



POTI FREE INDUSTRIAL ZONE

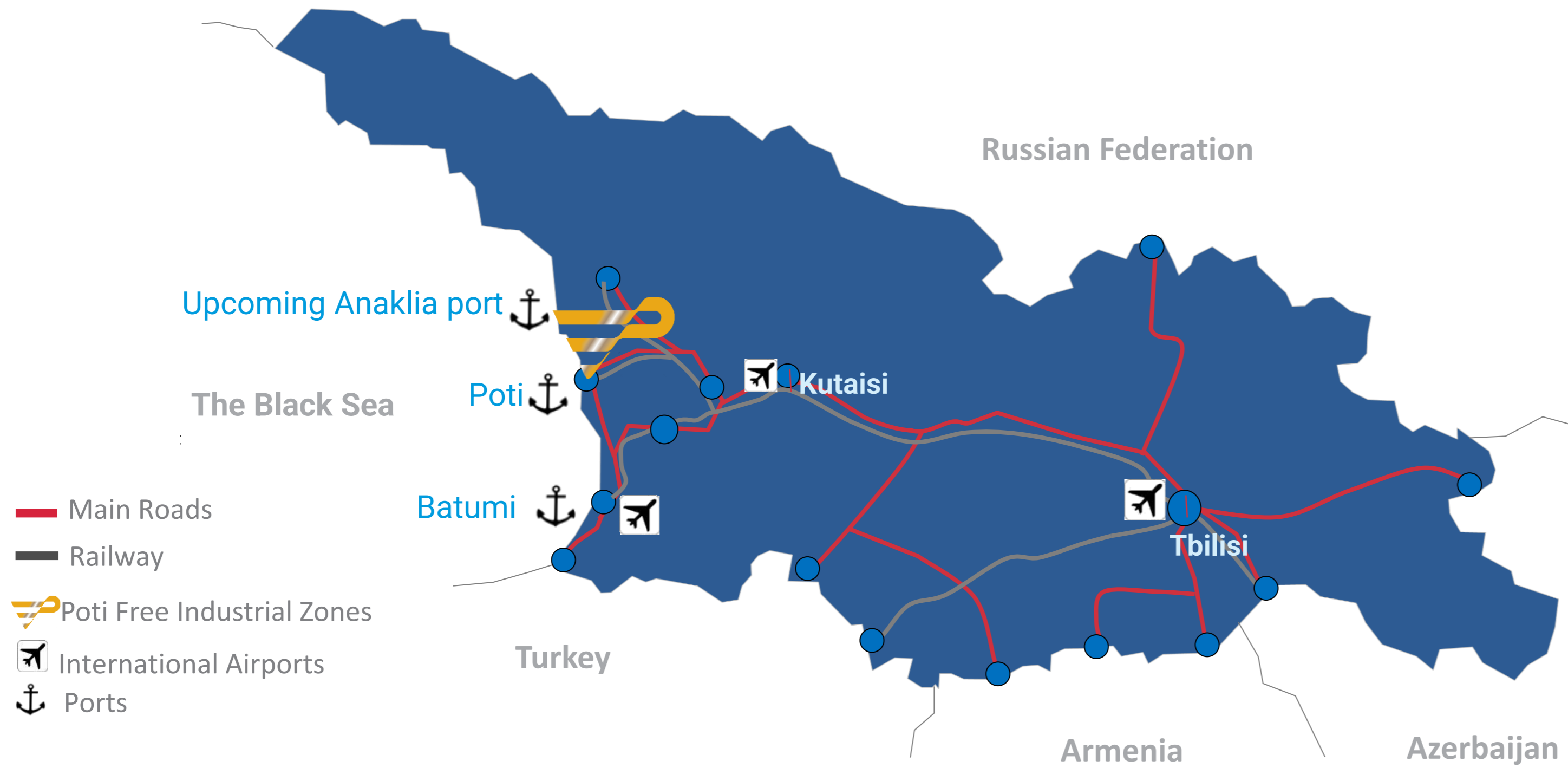
PRESENTATION

GEORGIA



THE PRIME DESTINATION FOR YOUR BUSINESS //Georgia

- ◆ Georgia has earned its reputation as a pre-eminent commercial center with an innovative, dynamic and entrepreneurial business culture
- ◆ Strategically located at the crossroads of trade and commerce between East and West (historic Silk Road route), it is ideally positioned to service and access markets that span Asia & the Middle East and Europe & the CIS countries
- ◆ Stable economic environment and competitive operating costs, contribute significantly to Georgia's manufacturing, and trading development
- ◆ Business and Investor friendly regulations play a key role in attracting new and expanding businesses to Georgia



- ◆ Region: Europe
- ◆ Population: 3.7 Million
- ◆ Capital: Tbilisi
- ◆ Government type: Parliamentary system
- ◆ GDP Per Capita (2020*): USD 4274.6
- ◆ Inflation (2020): 5.2%
- ◆ Currency: Georgian Lari



GDP in 2020*
15.9 bln USD



Real GDP Growth Rate
(2021 forecast, IMF)
7.7 %



FDI to GDP Ratio
(2016-2020 average)
8.37%



FDI Over Last 5 Years
(2016-2020)
6.8 bln USD

Rankings

GEORGIA 1st
among EU
countries in
DOING
BUSINESS



Georgia takes 7th place among 190 countries and 2nd among the countries in Europe.



