

# U.S. Country Commercial Guides



## Georgia 2020

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## **Doing Business in Georgia**

### **Market Overview**

Georgia is a small transitional market economy of 3.7 million people with a per capita GDP of \$4,764 (2019). Georgia is located at the crossroads between Europe and Asia. Its strategic location makes it a natural logistics and transit hub along the “New Silk Road” linking Asia and Europe via the Caucasus.

The Georgian economy is growing steadily, but external shocks in the region, such as international sanctions related to the Russia-Ukraine conflict, have had a negative impact on Georgia’s economy and contributed to a relatively low growth rate of 2.9 percent in 2015 and 2.8 percent in 2016. However, in 2017, 2018, and 2019, the economy grew by 4.8, 4.9, and 5.1 percent, respectively. While economists expected a 2020 growth rate of over 5 percent, the COVID-19 pandemic negatively affected the country’s economic prospects and economists now project a 5 percent contraction.

In June 2014, Georgia signed an Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA) with the European Union (EU). Through reduced tariffs and the removal of technical barriers to entry of exports to the EU, the DCFTA gives Georgian products access to over 500 million people in the EU. Reciprocally, products from the EU now have easier access to the Georgian market. The government is in the process of approximating EU legal and regulatory standards.

Launched in 2009, the bilateral U.S.-Georgia Strategic Partnership Commission (SPC) holds regular government-to-government dialogues, including meetings of an Economic, Energy, and Trade Working Group that aims to coordinate Georgia’s economic development strategy and expand bilateral U.S.-Georgia economic cooperation. In addition to the SPC, in May 2012, the United States and Georgia launched a High-Level Trade and Investment Dialogue to encourage bilateral trade.

Georgia’s successful economic reforms are reflected in its rankings by reputable international organizations. Georgia ranks 7th in the 2020 World Bank’s Ease of Doing Business index, 12th in the 2020 Economic Freedom Index, and 74th out of 141 global economies in 2019 Global Competitiveness Report. According to Transparency International, Georgia has the lowest corruption rate in the region and International Credit Rating Agencies (Fitch, Moody’s Investors Service and Standards and Poor’s) rate Georgia as a stable country.

In 2019, Georgia’s main export markets were Azerbaijan (13.0 percent), Russia (13.0 percent), Armenia (10.9 percent), Bulgaria (7.5), Ukraine (6.5) and the EU accounting for 22 percent of total export.. Georgia’s main sources of imported goods are Turkey (17.0 percent), Russia (10.8 percent), China (9.6 percent), Azerbaijan (6.2 percent), and Germany (4.9). The EU’s share in total imports to Georgia was 25.6 percent in 2019. Georgia’s main imports are petroleum products and natural gas, automobiles, copper ore, medicines, tobacco products, and wheat. After years of declining domestic manufacturing, most consumer goods are imported.

The Georgian government does not control the territories of Abkhazia and South Ossetia, which have been occupied by Russia since the 2008 Russia-Georgia war. The situation along the administrative boundary lines (ABLs) between Tbilisi-controlled territory and the Russian-occupied regions remains tense, with ongoing borderization efforts by Russian-led security actors and continued detentions by the de facto authorities of those allegedly “illegally” crossing the ABLs into the occupied territories.

### **Market Challenges**

The Georgian government is working to reduce obstacles to doing business in Georgia. The government has reduced or eliminated the majority of tariffs, and depending on the type of goods, custom tariffs could be 0 percent, 5 percent, or 12 percent. The majority of imports are subject to an 18 percent value added tax (VAT) and some products, such as alcohol, tobacco, and automobiles, are also subject to an excise tax.

Companies have reported problems arising from a lack of judicial independence, inefficient decision making processes at the municipal level, shortcomings in the enforcement of intellectual property rights (IPR), lack of effective anti-trust policies, selective enforcement of economic laws, and difficulties resolving commercial disputes in a timely manner.

Most business is conducted in Georgian, official laws and regulations are printed in Georgian, and products must be labeled in Georgian. However, many Georgians involved in international business speak English and the use of English is widespread.

Communications and marketing skills are still developing, and personal connections remain of great importance.

Consulting an attorney licensed to practice in Georgia is always advisable before any substantial business transaction.

While intellectual property rights legislation is quite advanced and the government signed an agreement with Microsoft in 2015 for the sale of Microsoft's Genuine OS Licenses and Enterprise Licensing for all Georgian government workstations, adherence to and enforcement of IPR remains uneven. As part of its commitment under its AA and DCFTA with the EU, Georgia is improving IPR enforcement and has made notable strides in public education as a first step in enforcement of international IPR standards.

### **Market Opportunities**

Georgia remains an attractive market among countries in the region. The government has increased its focus on developing the infrastructure, energy, tourism, and agriculture sectors and has received substantial support from international donors. Materials, expertise, and equipment for these sectors are in demand.

Construction of roads, energy distribution infrastructure, water systems, hotels, and office space is expanding across Georgia, presenting opportunities for producers of construction equipment and materials and providers of architectural and engineering services. Infrastructure is the second largest expenditure in the national budget.

Since consumers' purchasing power is somewhat constrained. Consumers are principally interested in processed foodstuffs, used automobiles, and aftermarket accessories. The food processing industry holds particular opportunities given Georgia's agricultural potential. Agricultural machinery and processing lines are in demand.

Information technology, systems, and software are needed to support new business growth.

International organizations and foreign governments have procurement needs that can be filled by U.S. exporters. These agencies include but are not limited to the World Bank, Asian Development Bank, European Bank for Reconstruction and Development (EBRD), and USAID.

### **Market Entry Strategy**

Connecting with local representation is recommended before entering the Georgian market. American exporters should consider visiting Georgia before signing a sales or representation contract. There are several U.S.-trained and licensed attorneys and Western consulting firms operating in Georgia. In addition, the Political/Economic Section of the U.S. Embassy in Tbilisi can help U.S. companies search for partners or market information.

## Leading Sectors for U.S. Exports and Investment

### Agricultural Sector

#### Overview

Georgia's fertile soil and favorable climate support production of a wide variety of high-value agricultural products including grapes and wine, nuts (hazelnuts, almonds, walnuts, and chestnuts), citrus fruits, apples, peaches, and apricots. Russia traditionally received most of Georgia's exports but, since 2014 when Georgia signed a DCFTA with the EU, new European markets have been developing. Georgia also grows an increasing quantity of crops, including vegetables and corn, for domestic consumption. Georgia relies on imported powdered milk, meat products, and wheat imports, but does produce some fresh milk domestically.

For Georgia, agriculture remains an important sector in terms of GDP contribution. Agriculture accounted for 7-8 percent of GDP. The sector also provides an important safety net for the rural population, considering that over 40 percent of Georgia's population lives in rural areas. According to the most recent agricultural census conducted in 2014, the share of commercial farms in agricultural production remained low. A majority (77 percent) of farms were represented by small-sized plots of less than 1 hectare area each, constituting 21.5 percent of total agricultural land of the country.

