



## Executive Summary

Georgia has made sweeping economic reforms since the “Rose Revolution,” moving from a near-failed state in 2003 to a relatively well-functioning market economy in 2014. Through dramatic police and institutional reforms, the government has eradicated low-level corruption with, according to a 2013 poll, four percent of the population reporting having to pay a bribe in the previous year to get a government service or decision. The government eliminated 84 percent of licensing requirements in 2005, and Georgia ranks 8th in the World Bank’s 2013 Ease of Doing Business Index. Fiscal and monetary policy is focused on low fiscal deficits, low inflation, and a stable real exchange rate.

Parliamentary elections in October 2012 ushered in Georgia’s first ever democratic transfer of power. Former Prime Minister Bidzina Ivanishvili’s Georgian Dream coalition won a parliamentary majority and formed its own government. The October 2013 Presidential elections in Georgia were viewed by international observers as highly competitive with fair electoral processes and facilitated Georgia’s second peaceful transfer of power in a little over a year.

The government under new Prime Minister Irakli Garibashvili has continued the previous government’s low-regulation, low-tax, free market policies, while modestly increasing social spending, strengthening anti-trust policy, amending the labor code to strengthen protections for workers, and formalizing public-private sector dialogue to help pursue sound economic policies. Also, Russia reopened its market to Georgian wine, mineral water, and limited agricultural goods in 2013.

In early 2014, the government published its medium-term economic strategy “Georgia 2020” that outlines Georgia’s economic policy priorities for the coming years. It stresses the government’s commitment to business friendly policies such as low taxes, but also pledges to invest in human capital and to strive for inclusive growth across the country in addition to in Tbilisi, the capital. The strategy also emphasizes Georgia’s geographic potential as a trade and logistics hub along the “New Silk Road” to link Asia and Europe via the Caucasus.

Companies in past years reported occasional issues arising from a lack of judicial independence, lack of intellectual property rights enforcement, lack of effective anti-trust policies, selective enforcement of economic laws, and difficulties resolving disputes over property rights. Georgia’s GD government has pledged to address these issues. Despite these remaining challenges, Georgia stands far ahead of its post-Soviet peers as a good place to do business.

Following President Obama’s January 2012 meeting with former Georgian President Mikheil Saakashvili, the U.S. and Georgia established a High-Level Dialogue on Trade and Investment to identify measures to increase bilateral trade and investment. The U.S. and Georgia also discuss economic cooperation within the bilateral Strategic Partnership Commission’s Economic Working Group. Both countries signed a Bilateral Investment Treaty in 1994, and Georgia is

eligible to export many products duty-free to the U.S. under the Generalized System of Preferences (GSP) program.

## **1. Openness To, and Restrictions Upon, Foreign Investment**

### ***Attitude Toward FDI***

Georgia is open to foreign investment, and the Georgia National Investment Agency ([www.investingeorgia.org](http://www.investingeorgia.org)) is implementing an aggressive marketing campaign to encourage more foreign investors to come to Georgia. Legislation establishes favorable conditions for foreign investment, but not preferential treatment for foreign investors. The Law on Promotion and Guarantee of Investment Activity protects foreign investors from subsequent legislation that alters the condition of their investments for a period of ten years.

### ***Laws/Regulations of FDI***

The U.S.-Georgia Bilateral Investment Treaty, in force since 1994, guarantees U.S. investors national treatment or most favored nation treatment, whichever is better, in the establishment, operation, and sale of their investments. Exceptions to national treatment may be made by Georgia for investments in maritime fisheries; air and maritime transport and related activities; ownership of broadcast, common carrier, or aeronautical radio stations; communications satellites; government-supported loans, guarantees, and insurance; and landing of submarine cables.

Legislation governing foreign investment includes the Constitution, the Civil Code, the Tax Code, and the Customs Code. Other relevant legislation includes the Law on Entrepreneurs, the Law on Promotion and Guarantee of Investment Activity, the Bankruptcy Law, the Law on Courts and General Jurisdiction, the Law on Limitation of Monopolistic Activity, the Accounting Law, and the Securities Market Law.

Georgia has concluded agreements for avoidance of double taxation with 40 countries. These countries are Armenia, Austria, Azerbaijan, Bahrain, Belgium, Bulgaria, China, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, India, Iran, Ireland, Italy, Israel, Kazakhstan, Latvia, Lithuania, Luxemburg, Malta, Netherlands, Norway, Poland, Qatar, Romania, Singapore, Slovakia, Spain, Switzerland, Turkey, Turkmenistan, UAE, Ukraine, UK, and Uzbekistan. Double taxation avoidance treaties have been ratified but have not yet entered into force with Kuwait, Egypt and Cyprus. Treaties have been negotiated but are awaiting signing or ratification with Slovenia, Portugal, Croatia, Serbia, and Sweden. Georgia and Russia signed a double taxation avoidance treaty in 1999, which the Georgian Parliament ratified in 2000. Although it has not been ratified by the Russian Duma, Russia regards it as an active agreement.

Ownership and privatization of property is governed by the following acts: the Civil Code, the Law on Ownership of Agricultural Land, the Law on Private Ownership of Non-Agricultural Land, the Law on Management of State-Owned Non-Agricultural Land, and the Law on Privatization of State Property. Property rights in extractive industries are governed by the Law on Concessions, the Law on Deposits, and the Law on Oil and Gas. Intellectual property rights are protected under the Civil Code and the Law on Patents and Trademarks. Financial sector

legislation includes the Law on Commercial Banks, the Law on National Banks, and the Law on Insurance Activities.

### ***Laws/Regulations of FDI***

Georgia does not screen foreign investment in the country, other than imposing a registration requirement and certain licensing requirements as outlined below. Foreign investors have participated in most major privatizations of state-owned property. Transparency of privatizations has at times been an issue, however. No law specifically authorizes private firms to adopt articles of incorporation which limit or prohibit foreign investment.

Legal overhauls in 2005 simplified the business registration process, reducing paperwork and fees and shortening the processing time. The government proudly advertises that an entrepreneur can start a business in three days. All companies are required to register with the Ministry of Finance, providing founders' and firm principals' names, dates and places of birth, occupations, and places of residence; incorporation documents; area(s) of activity; and charter capital. This information is made public and any person may request and review such information. Business registration and tax registration are separate procedures handled by the same department within the Ministry of Finance.

