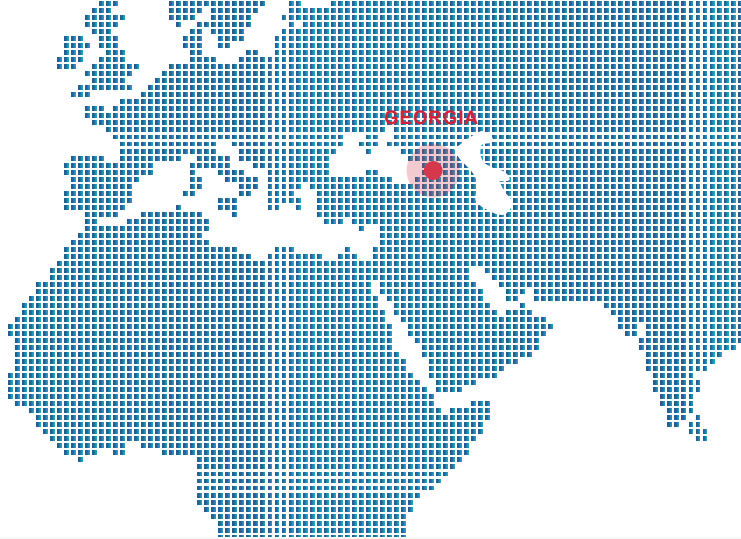
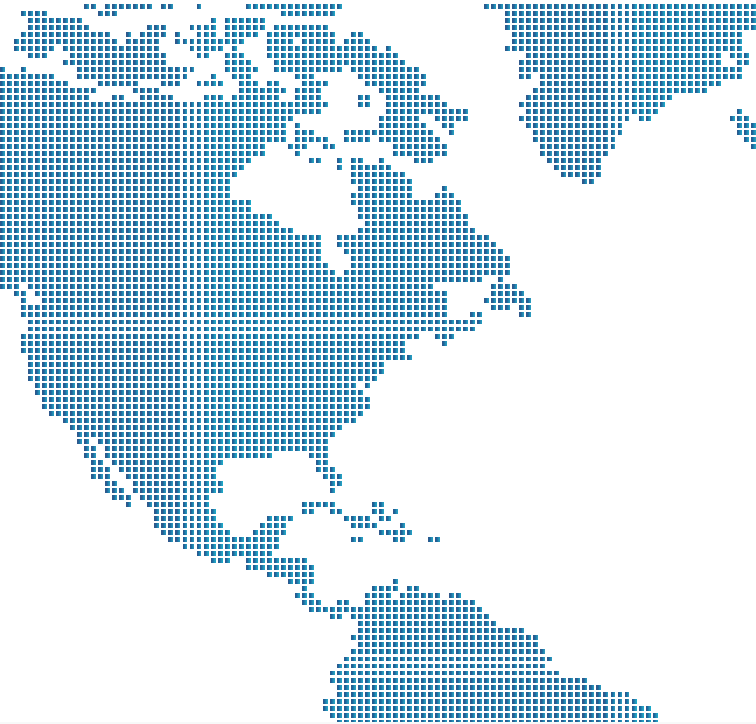




AGRICULTURE & FOOD PROCESSING

GEORGIAN NATIONAL INVESTMENT AGENCY
2016

GEORGIA - COUNTRY OVERVIEW



Area:	69,700 sq km	GDP 2015 (E) :	USD 14 billions
Population:	3.7 mln	GDP real growth rate 2015 (E):	2.8%
Life expectancy:	75 years	GDP CAGR 2010-2015 (GEL) (E):	4.9%
Official language:	Georgian	GDP per capita 2015:	USD 3743
Literacy:	100%	Inflation rate 2015:	4%
Capital:	Tbilisi	Total Public Debt to Nominal GDP (%) 2014 :	35.5%
Currency (code):	Lari (GEL)		

WHY TO INVEST IN AGRICULTURE AND FOOD PROCESSING



MARKET SIZE

- Rapidly growing local and regional demand
- Strong preference of consumers toward Georgian products
- DCFTA (Deep and Comprehensive Free Trade Agreement) with EU
- FTA with Turkey and CIS countries



