

— GEORGIA —

The European path through cutting-edge business opportunities

TEXT International Affairs, Chamber of Commerce

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Georgia 🇬🇪

Facts & figures

Political capital: Tbilisi
Top Business cities: Batumi
Business language(s): Georgian, English, Russian, Turkish
Business currency: The Lari
Working days: Monday to Friday
Time zone: Eastern Standard Time
Climate: Mediterranean-like
Surface: 69,700 square kilometers (27 times the surface of Luxembourg)
Population: 3.7 million (2022)
GDP per capita (PPP): USD 17,100 (2022 est.)
102nd in the world ranking (Luxembourg is 3rd)
Growth rate: 4.5% (2022)
Inflation rate: 11.9% (2022)
Unemployment rate: 17% (est.)
Ease of doing business: 7th ranked by World Bank
Exports: USD 5.592 billion (2022)
Imports: USD 13.450 billion (2022)
Trade balance: Trade deficit of USD 7.86 billion in 2022
Logistics Performance Index: 79th out of 60 countries ranked by World Bank (Luxembourg is 24th)
Corruption indicator: 56 on a scale of 0 (highly corrupt) to 100 (very clean)
 41 out of 180 countries ranked by Transparency International
Main economic sectors:
Agriculture: 8.2% (2017)
Industry: 23.7% (2017)
Services: 67.9% (2017)
Country risk classification (OECD): 5 on a scale of 0 to 7. The lower the number, the better the country's creditworthiness.

Sources: World Bank Open Data, CIA World Factbook, OECD, Statec

Georgia (native name: Sakartvelo) is well known as a popular tourist destination due to the majesty of its mountains and landscapes, culinary delights and wines, and a strategic geopolitical position on the crossroads of Europe and Asia. However, lately, this emerging economy started to gain more attention thanks to its modern entrepreneurial environment.

In 2024, Georgia and Luxembourg are celebrating 30 years since the establishment of bilateral diplomatic relations, a unique occasion for showcasing the Status Quo between two countries and business opportunities. Both nations put emphasis on strengthening mutually beneficial synergies in trade and investment, shared values, and aspirations.

Commercially speaking, the European Union is one of Georgia's main trading partners. Also, given the decision of the EU Commission to recommend the Council's decision to grant Georgia the status of a candidate EU country on 8 November 2023, this year represents a momentum for further exploring potential avenues of cooperation.

Economic outlook

Georgia has undergone a remarkable economic and political transformation since gaining independence in 1991. Described as an upper middle-income economy, the country with a 3.7 million inhabitants has experienced a notable economic transformation that is favorable for international investors. As per World Bank's "Ease of Doing Business" ranking 2023, Georgia holds the 7th position, representing the result of its commitment to fiscal discipline and sound macroeconomic policies.

Georgia has been already benefiting from the membership in the Deep and Comprehensive Free Trade Area with the European

Union since 2016, which makes it easier for EU companies to export and import from Georgia, as it eliminates most tariffs and provides for more efficient customs procedures. Based on the sound agenda for reforms, Georgia aims to achieve more significant results in the years to come.

Moreover, for international businesspeople, flexible tax conditions of Georgia are well known, as they include just 6 flat and non-increasing taxes. The market barriers remain low, with one procedure required for registering the company, which might be completed within one day and at low cost. Interestingly, the SMEs remain key for the Georgian economy, accounting for 37.3% of its turnover and 52.8% of the total added value.

Even though Georgia's market itself remains limited, with an extensive network of free trade agreements, international companies gain access to a 2.3 billion market. The major advantages which Georgia offers to foreign investors include transparent business conditions, connectiveness to the Caucasus region, and affordable costs of operating a business, including low costs of labor and well-educated workforce.