As a result of land reform, the Georgian government has privatized over 45 percent and leased about 30 percent of the country's agricultural land. The law on Privatization of State-owned Agricultural Land was passed in July 2005, which increased efficiency and output in the agricultural sector. The new Constitution that came into force in December 2018 imposed restrictions on the sale of agricultural land to foreigners. Currently the parliament is considering a draft law, which would allow foreigners to purchase land under an investment plan and other preconditions.

The Georgian government identified agriculture as a priority for development and considerably increased funding for the given sector. It has also set up the Agriculture Investment Fund to support the sector by providing credit to farmers. Governmental programs implemented through the Agriculture Project Management Agency (APMA - <http://apma.ge/projects>), such as Plant the Future, cheap credit programs, etc., may create additional demand among farmers for equipment and inputs supplied from abroad, including from the United States.

#### Leading Sub-Sector: Food Processing and Packaging

Georgia's location positions it to be an ideal exporter to markets in Russia and the EU, offering high-quality raw materials and a good location for food processing. The sector has suffered from the collapse of traditional links among post-Soviet states, decades of negligence towards state-owned enterprises in the sector, obsolete equipment, lack of investment, and lack of current technical knowledge. Georgia imports 80 percent of its packaged food products, which has a significant negative impact on its trade balance. However, the food processing industry is growing steadily but slowly following the privatization of state enterprises and an increasing demand for locally produced goods. In addition, a number of foreign aid programs, including USAID, target agricultural development and provide financial or material support to individual farmers or bigger enterprises to enable them to meet the requirements of international markets. Opportunities for growth in the sector are ripe, as natural conditions (climate, soil, and available labor) enable Georgia to become an exporter of agricultural goods to the broader region, including Europe, Asia, and the Middle East. This sector is growing steadily with a proliferation of Georgian-brand products -- wine, beer, dairy, nut, sausages, fruit juices, and mineral waters -- filling local stores and beginning to find new export markets. Several years ago Georgia imported the majority of such products. Georgian wines and spirits have long enjoyed an excellent reputation in Russia and Commonwealth of Independent States countries, and improved bottling and packaging now allows Georgian firms to sell products across a wider export market.

There are opportunities for U.S. exporters of food processing and packaging equipment for fruits, nuts (particularly hazelnuts), vegetables, citrus, and meat and dairy products. Currently, many of the existing processing plants use old

Soviet equipment that do not provide for high productivity or technical safety. Existing alternatives mostly include Turkish technologies or second-hand lines from Europe. Based on information provided by local authorities and managers, the best sales prospects are for small and medium capacity bottling lines, production plants for wine and juices, and machinery for tea processing and packaging. Additional prospects involve seed crushing and oil refining machinery. There is also demand for mini-bakeries and machinery for the manufacture of confections. Price and payment terms are important factors affecting customers' purchasing decisions. In many cases, the lease or purchase of used equipment may be a means by which local enterprises can acquire plant machinery and equipment for restarting production.

**Resources**

[Ministry of Agriculture](#)

## **Architecture/Construction/Engineering Services (ACE)**

### **Overview**

New construction and renovation in Tbilisi and Batumi, and construction of the Baku-Supsa, Baku-Tbilisi- Çeyhan, and Shah Deniz pipelines have led to a revival of the construction industry in recent years. Other energy related construction and rehabilitation projects are under consideration. In addition, necessary upgrades of transportation and tourism infrastructure will continue to create demand for construction services and building materials for the near future.

Numerous hotels have been built or are under construction in Tbilisi, Batumi, and Kobuleti along the Black Sea coast. Commercial banks with new mortgage lending and joint projects with construction companies are playing an important role in the real estate market's development. Construction standards are undergoing reforms. Marriott, Hilton, Hyatt, Biltmore, Sheraton, Radisson, Best Western, IBIS, and other brands are operating in Georgia, with most of them adding new hotels in the capital and some also building in new touristic destinations elsewhere in the country.

Significant reforms have been carried out in recent years to simplify the system of issuing permits in the construction sector, and construction businesses are now permitted to use the technical regulations of the OECD and the EU member countries for their construction projects. The government has also eliminated the need for construction licenses and has simplified the process for the issuing of construction permits. The government and municipal authorities further facilitated and liberalized the paperwork to connect newly built construction projects to utility services.

There are a number of reputable construction and development companies in Georgia. A list of companies can be found via the [Georgia Business Directory](#).

In architectural design and technical solutions, local companies still generally rely on foreign specialists. It is common practice to solicit the provision of certain services for major construction projects through international tender. The Government of Georgia has initiated several projects for the rehabilitation of the Old City of Tbilisi, with the participation of several banks and developers, to stimulate the construction sector. Georgia depends heavily on importing construction material. Locally available materials include cement, wood, and concrete. Resources, such as tiling materials and roofing, and exterior-interior design staff, are primarily imported from Europe and Turkey.

Despite the recent slowdown of previously soaring real estate prices, demand is still growing, especially for commercial development and office space. Competition in residential construction, particularly apartments, is likely to intensify.

### **Opportunities**

The modest growth of the middle class and easier access to credit has increased the demand for quality housing, corporate/business infrastructure, and real estate in general. Prices have increased by 200 percent for residential and 300 percent for commercial real estate since 2003. Demand is still expected to grow in the next few years. Georgia is located in an active seismic zone, so firms with expertise in building to standards that improve resistance to earthquakes are in demand. Tbilisi and other Georgian cities such as Batumi and Kutaisi feature many buildings in the Art Nouveau architectural style in need of significant rehabilitation.

### **Resources**

[Ministry of Economic Development](#)

[Tbilisi Yellow Pages - Construction and Real Estate Section](#)

## Electrical Power Systems (ELP)

### Overview

Georgia has been a net importer of electricity since 2012 but still exports some electricity during the summer months. There is significant additional export potential, especially to markets in Turkey and Europe. Georgia also serves as a transit country for electricity flowing between Azerbaijan, Russia, and Armenia through Georgia. With assistance from USAID, the EBRD, Kreditanstalt für Wiederaufbau (KfW), and the European Investment Bank (EIB), Georgia completed construction of an electricity interconnector project that will allow for the export of electricity to more lucrative markets with high demand, such as Turkey and Western Europe, in the future. With assistance from KfW, a new high voltage transmission line is under development that, if constructed, will connect Georgia and Armenia and allow for greater power flow between those countries. The Government of Georgia has aggressively undertaken efforts to attract investments in the hydro power sector. During 2011-2012, the U.S. government financed the rehabilitation of transmission lines that are an important part of the power transmission infrastructure for increased security of supplies and reliability, facilitating exports, and assisting Georgia in the establishment of the Georgia Electricity Market Model of 2015 that facilitated the development of an electricity trading mechanism with Turkey. Regional legal, regulatory, and technical advisory assistance for the cross-border electricity trade with countries in the region is underway, along with technical advisory assistance to reduce cyber security risks of the Georgian power transmission system operator and others in the region. The U.S. government also supported the development of the Energy Strategy for Georgia which was partly based upon the Market Allocation Model (MARKAL). In June 2015, the U.S.-based Schulze Global Investments private equity firm launched \$100 million investment fund in Georgia that will mainly focus on hydropower projects and clean energy. The U.S. government provides legal and regulatory advisory assistance to Georgia to establish a fully competitive electricity market to meet the country's obligations under the Energy Community Treaty and to create a competitive market with transparent pricing and a stable environment. The U.S. government also supports the development of wind and solar power generation projects through technical advisory assistance renewable energy incentives schemes.