### ***Privatization Program***

The government of Georgia has privatized the majority of the largest formerly state-owned enterprises in the country. Successful privatization projects include major deals in energy generation and distribution, telecommunications, water utilities, port facilities, and real estate assets. A list of entities available to be privatized can be found on the website [www.privatization.ge](http://www.privatization.ge). Information on investment conditions and opportunities can be obtained from the Georgia National Investment and Export Promotion Agency, e-mail: [www.investingeorgia.org](mailto:www.investingeorgia.org). Further information is available at a website maintained by the American Chamber of Commerce in Georgia, [www.amcham.ge](http://www.amcham.ge).

### ***Screening of FDI***

In 2005, the government eliminated 84 percent of existing licensing requirements and created a "one stop shop" for licenses. By law, the government has 30 days to make a decision on licenses, and if the licensing authority does not state a reasonable ground for rejection within that time, the license or permit is deemed to be issued. The government only requires licenses for activities that affect public health, national security, and the financial sector. The government currently requires licenses in the following areas: weapons and explosives production, narcotics, poisonous and pharmaceutical substances, exploration and exploitation of renewable or non-renewable substances, exploitation of natural resource deposits, establishment of casinos and gambling houses and the organization of games and lotteries, banking, insurance, securities trading, wireless communication services, and the establishment of radio and television channels. The law requires the state to retain a controlling interest in air traffic control, shipping traffic control, railroad control systems, defense and weapons industries, and nuclear energy. Only the state may issue currency, banknotes, and certificates for goods made from precious metals, import narcotics for medical purposes, and produce control systems for the energy sector.

**Table 1:** The following chart summarizes several well-regarded indices and rankings.

Measure	Year	Rank or Value	Website Address
TI Corruption Perceptions Index	2013	55 of 177	<a href="http://cpi.transparency.org/cpi2013/results/">http://cpi.transparency.org/cpi2013/results/</a>
Heritage Foundation's Economic Freedom index	2013	22 of 177	<a href="http://www.heritage.org/index/ranking">http://www.heritage.org/index/ranking</a>
World Bank's Doing Business Report "Ease of Doing Business"	2013	8 out of 189	<a href="http://www.doingbusiness.org/rankings">http://www.doingbusiness.org/rankings</a>
Global Innovation index	2013	73 of 142	<a href="http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener">http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener</a>
World Bank GNI per capita	2012	USD 3,270	<a href="http://data.worldbank.org/country/georgia">http://data.worldbank.org/country/georgia</a>

**Table 1B- Scorecards**

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or \$4,085 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC's indicators and a guide to reading the scorecards, are available here: <http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf>

**2. Conversion and Transfer Policies**

Georgian law guarantees the right of an investor to convert and repatriate income after payment of all required taxes. The investor is also entitled to convert and repatriate any compensation received for expropriated property. Georgia has accepted the obligations of Article VIII, Sections 2, 3, and 4 of the IMF Articles of Agreement, effective as of December 20, 1996, undertaking to refrain from imposing restrictions on payments and transfers for current international transactions and from engaging in discriminatory currency arrangements or multiple currency practices without IMF approval. By accepting the obligations of Article VIII, Georgia has indicated to the international community that it will pursue sound economic policies that will obviate the need to use restrictions on the making of payments and transfers for current international transactions. Parliament's 2011 adoption of the Act of Economic Freedom further reinforced this provision.

Under the U.S.-Georgia Bilateral Investment Treaty, the Georgian government guarantees that all transfers relating to a covered investment by a U.S. investor can be made freely and without delay into and out of Georgia.

Foreign investors have the right to hold foreign currency accounts with authorized local banks. The sole legal tender in Georgia is the lari (GEL), which is traded on the Tbilisi Interbank Currency Exchange and in the foreign exchange bureau market. There is no difficulty in obtaining foreign exchange, nor are there significant delays in remitting funds overseas through normal channels. Several Georgian banks participate in the SWIFT and Western Union interbank communication networks. Businesses report that it takes a maximum of three days for money transferred abroad from Georgia to reach a beneficiary's account, unless otherwise provided by a customer's order. There are no known plans to change remittance policies. Travelers must declare at the border currency and securities in their possession valued at more than 30,000 lari (approximately \$18,200).

### **3. Expropriation and Compensation**

The Georgian Constitution protects property ownership rights, including ownership, acquisition, disposal, and inheritance of property. Foreign citizens living in Georgia possess rights and obligations equal to those of the citizens of Georgia. The Constitution allows restriction or revocation of property rights only in cases of extreme public necessity, and then only as allowed by law.

The Law on Procedures for Forfeiture of Property for Public Needs establishes the rules for expropriation in Georgia. The law allows expropriation for certain enumerated public needs and provides a mechanism for valuation and payment of compensation, and for court review of the valuation at the option of any party. The Georgian Law on Investment allows expropriation of foreign investments only with appropriate compensation. Recent amendments to the Law on Procedures for Forfeiture of Property for Public Needs allow payment of compensation with property of equal value as well as money. Compensation includes all expenses associated with the valuation and delivery of expropriated property. Compensation must be paid without delay and must include both the value of the expropriated property as well as the loss suffered by the foreign investor as a result of expropriation. The foreign investor has a right to seek review of an expropriation in a Georgian court. In 2007, Parliament passed a law generally prohibiting the government from contesting the privatization of real estate sold by the government before August 2007. The law is not applicable, however, to certain enumerated properties. While expropriation disputes in Georgia are not common, some reputable NGOs associated the creation of tourist zones by the previous government with illegal revocation of historic ownership rights in Svaneti, Anaklia, Gonio, and Black Sea-adjacent territories. There were also reports that the previous government improperly used eminent domain to seize property in Tbilisi at unfairly low prices, particularly associated with the Tbilisi Railway Bypass Project, though in March 2014 the government announced a two-year moratorium on this railway construction project until 2016 to allow for further cost-benefit analysis.

The U.S.-Georgia Bilateral Investment Treaty permits expropriation of covered investments only for a public purpose, in a non-discriminatory manner, upon payment of prompt, adequate and effective compensation, and in accordance with due process of law and general principles of fair treatment.

