



UN Tourism

TOURISM DOING BUSINESS
INVESTING IN



MINISTRY OF ECONOMY
AND SUSTAINABLE DEVELOPMENT
OF GEORGIA



ENTERPRISE GEORGIA





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Tourism Doing Business – Investing in Georgia

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TOURISM DOING BUSINESS INVESTING IN



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Levan Davitashvili

FIRST VICE PRIME MINISTER AND
MINISTER OF ECONOMY AND SUSTAINABLE
DEVELOPMENT OF GEORGIA

Georgia, strategically located in the Caucasus region between the Black and Caspian Seas, is a nation that offers a unique blend of rich cultural heritage, renowned hospitality, pristine natural landscapes, and a thriving business environment. Over the past two decades, Georgia has emerged as a beacon of successful reform and rapid development, earning international recognition for its steadfast commitment to economic freedom, open markets, and a business-friendly climate.

This commitment is reflected in Georgia's impressive global rankings. The World Bank consistently places Georgia among the top 10 economies worldwide for Ease of Doing Business. Similarly, Georgia's 8th place ranking in the OECD's FDI Regulatory Restrictiveness Index highlights its status as one of the most open and investor-friendly environments. Equally notable, the 2023 NUMBEO Crime Index ranks Georgia as one of the safest countries globally, placing 8th in Europe and 18th worldwide.

Georgia's hallmark hospitality is complemented by visa-free access for citizens of nearly 100 countries and a well-developed transport and communications network, making it an attractive destination for visitors and investors alike. Hospitality and real estate have become some of the fastest-growing sectors in the Georgian economy, driven by a consistent rise in tourist numbers. Before the pandemic, Georgia's tourism sector was thriving, with a record 9.3 million international arrivals in 2019, generating over USD 3.3 billion. Remarkably, in 2022, travel receipts exceeded pre-pandemic levels, and by 2023 reached USD 4.1 billion, signalling further growth.

This positive trend, along with encouraging occupancy rates, presents significant investment opportunities for foreign companies. International hotel brands such as Radisson, Marriott, Biltmore, Swissotel, Accor, Best Western, and Holiday Inn are rapidly expanding their presence in Georgia. The country also offers substantial potential for the development of beach resorts, medical and wellness centres, winter-ski resorts, and year-round destinations. Real estate demand is steadily increasing in Tbilisi, the capital, creating diverse investment opportunities in hotels, commercial and retail spaces, MICE (Meetings, Incentives, Conferences, Exhibitions) facilities, and entertainment centres. Moreover, the significant infrastructural advancements in our mountain resorts, such as new ski lifts and snowmaking systems, have enabled us to host prestigious international sporting events, including FIS Freestyle Ski, Snowboard and Freeski World Championships, FIS World Cup competitions and the Freeride World Tour, further adding to the awareness and attractiveness of Georgia's resorts.

Today, Georgia stands out as a prime investment destination, offering a unique combination of low costs and minimized risks, all underpinned by an exceptional business climate. This is clearly demonstrated by the country's recent economic performance. From 2021 to 2023, Georgia achieved an impressive average GDP growth of 9.7%. Additionally, 2022 marked a historic high for FDI inflows, exceeding USD 2.2 billion. These milestones reinforce Georgia's position as a dynamic and promising hub for global investors.

Levan Davitashvili
First Vice Prime Minister and
Minister of Economy and Sustainable Development of Georgia



Zurab Pololikashvili

SECRETARY-GENERAL
UN TOURISM

Georgia stands as a unique and dynamic destination, rich in cultural heritage and blessed with a strategic location bridging Europe and Asia. As Secretary-General of UN Tourism, it is with profound pride and great enthusiasm that I introduce the "Tourism Doing Business – Investing in Georgia" guide, which showcases the expansive opportunities available for investors in Georgia's flourishing tourism industry.

Georgia, with its diverse landscapes—from the Black Sea coast to the peaks of the Caucasus Mountains—offers unparalleled natural beauty and a deep historical legacy. The country has made significant strides in enhancing its business environment through comprehensive economic reforms and infrastructure development. These efforts have not only stimulated rapid economic growth but have also made Georgia an increasingly attractive destination for international tourism and investment.

The insights provided in this guide offer a detailed exploration of Georgia's evolving economic landscape, highlighting the success of its tourism sector as a driving force for growth and development. The

surge in foreign direct investment, particularly in hospitality and real estate, reflects a growing global confidence in Georgia's potential. Government initiatives and strategic projects continue to support this upward trajectory, paving the way for sustained growth and innovation.

This guide is designed to equip potential investors with the tools and knowledge necessary to navigate the Georgian market effectively. By focusing on the country's distinct advantages and the opportunities that lie ahead, we aim to foster a partnership that will contribute to Georgia's long-term success as a top-tier destination for tourism and investment.

I warmly encourage you to delve into the opportunities that Georgia presents and to join in advancing Georgia's role on the global stage as a leading destination for both travellers and investors.

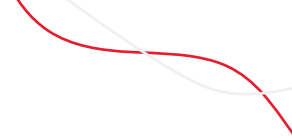
Sincerely,

Zurab Pololikashvili
Secretary-General
UN Tourism



Natalia Bayona

EXECUTIVE DIRECTOR
UN TOURISM



It is my privilege to introduce the "Tourism Doing Business – Investing in Georgia" guide, a comprehensive resource designed to equip investors with a deep understanding of Georgia's strategic advantages and the extensive opportunities within its rapidly expanding tourism sector. This guide aims to assist investors in navigating Georgia's tourism market with confidence, ensuring that their contributions not only yield significant returns but also support the continued prosperity of Georgia and the broader region.

Positioned at the crossroads of Europe and Asia, Georgia offers a unique combination of cultural richness and strategic economic initiatives. This guide emphasises the significant progress the country has made in cultivating a favourable environment for tourism investment, supported by comprehensive reforms and targeted infrastructure development.

Georgia's tourism sector has demonstrated impressive growth and resilience. In 2023, the country welcomed over 4.7 million international tourists, while tourism receipts reached a record USD 4.1 billion, reflecting the increasing appeal of Georgia as a premier destination for global travellers. This guide provides a detailed analysis of these tourism trends, offering valuable insights into the evolving landscape and the substantial potential that lies ahead.

Georgia's tourism offerings are exceptionally diverse, catering to a broad spectrum of interests. From historic monasteries to modern ski resorts, and from the renowned wine regions to the vibrant cultural life in its cities, Georgia presents numerous opportunities for strategic investment. Each of these attractions contributes to a tourism ecosystem that is deeply intertwined with the country's rich cultural and natural heritage.

As we look to the future, it is crucial that investments in Georgia's tourism sector not only drive economic growth but also contribute to a sustainable model that benefits both people and the planet. By fostering responsible tourism practices and prioritising sustainable development, we can ensure that the prosperity generated by these investments supports the well-being of local communities, preserves Georgia's natural and cultural heritage, and aligns with global efforts to protect our environment. I encourage you to engage in this endeavour with a commitment to creating lasting value that goes beyond financial returns, ensuring a positive impact for generations to come.

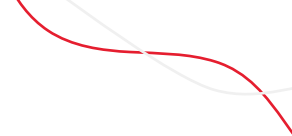
Sincerely,

Natalia Bayona
Executive Director
UN Tourism



Cordula Wohlmuther

DIRECTOR A.I. OF THE REGIONAL
DEPARTMENT FOR EUROPE
UN TOURISM



Tourism is a key priority sector in Georgia. As outlined in the National Tourism Strategy, there is a strong emphasis on promoting a tourism culture that balances economic growth with the preservation of the country's natural and cultural heritage. By promoting environmentally friendly practices, safeguarding cultural assets and involving local communities, Georgia is committed to building a sustainable tourism sector that benefits both visitors and local residents, ensuring the long-term viability and prosperity of its destinations.

As such, investment in the tourism sector is essential for boosting competitiveness, expand economic opportunities and providing a pathway for prosperity, while also transforming Georgia's rich natural and cultural resources into sustainable tourism experiences that benefit both local communities and visitors.

With its diverse landscapes and strategic location, Georgia offers opportunities for investors to develop innovative and sustainable tourism ventures. Collaboration with international partners is key to harnessing expertise, technology, and financial resources to drive sustainable growth, generate employment and showcase Georgia's charm to the world.

The "Tourism Doing Business – Investing in Georgia" report provides detailed insights into the country's investment climate, regulatory framework, and opportunities across various tourism segments. It serves as a valuable resource for investors and stakeholders interested in contributing to Georgia's developing tourism industry. As such, it is a helpful source of information and shall help Georgia in building a sustainable tourism sector.

Cordula Wohlmuther
Director a.i. of the Regional Department for Europe
UN Tourism

INTRODUCTION

Tourism Doing Business – Investing in Georgia

Chapter One - Provides an overview of the global economic outlook in 2024 and examines Georgia's economic context in detail. It covers the economy's growth trends, inflation, and the impact of current geopolitical uncertainty, and then explores Georgia's key sectors, and the importance of tourism. Additionally, it delves into Georgia's economic development strategies, and how global economic trends have influenced the country's performance.

Chapter Two - This chapter explores the trends in global foreign direct investment (FDI) flows. It also examines the regional dynamics, highlighting significant variations in FDI inflows and outflows among different regions. The chapter also focuses on greenfield investments in tourism and the role of venture capital in Georgia, emphasizing their importance in driving innovation and growth in emerging markets.

Chapter Three - Outlines the value proposition of Georgia as a premier destination for investment, particularly in the tourism sector. The chapter emphasizes Georgia's rich natural and cultural resources, strategic location, and favourable business environment as key factors that enhance its appeal to investors. Additionally, the chapter discusses the competitive advantages Georgia holds, such as low tax rates, ease of doing business, and a transparent legal environment, which further solidifies its position as a lucrative and stable destination for international investments in tourism.

Chapter Four - Performs a competitive comparison of Georgia's tourism sector against other countries in the region, based on several metrics such as safety and security, health and hygiene, and cultural resources. The chapter also delves into the tourism cluster overview, where Georgia's performance is compared to its regional peers.

Chapter Five - Showcases Georgia's prime investment opportunities in the tourism sector, highlighting the potential for significant economic growth and development. The chapter explores various prospects, including the revitalisation of historical sites and properties, transforming them into modern hospitality facilities while maintaining their cultural heritage.



Stepantsminda - Dariali Valley



OVERVIEW OF GEORGIA

Georgia has a **population of 3.7 million** and is a relatively small country with a land area of 69,700 km². Located at the intersection of Eastern Europe and Western Asia, it borders Russia to the north, Türkiye and Armenia to the south, and Azerbaijan to the southeast, with the Black Sea to the west. Georgia has a rich cultural heritage with numerous archaeological sites, **4 assets declared World Heritage** sites by the United Nations Educational, Scientific and Cultural Organization (UNESCO), and a rapidly growing tourism sector that is becoming key for its economy, contributing significantly to job creation and economic growth.

Georgia boasts a stable and favourable business environment characterized by transparent regulations, economic reforms, and low tax rates, making it one of the most attractive investment destinations globally. The country's commitment to creating a business-friendly climate has led to significant growth and investment opportunities.

While there are numerous reasons to invest in Georgia, there are five highly relevant aspects that deserve to be highlighted:

1. Diverse Natural and Cultural Attractions & Resorts: Georgia offers a rich tapestry of natural beauty and cultural heritage, featuring over 12,000 historical monuments and four UNESCO World Heritage Sites. The country's tourism sector is diverse, encompassing cultural, historical, and ecotourism, sun-beach resorts, renowned wine regions, and winter sports destinations. Additionally, Georgia's significant role as a historical Silk Road corridor and its emerging medical and wellness tourism sector further enhance its appeal as a premier travel destination.

2. Well-Connected and Easily Accessible Location: Strategically positioned between Europe and Asia, Georgia boasts modern transport infrastructure, including three major international airports. The extensive road network and railway system supports mobility and economic activities. Ongoing infrastructure projects like the East-West Highway and Anaklia Deep Sea Port further enhance connectivity. Additionally, Georgia's liberal visa policy allows visa-free travel for citizens of 98 countries, making it an accessible destination for tourists and businesses.

3. Potential for Hospitality and Real Estate: Georgia is rapidly emerging as a prime destination for international visitors and investors, with significant growth in the hospitality and real estate sectors. In 2023, it welcomed 6.2 million international visitors, generating USD 4.1 billion in revenue. The expansion of international brand hotels and robust real estate market, attracting over USD 500 million in FDI in recent years, highlight its potential. The hospitality sector's growth is also reflected in increased employment, supporting the local economy, and demonstrating confidence in Georgia's tourism market.

4. One of the Lowest Taxes Globally: Georgia's tax system is among the most favourable worldwide, featuring a low total tax rate of 9.9%, no capital gains, wealth, or inheritance taxes, and numerous incentives for businesses. Companies benefit from a 0% tax on reinvested profits and a competitive 15% tax on distributed earnings. The flat personal income tax rate of 20% further simplifies compliance. Free Industrial Zones in strategic locations provide significant tax and customs benefits, making Georgia highly attractive for investment.

5. Stable and Favourable Business Environment: Georgia is renowned for its transparency and regulatory efficiency. Economic reforms, such as the Association Agreement and DCFTA with the EU, and recent EU Candidate Status, highlight its commitment to integration and development. Investment promotion agencies like Enterprise Georgia and robust free trade agreements with major markets enhance Georgia's appeal.

Key Points



Real GDP growth percent change 2023

7.5% GEOSTAT 2023

GDP, current prices 2023

USD 30.5 billion GEOSTAT 2023

Greenfield FDI announcements in the tourism cluster (2008-2023)

USD 890 million fDi Markets

Foreign Direct Investment, (FDI), 2023

USD 1.9 billion GEOSTAT 2023

International Visitor Trips, 2023

6,171,540 GEOSTAT 2023

Contribution of inbound tourism expenditure over GDP, 2022

15.4% UN Tourism

Population 2023

3,736,400 million National Statistics Office of Georgia



Axis Towers, Tbilisi

Content

	Page
1. Economic Outlook	01
1.1. Global Economic Outlook	01
1.2. Georgia's Economic Outlook	02
2. Investment Outlook	13
2.1. Foreign Direct Investment Flows and Stocks in Georgia	14
2.2. Tourism Investment in Georgia	20
2.3. Overview of the Startup Ecosystem and Venture Capital Landscape	24
3. Value Proposition	29
3.1 Why to Invest in Georgia	30
3.1.1 Diverse Natural and Cultural Attractions and Resorts	30
3.1.2 Well-connected and easily accessible location	46
3.1.3 Potential for Hospitality and Real Estate	50
3.1.4 One of the Lowest Taxes Globally	51
3.1.5 Stable and Favourable Business Environment	55
3.2 How to Start a Business in Georgia	57
4. Competitive Outlook	61
4.1. Attractiveness and Positioning of Georgia (Country Benchmark)	61
4.2 Tourism Cluster Overview	64
5. Tourism Investment Opportunities	73
5.1. Strategic Projects in the Tourism Sector - Master Plan and Development of Tskaltubo	73
5.2. Additional Investment Opportunities	98
6. Conclusions	103
Institutional Relations. UN Tourism - Georgia	104
References	110

Acronyms, abbreviations, and special notes

ACI	Airports Council International Europe
BTK	Baku-Tbilisi-Kars
CAPEX	Capital Expenditures
CIS	Commonwealth of Independent States
CIT	Corporate Income Tax
DCFTA	Association Agreement and a Deep and Comprehensive Free Trade Area
EU	European Union
EWH	East-West Highway
FDI	Foreign Direct Investment
FIZ	Free Industrial Zone
GDP	Gross Domestic Product
GEL	Georgia Lari
GENIE	World Bank's Georgia National Innovation Ecosystem
GEOSTAT	National Statistics Office of Georgia
GITA	Georgia's Innovation and Technology Agency
HPTC	High-Performance Training Centre
ICT	Information and communication technology
IMF	International Monetary Fund
LEPL	Legal Entity of Public Law
SIDS	Small Island Developing States
SME	Small and Medium Enterprises
TTCI	Travel & Tourism Competitiveness Index
TTDI	Travel & Tourism Development Index

UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	United Nations World Tourism Organization
USA	United States of America
USD	United States Dollar
VAT	Value Added Tax
WEF	World Economic Forum
WJP	The World Justice Project

Note: The exchange rate figures in this document have been rounded, using the average exchange rate of the Georgian Lari (GEL) to the US Dollar (USD) over the past two years as a reference (1 GEL=0.37) Source: National Bank of Georgia. (n.d.), Monetary Policy: Currency, online available at: National Bank of Georgia [22-07-24].

Figures

- Figure 1.1:** Georgia's GDP Current Prices (USD billion) and Growth (%), 2012-2023
- Figure 1.2:** Contribution of Different Sectors to Georgia's GDP (%), 2023
- Figure 1.3:** Contribution of Main Export Sectors in Georgia (%), 2023
- Figure 1.4:** Georgia - Macroeconomic Context
- Figure 1.5:** Inbound Tourism to Georgia, 2018-2023
-
- Figure 2.1:** Evolution of FDI Flows Across All Sectors in Georgia (USD million), 2014 - 2023
- Figure 2.2:** Aggregate of FDI Inflows by Economic Activity in Georgia (%), 2014 – 2023
- Figure 2.3:** Main Origins of FDI Inflows in Georgia (USD million), 2013 - 2023
- Figure 2.4:** International Arrivals and Greenfield Investment in Tourism, Comparison of Selected CIS Destinations, 2010 - 2022
-
- Figure 4.1:** Comparison of Georgia's Competitive Set of Countries, Travel and Tourism Development Index (Positioning 1-117), WEF, 2024
- Figure 4.2.1:** International Visitor Trips (million) and International Tourism Receipts (USD billion), 2013 – 2023
- Figure 4.2.2.b:** International Visitor Trips by Origin Country, 2023
- Figure 4.2.3:** Number of Foreign Arrivals by Purpose of Trip (%), 2019-2023
- Figure 4.2.3.b:** Share of Tourism Activities in Tourism GDP (basic prices), 2019-2023
- Figure 4.2.5:** Evolution of Average Spending per Visitor in Georgia (USD million), 2018 - 2021
- Figure 4.2.6:** Evolution of Number of Establishments and Rooms, 2018 – 2022

Tables

Table 2.1: Destinations of Greenfield Investments in Georgia, 2008 – 2023

Table 3.2: The Steps to Establish a Business in Georg

Table 5.1: Georgia 's Main Tourism Investment Opportunities



Rike Park, Tbilisi

1

ECONOMIC OUTLOOK

1.1 Global Economic Outlook

The global economy in 2024 is navigating a complex landscape characterised by divergent growth trends, persistent inflationary pressures, and heightened geopolitical uncertainties. Following the severe disruptions caused by the COVID-19 pandemic and subsequent phase of recovery, the world economy is now facing a slowdown in growth. According to the International Monetary Fund (IMF), global growth is projected to decelerate to 2.8% in 2024, down from 3.1% in 2023¹, as advanced economies keep tighter monetary conditions and emerging markets struggle with structural challenges and external vulnerabilities. Similarly, The World Bank forecasts a deceleration, emphasizing the impact of rising debt levels and geopolitical tensions on the global economy².

Global inflation, though declining from its peak in 2022, remains high. The IMF projects global inflation to decrease from 6.3% in 2023³ to an average 5.1% in 2024. Central banks worldwide are maintaining a cautious stance, balancing the dual objectives of curbing inflation and supporting economic growth. The United States Federal Reserve, the

European Central Bank, and the Bank of Japan are expected to maintain tight monetary policies, with potential interest rate adjustments contingent on ongoing inflation trends and economic performance. In the Eurozone, inflation is projected to average 3.5% in 2024, while Japan holds an inflation rate of 3.2%⁴.

Geopolitical uncertainties continue to pose significant risks to global economic stability. The Russia-Ukraine conflict, intensifying trade tensions between the United States of America and China, and political instability in the Middle East contribute to market volatility and economic unpredictability. Trade dynamics are also shifting, with nations increasingly seeking to diversify supply chains and reduce dependency on single-source suppliers, particularly in critical sectors such as technology and energy. The global trade environment is expected to remain challenging due to slowed industrial production, with future growth facing risks from geopolitical tensions, maritime transport disruptions, and potential trade policy uncertainties.



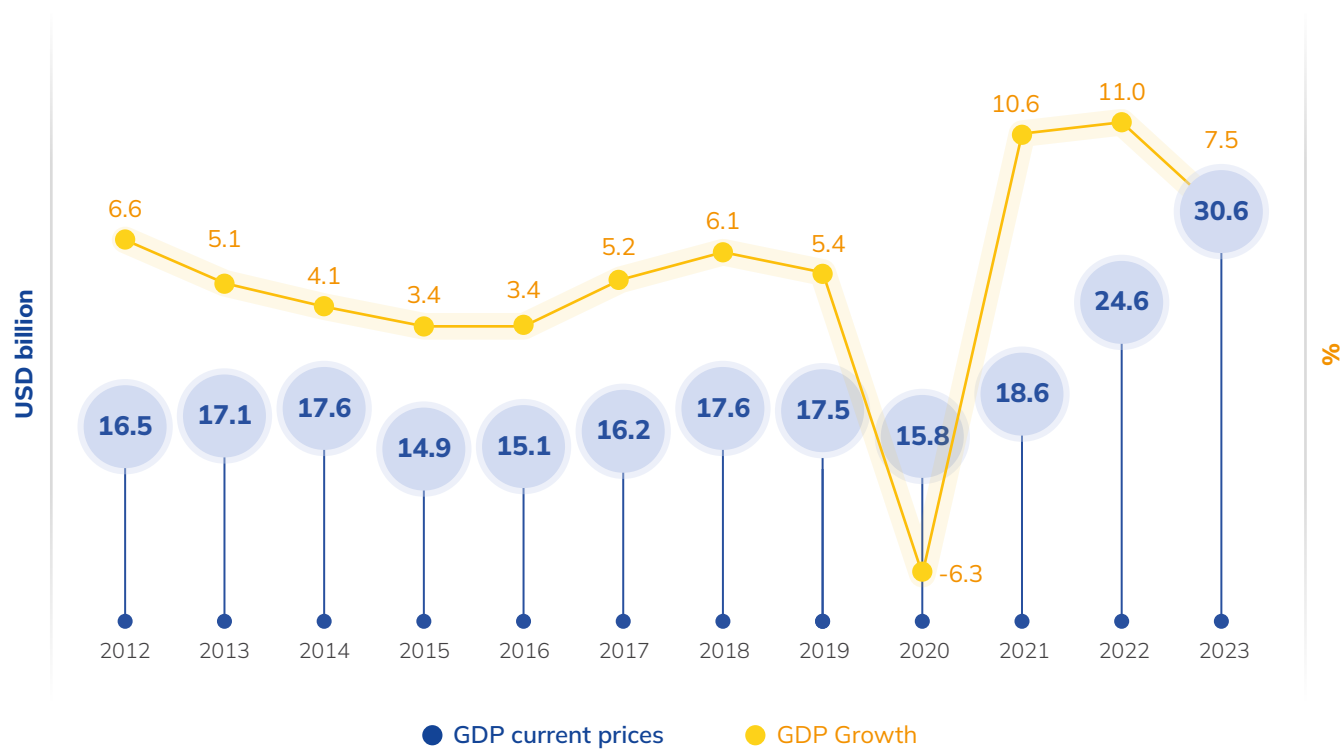
Tsikhisdziri, Adjara Region

1.2. Georgia's Economic Outlook

Georgia has experienced robust economic growth in recent years, demonstrating significant resilience and progress. From 2012 to 2019, the country's economy steadily expanded, with notable increases in GDP. Although the growth rate fluctuated, Georgia achieved substantial gains, particularly in 2017 and 2018, reflecting a strong upward trajectory.