Eighty percent of Georgia's electric energy is produced by hydro power plants, 19 percent by thermal, and around one percent by wind.

### Leading Sub-Sector: Hydroelectric Power, Transmission, and Distribution

The best opportunities for U.S. companies in this sector are in electricity power generation -- specifically hydroelectric power, transmission, and distribution projects. There are also export opportunities for U.S. manufactured equipment and services during construction and rehabilitation of facilities, and management and upgrades of existing power infrastructure. Opportunities for U.S. suppliers are also available in projects financed by multilateral financial organizations and bilateral assistance: the World Bank, EBRD, the Asian Development Bank, the Japan Bank for International Cooperation (JBIC), and KfW. Investors are also looking at the opportunities that wind and solar energy projects hold. The government supports initiatives that relate to renewable energy to lessen dependence on fuel imports for thermal plants and to increase Georgia's electricity export potential.

Other opportunities exist in demand-side energy management for the electricity distribution companies that serve electricity market end-users. These opportunities are for smart grid, metering, and intelligent energy management systems for distribution grid operators, industrial and commercial users, and to a lesser extent, residential users, as the country develops better incentives for energy efficiency.

### Opportunities

Georgia does not currently produce power generation and transmission equipment, with the exception of some small capacity hydroelectric turbines and electricity meters. Most current equipment was produced in the Soviet era, primarily in present-day Russia. Current efforts of the Georgian government to end subsidies for electricity and to develop renewable energy, including hydropower, wind, and solar generation infrastructure, and the construction of new power transmission infrastructure, should create demand for equipment and opportunities for U.S. investors and

exporters. All medium and large hydroelectric generation facilities except Enguri and Vardnili hydropower plants have been privatized. Between 2009 and 2014, USAID's Hydroelectric Investment Promotion Project (HIPP) and Hydro Power and Energy Planning (HPEP) project worked with the then-Georgian Ministry of Energy to address gaps in Georgia's regulatory framework to encourage private sector investment and create the market rules to enable electricity exports, primarily to Turkey. A follow-on project supported market-based initiatives to promote and secure international investment in Georgia's small- and medium-sized run-of-river type hydroelectric power market. Development of the competitive electricity market and establishment of the renewable energy incentives should make wind, solar, and hydropower projects more attractive for investors, thus creating demand for U.S. equipment.

## **Resources**

- [European Bank for Reconstruction and Development](#)
- [Ministry of Economy and Sustainable Development of Georgia](#)
- [Georgian National Electricity Regulatory Commission](#)
- [Georgian State Electrosystem](#)
- [Japan Bank for International Cooperation](#)
- [World Bank](#)

## **Tourism**

### **Overview**

Tourism accounted for 7.5 percent of GDP growth in 2018-2019. Georgia received a record number of 9.3 million international visitors (tourists, transit, other) in 2019, a 7 percent increase over 2018. This figure included 4.8 million tourists, which was 16 percent higher than the previous year. Georgia has substantial potential for tourism development because of its great natural beauty, varied topography, a pleasant climate, and rich culture and history. To facilitate tourism, the Government of Georgia eased its visa regime, began widespread rehabilitation of roads, privatized infrastructure and hotels, and established limited tax incentives for tour operators. New development taking place in Batumi, at ski resorts in Gudauri, Bakuriani, Goderdzi and Mestia, the winegrowing region of Kakheti, and other areas are turning Georgia again into an attractive tourism destination.

Citizens from Georgia's neighboring countries made up the largest share of international visitors in 2019. The top five source countries were Azerbaijan, Russia, Armenia, Turkey, and Iran. The number of visitors from Europe increased by 12 percent and from the United States by 25 percent from 2017 to 2018. The government has made it a priority to turn Georgia into a four-season tourist destination and is supporting and promoting medical, entertainment, sports, wine and other kinds of tourism. 'Check In Georgia' is an example of a government project, that supports turning Georgia into a regional cultural and entertainment center.

The COVID-19 pandemic and regulations to curb the spread of the virus caused a reduction in tourism revenue and overall economic growth. To help spur economic recovery, the Georgian government teamed up with commercial banks to develop a stimulus package for the hospitality industry, which endured an economic shock due to flight cancellations, border closures, and public health safety measures. Although the government is not yet able to assess the full effect of COVID-19 on the economy, the government and private sector remain hopeful that Georgia's tourism sector will rebound after the global epidemiological situation normalizes.

### **Leading Sub-Sector: Tour Operators, Hotels, Infrastructure**

Georgian tour operators report an increase in tourists in both summer and winter, particularly in adventure and cultural tourism. Despite this interest in travel to Georgia, suitable accommodations outside of the capital and the major resort areas are still scarce because facilities have not been maintained or do not exist. The seaside resorts of Batumi and Kobuleti are undergoing rapid development. Foreign investments have supported construction of high-end hotels throughout the country, such as Sheraton, Radisson, Biltmore, Marriott, Hilton, Millennium, and Rixos, with more in development. To develop new tourism destinations, the government is promoting the seaside areas of Anaklia and Kobuleti (north of Batumi) and the mountainous town of Mestia by building the needed infrastructure and offering concessionary terms to potential investors.

### **Opportunities**

Development of tourism infrastructure will require significant investment and rehabilitation of assets such as hotels, restaurants, sports facilities, and ski resorts. Rehabilitation of several recently privatized hotels is underway in Tbilisi and Adjara and additional opportunities may be found in the ski resorts of Gudauri, Bakuriani, and Mestia.

The World Bank's roads rehabilitation and construction project aims to promote tourism by decreasing travel time and increasing auto safety as well as facilitating the transport of goods across the country. The World Bank is implementing a long-term program aimed at nature conservation, cultural heritage preservation, and sustainable tourism development.

The state-owned Partnership Fund and privately held Georgian Co-Investment Fund (GCF) are looking at investment opportunities in tourism infrastructure in Tskaltubo (Imereti region), Kakheti, and have new or ongoing projects such as Best Western Kutaisi and Radisson Tsinandali. These funds are interested in partnering with investors on these projects.

## Resources

- [Georgian National Investment and Export Promotion Agency](#)
- [Georgian State Department of Tourism](#)
- [Georgian Tourism Association](#)
- [Silk Road Group](#)
- [Partnership Fund](#)
- [Georgian Co-Investment Fund \(GCIF\)](#)

## **Customs, Regulations and Standards**

### **Trade Barriers**

Liberal foreign trade policy is one of the major principles of the economic policy of Georgia. Georgia has no quantitative restrictions (quotas) on trade (except on ozone depleting substances). Only medical products, firearms, explosives, radioactive substances, dual use goods, industrial waste, and a few types of agricultural chemical products are subject to import/export licensing. In 2005, the number of permits for import and export was reduced from 14 to eight, where it has remained until the present. Excise taxes and VAT apply equally on imported and domestic products.