### **4. Dispute Settlement**

Georgian investment law allows disputes between a foreign investor and a governmental body to be resolved in Georgian courts or at the International Center for the Settlement of Investment Disputes (ICSID), unless a different method of dispute settlement is agreed upon between the parties. If the dispute is not considered at ICSID, the foreign investor has the right to submit the dispute to any international arbitration body set up by the United Nations Commission for International Trade Law (UNCITRAL) to resolve the dispute in accordance with the rules set forth by the treaty with the investor's host country. The right to use ICSID or UNCITRAL arbitration is also guaranteed in the U.S.–Georgia Bilateral Investment Treaty.

Georgia is party to the International Convention on the Recognition and Enforcement of Foreign Arbitration Awards (New York Convention). As a result, the government in principle agrees to accept binding international arbitration of investment disputes between foreign investors and the state, although in at least one instance investors claimed the government attempted to evade its obligation. The Ministry of Justice oversees the government's interests in arbitrations between the state and private investors.

It is recommended that contracts between private parties include a provision for international arbitration of disputes because of ongoing judicial reforms in the Georgian court system. Litigation can take excessively long periods of time. Disputes over property rights have at times undermined confidence in the impartiality of the Georgian judicial system and rule of law, and by extension, Georgia's investment climate. The government identified judicial reform as one of its top priorities and Parliament has passed reforms aimed at strengthening judicial independence. In May 2013, parliament reorganized the High Council of Justice, the institution charged with overseeing the administration of the judiciary, to make it more independent and free from political considerations.

## **5. Performance Requirements and Incentives**

Georgia has been a member of the WTO since 2000. It maintains measures consistent with TRIMs requirements and obligations.

Performance requirements are not a condition of establishing, maintaining, or expanding an investment, but have been imposed on a case-by-case basis in some privatizations such as commitments to maintain employment levels or to make additional investments within a specified period of time. The scope and time limit on licenses to extract natural resources have been a topic of dispute, and the Ministry of Energy has pulled several mining licenses then re-auctioned them. In other instances, there have been disputes between the government and concessioners regarding production sharing agreements. While many privatizations have proceeded smoothly and regularly, the previous government used non-fulfillment of performance requirements to justify rescinding privatizations and re-selling enterprises, usually for higher prices, sometimes to the benefit of other interested parties. Most types of performance requirements are prohibited by the U.S.–Georgia Bilateral Investment Treaty.

## **6. Right to Private Ownership and Establishment**

Foreign and domestic private entities may freely establish, acquire, and dispose of interests in companies and business enterprises, and engage in all forms of remunerative activity. Some specific laws regulate business activity in the banking, agribusiness, energy, transport, and tourism sectors. To the extent that public enterprises compete with private enterprises, they do so on the basis of equality.

Foreign individuals and companies may buy non-agricultural land in Georgia. Agricultural land may only be purchased by Georgian citizens or companies in their own name. In June 2013, Parliament passed a temporary legal ban restricting non-Georgian citizens (including Georgian entities with foreign minority shareholders) from purchasing or inheriting agricultural land through December 2014. In February 2014, Parliament passed amendments proposed by the Ministry of Economy that provide for establishing a government-appointed committee to judge foreigners' applications to purchase agricultural land, and that exempts commercial banks from the ban. As of May 2014, Parliamentary debate continues on whether to repeal or amend the legislation.

The United States Government (and the majority of the international community) does not recognize the jurisdiction of the de facto authorities in either the Abkhazia or South Ossetia regions, and warns American citizens against undertaking business ventures in those Russian-occupied regions. Furthermore, due to the volatility of the political situation, reported high levels of crime, and the limited ability of embassy personnel to travel to the Abkhazia or South Ossetia regions to assist American citizens in distress, the U.S. embassy also strongly discourages travel to these areas for any purpose. Land for sale in those regions may rightfully belong to internally displaced persons forced to leave the breakaway regions in the early 1990s and may have been placed improperly on the market. In such cases, the government of Georgia considers the sale of property in Abkhazia and South Ossetia illegal and the property could be reclaimed by original owners at a future date.

## **7. Protection of Property Rights**

***Real Property*** Secured interests in both real and personal property are recognized and recorded. However, deficiencies in the operation of the court system can hamper investors from realizing their rights in property offered as security. Foreign investors' interests have sometimes been harmed by biased court proceedings and by legislation and decrees by the former government that clearly favor a Georgian entity or partner involved in the enterprise. It is recommended that contracts between private parties include a provision for international arbitration of disputes. Additionally, some observers believe economic regulations were inconsistently enforced under the previous government based on the company's relationship with the government. The new government has pledged to enforce rules in an even-handed manner.

### ***Intellectual Property Rights***

Georgia acceded to the World Trade Organization (WTO) and the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement in 2000. The Ministry of Economy and Sustainable Development is responsible for WTO compliance. In 2004, the Georgian Parliament ratified the Rome Convention for Protection of the Rights of Performers, Producers of Phonograms and Broadcasting Organization, and the Lisbon Agreement on Denomination of

Origin. In 2005, Georgia joined the World Intellectual Property Organization (WIPO) International Convention for the Protection of New Varieties of Plants. Georgia is a party to the Bern Convention, member of two WIPO digital treaties – the Copyright Treaty and the Performance and Phonograms Treaty - The Hague Agreement, and the Budapest Treaty Concerning the International Recognition of the Deposit of Microorganisms for the Purpose of Patent Procedures.

For several years running, the World Bank’s Doing Business Report has rated Georgia as the easiest place in the world for registering property. Registration of the purchaser’s title with the district Public Registry through expedited procedure requires one (1) business day (1-2 calendar days) and payment of 150 GEL (\$88), while regular procedures require four (4) business days and a GEL 50 (\$29) payment. Another available option is to apply for an extract electronically via the Georgian National Agency of Public Registry (NAPR) website with fees from 10 to 40 GEL (\$5-22) depending on the urgency.

Six laws regulate intellectual property rights (IPR) in Georgia: the Law on Patents, Law on Trademarks, Law on Copyrights and Neighboring Rights, Law on Appellation of Origin and Geographic Indication of Goods, Law on Topographies of Integrated Circuits, and Law on IP-Related Border Measures. Georgian law now provides retroactive protection for works of literature, art and science, and sound recordings for 50 years.