Index of Economic Freedom, Georgia ranks 12th in the world and 6th among the countries in Europe



Global Corruption Barometer, Georgia's corruption perceptions index is 56



FREE TRADE ACCESS TO 2.3 BILLION MARKET

Georgia's liberal trade regimes provide investors with a favorable opportunity to the tax-free access major region's markets



GSP with USA, Canada, Japan



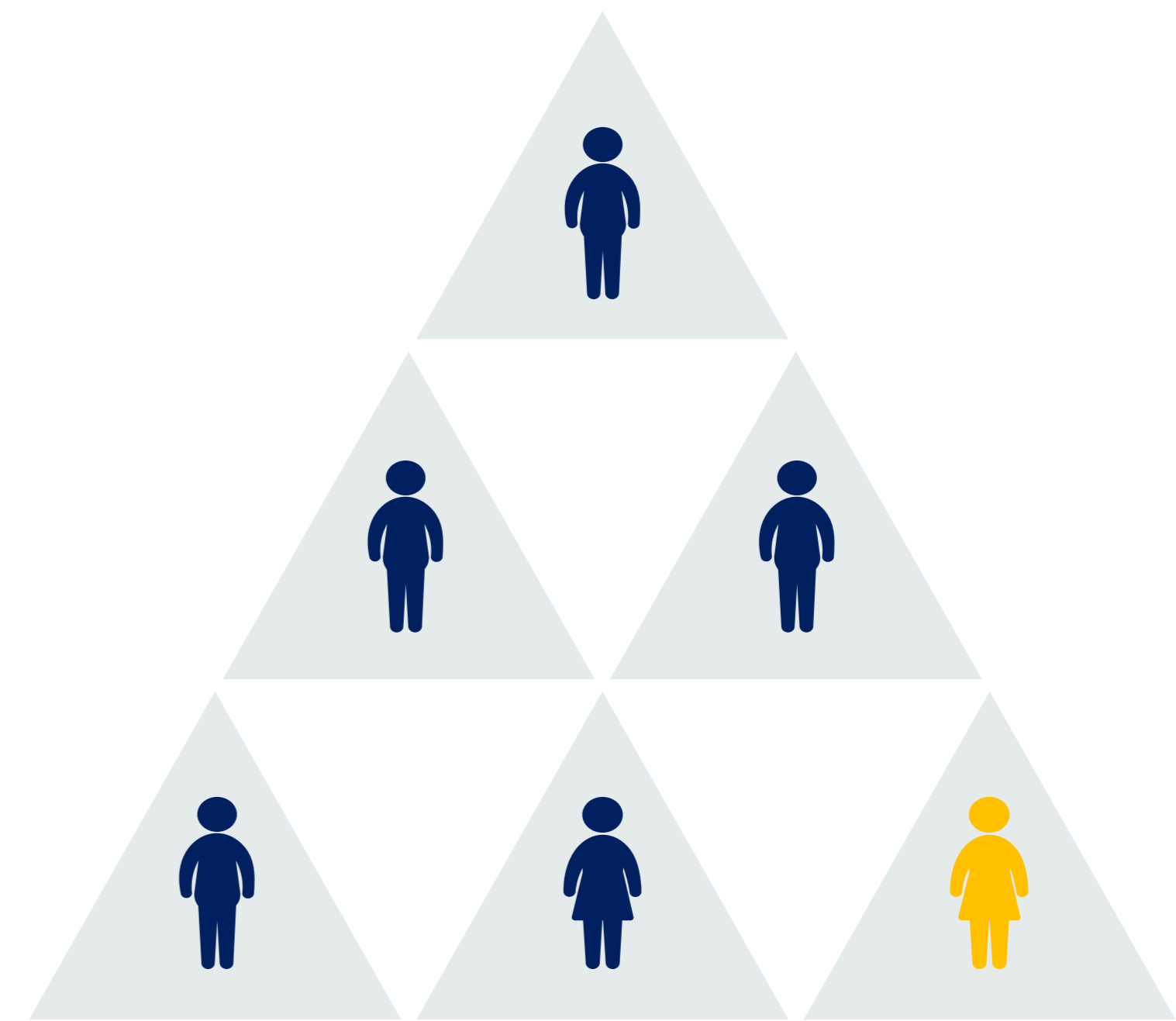
DFCTA with EU Countries
FTA with Turkey
FTA with China and Hong-Kong
FTA with CIS countries and Russian Federation

// AVAILABILITY OF SKILLED AND CHEAP LABOR FORCE

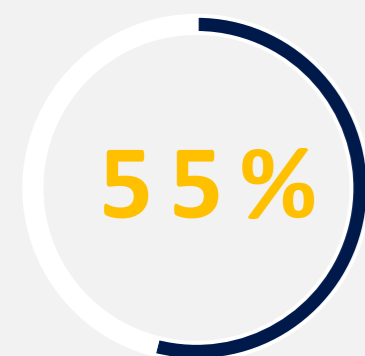
Georgia's new Labor Code, hailed as one of the world's best in international rankings, reduces labor costs and gives greater freedom of contracts to employers and employees.