### **Import Tariffs**

Rates of duty on imported goods fall into three bands: 0 percent, 5 percent, and 12 percent. Nearly 90 percent of goods benefit from a zero rate of duty. Import of agricultural goods, food products, clothes, construction materials, wood and wood products, plastics, wire and cable, iron, steel, soap, organic surface-active agents, and washing preparations which are produced in Georgia in whole or in part, are major areas of goods taxed at higher rates. A combined rate of customs tariffs is applied to alcoholic beverages. A fee of €5 (\$5.6) is charged per customs declaration for goods valued below 3000 GEL (\$1,079) and €60 (\$67) for goods valued above GEL 3000. As of January 1, 2015, the customs tariff on passenger cars will remain 0.05 GEL (\$0.018) per cubic centimeter of the engine capacity plus 5 percent of the amount of the customs tariff per each year of the use of a vehicle.

An 18 percent VAT applies to most imported goods. Fixed excise tax rates apply to certain goods such as alcoholic drinks, ethyl alcohol, ethyl petrol for cars, and cigarettes. The customs value of goods for customs clearance is defined based on the customs declaration. Export, transit, and re-export of goods are exempt from customs duties and fees. Chapter 39(1) of the [Georgian Tax Code](#) defines the amount of the customs tariffs and exemptions.

Once every 30-day period, individuals are allowed to import the following goods free of customs duties, VAT, and excise duties within the following limits:

Import of vegetables, fruit (including dried), tea, coffee, macaroni, baked goods, sugar, confections (with the exception of chocolate), sausage, milk and other dairy products that have a maximum total weight of 30 kg, and a total value of less than 500 GEL (\$180).

Import of 200 cigarettes, or 50 cigarillos, or 50 cigars, or 250 grams of tobacco product or any combination of these for personal use is permitted but must not exceed 250 grams in total weight.

### **Import Requirements and Documentation**

At a minimum, imports require a declaration, an invoice, and transport documentation. The Customs Code of Georgia does not require financial guarantees from importers to Georgia prior to the customs clearance, except for the temporary entry of goods.

### **Labeling and Marking Requirements**

All cosmetics, pharmaceutical, chemical, processed food, and utility products must have Georgian language labeling at the sales point. Alcoholic drinks and tobacco products require excise stamps.

### **U.S. Export Controls**

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR).

The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "[Know Your Customer](#)" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check [This is a best prospect industry sector for this country](#). Includes a market overview and trade data [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed. The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

## **Temporary Entry**

Temporary importation procedures allow for the use of foreign goods imported into the customs territory of Georgia for return in an unaltered state, with total or partial exemption from import charges (except for

customs duties) and without being subjected to trade policy measures for a certain period, except for changes due to wear and tear, and losses due to normal conditions of transportation or storage.

The period during which goods may remain under the temporary importation procedure shall not exceed two years. The Revenue Service of the Ministry of Finance of Georgia may however provide for different time limits for certain types of goods.

## **Prohibited and Restricted Imports**

Georgia prohibits the import of goods that pose a threat to the health and safety of Georgia or its citizens, including for example, narcotics, pornography, or nuclear materials. Weapons and ammunition have complex licensing requirements and interested parties should contact the Ministries of Justice and Internal Affairs prior to any importation.

## **Standards for Trade:**

### **Overview**

The government has adopted a system of “voluntary” standards and certification, whereby the importer can choose to conform their products to Georgian standards or the standards of any EU or OECD member country. If foreign standards are chosen, they must be registered by the importer in the National Agency for Standardization, Technical Regulations and Metrology. Standards for food products are administered by the Ministry of Agriculture.

### **Standards**

The main standards organization in Georgia is [the National Agency for Standardization, Technical Regulations and Metrology](#). *Conformity Assessment* is one of the functions of the National Agency. Partners of the Agency are ISO, ASTM, IEC, CEN, CENELEC, BIPM, COOMET, IRSA. According to the Governmental Order of March 7, 2013, the United States is among 37 EU and OECD countries that have technical regulations the Georgian government accepts.

### **Testing, Inspection and Certification**

If the importer chooses to comply with Georgian standards, there are about 100 test laboratories accredited in the following fields in Georgia:

- Electrical Products;
- Products from the chemical, perfume, and pharmaceutical industries;
- Food, drinking water, mineral water, and alcoholic and non-alcoholic beverages;
- Composition of soil and mineral resources;
- Oil and mineral oil products;
- Glass products;
- Paints and dyes;
- Building materials; and
- Radio engineering products.

### **Publication of Technical Regulations**

Publication of technical regulations is the responsibility of the National Agency for Standardization, Technical Regulations and Metrology. Regulations are posted on the Agency’s page, [www.geostm.ge](http://www.geostm.ge), and/or published in Georgian government’s online legislative herald, Matsne.

### **Contact Information**

Government: [National Agency for Standardization, Technical Regulation and Metrology](#)

NIST Notify U.S. Service:

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. **Notify U.S.** ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

### **Trade Agreements**

As a member of the WTO, Georgia has Most Favored Nation trading relationships with all WTO member countries. Georgia benefits from Generalized System of Preferences (GSP) reductions in tariffs on a wide range of products with Switzerland, Norway, Canada, and Japan. In 2010, the United States Trade Representative (USTR) accepted a petition alleging that Georgia's labor reforms violated the GSP labor eligibility criteria. USTR's review is ongoing. The EU grants Georgia GSP+ treatment, with duty free treatment for more than 7,000 products. Georgia has free trade regimes with countries of Commonwealth of Independent States and Turkey. In June 2014, Georgia signed an Association Agreement and a Deep and Comprehensive Free Trade Area with the EU. Georgia signed a Free Trade Agreement (FTA) with China in 2017, and in 2018, it signed an FTA with Hong Kong.

### **Licensing Requirements for Professional Services**

There is no unified agency regulating licensing requirements for all professional services. Professions that are subject to licensing have their respective bodies to issue permits or licenses. The '[Law of Georgia on Licenses and Permits](#)' regulates organized activities or actions that can endanger human life or health, important state or public interest, or use of state resources. This law defines a comprehensive list of the types of licenses and permits required and stipulates the rules of their issuance.

## **Selling U.S. Products and Services**

### **Distribution & Sales Channels**

Transit and logistics are a priority sector as Georgia seeks to benefit from increased East/West trade through the country. Goods enter through Poti and Batumi Sea Ports, several airports, or railroad and highways connecting Georgia to neighboring Turkey, Russia, Azerbaijan, and Armenia. Transport communication and related infrastructure is being upgraded, increasing the country's potential to serve as a regional hub.