The onset of the COVID-19 pandemic in 2020 caused a steep economic decline, with GDP falling by 6.3%. However, the economy rebounded sharply in 2021 and has continued to grow, reaching a total value of USD 30.5 billion in 2023, marking a 7.5% increase from the previous year. This recovery underscores Georgia's ability to bounce back from global disruptions and maintain a positive economic momentum.

Figure 1.1 Georgia's GDP Current Prices (USD billion) and Growth (%), 2012-2023

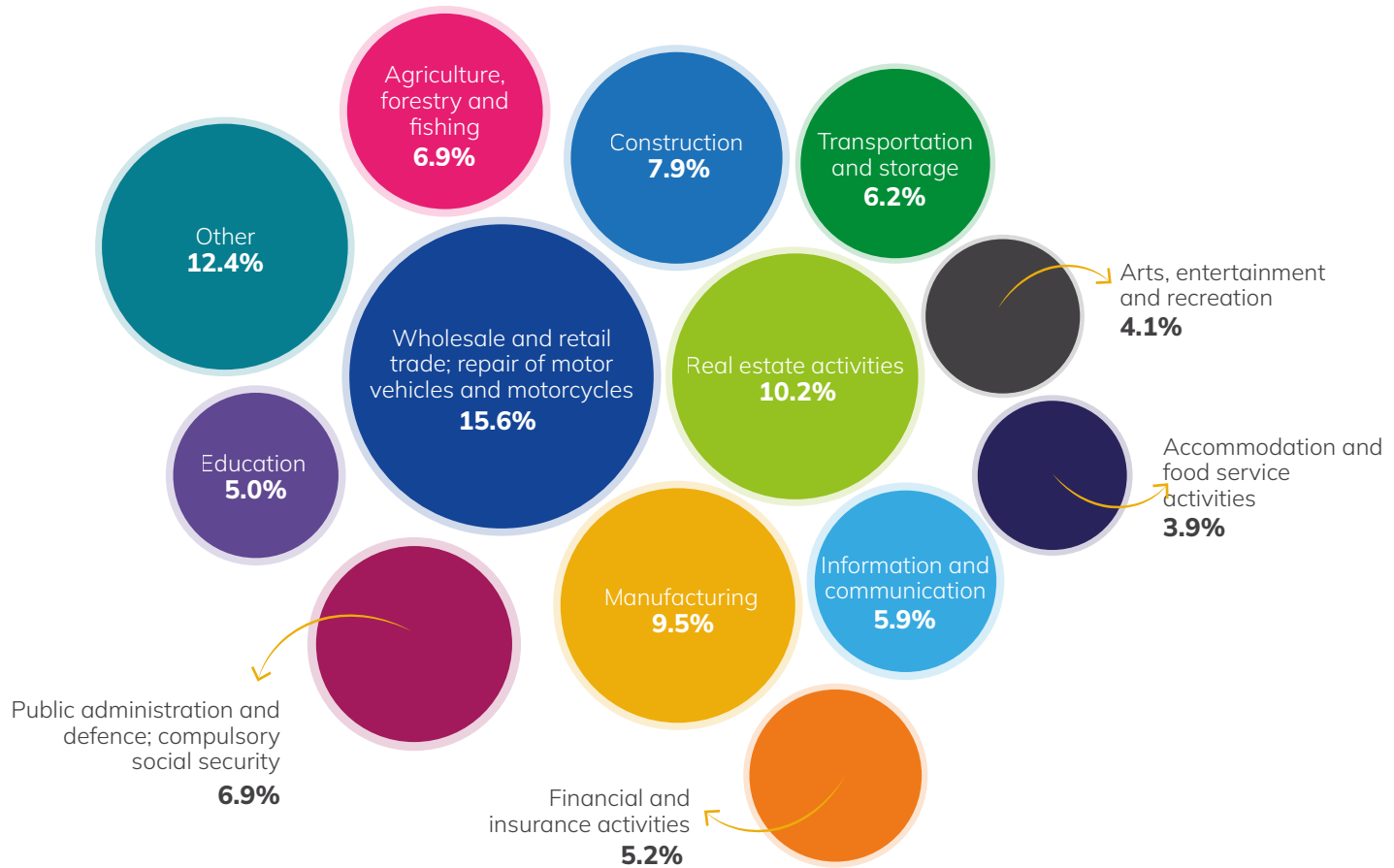


Source: National Statistics Office of Georgia

Georgia's economy is characterised by its diverse sectors, with significant contributions from Real Estate activities and manufacturing. Since re-gaining independence from the Soviet Union in 1991, the country has undertaken extensive economic reforms to

liberalise the market, eradicate corruption, and attract foreign investment. These reforms have created a business-friendly environment, earning Georgia seventh position in the World bank's ease of doing business index.

Figure 1.2 Contribution of Different Sectors to Georgia's GDP (%), 2023



Source: National Statistics Office of Georgia

The **Wholesale and Retail Trade** sector along with the Repair of Motor Vehicles and Motorcycles, emerges as the leading contributor to Georgia's GDP, accounting for 15.6%. This sector is pivotal in linking production with end-consumers, both domestically and internationally. Its substantial share is indicative of a robust internal market and a strong import-export activity level, which is central to economic vitality and consumer choice diversity.

The second largest contribution comes from the **Real Estate** Activities, contributing 10.2% to the GDP, highlighting the importance of property, renting, and business activities in Georgia. This sector's prominence is reflective of growing urbanisation, increasing foreign direct investment in real estate, and a burgeoning housing market stimulated by both local demand and tourism related activities.

Its **Manufacturing** sector, down by 2% from 2022, accounts for 9.5% of GDP. Its significant share underscores the country's industrial base, which encompasses a range of industries from food processing to heavy machinery and chemicals.

The **Construction** sector, with 7.9%, pays a vital role in the economic framework. The construction industry's health is often seen as bellwether for economic confidence, involving significant investment in infrastructure, residential, and commercial development.

Agriculture, Forestry and Fishing contributes to Georgia's GDP by 6.9%. This sector plays a fundamental role in Georgia's economy, providing essential resources and employment opportunities. The performance of agriculture and related activities is crucial for food security and rural development in the country.

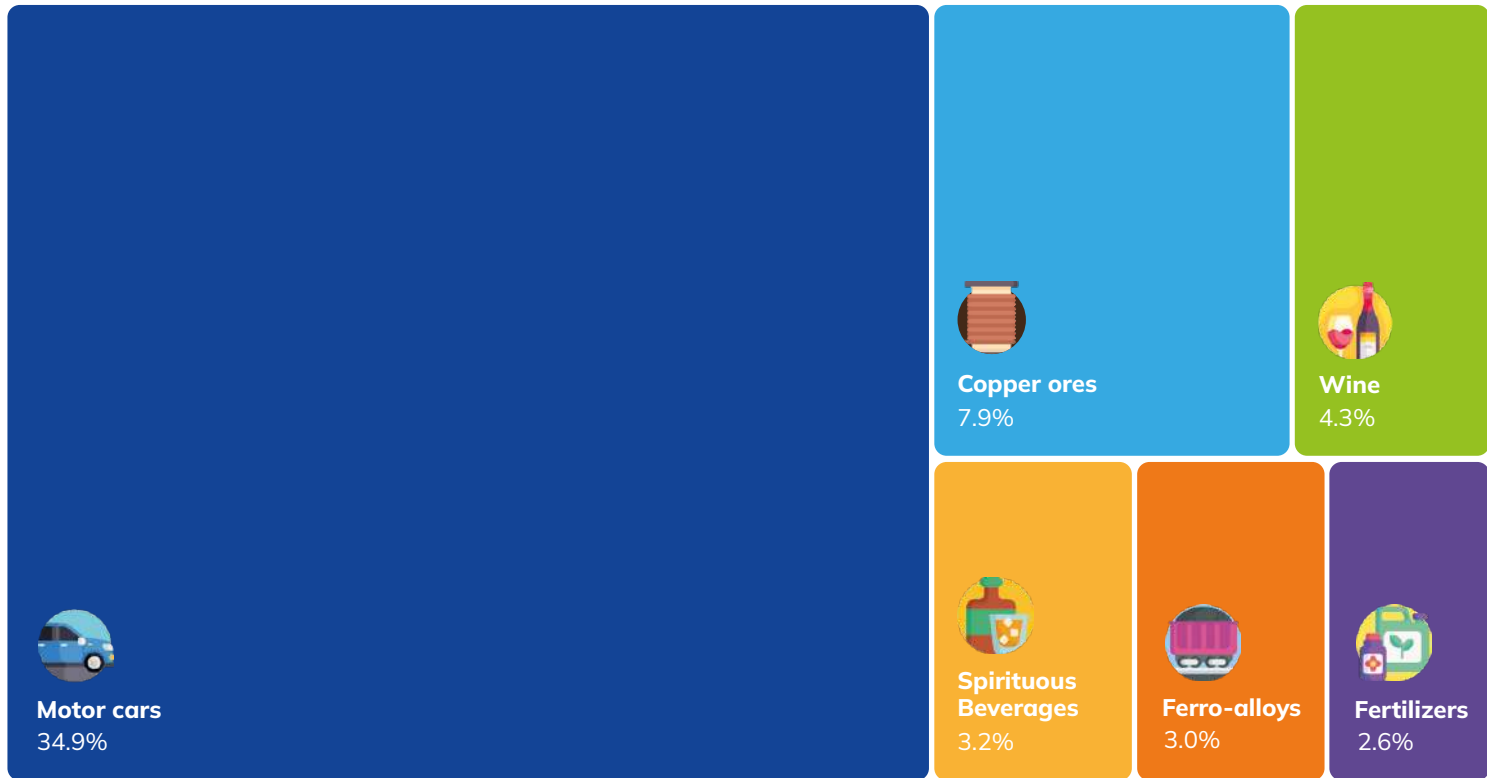
Public Administration and Defense accounts for 6.9% of GDP, underscoring the strategic role of law, security, and safety in Georgia's economic performance.

Other various sectors contribute significantly to Georgia's GDP: Transportation (6.2%), Information and Communication (5.9%), Financial and Insurance Activities (5.2%), Education (5%), Arts, Entertainment and Recreation (4.1%), Accommodation and Food Service Activities (3.9%), Human Health and Social Work Activities (3.4%), Electricity, Gas, Steam and Air conditioning Supply (2.8%), Professional, Scientific and Technical Activities (2.2%), Administrative and Support Services (1.2%), Other Service Activities (1%), Mining and Quarrying (1%), and Water Supply: Sewage and Waste Management (0.7%).



Axis Towers, Tbilisi

Figure 1.3 Contribution of Main Export Sectors in Georgia (%), 2023



Source: National Statistics Office of Georgia

The largest export product is motor cars, making up 34.9% of total exports. While this sector holds significant weight, Georgia's export portfolio remains well-balanced, with copper ores, wine, spirituous beverages, ferro-alloys, and fertilizers also contributing meaningfully. Additionally, other important exports include mineral and altered waters, medicaments, and electrical energy.

This diversified export base underscores Georgia's robust economic framework and its ability to adapt and thrive in a competitive global market.

Old Town, Tbilisi



Figure 1.4 Georgia - Macroeconomic Context



Real GDP growth percent change 2023

7.5% GEOSTAT 2023

GDP, current prices 2023

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Greenfield FDI announcements in the tourism cluster (2008-2023)

USD 890 million fDI Markets

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International Visitor Trips, 2023

6,171,540 GEOSTAT 2023

Contribution of inbound tourism expenditure over exports of services, 2022

66.3% UN Tourism

Contribution of inbound tourism expenditure over GDP, 2022

15.4% UN Tourism

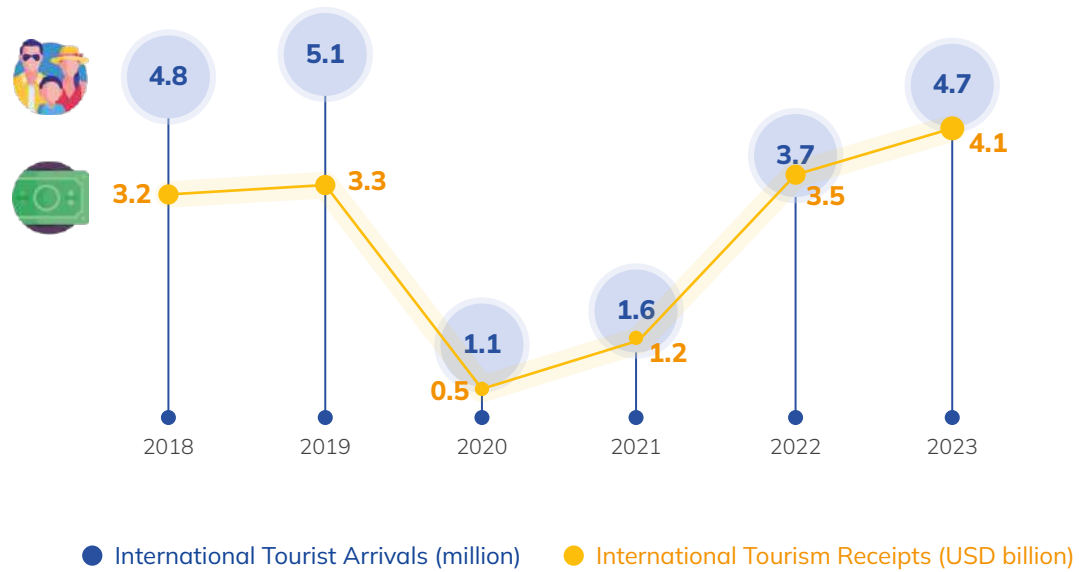
Doing Business Ranking 2020

7 out of **190** countries World Bank

Population 2023

3,736,400 million Geostat

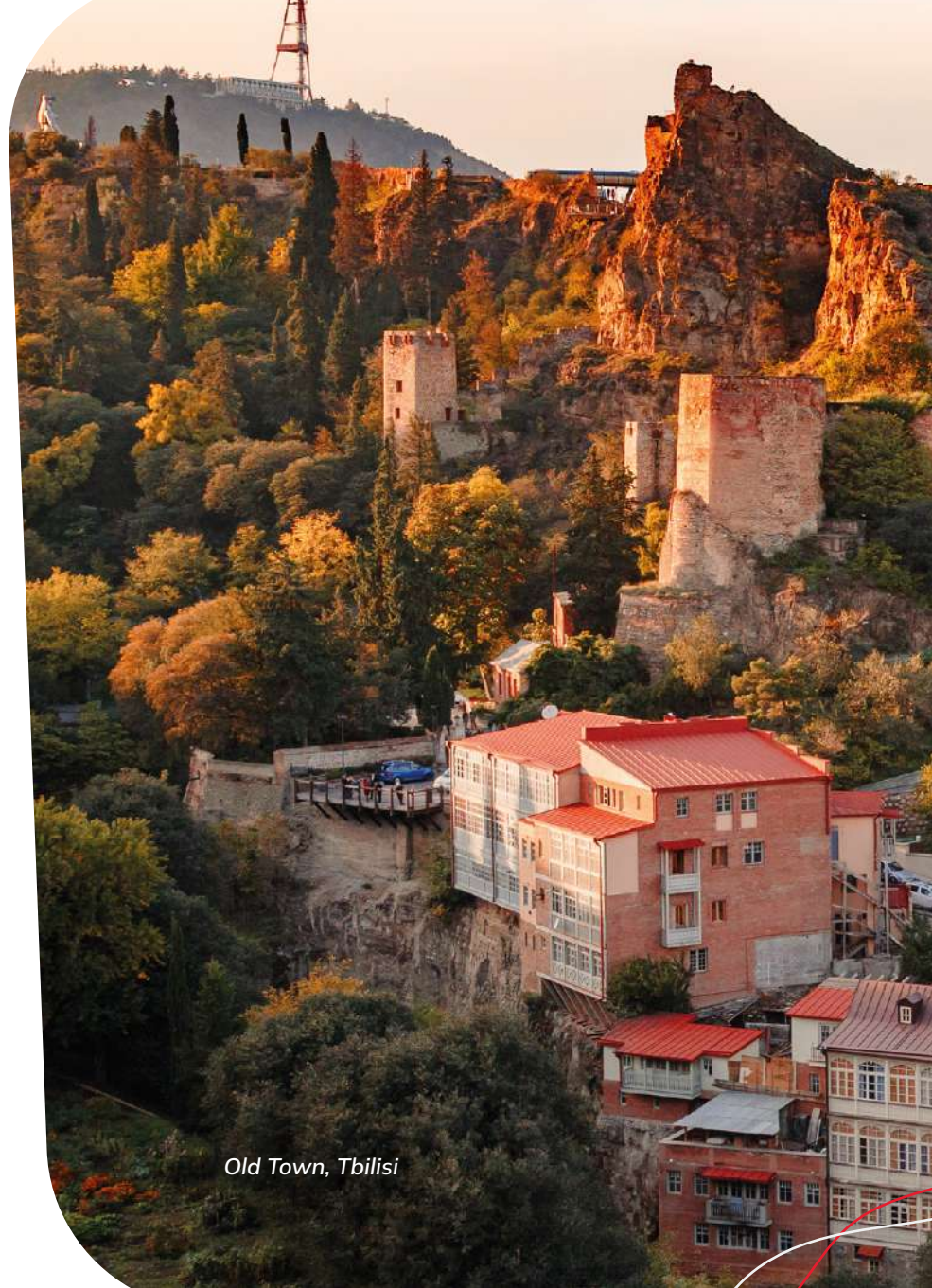
Figure 1.5 Inbound Tourism to Georgia, 2018-2023



Source: UN Tourism Data Dashboard, available online at: <https://www.unwto.org/tourism-data/un-tourism-tourism-dashboard> [27-06-2024].

In the tourism sector, the country has shown dynamic performance and resilience in attracting international visitors since 2018. In 2018, 4.8 million tourists visited Georgia, with a 7% increase to 5.1 million in 2019. However, the COVID-19 pandemic led to a significant decline, with international tourist numbers plummeting to 1.1 million in 2020. The sector has since been on a steady path to recovery, with 1.6 million tourists in 2021, 3.7 million in 2022, and reaching 4.7 million in 2023. In the first half of 2024 alone, the country received 2.1 million tourists, marking a full recovery versus the same period pre-pandemic.

International tourism receipts have already exceeded pre-pandemic levels, recovering faster than international tourist arrivals. In 2021, tourism receipts rose to USD 1.2 billion, followed by a substantial increase to USD 3.5 billion in 2022, and reaching USD 4.1 billion in 2023⁵. In the first half of 2024, international tourism receipts reached USD 1.9 billion, a 30% increase versus 2019. The trend not only signals a robust recovery post-pandemic but also shows that tourists are spending more per visit, which is advantageous for Georgia's economy.



Old Town, Tbilisi





Rike Park, Tbilisi



2

INVESTMENT OUTLOOK

Global foreign direct investment (FDI) in 2023 saw a slight decline of 2% versus de previous year, totalling USD 1.3 trillion. This overall figure was influenced by significant fluctuations in financial flows through a few European conduit economies. When excluding the impact of these conduit economies, global FDI flows were over 10% lower than in 2022⁶.

FDI flows in Europe experienced a significant turnaround, rising from negative USD 106 billion in 2022 to positive USD 16 billion due to volatility in intermediary economies. However, inflows to the rest of Europe decreased by 14%⁷.