Simultaneously, Georgia offers the world's most literate workforce, and very competitive prevailing wage rates

FLEXIBLE LABOR CODE



↑ According to **Heritage Foundation**, Georgia ranks **21st** globally on Labor Freedom Index



YOUNG LABOR

The total workforce is 1.5 mln people and 55% of the workforce is 44 years old or younger.



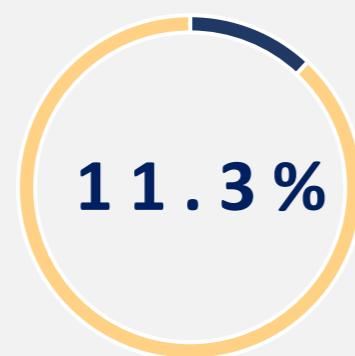
Around **60%** on young population and **45%** of overall population know English and Russian



360 USD

AVERAGE MONTHLY SALARY

includes blue-collar, white-collar and executive level (C-suite) employees



UNEMPLOYMENT RATE WITH ADVANCED EDUCATION



Average monthly salary for skilled production operative (including all taxes)

TAX FREE

// IMPORT & EXPORT TAXATION BETWEEN POTI FIZ & GEORGIA

Import tax	0%	0-12%
VAT	0%	18%
Profit tax	0%	15%
Profit tax for service companies	15%	15%
Dividend	0%	5%
Property tax	0%	1%
Income tax	20%	20%
Pension tax	2%	2%

Delivery of goods In Poti FIZ from Georgia (export commodity operation)	4% of the value of the goods 0% - VAT
Delivery of goods In Poti FIZ from abroad (Free Zone Commodity Operation)	0% - import tax 0% - VAT
Delivery of goods From Poti FIZ to Georgia (Import Commodity Operation)	4% of the value of the goods 0% - VAT
Purchaser company in Georgia pays import tax (0-12%) and VAT (18%)	
Delivery of goods From Poti FIZ to abroad (Export Commodity Operation)	0% - Export tax 0% - VAT



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SUBSTANTIAL LOGISTICAL ADVANTAGES OF GEORGIA



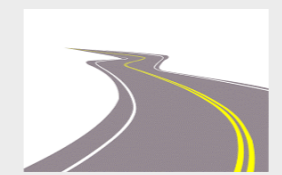
2 Existing Ports and 4 Oil Terminals
Cargo turnover – 647,816 TEU



3 International Airports



Railway Network – 1346 km.
Regional and International access
Cargo turnover 64000 TEU (2019)



Access to the international highways

POTI – INDUSTRIAL, LOGISTIC AND TRADING HUB



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Poti is self-governing city located at the Black Sea coast

The city is distinguished by its unique geographical, developed transport infrastructure, transit roads, port and railway network, proximity to key markets, labor resources, industrial potential, urban and recreational development opportunities

Today, Poti forms an integral part of the international logistics network, connecting business and customers across the world

It is now **162 years** since Poti Sea Port first enabled the vital cargo flows which support and improve people's lives in and around Georgia



POTI **SAFE, CHEAP** **AND** **EASY LIVING** **CONDITION**

Kolkheti National Park referred as “Georgian Amazon” is the first natural site in Georgia to be nominated on the UNESCO World Heritage list for its Colchic forests and wetland

About Us

Poti Free Industrial Zone is the oldest and largest free zone in Georgia and most substantial in terms of business volumes being handled

The only free zone in the country where the Government of Georgia is represented as the shareholder

