



Georgian Outlook

2012

Country Overview

Area	69 700 sq km
Official language	Georgian
Literacy	100%
Capital	Tbilisi
Currency (code)	Lari (GEL)
GDP 2011	US\$ 14.4 billion
GDP - real growth rate 2011	7.0%
GDP - Per Capita 2011	US\$ 3,215.4
Inflation rate 2011 <i>(average annual; e-o-p)</i>	8.5% ; 2.0%
External debt to GDP 2011	29%



Population

Total Population 2011

4,4 mln

Urban

53%

Rural

47%

Urbanization rate annual rate of change (2010-15 est.)

-0.4%

Population growth rate

-0.3% (2012 est.)

Population birth rate (2012 est.)

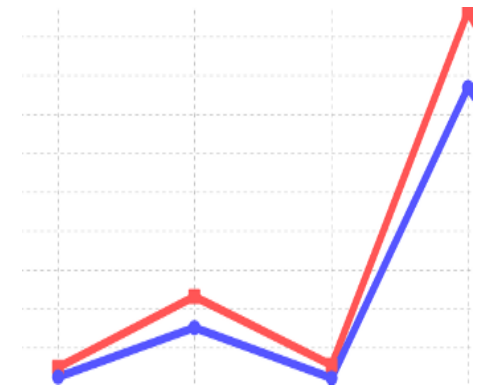
10.75 birth/1,000 population

Weddings rate (2011)*

30.8 weddings/1,000 population

Life expectancy

74 years



* Georgian society is very traditional, especially in rural side and majority of newly created families lives with parents.

Population by Regions

Main cities/Population

- TBILISI (capital) 1.115 million
- Mtskheta (20 km from Tbilisi) 7700
- Rustavi (30 km from Tbilisi) 118 200
- Kutaisi 190 100
- Batumi 122 100
- Gori 148 686
- Zugdidi 72 100
- Poti 47 149
- Telavi 21 100



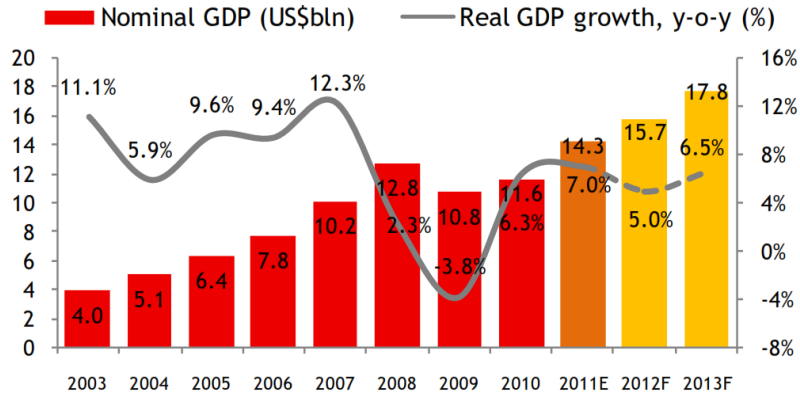
Regions/% of total population

- Shida Kartli - 7.1% of total population
- Samegrelo-Zemo Svaneti 11%
- Guria -3.3%
- Imereti 16%
- Kakheti 9.2%
- Mtskheta-Mtianeti 2.8%
- Racha-Lechkhumi and Kvemo Svaneti 1.2%
- Samtskhe-Javakheti 4.7%
- Kvemo Kartli 11%
- Adjara A/R 8.5%

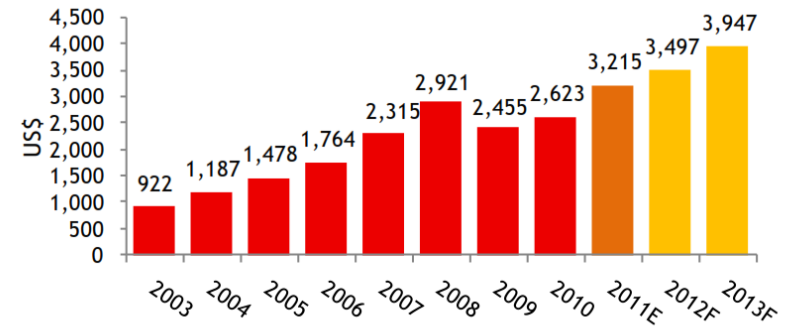
Source: National Statistics Office of Georgia

