Investors Council, which

discusses legislative reforms, the government's economic development plan, and actions that would help spur economic growth. Different commercial chambers, such as the American Chamber of Commerce ([www.amcham.ge](http://www.amcham.ge)), International Chamber of Commerce ([www.icc.ge](http://www.icc.ge)), Business Association of Georgia ([www.bag.ge](http://www.bag.ge)), Georgian Chamber of Commerce and Industry ([www.gcci.ge](http://www.gcci.ge)), and EU-Georgia Business Council (<http://eugbc.net>) remain important tools for facilitating ongoing dialogue between domestic and foreign business communities and the government.

International accounting standards are binding for joint stock companies, banks, insurance companies, and other companies operating in the insurance field, limited liability companies, limited partnerships, joint liability companies, and cooperatives. Private companies are required to perform accounting and financial reporting in accordance with international accounting standards. Sole entrepreneurs, small businesses, and non-commercial legal entities perform accounting and financial reporting according to simplified interim standards approved by the Parliamentary Accounting Commission. Shortcomings in the use of international accounting standards persist, and qualified accounting personnel are in short supply.

The Law of Georgia on Free Trade and Competition provides for the establishment of an independent structure, the Competition Agency, to exercise effective state supervision over a free, fair, and competitive market environment. Nonetheless, certain companies have dominant positions in pharmaceutical, petroleum, and other sectors.

Public finances and debt obligations are transparent, and Georgia's budget and information on debt obligations were widely and easily accessible to the public through the governmental websites, for example through the Ministry of Finance's site [www.mof.gov.ge](http://www.mof.gov.ge). Georgia's State Audit Office ([www.sao.ge](http://www.sao.ge)) reviews the government's accounts and makes its reports publicly available.

### **International Regulatory Considerations**

Georgia's Association Agreement of 2014 with the European Union introduced a preferential trade regime - the Deep and Comprehensive Free Trade Area (DCFTA), which increased market access between the EU and Georgia based on having better-aligned regulations. The agreement is designed to gradually introduce European standards in all spheres of Georgia's economy and sectoral policy: infrastructure, energy, the environment, agriculture, tourism, technological development, employment and social policy, health protection, education, culture, civil society, and regional development. It also provides for the approximation of Georgian laws with nearly 300 separate European legislative acts.

The DCFTA should promote a gradual approximation with European standards for food safety; establish a transparent and stable business environment in Georgia; increase Georgia's potential to attract investment; introduce innovative approaches and new technologies; stimulate economic growth; and support the country's economic development.

Georgia has been a member of the World Trade Organization (WTO) since 2000 and consistently meets the Agreement on Trade Related Investment Measures' (TRIMs) requirements and obligations. Since WTO accession, Georgia has not introduced any Technical Barriers to Trade. In January 2016, Georgia ratified the WTO Trade Facilitation Agreement (TFA).

### **Legal System and Judicial Independence**

Georgia's legal system is based on civil law and the country has a three-tier court system. The first tier consists of twenty-five trial courts throughout the country that hear criminal, civil, and administrative cases at the lowest level. Two appellate courts, Tbilisi Appeal Court (East Georgia) and Kutaisi Appeal Court (West Georgia), represent the second tier. The Supreme Court of Georgia occupies the third, or the highest, instance and acts as the highest appellate court. In addition, there is a separate Constitutional Court for arbitrating

constitutional disputes between branches of government and ruling on individual claims concerning human rights violations stemming from the Constitution.

Georgia does not have an integrated commercial code. There are a number of different laws and codes (Tax Code, Law on Entrepreneurs, and Law on Insolvency) that constitute the legislative body for regulating commercial activity in Georgia. There are no specialized courts, such as a commercial court, to handle commercial disputes. The Ministry of Justice's Public Service Halls provide property registration.

According to Freedom House's 2018 *Freedom in the World Report*, "despite ongoing judicial reforms, executive and legislative interference in the courts remains a substantial problem, as does corruption and a lack of transparency and professionalism surrounding judicial proceedings." The law guarantees due process, but this protection is not always respected in practice.

Regulations and enforcement actions are appealable and are adjudicated in the national court system.

### **Laws and Regulations on Foreign Direct Investment**

The U.S.-Georgia BIT guarantees U.S. investors national treatment and most favored nation treatment. Exceptions to national treatment have been carved out for Georgia in certain sectors such as maritime fisheries, air and maritime transport and related activities, ownership of broadcast, common carrier, or aeronautical radio stations, communications satellites, government-supported loans, guarantees, and insurance, and landing of submarine cables.

Georgia's legal system is based on civil law. Legislation governing foreign investment includes the Constitution, the Civil Code, the Tax Code, and the Customs Code. Other relevant legislation includes the Law on Entrepreneurs, the Law on Promotion and Guarantee of Investment Activity, the Bankruptcy Law, the Law on Courts and General Jurisdiction, the Law on Limitation of Monopolistic Activity, the Accounting Law, and the Securities Market Law.

Ownership and privatization of property is governed by the following acts: the Civil Code, the Law on Ownership of Agricultural Land, the Law on Private Ownership of Non-Agricultural Land, the Law on Management of State-Owned Non-Agricultural Land, and the Law on Privatization of State Property. Property rights in extractive industries are governed by the Law on Concessions, the Law on Deposits, and the Law on Oil and Gas. Intellectual property rights are protected under the Civil Code and the Law on Patents and Trademarks. Financial sector legislation includes the Law on Commercial Banks, the Law on National Banks, and the Law on Insurance Activities.

There is no one-stop-shop website for investment that provides relevant laws in English.

### **Competition and Anti-Trust Laws**

The Georgian Law "On Free Trade and Competition" of 2005 that governs competition is in line with the Georgian Constitution and international agreements.

The agency in charge of reviewing transactions for competition-related concerns is the Competition Agency, an independent legal entity of public law, subordinated to the Prime Minister of Georgia. The agency aims to promote market liberalization, free trade, and competition (see [www.competition.ge](http://www.competition.ge)). Georgia has also signed a number of international agreements containing competition provisions including the EU-Georgia Association Agreement. The DCFTA within the AA goes further than most FTAs, with elimination of non-tariff barriers and regulatory alignment, as well as binding rules on investments and services.

## **Expropriation and Compensation**

The Georgian Constitution protects property ownership rights, including ownership, acquisition, disposal, and inheritance of property. Foreign citizens living in Georgia possess rights and obligations equal to those of the citizens of Georgia. The Constitution allows restriction or revocation of property rights only in cases of extreme public necessity, and then only as allowed by law.

The Law on Procedures for Forfeiture of Property for Public Needs establishes the rules for expropriation in Georgia. The law allows expropriation for certain enumerated public needs, provides a mechanism for valuation and payment of compensation, and for court review of the valuation at the option of any party. The Georgian Law on Investment allows expropriation of foreign investments only with appropriate compensation. Amendments made to the Law on Procedures for Forfeiture of Property for Public Needs allow payment of compensation with property of equal value as well as money. Compensation includes all expenses associated with the valuation and delivery of expropriated property. Compensation must be paid without delay and must include both the value of the expropriated property as well as the loss suffered by the foreign investor as a result of expropriation. The foreign investor has a right to review an expropriation in a Georgian court. In 2007, Parliament passed a law generally prohibiting the government from contesting the privatization of real estate sold by the government before August 2007. The law is not applicable, however, to certain enumerated properties.

The U.S.-Georgia BIT permits expropriation of covered investments only for a public purpose, in a non-discriminatory manner, upon payment of prompt, adequate and effective compensation, and in accordance with due process of law and general principles of fair treatment.