### **Using an Agent or Distributor**

Several business associations operating in Georgia can serve as a resource for obtaining information about local companies, distributors, wholesalers, and retail outlets. The American Chamber of Commerce (AmCham), Georgian Business Association, International Chamber of Commerce (ICC), and Georgian Chamber of Commerce are available to assist interested investors. Information is also available via the [Georgian Yellowpages](#).

Several distribution companies have established networks for food, cosmetics, consumer goods, cars, etc. Some importers may still choose to handle their own distribution.

Some retail stores are sole proprietorships with one outlet, especially in the regions outside Tbilisi, but there are a growing number of market chains such as SPAR, Carrefour, Goodwill, Loli, 2Steps, Fresco, Smart, Agrohob, and Nikora. Retail chain shops sell Western brands of cosmetics, household goods, clothing, and electronics.

Turkish trading companies successfully operate in Georgia and opportunities may exist to form alliances with these companies and use their networks.

The U.S. Embassy in Tbilisi regularly fields inquiries from U.S. businesses. In addition to complimentary consultations for U.S. companies, the Political/Economic Section offers services such as "[Gold Key Matching Service](#)," "[International Partner Search](#)," or "[Single Company Promotion](#)" for a nominal fee on behalf of the Department of Commerce. Information may also be available from the Ministry of Economic Development's Business Information Centers, as well as from the [Ministry website](#). In addition, the Ministry also supports a [website for privatizations and tenders](#).

### **Establishing an Office**

Business entities include sole proprietorships, joint liability companies, limited partnerships, limited liability companies, joint stock companies, and cooperatives.

In general, the process of registering a business in Georgia is quick, streamlined, and usually takes one day to complete. Registration of companies is carried out by the [National Agency of Public Registry](#) (NAPR). For registration purposes, the law does not require a document verifying the amount or existence of the charter capital. A company is not required to complete a separate tax registration. Pursuant to Georgian legislation, initial registration includes both the state and tax registration.

The following information is required to register a business in Georgia: personal information on the founder and principal officers, articles of incorporation, and the company's area of business activity. Other required documents depend on the type of entity to be established. Registration fees are minimal.

Current legislation does not consider a representative of an international company a legal entity. However, the registration procedure is the same as for other types of enterprises. Companies should consult with licensed attorneys and accountants prior to opening a business in Georgia.

## **Franchising**

Franchising is gaining popularity in fast food, production of soft drinks, hotels, and retail trading of consumer goods, cosmetics, and apparel. Coca-Cola, McDonald's, Curves, Pepsi, Wendy's, Subway, Dunkin' Donuts, KFC, Domino's Pizza, Best Western, Wyndham Hotels & Resorts, Burger King, Marriott, and Holiday Inn all operate in Georgia. Franchise relationships are governed by contract and commercial laws.

## **Direct Marketing**

Direct marketing is growing together with improvements in the telecommunications and respective sectors. Express courier services operating in Tbilisi include FedEx, UPS, TNT, and DHL.

## **Joint Ventures/Licensing**

Joint ventures can be founded as any of the available entities for doing business in Georgia and operate subject to normal commercial laws. Licensing is regulated by contract and by the Law on Issuing Permits and Licenses for Entrepreneur Activity.

## **Express Delivery**

There are number of express delivery and courier services operating in Georgia, including FedEx, TNT, UPS, DHL, Aramex, Camex, Express Line Services, Inex Group, etc. The local company USA2Georgia LLC is successfully implementing package shipments from the United States, while GetIt.ge is preferred for shipments from/to the United Kingdom.

Time for shipment varies. For example, USA2Georgia has daily shipments to Georgia. Shipping takes approximately one week and includes a free delivery service to homes within Tbilisi. Shipping fees depend on package weight and dimensions. Due to the reduction in available flights after COVID-19 pandemic border closures, shipment delivery times have increased.

The state owned Georgian Post provides a universal postal service and has a significant comparative advantage as the largest network across the country. Georgian Post incorporates "Georgian International Express Mail Service" founded in 2001. It is included in the world network of the Express Mail Services providing mail services for EMS letters and parcels in 192 countries. The government announced a plan to privatize Georgian Post in 2019; however, a prolonged audit of Georgian Post and the COVID-19 pandemic led to the postponement of the sale to 2021.

Web Resources:

- [Georgian Post](#)
- [FedEx Georgia](#)
- [DHL Georgia](#)
- [USA2Georgia](#)
- [Getit.ge](#)
- [Inex](#)

## **Due Diligence**

Information on potential business partners and clients can be difficult to obtain in Georgia, although different online catalogues and web resources offer sufficient data, but mostly in Georgian. Laws and regulations are subject to change. Local attorneys and consulting firms can be of assistance. A list of attorneys is available from the U.S. Embassy in Tbilisi.

The Political and Economic Section of the U.S. Embassy also offers [Department of Commerce services](#) such as "Gold Key Matching Service," "International Partner Search," "Single Company Promotion," etc. for a nominal fee.

## **eCommerce**

### **Assessment of Current Buyer Behavior in Market**

E-commerce is gaining a foothold as internet penetration increases year-by-year. Credit card penetration is also increasing rapidly. As of January 2020, there were 6.1 million debit cards and 0.6 million credit cards issued across Georgia's population of 3.7 million people. Cardholders can pay public utilities electronically and purchase goods. Electronic utilities payment is widespread through a growing network of electronic payment kiosks, particularly in larger cities. Electronic transactions over the last four years have increased significantly. For example, in June 2020, Georgian residents carried out over 35 million transactions by payment cards worth \$0.9 billion, which is 24 percent increase over the previous year. Ninety four percent of the 35 million transactions took place in-country.

There are no major buying holidays for e-commerce specifically, except Black Friday, since most apparel and consumer goods shopping is done from U.S. sources, such as amazon.com. Other popular e-commerce sites are [Alibaba](#), [Aliexpress](#), [Ebay](#), etc. Preferred payment methods include credit/debit card payments or PayPal, the latter being available in Georgia since 2013.

Georgia is harmonizing the electronic flow of information among key players in the logistics, shipping, and transport industries by launching the Trade Facilitation System (TFS). The TFS enables traders, customs brokers, freight forwarders, shipping lines, and other players in international trade to submit information through a single entry point.

### **Local eCommerce Sales Rules & Regulations**

Georgia's Ministry of Economy and Sustainable Development (MoESD) is currently engaged in developing a draft law on e-Commerce. The adoption of the EU e-Commerce Directive is part of the Georgian government's commitment under its AA with the EU. The Law on e-Commerce will regulate the rights and obligations of intermediary service providers in the e-Commerce process, as well as protect consumers by making information services more transparent and standardized. The draft has passed committee hearings in the parliament and its adoption is planned in 2020.

Georgian companies that are active in e-commerce field have set up [Georgia E-Commerce Association](#) in 2020. The association has identified underdeveloped infrastructure and logistical support as the main obstacle, and is working with association members and other interested companies to address challenges.