Georgia has brought its intellectual property legislation into line with international standards, but enforcement remains weak as judges and lawyers lack sufficient knowledge of IPR laws and IPR issues. Pirated video and audio recordings, electronic games, and computer software are freely sold in Georgia. Although some government ministries have begun to purchase legal software and the Ministry of Economy is actively engaged in negotiations with an American software company to purchase licenses for Georgian Government workstations, the use of unlicensed software in the private sector is widespread. Internet service providers host websites loaded with unlicensed content free for users to download or stream. In January 2014, the Georgian National Intellectual Property Center “Sakpatenti” launched an electronic platform for streamlining the registration, processing, and viewing of IPR objects. In general, while compliance with IPR laws across the public and private sectors is inconsistent, the number of patent filings during the last year showed a dramatic increase and Sakpatenti remains an active and engaged partner of the U.S. on trainings to educate the public on IPR issues.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO’s country profiles at <http://www.wipo.int/directory/en/>.

Embassy point of contact: Anson McLellan [mclellanap@state.gov](mailto:mclellanap@state.gov)

Local lawyers list: [http://georgia.usembassy.gov/list\\_of\\_attorneys.html](http://georgia.usembassy.gov/list_of_attorneys.html)

## **8. Transparency of the Regulatory System**

The Georgian government has committed to greater transparency and simplicity of regulation. The government publishes laws and regulations in Georgian in the official gazette,



the Legislative Messenger. Since 2004, the government has reduced the number of taxes from 22 to 6. The tax on corporate profits is 15 percent. The Value Added Tax is 18 percent. The tax on personal income has been reduced from 25 percent to 20 percent, but further planned reduction to 18 percent in 2013 and 15 percent in 2014 has been postponed to ensure adequate government revenue. The dividend income tax rate dropped in 2009 from ten to five percent; however its planned reduction to three percent in 2013 and zero percent in 2014 has been also postponed. 2008 legislation abolished social taxes and set dividend and capital gains tax rates at zero with respect to publicly traded equities (defined as having a free float in excess of 25 percent). There are excise taxes on cigarettes, alcohol and fuel. In 2010, the government levied an excise tax on mobile telecommunication. Nearly all goods, except for some agricultural products, have no import tariff. For those with tariffs, the rates are five or twelve percent.

In 2010, the Georgian Parliament passed a new Tax Code aimed at increasing transparency in both policy and implementation. The Revenue Service began implementing the Code in early 2011. The Code introduced several new concepts into Georgian tax law including giving the Ministry of Finance the authority to issue legally binding advance rulings to companies on tax questions. Additionally, the Revenue Service will now consider the intent of a company when a tax mistake is made, and if the mistake is deemed to have been innocent, fines can be reduced or removed. The new Tax Code also includes tax benefits for micro and small business. In 2011 the Revenue Service took further steps to ease relations with businesses, including introducing a program of “alternative audits,” to allow companies to choose to outsource their tax inspection to private auditing companies, allowing declaration of technical losses, and regulating the process of writing down fuel expenses. The new government plans to phase out the “alternative audit” program over the next few years, as the Revenue Service develops sufficient capacity to conduct all audits itself.

The new Tax Code established the Office of the Business Ombudsman as an independent body accountable to the Prime Minister, authorized to investigate complaints filed by taxpayers with his office. The website [www.businessombudsman.ge](http://www.businessombudsman.ge) was launched in November 2011 to publish information on business registration, amendments to tax legislation, liabilities on cash counters’ use, rules of litigation, etc. Although the Business Ombudsman’s Office has assisted numerous companies since 2010, some businesses continued to complain of government pressure and selective treatment based on political affiliation under the previous government.

In July 2011 the Parliament passed the Act of Economic Liberty, which imposes fiscal constraints on the government to reinforce the confidence of local and foreign businesses in the stability of Georgia’s economy. This law prohibits the executive branch from moving away from its current fiscally conservative policies. It mandates that the budget deficit stay below three percent of GDP, total public debt below 60 percent of GDP, and budgetary expenditures below 30 percent of GDP. The Liberty Act bans introduction of new state taxes or increases in existing taxes (excise tax being an exception) by means other than a nationwide referendum. The Act also reiterated the Georgian government’s commitment to free movement of capital by banning limitations on repatriation of money or exchange control for residents and non-residents, except in cases involving criminal liability or other instances defined by Georgian legislation.

The Georgian National Investment and Export Promotion Agency has established Business Information Centers in Tbilisi and other Georgian cities. These centers are intended to provide domestic and foreign businesses with a standard package of information about doing business in Georgia. They also provide specific information tailored to the needs of individual businesses. The Business Information Centers are also conducting an ongoing public-private dialog to facilitate communication between regulators and the business community.

International accounting standards became binding for joint stock companies in Georgia as of January 1, 2000. For other institutions, such as banks, insurance companies and companies operating in the field of insurance, as well as limited liability companies, limited partnerships, joint liability companies, and cooperatives, the standards became binding on January 1, 2001. Private companies (excluding sole entrepreneurs, small businesses and non-commercial legal entities) are required to perform accounting and financial reporting in accordance with international accounting standards. Sole entrepreneurs, small businesses, and non-commercial legal entities perform accounting and financial reporting according to simplified interim standards approved by the Parliamentary Accounting Commission. Despite the legal requirement, the conversion to international accounting standards is going slowly, in part because in the past, many businesses operated in the shadow economy or maintained two sets of books. Qualified accounting personnel are also in short supply.

## **9. Efficient Capital Markets and Portfolio Investment**

Banking is one of the fastest growing sectors in the Georgian economy. As of January 2014, 19 commercial banks were registered in Georgia.

The banking system currently consists of domestically-based small- and medium-sized banks, a handful of large banking institutions based in Tbilisi with subsidiaries (e.g., Societe Generale, Vneshtorgbank, Privat Bank), and two foreign banks with branches (Turkish Bank Ziraat and the International Bank of Azerbaijan). According to the National Bank of Georgia, as of January 2014 the total assets of the country's 19 commercial banks (16 of which have foreign capital) were around \$10.2 billion. Credit from commercial banks is available to foreign investors as well as domestic clients, although interest rates are high. Banks continue offering business, consumer, and mortgage loans.