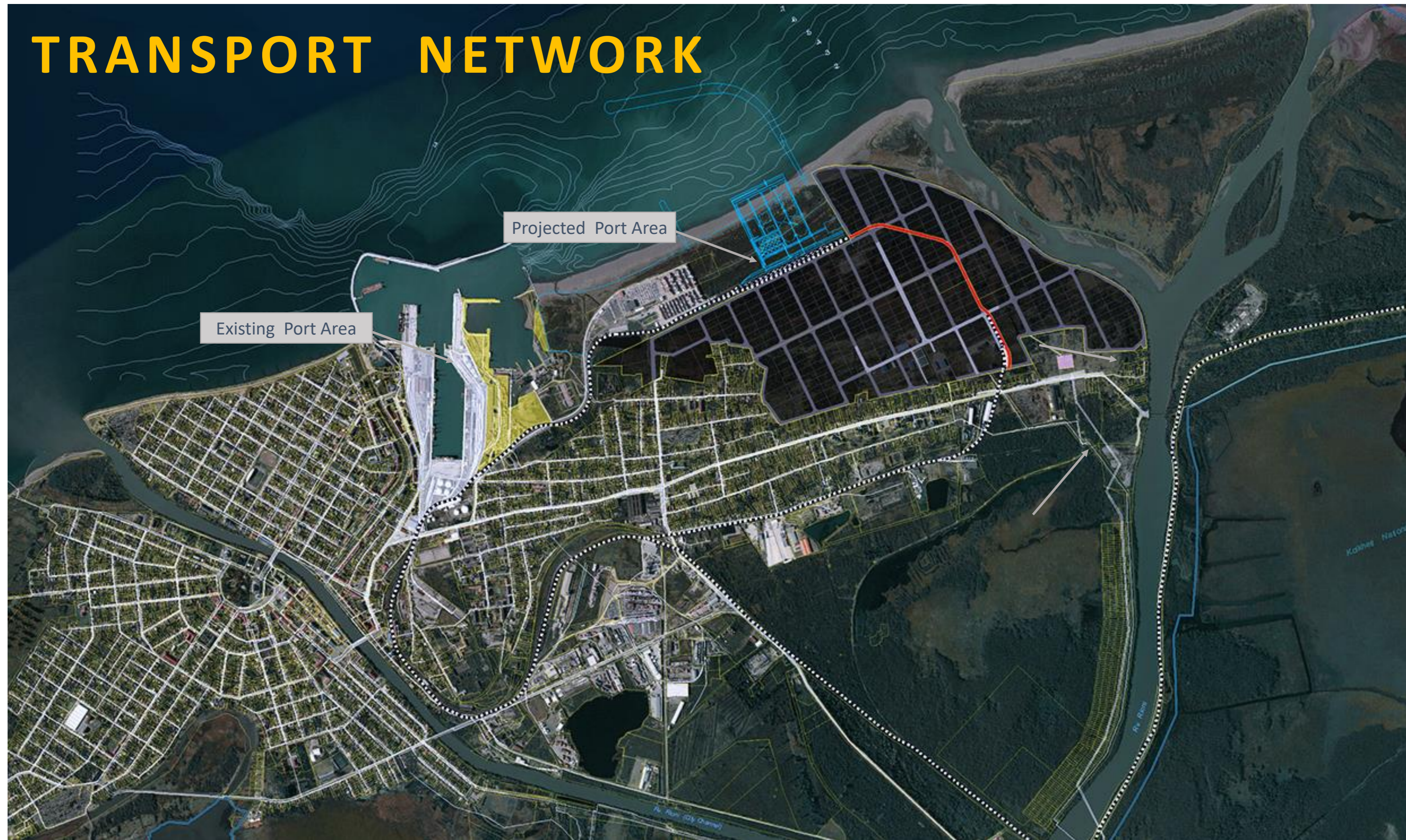
Fully functional since 2010 and accommodates businesses and investors from diverse industrial sectors.

The leading free zone in the Caucasus region situated at the historic Silk Road and the gateway to international trade corridors and markets, providing a new stimulus to investors wishing to take advantage of Georgia's tax free and bilateral free trade agreements

Poti FIZ offers a wide range of business solutions that are suitable for all types of business activities such as manufacturing, logistics, trade and distribution

We provide our investors cost-effective business set-up packages, a range of licenses and modern facilities as well as first-class handling and support services

TRANSPORT NETWORK



In 2020, the total volume of cargo transported by the ports amounted to 16.9 million tons, of which almost half came on Poti Sea Port - 7.4 million tons.

As for the number of containers - 490 thousand TEU were recorded in 2020.

The total amount of cargo transported by the Georgian Railway amounted to 11.1 million tons