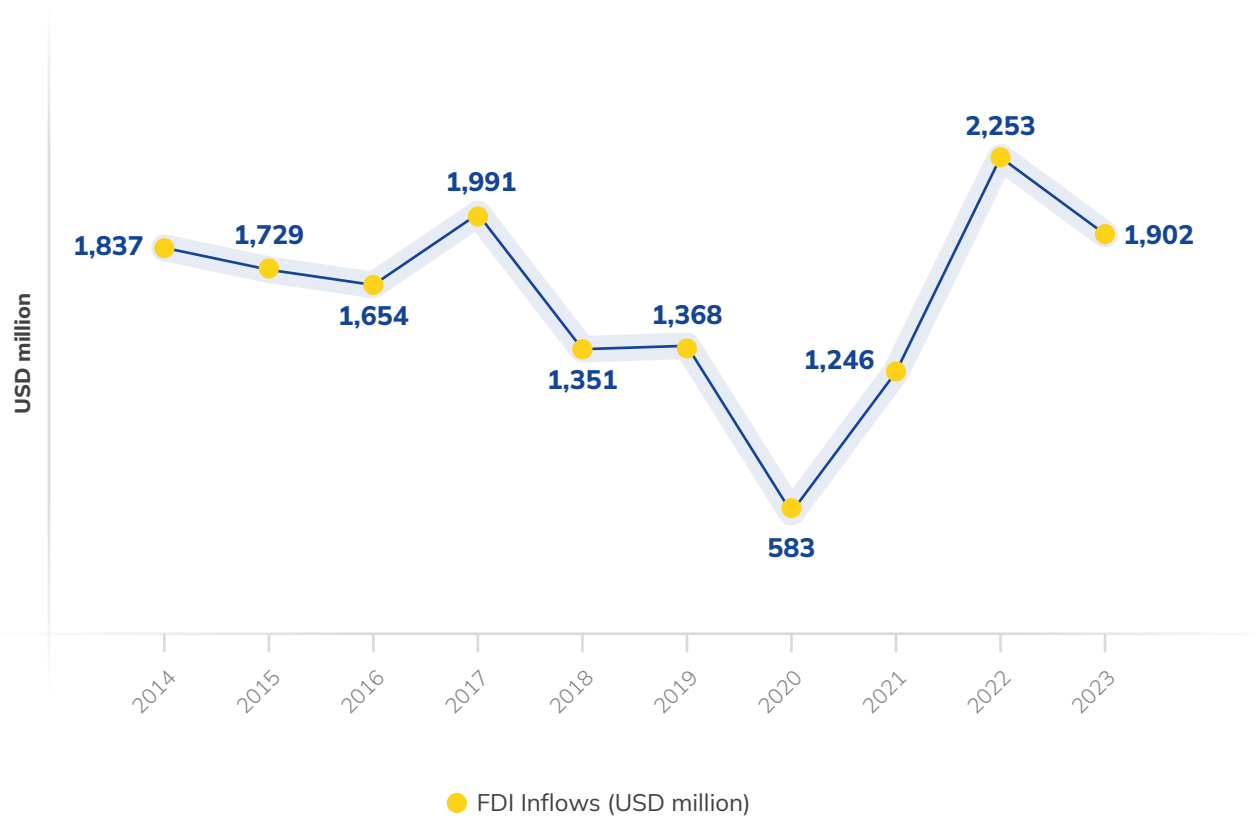
Public Service Hall, Tbilisi

2.1 Foreign Direct Investment (FDI) Flows and Stocks in Georgia

Over the past decade, Georgia has strategically positioned itself as an attractive market for foreign investments, demonstrated by substantial inflows of FDI. From 2014 to 2023, the evolution of FDI inflows reveals significant fluctuations, particularly influenced by the COVID-19 pandemic and ongoing geopolitical challenges in Europe. In 2019, Georgia experienced stable FDI inflows amounting to USD 1.4 billion, reflecting steady foreign investment. However, the onset of the pandemic in 2020 led to a dramatic decline, with FDI reducing to USD 583.1 million, a reduction of over 57%. This mirrored the global economic contraction and uncertainty during the early months of the pandemic, posing significant challenges for Georgia in maintaining its attractiveness to foreign investors. Remarkably, by 2022, FDI inflows surged to an unprecedented USD 2.3 billion, marking a 81% increase

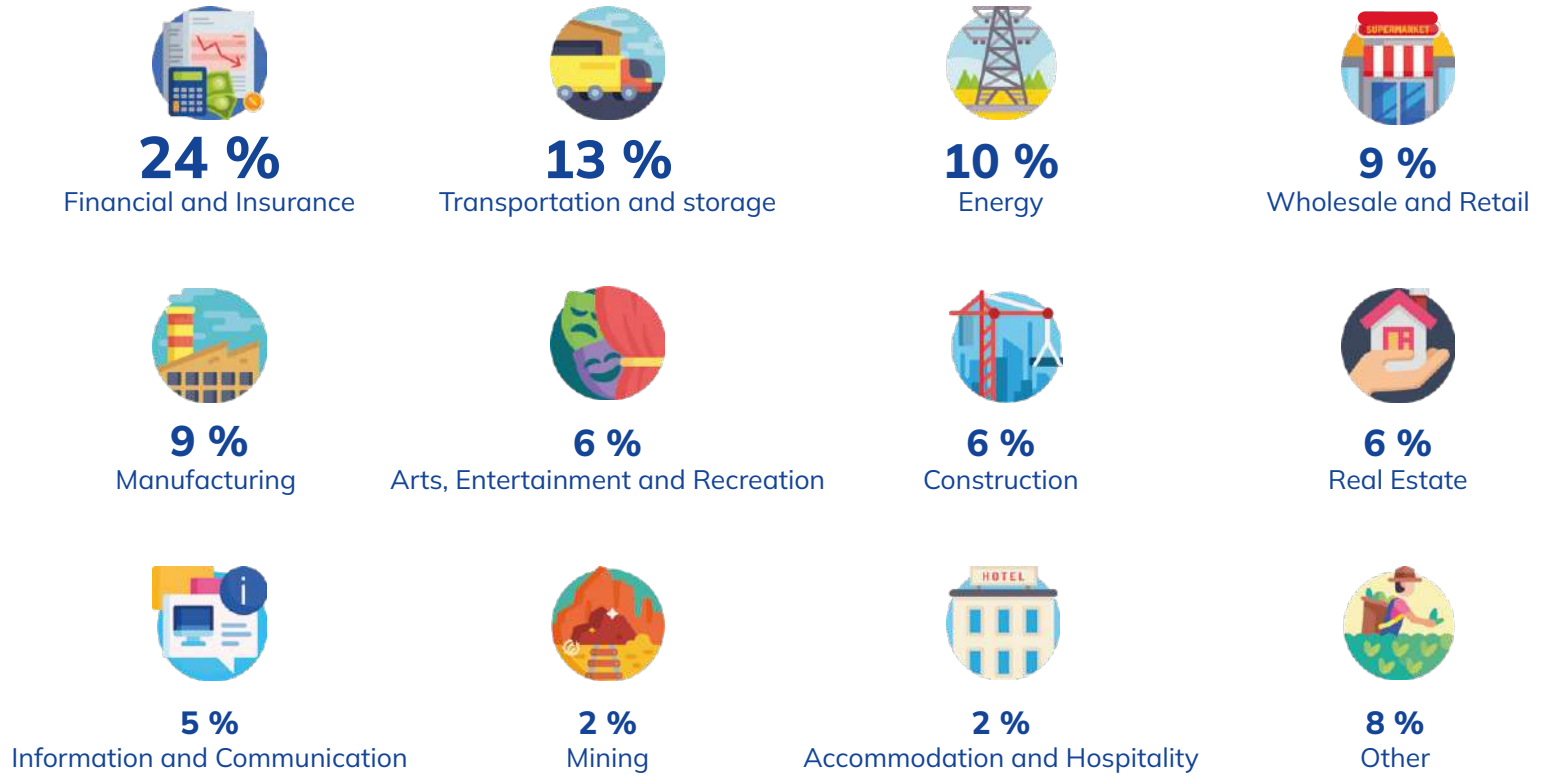
from USD 1.2 billion in 2021, and representing the highest investment inflow ever recorded. This substantial increase can be attributed to Georgia's strategic initiatives to attract foreign investment and its relative stability compared to other countries experiencing geopolitical tensions. In 2023, FDI inflows amounted USD 1.9 billion, a slight decrease of 15.6%⁸ from the 2022-high, but the inflow of equity capital and reinvestments reached record highs. Georgia continues to be a significant player in the foreign investment market, leveraging its strategic positioning and initiatives to attract and sustain FDI, furthermore, the country ranks among the top in terms of FDI to GDP ratio.

Figure 2.1 Evolution of FDI flows across all sectors in Georgia (USD million), 2014 - 2023



Source: National Statistics Office of Georgia

Figure 2.2 Aggregate of FDI Inflows by Economic Activity in Georgia (%), 2016 - 2023



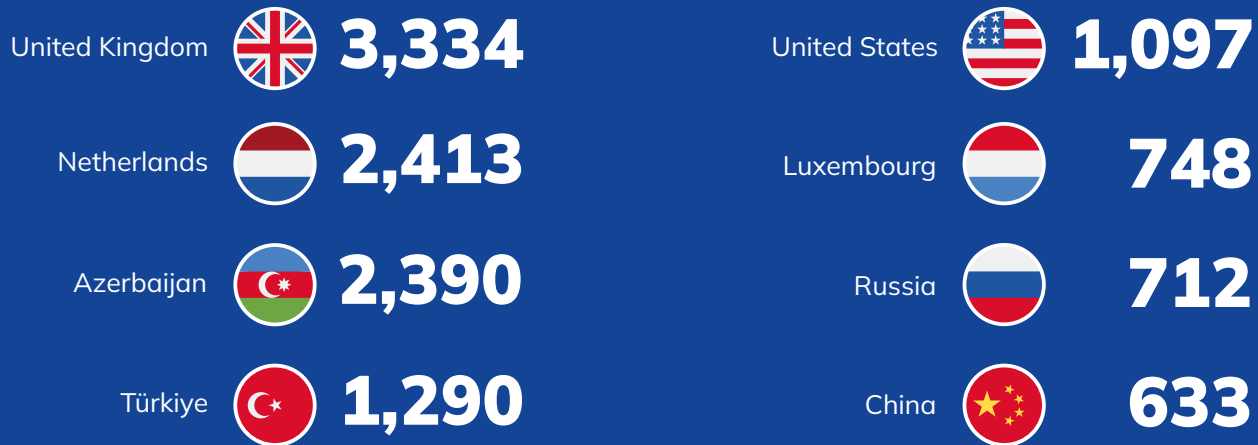
Source: National Statistics Office of Georgia



Kolkheti National Park, Samegrelo-Zemo Svaneti

Between 2016 and 2023, the Financial and Insurance sector emerged as the largest recipient of foreign investment in Georgia, attracting an estimated sum of USD 3,005 million. Following this, the Transportation and Storage sector attracted USD 1,563 million. The Energy sector came next, receiving USD 1,240 million in FDI, underscoring its importance in Georgia's economy. The Wholesale and Retail sector also saw substantial foreign investment, with USD 1,139 million. Additionally, the Arts, Entertainment and Recreation sector received USD 748 million in FDI.

Figure 2.3 Main Origins of FDI Inflows in Georgia (USD million), 2013 - 2023



Georgia enjoys a diverse array of investors contributing significant sums to its economy. Among the notable contributors, the United Kingdom emerges as a leading investor, with investments totalling approximately USD 3,334 million representing 20% of the total. Following closely, Netherlands and Azerbaijan have also demonstrated substantial investment interest, with USD 2,413 million and USD 2,390 million respectively, each representing 14% of the total FDI inflows to the country since 2013. Türkiye and the United States of America have made notable contributions as well, investing USD 1,290 million (8%) and USD 1,097 million (6%), respectively. Furthermore, Luxembourg and Russia have secured their positions as key investors, with investments amounting to USD 748 million (4%) and USD 712 million (4%), respectively. China, although comparatively lesser in magnitude, has also been an active participant, with investments totalling USD 633 million representing 4% of total. These figures underscore the global interest in Georgia's economic landscape, highlighting its attractiveness as an investment destination across multiple sectors⁹.

Georgia has a clear strategy to boost and promote investment in the country, whether local or foreign, especially through agencies like **Invest in Georgia**, that promotes the country's investment potential, serving as a crucial intermediary between foreign investors and the Government of Georgia, and ensuring that investors receive up-to-date information and have effective communication channels. Part of the larger organisation **Enterprise Georgia, Invest in Georgia** operates under the Ministry of Economy and Sustainable Development of Georgia. Enterprise Georgia, as a government economic development agency, is dedicated to supporting the realisation of Georgia's long-term strategic economic goals through three main pillars: Produce in Georgia – Business, Invest in Georgia - Investment, and Trade with Georgia – Export.

The **Business Universal Program**, facilitated by Enterprise Georgia-Invest in Georgia, offers targeted financial support through customized loans and leasing options, designed to invigorate pivotal sectors including manufacturing, hotels, tourism services, agrotourism, and ecotourism. Meanwhile, the **FDI Grant program**, under the stewardship of Enterprise Georgia (Invest in Georgia), serves as a potent catalyst for foreign investment into Georgia. It entices investors with a 15% cashback incentive on capital expenditures and training costs, fostering FDI, facilitating knowledge exchange, and igniting job creation endeavours within the nation's economic landscape¹⁰.





Kazbegi

2.2 Tourism Investment in Georgia

Between 2008 and 2023, 1,644 FDI greenfield projects in the tourism cluster were announced in Europe with a total capital investment of USD 80,131 million and an expectation to create over 190,846 new jobs. In 2023 alone, 95 greenfield FDI projects were announced in the tourism cluster in the region, with an investment of USD 1,781 million¹¹.

In the same period, Georgia saw the announcement of 12 greenfield projects, amounting to USD 890.3 million. While there were notable peaks in investment, such as two projects totalling USD 177.5 million and a single project valued at USD 182.9 million, the overall level of investment has remained moderate. Recent years have seen limited activity, with only a few projects announced since 2015. However, there are signs of resurgence, as indicated by a new project announced in August 2023 with a capital expenditure of USD 175.6 million¹².

Table 2.1 Destinations of greenfield investments in Georgia, 2008-2023

1. Batumi

Adjara Region
(Western Georgia)

Number of Projects	4
Investment Value (USD)	158 million
Potential Jobs Created	779
Number of Companies	3

3. Kakheti

Eastern Georgia

Number of Projects	3
Investment Value (USD)	65.5 million
Potential Jobs Created	263
Number of Companies	1

2. Tbilisi

Capital

Number of Projects	3
Investment Value (USD)	67 million
Potential Jobs Created	291
Number of Companies	3

4. Not Specified

Number of Projects	4
Investment Value (USD)	41 million
Potential Jobs Created	190
Number of Companies	4

Source: fDi Intelligence Financial Times, fDi Markets database <https://app.fdimarkets.com/> [30-05.2024].

Georgia's potential as a leading destination for foreign investment is highlighted when compared to its peers in the CIS region. Between 2010 and 2022, Georgia and Azerbaijan led in greenfield foreign direct investment (FDI) projects with six each, attracting USD 363 million and USD 357 million¹³ in CAPEX, respectively. In the same period, Georgia also benefited from substantial international tourist arrivals, welcoming a total of 37.9 million tourists, significantly outpacing Azerbaijan's 23.7 million tourists¹⁴. Uzbekistan, with four projects and a CAPEX of USD 355 million¹⁵, welcomed 35.5 million tourists¹⁶.

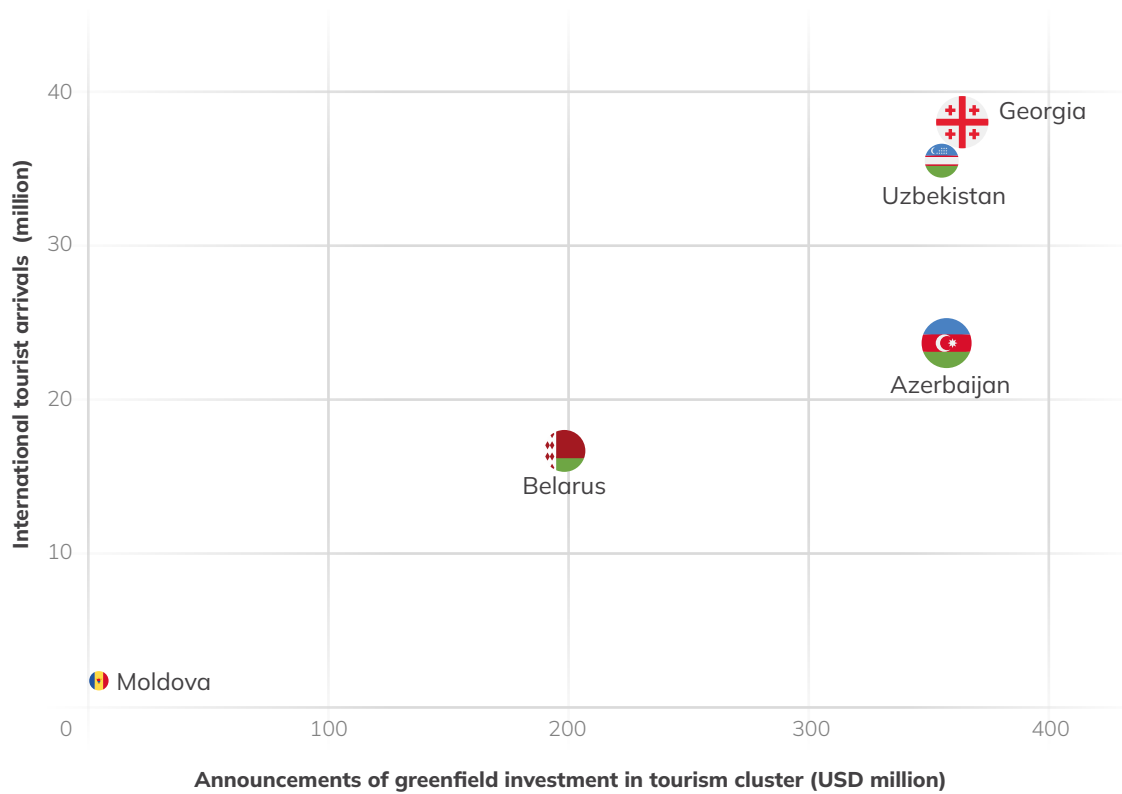
In contrast, Belarus had five projects with USD 198 million¹⁷ in CAPEX and 16.7 million¹⁸ tourist arrivals, indicating moderate investment potential. Moldova presented the least investment activity among the analysed countries, with only one project, a CAPEX of USD 1 million¹⁹, and 1.5 million tourist arrivals²⁰.

Overall, the region shows diverse opportunities, but Georgia stands out due to its high CAPEX, substantial number of international tourist arrivals, and strategic announcements of greenfield investment projects in the tourism cluster.

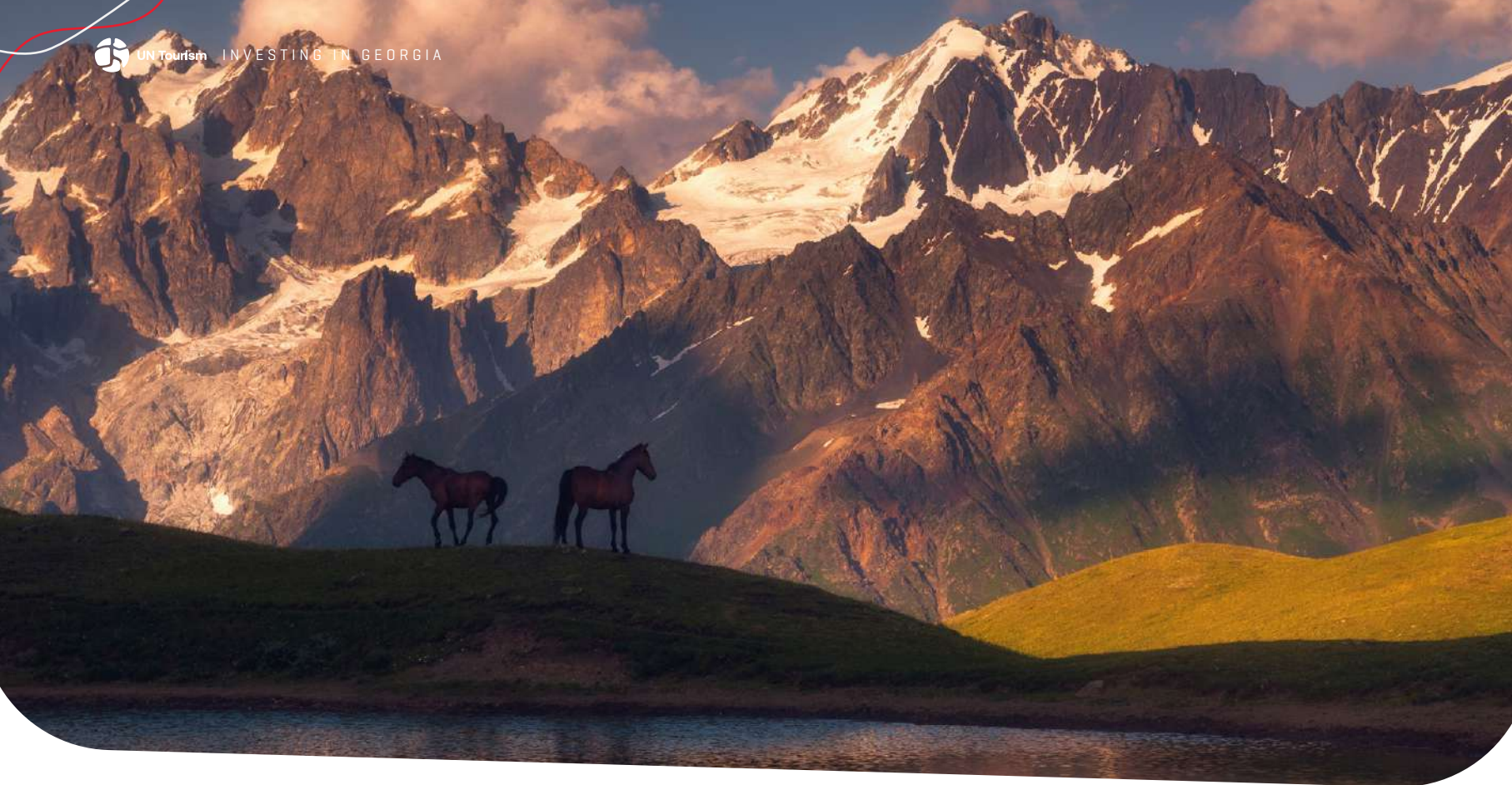


Samegrelo-Zemö, Svaneti Region

Figure 2.4 International Arrivals and Greenfield Investment in Tourism, Comparison of Selected CIS Destinations, 2010 - 2022



Source: UN Tourism Data Dashboard, online available at: <https://www.unwto.org/tourism-data/un-tourism-tourism-dashboard> fDi Intelligence Financial Times, fDi Markets database <https://app.fdimarkets.com/> [30-05.2024].



2.3 Overview of the Startup Ecosystem and Venture Capital Landscape

Georgia's startup and venture capital ecosystem is relatively nascent compared to more established hubs in Europe. However, increasing interest and activity in recent years, driven by government support, rising entrepreneurial spirit, and access to international networks, have contributed to its growth. Benefiting from a conducive business climate, supportive governmental measures, and an expanding reservoir of entrepreneurial talent, Georgia is emerging as an enticing

hub for startup ventures. Initiatives such as tax incentives, funding assistance programs, and incubation facilities have bolstered the startup environment, particularly in Tbilisi, which serves as a focal point for innovative ventures across sectors like technology, agriculture, tourism, e-commerce, and fintech.

In Georgia, startups operate under the same legal framework as other businesses, without a distinct classification for legal entities. All registered startups are structured as limited liability companies and are subject to standard tax regulations, as detailed in section 3.1.4. In 2025, Georgia will adopt the modified "**Law of Innovation**", which will introduce some tax incentives for Innovative Startups.