Expropriation disputes are not common in Georgia, although under the previous government (before 2012), reputable NGOs raised cases of illegal revocation of historic ownership rights in Svaneti, Anaklia, Gonio, and Black Sea-adjacent territories. There were cases of transfer of property under the previous government, which lacked transparency and allegedly were implemented under coercion. One U.S. company recently alleged their assets were expropriated through government actions, but the government settled the issue by providing compensation to the company.

## **Dispute Settlement**

### *ICSID Convention and New York Convention*

Since 1992, Georgia has been a member of the International Centre for Settlement of Investment Disputes (ICSID Convention), and a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

As a result of these international obligations, Georgia is bound to accept international arbitration and recognize arbitral awards. The Ministry of Justice oversees the government's interests in arbitrations between the state and private investors.

### *Investor-State Dispute Settlement*

Georgia has signed bilateral investments treaties (BITs) with over 30 countries including the United States. Georgian investment law allows disputes between a foreign investor and a government body to be resolved in Georgian courts or at ICSID, unless a different method of dispute settlement is agreed upon between the parties. If the dispute cannot be heard at ICSID, the foreign investor can also submit the dispute to ad-hoc international arbitration under United Nations Commission for International Trade Law (UNCITRAL model law) rules. The right to use ICSID or UNCITRAL model law is guaranteed under the U.S.-Georgia BIT.

There were reports of lack of due process and respect for rule of law in a number of property rights cases. NGOs also reported several cases in which groups claimed the government improperly used taxes on property to pressure organizations.

Although the constitution and law provide for an independent judiciary, there remains indications of interference in judicial independence and impartiality. Judges are vulnerable to political pressure from within and outside of the judiciary.

Disputes over property rights at times have undermined confidence in the impartiality of the Georgian judicial system and rule of law, and by extension, Georgia's investment climate. The government identified judicial reform as one of its top priorities, and Parliament has passed a series of reforms aimed at strengthening judicial independence. While reforms have improved the independence of the judiciary, politically sensitive cases are still vulnerable to political pressure. The High Council of Justice is currently dominated by a group of anti-reform judges. Civil society asserts this group applies pressure on judges in politically sensitive cases. The government is currently in the process of passing additional judicial reforms that focus on judicial discipline and regulating the operations of the High School of Justice and High Council of Justice.

Over the past ten years, there have been five investment disputes involving U.S. citizens, and all of them have been resolved through arbitral awards or out-of-court settlements.

Local courts recognize and enforce foreign arbitral awards issued against the government.

There is no substantial history of extrajudicial action against foreign investors.

#### *International Commercial Arbitration and Foreign Courts*

Georgia's arbitration law went into force on January 1, 2010. Georgia has enacted legislation based on the UNCITRAL Model Law. Domestic private arbitration firms, such as the International Arbitration Center ([www.giec.ge](http://www.giec.ge)), operate in dispute resolution between two private parties.

#### **Bankruptcy Regulations**

The Law of Georgia on Insolvency Proceedings regulates rehabilitation and bankruptcy. The law defines two types of creditors: secured and non-secured. Creditors can file a court claim for opening an insolvency proceeding, given certain conditions are satisfied (conditions vary, depending on the outstanding debt amount and the delayed days of repayment).

Creditor meetings are held in court and chaired by a judge. The creditor meeting can decide several issues, including the appointment of a supervisor of the bankruptcy or rehabilitation proceedings, and the appointment of a member of the facilitation council.

**Secured creditors:** Secured creditors must make unanimous decisions on approving a debtor's new debts, the encumbrance of the debtor's property, and suretyship. If there are no secured creditors, the creditor's meeting is authorized to make the same decisions. The secured creditors may suspend enforcement of the following resolutions made in the creditor's meeting on the material conditions of the agreement with the bankruptcy or rehabilitation supervisor or on the definition of the terms of the rehabilitation. After the debtor's property is sold on auction, secured creditors have first priority for being repaid. All secured creditors must approve the rehabilitation plan and plan amendments. New equity investment in the debtor's company is only possible if there are prior consents from all secured creditors and the rehabilitation supervisor.

**Non-secured creditors:** Non-secured creditors are satisfied only after all secured creditors are satisfied (unless otherwise agreed by all creditors unanimously). Non-secured creditors do not have voting rights for the rehabilitation plan approval.

The priority system shall not apply to creditors whose claim is secured by financial collateral.

**Foreign creditors:** The law provides additional time for foreign creditors to file claims. Creditors may file claims to the court and request to declare the agreements made by the insolvent debtor voidable and/or request reimbursement of damages, if such agreements inflicted damages to the creditor.

The Law of Georgia on Insolvency Proceedings only incurs criminal liabilities in case the debtor does not provide, or provides but with intentional delay, or provides falsified information about its obligations, assets, financial situation and activities, or ongoing disputes in which the debtor is involved.

The Debt Registry of the National Agency of the Public Register is Georgia's credit monitoring authority.

According to the "Resolving Insolvency" section of the World Bank's 2018 Doing Business Report, the Law of Georgia on Insolvency Proceedings made insolvency proceedings more accessible for debtors and creditors, improved provisions on treatment of contracts during insolvency, and granted creditors greater participation in important decisions during the proceedings. The report assigned Georgia a higher insolvency score, increasing from 55.59 in 2018 to 56.03 in 2019.

## **Industrial Policies**

### Investment Incentives

The Georgian government has created several tools to support investment in the country's economy. JSC Partnership Fund (PF) is a state owned investment fund, established in 2011. The fund owns the largest Georgian state owned enterprises operating in transportation, energy and infrastructure sectors. PF's main objective is to promote domestic and foreign investment in Georgia by providing co-financing (equity, mezzanine, etc.) in projects at their initial stage of development, with a focus on tourism, manufacturing, energy, and agriculture. ([www.fund.ge](http://www.fund.ge))

In 2013, the Georgian Co-Investment Fund (GCF) was launched to promote foreign and domestic investments. GCF was announced as a reported six billion USD private investment fund, with the mandate of providing investors with unique access, through a private equity structure, to opportunities in Georgia's fastest growing industries and sectors. ([www.gcfund.ge](http://www.gcfund.ge))

The government's 'Produce in Georgia' program is another tool for jointly financing foreign investment, given that the investor sets up a limited liability company in Georgia. The program aims to develop and support entrepreneurship, encourage creation of new enterprises, and increase export potential and investment in the country. Coordinated by the Ministry of Economy and Sustainable Development through its Entrepreneurship Development Agency, National Agency of State Property, and Technology and Innovation Agency of Georgia, the project provides the following support:

- Access to finance
- Access to real property
- Technical assistance

For more information please visit: <http://enterprisegeorgia.gov.ge/en/home>

The National Agency of State Property is in charge of the Physical Infrastructure Transfer Component, i.e., free-of-charge transfer of government-owned real property to an entrepreneur under certain investment obligations.

Low labor costs contribute to the attractiveness of Georgia as a foreign investment destination. It is also increasingly recognized as a regional transportation hub that provides access to the New Silk Road trade corridor linking Asia and Europe.

Georgia's free trade regimes provide easy access for goods produced in Georgia to foreign markets. In some cases, foreign investors can benefit from these agreements by producing goods targeting these markets.

In October 2018, Georgia's Prime Minister introduced the concept of electronic residency, allowing citizens of 34 countries to register their companies electronically and open bank accounts in Georgia while not having a physical presence in the country. Furthermore, the Prime Minister announced that as part of the government's efforts to establish Georgia as a regional financial hub, the government will grant international companies significant tax benefits to open regional offices in Georgia. The government plans to launch the initiative in 2019.