AVAILABLE INFRASTRUCTURE AND UTILITIES

Total area – 300 ha

Distance from Poti Sea Port – 2km

Two customs checkpoints and terminals

Railway terminal and internal railway line

Electrical substation and High voltage line

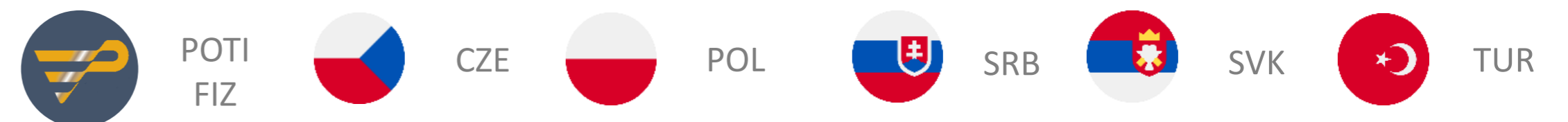
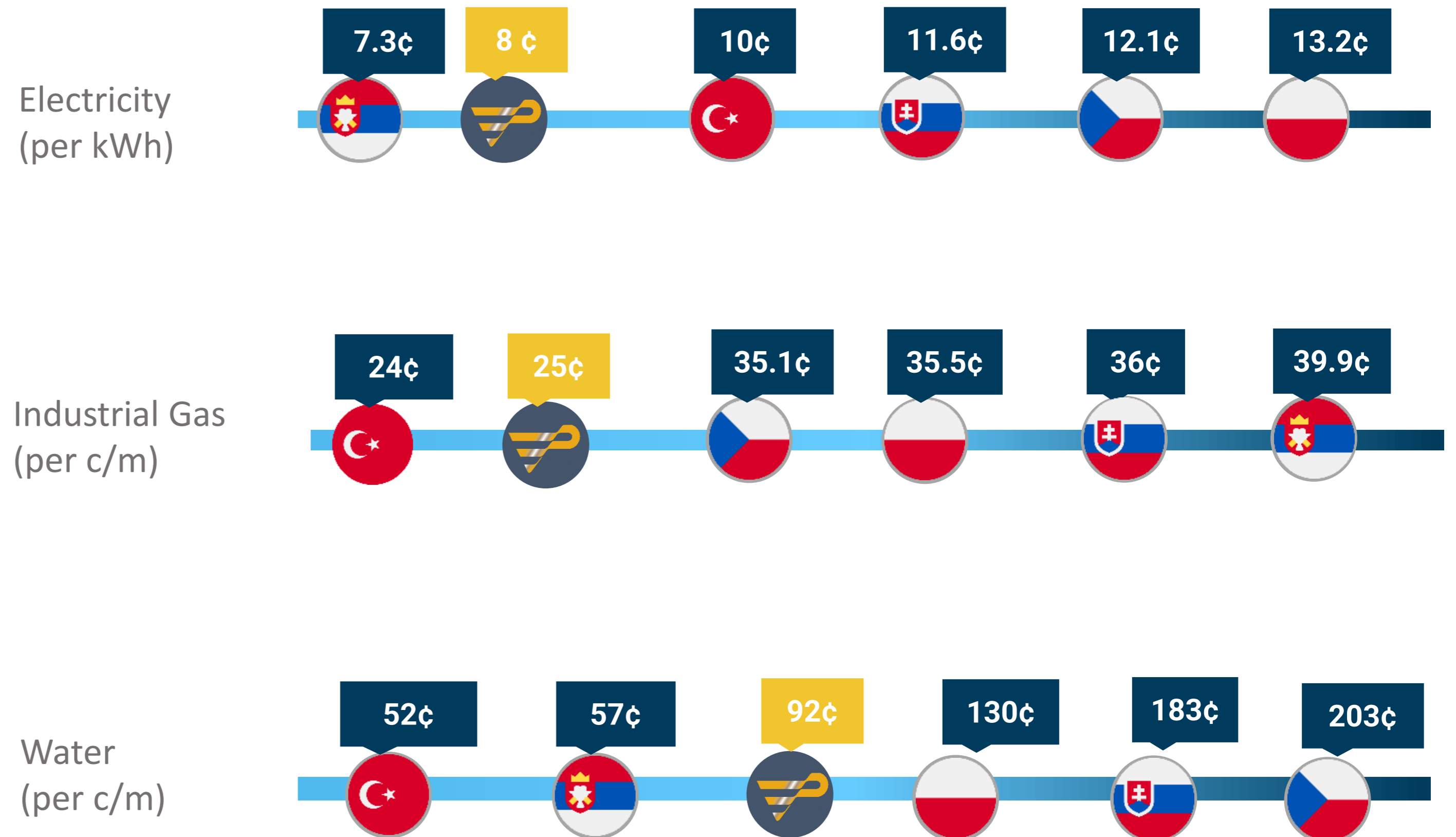
Security checkpoint and video surveillance system 24/7

Availability of electricity, water and natural gas connection to the main supply system

- 18%

The cost of electricity, water and natural gas 18% lower than in mainland Georgia

// COMPETATIVE OPERATIONAL COSTS



*All tariffs are given in USD Cents; currency exchange rate 1USD = 3.11 GEL

Source: FDI Benchmark from the Financial Times Ltd 2021



ADVANTAGES OF STARTING A BUSINESS IN **POTI FIZ**

// **FOR MANUFACTURING COMPANIES**

- ◆ Business registration and licensing in one day
- ◆ Availability of industrial land plots
- ◆ Simplified building regulations
- ◆ Proximity to the raw material sources in the region
- ◆ Power, gas and water availability at low cost
- ◆ Availability of skilled and cheap labor
- ◆ Cost effective supply chain
- ◆ Simplified customs procedures 24/7
- ◆ TAX FREE access to 2.3 billion market
- ◆ Simplified procedures of granting the certificate of origin **“MADE IN GEORGIA”**
- ◆ Access to finance

// FOR TRADING COMPANIES

- ◆ Business registration and licensing in one day
- ◆ Availability of ready warehouses
- ◆ Easy access to the International Road, Sea and Rail networks
- ◆ Low-cost logistics and a cost-effective link into the
- ◆ International supply chain
- ◆ Simplified customs procedures 24/7
- ◆ TAX FREE business
- ◆ No restrictions to trade with Georgia
- ◆ Fast growing regional markets
- ◆ Cargo handling and support services on site