ADVANTAGES

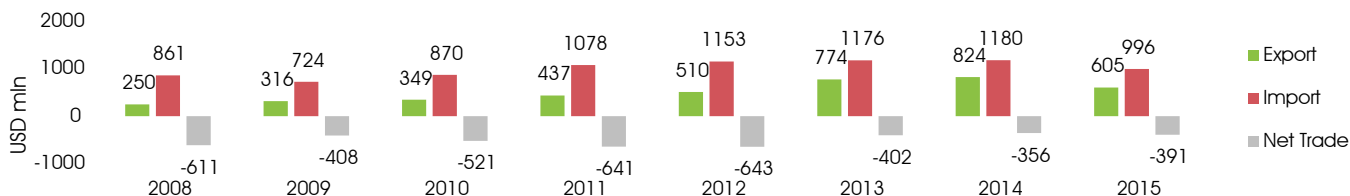
- Ecological clean environment
- 22 microclimates varying from cool and dry to warm and humid
- Longer than normal harvesting season and a wide range of growing conditions
- Large quantity of renewable water
- Pure, rich and pesticide-free soil
- Cheap labor and low utility costs



SUPPORT FROM THE GOVERNMENT

- Financial support
- Technical support
- Infrastructural support

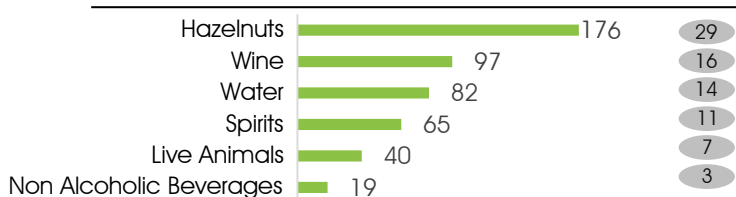
TRADE OF PRIMARY AND SECONDARY AGRICULTURAL PRODUCTS



TOP EXPORTS

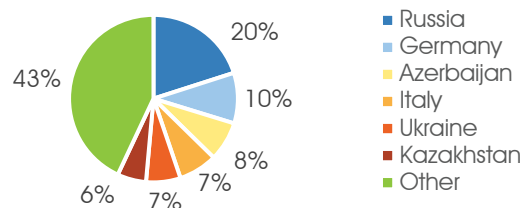
2015, USD millions

Percent



EXPORTS BY COUNTRY

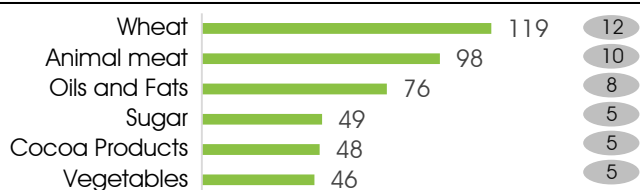
2015, percentage



TOP IMPORTS

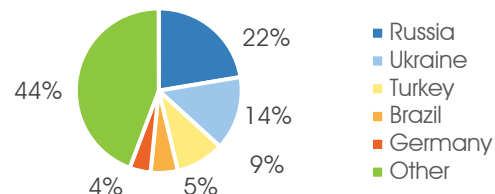
2015, USD millions

Percent



IMPORTS BY COUNTRY

2015, percentage



INVESTMENT OPPORTUNITIES

HIGH-TECH GREENHOUSE FARMING

- High seasonality of local production
- Up to 100% increase of prices during off seasons for vegetables, lasting 6-7 month
- Available suitable areas and ready projects for energy-efficient farming

WINE AND SPIRITS

- 8 000 years of continuous wine making tradition
- 525 indigenous grape varieties
- Experience and knowledge in wine, brandy and vodka production
- In 2015 export of wine and spirits was USD 97 and 65 millions respectively

DAIRY PRODUCTS

- High and growing demand on milk and other dairy products
- Georgian producers can only supply around 85% of local demand
- Import of dairy products reached 42 million USD in 2015
- Delicious taste of Georgian dairy products

FISH FARMING, AQUACULTURE

- Aquaculture developing opportunities on a black sea shore
- Aquaculture developing opportunities in numerous inland lakes and reservoirs
- Import of fish in 2015 was 34 million USD

FRESH AND MINERAL WATERS

- High quality and a good taste
- Already established brands, popular in CIS and other countries
- In 2015 export reached 81 million USD
- Opportunities to obtain license of springs from the Government

LIVESTOCK AND POULTRY FARMING

- Demand on meat consumption has an increasing trend
- High percentage of consumed meat is an imported product
- Import of fresh and frozen meat reached 98 million USD in 2015
- Capacity to build modern farms