The establishment of Georgia's **Innovation and Technology Agency (GITA)** in 2014, operating under the purview of the Ministry of Economy and Sustainable Development, shows the government's commitment to advancing the technology ecosystem within the country. The Agency Providing a package of startups to make it a more startup-friendly environment, including a regulatory framework, to incentivize crowdfunding, VC (Venture Capital), and angel investment.

Georgia's Innovation and Technology Agency runs two grant programs, **Startup Matching Grants** and **Innovation Grants for Regions**. Most of these schemes support early-stage startups, most of them are on the initial stage of development, however many of them also have a traction.



- The objective of the **Startup Matching Grants Program** is to stimulate the creation of innovative and high-tech products and services in Georgia with the potential of scalability in the global market. The maximum grant amount is GEL 150,000 (approximately USD 56,000). Each year the Agency announces 2 batches and each year 40 startups receive a grant.
- **Innovation Grants for Regions** aims to support strengthening of the local innovation and technology ecosystem and facilitates creation of innovative products/services and tech startups within the regions of Georgia. The program operates in all the regions of the country and 40 companies receive up to GEL 25,000 (approximately USD 9,500) throughout a year.

GITA formed a partnership agreement with 500 Georgia, according to which the Agency will allocate USD 5 million to the fund as a Limited Partner. 500 Georgia manages the VC portfolio as a General Partner. The rest of the funds will come from Limited Partners from the private sector. This fund will run in conjunction with **Acceleration Program**, so that in addition to the funding the founders can get mentorship, coaching and further help with developing their enterprises and getting next rounds of funding. The program will run for 4 years, 2 batches of 15 startups in a year for a total of 120 startups.

GITA coordinates operations and activities of events and projects to support innovation ecosystem in 9 regional Techparks, including:



- Pre-acceleration of innovative and technological startups/entrepreneurs and increase their access to funding;
- Fablabs (Industrial Fabrication Laboratories) – enabling access of local citizens to the latest technological equipment and qualified staff, where entrepreneurs have the opportunity to create prototypes and realize their business ideas;
- Free educational projects in the field of STEAM disciplines and digital technologies;
- Innovative and Technological Competitions - HackaThons, MakeaThons, IdeaThons, etc, in region-specific sectors and disciplines, where the participants look for technological solutions to the emerging operational or business-oriented problems, concluded out of research with the public and private sector stakeholders;
- Free shared workspaces;
- Computer-equipped training spaces;
- Conference halls and meeting rooms - for events related to innovative entrepreneurship and technologies.

Also, the Agency conducted a Georgian ICT labor market analysis to support the development of the ICT-skilled labor force to meet domestic and international market requirements in the information and technology (ICT) domain and started to implement a collaborative skills strategy (including ICT training and international ICT exams) to improve the digital skills of Georgian professionals. In 2023, it has been started providing ICT training at the beginning level for 5,000 specialists (2023-2025) in three main directions: Web Design, Programming, and Project Management.

In 2022, GITA continued advancing the Technology Transfer Program, building upon the expertise and capabilities gained since its inception in 2019. The ongoing program follows the same process and supports universities, R&Ds, and individual researchers in the commercialization of their research outcomes.

In 2020, parliament adopted a tax incentive for International IT companies. An international company is a Georgian enterprise that provides certain types of services abroad and earns income solely from those activities, unless ancillary income is immaterial (less than 2% of the income from principal activities).

The ordinance of the government determines the rules for granting the status of an international company and provides the list of permitted activities that, inter alia, includes:



- Software development.
- Information technologies and other computer servicing activities.
- Web hosting.
- Supply of images, text, and information.
- Certain commercial and technical services supplied by a ship owner or related to this ownership.

Presented tax benefits:



- Company Income Tax – **5%**;
- Personal Income Tax – **5%**;
- Dividend – **0%**;
- Property Tax (Except for Land) – **0%**.

As of 2024, GITA is working on changes in "Law of innovation" to implement various types of support mechanisms and incentives for the development of innovation ecosystem in Georgia, in particular:



- Tax incentives for companies with the legal status of Innovative Startup – 0%-10% taxes on PIT and CIT (diversified by size of company's attractive investment).
- Tax incentives for companies with the legal status of Innovative SMEs – In case of profit distribution - 500% R&D expenses deduction and in case of reinvestment - cashback grants.
- Tax Incentives exclusively for R&D Companies – 5% Taxes on PIT and CIT.



Bagrati Cathedral, Kutaisi



Batumi, Adjara Region

3

VALUE PROPOSITION

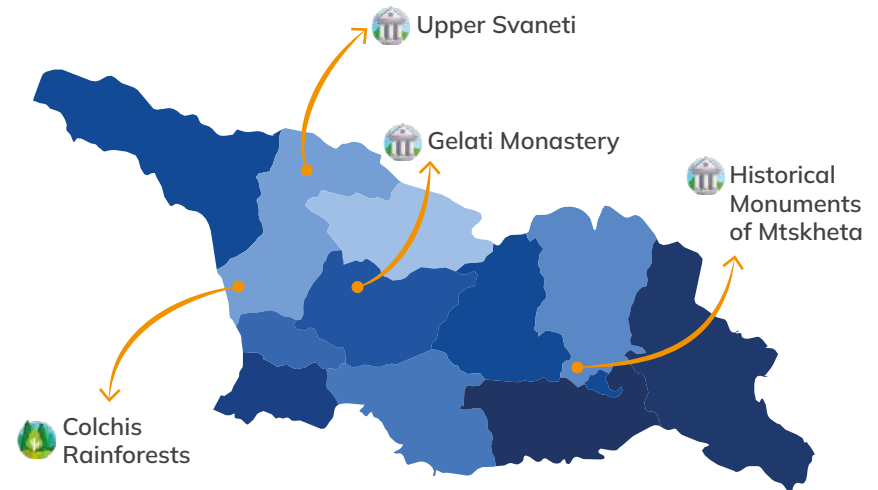
Georgia, often hailed as the "Gem of the Caucasus," is a country rich in history, culture, and natural beauty. Its strategic location at the crossroads of Europe and Asia, combined with its vibrant heritage, makes Georgia an attractive destination for travellers and investors. The Georgian government, recognising the potential of its tourism sector, has undertaken significant initiatives to foster its development in recent years. The Ministry of Economy and Sustainable Development has been at the forefront, promoting Georgia's vision for a balanced and inclusive tourism industry. The government's focus on responsible tourism and economic stability positions Georgia as a promising market that exceeds conventional expectations, providing a blend of cultural richness and economic opportunity.

3.1. Why to invest in Georgia?

3.1.1 Diverse Natural and Cultural Attractions and Resorts

1. UNESCO World Heritage sites

Georgia is recognised for its natural beauty and cultural heritage. The country has more than 12,000 historical and cultural monuments, four of which are listed as UNESCO World Heritage Sites.



Note: The Colchis Rainforests and Wetlands have multiple locations, not a single site.

Historical Monuments of Mtskheta

This site includes the Jvari Monastery, Svetitskhoveli Cathedral, and the Samtavro Monastery. Mtskheta was the ancient capital of the kingdom of Iberia and holds significant religious and cultural importance.

Gelati Monastery

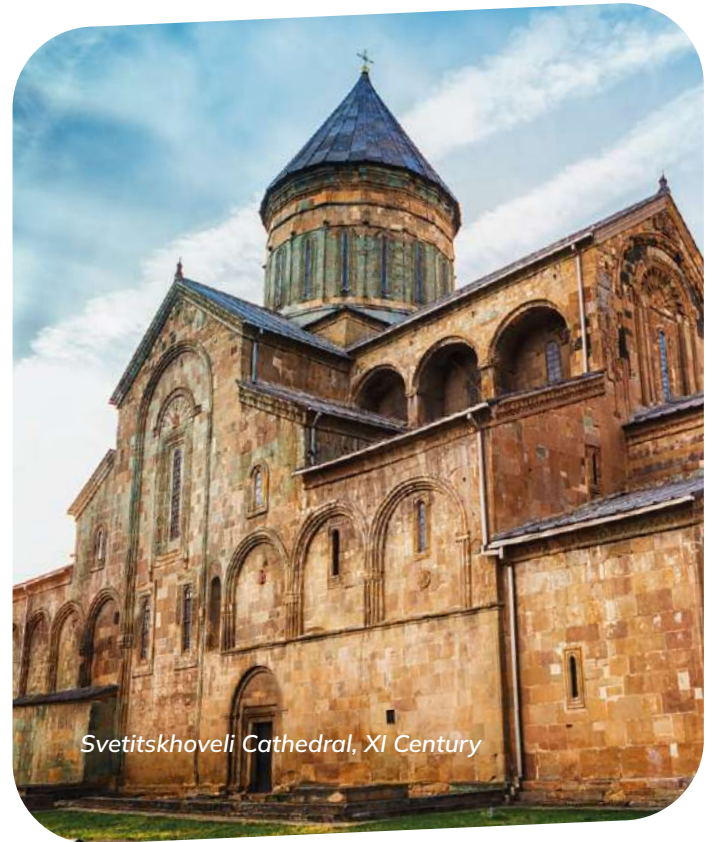
Located near the city of Kutaisi, Gelati Monastery is a masterpiece of the Georgian Golden Age and is known for its architectural significance and the beautiful frescoes and mosaics inside. For centuries Gelati used to be the centre for education. The academy founded in the Middle Ages, was one of the first institutions of higher education and a main cultural centre in Georgia.

Upper Svaneti

This region is known for its stunning landscapes and well-preserved medieval villages with unique tower houses, particularly in the village of Chazhashi located in the municipality of Mestia. Svaneti is also recognized for its unique cultural traditions and language.

Colchis Rainforests and Wetlands

The Colchis Rainforests and Wetlands were added to the UNESCO World Heritage list in 2021. This site is located along the eastern coast of the Black Sea and comprises a series of protected areas in western Georgia. The Colchis Rainforests and Wetlands are notable for their biodiversity, rare and endangered species, and ancient forests. The area represents a significant natural heritage site that contributes to the global ecological balance and showcases the natural beauty and ecological importance of Georgia.



Svetitskhoveli Cathedral, XI Century

2. Sun and Beach Resorts

Sun and beach resorts significantly impact the global economy, particularly in regions highly dependent on tourism. The sector's recovery post-pandemic has been vital for economic revitalization, especially in small island developing states (SIDS) and other economies.

Batumi

Batumi, Georgia's second-largest city and premier seaside destination, is a vital tourist and commercial hub. Known for its blend of historical and contemporary architecture, Batumi features iconic high-rise buildings, sandy and stony beaches, and stunning landscapes. The city's coastline offers opportunities for relaxation and water sports, attracting visitors worldwide.

Its strategic location and robust infrastructure enhance its role as a significant commercial centre, with the port playing a crucial role in regional trade. With vibrant nightlife, diverse dining options, and entertainment venues, Batumi is a top destination for investors.

Kobuleti

Kobuleti Beach is a long, 10 km stretch catering to a diverse crowd. It features both sandy and shingle areas, offering various water sports, relaxation spots, and health treatments. The subtropical climate and well-developed infrastructure make it a versatile destination.

Gonio

Approximately 10 km from Batumi, Gonio Beach offers picturesque views and a tranquil atmosphere. This beach is less crowded and provides a peaceful setting with large shingle and a gradual sea entry, making it suitable for families.

Shekvetili

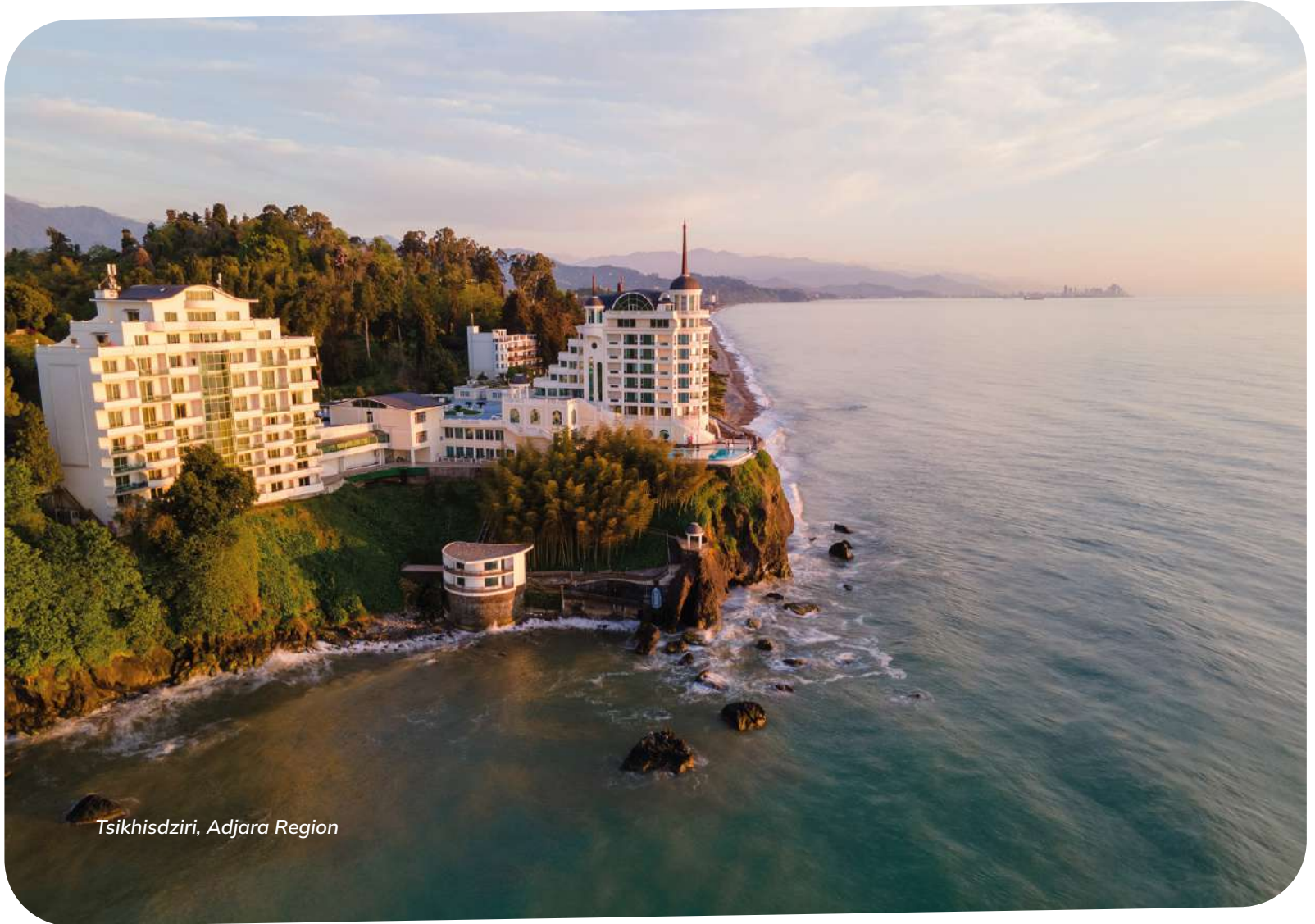
Shekvetili beach nestled between Ureki and Kobuleti, spans over 3 km and is renowned for its distinctive black sand. This unique characteristic, coupled with the shallow and calm waters, makes it an ideal destination for families and health-conscious tourists. The beach is further enhanced by the surrounding pine trees and eucalyptus park, which contribute to its atmosphere, providing a tranquil retreat for visitors.

Ureki

Resort of Ureki in Guria region is a popular summer destination especially for families with children. Outstanding curative feature of the resort together with its climate is magnetic sand that can be found on the entire shore of the resort. Fine-grained magnetic sand is good for curing various cardiovascular system diseases, locomotive and nervous system disorders. The healing properties have especially positive results in treating children diseases.

Tsikhisdziri

A hidden gem under forest-covered rocks, Tsikhisdziri Beach offers an adventurous getaway. This secluded spot is ideal for diving enthusiasts and those seeking a quiet, scenic retreat.



Tsikhisdziri, Adjara Region

3. Ski Resorts of Georgia

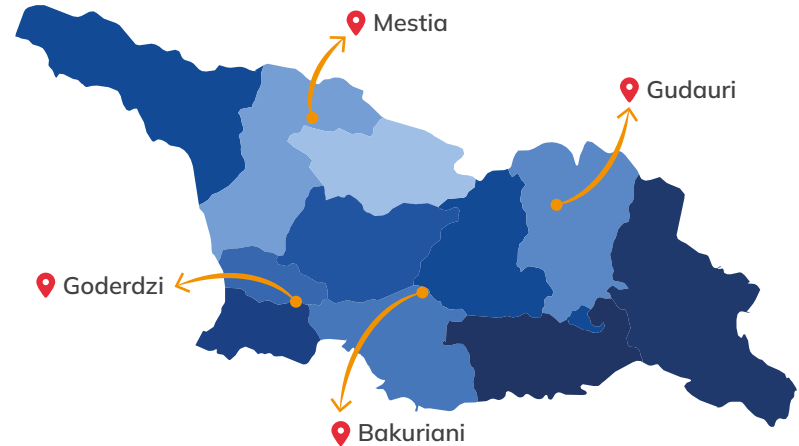
Georgia is home to 4 ski resorts that offer diverse experiences for winter sports enthusiasts. These mountain resorts, including Gudauri, Bakuriani, Mestia (Hatsvali & Tetnuldi), and Goderdzi, feature a variety of ski trails, each with unique characteristics. These resorts cater to skiers of all levels, making Georgia a fantastic destination for winter sports enthusiasts. Here's a closer look at the ski trail levels and the distinct offerings of each resort:

Gudauri

Known for its vibrant atmosphere, it offers exceptional skiing and snowboarding, alongside an electrifying après-ski scene. With 76 kilometres of perfectly groomed slopes and 20 lifts, Gudauri caters to all winter sports enthusiasts. Its lively ambience, snow park, and thrilling freeride routes make it a paradise for thrill-seekers. Gudauri also hosts annual FIS Freestyle events, adding to its prestige. After a day on the slopes, unwind at one of the many après-ski spots where the party continues long into the night. Gudauri embodies freedom and excitement, both on and off the snow.

Bakuriani

Renowned for its family-friendly environment and historical charm, Bakuriani features gentle slopes and 23 lifts, making it perfect for families and all types of ski enthusiasts, from beginners to advanced. Today, Bakuriani hosts annual FIS Freestyle sports events and proudly welcomed the FIS Freestyle Ski, Snowboard, and Freeski World Championships in 2023. This blend of accessibility and prestige makes Bakuriani a must-visit resort.



Goderdzi

At 2,027 meters on the Goderdzi Pass in Adjara, Goderdzi offers a unique mix of alpine and subtropical climates. As Georgia's youngest ski resort, it is celebrated for its stunning panoramic views, surrounded by mountains and coniferous forests. With terrain suited for all skill levels, especially amateurs, Goderdzi is ideal for powder skiing enthusiasts. The resort features skiing in alpine zones, dense forests, and traditional Adjara villages. Abundant snowfall ensures a long season from December to late April, and Goderdzi has exciting plans for future development.

Mestia

Nestled in Svaneti, Mestia blends winter sports with cultural exploration. It features two distinct ski areas: Hatsvali, with slopes for all skill levels, and Tetnuldi, a paradise for freeriders known for its abundant snowfall and also attractive to all types of skiers. Tetnuldi hosted the Freeride World Tour in 2024 and will be a key venue for the next four years. The towering Ushba Peak, rising to 4,710 meters, provides a majestic backdrop, enhancing the skiing experience for everyone.

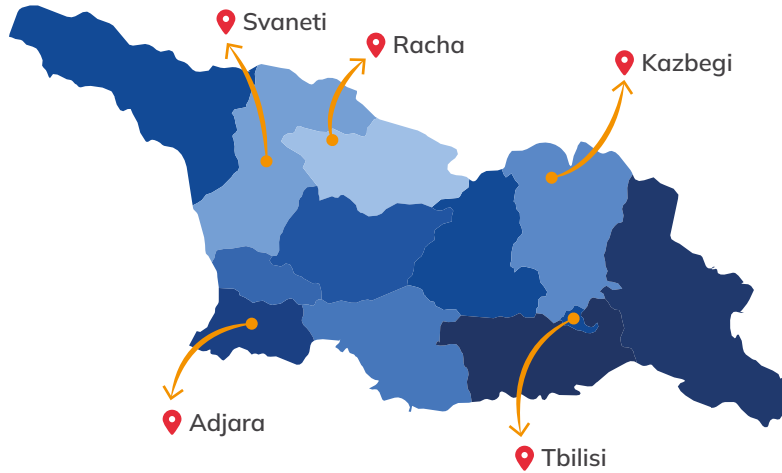
In summary, Georgia's mountain resorts have ski trails designated with familiar green, blue, red, and black colors, ensuring that skiers of all types can find suitable terrain. Gudauri excels in providing advanced trails but also offers options for beginners. Bakuriani is perfect for those just starting, with opportunities to progress to harder tracks. Mestia in Svaneti offers a balanced mix of blue and red trails, while Goderdzi focuses on accessibility and a pleasant skiing experience. With its diverse offerings, Georgia's ski resorts have something to offer every winter sports enthusiast, from beginners to pros.



Gudauri

4. Year-Round Destinations

Georgia's year-round destinations cater to every type of traveller, from adrenaline-seeking adventurers to those seeking tranquil relaxation.



Kazbegi

Kazbegi, officially known as Stepantsminda, is a picturesque town nestled in the Caucasus Mountains of northern Georgia. Renowned for its stunning natural beauty, Kazbegi is dominated by the towering Mount Kazbek, one of the highest peaks in the Caucasus. This region is a haven for nature enthusiasts and adventure seekers, offering a plethora of outdoor activities such as hiking, mountain climbing, and paragliding. The iconic Gergeti Trinity Church, perched on a hilltop against the backdrop of Mount Kazbek, embodies the spirituality and historical depth of the area. Kazbegi's landscapes, combined with its warm local hospitality and rich cultural heritage, make it an essential destination for those looking to explore the wild beauty of Georgia.



Gergeti Trinity Church, XIV Century

Tbilisi

One of Europe's oldest capitals, Tbilisi has been the cultural, political, and economic centre of Georgia for fifteen centuries. At the heart of the city lies historic Old Tbilisi, which houses some of the city's most iconic sites. The main attraction of Old Tbilisi is the colourful domed baths, fed by naturally hot sulphur water.