### **Local eCommerce Business Service Provider Ecosystem**

Digital marketing firms are underdeveloped in Georgia, while last mile logistic firms have seen a significant boost under the COVID-19 pandemic and related restrictions in personal movement. Seven commercial banks operating in Georgia have licenses for international payment systems via internet-acquiring sources and they successfully serve merchant outlets (including state services). Their electronic systems work with internationally recognized security technologies such as Verified by Visa and MasterCard Secure Code, which imply three levels of card authentication. Georgia's recently established E-Commerce Association is working with international players and donors to promote an in-country event focused on ecommerce.

## **Selling Factors & Techniques**

### **Overview:**

American goods enjoy an excellent reputation. Price is usually the consumer's principal purchasing decision factor. Local entrepreneurs often request concessionary payment terms or credit. American exporters should be wary of extending credit before establishing a long and satisfactory trading history with a customer, as well as limiting exposure. Cash in advance or the use of irrevocable letters of credit through a reputable local correspondent bank is advised. Enforcement of contractual rights by the local court system remains uneven.

### **Trade Promotion and Advertising**

The Advertising Law sets advertising standards in Georgia. Advertisements must be in Georgian, and trademarks in a foreign language need to be accompanied with Georgian text. Pharmaceutical and medical equipment advertising requires a permit from the Ministry of Health, Labor, and Social Affairs. Advertising of firearms—including firearms used for sport—requires special permission from the Ministry of Internal Affairs. Alcohol and cigarette advertising is also subject to restrictions in the Advertising Law. Municipalities supervise and monitor compliance with the Advertising Law.

There are several advertising agencies in Georgia, but businesses usually contact television, press, and radio advertising agencies directly. Georgian broadcasters successfully switched from analogue to digital in 2015. The Tbilisi-based Georgian Public Broadcaster (GPB) includes Channel 1 and Channel 2, as well as the Batumi-based Adjara TV, and the State Budget funds all three. There are also a number of independent commercial television broadcasters, such as Imedi, Rustavi 2, Pirveli TV, Mtavari Arkhi, Formula, POSTV, Maestro, Kavkasia, Georgian Dream Studios (GDS), Obiektivi, and a small Russian language operator TOK TV. All of these broadcasters and web-based television outlets, except GDS, carry the news. The Georgian Orthodox Church also operates a satellite-based television station called Unanimity. There are 26 regional television broadcasters across Georgia that are members of the Georgian Association of Regional Broadcasters and/or the Alliance of Georgian Broadcasters. The broadcaster organizations seek to strengthen the regional media's capacities and distribution of regional products.

The major newspapers are the weekly newspaper Kviris Palitra, weekly tabloids Asaval-Dasavali and Kviris Qronika, the daily tabloids Alia, Akhali Taoba, and Resonansi. Georgia Today, The Messenger, the Georgian Journal, and the Georgian Times are English language publications. Major analytical magazines—no longer in print but online—are the weekly Tabula, Batumelebi and Publika [formerly Liberali]. Major online publications include Netgazeti, Interpressnews, ambebi.ge, Accents, agenda.ge, ghn.ge, Civil.ge, BM.ge, Sakinformi.ge, and DFWatch.

Major periodicals are The Georgian Business Week (in Russian and English), Bank and Finance, Banki Plus, Finance, Macro-Micro Economics, and Economics (in Georgian and English). The Association of Regional Publishers is based in Tbilisi and was founded by regional newspapers. The American Chamber of Commerce in Georgia publishes the bimonthly Investor.ge magazine in English.

[Expo Georgia](#), a local exhibition and conference center, also offers online advertising services including banner placement and links on its website.

### **Pricing**

Because of limited consumer purchasing power, price is the primary factor driving sales. In a sector where American exporters do not enjoy a technological advantage, there is significant price competition from low-cost suppliers in Turkey, Iran, and East Asia. Imports of taxable goods and taxable operations at every stage are subject to an 18 percent VAT.

## Sales Service/Customer Support

A growing number of official distributors and individual retailers offer delivery and installation services, as well as issue their own warranties on big-ticket items, usually for up to one or two years. American firms entering the Georgian market should consider the logistics of supporting their products in-country.

## Local Professional Services

The [Political and Economic Section](#) of the U.S. Embassy in Tbilisi offers a range of assistance to American firms interested in developing market opportunities or increasing their business in Georgia. There are number of private consulting firms that offer market research or legal support to foreign companies. American Chamber of Commerce in Georgia, International Chamber of Commerce, or Georgia's Chamber of Commerce are also instrumental for new market entrants.

## Principal Business Associations

Several business associations operate in Georgia and some accept U.S. company members. Contact the organizations directly to determine membership eligibility requirements. Some of the business organizations regularly meet with the Prime Minister as part of the Prime Minister's Investor's Council (IC). The IC meets regularly to discuss issues that are concerning to the business community.

- [American Chamber of Commerce in Georgia](#)
- [Georgian Chamber of Industry and Trade](#)
- [Georgian Business Association](#)
- [International Chamber of Commerce](#)

## Limitations on Selling U.S. Products and Services

No limitations known.

## Trade Financing

**Methods of Payment:** Large Georgian banks service foreign trade transactions. Methods of payment generally include a letter of credit or advance payment. To carry out transactions through banks, buyers and sellers must have a written contract. Because of high interest rates and short-term lending offered by local banks, most enterprises prefer to purchase equipment through supplier-financed transactions.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

**Banking Systems:** The central bank is the National Bank of Georgia (NBG). It sets monetary policy, issues licenses, and supervises the activities of banking institutions and currency exchange offices. To regulate circulating money and encourage deposits in Georgian lari (GEL), the national legal tender, the NBG requires commercial banks to keep a certain percentage of their foreign currency deposit liabilities in reserve.

The U.S. government has assisted the NBG to accelerate financial sector development in Georgia. NBG and most commercial banks use SWIFT to process international payments and messages. There are no restrictions on the number of bank accounts individuals and enterprises may hold with Georgian banks. Banking is one of the fastest growing sectors in the Georgian economy. The cost of lending remains high but may decline as Georgia's banking sector develops.

As of July 1, 2020, Georgia's banking sector consists of 15 commercial banks, including 14 foreign-controlled banks, with 154 commercial bank branches and 830 service centers throughout the country. Two Georgian banks are listed on the London Stock Exchange: TBC Bank (listed in 2014) and the Bank of Georgia (2006).

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. International Development Finance Corporation (DFC), Asian Development Bank (ADB), and other international development agencies have a variety of lending programs that make credit available to large and small businesses in Georgia. At the beginning of 2020, 45 microfinance organizations operated in Georgia, making small credit available to businesses.

For more information see Chapter 6, Investment Climate Statement, Efficient Capital Markets and Portfolio Investment section.

**Foreign Exchange Controls:** The lari (GEL) is the only legal tender in Georgia; it has no informal or parallel exchange rates. Foreign businesses may convert GEL into hard currency at the market exchange rate and freely transfer the proceeds abroad without limitation. One may hold foreign exchange in bank notes or on deposit in designated bank accounts. There are no limitations on these accounts' operations.

Since 1998, the GEL has maintained a floating currency. Despite the GEL's nearly 45 percent depreciation against the dollar from 2015 to 2019, Georgia has no plan to change its monetary policy.