INVESTMENT OPPORTUNITIES

FISH FARMING, AQUACULTURE



- There are 3 main areas to consider:
 - Aquaculture within 300 meters from coast on the Black Sea
 - State owned lakes and artificial reservoirs
 - Private lakes and artificial reservoirs
- Already identified investment locations that can be developed
- Easy and cheap access to clean mountainous water essential for fish farming

HIGH-TECH GREENHOUSE FARMING



- Most of agriculture products are grown on open field farms, which causes seasonality supply
- Prices are high during non-harvesting seasons and the demand is met with imported goods. Most imported products during off seasons are: tomatoes, onions, garlics, potatoes, cucumbers, egg-plants etc.
- Demand for different greens and berries (blueberries, raspberries etc.) is increasing rapidly
- There is demand for new modern greenhouses, which can provide products during the whole year

INVESTMENT OPPORTUNITIES

WINE AND SPIRITS



- 8 000 years of continuous wine making tradition
- 525 indigenous grape varieties
- Unique and diverse flavors, rich buckets
- Export of wine reached USD 97 Million in 2015
- Strong alcoholic beverages produced in Georgia are mainly brandy and vodka (Chacha)
- Export of spirits was USD 65 Million in 2015

FRESH AND MINERAL WATERS



- Georgian fresh and mineral waters are respected for its high quality and good taste
- Export of fresh and mineral water reached USD 82 million in 2015
- Well known Georgian brands are Borjomi, Sairme, Nabeghlavi
- There is still open opportunities to obtain license of springs from the Government

INVESTMENT OPPORTUNITIES

LIVESTOCK AND POULTRY FARMING



- The demand on meat consumption in Georgia has an increasing trend
- Around 25 % of beef, 50% of pork and 80% of poultry consumed is an imported product
- There is a need and capacity to build modern farms to supply local market in the first stage and to distribute through the region as a next step

DAIRY PRODUCTS



- High and stable demand on milk and other dairy products creates a good opportunity for development of production
- Nowadays Georgian producers can only supply around 65% of local demand
- Thanks to it's delicious taste Georgian traditional dairy products Sulguni (cheese), Guda (cheese), Imeruli (cheese), Matsoni (yogurt) etc. have a great potential to expand in new markets

