

# INVEST IN GEORGIA

## INSIDE THIS ISSUE:

<i>Letter to Investors</i>	1
<i>Business roundtables of Georgia held in Vienna, London and New York</i>	2
<i>Baku-Tbilisi-Kars railway construction launched</i>	3
<i>Investment Opportunities</i>	3
<i>Georgia and Turkey Sign Free Trade Agreement</i>	3-4
<i>Georgian National Investment Agency</i>	4

## Upcoming Events

<i>First Polish National Exhibition in Georgia</i>	4
--	---

[www.investgeorgia.org](http://www.investgeorgia.org)

## LETTER TO INVESTORS

Hope this letter finds you well. In the light of recent events that have taken place in Georgia and may have caused justified concern among you I would like to say the following:

As you probably know, after the clashes that occurred between police forces and protesters on November 7, 2007, the President of Georgia introduced an emergency rule in the entire territory of Georgia for fifteen days. This was done to reestablish peace and order in the country and to bring back normal life. As a result

of active measures of authorities the situation has quickly been brought under control and has normalized.

However, taking into consideration the significance of the situation, the President decided to hold early presidential elections on January 5, 2008 in

order to gain "unequivocal mandate" of the people and to fully resolve the issue.

I would like to assure you that the situation is stable and

the disruption in the economic and business life of our country encountered during the recent events is in the past. The government gives full support to the representatives of foreign businesses operating in Georgia.

Impressive economic growth and achievements made by our country in terms of attracting foreign investments are of crucial importance for the future of Georgia and no one understands it better than the government. We will work hard and will do our best to ensure that the economic atmosphere in this country is conducive to doing business and implementing serious investment projects and



that the interests of each and every investor are protected.

I look forward to seeing you in Georgia soon.

Sincerely,

Tamuna Liluashvili

## Quotes of Participants

*“Georgia’s future is bright, and its high economic growth rate backed by political reform will continue to attract foreign investors in increasing numbers.”*

Quentin Peel,  
International Affairs  
Editor, The Economist

*“We are strongly confident that all the projects presented at the forums will be successfully implemented. We are expecting about 2,2-2,5 billion USD foreign investment capital in the Georgian economy.”*

Zurab Nogaideli, Ex-  
Prime Minister of  
Georgia

*“Wide scale reforms were quickly implemented in Georgia, the investments have doubled over the last three years.”*

Jean Lemierre,  
President of the Euro-  
pean Bank for Recon-  
struction and Develop-  
ment

[www.investgeorgia.org](http://www.investgeorgia.org)

## Business roundtables of Georgia held in Vienna, London and New York

Vienna, London and New York hosted three major business forums about investment opportunities and business climate in Georgia. A series of roundtables were initiated by the Georgian National Investment Agency and the Ministry of Economic Development of Georgia as part of a campaign to promote Georgia in the business circles of the world. The forums were hosted by leading economic publications, which have said that these meetings are the result of Georgia’s improved economic performance and prospects for future growth.

On October 29, the “Invest in Georgia” business roundtable was held in Vienna in partnership with the *Economist*. According to the magazine, Georgia is undergoing a program of “rapid reform and business transformation” and the gathering of key ministers and executives in the Austrian capital was “to poster open and honest debate on its future.” Among the questions raised at the discussion were: which sectors offer the best hope for economic growth, how will Georgia balance its international relations both eastwards and westwards, what the government can do for infrastructure development, where there is

greatest scope for improving the business operating environment and Georgia’s competitive advantages as it searches for a role as regional business hub.

On October 31, the forum moved to London, where it was hosted by the *Financial Times*. The roundtable was opened by Quentin Peel, International Affairs editor of the newspaper, who stated that “Georgia’s future is bright, and its high economic growth rate backed by political reform will continue to attract foreign investors in increasing numbers.” The

conference went on to discuss the nature of, and current opportunities for doing business in Georgia.