**ADVANTAGES
OF STARTING A
BUSINESS
IN POTI FIZ**

SETTING UP A BUSINESS IN 1 DAY



Customize your
business activity



Submit application and
documents



Proceed with the payment and
receive the license in 1 day



No minimum capital and a local partner requirements

LICENSES



MANUFACTURING
Production, assembly activities



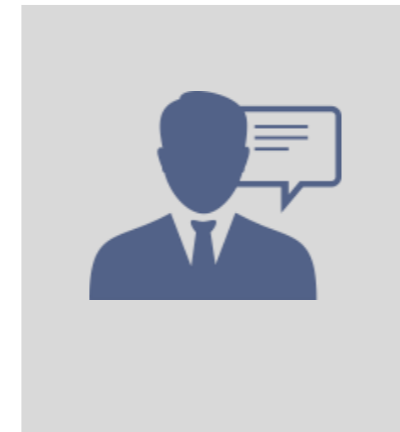
GENERAL TRADING
Import/re-export of a wide range of products



SPECIAL TRADING
Import/re-export of a one type of products



WAREHOUSING
Development of warehouse(s) for sub-leasing purposes



CONSULTING



SERVICES



CUSTOMIZED FACILITIES TO FIT EVERY BUSINESS NEED

LAND PLOTS

Availability of land plots of various sizes for short and long-term lease for companies wishing to construct their own facilities

WAREHOUSES

Pre-built A,B class warehouses suitable for storage and light industrial activities

LEGAL ADDRESS

Poti FIZ provides a legal address inside the Free Industrial Zone; provision of postal address and courier package collection with a fixed annual rate