INVESTMENT OPPORTUNITIES

FRUIT PROCESSING



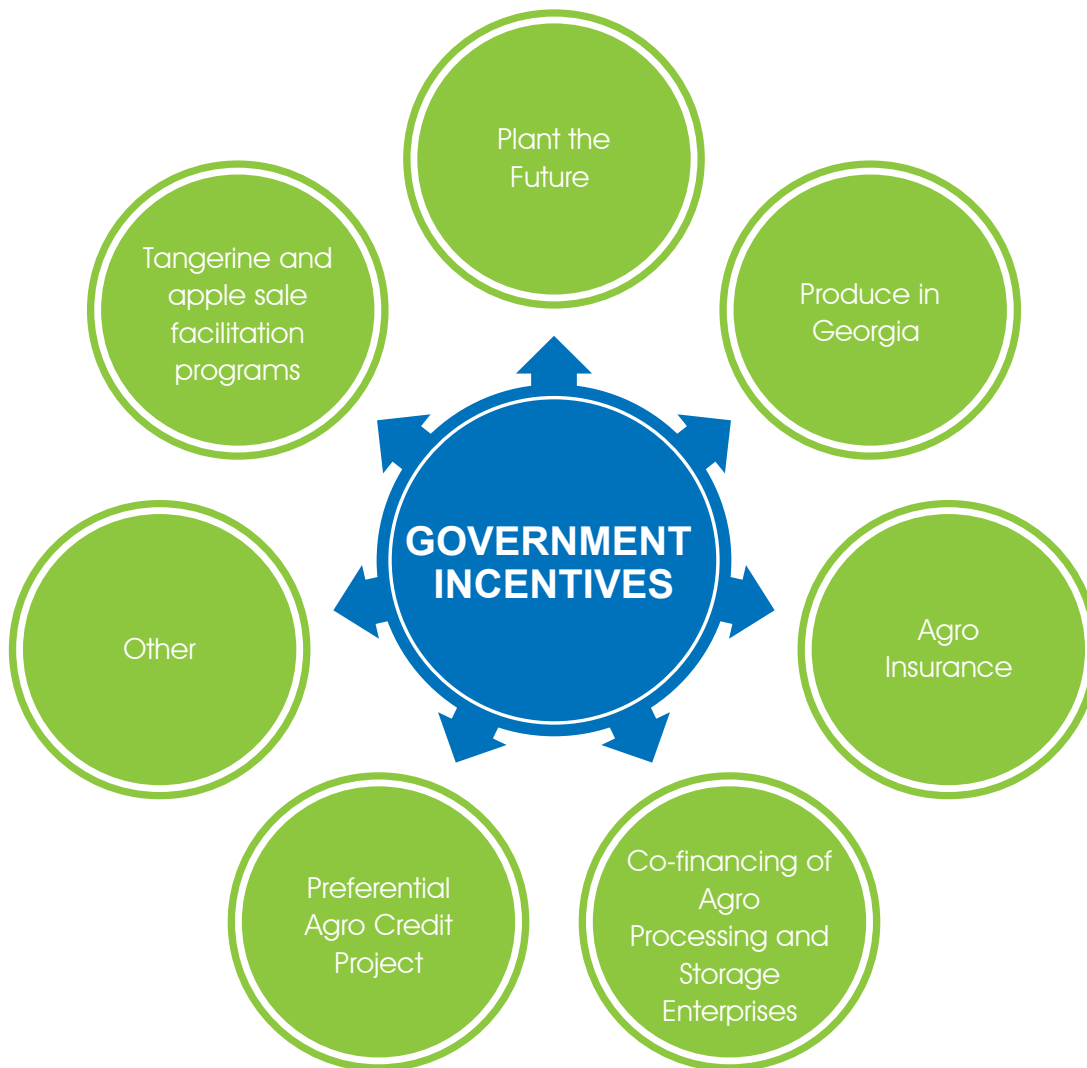
- Fruit processing opportunities: juices, preserved fruits, jams, fruit jellies & marmalades
- Diversified climate zones provide variety of raw materials: apples, stone fruits, citrus, grapes, etc.
- Annual export of fruit juices was between USD 6-12 million and import was between USD 2-6 million in 2010-2015 years
- Top producers: Campa, AromaProduct, Kula

VEGETABLE PROCESSING



- Vegetable processing opportunities: tomato paste, pickles, sauces, canned corn and mushrooms, olives prepared or preserved etc.
- Each region of Georgia has potential depends on a scale and type of project
- During last 5 years annual import of preserved vegetables was between USD 17-19 million
- Top Producers: Marneuli Food Factory, Herbia

INVESTMENT OPPORTUNITIES



CO-FINANCING OF PROCESSING AND STORAGE ENTERPRISES

- Government subsidies newly established agricultural products processing factories and storage enterprises
- Co-financing can be achieved by using 3 sources:
 1. Government can finance 40% of the total value of the project, but no more than USD 250 000 (or its equivalent in GEL)
 2. The company can use subsidized loan however loan shouldn't be more than 50% of the total value of the project and not more than 500 000 US dollars (or its equivalent in GEL)
 3. The beneficiary should participate in the project with at least 10% of the total value of the project and in the form of cash contribution in the enterprise capital
- The incentives scheme covers whole Georgia except the following self-governing cities: Tbilisi, Rustavi, Kutaisi, Batumi, Poti

BENEFICIARY

GRANT COMPONENT

CHEAP AGRO CREDIT OR LEASING



GOVERNMENT INCENTIVES

ACCESS TO FINANCE

LOANS FROM USD 9,000 TO USD 600,000

- Loan interest rate is up to 15%
- Government co-finances 11% interest rate for the whole period of loan
- Government provides collateral guarantee for 50% of the total loan
- Loans are issued for the purchase of fixed assets

LOANS FROM USD 600,000 TO USD 2,000,000

- Loan interest rate is up to 12%
- Government co-finances 10% interest rate for the first two years
- Government provides collateral guarantee for 50% (but not more than USD 600,000) of the total loan
- At least 80% of the loan should be used on the purchase of fixed assets

ACCESS TO REAL ESTATE

- In case investor is willing to establish a new food processing factory, government grants the company a state owned non-agricultural land/building for free
- However investment amount should be at least 6 times more than the market price of the property in Tbilisi and 4 times more than the market price in regions

TECHNICAL ASSISTCE

- Government co-finances the cost of consulting services
- Maximum co-finance can be GEL 20,000
- This component can only be used if an entity is already a beneficiary of the financial and infrastructure component of the Program