The International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD), U.S. Overseas Private Investment Corporation (OPIC), Millennium Challenge Corporation (MCC), Asian Development Bank (ABD) and other international development agencies have a variety of lending programs that make credit available to large and small businesses in Georgia. In the beginning of 2013 there were 62 microfinance organizations operating in Georgia making small credits available to businesses.

The limited number of foreign banks operating in Georgia reflects, in part, the small size of Georgia's financial market. Foreign investment in the sector, however, is significant, and is present in 16 out of 19 banks. More specifically, Russian, Kazakh, U.S., German, French, and UAE capital was invested in Georgian banks in 2013. A private Chinese company, Xinjiang Hualing Industry and Trade Group, purchased a 90 percent equity stake of JSC BasisBank from

the European Bank for Reconstruction and Development and other Georgian shareholders. With this move, Basis Bank became the first Chinese-owned bank in Georgia.

Georgian banks remained solvent during the current global credit crisis largely due to the central bank-mandated 13 percent capital reserve requirement and conservative lending practices. The National Bank of Georgia (central bank) relaxed the capital reserve requirement to five percent in the aftermath of the war and in response to the global credit crisis to try to inject liquidity into the market and spur new lending. In order to promote development of the interbank money market and restore the relationship between interest rates, the NBG increased the reserve requirements for lari-denominated funds to 10 percent starting from April 2010. Legislation entering into force in January-February 2011 gradually increased reserve requirements for foreign liabilities from 5 to 15 percent.

The National Bank of Georgia regulates the securities market. All market participants submit their reports in line with international standards, bringing market participants closer to international investors and partners. All listed companies must make public filings, which are then uploaded on the National Bank's website, allowing users to evaluate a company's financial standing. The Georgian securities market includes the following licensed participants: a Stock Exchange, a Central Securities Depository, nine brokerage companies, and six registrars.

The Georgian Stock Exchange (GSE) is the only organized securities market in Georgia. Designed and established with the help of USAID and operating under a legal framework drafted with the assistance of American experts, the GSE complies with global best practices in securities trading and offers an efficient investment facility to both local and foreign investors. The GSE's automated trading system can accommodate thousands of securities that can be traded by brokers from workstations on the GSE floor or remotely from their offices. As of January 2014, 129 companies were traded on the GSE. In 2013, a total of 252 million securities were traded at a value of GEL 52.4 million (approx. \$30.2 million). The value of transactions made at the stock exchange trading sessions amounted to GEL 0.53 million (approximately \$ 0.3 million). No law or regulation authorizes private firms to adopt articles of incorporation or association that limit or prohibit foreign investment, participation or control. "Cross-shareholder" or "stable-shareholder" arrangements are not used by private firms in Georgia. Georgian legislation does not protect private firms from takeovers. There are no regulations authorizing private firms to restrict foreign partners' investment activity or limit foreign partners' ability to gain control over domestic enterprises.

## **10. Competition from State Owned Enterprises**

After the fall of the Soviet Union, the new Georgian government privatized most state-owned companies. As of the end of 2013, the major state-owned companies were Georgian Railways, Georgian Oil and Gas Corporation (GOGC), Georgian State Electrosystem (GSE), Electricity System Commercial Operator (ESCO), and Enguri Hydropower plant. Of these companies, only Georgian Railways is a major market player. The energy-related companies largely implement the government's energy policies and help manage the electricity market. There are also a number of Legal Entities of Public Law (LEPLs) - independent bodies that carry out government functions, such as the Public Service Halls.

In May 2012, GOGC successfully priced its first-ever 144A/RegS corporate bond of \$250 million. In June 2012, Georgian Railway floated Eurobonds of \$500 million with a 7.750 percent coupon, maturing in 2022. As part of its Eurobond issuance, this organization conducts regular financial reporting.

During 2012, 100 percent of the assets of Georgian Railways, Georgian Oil and Gas Corporation, Georgian State Electrosystem and Electricity System Commercial Operator LLC, were placed into the Partnership Fund, a state-run fund to facilitate foreign investment into new projects. In addition, the fund controls 25 percent of shares in TELASI Electricity Distribution Company. In the coming months of 2014, the government plans to convert the Partnership Fund into the Sovereign Wealth Fund (SWF). The latter will be composed of two components reflecting their separate functions: SWF for asset management and SWF for investment. This move is conditioned by the recommendations of international financial institutions to mitigate risk with the strategic assets owned by the Fund, particularly those that issue bonds. Under the new organization, there will be completely independent arms and the SWF will have more flexibility over investments and an increased flexibility to shape its investment portfolio. It also plans to hire the World Bank's International Finance Corporation as a consultant for the SWF.

Despite state ownership, state-owned enterprises (SOEs) act under the general terms of the Entrepreneurial Law. Georgian Railway and GOGC have supervisory boards, while GSE and ESCO do not. Major procedures and policies are described in the charters of respective SOEs. Georgia particularly encourages its SOEs to adhere to OECD's Guidelines on Corporate Governance for SOEs as they are sufficient to ensure a level playing field between SOEs and private sector enterprises.

The senior management of SOEs report to the Supervisory Board where such exist (GRW, GOGC); in other cases they report to the line ministries. Governmental officials can be on the supervisory board of the SOEs and the Partnership Fund has five key governmental officials on its board. SOEs explicitly are not obligated to consult with government officials before making business decisions, but informal consultations take place depending on the scale and importance of the issue.

To ensure the transparency and accountability of state business decisions and operations, regular outside audits (in case of large SOE, that by a "big four" auditing company) are conducted and annual reports are published. SOEs with more than 50 percent state ownership are obliged to follow the State Procurement Law and make procurements via public tenders. Partnership Fund, GRW and GOGC are subject to valuation by international rating agencies. There is no legal requirement for SOEs and sovereign wealth funds to publish an annual report or to submit their books for independent audit, but this is still practiced. In addition, GRW and GOGC are Eurobonds issuer companies and therefore required to publish reports.

SOEs are subject to the same domestic accounting standards and rules and these standards are comparable to international financial reporting standards. There are no SOEs that exercise delegated governmental powers.