### **Foreign Trade Zones/Free Ports/Trade Facilitation**

In June 2007, the Parliament of Georgia adopted the Law on Free Industrial Zones, which defined the form and function of free industrial/economic zones. Financial operations in such zones may be performed in any currency. Foreign companies operating in free industrial zones are exempt from taxes on profit, property, and VAT. Currently, there are four free industrial zones (FIZ) in Georgia:

- Poti Free Industrial Zone (FIZ): This is the first free industrial zone in the Caucasus Region, established in 2008. UAE-based RAK Investment Authority (Rakia) initially developed it, but in 2017, CEFC China Energy Company Limited purchased 75 percent of shares, and the Georgian government holds the remaining 25 percent. Poti FIZ, a 300-hectare area, benefits from its close proximity to the Poti Sea Port. <https://www.potifreezone.ge>
- A 27-hectare plot in Kutaisi is home to the Egyptian company Fresh Electric, which constructed a kitchen appliances factory in 2009. The company has committed to building about one dozen textile, ceramics, and home appliances factories in the zone, and announced its intention to invest over USD 2 billion.
- Chinese private corporation "Hualing Group," based in Urumqi, China, developed another FIZ in Kutaisi in 2015. This FIZ is a 36-hectare area that houses businesses focused on sales of wood, furniture, stone, building materials, pharmaceuticals, auto spare parts, and beverages: [www.hualingfiz.ge](http://www.hualingfiz.ge).
- The Tbilisi Free Zone (TFZ) in Tbilisi and occupies 17 hectares divided into 28 plots. TFZ has access to the main cargo transportation highway, Tbilisi International Airport (30 km), and the Tbilisi city center (17 km). For more information, visit: <https://www.tfz.ge/en/510/>.

### **Performance and Data Localization Requirements**

Performance requirements are not a condition of establishing, maintaining, or expanding an investment, but have been imposed on a case-by-case basis in some privatizations, such as commitments to maintain employment levels or to make additional investments within a specified period of time. Performance requirements such as the scope and time limit on licenses to extract natural resources or production sharing agreements have triggered complaints from some companies that transactions lacked transparency. Most types of performance requirements are prohibited by the U.S.-Georgia BIT.

The government does not follow a forced localization policy; foreign investors have no obligation to use domestic content in goods or technology. In addition, there are no requirements for foreign IT providers to turn over source codes and/or provide access to surveillance.

The Data Exchange Agency (DEA), under the Ministry of Justice, coordinates e-governance development, data exchange infrastructure, unified governmental networks, informational and communication standards, and cybersecurity policy. The DEA requires any company managing critical data to implement a number of security protocols to protect that information (see [www.dea.gov.ge](http://www.dea.gov.ge)).

## **Protection of Property Rights**

### **Real Property**

Georgia ranks high in World Bank's Doing Business 2019 report in general, but especially in the category of "registering property." Processes are streamlined and transparent, and takes minimal time. It takes one day and is conducted at Public Service Halls.

In June 2017, the Parliament adopted a legislative amendment that placed a moratorium on the sale of agricultural land to foreign citizens and stateless persons. Under the amendment, foreigners, legal entities registered abroad, and legal entities registered by foreigners in Georgia were not able to purchase agricultural land in Georgia. Furthermore, the new Constitution that came into force in December 2018, imposed restrictions on the sale of agricultural land. Currently the parliament is considering a draft law that would allow foreigners to purchase land under a relevant investment plan and other preconditions.

Mortgages and liens are registered through the public registry and information can be obtained from the webpage [www.napr.gov.ge](http://www.napr.gov.ge).

The government has taken multiple steps to regulate land titling, including facilitating simplified procedures, free registration campaigns, and mediation services. The National Public Registration Agency reported that from August 2016 through February 2019, 300 thousand hectares of land were registered under the land reform project, increasing the share of titled land to 45 percent. Unclear or unregistered titling bears the potential to hamper investment projects.

Property ownership cannot revert to other owners when legally purchased property stays unoccupied.

### **Intellectual Property Rights**

Georgia acceded to the World Trade Organization (WTO) and the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement in 2000. The Ministry of Economy and Sustainable Development is responsible for WTO compliance.

The legal framework for protection of intellectual property in Georgia is approximated to international standards. Six laws regulate intellectual property rights (IPR) in Georgia: the Law on Patents, the Law on Trademarks, the Law on Copyrights and Neighboring Rights, the Law on Appellation of Origin and Geographic Indication of Goods, the Law on Topographies of Integrated Circuits, and the Law on IP-Related Border Measures. Georgian law now provides protection for works of literature, art, science, and sound recordings for 50 years.

The National Intellectual Property Center of Georgia (Sakpatenti) provides legal protection of intellectual property objects in Georgia: it issues protective documents on invention, utility model, trademark, design, geographical indication and appellation of origin, new animal breeds and plant varieties, and ensures the deposit of copyrighted work. The Revenue Service, which is part of the Ministry of Finance, is responsible for enforcing the protection of IPR holders that are listed in the Register of Intellectual Property Subject-Matters of the relevant service. The Revenue Service is responsible for border control and can halt import or export of items based on the register data. After the registration procedure is completed, the Revenue Service is liable to suspend counterfeit goods. According to the Law, the goods may be suspended for no longer than 10

working days, which may be extended by the Revenue Service for another 10 working days. The Law of Georgia on Border Measures Related to Intellectual Property provides for the possibility of destruction of counterfeit goods on the basis of a court decision.

IPR infringement of industrial property rights, copyrights, performers' rights, rights of makers of databases, trademarks or other illegal use of commercial indications can incur civil, criminal, and administrative penalties. Depending on the type and extent of the violation, penalties include fines, corrective labor, social work, or imprisonment.

Sakpatenti is an active and engaged partner of the United States in training to educate the public on IPR issues. Sakpatenti coordinates the government's approach to IPR enforcement under the Interagency Coordination Council (Council) for IPR Enforcement. The Council is an efficient platform for government institutions to exchange their views on IPR enforcement issues. Georgia is improving IPR enforcement, but some problems persist, especially software licensing and pirated content available online. Many judges and lawyers lack sufficient knowledge of IPR laws and issues; pirated video and audio recordings, electronic games, and computer software are sometimes available; and unlicensed content free for users to download or stream is available on some websites. The U.S. government Commercial Law Development Program continues to provide assistance to Sakpatenti and other governmental entities to build capacity to deal with IPR-related issues effectively.

#### **Legislative changes:**

In line with Georgia's commitments under the DCFTA, to prevent and suppress infringements of IPR and to ensure the implementation of appropriate sanctions, the National Intellectual Property Center of Georgia (Sakpatenti) drafted a package of amendments to the IP legislation, which the Parliament adopted on December 23, 2017, and entered into force on January 11, 2018. The amendments apply to the following legislative acts regulating intellectual property: the Patent Law of Georgia, the Law of Georgia on Copyright and Related Rights, the Law of Georgia on Design, the Trademark Law of Georgia, the Code of Civil Procedure of Georgia, the Law of Georgia on Pesticides and Agrochemicals, and the Law of Georgia on Drugs and Pharmaceutical Activity.

According to the new amendments, in case of IPR infringement, the holder is endowed with authority to demand removal from circulation of infringing objects, their destruction, destruction of any images related to them and deletion of the material published online that infringes on exclusive rights, and the destruction of any technical devices, which is used to make these objects. According to the amendments, the holder of exclusive rights is entitled to define, at their discretion, the caused damage and received benefit, and can demand lump sum compensation payment. The amendments also stipulate provisional measures to preserve relevant evidence and restrain measures related to protection of intellectual property subject-matters, which is especially important in terms of effective enforcement of rights.

Georgia also approximated laws on "border measures related to IPR" with the EU regulation N608/2013. Amendments were introduced in 2017, which included additional intellectual property objects to be protected at the border, including: design, patent, utility model, topographies of integrated circuits, new breeds of animals, and varieties of plants. Under those new amendments, customs authorities are entitled to take ex-officio actions at the border and detain suspected IP rights infringing goods. Parliament approved the amendments December 13, 2017, and they entered into force on February 7, 2018.