// ONE STOP SHOP SERVICES ON SITE



LISENSING



LEASING



PERMITS



COMPANY REGISTRATION AND LEGAL SERVICES



CARGO HANDLING AND BROKERAGE SERVICE



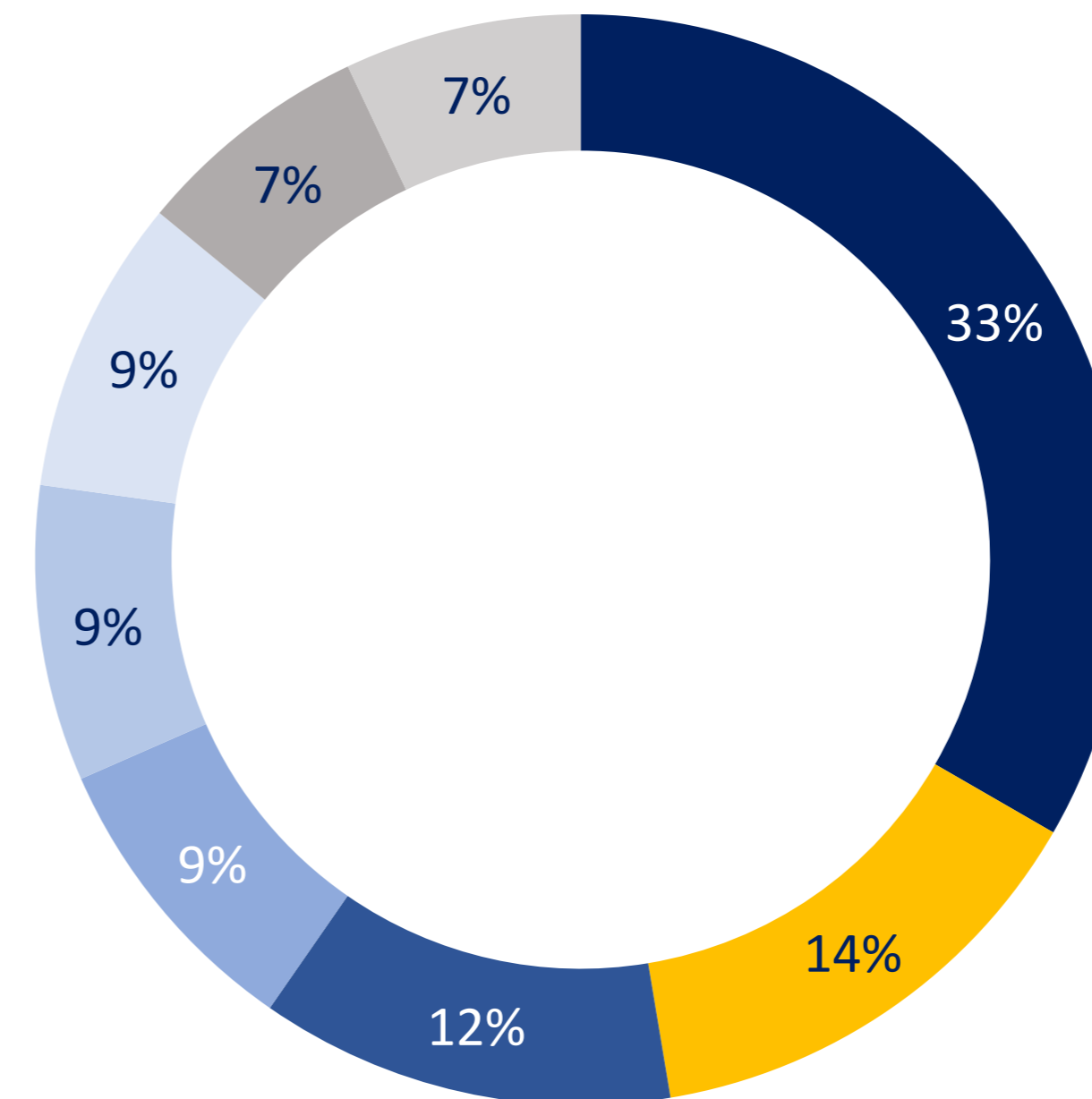
PERSONAL CUSTOMER CARE OFFICER



CUSTOMER CARE SERVICE

PRIMARY SECTORS

Textile
Furniture
Pharmaceutical
Logistics (warehousing)
Electrical and electronic products



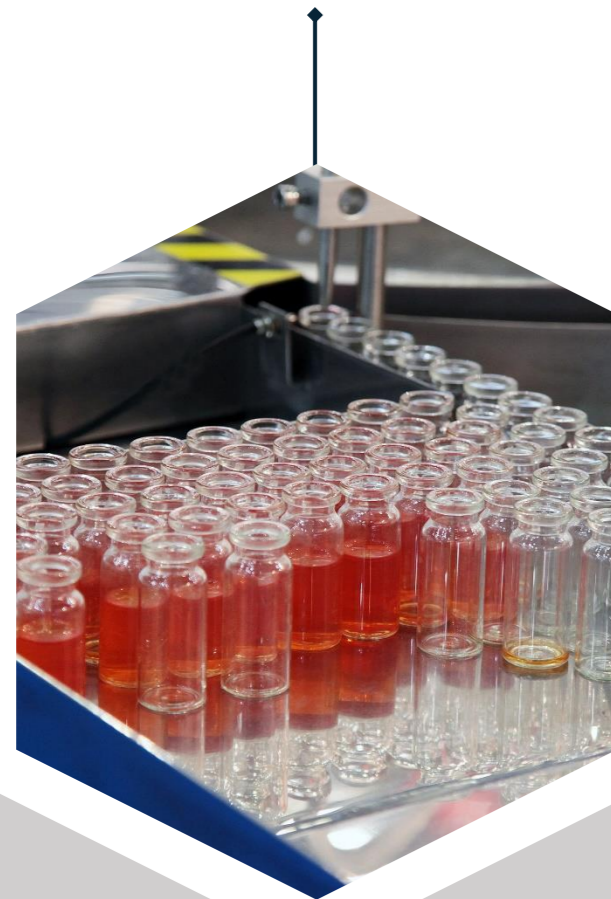
INDUSTRIES IN POTI FIZ

- Pharmaceutic and medical products
- Industrial Machinery
- Chemical products
- Food Products
- Construction materials
- Apparel
- Ethnol spirits
- Tires and car spare parts

// SUCCESS STORY

AROMA FRAGRANCES LLC
Perfume additives
manufacturing factory

2011



BGN LLC
Regional distribution of the Automotive spare parts
WELFAR INTERNATIONAL LLC
Regional distribution of the pharmaceutical products
KAWLATEX GEORGIA LLC
Textile sorting/Packaging and trading

2014-2015



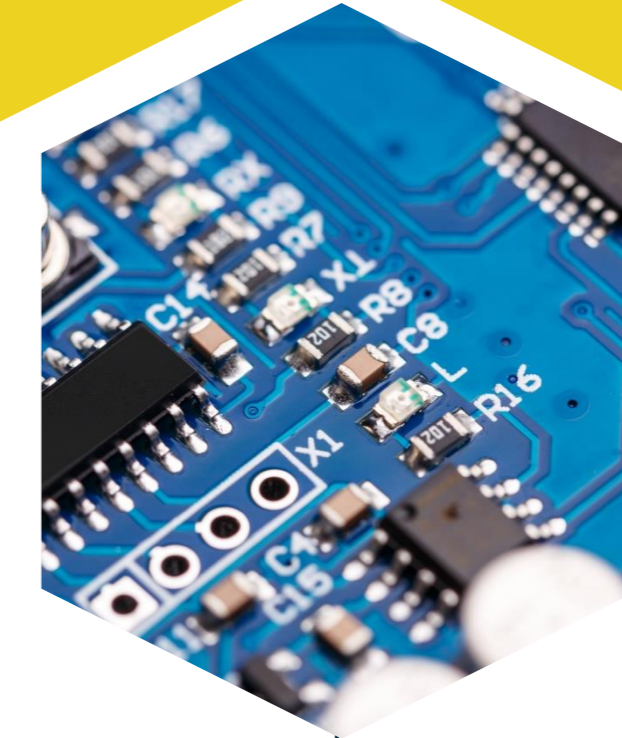
DAVR INTERNATIONAL TRADING LLC
Nuts processing factory
FARGIN LLC
Textile manufacturing factory
GLOBAL TRADE LLC
Regional distribution of FMCG products