## **11. Corporate Social Responsibility**

While the concept of Corporate Social Responsibility (CSR) is not highly developed in Georgia, it is growing. Most large companies engage in charity projects and public outreach as part of their marketing strategy. The American Chamber of Commerce in Georgia has a Corporate Social Responsibility committee that works with member companies on CSR issues. The Global Compact, a worldwide grouping of UN agencies, private businesses and civil society groups promoting responsible corporate citizenship is active in Georgia. The Eurasia Partnership Foundation has sponsored CSR classes at five Georgian universities and Global Compact Georgia is currently focused on educating Georgian companies on the benefits of such policies. Civil society organizations working on labor and environmental issues have become increasingly strong and vocal over the past few years, pushing to ensure companies conduct business in a socially-responsible manner.

## **12. Political Violence**

Georgia suffered considerable instability in the immediate post-Soviet period. After independence in 1991, civil war and separatist conflicts flared up in the areas of Abkhazia and South Ossetia. The status of each region remains contested, and the central government does not have effective control over these areas. The United States supports the territorial integrity of Georgia within its internationally-recognized borders. In August 2008, tensions in the region of South Ossetia culminated in a brief war between Georgia and Russia. Russia invaded and occupied portions of undisputed Georgian territory, destroyed portions of vital infrastructure, blocked the main east-west highway and blockaded the Georgian port of Poti. Nearly all damaged infrastructure has been repaired and commerce has returned to normal. While the separatist regions of South Ossetia and Abkhazia – where Russian troops and border guards have established a long-term presence -- have declared independence, only Russia, Venezuela, Nicaragua, and the island nation of Nauru recognize them. Tensions still exist and there are occasional reports of limited violence both inside the breakaway regions and near the administrative boundary lines, but other parts of Georgia, including Tbilisi, are not directly affected.

While violent street protests in Georgia are rare, police have used excessive force to disperse protests in the past. Leading up to strongly contested parliamentary elections on October 1, 2012, there were isolated cases of political violence at campaign rallies. On May 17, 2013, dozens of counter-protesters violently attacked activists demonstrating in support of the International Day Against Homophobia (IDAHO) at a rally in central Tbilisi.

## **13. Corruption**

Under the leadership of President Saakashvili, Georgia took dramatic action to reduce petty corruption. Saakashvili's anti-corruption efforts resulted in the arrests of former officials, the radical downsizing of state bureaucracies, and effective crackdowns on smuggling. Consequently, state revenue collection has increased several fold since 2004. The government completely disbanded the notoriously corrupt traffic police in mid-2004 and citizens' service agencies have been reformed into Public Service Halls where citizens can efficiently obtain

numerous government services in a single building. They are considered a showcase of Georgia's successful reforms.

Following transfers of power in 2012 and 2013, then Prime Minister Bidzina Ivanishvili and his successor Prime Minister Irakli Garibashvili both pledged to strengthen Georgia's anti-corruption stance. Alleging elite corruption under the previous government, the new government launched a number of investigations and prosecutions against former officials, although the parliamentary opposition has alleged these prosecutions are politically motivated and amount to persecution of the United National Movement party. As of May 2014, many of these cases are ongoing.

Articles 332-342 of the Criminal Code criminalize bribery. Senior public officials must file financial disclosure forms which are posted online and Georgian legislation provides for civil forfeiture of undocumented assets of public officials who are charged with corruption offenses. Penalties for accepting a bribe start at six years in prison and can extend up to 15 years depending on the circumstances accompanying the offense. Penalties for giving a bribe can include a fine, a minimum prison sentence of two years, or both. In aggravated circumstances, when a bribe is given to commit an illegal act, the penalty can be from four to seven years. Abuse of authority and exceeding authority by public servants are criminal acts under Articles 332 and 333 of the criminal code and carry a maximum penalty of 8 years imprisonment. The definition of a public official includes foreign public officials and employees of international organizations and courts. White collar crimes such as bribery fall under the investigative jurisdiction of the Prosecutor's Office.

***UN Anticorruption Convention, OECD Convention on Combatting Bribery***

Georgia is not a signatory to the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Georgia has, however, ratified the UN Convention against Corruption. Georgia cooperates with the Group of States Against Corruption (GRECO) and the OECD's Anti-Corruption Network for Transition Economies (ACN).

Following its assessment of Georgia in October 2009, the OECD released a report in March 2010 that concluded Georgia had significantly reduced corruption levels over the past four years. In September 2013, the OECD conducted its third monitoring of Georgia and its report noted further progress made since the 2010 monitoring round. The 2013 report credited Government of Georgia efforts from 2010-2013 to implement important reforms aimed at further decreasing the level of corruption and specifically for publishing an anti-corruption strategy and action plan, reforms to ensure the autonomy of criminal prosecutions and excluding the Minister of Justice from the prosecutorial hierarchy, and for establishing a legislative framework for the system of internal audits in the public sector. However, the report suggested that reforms should continue in order to strengthen the Anti-Corruption Interagency Council and improve judicial integrity.

The full report is available at

<http://www.oecd.org/corruption/acn/GEORGIAThirdRoundMonitoringReportENG.pdf>

Since 2003, Georgia has significantly improved its ranking in Transparency International's Corruption Perceptions Index (CPI) report. In 2013, Georgia's CPI score was 49 and it ranked

55 out of 177 countries surveyed in the Corruption Perception Index, ahead of several EU member states, including the Czech Republic, Latvia, Slovakia, Romania, and Bulgaria, and slightly below Rwanda, Lithuania, Costa Rica, and Hungary.

***Resources for reporting corruption:***

Government agency responsible for combating corruption:

- Ms. Rusudan Mikhelidze
- Head of Analytical Department
- Ministry of Justice of Georgia
- 24 A Gorgasali Street, Tbilisi , Georgia
- +995-577-11-18-21
- [rmikhelidze@justice.gov.ge](mailto:rmikhelidze@justice.gov.ge)

Non-governmental organization:

- Ms. Eka Gigauri
- Director
- Transparency International
- 26, Rustaveli Ave, 0108, Tbilisi, Georgia
- +995-32-292-14-03
- [ekag@transparency.ge](mailto:ekag@transparency.ge)

#### **14. Bilateral Investment Agreements**

Georgia has bilateral agreements on investment promotion and mutual protection with 32 countries, including the United States, Armenia, Austria, Azerbaijan, Belgium, Bulgaria, China, Czech Republic, Estonia, Egypt, Finland, France, Germany, Greece, Iran, Israel, Italy, Kazakhstan, Kyrgyzstan, Kuwait, Latvia, Lithuania, Luxemburg, Moldova, Netherlands, Romania, Sweden, Turkey, Turkmenistan, Uzbekistan, the United Kingdom, and Ukraine. Negotiations are underway with the governments of 24 countries: Bangladesh, Belarus, Bosnia and Herzegovina, Croatia, Cyprus, Denmark, Iceland, India, Indonesia, Jordan, Korea, Lebanon, Malta, Norway, Philippines, Portugal, Saudi Arabia, Slovakia, Slovenia, Spain, Switzerland, Syria, Tajikistan, and Qatar. In 2007, Georgia signed a Trade and Investment Framework Agreement (TIFA) with the United States.