Development of an effective system of Internet Service Providers (ISP) Liability is also one of the obligations under the DCFTA. In order to implement an ISP Liability in Georgian legislation, in 2017, Sakpatenti drafted the amendments to the Law of Georgia "On Copyright and Related Rights" providing introduction of ISP related provisions. The amendments were drafted on the basis of the draft Law of Georgia "On Electronic Commerce," prepared by the Ministry of Economy and Sustainable Development of Georgia.

In 2018, the Ministry of Finance's Investigation Service initiated 16 cases under Article 196 of the Criminal Code of Georgia (unlawful use of trademark, service marks, or other commercial designations). Out of 16 cases, 12 were initiated ex officio. As a result, 40,268 items of counterfeit goods were seized, with the total value of \$45,000.

In 2018, the Revenue Service's Customs Department issued 119 orders to suspend products. Of these, in 82 cases the rights holder and the owner of the products agreed to destroy the products, with a total value of \$30,500. In 16 cases, the rights holder filed a lawsuit in the court, and in 21 cases the goods were released, because either it was not proven that the goods were counterfeited or the rights holder did not file a lawsuit.

Georgia is not listed in USTR's Special 301 report. Similarly, Georgia is not listed in the Notorious Markets Report.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at: <http://www.wipo.int/directory/en/>.

For a list of lawyers in Georgia, please visit: [http://georgia.usembassy.gov/list\\_of\\_attorneys.html](http://georgia.usembassy.gov/list_of_attorneys.html).

## **Financial Sector**

### **Capital Markets and Portfolio Investment**

The National Bank of Georgia regulates the securities market. All market participants submit their reports in line with international standards. All listed companies must make public filings, which are then uploaded to the National Bank's website, allowing users to evaluate a company's financial standing. The Georgian securities market includes the following licensed participants: a Stock Exchange, a Central Securities Depository, nine brokerage companies, and six registrars.

The Georgian Stock Exchange (GSE) is the only organized securities market in Georgia. Designed and established with the help of USAID and operating under a legal framework drafted with the assistance of American experts, the GSE complies with global best practices in securities trading and offers an efficient investment facility to both local and foreign investors. The GSE's automated trading system can accommodate thousands of securities that can be traded by brokers from workstations on the GSE floor or remotely from their offices: <https://gse.ge/en/>

No law or regulation authorizes private firms to adopt articles of incorporation or association that limit or prohibit foreign investment, participation or control. Cross-shareholder or stable-shareholder arrangements are not used by private firms in Georgia. Georgian legislation does not protect private firms from takeovers. There are no regulations authorizing private firms to restrict the investment activity of foreign partners or to limit the ability of foreign partners to gain control over domestic enterprises.

The government and Central Bank (National Bank of Georgia) respect IMF Article VIII and impose no restrictions on payments and transfers in current international transactions.

Credit from commercial banks is available to foreign investors as well as domestic clients, although interest rates are high. Banks continue offering business, consumer, and mortgage loans.

The government adopted a new law in 2018 that introduced an accumulative pension scheme, which became effective on January 1, 2019. The government expects that that the new system will boost domestic capital market, as the pension funds will be invested within Georgia.

## Money and Banking System

Banking is one of the fastest growing sectors in the Georgian economy. The banking sector is well-regulated and capitalized despite regional and global challenges faced in many neighboring countries. As of January 1, 2019, 15 commercial banks, including 14 foreign-controlled banks, made up the banking sector in Georgia, with 135 commercial bank branches and 794 service centers throughout the country. In January 2019, the total assets of Georgian commercial banks were GEL38.8 billion (around USD14.4 billion). As of early 2019, there were 17 insurance companies and 65 microfinance (MFI) organizations operating in Georgia. The total assets of MFIs stood at USD 0.5 billion as of January 1, 2019. Two Georgian banks are listed on the London Stock Exchange: TBC Bank (listed in 2014) and the Bank of Georgia (2006).

The National Bank of Georgia (NBG) is the central bank of Georgia, as defined by the Constitution. The rights and obligations of the NBG as the central bank, the principles of its activity, and the guarantee of its independence are defined in the Organic Law of Georgia on the National Bank of Georgia. The National Bank supervises the financial sector in order to facilitate the financial stability and transparency of the financial system, as well as to protect the rights of the sector's consumers and investors. Through the Financial Monitoring Service of Georgia, a separate legal entity, the NBG undertakes measures against illicit income legalization and the financing of terrorism. In addition, the NBG is the banker and fiscal agent of the government. ([www.nbg.gov.ge](http://www.nbg.gov.ge)).

The International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), the U.S. Overseas Private Investment Corporation (OPIC), the Millennium Challenge Corporation (MCC), the Asian Development Bank (ABD), and other international development agencies have a variety of lending programs that make credit available to large and small businesses in Georgia. Georgia's two largest banks – TBC and Bank of Georgia – have correspondent banking relationships with the United States through Citibank, N.A.

## Foreign Exchange and Remittances

### *Foreign Exchange*

Georgian law guarantees the right of an investor to convert and repatriate income after payment of all required taxes. The investor is also entitled to convert and repatriate any compensation received for expropriated property. Georgia has accepted the obligations of Article VIII, Sections 2, 3, and 4 of the IMF Articles of Agreement, effective as of December 20, 1996, undertaking to refrain from imposing restrictions on payments and transfers for current international transactions and from engaging in discriminatory currency arrangements or multiple currency practices without IMF approval. Parliament's 2011 adoption of the Act of Economic Freedom further reinforced this provision.

Under the U.S.-Georgia BIT, the Georgian government guarantees that all money transfers relating to a covered investment by a U.S. investor can be made freely and without delay into and out of Georgia.

Foreign investors have the right to hold foreign currency accounts with authorized local banks. The sole legal tender in Georgia is the *lari* (GEL), which is traded on the Tbilisi Interbank Currency Exchange and in the foreign exchange bureau market.

The official exchange rate of the GEL is calculated based on transactions secured on the Interbank Foreign Exchange Market. Interbank trading with foreign currencies is organized in an international trading system (Bloomberg). Taking into consideration secured transactions, the weighted average exchange rate of the GEL against the USD is calculated and announced as the official exchange rate for the next day. The official exchange rate of the GEL against other foreign currencies is determined according to the rate on international markets or the issuer country's domestic interbank currency market on the basis of cross-currency exchange rates. The cross-currency rates are acquired from the Reuters and Bloomberg information systems, and the

corresponding webpages of central banks. The information is automatically received, calculated, and disseminated from these systems.

Georgia has a floating exchange rate. The National Bank of Georgia has said it does not intend to fix the exchange rate regime and does not generally intervene in the foreign exchange market, except under certain circumstances when the fluctuation has a high magnitude.

### *Remittance Policies*

There is no difficulty in obtaining foreign currency, nor are there significant delays in remitting funds overseas through normal channels. Several Georgian banks participate in the SWIFT and Western Union interbank communication networks. Businesses report that it takes a maximum of three days for money transferred abroad from Georgia to reach a beneficiary's account, unless otherwise provided by a customer's order. There are no known plans to change remittance policies. Travelers must declare at the border currency and securities in their possession valued at more than GEL30,000 (around USD15,000).

### **Sovereign Wealth Funds**

Georgia does not have a Sovereign Wealth Fund.