Tbilisi's cosmopolitan nature is epitomised by the religious diversity that can be found within the city with Georgian Orthodox, Armenian and Catholic churches, a mosque and synagogues.

Tbilisi, is also considered a paradise for foodies. Thanks to the country's geographical position between Europe and Asia, Georgian cuisine has evolved into a unique mixture of flavours.

Tbilisi is home to a wide array of restaurants, cafes, and bars offering both local and international cuisine, complemented by Georgia's renowned wines and a vibrant nightlife.

Tbilisi is also a modern, evolving city. In its newer districts, business centers, malls, entertainment complexes, restaurants, and nightclubs are prevalent. While deeply rooted in its rich historical heritage, Tbilisi simultaneously offers a dynamic environment where people come together to enjoy food, drink, and entertainment, blending history with contemporary 21st-century amenities.

Svaneti

Svaneti, with its major city of Mestia, is a historic destination in northwestern Georgia renowned for year-round recreation and adventure. The area boasts rare wildlife, rivers, scenic lakes, alpine plateaus, and UNESCO World Heritage sites.

During winter, Svaneti also offers ideal skiing conditions with six months of permanent snow. Elevations range between 1,400 meters and 2,500 meters, featuring an Olympic downhill track with a 988-meter vertical drop. The highest peaks for skiing include Tetnuldi (4,974 meters) and Hatsvali (2,347 meters). Tetnuldi is particularly celebrated as one of the premier destinations for avid skiers throughout CIS countries.

Adjara

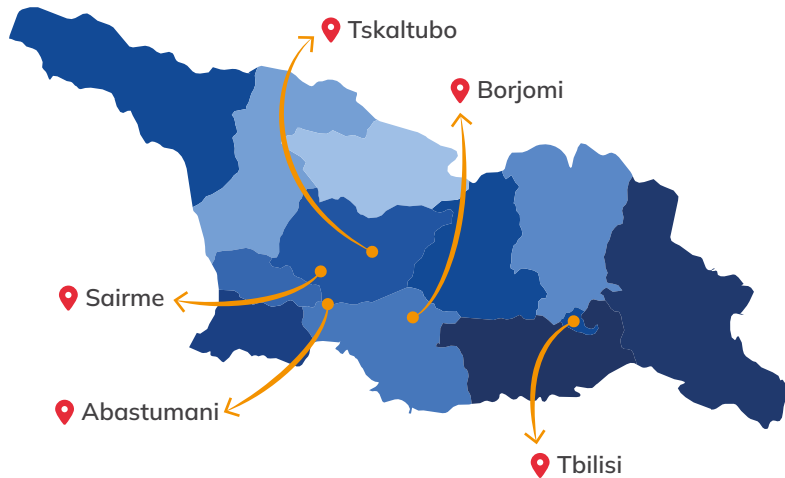
Often called the Pearl of the Black Sea, the Adjara region is one steeped in history and beloved for its natural beauty. It is not only a popular beach destination with all of the modern conveniences, but an outstanding destination for nature and adventure lovers with its many national parks and nature reserves, perfect for hiking through the forest or rafting in the mountains, birdwatching, ziplining, visiting ancient fortresses and monasteries, skiing, attending various festivals and tasting the local cuisine.

Racha

Racha, located in the northwestern part of Georgia on the southern slopes of the Central Caucasus, is known for its picturesque landscapes and rich cultural heritage. The region is famed for its mountains, mineral waters, the "Khvanchkara" wine region, and numerous cultural monuments. Racha is home to the Utsera resort, offering unique experiences in luxury and wellness.

5. Medical and Wellness

Georgia's medical and wellness tourism sector is rapidly emerging as a leading option for those seeking high-quality healthcare and rejuvenating wellness experiences. Boasting state-of-the-art medical facilities, highly skilled healthcare professionals, and a rich tradition of natural remedies, Georgia offers a comprehensive range of services from advanced medical treatments to holistic wellness therapies. Renowned for its mineral springs, therapeutic spas, and wellness retreats set in serene environments, Georgia provides the perfect backdrop for recovery and relaxation.



Tbilisi

Tbilisi is one of the few capital cities in the world that offer its visitors natural spas and related wellness services. Its sulphur springs in the midst of the Old City are the source for its many baths, which for centuries, have been places not for just hygienic purposes, but also for people to get together, socialise, exchange information and relaxation. Nowadays they are a favourite amongst locals as well as visitors.

Besides Sulphur baths district – Abanotubani, naturally warm waters rich in sulphur can also be found in north-western outskirts of Tbilisi, in the area of Lisi Lake. Another spa and wellness destination in the city is Tbilisi Balneology Resort that offers wide range of mineral water procedures, as well as curative mud baths, medical massage, etc.

Tskaltubo

Located in the Imereti region of western Georgia, Tskaltubo is a renowned medical and wellness resort just a 20-minute drive from Kutaisi International Airport. Known for its therapeutic waters and subtropical climate, Tskaltubo offers a serene and rejuvenating atmosphere. Complemented by historical attractions restored by the World Bank and the Municipal Development Fund of Georgia, the area provides also a rich cultural backdrop. With diverse medical and wellness services, Tskaltubo holds significant potential for investors, poised to become one of Europe's top destinations for medical and wellness tourism.

Sairme

Located in the Imereti region, Sairme is renowned for its mineral waters and therapeutic properties. The resort offers various treatments utilizing the area's natural resources, attracting visitors seeking wellness and rejuvenation. With a rich history of health resorts dating back to the early 19th century, Sairme combines historical charm with modern amenities. The area's established reputation and its unique natural assets present significant potential for investors looking to develop a leading destination for health and wellness tourism.

Borjomi

Borjomi - one of the most well-known balneal-climatic health resorts with exceptionally diverse nature and unique mineral water. Located in Samtskhe-Javakheti region, in the picturesque Borjomi Gorge, its waters offer unique curative properties recognised since ancient times. Borjomi water is sourced from a 1,500-year-old volcanic spring. On its journey towards the surface, the rocks of the Caucasian mountains enrich the water with over 60 different mineral compounds.

In southern part of the Borjomi Central Park there are open-air sulphur water pools, called Tsar's Sulphur Baths. The area also boasts historical monuments in and around the resort giving visitors possibilities to enjoy cultural tourism.

Abastumani

The Abastumani resort is renowned for its therapeutic climate and sulfur-rich waters, making it an effective treatment destination for various health conditions. The area's clean mountain air has been recognised by medical professionals for its beneficial effects on respiratory ailments such as tuberculosis, bronchitis, and asthma. Additionally, the hot springs of Abastumani have been utilised for centuries in the treatment of rheumatic, gynecological, dermatological, and nervous system disorders, as well as metabolic issues and chronic ulcers.

The region also houses an astrophysical observatory, operational since 1932, which is considered one of the premier sites for astronomical observation due to its consistently clear skies. A telescope is available for visitors interested in stargazing.



6. Wine and Gastronomy

Georgian gastronomy is a rich and diverse culinary tradition that reflects the country's unique geography and history. Year after year, discoveries of millennia-old artifacts such as kitchenware and agricultural implements prove that an exceptional gastronomic culture existed on the territory of modern Georgia for thousands of years.

Georgia is known for its rich culinary tradition, influenced by the best techniques and traditions of Europe and the East. Its cuisine offers diverse flavours and is a must for foodies and gastronomy enthusiasts. With wide variety of vegetable dishes, Georgian cuisine is heaven for vegetarians and vegans as well.

Georgia, often named as the birthplace of wine with a legacy spanning over 8,000 years, shows significant potential to develop its wine sector alongside tourism. From 2015 to 2021, wine exports consistently accounted for about 5.7% of Georgia's total exports²¹, making wine one of the country's top export products. This steady performance highlights the strong international demand for Georgian wine and its established presence in global markets.

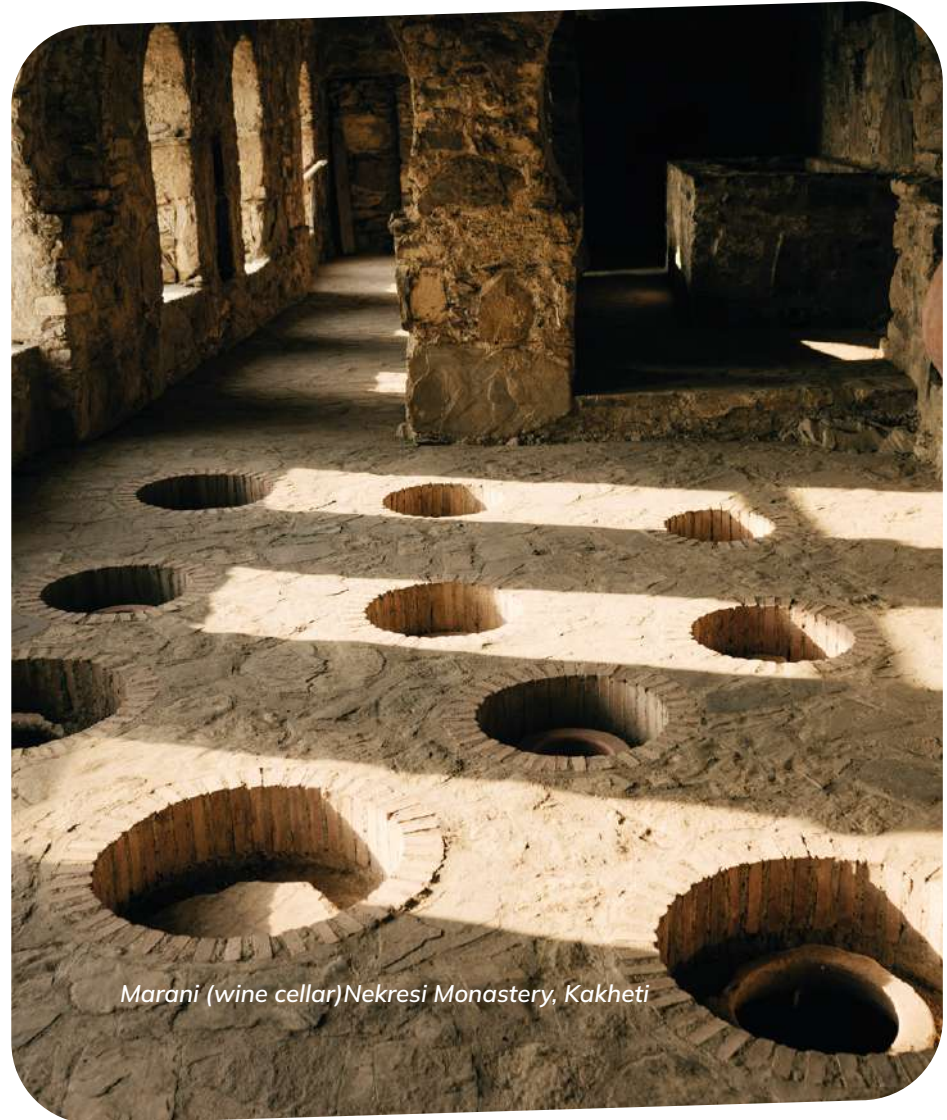
In 2023, Georgia exported a record 89.5 million litres of wine. (The upward trend in Georgian wine export revenues continued in 2023, with a total of USD 259 million worth of wine exported to 66 countries worldwide. This represents a 3% increase compared to the previous year. In terms of volume, 89.5 million litres of wine were exported)²². While Russia remains the largest importer, exports to other markets such as Germany, Poland, and the USA are also on the rise (The growth in export revenues is particularly notable in key markets: 60% increase in the Republic of Korea, 43% increase in Germany, 6% increase in the USA, 3% increase in Poland, and 1% increase in Japan.). In Eastern Europe, Poland and the Baltic countries are the primary importers of Georgian wine. In Western Europe, Germany is the leading importer of Georgian wines. Among the Commonwealth of Independent States (CIS), Belarus, Kazakhstan, and Moldova are notable importers, showcasing the diverse appeal of Georgian wines across various regions.



In 2023, the Georgian wine industry continued its growth- Up to 221.2 thousand tons of grapes were processed across the country, and the income from the sale of grapes exceeds GEL 306 million (GEL 249 million in the Kakheti region, GEL 57 million in other regions). Given the growing importance of wine, its significance for Georgia, and the global trend of interest in culinary and wine tourism, this sector represents a significant opportunity for development and investment in Georgia.

For Georgians, wine is more than just a beverage, it holds a special place in Georgian culture, deeply ingrained in nation's identity and traditions. The unbroken, 8,000-year-old method of Qvevri winemaking that is listed on UNESCO intangible world heritage is practiced in almost every family living in wine regions of the country, especially in rural areas. This method gives Georgian wine its distinctive characteristics and ties it closely to the region's heritage.

Guests of the country can experience Georgian's outstanding love to wine and their attitude to the viticulture by visiting numerous Maranis (wine cellar), wine chateaus and big productions that can be found in every winegrowing region of the country. Wine Route signs found throughout the whole country, lead tourists to wine hosts. Up to 400 hosts are part of the Wine Route project that help winemakers and travellers, international and domestic ones, meet each other and enjoy each other's company.



Marani (wine cellar) Nekresi Monastery, Kakheti

Regions of Wine:



Source: World Tourism Organization (2021), "Wine routes of Georgia", Madrid, Spain. Available online at <https://www.e-unwto.org/doi/pdf/10.18111/9789284422951> [11/06/2024]



Georgia's top wine regions offer diverse opportunities for investors in viticulture and tourism:

- **Kakheti:** The premier winemaking region, home to 87.5% of Georgian vineyards, is known for its fertile soil and ideal climate. Key grape varieties include Rkatsiteli, Mtsvane Kakhuri, Khikhvi, Kisi, and Saperavi. The region features 20 of Georgia's 29 Protected Designations of Origin.
- **Kartli and Mtskheta-Mtianeti:** Renowned for high-quality modern and sparkling wines, these central regions grow varieties like Chinuri and Goruli Mtsvane. Significant landmarks include the Svetitskhoveli Cathedral and Jvari Monastery.
- **Imereti:** Known for diverse climatic conditions and soil, this region grows Tsolikauri, Tsitska, and Krakhuna. Important sites include the UNESCO-listed Gelati Monastery and spa resorts like Tskaltubo.
- **Racha-Lechkhumi:** Famous for grape varieties like Aleksandrouli and Usakhelouri, this region offers unique wine profiles. Key attractions include Nikortsminda Cathedral and Barakoni Church.
- **Guria-Samegrelo:** One of Georgia's oldest winemaking centers, it produces varieties like Ojaleshi and Chkhaveri. Must-visit sites include Martvili Canyon and Tobavarchkhili Lake.
- **Meskheti:** This high-altitude region is known for ancient grape varieties like Meskhuri Mtsvane and Meskhuri Shavi. Major attractions include the Vardzia cave town and Akhaltsikhe Castle.
- **Adjara:** Active in restoring old grape varieties, this region grows Tsolikouri and Chkhaveri. Key sites include Batumi and the Goderdzi ski resort.

These regions highlight Georgia's rich viticulture potential and diverse tourism attractions, presenting substantial opportunities for investment and development.

7. Protected Areas

Georgia's commitment to preserving its natural beauty is evident in its expansive protected areas, which cover 927,729 hectares, or about 13.3% of the country. With government support, a robust network of trails has been established, stretching over 1,900 kilometres. This infrastructure includes 89 distinct hiking trails that showcase Georgia's diverse landscapes, catering to hikers of all skill levels.

In a significant recognition of its ecological significance, Georgia's Colchic Rainforests and Wetlands were designated as a UNESCO World Heritage site in 2021. This designation includes Mtirala and Kolkheti National Parks, along with the Kintrishi and Kobuleti Protected Areas, highlighting their global importance and paving the way for sustainable development opportunities.

Overall, Georgia's 100 protected areas encompass various IUCN categories, including strict nature reserves, national parks, and managed reserves, reflecting the nation's dedication to environmental protection and biodiversity conservation.



8. Silk Road

Commonly acclaimed as the “greatest route in the history of mankind,” the myriad of interconnected paths encompassed by the term “**Silk Road**” formed the first and most vital conduit for trade between the ancient empires of China, Central and Western Asia, the Indian subcontinent, and Europe. Serving as routes of integration, exchange, and dialogue, the Silk Road significantly contributed to the prosperity and development of humanity for nearly two millennia. Even today, its influence endures through monuments, cuisine, ideas, formulas, scriptures, books, architectural designs, linguistic expressions, and many other facets²³.

Georgia's location provided a natural corridor for Silk Road traffic. Georgian cities like Tbilisi and Mtskheta became bustling centres of commerce and cultural exchange, benefiting significantly from the prosperity brought by the Silk Road trade. However, the significance of the Silk Road extended beyond commerce. The Silk Road in the 21st century retains its strengths, especially in fostering tourism, including a strong brand with a positive image based on historical and cultural ties, high-quality standards, and a robust sector. Additionally, it boasts good travel connections, travel facilitation, infrastructure, and access-for-all standards, making it an enduring symbol of cultural and commercial exchange²⁴.

Georgia has an opportunity to become the gateway where East meets West. This includes the reinterpretation of available heritage and the creation of an East-meets-West narrative. By raising awareness among the travel trade, Georgia can create new and unique visitor experiences, offering a competitive advantage for lesser-known destinations. Additionally, in the current context of a swift towards sustainable tourism and increased conservation of natural and cultural heritage, this presents an opportunity to promote mutual understanding and showcase existing interdependencies. By creating linkages between transnational land and maritime routes, gained resources can be used to enhance local integration and the creative industries. Furthermore, international frameworks such as European Neighbourhood Programmes and China's One Belt One Road initiative offer additional support and opportunities for Georgia's development as a vital Silk Road corridor²⁵.

3.1.2

Well-connected and easily accessible location

Georgia stands out as a pivotal regional centre, strategically located on the shortest route between Europe and Asia. This advantageous positioning, coupled with modern infrastructure and progressive visa policies, makes Georgia an exceptionally accessible and attractive destination for international visitors and businesses.

The ease of access provided by three major international airports and a modern railway system ensures that international visitors can travel to and within Georgia with minimal hassle. Furthermore, Georgia's liberal visa policy, which allow citizens from 98 countries to enter without a visa and stay for up to a year, significantly enhance its attractiveness as a travel and business destination.





Air Transport

Georgia's airports, particularly **Tbilisi International Airport** and **Batumi International Airport**, facilitate efficient passenger transport as well as the **Kutaisi International Airport**, supplemented by several regional airports, including Ambrolauri, Natakhtari, and Mestia. In 2023 Georgia's air transport of non-resident visitors represented 31% of total visits servicing 1.9 million international visitors³⁰. In 2023, Georgia managed to increase its air transport by 5% comparing to pre-pandemic 2019. **Tbilisi International Airport** accommodates around 60 airlines, primarily serving destinations in Europe, the Middle East, and Central Asia. Moreover, it handled over 19,000 tons of cargo in 2023³¹, with modern facilities that ensure efficient logistics operations.

Georgia's domestic aviation sector will also benefit from infrastructure upgrades from the year 2025. The terminals at Mestia and Telavi (that is currently not serving, but is planned to serve commercial flights) domestic airports are scheduled for rehabilitation and expansion, supporting the growth of domestic air traffic and further integrating the country's transportation network.

Kutaisi International Airport, managed by United Airports of Georgia, is positioned as a low-cost hub, offering mostly direct flights to Europe and featuring a newly expanded terminal with a 2.5 million annual passenger capacity. It was ranked 4th in Europe for passenger flow increase among airports welcoming fewer than 5 million passengers annually by ACI Europe in 2023 serving over 1.67 million passengers, exceeding pre-pandemic period by 91% **Batumi International Airport**, another key infrastructure, expanded its terminal area to 8,000 m² in 2021, responding to a growing passenger flow that exceeded 600,000 in 2023.

Additionally, by the end of 2025, Kutaisi International Airport infrastructure will undergo a major expansion, including the construction of a new 3.5 km runway. This will enable the airport to accommodate all types of aircraft, significantly improving its operational capabilities and expanding its route network.



Kutaisi International Airport



Road Network

Georgia boasts over 21,100 km²⁶ of paved roads, which are essential for the country's mobility. These roads are regularly maintained and upgraded to handle the increasing volume of traffic. The efficient road transit system significantly contributes to Georgia's GDP by facilitating trade, commerce, and people movement. Additionally, this robust infrastructure positively impacts tourism, making it easier for visitors to explore various destinations within the country.

East-West Highway (EWH)

The East-West Highway (EWH) is a crucial corridor, stretching from the Black Sea port of Poti to the Azerbaijani border. This 390 km of International roads sections (network) is part of the E60 route, most of sections of E60 roads is already modernized/constructed as highway and most of sections is ongoing construction. E60 providing a direct link for cargo movement across Georgia. The highway is currently undergoing significant upgrades, including expansions, new bypasses, and the construction of tunnels and bridges to improve traffic flow and safety.

Other Key Routes

S1 Highway: Connecting Tbilisi to the western ports and the Turkish border.

S2 Highway: Linking Tbilisi to the Azerbaijani border, facilitating east-west cargo movement.



Railway Network

The Georgian Railway network spans approximately 2,404 kilometres²⁷, playing a vital role in the country's transit capacity. The railways connect Georgia with Armenia, Azerbaijan, and Türkiye, ensuring seamless cargo and people movement across the region. The Baku-Tbilisi-Kars (BTK) railway, a major project links the Caspian Sea to Europe via Türkiye, significantly boosting Georgia's transit potential. Georgia's railway system is recovering from the effects of the pandemic, and it experienced a 97% increase in passenger transport from 2021 to 2022 serving 1,604,669 travellers. Additionally, BTK railway is expected to handle up to 5 million tons of cargo annually. One main project for increasing the cargo flow is the modernization of the bottle-neck section on the Georgian railway. Regarding the project, 6 new tunnels and 10 bridges alongside the 80km new rail lines were already built. The project will be finalized by the end of 2024.

Liberal Visa Policy

Georgia's visa policy is among the most liberal in the region, significantly reducing the barriers for international visitors' entrance. Citizens from 98 countries can travel to Georgia without a visa and stay for up to one year. This extensive visa-free regime makes Georgia an attractive destination for tourists, business travellers, and expatriates, promoting longer stays and deeper engagement with the local economy.