PREFERENTIAL TRADE REGIMES



- Georgia has Free Trade Agreements (FTA) with Turkey and CIS countries, and Deep and Comprehensive Free Trade Agreement (DCFTA) with EU
- Very simple and service oriented customs policy and administration – customs clearance in 15 minutes

**FREE TRADE
AGREEMENTS WITH
900 MILLION MARKETS
AND ACCESS WITHOUT
CUSTOMS DUTY**

DCFTA has an section 'Sanitary and Phytosanitary (SPS) measures', which includes the instruments of economic integration of Georgia with the EU and it aims to:

- Facilitate a full transparency of the trade while carrying out the sanitary and phytosanitary measures
- Gradually approximate the Georgian legal system with the EU regulation system
- Recognise the welfare and health of the animals and the plants, as well as to develop the regionalization principles
- Continue the performance of the SPS agreement of the World Trade Organization
- Set up the procedures and instruments for trade promotion.

TAX REGIME FOR AGRICULTURE SECTOR

Tax	Primary Production and Supply		Processing
	NATURAL PERSON	LEGAL ENTITY	
Income Tax	Exempt if turnover < GEL 200,000 20%, if turnover > GEL 200,000	Exempt if turnover < GEL 200,000 20% on employee, if turnover > GEL 200,000	20% of employee salary
Profit Tax	Not applicable	Exempt if turnover < GEL 200,000 15%, if turnover > GEL 200,000	15%
VAT	Exempt	Production of all products excluding egg and chicken production are exempt	18%
VAT (Import)	Import of agrochemicals, planting and seed materials, spare parts of agricultural tractors are exempt		
Excise	Not applicable		Wine production is exempt from excise Other alcoholic beverages are taxed
Property Tax	Up to 1 % of the value of property Taxing of land plots depends on land quality, function and municipality		

GEORGIAN NATIONAL INVESTMENT AGENCY

- The investment promotion agency under the direct supervision of the Prime Minister of Georgia
- “One-stop-shop” for investors to support companies before, during & after investment process
- Moderator between investors, government and local companies

OUR SERVICES

INFORMATION

General data, statistics, sector researches

COMMUNICATION

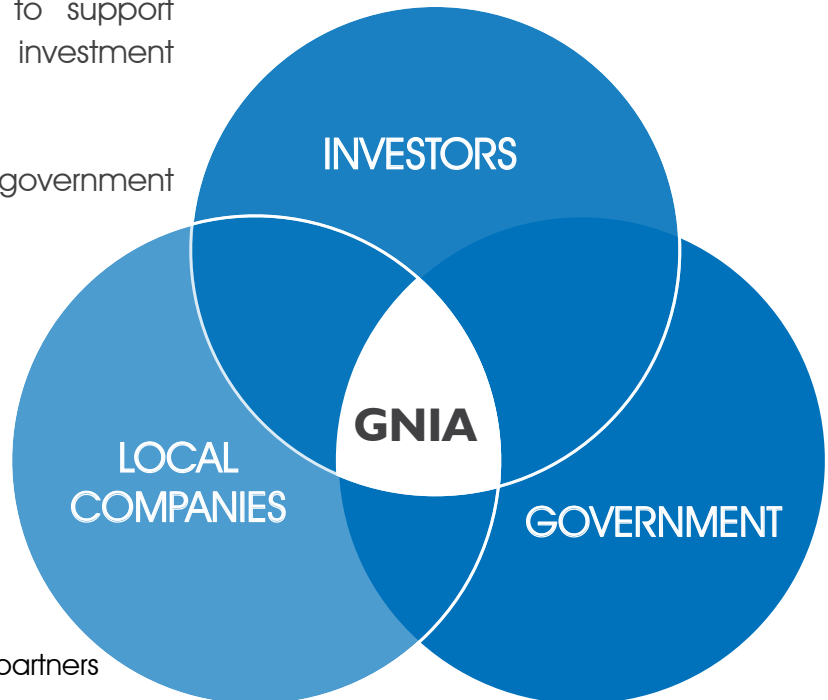
Access to Government at all levels/Local partners

ORGANIZATION

Organization of site visits & accompanying of investors

AFTERCARE

Legal advising & Supporting services



GEORGIAN NATIONAL INVESTMENT AGENCY 2016

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