A free trade agreement is in force with the Commonwealth of Independent States and others exist bilaterally with Ukraine, Russia (though trade is restricted by the Russian Government), Kazakhstan, Azerbaijan, Armenia, Moldova, Turkmenistan, and Turkey. An agreement is signed, but not yet ratified, with Uzbekistan. In December 2011, Georgia and the European Union agreed to begin negotiations on a Deep and Comprehensive Free Trade Area (DCFTA) Agreement. Signing of the EU Association Agreement and the DCFTA is scheduled for June 2014. Georgia has ongoing free trade agreement consultations with Belarus, Kyrgyzstan, the Cooperation Council of Gulf Arab States, and Tajikistan.

Following President Obama's January 2012 meeting with former Georgian President Mikheil Saakashvili, the U.S. and Georgia established a High-Level Dialogue on Trade and Investment, a bilateral dialogue aimed toward identifying measures to increase bilateral trade and investment.

The U.S. and Georgia signed a Bilateral Investment Treaty in 1994, and Georgia can export many products duty-free to the U.S. under the Generalized System of Preferences (GSP) program.

### ***Bilateral Taxation Treaties***

The U.S. and Georgia are beneficiaries of the U.S.-Georgia Bilateral Taxation Treaty as Georgia is one of the former Soviet Republics which covered under the U.S. treaty with the Commonwealth of Independent States (CIS), formerly known as the Union of Soviet Socialist Republics (USSR). Double taxation issues are covered under the “Convention with the Union of Soviet Socialist Republics on Matters of Taxation” of 1973 (<http://www.irs.gov/pub/irs-trty/ussr.pdf>); although Georgian government has expressed its interest to renew the agreement.

## **15. OPIC and Other Investment Insurance Programs**

The Overseas Private Investment Corporation (OPIC) is the U.S. Government’s development finance institution. OPIC finance and political risk insurance programs assist U.S. companies to invest overseas. Since 1993, OPIC has committed \$475 million in financing and political risk insurance for more than 45 projects in Georgia. OPIC investment in Georgia has focused on the following sectors: credit for small and medium-sized enterprises, and projects in the education, manufacturing, tourism, and agriculture sectors. Some recent examples are OPIC’s \$18.9 million loan commitment to finance the build out of 22 restaurants for the Wendy’s franchise in Georgia, \$2 million in loans to build four locations of American car care franchise Precision Tune Auto Care, and a \$3.5 million loan to expand the manufacturing operations and install energy efficiency equipment for a dairy manufacturing facility.

## **16. Labor**

Georgia offers an abundant supply of skilled and unskilled labor at attractive costs compared not only to Western European and American standards, but also to Eastern European standards. The labor force is among the best educated and most highly trained in the former Soviet Union. While some of the best qualified professionals and technicians emigrated from Georgia (mostly to Russia, the United States, and Europe) after the Soviet Union's collapse, many have remained in the country or returned from abroad and are attempting to find a new role in Georgia’s market economy. Unemployment remains high as official indicators stood at 15 percent in 2012. However, unofficial unemployment is considerably higher, especially in rural regions where subsistence farmers are considered employed for statistical purposes and job creation has remained a particular challenge. Recently, some investment agreements between the Georgian government and private parties have included mandates for contracting of local labor for positions below the management or executive level.

Georgia’s labor market was one of the world's freest as the Labor Code of 2006 set only minimal requirements and liberalized labor regulations. The Code defined the minimum age for employment (16), work hours (41 per week), annual leave (24 calendar days), and left the rest to be regulated by agreement between the employer and employee. However, the code did not prove an effective tool for job creation and Georgia attracted criticism by international human rights and labor organizations.



To respond to multiple complaints from domestic and international organizations, the government passed a number of amendments to the Labor Code in July 2013, which included regulations on the termination of employment contracts and mass dismissal and increased the role of the state in the collective dispute resolution process. Grounds for termination of employment relations were further elaborated and the code defines severance pay for an employee at the time of termination of a labor relation and its payment term. An employer is obliged to give compensation of not less than a month's salary to an employee within thirty (30) days. According to the new amendments, an employer is obliged to give to the dismissed employee a written description of the grounds for termination within 7 days after an employee presents such a request. The labor code also proscribes rules for payment for overtime labor (over 41 hours), that must be paid according to an increased hourly rate of wages.

The new labor code now specifies the essential terms for a labor contract upon which parties may agree. These terms include: the starting date and the duration of labor relations, working hours and holiday time, location of workplace, position and type of work, amount of salary and its payment, overtime work and its payment, duration of a paid and unpaid vacation and leave, and rules for granting leave. The code describes the duration of a business day for an underage person (ages 16 to 18) should not exceed thirty six (36) hours per week. New regulations prohibit interference in union activities and discrimination of an employee due to union membership. The amendments also mandate the Government to reestablish a labor inspectorate to ensure adherence to labor safety standards as the previous inspectorate was abolished by an earlier government.

Employees are entitled to up to 183 days (six months) of paid maternity leave and, together with unpaid leave, up to 24 months. Leave taken for reasons of pregnancy, childbirth, childcare, and adoption of a newborn are subsidized by the state. An employer and employee may agree on additional compensation. Under the Labor Code, a contract of employment may bar an employee from using the knowledge and qualifications obtained while performing his duties with another employer. This provision may remain in force even after the termination of labor relations.