Ports and Maritime Transport

Georgia's Black Sea ports, including Poti, Batumi, and the developing Anaklia Deep Sea Port, are critical to its transit capacity. Poti Port handles around 8 million tons of cargo annually, while Batumi Port manages around 5 million tons²⁸. The Anaklia Deep Sea Port, once completed, is projected to handle up to 100 million tons of cargo per year, positioning Georgia as a major maritime hub in the region. Moreover, despite the number of arrivals by waterways still being lower than pre-pandemic, from 2021 to 2022 arrivals to Georgia of non-resident visitors using waterways increased by 163.3%²⁹, suggesting a strong rebound from the pandemic. From 2022 to 2023 the number of arrivals to Georgia of international visitors using waterways was increased by 59.3%.

Projects Under Development

In the coming years, significant upgrades to Georgia's aviation infrastructure are planned which will enhance the country's role as a regional transport hub. By 2029, the new Vaziani International Airport in Tbilisi is expected to be operational. The airport facility will be designed to enhance air connectivity and promote the growth of air traffic across the region. The airport will initially handle 10 million passengers annually in its first phase, with plans to increase capacity up to 20 million passengers in the second stage of development.

The development of Aviation projects are expected to transform Georgia's aviation landscape, facilitating increased tourism, trade, and economic growth throughout the region.

Several infrastructure projects are also in the pipeline to further boost Georgia's transit capacity. The East-West Highway upgrade aims to transform the road into a modern, high-capacity corridor, significantly reducing transit times³². The ongoing modernization of the Georgian Railway, including the electrification of key sections, is expected to enhance efficiency and capacity³³.

The Anaklia Deep Sea Port, a flagship project, is poised to be a game-changer for Georgia's maritime capabilities. Phase one of the Anaklia Port shall have minimum capacity to handle 600 thousand TEUs per annum. With a tentative CAPEX of USD 600 million, this project will not only increase cargo throughput but also attract significant foreign investment.

3.1.3

Potential for Hospitality and Real Estate

Georgia's hospitality and real estate sectors offer compelling investment opportunities. The rapid expansion of international branded hotels and the influx of FDI into the real estate market highlight Georgia's attractiveness to global investors.

The real estate sector is experiencing robust growth, driven by increased demand for commercial, retail, industrial, and residential properties. In 2022 and 2023, the sector attracted over USD 500 million in FDI, reflecting strong investor confidence. Key factors contributing to this demand include economic growth, urbanization, and the thriving tourism industry.

The hospitality sector's expansion is evident in employment figures, with the number of employees in accommodation and food service activities increasing by 30% over the past few years, reaching approximately 45,000. High demand and occupancy rates have spurred the growth of international brand hotels in Georgia, with prominent chains such as Hilton, Marriott, Accor and Swissotel rapidly increasing their presence. This expansion indicates confidence in Georgia's hospitality market and its ability to sustain long-term growth.

3.1.4

One of the Lowest Taxes Globally

Georgia's tax system is one of the most favourable globally, featuring low tax rates, transparent regulations, and various incentives designed to promote economic growth and investment. As Georgia continues to maintain and refine its tax policy, it is well-positioned to attract businesses and investors, driving sustained economic growth.

This overview provides a comprehensive analysis of Georgia's key tax regimes and incentives, highlighting why it stands out as a favourable destination for investment.



Overview of Taxation System

Summary of key tax regimes



Georgia's tax system, characterized by both transparency and a low-burden approach, is notable for several key features that make it an attractive destination.

In its pursuit of fostering economic growth and attracting FDI, Georgia has actively streamlined its taxation system. This has resulted in a liberal tax environment and a model in which retained earnings are exempt from corporate income tax (CIT).

According to the World Bank Group, Georgia ranks as the third least tax-burdened country in the world, boasting a total tax rate of 9.9%.

Also, Georgia does not have capital gains, wealth or inheritance tax. Additionally, Georgia has Double Taxation Avoidance Treaties with 58 countries further enhancing its appeal as a tax-friendly destination.

At the same time, Georgia has four free industrial zones offering additional tax and customs benefits to enterprises.

As a testament to its efficiency, Georgia currently maintains six flat taxes, exemplifying a straightforward and uncomplicated taxation environment unified under one tax code.

- Personal Income Tax - **20%**
- Corporate Profit Tax on Distributed Earnings - **15%** (retained and reinvested profit is taxed by 0%)
- Value Added Tax - **18%**
- Excise Tax - **Depends on goods**
- Customs/Import Tax - **0%, 5% or 12%**
- Property Tax – up to **1%**

Summary of key taxes on tourism related activities

Overview of Taxes:

Corporate Profit Tax - Tax Rate:

- On Reinvested Profit/Undistributed Earnings – 0%
- On Distributed Earnings – 15%

Legal entities incorporated in Georgia are normally treated as tax residents and are taxable on their worldwide income.

Legal entities incorporated abroad are normally treated as foreign tax residents (“non-residents”) and are taxable on income from Georgian sources or income from performing business activities through their PE in Georgia. The profit tax is imposed on profits earned by Georgian and foreign enterprises.

Personal Income Tax- Tax Rate: 20%

Non-residents and tax resident individuals are subject to Georgian income tax only on income received from Georgian sources.

Personal income tax of foreign employees is calculated only on their income earned as a direct result of their employment in Georgia and only if such employee spent more than 183 days in Georgia. No social tax and other similar payments are due from MEP Participants and their foreign employees with respect to such foreign employees.

Source: Deloitte

Import Tax - Tax Rate: 0%, 5% or 12%

Around 90% of goods are taxed by 0% from import/customs tariffs in Georgia. Rest is taxed by 5% or 12%

Excise Tax - Tax Rate: Depends on goods

All physical and legal persons producing or importing excisable goods* in the territory of Georgia are subject to excise taxes.

**Excise tax is imposed on wine, beer and liquors (whiskey, vodka, etc.); cigarettes and other tobacco products; cars; and natural gas, oils, oil distillates, and other products produced from oil and bituminous minerals.*

Value Added Tax - Tax Rate: 18%

As per the Tax Code, if a company, whether resident or non-resident operating through its PE, conducts taxable supplies in Georgia exceeding USD 185,000 (GEL 500,000) in the past twelve months, it must register as a VAT payer with tax authorities.

Property Tax - Tax Rate: Up to 1%

Assets such as fixed assets, investment property, uninstalled equipment and construction in progress that are listed on the balance sheet of the enterprise, as well as similar property listed on the balance sheet of an organization and utilized for economic activity are, unless specifically exempt, subject to property tax at a flat rate of 1%.

Source: Guide to Taxation and Investment in Georgia 2022 by Deloitte

Funded Pension Scheme

Pension contribution - 2% paid by employer, 2% paid by employee (plus, 2% paid by the government until savings reach GEL 60,000)

Summary of key taxes on tourism related activities

Free Industrial Zones

Free Industrial Zones (FIZs) in Georgia offer a strategic advantage for businesses, with operational locations in key cities such as Poti (sea port), Kutaisi (third largest city), and Tbilisi (capital city). Enterprises registered in these FIZs enjoy various tax exemptions.

Special Tax Regime in Free Industrial Zones:

- No Profit Tax
- No Property Tax
- No value added tax on import of foreign goods and operations carried out in FIZ
- No import tax on import of foreign goods into FIZ.

Company established within the FIZ, it is exempted from all taxes except the Personal Income Tax, set at 20%, which is deducted from employees' salaries.

Additional Terms:

- Taxes that still applies inside the zone are Personal Income Tax (20%), and pension plan contribution (2%)
- Import/export of products in/from FIZ from/to enterprise outside FIZ (other territory of Georgia) is taxed by:
 - Import - 4% of receivable income
 - Export - 4% of market price of supplied goods

3.1.5

Stable and Favourable Business Environment

Georgia has made significant strides in creating a stable and favourable business environment. The country's commitment to transparency, regulatory efficiency, and support for foreign investments has positioned it as a prime destination for businesses looking to expand in Eastern Europe and Central Asia.



Transparency and Trust in Government Policy Making

Georgia ranks 8th globally and 1st among non-EU countries in the OECD's FDI Regulatory Restrictiveness Index 2020³⁴. This demonstrates the country's least restrictive regulatory environment for foreign direct investment, making it highly attractive to international investors. Moreover, according to the World Justice Project's Rule of Law Index, Georgia is ranked 1st in the Eastern Europe and Central Asia region³⁵.



Economic Reforms and Free Trade Agreements

Since 2014, Georgia has maintained an Association Agreement and a Deep and Comprehensive Free Trade Area (DCFTA) with the European Union (EU). These agreements are pivotal elements in the nation's economic strategy, facilitating access to European markets and promoting economic integration. In December 2023, Georgia received Candidate Status from the EU, reinforcing its commitment to transparency, democratic values, and economic reforms.



Investment Promotion and Support

Several key organizations support investment in Georgia, including Enterprise Georgia/ Invest in Georgia and the Georgian National Tourism Administration. These organizations act as facilitators between investors and the government, providing up-to-date information and ensuring effective communication. They also offer various incentives and support mechanisms to attract and develop foreign direct investments in the country.

Enterprise Georgia operates under the Ministry of Economy and Sustainable Development and focuses on three major pillars: Business, Invest, and Export. The agency's mission is to support the achievement of long-term strategic goals for the Georgian economy, offering a 'one-stop-shop' service for investors across various sectors, including tourism.



Free Industrial Zones (FIZs)

Georgia has established Free Industrial Zones (FIZs) in strategic locations such as Poti, Kutaisi, and Tbilisi. These zones offer numerous tax and customs benefits, including exemptions from profit tax, property tax, VAT on imports, and import tax on foreign goods. Companies operating within FIZs are only subject to personal income tax and a minimal pension contribution, making these zones highly attractive for business operations.



The image shows the Ali and Nino Monument in Batumi, Georgia. It is a large, abstract sculpture made of many thin, horizontal metal plates that curve and overlap to form the silhouettes of two figures, Ali and Nino, embracing. The monument is set against a clear blue sky.

Ali and Nino Monument, Batumi

3.2 How to Start a Business in Georgia

Starting a business in Georgia is a straightforward and efficient process supported by a favourable regulatory environment and various incentives. The country's commitment to transparency, economic reforms, and investment promotion makes it an attractive destination for businesses and investors³⁶. Looking to expand in the region.

The National Agency of Public Registry (the “Public Registry”) the registration of business entities/branches is mandatory in order for them to conduct business in Georgia. The registration is carried out by the National Agency of Public Registry, a legal entity under public law within the Ministry of Justice of Georgia (www.napr.gov.ge) and all services needed for the business registration are provided by the Public Registry through the Public Service Hall (www.psh.gov.ge). Upon registration, business entities/branches are assigned an identification number and deemed officially established business entities.³⁷.

Table 3.2: The Steps to Establish a Business in Georgia

Registration can be completed either in one working day from the date the application is submitted or on the day of the application. Same day registration fee is USD 140, next-day registration fee – USD 70.

Steps for Incorporating Business Entities/Branches:

- Step 1:** Preparation of the registration documents.
- Step 2:** Execution of the documents, signing, notarisation and certification with apostille or legalisation.
- Step 3:** Translation into Georgian language and notarisation.
- Step 4:** Submission of the documents to the Public Registry.

Documents to be submitted are as follows:

- Application Form (available online or at any Public Service Hall offices),
- Founders' Agreement signed by all founders and duly certified, which includes the information and Statutes provided for by the Article 5 of the Law of Georgia on Entrepreneurs.

(The standard Statutes of companies are defined by the Order N791 of the Minister of Justice of Georgia on Approval of Standard Statutes of Companies dated 29 November 2021, which is posted on the website of the Legislative Herald of Georgia (matsne.gov.ge), on the electronic platform and is available to all interested persons.)

For registration purposes, a paper or electronic version of the Standard Statute is not required to be submitted to the Agency. As for nonstandard Statutes, it is mandatory to submit the Statutes drawn up and certified to the registration authority in accordance with the legislation of Georgia,

- Identity document of the interested person,

- Consent of each person entitled to leadership and representation to exercise such authority.

(Submission of this document shall not be mandatory if the will is expressed in the Founders' Agreement).

- To define the legal address of the entity, the duly certified consent of the owner of the place, or the relevant agreement signed in accordance with the established rules regarding the use of such address.

(Submission of such document is mandatory only if the legal address of the entity is not defined as the address of the immovable property owned/used by the interested person or the address of registration).

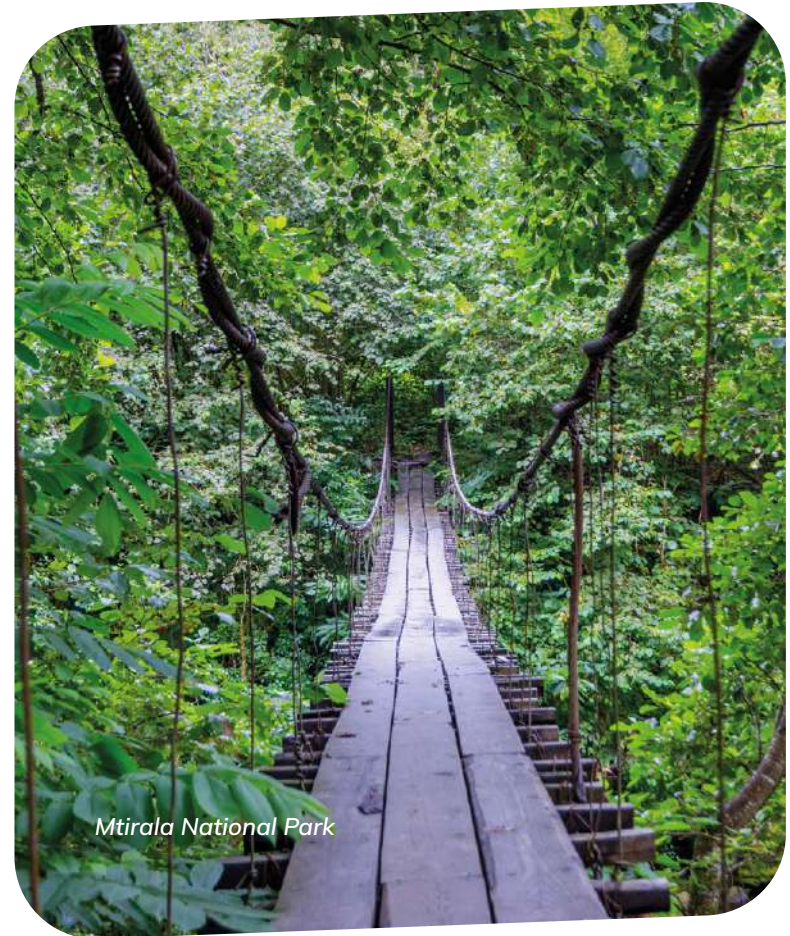
In case of the Agency is applied by the representative of the interested person (authorized person), together with the above-mentioned documentation, the following should be submitted:

- Identity document of the representative (ID card, passport, residence card, etc.).
- Duly prepared and certified document confirming representation (power of attorney or other)³⁸.

Incentives and Support Programs

Georgia offers various incentives to promote business development and attract foreign investment. Key programs include:

- **Business Universal:** This program subsidizes loan interest rates and provides collateral guarantees for loans issued by Georgian commercial banks and leasing companies. The program targets industries such as manufacturing, hotels, tourism services, agrotourism, and ecotourism.
- **FDI Grant:** The FDI Support Mechanism provides a cashback of 15% on capital expenditures and training costs for foreign investment projects. This program aims to promote the growth of FDI, the influx of knowledge and technology, and the creation of new jobs in Georgia.



Mtirala National Park



Bagrati Cathedral, XI Century

4

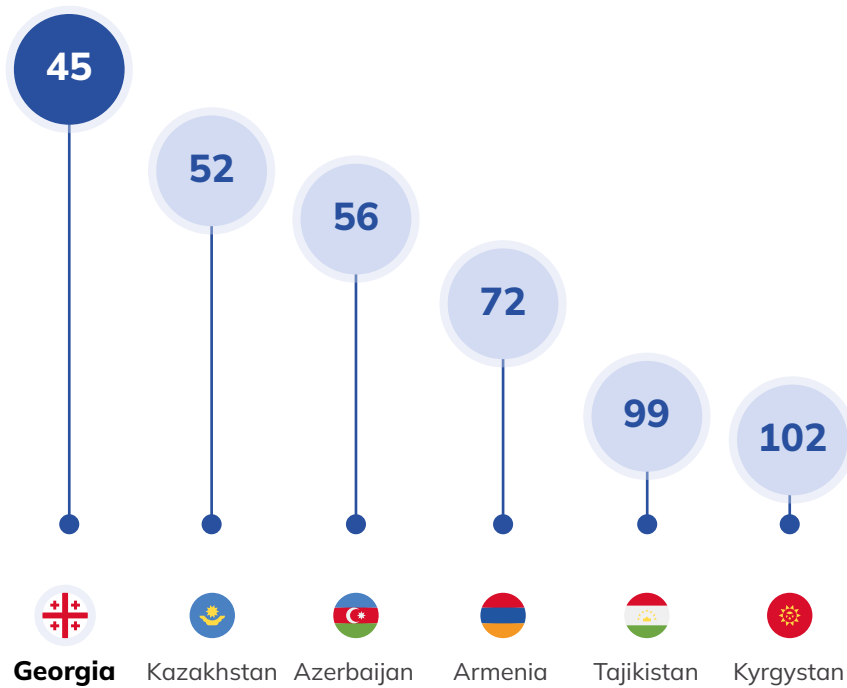
COMPETITIVE OUTLOOK

4.1. Attractiveness and positioning of Georgia (country benchmark)

According to the 2024 Travel & Tourism Development Index (TTDI) from the World Economic Forum, Georgia ranks forty-fifth, globally, and first amongst its neighbouring countries. The index evaluates a composite of factors and policies that facilitate the sustainable development of the travel and tourism industry, thereby enhancing the country's' development and competitiveness. Performance is

measured based on 17 pillars and 112 individual indicators, highlighting areas such as the enabling environment, tourism policy and enabling conditions, infrastructure, travel and tourism demand drivers, and travel and tourism sustainability.

Figure 4.1 Comparison of Georgia's Competitive Set of Countries, Travel and Tourism Development Index (Positioning 1-117), WEF, 2024



Source: World Economic Forum (2024), Travel & Tourism Development Index 2024: Rebuilding for a Sustainable and Resilient Future, WEF, Geneva, available online: <http://www.weforum.org> [13-06-2024]

Georgia leads with an index value of 45, reflecting significant progress in enhancing its tourism sector through infrastructure and cultural attractions. Among its regional counterparts, Georgia stands out as a leader in several key areas of travel and tourism competitiveness. Most notably, Georgia excels in Safety and Security with a score of 6.1, significantly higher than the sub-region average of 5.7, highlighting its reputation as a safe and stable destination for international travellers. This strong sense of security is crucial for attracting visitors who prioritise safety in their travel decisions.

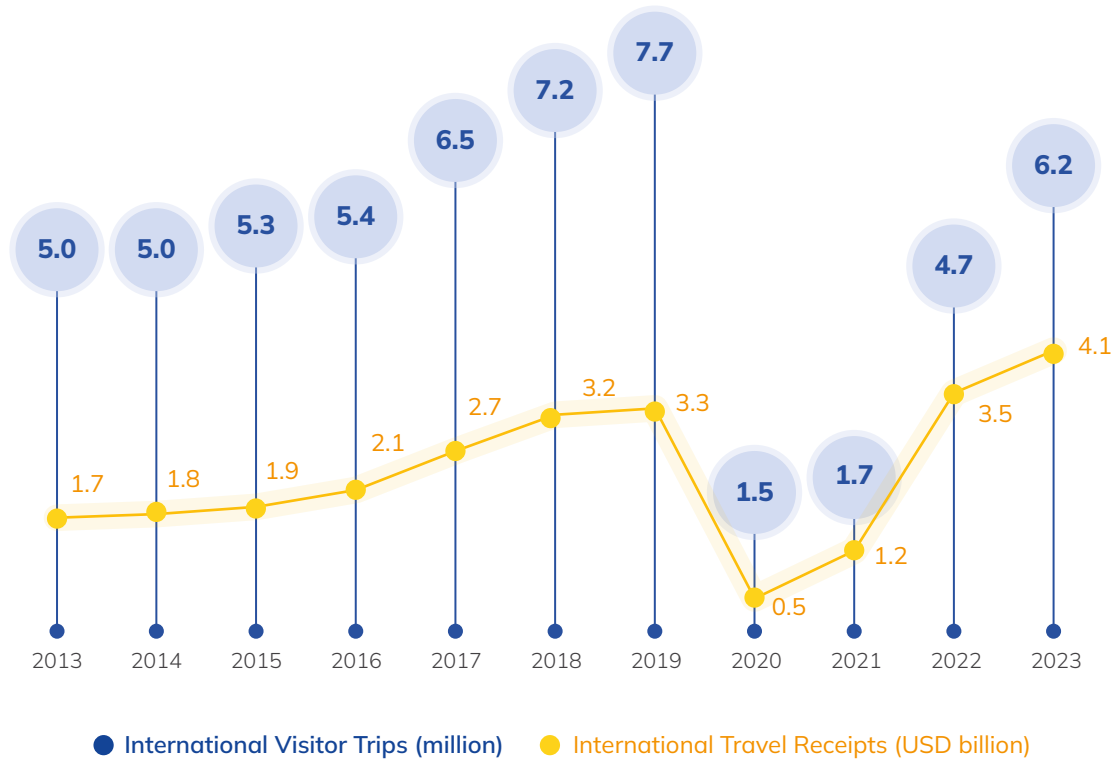
Moreover, Georgia's ICT Readiness score of 5.5, which is above the sub-region average of 4.8, reflects its robust digital infrastructure, providing tourists with excellent access to information and services.

Georgia's Price Competitiveness is another notable strength, with a score of 5.5, making it an affordable and attractive destination for budget-conscious travellers. This score is slightly below the sub-region average of 5.7 but still demonstrates Georgia's ability to offer good value for money.