All Georgian banks accept and issue credit cards. Credit cards are accepted at most of the hotels, restaurants, and stores in Tbilisi, but some small stores or establishments still do not accept them. ATMs are available throughout Tbilisi and in other cities.

**U.S. Banks and Local Correspondent Banks:** There are no U.S. banks with branches in Georgia, though most Georgian banks have correspondent accounts with U.S. banks. EXIM Bank does not offer any country specific programs in Georgia and nor does it have Georgia specific restrictions. For more information visit [Country Limitation Schedule](#) of EXIM.

## Protecting Intellectual Property

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

Although Georgia has signed all relevant treaties and enacted legislation in compliance with its international obligations, as a practical matter, protection and enforcement of intellectual property rights remains problematic. However, the government has taken several steps to introduce better practices. In addition, the EU-Georgia AA signed in 2014 mandates improved performance in this regard. Companies that intend to invest or trade in Georgia might be affected by intellectual property rights issues and are invited to discuss the matter with the Political and Economic Section of the U.S. Embassy in Tbilisi. See Chapter 6 on Investment Climate Statement for more information on intellectual property (IP) enforcement.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Georgia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Georgia law. The U.S. Embassy Political/Economic Section can provide a list of local lawyers upon request.

While the U.S. government stands ready to assist, there is little we can do if the rights' holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing

so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Georgia require constant attention. Work with legal counsel familiar with Georgia's laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Georgia or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## **IP Resources**

A wealth of information on protecting IP is freely available to U.S. rights' holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the United States and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit the [STOPfakes website](#).
- For more information about registering trademarks and patents (both in the United States as well as in foreign countries), contact the [U.S. Patent and Trademark Office](#) (USPTO) at: 1-800-786-9199.
- For more information about registering for copyright protection in the United States, contact the [U.S. Copyright Office](#) at: 1-202-707-5959.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the "Resources" section of the [STOPfakes website](#).
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit the [STOPfakes website](#). The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
- In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to the following article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#), or contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at [Stevan.Mitchell@trade.gov](mailto:Stevan.Mitchell@trade.gov).

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. Mr. Dorian [Mazurkevich](#), the IP attaché based in Kyiv, Ukraine covers Georgia.

## **Selling to the Public Sector**

### **Selling to the Government**

The Competition and State Procurement Agency (CSPA) is a state organization that governs government procurement through the e-tender system introduced in 2011. State purchases in the range of GEL 5,000- to 200,000 (\$1,670--66,670) are conducted through a simplified electronic tender which is a substitute to single-source procurement. Purchases above GEL 200,000 (\$66,670) mandate a call for a regular e-tender.

The Law on State Procurement requires an international tender announcement for contracts exceeding GEL 2 million (around \$666,700) for products and services, and GEL 4 million (around \$1.33 million) for public works projects.

Budgetary constraints limit the government's purchasing power. International organizations and foreign governments finance many major procurement purchases, and respective tenders are carried out in line with their regulations and requirements.

Credit terms are one of the most important factors in government purchasing decisions. Product quality and supplier reputation are other factors. However, government procurement is often driven by a lowest bid consideration versus a best value for money approach, which can lead to the cheapest offer winning at the expense of quality.

The time allowed for preparing bids after the announcement of a tender is frequently short. Documentation requirements, including Georgian translations, can be onerous for companies not based in Georgia. In addition, some companies experience challenges with qualifying for tenders due to narrow specifications or lack of familiarity with U.S. products.

Information about tenders is available from the [Georgian Competition and State Procurement Agency](#), and individual ministries such as the [Ministry of Defense](#).

The Georgian government finances some public work projects through borrowing from Multilateral Development Banks. Please refer to "Project Financing" Section in "Trade and Project Financing" chapter for more information.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy Center](#) for Foreign Government Contracts and for additional information.

### **Financing of Projects**

For project financing and risk insurance, American investors and exporters may contact the U.S. International Development Finance Corporation ([DFC](#)), formerly the Overseas Private Investment Corporation (OPIC), which provides direct financing and insurance coverage against political risk, currency inconvertibility, expropriation, and political violence.

The Political and Economic Section of the U.S. Embassy in Tbilisi can provide contact information and assistance to any U.S. firm about export financing, insurance, local and domestic business associations and partners, and business climate information.

### **Multilateral Development Banks and Financing Government Sales.**

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction

and Development; the Inter-American Development Bank; and the World Bank. Learn more by contacting the [Advocacy Liaison for World Bank](#) or [Advocacy Liaison Website for European Bank for Reconstruction and Development](#).

- [European Bank for Reconstruction and Development](#)
- [World Bank](#)

Georgia also has other internal sources of project financing separate from the banking sector, such as the Co-Investment Fund and Partnership Fund, and the government supported “Produce in Georgia” program. For additional information on this topic, including content of relevance to U.S. investments, please visit the U.S. Department of State [Investment Climate Statement](#)

## Business Travel

**Business Customs:** The development of personal rapport is an important part of business relationships in Georgia. Business meetings tend to be relatively relaxed affairs. Although tardiness does not necessarily reflect a lack of respect, foreign visitors should be punctual. Business lunches are less common than in the United States and Europe. Elaborate dinners -- known as "Georgian tables" or "supras" -- are generally long affairs, at which numerous, informal, and impromptu toasts are often required of both the host and honored guests. Wine is an important part of Georgian culture and is a part of any dinner. Georgians take great pride in their reputation as gracious hosts.

**Travel Advisory:** [U.S. State Department consular information sheet on Georgia](#)

**Visa requirements:** A passport is required with a minimum three months of validity for entry into Georgia. U.S. citizens visiting for 365 days or less do not need a visa. Armenian and Azerbaijani visas are no longer valid for transit through Georgia. For further information on visas, please contact:

<https://www.geoconsul.gov.ge/HtmlPage/Html/View?id=956&lang=Eng>

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#)

**Currency:** The official currency is the Georgian Lari. Credit cards are accepted at almost all of the hotels, restaurants, and stores in Tbilisi, but some small stores or establishments still do not accept them. ATMs are available throughout Tbilisi and in other cities.

**Telecommunications/Electronics:** Georgia enjoys direct-dial long distance service for international calls. The capacity and quality of landlines is limited but infrastructure is being improved continuously. Cellular phones are ubiquitous and relatively inexpensive. BlackBerry service is available. Internet access is available at hotels, restaurants and cafes, and parks in Tbilisi and some other towns. Subscriber Internet service is available through several local providers and is also moderately priced by regional standards. Fixed broadband internet and mobile internet are growing steadily. However, Internet access might be limited outside of Tbilisi and other major cities.

The standard voltage in Georgia is 220 V and the frequency is 50 Hz. Accordingly, a voltage convertor is required for electric appliances that are used in the United States (120 V). As for plug types, there are two associated plug types, types C and F used in Georgia.