The third forum was held on November 5 in New-York, hosted by the *Dow Jones/Wall Street Journal*. The gathered foreign businessmen received information about economic reforms and investment programs taking place in the country including the Georgian Railway, the Poti Sea Port and the Shaori projects. “The recent events in Georgia have attached an additional importance to this investment conference. We needed to once again gain the trust of investors,” said the Georgian Prime Minister adding that this was done successfully at

the forums.

The delegation of Georgian government officials and businessmen headed by the Prime Minister Zurab Nogaideli successfully concluded these forums. “We are strongly confident that all the projects presented at the forums will be successfully implemented. We are expecting about 2,2-2,5 billion



USD foreign investment capital in the Georgian economy,” Zurab Nogaideli said. “Wide scale reforms were quickly implemented in Georgia, the investments have doubled over the last three years,” said Jean Lemierre, President of the European Bank for Reconstruction and Development, who also attended one of the forums.

The Georgian National Investment Agency is gearing up for next year’s series of forums to continue its effort of raising awareness about Georgia and its investment climate and specific investment projects.

## Baku-Tbilisi-Kars railway construction launched

On November 21, 2007 the presidents of Georgia, Turkey and Azerbaijan traveled to the village of Marabda in Georgia where they inaugurated the opening of construction of the Georgian section of the Baku-Tbilisi-Kars railway. The project is of great importance for the development of transport infrastructure in the Caucasus region as well as for the establishment of direct railway connection with Europe.

The Baku-Tbilisi-Kars project includes the construction of a 105 km-railway line with a 76 km section running via Turkey and a 29 km section via Georgia. Moreover, the 183 km section of Akhalkalaki-Marabda-Tbilisi railway will be also reconstructed. The estimated cost of the project is about \$422

million, with about \$202 million needed to pay for the Georgian segment and \$220 million covering the Turkish one. Georgia will finance its part with the help of a \$200 million low-interest loan from Azerbaijan that needs to be repaid in 25 years.

"This is a transport window to Europe. Nobody believed that we would be able to implement the project but together with our friends Turkey and Azerbaijan we have managed it," said President Saakashvili. "Our country is linking with Europe. We are linking with Istanbul, Paris, London and other European cities," he said.

Turkish President Abdullah Gül said that thanks to the project the

historic Silk Road will be restored and China will be linked with the UK. He also underscored the important role of Kazakhstan in the implementation of the project.



Azeri President Ilham Aliyev expressed hope that the railway that connected three countries with each other forever would deepen and strengthen the relations among them.

## Georgia and Turkey Sign Free Trade Agreement

The Minister of Economic Development of Georgia and the State Minister of Turkey signed a Free Trade Agreement at the Georgia-Turkey business forum held on November 21 in Tbilisi. The agreement is to facilitate the development of trade-

economic cooperation between the two countries, encourage entrepreneurs to gain access to markets and support the implementation of investment projects. One of the aims of the agreement is to facilitate the growth of Georgian export to Turkey particu-

larly in the field of agriculture. The agreement on free trade cooperation envisages entire liberalization of trade of industrial goods as well as serious privileges in the field of agriculture, including the following:

*Continued on page 4*

### GEORGIAN RAILWAY

The Ministry of Economic Development of Georgia invites all interested entities for expression of interests on privatization of shares of the "Georgian Railway Ltd". Proposals should be submitted in sealed envelopes. Deadline for submission is January 25, 2008 (17:00 PM). *For more information see link*  
<http://www.investingorgia.org/projects/view/319>

### INVESTMENT OPPORTUNITIES

#### SHAORI

TOURIST - RECREATION ZONE

Located in a hilly zone of Racha, an oldest province of Georgia, Shaori reservoir occupies wooded basin enclosed by the snow mountains of the Caucasus. Shaori is in 3-hour drive from Tbilisi and only in 40-minute drive from Kutaisi.

*For more information see link*  
<http://www.investingorgia.org>

#### TSKALTUBO TOURISM

[g/projects/view/235](http://www.investingorgia.org/projects/view/235)

Tourism Infrastructure to be Privatized in Tskaltubo  
Number of assets: 12  
Usable Space in buildings: 101 727 sq. m  
Land: 761 875 sq. m

*For more information see link*

#### GEORGIAN POST

<http://www.investingorgia.org/projects/view/322>

Ltd "Post of Georgia" is the national post operator. It serves the entire country's population, and mail can be sent throughout the world. The organization owns property including 1,138 buildings, located on a land plot 9.352 sq. m. An attached plot is 10 542 sq. m. 1505.5 employees are working at the organization.