4.2. Tourism Cluster Overview

Figure 4.2.1 International Visitor Trips (million) and International Tourism Receipts (USD billion), 2013 - 2023



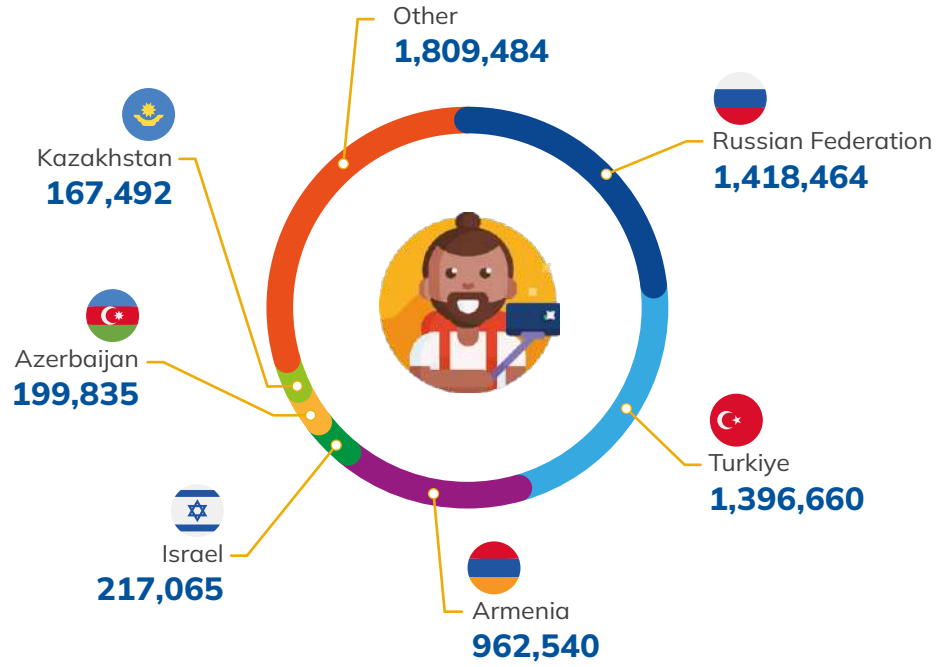
Source: National Statistics Office of Georgia



In the tourism sector, the country has shown dynamic performance and resilience in attracting international visitors since 2018. In 2018, 7.2 million international visitors arrived to Georgia, with a 7% increase to 7.7 million in 2019. However, the COVID-19 pandemic led to a significant decline, with international visitor numbers plummeting to 1.5 million in 2020. The sector has since been on a steady path to recovery, with 1.7 million visitors in 2021, 4.7 million in 2022, and reaching 6.2 million in 2023. According to Georgia's Tourism Administration, in the first half of 2024 alone, the country received 2.7 million visitors.

International tourism receipts have already exceeded pre-pandemic levels, recovering faster than international tourist arrivals. In 2021, tourism receipts rose to USD 1.2 billion, followed by a substantial increase to USD 3.5 billion in 2022, and reaching USD 4.1 billion in 2023³⁹. In the first half of 2024, international tourism receipts reached USD 1.9 billion, a 30% increase versus 2019. The trend not only signals a robust recovery post-pandemic but also shows that tourists are spending more per visit, which is advantageous for Georgia's economy.

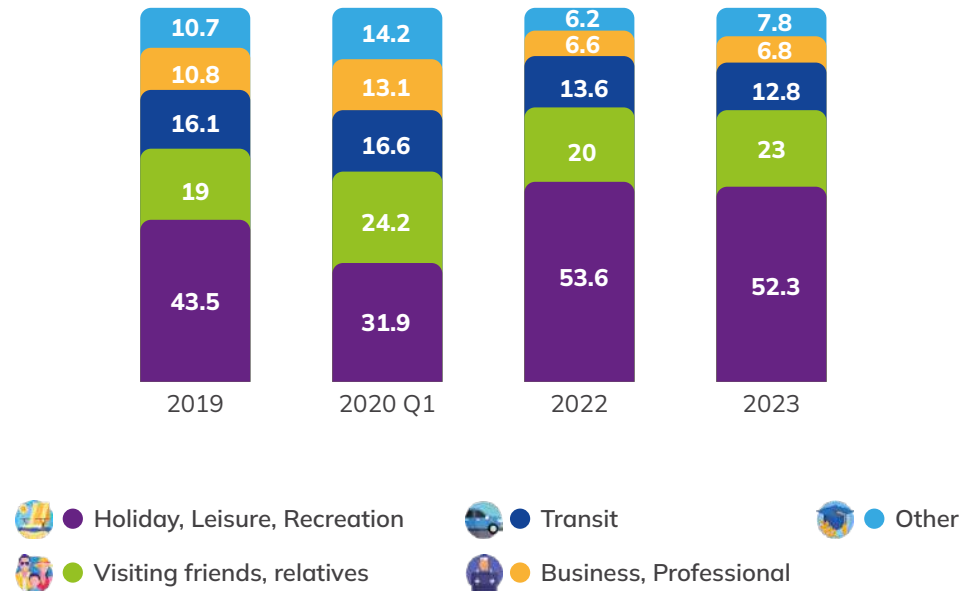
Figure 4.2.2.b International Visitor Trips by Origin Country, 2023



Source: National Statistics Office of Georgia

In 2023, the origin of international visitors trips in Georgia was primarily European. Russia led as the primary source with 1.4 million trips (23% of total visitor trips), closely followed by Türkiye with 1.4 million trips (22.6%). Armenia also contributed significantly with over 960,000 trips (15.6%). Other notable contributors included Israel with over 220,000 trips (3.2%), Azerbaijan with 200,000 trips (3.2%), and Kazakhstan with 170,000 trips (2.7%). This distribution reflects the strong interest from neighbouring countries, highlighting the crucial role of connectivity and proximity in attracting visitors to Georgia.

Figure 4.2.3 Number of Foreign Arrivals by Purpose of Trip (%), 2019-2023



Source: National Statistics Office of Georgia

In 2023, the dominant category of tourism arrivals in Georgia was Holiday, Leisure, and Recreation, accounting for 52.3% of the total, up from 43.5% in 2019. This category dipped to 31.9% in early 2020 due to the pandemic but rebounded strongly in the subsequent years.

Visiting Friends and Relatives made up 20.4% of tourism arrivals in 2023, slightly higher than 19% in 2019. This category peaked at 24.2% in early 2020 as people sought to reconnect during the pandemic but stabilised around 20% afterward. Transit purposes dropped to 12.8% in 2023 from 16.1% in 2019, showing a gradual decline after an increase in 2020.

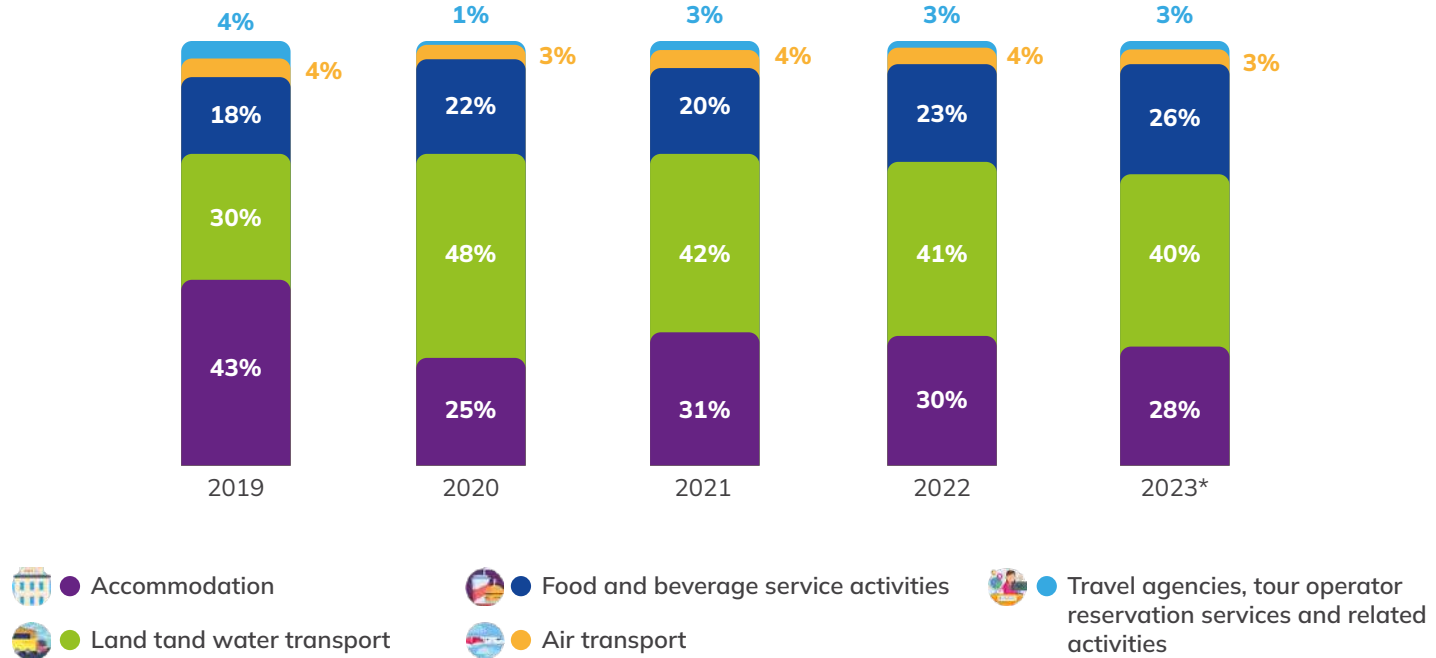
Business and Professional travel was 6.8% in 2023, down from 10.8% in 2019. This sector saw a temporary rise to 13.1% in early 2020 before dropping significantly. Shopping-related tourism fell from 6.8% in 2019 to 4.2% in 2022 but recovered slightly to 5.4% in 2023.

Smaller segments, including Education and Trainings, Health and Medical Care, and other purposes such as religion and pilgrimage, collectively accounted for a minimal share of arrivals. These categories saw minor fluctuations during the pandemic but generally remained stable.



Old Town, Tbilisi

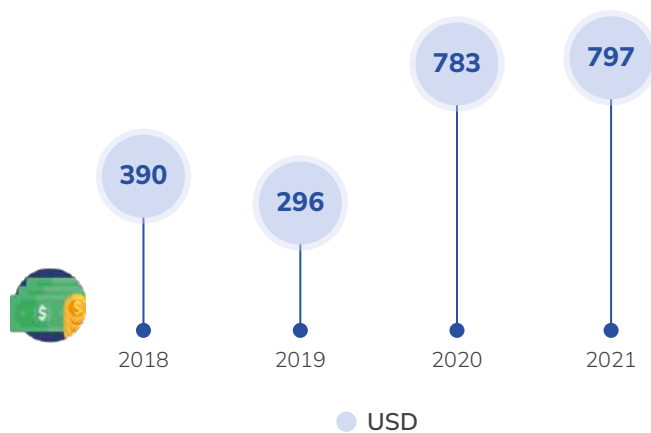
Figure 4.2.3.b Share of Tourism Activities in Tourism GDP (basic prices), 2019-2023



Source: National Statistics Office of Georgia

The share of tourism activities in Georgia's tourism GDP has experienced notable shifts from 2019 to 2023. In 2023, land and water transport represented 40% of the total, up from 30% in 2019, while accommodation dropped to 28% from 43%. Food and beverage service activities increased significantly from 18% in 2019 to 26% in 2023, reflecting changes in tourist spending patterns. Air transport and travel agencies maintained a smaller yet consistent share at 3% each, while water transport held steady at 0.1%

Figure 4.2.5: Evolution of Average Spending per Visitor in Georgia (USD million), 2018 - 2021

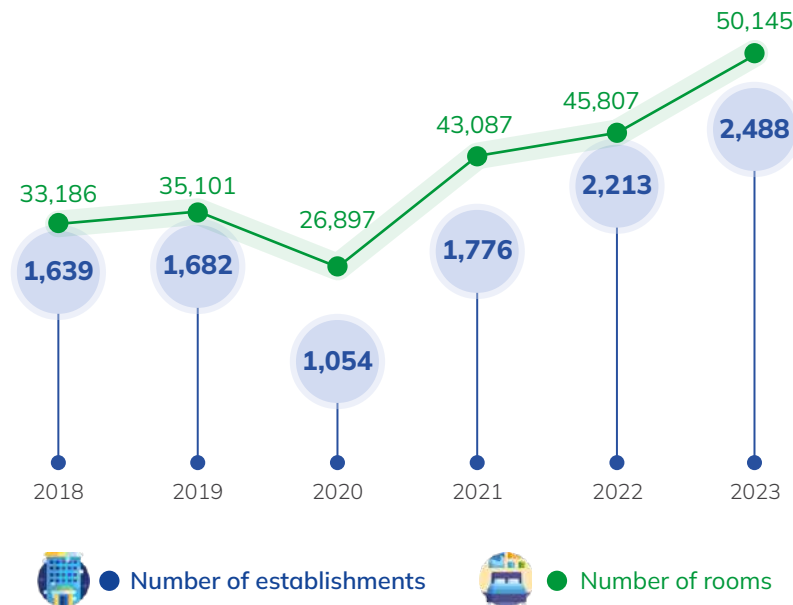


Source: National Statistics Office of Georgia

The average spending per visitor in Georgia has almost doubled from 2019 to 2023. In 2019, visitors spent an average of USD 390, which dropped to USD 296 in 2020 due to the pandemic. By 2022, this figure had significantly increased to USD 783, and in 2023, amounted to USD 797.

This substantial increase in average spending per visitor clearly indicates a strong recovery and growth in Georgia's tourism sector. The rise from USD 296 in 2020 to USD 797 in 2023 shows that visitors are now spending more, reflecting a positive trend for the country's tourism industry and its economic impact.

Figure 4.2.6 Evolution of Number of Establishments and Rooms, 2018 – 2023



Source: UN Tourism Data Dashboard, available online at: <https://www.unwto.org/tourism-data/un-tourism-tourism-dashboard> [14/06/2024].

Following the significant increase in average visitor spending, Georgia's hospitality sector has experienced notable growth in the number of establishments and rooms available from 2018 to 2023. Despite the pandemic setback, the industry has demonstrated resilience surpassing its pre-pandemic levels in 2021 by 5.6%. By 2023, the number of establishments and rooms reached 2,488 and 50,145 respectively.



Old Town, Tbilisi



5

TOURISM INVESTMENT OPPORTUNITIES

5.1 Strategic Projects in the Tourism Sector – Master Plan and Development of Tskaltubo

The Government's new master plan and development strategy for Tskaltubo, Georgia's renowned spa destination, signify a significant opportunity for private investors. Situated in the picturesque Imereti region adjacent to Kutaisi, Georgia's second-largest city, Tskaltubo boasts a rich history and is celebrated for its radon mineral springs, naturally flowing at temperatures between 33-35 degrees Celsius. Notably, the consistent warmth of these springs eliminates the need for artificial heating, ensuring their preservation and enhancing their appeal to visitors seeking therapeutic experiences. With the aim of leveraging Tskaltubo's unique natural assets and historical

significance, the government plans to sell 12 state-owned properties to private investors. Additionally, three properties in the Adjara region are earmarked for strategic investment projects. These initiatives are poised to transform the tourism landscape of Georgia, particularly in the targeted regions, by catalysing economic growth and job creation. The Economic Impact - 2030 project envisages the implementation of 12 strategic investment projects in tourism before the year 2030. These projects, whether already underway or in the initial stages, collectively represent a substantial investment exceeding USD 200 million. Moreover, they are expected to generate approximately 3,200

new job opportunities, thereby stimulating local economies, and fostering sustainable development. Through these initiatives, the government seeks to unlock the full potential of Tskaltubo and Adjara as premier tourist destinations, attracting both domestic and international visitors. The infusion of private investment will enable the development of world-class hospitality infrastructure, rejuvenation of historic landmarks, and enhancement of tourism services, ultimately elevating Georgia's position on the global tourism map. For investors, this presents a compelling opportunity to participate in the revitalization of iconic destinations while tapping into the burgeoning tourism market. Moreover, the government's commitment to facilitating investment and promoting economic growth underscores the conducive business environment in Georgia. As these projects unfold, they are poised to not only drive economic prosperity but also preserve the cultural heritage and natural beauty that define Georgia's allure as a tourist destination⁴⁰.





1. Former Sanatorium "Savane"



Sector:
Hospitality & Real Estate

The project entails the redevelopment of Sanatorium "Savane," a historic property located at 19 Rustaveli Street in Tskaltubo, Georgia. Constructed in 1975, the sanatorium, designed by architects A. Intskirveli and F. Photskishvili, holds significant architectural and cultural value. The ambitious redevelopment plan aims to transform the existing structure into a modern hospitality facility while preserving its architectural heritage.

The proposed redevelopment project boasts a total capacity of over 100 rooms, catering to the needs of both leisure and wellness-oriented travelers. Spanning a vast land area of 15,091 square meters, with a building area of 7,726 square meters, the property offers ample space for accommodating guests and providing a range of amenities and services.

With a design featuring four floors and reaching a height of 17 meters, the revitalized Sanatorium "Savane" will offer a harmonious blend of contemporary comfort and historical charm. The restoration efforts will uphold the integrity of the original architecture while integrating modern design elements and sustainable features.

The facilities envisioned for the redeveloped Sanatorium "Savane" are tailored to meet the diverse needs of guests seeking relaxation, rejuvenation, and wellness experiences. These facilities may include:



Accommodation: A variety of well-appointed rooms and suites designed to provide comfort and tranquillity to guests, equipped with modern amenities and scenic views of the surrounding landscape.



Wellness Centre: A state-of-the-art spa and wellness centre offering an array of therapeutic treatments, massages, and wellness programs, capitalizing on the natural healing properties of Tskaltubo's radon mineral springs.



Dining Options: A selection of restaurants, cafes, and bars serving locally sourced cuisine and refreshing beverages, providing guests with culinary delights that showcase Georgia's rich gastronomic heritage.



Conference and Event Spaces: Versatile venues equipped with cutting-edge technology and flexible seating arrangements, ideal for hosting conferences, seminars, weddings, and other social gatherings.



Recreational Facilities: Indoor and outdoor leisure amenities such as swimming pools, fitness centres, sports courts, and landscaped gardens, ensuring a memorable stay for guests of all ages.



2. Former Sanatorium: 'Imereti'



Sector:
Hospitality & Real Estate

The project focuses on the redevelopment of the former Sanatorium "Imereti," located on Chakhrukhadze Street in Tskaltubo, Georgia. Erected in 1937, the sanatorium stands as a testament to the architectural prowess of L. Janelidze and V. Meskhishvili, renowned architects of their time. With a rich history and architectural significance, the property presents a prime opportunity for transformation into a modern hospitality facility while preserving its heritage.

The redeveloped Sanatorium "Imereti" will offer a total capacity of over 80 rooms, catering to the needs of guests seeking comfort and relaxation amidst the serene surroundings of Tskaltubo. Situated on a spacious land area spanning 41,150 square meters, the property provides ample space for creating a tranquil retreat for visitors to enjoy.

The existing building, boasting a total area of 13,249 square meters, will undergo careful preservation to retain its historical charm and architectural integrity fully. This commitment to preservation reflects the project's dedication to honoring the legacy of Sanatorium "Imereti" and its significance in Georgia's cultural heritage.

The redesign of Sanatorium "Imereti" envisions a modern hospitality facility with four floors, reaching a height of 17 meters, seamlessly blending historical elegance with contemporary comforts. The architectural design will celebrate the distinctive features of the

original building while incorporating modern amenities to enhance the guest experience.

By preserving the heritage of the former Sanatorium "Imereti" while introducing modern amenities and services, the project aims to revitalize Tskaltubo as a premier destination for wellness tourism and cultural exploration. Through thoughtful restoration and strategic development, the reimagined Sanatorium "Imereti" will pay homage to its storied past while embracing the future of hospitality in Georgia.



Accommodation: Spacious and well-appointed rooms and suites offering modern amenities and panoramic views of the surrounding landscape, providing guests with a comfortable and memorable stay.



Wellness Center: A comprehensive spa and wellness center equipped with therapeutic treatments, relaxation areas, and fitness facilities, allowing guests to rejuvenate mind, body, and soul.



Dining Options: Fine dining restaurants, casual cafes, and outdoor dining spaces serving locally inspired cuisine and international delicacies, providing guests with a diverse culinary experience.



Event Spaces: Versatile venues suitable for hosting weddings, conferences, and special events, equipped with state-of-the-art technology and customizable settings to accommodate various occasions.



3. Former Sanatorium: "MEGOBROBA"



Sector:
Hospitality & Real Estate

The project focuses on the redevelopment of the historic Sanatorium "Megobroba," situated on Rustaveli Street in Tskaltubo, Georgia. Erected in 1937 under the architectural guidance of S.M. Lentovski, the sanatorium holds significant historical and architectural value. The proposed redevelopment aims to rejuvenate the property into a modern hospitality facility while paying homage to its rich heritage.

The redeveloped Sanatorium "Megobroba" will offer a total capacity of 100 rooms, providing guests with comfortable and luxurious accommodations amidst the serene ambiance of Tskaltubo. Spanning a generous land area of 104,176 square meters, the property offers ample space for creating expansive grounds and recreational areas for guests to enjoy.

With a building area of 15,821 square meters spread across three floors, the redesigned Sanatorium "Megobroba" will embody a harmonious blend of historical charm and contemporary sophistication. The architectural vision aims to preserve the distinctive features of the original structure while introducing modern amenities and design elements to enhance the guest experience.



Accommodation: Stylishly appointed rooms and suites equipped with modern amenities and offering panoramic views of the surrounding landscape, ensuring a comfortable and memorable stay for guests.



Wellness Center: A comprehensive spa and wellness center featuring a range of therapeutic treatments, relaxation areas, and fitness facilities, allowing guests to rejuvenate and unwind during their stay.



Dining Options: Fine dining restaurants, casual cafes, and outdoor dining spaces serving gourmet cuisine and locally inspired dishes, providing guests with a diverse culinary experience.



Recreational Facilities: Outdoor swimming pools, landscaped gardens, and sports courts offering opportunities for leisure and recreation, allowing guests to enjoy the natural beauty and tranquility of Tskaltubo.



4. Former Sanatorium: "GEOLOGI"



Sector:

Hospitality & Real Estate

The project entails the redevelopment of Sanatorium "Geologi," located on Baratashvili Street in Tskaltubo, Georgia. Constructed in 1976 under the architectural guidance of V. Kedia, L.A. Stepanova, and P. Kuprashvili, the sanatorium represents a significant architectural landmark in the region. The proposed redevelopment aims to transform the property into a modern hospitality facility, blending contemporary comfort with architectural heritage.

Sanatorium "Geologi" will offer a total capacity of 90 rooms, providing guests with comfortable and well-appointed accommodations amidst the tranquil surroundings of Tskaltubo. The property occupies a land area of 18,586 square meters, allowing for ample space for landscaping and recreational amenities to enhance the guest experience.