Sectors of the economy to focus on

Tourism (one of the fastest growing sectors of the Georgian ecosystem), industry (the second largest sector of the economy with a share of 24.6% of GDP in 2022), agriculture

The Bridge of Peace, Tbilisi, Georgia



and logistics represent important pillars for the country's economy. In addition to traditional sectors, Georgia is increasingly focusing on knowledge-based industries, such as IT/ICT and finance. For the latter, specialists indicate that further development of non-banking segments of the financial sector is required. Also, on the topic of innovation, Georgia enjoys a system of technical parks, innovation centers, and clusters established in big cities, such as Tbilisi, Batumi, Zugdidi, and others.

Two cities to know about

Tbilisi, which lies in Central Georgia, is the capital of Georgia with the population of over 1.2 million people. Its cosmopolitan nature and warm hospitality of people are among the attraction points for tourists from all around the world. International businesses often choose Tbilisi for comfortable tax policy for foreigners and investment attractiveness. Georgian legal entities, foreign branches and subsidiaries, individual entrepreneurs: digital nomads, freelancers, start-ups often choose the capital as the main destination for their operations.

Batumi is the second largest city in Georgia and one of the most popular holiday destinations on the Black Sea. As a vibrant coastal city of Georgia, it is emerging as one of Europe's leading holiday resorts. Its strategic location along the historic Silk Road corridor makes it a key center for trade and logistics in the region. —

Go International



May 2024: Country seminar on business opportunities in Georgia at the Luxembourg Chamber of Commerce

More information: [Agenda Go International](#)

Useful contacts

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Peter Sodermans

Founder, Direct Engineering

«La position géographique de la Géorgie entre l'Europe de l'Est et l'Asie centrale est un avantage considérable.»

Pourriez-vous nous parler de vos expériences avec la Géorgie ?

J'ai eu l'honneur d'orchestrer le tout premier rallye aérien de l'AOPA Luxembourg (*Aircraft Owners and Pilots Association, ndlr*) vers la Géorgie en 2016, avec 12 petits avions. En tant que consultant, j'ai effectué de nombreux déplacements en Géorgie depuis cette date et j'ai participé comme orateur à des conférences locales. J'ai donc une perspective approfondie du pays. Ces expériences m'ont permis de tisser des liens étroits et de constater une mentalité d'affaires très proche de celle du Luxembourg, caractérisée par une aisance notable pour l'entrepreneuriat et le commerce. La Géorgie se démarque par son climat favorable à l'innovation, élément clé qui renforce la valeur de notre collaboration.

Quelles opportunités ce marché présente-t-il selon vous ?

La Géorgie envisage de devenir le Luxembourg de l'Europe de l'Est, surtout avec son statut récent de candidat à l'UE. Ses atouts incluent la facilité de faire des affaires, une position stratégique et une population maîtrisant l'anglais. Les secteurs prometteurs sont l'informatique, les zones industrielles libres et les services financiers. Le tourisme, surtout dans des régions comme la Kakhétie, qui ressemble à la Provence ou à la Toscane, offre un potentiel immense.

Quels risques ou difficultés y rencontrez-vous ?

Les défis incluent les fluctuations de la monnaie locale, un marché domestique limité, et des lacunes infrastructurelles. Néanmoins, la position géographique de la Géorgie comme hub régional entre l'Europe de l'Est et l'Asie centrale est un avantage considérable.

Quels conseils donneriez-vous aux entreprises qui voudraient travailler avec ce pays ?

Pour les entreprises intéressées par le marché géorgien, je conseillerais de commencer par contacter *Enterprise Georgia*, qui est l'équivalent de Luxinnovation en Géorgie. C'est un excellent point de départ. Ensuite, il est essentiel de bâtir des partenariats locaux. Rejoindre une association d'affaires comme le BAG (l'équivalent de la FEDIL) peut être très bénéfique. L'accès aux ministères est simple et direct, comme chez nous. Il est à noter que la Géorgie a des accords de libre-échange avec l'Union européenne et, depuis 2023, avec la Chine. Par ailleurs, il peut être intéressant d'explorer les incitations gouvernementales disponibles dans les zones industrielles libres et d'adopter les technologies numériques pour rester compétitif. La fiscalité locale s'avère aussi avantageuse.