*For more information see link*

#### ARSENAL

<http://www.investingorgia.org/projects/view/321>

Former arsenal of the military camp #17  
Land: 772958 sq. m including buildings

*For more information see link*

## Georgia and Turkey Sign Free Trade Agreement

### TEN REASONS TO INVEST IN GEORGIA

1. World's Leading Reformer
2. Strategic Geographic Location
3. Stable Macroeconomic Environment
4. Competitive Trade Regimes
5. Low Taxes
6. World's Leader in Labor Freedom and Literacy
7. Simplified Licensing and Permitting Procedures
8. Aggressive Privatization Policy
9. Dynamic Banking Sector
10. Corruption-Free Environment

### First Polish National Exhibition in Georgia

The first ever Polish National Exhibition in Georgia will be held on December 5-8 2007 at the EXPO GEORGIA trade exhibition center. 39 companies from Poland will present their goods and services, including: materials for housing and industrial construction, designing of food factories, technologies for meat processing, foodstuffs: diary products, alcohols, sweets, meats, teas, coffees, pickles, processed fruit and vegetable products, garden and terrarium goods, metal goods, military equipment, technical foils, etc.

*Continued from page 3*

- 0% rate instead of 70% on import of 1,250,000 bottles of Georgian wine in Turkey.
- 0% rate instead of 54% on import of 4,000 tons of oranges and tangerines in Turkey.
- 0% rate instead of 60% on import of 2,000 tons of apples.
- 20.5% rate instead of 58.5% on import of 4,000 tons of fruit juice

Exception is made only for a certain limited quantity of agricultural products. From Georgia the list includes the following products: milk and cream, tomatoes, citrus, natural honey, walnuts, grapes, apples, tea, canned fruits and walnuts, canned vegetables, tobacco raw stuff, cigarettes and other tobacco goods. Accordingly, preferences under the agreement on free trade cooperation do not spread on import of aforementioned goods

from Turkey to Georgia.

"In the nearest future trade turnover between Georgia and Turkey will exceed 1 billion USD," George Arveladze, Minister of Economic Development, said at the business

forum. "In the nearest future trade turnover between Georgia and Turkey will exceed 1 billion USD," Arveladze said.

The other accord signed at the business forum was the Agreement on Avoidance of Double



Taxation and the Prevention of Fiscal Evasion between Turkey and Georgia. Turkey is the largest trade partner of Georgia according to the data of January-October 2007. In that period the export of Georgia to Turkey almost doubled and reached 147,300,000\$. The signed agreements are thought to further increase trade turnover between the two countries.

forum. According to him, as of today, trade turnover between the two countries has reached 800 million USD. "Within the last four years we have cooperated in almost all fields and have made significant steps forward. The largest projects have been implemented, including the oil pipeline and the airports. The Batumi airport is a unique airport offering double service between Georgia and Turkey. We

Taxation and the Prevention of Fiscal Evasion between Turkey and Georgia. Turkey is the largest trade partner of Georgia according to the data of January-October 2007. In that period the export of Georgia to Turkey almost doubled and reached 147,300,000\$. The signed agreements are thought to further increase trade turnover between the two countries.

### GEORGIAN NATIONAL INVESTMENT AGENCY

Contact us:

Khetagurovi str. 6  
0102, Tbilisi, Georgia  
Tel: +995 32 433 433  
Fax: +995 32 433 425  
E-mail: [info@investinggeorgia.org](mailto:info@investinggeorgia.org)  
[www.investinggeorgia.org](http://www.investinggeorgia.org)

INVEST IN GEORGIA Newsletter is a monthly publication of the National Investment Agency.

Editorial Team: Nino Dzagnidze, Elisabed Khabazashvili, Mikheil Kobaladze