With a building area of 10,177 square meters spread across five floors, the redesigned Sanatorium "Geologi" will feature a modern architectural design that maximizes space utilization while ensuring structural integrity and aesthetic appeal. Accommodation: Comfortable and spacious rooms and suites equipped with modern amenities and tasteful furnishings, providing guests with a relaxing retreat during their stay.



Wellness Center: A comprehensive spa and wellness facility offering a range of therapeutic treatments, relaxation areas, and fitness amenities, allowing guests to rejuvenate and unwind.



Dining Options: A variety of dining venues, including restaurants, cafes, and outdoor dining areas, serving delectable cuisine prepared with locally sourced ingredients, catering to diverse culinary preferences.



Recreational Facilities: Indoor and outdoor leisure amenities such as swimming pools, landscaped gardens, and sports courts, providing guests with opportunities for relaxation and recreation.



5. Former Sanatorium: "GELATI"



Sector:
Hospitality & Real Estate

The project focuses on the redevelopment of Sanatorium "Gelati," situated on Baratashvili Street in Tskaltubo, Georgia. Constructed in 1967 under the architectural guidance of N.S. Poliudova and A.P. Abramova, the sanatorium is revered for its architectural significance and historical value. The proposed redevelopment aims to modernize the property into a contemporary hospitality facility while preserving its architectural heritage.

Sanatorium "Gelati" will offer a total capacity of 100 rooms, providing guests with comfortable and stylish accommodations amidst the serene surroundings of Tskaltubo. The property spans an expansive land area of 22,057 square meters, offering ample space for landscaping and recreational amenities to enhance the guest experience.

With a building area of 7,341 square meters distributed across three floors, the redesigned Sanatorium "Gelati" will feature a modern architectural design that optimizes space utilization and aesthetic appeal.

Key features and facilities anticipated for the redeveloped Sanatorium "Gelati" may include:



Accommodation: Well-appointed rooms and suites equipped with modern amenities and elegant furnishings, providing guests with a comfortable and memorable stay.



Wellness Center: A comprehensive spa and wellness facility offering a range of therapeutic treatments, relaxation areas, and fitness amenities, allowing guests to rejuvenate and unwind.



Dining Options: A variety of dining venues, including restaurants, cafes, and outdoor dining areas, serving delicious cuisine prepared with locally sourced ingredients, catering to diverse culinary preferences.



Recreational Facilities: Indoor and outdoor leisure amenities such as swimming pools, landscaped gardens, and sports courts, providing guests with opportunities for relaxation and recreation.

By revitalizing Sanatorium "Gelati" into a modern hospitality destination, the project aims to contribute to the economic and cultural revitalization of Tskaltubo, attracting visitors seeking wellness retreats, relaxation, and cultural experiences. Through careful restoration and thoughtful development, the reimagined Sanatorium "Gelati" will pay homage to its architectural heritage while offering contemporary comforts to modern travellers.



6. Former Sanatorium: "RKINIGZELI"



Sector:

Hospitality & Real Estate

The project focuses on the redevelopment of Sanatorium "Rkinigzeli," located on Rustaveli Street in Tskaltubo, Georgia. Constructed in 1954 under the architectural guidance of V. Vekilova and N. Pocheptsova, the sanatorium holds historical significance and architectural value. The proposed redevelopment aims to transform the property into a modern hospitality facility while preserving its architectural heritage.

Sanatorium "Rkinigzeli" will offer a total capacity of 120 rooms, providing guests with comfortable and stylish accommodations amidst the serene surroundings of Tskaltubo. The property spans a generous land area of 33,000 square meters, offering ample space for landscaping and recreational amenities to enhance the guest experience.

With a building area of 7,895 square meters distributed across five floors, the redesigned Sanatorium "Rkinigzeli" will feature a modern architectural design that optimizes space utilization and aesthetic appeal.

Key features and facilities anticipated for the redeveloped Sanatorium "Rkinigzeli" may include:



Accommodation: Well-appointed rooms and suites equipped with modern amenities and elegant furnishings, providing guests with a comfortable and memorable stay.



Wellness Centre: A comprehensive spa and wellness facility offering a range of therapeutic treatments, relaxation areas, and fitness amenities, allowing guests to rejuvenate and unwind.



Dining Options: A variety of dining venues, including restaurants, cafes, and outdoor dining areas, serving delicious cuisine prepared with locally sourced ingredients, catering to diverse culinary preferences.



Recreational Facilities: Indoor and outdoor leisure amenities such as swimming pools, landscaped gardens, and sports courts, providing guests with opportunities for relaxation and recreation.

By revitalizing Sanatorium "Rkinigzeli" into a modern hospitality destination, the project aims to contribute to the economic and cultural revitalization of Tskaltubo, attracting visitors seeking wellness retreats, relaxation, and cultural experiences. Through careful restoration and thoughtful development, the reimagined Sanatorium "Rkinigzeli" will pay homage to its architectural heritage while offering contemporary comforts to modern travellers.



7. Former Sanatorium: "Aia"



Sector:

Hospitality & Real Estate

The project focuses on the redevelopment of Sanatorium "Aia," located on Guramishvili Street in Tskaltubo, Georgia. Constructed in 1985 under the architectural guidance of F. Kupharashvili, R. Kakhashvili, Ts. Kupharashvili, and M. Chutkerashvili, the sanatorium represents a significant architectural landmark in the region. The proposed redevelopment aims to modernize the property into a contemporary hospitality facility while preserving its architectural heritage.

Sanatorium "Aia" will offer a total capacity of 250 rooms, providing guests with comfortable and stylish accommodations amidst the serene surroundings of Tskaltubo. The property spans an expansive land area of 34,342 square meters, offering ample space for landscaping and recreational amenities to enhance the guest experience.

With a building area of 14,820 square meters distributed across six floors, the redesigned Sanatorium "Aia" will feature a modern architectural design that optimizes space utilization and aesthetic appeal. Rising to a height of 25 meters, the building will offer panoramic views of the surrounding landscape.

Key features and facilities anticipated for the redeveloped Sanatorium "Aia" may include:



Accommodation: Well-appointed rooms and suites equipped with modern amenities and elegant furnishings, providing guests with a comfortable and memorable stay.



Wellness Center: A comprehensive spa and wellness facility offering a range of therapeutic treatments, relaxation areas, and fitness amenities, allowing guests to rejuvenate and unwind.



Dining Options: A variety of dining venues, including restaurants, cafes, and outdoor dining areas, serving delicious cuisine prepared with locally sourced ingredients, catering to diverse culinary preferences.



Recreational Facilities: Indoor and outdoor leisure amenities such as swimming pools, landscaped gardens, and sports courts, providing guests with opportunities for relaxation and recreation.



8. Former Sanatorium: "FILIALI"



Sector:

Hospitality & Real Estate

The project aims to redevelop Sanatorium "Filiali," situated on Chavchavadze Street in Tskaltubo, Georgia. Erected in 1939 under the architectural guidance of V. Kolchin, the sanatorium stands as a testament to historical architecture in the region. The proposed redevelopment seeks to modernize the property into a contemporary hospitality facility while preserving its architectural heritage.

Sanatorium "Filiali" will offer a total capacity of 110 rooms, providing guests with comfortable accommodations amidst the tranquil surroundings of Tskaltubo. The property occupies a substantial land area of 38,224 square meters, allowing for ample space for landscaping and recreational amenities.

With a building area of 4,564 square meters spread across three floors, the redesigned Sanatorium "Filiali" will feature a modern architectural design that maximizes space utilization and aesthetic appeal. The building will have a height of 13 meters, blending seamlessly with the surrounding environment.

Key features and facilities anticipated for the redeveloped Sanatorium "Filiali" may include:



Accommodation: Stylishly appointed rooms and suites equipped with modern amenities and comfortable furnishings, providing guests with a relaxing retreat during their stay.



Wellness Centre: A comprehensive spa and wellness facility offering a range of therapeutic treatments, relaxation areas, and fitness amenities, allowing guests to rejuvenate and unwind.



Dining Options: Various dining venues, including restaurants, cafes, and outdoor dining areas, serving delicious cuisine prepared with locally sourced ingredients, catering to diverse culinary preferences.



Recreational Facilities: Indoor and outdoor leisure amenities such as swimming pools, landscaped gardens, and sports courts, providing guests with opportunities for relaxation and recreation.



9. Former Sanatorium: 'Medea'



Sector:
Hospitality & Real Estate

The project focuses on the redevelopment of Sanatorium "Medea," located on Gurieli Street in Tskaltubo, Georgia. The ambitious redevelopment plan aims to transform the existing structure into a modern hospitality facility while preserving its architectural heritage.

Sanatorium "Medea" will offer a total capacity of 120 rooms, providing guests with comfortable and stylish accommodations amidst the serene surroundings of Tskaltubo. The property spans an expansive land area of 76,621 square meters, offering ample space for landscaping and recreational amenities to enhance the guest experience.

The existing building, boasting a total area of 16,252 square meters distributed across four floors, will undergo careful preservation to retain its historical charm and architectural integrity fully. This commitment to preservation reflects the project's dedication to honouring the legacy of Sanatorium "Medea" and its significance in Georgia's cultural heritage.

Key features and facilities anticipated for the redeveloped Sanatorium "Medea" may include:



Accommodation: Well-appointed rooms and suites equipped with modern amenities and elegant furnishings, providing guests with a comfortable and memorable stay.



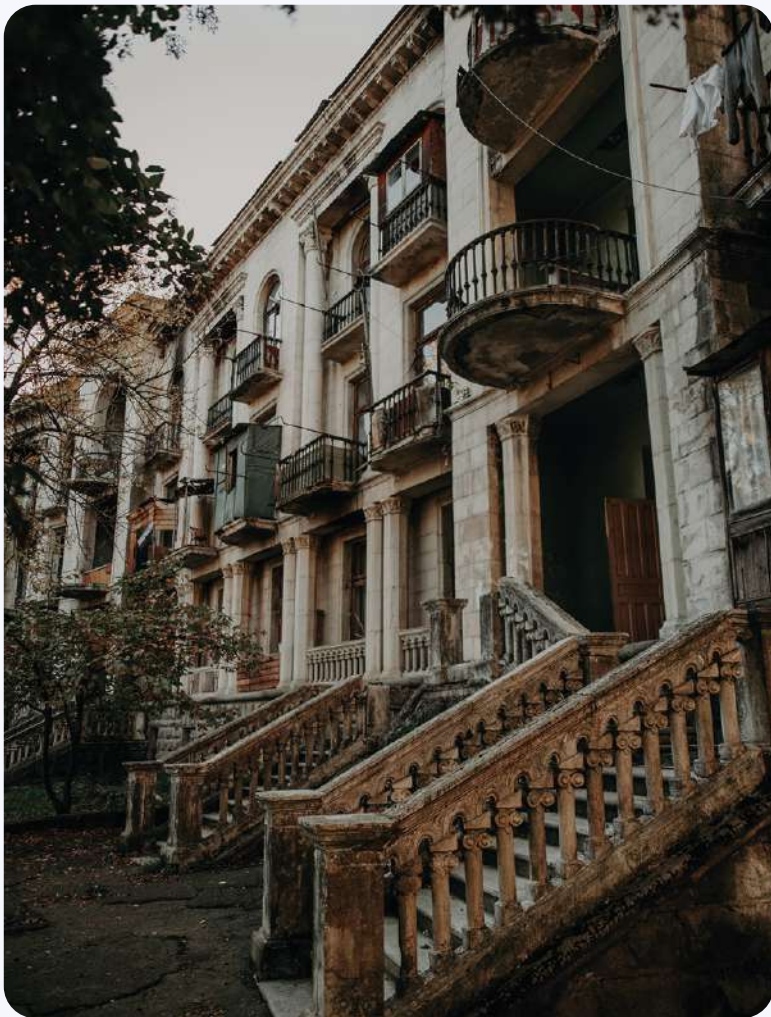
Wellness Center: A comprehensive spa and wellness facility offering a range of therapeutic treatments, relaxation areas, and fitness amenities, allowing guests to rejuvenate and unwind.



Dining Options: A variety of dining venues, including restaurants, cafes, and outdoor dining areas, serving delicious cuisine prepared with locally sourced ingredients, catering to diverse culinary preferences.



Recreational Facilities: Indoor and outdoor leisure amenities such as swimming pools, landscaped gardens, and sports courts, providing guests with opportunities for relaxation and recreation.



10. Former Hotel: "TSKALTUBO"



Sector:

Hospitality & Real Estate

The project aims to revitalize Hotel "Tskaltubo," located on Tamar Mepe Street in Tskaltubo, Georgia. Constructed between 1947 and 1957 under the architectural guidance of A. Intskirveli, V. Chantladze, and V. Nasaridze, the hotel holds significant historical and architectural importance. The proposed redevelopment seeks to transform the property into a modern hospitality facility while honoring its rich heritage.

Hotel "Tskaltubo" will offer a total capacity of 100 rooms, providing guests with comfortable accommodations amidst the serene ambiance of Tskaltubo. The property occupies a sizable land area of 50,062 square meters, offering ample space for landscaping and recreational amenities.

With a building area of 11,675 square meters distributed across five floors, the redesigned Hotel "Tskaltubo" will feature a modern architectural design that optimizes space utilization and aesthetic appeal. The building will reach a height of 22 meters, commanding panoramic views of the surrounding landscape.

Key features and facilities anticipated for the redeveloped Hotel "Tskaltubo" may include:



Accommodation: Stylishly appointed rooms and suites equipped with modern amenities and elegant furnishings, providing guests with a comfortable and memorable stay.



Wellness Centre: A comprehensive spa and wellness facility offering a range of therapeutic treatments, relaxation areas, and fitness amenities, allowing guests to rejuvenate and unwind.



Dining Options: Various dining venues, including restaurants, cafes, and outdoor dining areas, serving delicious cuisine prepared with locally sourced ingredients, catering to diverse culinary preferences.



Recreational Facilities: Indoor and outdoor leisure amenities such as swimming pools, landscaped gardens, and sports courts, providing guests with opportunities for relaxation and recreation.



Table 5.1: Georgia's Main Tourism Investment Opportunities

Project Name	Sector	Capacity	Land Area (sq.m.)	Building Area (sq.m.)	Floors/Height (m)	Construction Year
Savane	Hospitality & Real Estate	100+ Rooms	15,091	7,726	4 / 17	1975
Imereti	Hospitality & Real Estate	80+ Rooms	41,150	13,249	4 / 17	1937
Megobroba	Hospitality & Real Estate	100 Rooms	104,176	15,821	3 / 15	1937
Geologi	Hospitality & Real Estate	90 Rooms	18,586	10,177	5/ 22	1976
Gelati	Hospitality & Real Estate	100 Rooms	22,057	7,341	3 / 22	1967
Rkinigzeli	Hospitality & Real Estate	120 Rooms	33,000	7,895	5 / 25	1954
Aia	Hospitality & Real Estate	250 Rooms	34,342	14,820	6 / 25	1985
Filiali	Hospitality & Real Estate	110 Rooms	38,224	4,564	3 / 13	1939
Hotel Tskaltubo	Hospitality & Real Estate	100 Rooms	50,062	11,675	5 / 22	1947



5.2 Additional Investment Opportunities

1. Chakvi and Tsikhisdziri Resorts



Sector:
Hospitality & Real Estate

The project encompasses the implementation of an Urban Development Policy aimed at harnessing the tourism, recreational, resort, and wellness potential of the Chakvi and Tsikhisdziri projected area in Georgia. This initiative seeks to optimize the utilization of these natural assets while fostering sustainable growth and development.

Key components of the project include the establishment of sport and entertainment complexes within the designated area, catering to both residents and visitors alike. These facilities will contribute to the diversification of leisure activities and enhance the overall attractiveness of the region.

Moreover, the project prioritizes the creation of a healthy, safe, and convenient living environment for the local population. This involves initiatives such as the introduction of electric cars to improve urban and ecological conditions, reducing carbon emissions and promoting eco-friendly transportation alternatives. A crucial aspect of the project is the development of a Master Plan designed to facilitate the sustainable growth of tourist and recreational zones. This plan outlines the construction of various accommodation options, including hotels, cottages, and premium class villas, complemented by the necessary infrastructure to support these establishments.

Overall, the project aims to transform the Chakvi and Tsikhisdziri projected area into a vibrant hub for passive and recreational leisure, attracting tourists and residents seeking relaxation and rejuvenation amidst the natural beauty of Georgia. Through strategic planning and implementation, the initiative seeks to foster economic prosperity, environmental sustainability, and community well-being in the region.



2. Goderdzi Mountain Resort



Sector:
Hospitality & Real Estate

The "Goderdzi Resort" project represents a significant endeavor within the Hospitality & Real Estate sector, aiming to create a modern and competitive resort destination in Highland Ajara, Georgia. Situated approximately 110 kilometers from Batumi, the resort enjoys a prime location at an elevation of 2000 meters above sea level, offering breathtaking views and ample opportunities for outdoor activities.

The primary objective of the project is to develop resort clusters that cater to visitors year-round, ensuring that the destination remains attractive and accessible regardless of the season. With its snow-covered landscape from November to April, Goderdzi Resort is poised to become a premier destination for winter sports enthusiasts.

Spanning an extensive area of 633 hectares, the resort has the capacity to accommodate up to 7,000 skiers, making it a significant contributor to the region's tourism industry. The development plan, crafted by reputable companies such as HOK Group, Geographiki, Arsi, Arup, King Sturge, and Ecosign, aims to maximize the potential of the site and enhance its appeal as a year-round destination.

The resort's offerings will include various types of accommodation to cater to different preferences, including rental apartments, forest cabins, and a luxury spa hotel. Each accommodation option will be strategically positioned to optimize guest experience and satisfaction.

Currently, development is underway for 28 projects within the resort, with several land plots available for privatization, presenting investment opportunities for interested stakeholders. By leveraging its natural assets and strategic location, the "Goderdzi Resort" project aims to drive economic growth, promote tourism, and create a sustainable and vibrant destination for visitors seeking leisure and adventure in Highland Ajara.



3. Gomarduli Resort



Sector:
Hospitality & Real Estate

The Gomarduli Resort project presents an exciting opportunity in the hospitality and sports tourism sector, situated just 72 kilometers from Batumi in the picturesque Shuakhevi Municipality of Georgia. With its unique natural surroundings and favorable climatic conditions, the location is poised to become a sought-after destination for visitors seeking year-round leisure and sports activities.

Covering a total area of 40 hectares and situated 1,100 meters above sea level, Gomarduli Resort offers an ideal setting for a four-season destination. The development concept, meticulously crafted by the international German company "Pro Project," outlines the establishment of a High-Performance Training Centre (HPTC) catering to individual sports such as wrestling, weightlifting, and martial arts, as well as recreational use.

Gomarduli has been identified as the most promising location for the HPTC, owing to its remarkable mountainous landscape and unique natural features. The development of such a center in Gomarduli holds the potential to create synergies between professional and recreational sports tourism, attracting athletes, coaches, and enthusiasts from around the world.

Furthermore, the land plot offers an excellent opportunity to develop a comprehensive resort that meets the needs of both leisure travelers and sports enthusiasts. The envisioned resort will include hospitality services such as hotels, cottages, restaurants, and cafes, providing comfortable accommodation and dining options for guests. Additionally, the resort will feature recreation spaces, fitness centers, and medical facilities to ensure a holistic experience for visitors.

With a projected implementation period of 5-7 years, the Gomarduli Resort project represents a significant investment opportunity in Georgia's burgeoning tourism industry. By capitalizing on the region's natural beauty and sporting potential, the project aims to stimulate economic growth, promote tourism, and establish Gomarduli as a premier destination for leisure, recreation, and sports tourism.



Source: Georgia National Tourism Administration, online available at: <https://gnta.ge/> [16-06-24].



For more information regarding these projects:
Invest in Georgia website: www.investingorgia.org

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Sapara Monastery, X Century, Akhaltsikhe Municipality



Ushba, Caucasus Mountains

7

CONCLUSIONS

Georgia stands out as a premier destination for investment, particularly in the tourism sector, due to its remarkable economic growth and rapid recovery following the pandemic. The country has demonstrated resilience and adaptability, as evidenced by its swift rebound in tourism, with international visitors and tourism receipts already exceeding pre-pandemic levels. This resurgence reflects Georgia's ability to capitalise on its strategic location, diverse landscapes, and cultural heritage, making it an increasingly attractive destination for global travellers and investors. As the tourism sector continues to thrive, so too does the overall economy, offering a stable and promising environment for investment.

The wealth of tourism offerings in Georgia is unparalleled, providing a broad spectrum of opportunities for investors. From the sun-soaked beaches of the Black Sea coast to the snow-capped peaks of the Caucasus Mountains, and from the ancient wine regions to the vibrant cultural life in its cities, Georgia presents an exceptional variety of attractions. These diverse offerings not only cater to different types of tourists but also create numerous avenues for investment in hospitality, real estate, and related industries. The country's rich cultural heritage, combined with modern infrastructure and an investor-friendly climate, further enhances its appeal, ensuring that investments in Georgia's tourism sector are both profitable and sustainable.

Georgia's commitment to fostering a favourable business environment is demonstrated by strategic reforms and policies that actively attract foreign direct investment (FDI). The government's focus on improving infrastructure, simplifying regulatory processes, and offering competitive tax incentives has made Georgia a top destination for investors in the tourism sector. Significant projects enhance Georgia's connectivity, further boosting its attractiveness as a hub for international tourism and business. These efforts, combined with the country's natural and cultural assets, create a unique and compelling proposition for those looking to invest in a growing and resilient market.

In summary, Georgia's rapid economic growth, robust recovery from the pandemic, and diverse tourism offerings make it an exceptional destination for investment. The country's strategic initiatives and welcoming business climate provide a strong foundation for sustained development in the tourism sector, offering substantial opportunities for investors. As Georgia continues to advance, it cements its status as a leading destination for both global travellers and forward-thinking investors.

Institutional relations

UN Tourism - Georgia

112th Session of the Executive Council, 2020
Tbilisi, Georgia



112th Session of the Executive Council, 2020 - Investment Forum
Tbilisi, Georgia



112th Session of the Executive Council, 2020 - Investment Forum
 Tbilisi, Georgia



Fitur 2021 – Opening Ceremony with HM King Felipe VI and HM Queen Letizia of Spain Madrid, Spain



Fitur 2023 – Opening of Georgia’s stand Madrid, Spain



ITB 2023 – Georgia, Official Host Country Berlin, Germany



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