### **State-Owned Enterprises**

After the fall of the Soviet Union, the new Georgian government privatized most state-owned enterprises (SOEs). At the end of 2013, the major remaining SOEs were Georgian Railways, Georgian Oil and Gas Corporation (GOGC), Georgian State Electrosystem (GSE), Electricity System Commercial Operator (ESCO), and Enguri Hydropower plant. Of these companies, only Georgian Railways is a major market player. The energy-related companies largely implement the government's energy policies and help manage the electricity market. There are also a number of Legal Entities of Public Law (LEPLs), independent bodies that carry out government functions, such as the Public Service Halls.

During 2012, Georgian Railways, Georgian Oil and Gas Corporation (GOGC), Georgian State Electrosystem, and Electricity System Commercial Operator LLC assets were placed under the Partnership Fund, a state-run fund to facilitate foreign investment into new projects. In addition, the fund controls 25 percent of shares in TELASI Electricity Distribution Company, but has stated its intention to sell those shares. The fund has not yet sold its shares, but still plans to do so: [www.fund.ge](http://www.fund.ge).

Despite state ownership, SOEs act under the general terms of the Entrepreneurial Law. Georgian Railway and GOGC have supervisory boards, while GSE and ESCO do not. Major procedures and policies are described in the charters of respective SOEs. Georgia particularly encourages its SOEs to adhere to the OECD's Guidelines on Corporate Governance for SOEs.

The senior management of SOEs report to Supervisory Boards where they exist (GRW, GOGC); in other cases they report to the line ministries. Governmental officials can be on the supervisory board of the SOEs and the Partnership Fund has five key governmental officials on its board. SOEs explicitly are not obligated to consult with government officials before making business decisions, but informal consultations take place depending on the scale and importance of the issue.

To ensure the transparency and accountability of state business decisions and operations, regular outside audits are conducted and annual reports are published. SOEs with more than 50 percent state ownership are obliged to follow the State Procurement Law and make procurements via public tenders. The Partnership Fund, GRW and GOGC are subject to valuation by international rating agencies. There is no legal requirement for SOEs to publish an annual report or to submit their books for independent audit, but this is still practiced. In addition, GRW and GOGC are Eurobonds issuer companies and therefore are required to publish reports.

SOEs are subject to the same domestic accounting standards and rules and these standards are comparable to international financial reporting standards. There are no SOEs that exercise delegated governmental powers.

### **Privatization Program**

Georgia's government has privatized most large SOEs. Successful privatization projects include major deals in energy generation and distribution, telecommunications, water utilities, port facilities, and real estate assets. A list of entities available to be privatized can be found on the following website: [www.privatization.ge](http://www.privatization.ge). Foreign investors are welcome to participate in privatization programs. Further information is also available at a website maintained by the American Chamber of Commerce in Georgia at: [www.amcham.ge](http://www.amcham.ge).

### **Responsible Business Conduct**

While the concept of Corporate Social Responsibility (CSR) is not highly developed in Georgia, it is growing. Most large companies engage in charity projects and public outreach as part of their marketing strategy. The American Chamber of Commerce in Georgia has a Corporate CSR committee that works with member companies on CSR issues. The Global Compact, a worldwide group of UN agencies, private businesses, and civil society groups promoting responsible corporate citizenship, is active in Georgia. The Eurasia Partnership Foundation launched a program on corporate social investment, promoting greater engagement of private companies in addressing Georgia's development needs.

The Georgian government undertook an OECD CSR policy review in 2016, based on the OECD Policy Framework for Investment: (<http://www.oecd.org/countries/georgia/>). The report states that Georgia engages regularly with the OECD. It participates in the OECD Eurasia Competitiveness Program, which works with countries in the region to help unleash their economic and employment potential through boosting country and regional competitiveness, capturing more and better investment, and developing SMEs. It participates in the OECD Anti-Corruption Network for Eastern Europe and Central Asia, which provides a regional forum for promotion of anti-corruption activities, exchange of information, elaboration of best practices and donor coordination. It is a member of the Task Force for the Implementation of the Environmental Action Program (EAP Task Force), which aims to address the heavy environmental legacy of the Soviet model of development. Additionally, the Support for Improvement in Governance and Management (SIGMA) program, a joint initiative of the EU and the OECD, has provided assistance to Georgia since 2008, to strengthen public governance systems and public administration capacities. Georgia participates in the OECD Committee on Fiscal Affairs' Base Erosion and Profit Sharing (BEPS) Project.

Georgia has extractive industries as it operates manganese, gold, and copper ores, but it is not a party to the Extractive Industries Transparency Initiative (EITI) and/or Voluntary Principles on Security and Human Rights. Among the local tools that promote CSR principles and policies in such industries are commercial chambers, the Public Defender's office, and trade unions.

### **Corruption**

Articles 332-342 of the Criminal Code criminalize bribery. Senior public officials must file financial disclosure forms which are posted online, and Georgian legislation provides for civil forfeiture of the undocumented assets of public officials who are charged with corruption offenses. Penalties for accepting a bribe start at six years in prison and can extend up to 15 years depending on the case's circumstances. Penalties for giving a bribe can include a fine, a minimum prison sentence of two years, or both. In aggravated circumstances, when a bribe is given to commit an illegal act, the penalty can be from four to seven years. Abuse of authority and exceeding authority by public servants are criminal acts under Articles 332 and 333 of the criminal code and carry a maximum penalty of eight years imprisonment. The definition of a public official includes foreign public officials and employees of international organizations and courts. White collar crimes such as bribery fall under the investigative jurisdiction of the Prosecutor's Office.

Georgia is not a signatory to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Georgia has, however, ratified the UN Convention against Corruption. Georgia cooperates with the Group of States against Corruption (GRECO) and the OECD's Anti-Corruption Network for Transition Economies (ACN).

Following its assessment of Georgia in June 2016, the OECD released a report in September 2016, that concluded Georgia had achieved remarkable progress in eliminating petty corruption in public administration and should now focus on combating high-level and complex corruption. The report commends Georgia's mechanism for monitoring and evaluating the implementation of its Anti-Corruption Strategy and Action Plan as well as the important role given to civil society in this process. It also welcomes the adoption of a new Law on Civil Service and recommends that the remaining legislation necessary for the implementation of civil service reforms is adopted without delay. The Civil Service Bureau and Human Resources units in state bodies should be strengthened in order to ensure the implementation of the required reforms. The report highlights Georgia's good track record in prosecuting corruption crimes and in using modern methods to confiscate criminal proceeds. It recommends that Georgia step up enforcement of corporate liability and the prosecution of foreign bribery in order to address the perception of alleged corruption among local government officials as well as at the political level. The full report is available at: <http://www.oecd.org/corruption/anti-bribery/Georgia-Round-4-Monitoring-Report-ENG.pdf>.

Since 2003, Georgia has significantly improved its ranking in Transparency International's (TI) Corruption Perceptions Index (CPI) report. In 2018, Georgia's CPI score was 58, improving two points over its 2017 score, and it ranked 41st out of 180 countries surveyed in the Corruption Perception Index. Georgia is ahead of its regional and Eastern European peers in this regard, as it outscores the Czech Republic, Malta, Croatia, Slovakia, Greece, Romania, Italy, Turkey, Russia, Armenia, and Azerbaijan.

While Georgia has been successful in fighting visible, low-level corruption, Georgia remains vulnerable to what Transparency International calls "elite" corruption: high-level officials exploiting legal loopholes for personal enrichment, status, or retribution. Although evidence is mostly anecdotal, this form of corruption, or the perception of its existence, has the potential to erode public and investor confidence in Georgia's institutions and the investment environment. Institutions most vulnerable to corruption in Georgia include government at the federal and local level, parliament, the judiciary, political parties, law enforcement, media, and private business. Corruption remains a potential problem in public procurement processes, public administration practices, and the judicial system due to unclear laws and ethical standards.