Employers are not required to pay social security contributions for employees. The former 12 percent income tax paid by employees and 20 percent social security tax paid by employers on their employees' wages was merged into a unified personal income tax at the rate of 20 percent in 2009, shifting the employer's tax burden to the employee. The state social security system provides modest pension and maternity benefits. The minimum monthly pension is 150 GEL (\$90). The average monthly salary in Georgia in Q4 of 2013 was 875 GEL (\$530). The average monthly salary for state sector employees was 1190 GEL (\$720) and for the private sector 899 GEL (\$545). The minimum wage for government employees is 115 GEL (\$70) per month. The official minimum wage in the private sector has not changed since the early 1990's and stands at 20 GEL (\$12) per month, but is not applied in practice.

In the recent years, the government failed to enforce a number of minimum ILO standards. The relationship between the government and labor organizations has historically been

contentious. Organized labor has complained that the government interfered in dues collection and in workers' ability to organize and bargain collectively. On September 10, 2010, the AFL-CIO registered a petition against the government requesting Georgia's removal from the Generalized System of Preferences (GSP) program that gives duty-free treatment to most Georgian goods due to the government's unwillingness to enforce Labor Code standards as required by ILO conventions. After the U.S. Trade Representative accepted the petition and held a hearing in Washington on January 24, 2012, the Georgian government pledged to make changes to its labor laws and Parliament enacted limited changes to the Labor Code in the summer of 2012. While 2013's amended labor code addressed many of these concerns, a major component for further improvement of labor conditions rests with the reestablishment of the labor inspectorate, a project still in progress. Discussions between the new Georgian government and USTR on the GSP petition are ongoing.

Georgia has signed multiple International Labor Organization agreements, including the Forced Labor Convention of 1930; the Paid Holiday Convention of 1936; the Anti-Discrimination (employment and occupation) Convention of 1951; the Human Resources Development Convention of 1975; the Right to Organize and Collective Bargaining Convention of 1949; the Equal Remuneration Convention of 1951; the Abolition of Forced Labor Convention of 1957; the Employment Policy Convention of 1964; and the Minimum Age Convention of 1973.

### **17. Foreign Trade Zones/Free Ports**

In June 2007, the Parliament of Georgia adopted a Law on Free Industrial Zones, which defined the form and function of free industrial/economic zones. Financial operations in such zones may be performed in any currency and foreign companies operating in free industrial zones will be exempt from taxes on profit, property and VAT. UAE-based RAK Investment Authority (Rakia) purchased 100 percent of the shares of LLC Poti Sea Port in 2008 and began development of a free industrial zone on 300 hectares of land adjacent to the port. Rakia sold 80 percent of the Port to APM Terminals, based in the Netherlands but part of the Danish A.P. Moller-Maersk group, in 2011, but maintains 100 percent ownership in Poti Free Industrial Zone, the first of its kind in Georgia and the whole Caucasus region. More information is available at [www.potifreezone.ge](http://www.potifreezone.ge).

Georgia's second free industrial zone is a 27 hectare plot in the city of Kutaisi. The Egyptian company Fresh Electric constructed a kitchen appliances factory in 2009 in the free industrial zone. The company has committed to build about one dozen textile, ceramics, and home appliances factories in the zone, and announced its intent to invest over \$2 billion. More information on Georgia's free industrial zones is also available at [www.georgia.gov.ge](http://www.georgia.gov.ge).

### **18. Foreign Direct Investment and Foreign Portfolio Investment Statistics**

Foreign direct investment (FDI) in Georgia increased dramatically during the periods of 1997-1998, 2003-2004, and 2006-2008. The first two peaks were connected with the construction of the Baku-Supsa and Baku-Tbilisi-Ceyhan oil pipelines that bring Caspian oil and gas to European markets. FDI inflows in 2006-2007 hit historic highs due to the privatization of many state-owned enterprises and the impact of economic reforms. FDI totaled \$1.1 billion (15.3

percent of GDP) in 2006, more than doubling the 2005 total of \$0.4 billion. In 2007, FDI almost doubled again to \$2.0 billion. The August 2008 conflict with Russia, however, undermined investor confidence and the subsequent global financial crisis further restricted FDI. 2008 and 2009 saw sharp decreases in FDI. In 2010, FDI rose to 814 million, and rose again to 1.12 billion in 2011.

	GeoStat (Georgia National Statistics Office)		USG or international statistical source		USG or international Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
<b>Economic Data</b>	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) ( <i>in millions of USD</i> )	2012	15,846	2012	15,750	<u>World Bank</u>
<b>Foreign Direct Investment</b>	GeoStat (Georgia National Statistics Office)		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ( <i>in millions of USD</i> )	2013	56.5	2012	1.0	<u>Bureau of Economic Analysis (BEA)</u> <ul style="list-style-type: none"> <li>• Bureau of Economic Analysis</li> <li>• Balance of Payments and Direct Investment Position Data</li> <li>• U.S. Direct Investment Position Abroad on a Historical-Cost Basis</li> <li>• By Country only (all countries) (Millions of Dollars)</li> </ul>
Host country's FDI in the United States ( <i>in millions of USD</i> )	n/a	n/a	n/a	n/a	<u>Bureau of Economic Analysis (BEA)</u> <ul style="list-style-type: none"> <li>• Balance of Payments and Direct Investment Position Data</li> <li>• Foreign Direct Investment Position in the United States on a Historical-Cost Basis</li> <li>• By Country only (all countries) (Millions of Dollars)</li> </ul>
Total inbound stock of FDI as % host GDP ( <i>calculate</i> )	Amount 5.6	Insert 2013	Amount	Insert (Year)	

<b>Direct Investment from/in Counterpart Economy Data</b>
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<b>From Top Five Sources/To Top Five Destinations (US Dollars, Millions)</b>					
<b>Inward Direct Investment</b>			<b>Outward Direct Investment</b>		
Total Inward	9,651	100%			
United States	1,162	12%			
United Kingdom	1,013	10%			
Turkey	812	8%			
Netherlands	808	8%			
United Arab Emirates	604	6%			
"0" reflects amounts rounded to +/- USD 500,000.					

Source: IMF, "Coordinated Direct Investment Survey," 2011

The IMF's calculations of foreign direct investment (FDI) in Georgia differ from the Georgian government's official calculations. The most recent IMF statistics available regarding Georgia's FDI are from 2011.

#### **19. Contact Point at Post for Public Inquiries**

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