**Transportation:** The condition of most main roads in the country is good or average but remains poor in rural areas. Within the capital there are many new and inexpensive buses, taxis, and "marshrutka" minibuses. There is also a functioning subway system in Tbilisi. A cab ride from the airport to the center of Tbilisi should cost approximately \$15.

Note: all flights were suspended with global COVID-19 pandemic in March 2020, and as of August 2020, only a few airlines are operating on a limited schedule. [Georgian Civil Aviation Agency](#) provides update information on flights resumption or restriction in relation with COVID-19 pandemic.

Tbilisi International Airport is Georgia's principal international airport handling 1,000-1,200 passengers per hour (3.7 million passengers in 2019), and is served by a Georgian flag carrier Georgian Airways (formerly Airzena), Lufthansa, Turkish Airlines, FlyDubai, Czech Airlines, Lot Polish Airlines, Aegean Airlines, Alitalia, Qatar Airways, China Southern Airlines, Azerbaijani Airlines, AirBaltic, Belavia, Ukrainian International Airlines, Aircompany SCAT, Siberian Airlines, Air Arabia, Air Astana, Atlas Jet, Air France, and Pegasus Airlines, among others. A major rehabilitation and expansion of the Tbilisi and Batumi airports was carried out in 2016. Charter flights to destinations in Russia are operated by Russian and Georgian carriers.

Newly rehabilitated Kutaisi International Airport in western Georgia (up to 3 hours' drive from Tbilisi) offers cheap flights by Wizz Air to Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, France, Greece, Germany, Hungary, Lithuania, Italy, Netherlands, Poland, Spain, and the UK. A new airfield was constructed in Mestia (in the mountainous Svaneti region). Other air carriers serving Kutaisi Airport include Ural Airlines (to Moscow), Ukraine International Airlines (to Kiev), Vanilla Sky (domestic flight to Mestia), S7 Airlines (to Moscow) and SCAT Airlines (to Actau). A recent addition to the pool of Georgian airports is Telavi Airport in Kakheti (eastern Georgia), which in the initial stages will serve domestic flights only, with further plans for diversification.

Batumi Airport offers international connections to Baku, Istanbul, Kiev, Minsk, Moscow (charter flights), and Kharkov (summer only).

Georgia's railroad system has improved substantially for passenger trains in recent years but is relatively slow. The Tbilisi-Batumi passenger train has become a preferred mode of transportation for travelers to western Georgia, given the 4-hour drive time and comfortable wagons. Currently, about 90 percent of freight traffic travels on the main Trans-Caucasus route between the Black Sea ports of Poti and Batumi through Tbilisi to Yerevan (Armenia) and Baku (Azerbaijan).

**Language:** The official language is Georgian and the most widely spoken language across the country. English and Russian are also used. Interpreters are widely available and are relatively inexpensive.

**Health:** Elderly travelers, travelers with chronic medical conditions, and travelers with young children are advised to purchase overseas medevac insurance and bring an adequate amount of medication for the duration of their stay. Some medication may not be registered in Georgia and thus will not be available even with a valid prescription.

Medical services in Georgia are in a state of transition with many positive changes over the past year. Small private, well-equipped hospitals like [MediClub](#) in Tbilisi and Medina in Batumi are fully operational. These facilities have well-trained staff, practicing evidence-based medicine. Medical corporations EVEX and Geo-Hospitals have a network of hospitals and out-patient clinics in Tbilisi and other regions. Many state hospitals remain in poor repair but have the capability to stabilize and transfer patients to a higher level of medical care in Georgia and on to western European destination. Several facilities like New Hospital are inviting foreign specialists for consultation.

Tricare health insurance for active duty and retired U.S. military is accepted at some facilities. Cigna International is also accepted at some private clinics and hospitals. Travelers should check with their health insurance company to inquire about overseas coverage.

Although Georgia has a pediatric immunization program schedule of vaccination, it differs from the one in the United States. Some American vaccines are not included in the Georgian vaccination plan (and vice versa). In addition, local vaccines are not FDA approved. It is advisable that travelers check with the [Centers for Disease Control and Prevention](#) (CDC) for the latest vaccine recommendation for travel to Georgia. Prevalent diseases include Hepatitis A and Rabies.

The U.S. Embassy maintains a list of English-speaking physicians. Travelers may obtain further information on health matters from the [Centers for Disease Control and Prevention's](#) International Travelers' Hotline at (404) 332-4559.

**Local Time, Business Hours and Holidays:** Standard time zone for Georgia is: UTC/GMT + 3 hours during summer time and UTC/GMT + 4 during wintertime. Georgia does not observe daylight savings time. Although the business day runs from 9:00 a.m. to 6:00 p.m., the best contact time is 10:00 a.m. to 5:00 p.m. Business leaders and senior government officials tend to start work around 10:00 a.m., work into the night, and often break for a late working dinner.

Georgia has 14 national holidays – 2020 Holiday Calendar:

January 1-2 New Year's Day  
January 7 Christmas (Orthodox Church)  
January 19 Epiphany (Orthodox Church)  
March 3 Mother's Day  
March 8 International Women's Day  
April 9 Independence Restoration Day  
April 17 Good Friday  
April 20 Easter Monday (Recollection of Deceased)  
May 9 Victory Day  
May 12 St. Andrew's Day  
May 26 Independence Day  
August 28 Assumption of the Virgin (Orthodox Church)  
October 14 Svetitskovioba (Day of the Saint)  
November 23 St. George's Day

**Temporary Entry of Materials or Personal Belongings:** Travelers to Georgia must fill out a customs declaration upon arrival and present it to customs officials upon departure. Travelers must declare on the customs form all items of value, including currency; failure to do so may result in fines or other penalties. If your customs form is lost or stolen, please report the loss to the police to obtain a certificate to show to customs officials upon departure.

Georgia's customs authorities may enforce strict regulations on the temporary importation into or export from Georgia of items such as alcohol, tobacco, jewelry, religious materials, art or artifacts, antiquities, and business equipment. Only personal medications with a doctor's prescription can be imported without the permission of the Georgian Ministry of Health, Labor and Social Affairs Department of Healthcare.

U.S. citizens may not import firearms into Georgia; however, hunting weapons may be brought into the country for a two-week period based on valid Georgian hunting licenses. While there is no limit to the amount of currency that can be imported, travelers bringing more than 30,000 GEL (approximately \$10 thousand) in cash are required to make a declaration. If more money is exported than was declared at the time of entry, the traveler is obligated to prove it was legally obtained. There are limits on the amount of exported Georgian currency.

The Department of Expertise and Evaluation under the Ministry of Education, Science, Culture and Sports must license any valuables being taken out of Georgia such as artwork, antiques, jewelry, paintings, etc. This license describes the object, assesses its value, and provides permission to export it from Georgia. The U.S. Embassy in Tbilisi, Georgia can provide more specific information on quantities of items that can be imported duty free, as well as duties for specific items. It is also advisable to contact the [Embassy of Georgia in Washington, D.C.](#) for specific information regarding customs requirements.

## **Investment Climate Statement (ICS)**

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.

## **Political Environment**

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.