#### *Resources to Report Corruption*

Government agency responsible for combating corruption:

Mr. Zurab Sanikidze  
Head of Analytical Department  
Ministry of Justice of Georgia  
24 A Gorgasali Street, Tbilisi, Georgia  
[zsanikidze@justice.gov.ge](mailto:zsanikidze@justice.gov.ge)

Non-governmental organization:

Ms. Eka Gigauri  
Director  
Transparency International

26, Rustaveli Ave, 0108, Tbilisi, Georgia

+995-32-292-14-03

[ekag@transparency.ge](mailto:ekag@transparency.ge)

## **Political and Security Environment**

The United States established diplomatic relations with Georgia in 1992, following Georgia's 1991 independence from the Soviet Union. Since 1991, Georgia has made impressive progress fighting corruption, developing modern state institutions, and enhancing global security. The United States is committed to helping Georgia deepen Euro-Atlantic ties and strengthen its democratic institutions. The United States supports Georgia's sovereignty and territorial integrity within its internationally recognized borders, and does not recognize the Abkhazia and South Ossetia regions of Georgia, currently occupied by Russia, as independent. The status of each region remains contested, and the Georgian central government does not have effective control over these areas. In August 2008, tensions in the region of South Ossetia culminated in a brief war between Georgia and Russia. Russia invaded and occupied areas of undisputed Georgian territory.

While the separatist regions of South Ossetia and Abkhazia – which Russian troops and border guards have long occupied without Georgia's consent – have declared independence, only Russia, Venezuela, Nicaragua, Syria, and Nauru recognize them as independent states. Tensions still exist both inside the breakaway regions and near the administrative boundary lines (ABL), but other parts of Georgia, including Tbilisi, are not directly affected. A number of attacks, criminal incidents, and kidnappings have occurred in and around the ABL. While none of the activity has been anti-American in nature, there is a high risk of travelers finding themselves in a wrong place/wrong time situation. In addition, unexploded ordnance from previous conflicts poses a danger near the ABL of South Ossetia.

Violent street protests in Georgia are rare, though some smaller political skirmishes have occurred. In recent years, police have fulfilled their duty to maintain order even in cases of unannounced protests.

## **Labor Policies and Practices**

Georgia offers skilled and unskilled labor at attractive costs compared not only to Western European and American standards, but also to Eastern European standards. Skilled labor availability in the engineering fields remains underdeveloped. The official unemployment rate was 12.7 percent in 2018, according to State Department of Statistics, but actual unemployment is considerably higher given significant underemployment in the working population, especially in rural regions where subsistence farmers are considered employed for statistical purposes and job creation has remained a particular challenge. Some investment agreements between the Georgian government and private parties have included mandates for the contracting of local labor for positions below the management or executive level.

Georgia's Labor Code defines the minimum age for employment (16), standard work hours (40 per week), and annual leave (24 calendar days). Other wage and hour issues are to be agreed between the employer and employee. Amendments to the Labor Code in July 2013, defined grounds for termination; the code defines severance pay for an employee at the time of termination of a labor relation, including the payment term. An employer is obliged to give compensation of not less than a month's salary to an employee within thirty (30) days. An employer is obliged to give the dismissed employee a written description of the grounds for termination within seven days after an employee's request. The labor code also prescribes rules for paying overtime labor (over 40 hours), which must be paid at an increased hourly rate.

The amended Labor Code specified essential terms for labor contracts, including: the starting date and the duration of labor relations, working hours and holiday time, location of workplace, position and type of work, amount of salary and its payment, overtime work and its payment, the duration of paid and unpaid vacation

and leave, and rules for granting leave. The code states that the duration of a business day for an underage person (ages 16 to 18) should not exceed 36 hours per week. Regulations prohibit interference in union activities and discrimination of an employee due to union membership. The amendments also mandated that the government reestablish a labor inspectorate to ensure adherence to labor safety standards. The labor inspection program under the Ministry of Labor, Health, and Social Affairs, employs 40 labor inspectors. On March 7, 2018, Parliament passed the Occupational Safety, and Health (OSH) Law that gives the government power to make unannounced inspections in some circumstances in companies operating among “hard, harmful, hazardous, and increased danger” occupations.

Employees are entitled to up to 183 days (six months) of paid maternity leave, which can be up to 24 months when combined with unpaid leave. Leave taken for pregnancy, childbirth, childcare, and adoption of a newborn is subsidized by the state. An employer and employee may agree on additional compensation. Under the Labor Code, non-competition clauses are permitted and sometimes used in contracts. This provision may remain in force even after the termination of labor relations.

The government adopted a new law in 2018, an accumulative pension scheme, which came into effect as of January 1, 2019. The pension scheme is mandatory for legally employed people under 40; while for the self-employed and those above the age of 40 enrollment in the program is voluntary. Each employee, employer, and the government must make a contribution of two percent of the employee’s gross income to an individual retirement account. As for the self-employed, they will make a deposit of four percent of their income, and the state will match another two per cent. Employees pay a flat 20 percent income tax. The state social security system provides modest pension and maternity benefits. The minimum monthly pension is GEL200 (USD75). The average monthly salary across the economy in Georgia in 2018 was GEL1,468 (around USD 545). The minimum wage requirement for state sector employees is GEL115 (USD43) per month. Legislation on the official minimum wage in the private sector has not changed since the early 1990s and stands at GEL20 (USD8) per month, but is not applied in practice and is not being used for reference.

The law generally provides for the right of most workers, including government employees, to form and join independent unions, to legally strike, and to bargain collectively. Employers are not obliged, however, to engage in collective bargaining, even if a trade union or a group of employees wishes to do so. The law permits strikes only in cases of disputes where a collective agreement is already in place. While strikes are not limited in length, the law limits lockouts to 90 days. A court may determine the legality of a strike, and violators of strike rules can face up to two years in prison. Although the law prohibits employers from discriminating against union members or union-organizing activities in general terms, it does not explicitly require reinstatement of workers dismissed for union activity. Certain categories of workers related to “human life and health,” as defined by the government, were not allowed to strike. The International Labor Organization noted the government’s list of such services included some it did not believe constituted essential services directed related to human life and health. Workers generally exercised their right to strike in accordance with the law.

Georgia has ratified some ILO conventions, including the Forced Labor Convention of 1930; the Paid Holiday Convention of 1936; the Anti-Discrimination (Employment and Occupation) Convention of 1951; the Human Resources Development Convention of 1975; the Right to Organize and Collective Bargaining Convention of 1949; the Equal Remuneration Convention of 1951; the Abolition of Forced Labor Convention of 1957; the Employment Policy Convention of 1964; and the Minimum Age Convention of 1973.

Information on labor related issues is also available in the State Department’s annual reports:

Human Right Report: <http://georgia.usembassy.gov/officialreports/hrr.html>.

Child Labor Report: <http://www.dol.gov/ilab/reports/child-labor/georgia.htm>.

## OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) is the U.S. Government's development finance institution. OPIC finance and political risk insurance programs assist U.S. companies with investing overseas. Since 1993, OPIC has committed over USD600 million in financing and political risk insurance for more than 60 projects in Georgia. OPIC investment in Georgia has focused on the following sectors: credit for small and medium-sized enterprises, and projects in the infrastructure, franchising, education, manufacturing, tourism, agriculture, and health care sectors. Some recent examples of OPIC projects include a USD50 million loan commitment to finance the development, construction, and operation of a multifunctional general cargo, dry bulk, and container port terminal at the Port of Poti–Pace Terminal, a USD18 million loan commitment to finance a new Marriott hotel in Tbilisi, and a USD21 million loan commitment to an investment fund for investments in small and medium high-growth businesses in Georgia.

## Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Year	Amount	Year	Amount	Host Country Statistical source*	USG or international statistical source	USG or International IMF; Eurostat; UNCTAD, Other	Source of Data: BEA;
Host Country Gross Domestic Product (GDP) (\$M USD)	2018	\$16.2 bln	2018	\$15.5 bln				<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
Foreign Investment	Direct	Host	Country	USG or international	USG or international	IMF; Eurostat; UNCTAD, Other	Source of data: BEA;	
U.S. FDI in partner country (\$M USD, stock positions)	2018	\$103.7 mln	2018	N/A			BEA data available at <a href="https://www.bea.gov/international/direct-investment-and-multinational-enterprises-comprehensive-data">https://www.bea.gov/international/direct-investment-and-multinational-enterprises-comprehensive-data</a>	
Host country's FDI in the United States (\$M USD, stock positions)	N/A	N/A	N/A	N/A			BEA data available at <a href="https://www.bea.gov/international/direct-investment-and-multinational-enterprises-comprehensive-data">https://www.bea.gov/international/direct-investment-and-multinational-enterprises-comprehensive-data</a>	

Total inbound stock of FDI as % host GDP	N/A	N/A	2017	\$Amt126.7 mln	UNCTAD data available at <a href="https://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Country-Fact-Sheets.aspx">https://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Country-Fact-Sheets.aspx</a>
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\* Source for Host Country Data: GeoStat (Georgia National Statistics Office)

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment N/A		
Total Inward	17,266	100%	Total Outward	N/A	100%
Azerbaijan	3,760	21.8%	N/A	N/A	N/A
UK	2,746	15.9%	N/A	N/A	N/A
Netherlands	2,575	14.9%	N/A	N/A	N/A
Turkey	1,140	6.6%	N/A	N/A	N/A
China	644	3.7%	N/A	N/A	N/A
"0" reflects amounts rounded to +/- USD 500,000.					

Source: IMF Coordinated Direct Investment Survey

Table 4: Sources of Portfolio Investment

IMF Coordinated Portfolio Investment Survey data is not available for Georgia

Portfolio Investment Assets
Top Five Partners (Millions, US Dollars)

<b>Total</b>		<b>Equity Securities</b>		<b>Total Debt Securities</b>	
All Countries	100%	All Countries	100%	All Countries	100%
No Data Available					

**Contact for More Information on the Investment Climate**

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## **Trade & Project Financing**

### **Methods of Payment**

Large Georgian banks service foreign trade transactions. Methods of payment generally include a letter of credit or advance payment. To carry out transactions through banks, buyers and sellers must have a written contract. Because of high interest rates and short-term lending offered by local banks, most enterprises prefer to purchase equipment through supplier-financed transactions.

### **Banking Systems**

The central bank is the National Bank of Georgia (NBG). It sets monetary policy, issues licenses, and supervises the activities of banking institutions and currency exchange offices. To regulate circulating money and encourage deposits in Georgian lari (GEL), the national legal tender, the NBG requires commercial banks to keep a certain percentage of their foreign currency deposit liabilities in reserve.

The U.S. government has assisted the NBG to accelerate financial sector development in Georgia. NBG and most commercial banks use SWIFT to process international payments and messages. There are no restrictions on the number of bank accounts individuals and enterprises may hold with Georgian banks. Banking is one of the fastest growing sectors in the Georgian economy. The cost of lending remains high but may decline as Georgia's banking sector develops.

The banking system currently consists of domestically based small- and medium-sized banks, a handful of large banking institutions based in Tbilisi with subsidiaries (e.g., Vneshtorgbank, Privat Bank), and branches of two foreign banks (Turkish Bank Ziraat and the International Bank of Azerbaijan).

Credit from commercial banks is available to foreign investors as well as domestic clients, although interest rates are high. Banks continue offering business, consumer, and mortgage loans. The International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), U.S. Overseas Private Investment Corporation (OPIC), Asian Development Bank (ADB), and other international development agencies have a variety of lending programs that make credit available to large and small businesses in Georgia. At the beginning of 2018, 69 microfinance organizations operated in Georgia, with total assets of around \$630 million, making small credit available to businesses.

For more information see Chapter 6, Investment Climate Statement, Efficient Capital Markets and Portfolio Investment section.

### **Foreign Exchange Controls**

The lari (GEL) is the only legal tender in Georgia; it has no informal or parallel exchange rates. Foreign businesses may convert GEL into hard currency at the market exchange rate and freely transfer the proceeds abroad without limitation. One may hold foreign exchange in bank notes or on deposit in designated bank accounts. There are no limitations on these accounts' operations.

Since 1998, the GEL has maintained a floating currency. Despite the GEL's nearly 60 percent depreciation against the dollar from 2015 to 2018, Georgia has no plan to change its monetary policy.

All Georgian banks accept and issue credit cards. Credit cards are accepted at most of the hotels, restaurants, and stores in Tbilisi, but some small stores or establishments still do not accept them. ATMs are available throughout Tbilisi and in other cities.

### **US Banks & Local Correspondent Banks**

There are no U.S. banks with branches in Georgia, though most Georgian banks have correspondent accounts with U.S. banks.

## **Project Financing**

For project financing and risk insurance, American investors and exporters may contact the Overseas Private Investment Corporation (OPIC), which provides direct financing and insurance coverage against political risk, currency inconvertibility, expropriation, and political violence.

The Political and Economic Section of the U.S. Embassy in Tbilisi can provide contact information and assistance to any U.S. firm about export financing, insurance, local and domestic business associations and partners, and business climate information.

Georgia is a borrower from Multilateral Development Banks such as European Bank for Reconstruction and Development, Asian Development Bank, and World Bank.

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development, the Asian Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the [Commercial Liaison Offices to the European Bank for Reconstruction and Development](#), the [Asian Development Bank](#), and the [World Bank](#).

Georgia also has other internal sources of project financing separate from the banking sector, such as the Co-Investment Fund and Partnership Fund, and the government supported “Produce in Georgia” program. For additional information on this topic, including content of relevance to U.S. investments, please visit the U.S. Department of State [Investment Climate Statement](#).

## **Multilateral Development Banks**

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the:

Commercial Liaison Office to the [Asian Development Bank](#)

Commercial Liaison Office to the [European Bank for Reconstruction and Development](#)

Commercial Liaison Office to the [World Bank](#)

## **Financing Web Resources**

- [Millennium Challenge Georgia](#)
- [European Bank for Reconstruction and Development](#)
- [Export-Import Bank of the United States](#)
- [OPIC](#)
- [SBA's Office of International Trade](#)
- [Trade and Development Agency](#)
- [U.S. Agency for International Development](#)
- [USDA Commodity Credit Corporation](#)

- [World Bank](#)

## **Business Travel**

### **Business Customs**

The development of personal rapport is an important part of business relationships in Georgia. Business meetings tend to be relatively relaxed affairs. Although tardiness does not necessarily reflect a lack of respect, foreign visitors should be punctual. Business lunches are less common than in the United States and Europe. Elaborate dinners - known as "Georgian tables" or "supras" - are generally long affairs, at which numerous, informal, and impromptu toasts are often required of both the host and honored guests. Wine is an important part of Georgian culture and is a part of any dinner. Georgians take great pride in their reputation as gracious hosts.

### **Travel Advisory**

[U.S. State Department Georgia Travel Information Sheet](#)

### **Visa Requirements**

A passport is required. U.S. citizens visiting for 90 days or less do not need a visa. Armenian and Azerbaijani visas are no longer valid for transit through Georgia. For further information on visas, please contact: <http://mfa.gov.ge/MainNav/ConsularInformation/VisaInfoForeign.aspx>

U.S. companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link: [State Department Visa Website](#)

### **Currency**

The official currency is the Georgian Lari. Credit cards are accepted at most of the hotels, restaurants, and stores in Tbilisi, but some small stores or establishments still do not accept them. ATMs are available throughout Tbilisi and in other cities.