Economy

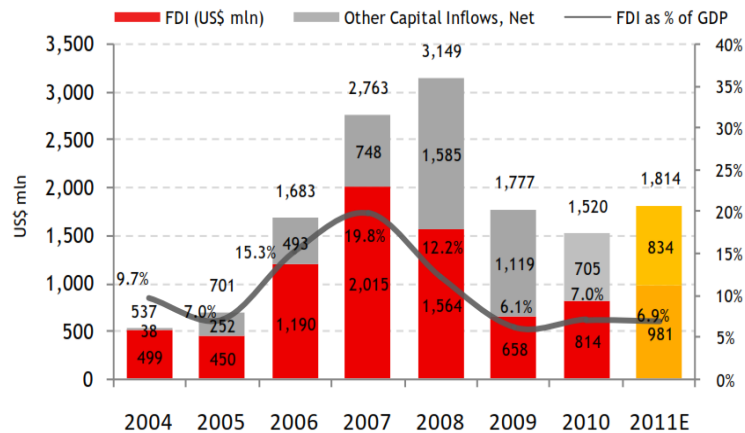
Nominal GDP and Real Growth



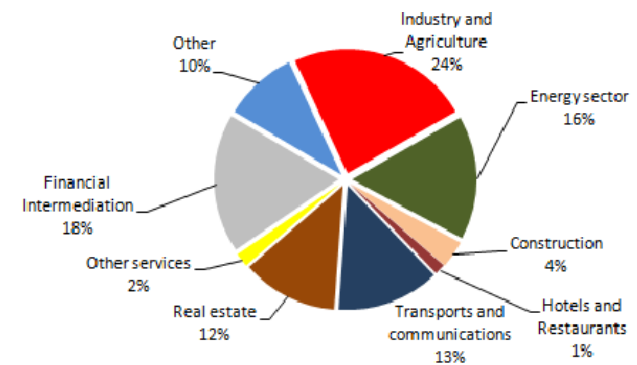
Nominal GDP Per Capita



Foreign Direct Investments Inflow



Foreign investments by Sectors



Liberal Reforms

- **Liberal Tax Code**
 - ✓ Only 6 taxes left
 - ✓ Simplified system of tax disputes discussion

- **Modernized system of Licenses and Permits**
 - ✓ Number of licenses and permits reduced by 84%
 - ✓ Licenses and permits are only used in the production of highly risky goods and services, usage of natural resources and other specific activities
 - ✓ Significantly simplified procedures of issuing licenses and permits
 - ✓ Introduced “one-stop shop” and “silence is consent” principles

Tax Policy

Reduced number of taxes from 21 to 6

Reduced tax rates (see below)

- Personal Income Tax - 20%
- Corporate Income Tax -15%
- VAT -18%
- Excise Tax - Varies
- Customs Tax - 0%, 5% or 12%
- Property tax -1% on the self-assessed value of property

Investment Supportive Policy

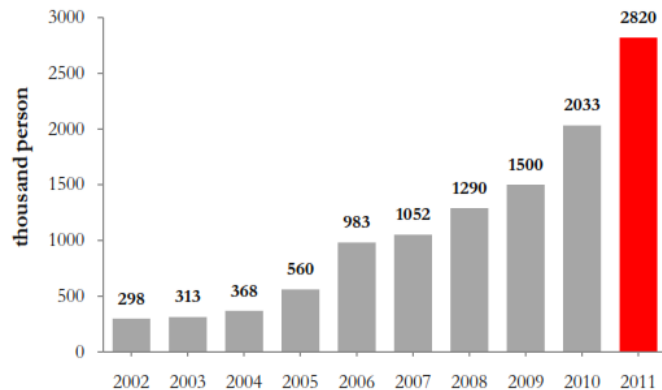
- Simplified regulations;
- Favorable taxation regime;
- Equal treatment for local and domestic investors;
- Free Industrial Zones - preferences for investors;
- Free Tourist Zones in Kobuleti and Anaklia (*both destinations are on Black Sea coast*);
 - ✓ Land for symbolic price (GEL 1);
 - ✓ No profit and Property taxes for 15 years;
 - ✓ Free Hotel Master Plan;
 - ✓ Fully provided engineering utility networks and corresponding outdoor infrastructure, such as electricity, gas, water and new roads.

Tourism

Tourism sector characterized with growing tendency during last years.

- In 2011 number of visitors amounted 2 820 185 persons and increased by 39% compared to year 2010;
- In 2010 number of visitors amounted 2 037 717 persons and increased by 39% compared to year 2009;

Arrival of non-resident visitors



Country	2010	2011	% change
Total	2 031 717	2 820 185	39
EUROPE	1 956 128	2 694 360	38
Europe without CIS	669 980	906 632	35
CIS	1 286 329	1 787 728	39
AMERICAS	24 416	28 856	18
EAST ASIA/PACIFIC	14 394	19 428	35
MIDDLE EAST	3 413	5 660	66
SOUTH ASIA	27 810	66 076	138
AFRICA	2 869	3 797	32

Source: Georgian National Tourism Agency

In 2010 New York Times ranked Georgia 6th among 41 best countries for tourism destination

Increasingly Attractive Tourism destination

- Rebranding Georgia as tourism destination in International arena and transforming Georgia into regional tourism hub in the Caucasus region
- Growth effects of domestic road interconnectedness compounded by “vertical” approach to the revival of Georgia`s traditional tourism hubs (Tbilisi, Mtskheta, Batumi, Bakuriani, Gudauri etc.) and discovery of new promising destinations (Svaneti, Anaklia, Signagi, Kvareli etc.) capable to providing tremendous lasting boost to sea and mountain tourism, to cultural tours, wine tours, green and off-road tourism
- Domestic tourism development – area with significant unexplored growth potential
- Kobuleti and Anaklia Free tourism Zone (plot of land for symbolic 1 GEL price, customized profit and property tax exemptions)



- In the light of rapidly increasing amount of arrivals to Georgia, one of the main challenges for tourism development is lack of appropriate infrastructure.
- Total number of bed places in Georgia 28 628, approximately half of this amount is family type guest houses;
- Amount of bed places in most popular tourist destinations:
 - Tbilisi - 5 178;
 - Batumi (sea side) - 10 342.

Occupancy Rates of Hotel Rooms

Occupancy rate of hotel rooms, increased in compared to previous years, in 2011 annual occupancy rate in Georgia was 60% and increased by 10% comparing to 2010.

Hotel rooms occupancy rate:

- Tbilisi – 70%
- Adjara (Batumi&Kobuleti) - 70-80%
- Gudauri&Bakuriany (ski resorts) - 80-90%

Used Sources

- www.economy.ge
- www.gnta.ge
- www.geostat.ge
- www.government.gov.ge

Thank You