### **Telecommunications/Electronics**

Georgia enjoys direct-dial long distance service for international calls. The capacity and quality of landlines is limited but infrastructure is being improved continuously. Cellular phones are ubiquitous and relatively inexpensive. BlackBerry service is available. Internet access is available at hotels, restaurants and cafes, and parks in Tbilisi and some other towns. Subscriber Internet service is available through several local providers and is also moderately priced by regional standards. However, Internet access might be limited outside of Tbilisi and other major cities.

### **Transportation**

The condition of most main roads in the country is average, but remains poor in rural areas. Within the capital there are many new and inexpensive buses, taxis, and "marshrutka" minibuses. There is also a functioning subway system in Tbilisi. A cab ride from the airport to the center of Tbilisi should cost approximately \$15.

Tbilisi International Airport is Georgia's principal international airport handling 1,000-1,200 passengers per hour (3.8 million passengers in 2018), and is served by a Georgian flag carrier Georgian Airways (formerly Airzena), Lufthansa, Turkish Airlines, FlyDubai, Czech Airlines, Lot Polish Airlines, Aegean Airlines, Alitalia, Qatar Airways, China Southern Airlines, Azerbaijani Airlines, AirBaltic, Belavia, Ukrainian International Airlines, Aircompany SCAT, Siberian Airlines, Air Arabia, Air Astana, Atlas Jet, Myway Airline, and Pegasus

Airlines among others. A major rehabilitation and expansion of the Tbilisi and Batumi airports was carried out in 2016. Charter flights to destinations in Russia are operated by Russian and Georgian carriers.

Newly rehabilitated Kutaisi International Airport in western Georgia (up to 3 hours' drive from Tbilisi) offers cheap flights by Wizz Air to Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, France, Greece, Germany, Hungary, Lithuania, Italy, Netherlands, Poland, Spain, and the UK. A new airfield was constructed in Mestia (in the mountainous Svaneti region). Other aircarriers serving Kutaisi Airport include Ural Airlines (to Moscow), Ukraine International Airlines (to Kiev), Vanilla Sky (domestic flight to Mestia), S7 Airlines (to Moscow) and SCAT Airlines (to Actau). A recent addition to the pool of Georgian airports is Telavi Airport in Kakheti (eastern Georgia), which in the initial stages will serve domestic flights only, with further plans for diversification.

Batumi Airport offers international connections to Baku, Istanbul, Kiev, Minsk, Moscow (charter flights), and Kharkov (summer only).

Georgia's railroad system has improved substantially for passenger trains in recent years, but is relatively slow. The Tbilisi-Batumi passenger train has become a preferred mode of transportation for travelers to western Georgia, given the 4-hour drive time and comfortable wagons. Currently, about 90 percent of freight traffic travels on the main Trans-Caucasus route between the Black Sea ports of Poti and Batumi through Tbilisi to Yerevan (Armenia) and Baku (Azerbaijan). Completion of the Baku-Tbilisi-Kars (BTK) Railway in 2019 will facilitate rail transport from Azerbaijan to Turkey and Europe.

## **Language**

The official language is Georgian and the most widely spoken language across the country. English is gaining in popularity and Russian is also used, but less so among youth. Interpreters are widely available and are relatively inexpensive.

## **Health**

Elderly travelers, travelers with chronic medical conditions, and travels with young children are advised to purchase overseas medevac insurance and bring an adequate amount of medication for the duration of their stay. Some medication may not be registered in Georgia and thus will not be available even with a valid prescription.

Medical services in Georgia are in a state of transition with many positive changes over the past year. Small private, well-equipped hospitals like MediClub in Tbilisi and Medina in Batumi are fully operational. These facilities have well-trained staff, practicing evidence-based medicine. Medical corporations EVEX and Geo-Hospitals have a network of hospitals and out-patient clinics in Tbilisi and other regions. Many state hospitals remain in poor repair but have the capability to stabilize and transfer patients to a higher level of medical care in Georgia and on to western European destination. Several facilities like New Hospital are inviting foreign specialists for consultation.

Tricare health insurance for active duty and retired U.S. military is accepted at some facilities. Cigna International is also accepted at some private clinics and hospitals. Travelers should check with their health insurance company to inquire about overseas coverage.

Although Georgia has a pediatric immunization program schedule of vaccination, it differs from the one in the United States. Some American vaccines are not included in Georgian vaccination plan (and vice versa). In addition, local vaccines are not FDA approved. It is advisable that travelers check with the [Centers for Disease Control and Prevention](#) (CDC) for the latest vaccine recommendation for travel to Georgia. Prevalent diseases include Hepatitis A and Rabies.

The U.S. Embassy maintains a list of English-speaking physicians. Travelers may obtain further information on health matters from the [Centers for Disease Control and Prevention's](#) International Travelers' Hotline at (404) 332-4559.

### **Local Time, Business Hours and Holidays**

Standard time zone for Georgia is: UTC/GMT + 3 hours during summer time and UTC/GMT + 4 during wintertime. Georgia does not observe daylight savings time. Although the business day runs from 9:00 a.m. to 6:00 p.m., the best contact time is 10:00 a.m. to 5:00 p.m. Business leaders and senior government officials tend to start work around 10:00 a.m., work into the night, and often break for a late working dinner.

#### Georgia has 14 national holidays – 2019 Holiday Calendar:

- January 1-2 New Year's Day
- January 7 Christmas (Orthodox Church)
- January 19 Epiphany (Orthodox Church)
- March 3 Mother's Day
- March 8 International Women's Day
- April 9 Independence Restoration Day
- April 26 Good Friday
- April 29 Easter Monday (Recollection of Deceased)
- May 9 Victory Day
- May 12 St. Andrew's Day
- May 26 Independence Day
- August 28 Assumption of the Virgin (Orthodox Church)
- October 14 Svetitskovloba (Day of the Saint)
- November 23 St. George's Day

### **Temporary Entry of Materials or Personal Belongings**

Travelers to Georgia must fill out a customs declaration upon arrival and present it to customs officials upon departure. Travelers must declare on the customs form all items of value, including currency; failure to do so may result in fines or other penalties. If your customs form is lost or stolen, please report the loss to the police to obtain a certificate to show to customs officials upon departure.

Georgia's customs authorities may enforce strict regulations on the temporary importation into or export from Georgia of items such as alcohol, tobacco, jewelry, religious materials, art or artifacts, antiquities, and business equipment. Only personal medications with a doctor's prescription can be imported without the permission of the Georgian Department of Healthcare.

U.S. citizens may not import firearms into Georgia; however, hunting weapons may be brought into the country for a two-week period based on valid Georgian hunting licenses. While there is no limit to the amount of currency that can be imported, travelers bringing more than 30,000 GEL (approximately \$10,791) in cash are required to make a declaration. If more money is exported than was declared at the time of entry, the traveler is obligated to prove it was legally obtained. There are limits on the amount of exported Georgian currency.

The Department of Expertise and Evaluation under the Ministry of Culture and Science must license any valuables being taken out of Georgia such as artwork, antiques, jewelry, paintings, etc. This license describes the object, assesses its value, and provides permission to export it from Georgia. The U.S. Embassy in Tbilisi, Georgia can provide more specific information on quantities of items that can be imported duty free, as well as duties for specific items. It is also advisable to contact the [Embassy of Georgia in Washington, D.C.](#) for specific information regarding customs requirements.

### **Travel Related Web Resources**

[Tbilisi Weather](#)

[Info-Tbilisi](#)

[Mediclub Georgia](#)

[International Medical Support Services](#)

[Centers for Disease Control and Prevention](#)

[State Department Visa Website](#)