2019 - 2020



2013

K&GEORGIAN SSPIRITS LLC
Producer and trader of high-quality ethanol spirits
INTERMETAL GEORGIA LLC
Metal roof tile manufacturing factory
SAS PAIMAN LLC
Warehouses sub-leasing services
IFO TIRE LLC
Regional distribution of the tires



2017 - 2018

SERCHEM INDUSTRIAL LUBRICANTS LLC
Manufacturer of high-quality industrial lubricants
ARION LLC
Plastic additives processing/packaging
GEORGIAN TECHNOLOGY FIZ LLC
Electronic circuits, integrates systems and other el.
Products trading and manufacturing factory

MADE IN GEORGIA

Possibilities of obtaining Certificate of Origin by sectors

NON-PREFERENTIAL



Biggest companies in the industry engaged in Cut, Make, Trim (CTM) operations which is enough for the final product to receive a certificate of Georgian origin (NON-PREFERENTIAL).



It is possible to obtain a certificate of Georgian origin by using Georgian raw materials or processing imported raw materials. Therefore, the changing of the HS code (first-4 digit) is mandatory or the cost of the imported raw materials used in the production should not exceed 51% of the cost of the final product.



Manufacturing companies enjoy simple process of getting certificate of origin for secondary manufacturing and packaging processes. For example, if medicines are imported in bulk and then they are blistered and packaged, it will be a sufficient procedure to obtain a certificate;



In this case, the basic rule is to change the HS code of the raw material, but since the raw material and final product (in this sector) is basically in the same code (the first 4-digit level), the second rule is often used, which implies the following: the value of the raw material should not exceed 51% of the value of the final product.

APPAREL/TEXTILE



- There are different rules for obtaining a preferred certificate in textile sector; In case of export to Europe, if the raw material is not European or Turkish, a two-step production process is necessary (i.e., first produce a fabric from yarn and then an apparel (final product) from fabric)*.
- And in case of export to the CIS, it is enough to change the HS code (first-4 digit) on the imported raw material (i.e., sew clothes from the fabric)

FURNITURE



- In order to be issued a preferential certificate, It is necessary to follow one of the rules listed below:
- Georgian raw materials will be used during the production;
 - Processing of the raw material raw materials, during of which the first-4 digit of the HS code will be changed;
 - In case of use of foreign raw materials, its value should not exceed 40% of the value of the final product.

PHARMACEUTICALS



In the case of importation of large quantities of medicines in the form of pills or powder, further bottling or encapsulation in powder capsules may be considered as sufficient production / processing to obtain a certificate of preferential origin of Euro 1.

HOUSEHOLD PRODUCTS



In order to obtain a preferential certificate, it is also necessary to either change the HS code of the raw material or follow the rule of raw value (from 25 to 50%); In some cases, also the sequence of a specific production process. Accordingly, the rule is different according to the specific HS code of the final product.

PREFERENTIAL

// POTI FIZ INVESTMENT PROPOSAL

OBLIGATION

- ◆ Investment – at least 5 million USD
- ◆ Submission of investment audit report in 18 months
- ◆ 1 year land lease = 5 years land lease
- ◆ Size of lease land plot – not more than 10ha
- ◆ License - 5000 USD

// POTI FIZ PACKAGES

Packages are valid until June 30, 2021

PRODUCE IN POTI FIZ

Industrial Lands for Manufacturers

- ◆ Land plots from 3000 sq.m
- ◆ Building permit up to 4 class - 1 USD
- ◆ Moratorium period on land lease payment during the construction - maximum 6 months for free
- ◆ Electricity connection fee from 100 to 200 kwt - 50% of charge will be paid by Poti FIZ
- ◆ Water connection fee - 50% of charge will be paid by Poti FIZ
- ◆ Communal – Infrastructure fee- during the construction - maximum 6 months for free
- ◆ Company registration, license and legal address – 8000 USD
- ◆ Personal assistant

TRADING BUSINESS

// POTI FIZ PACKAGES

Packages are valid until June 30, 2021

Industrial Lands for Traders

- ◆ Land plots from 1000 sq.m
- ◆ Building permit up to 4 class - 1 USD
- ◆ Moratorium period on land lease payment during the construction - maximum 6 months for free
- ◆ Electricity connection fee from 100 to 200 kwt - 50% of charge will be paid by Poti FIZ
- ◆ Water connection fee - 50% of charge will be paid by Poti FIZ
- ◆ Communal – Infrastructure fee- during the construction - maximum 6 months for free
- ◆ Company registration, license and legal address – 8000 USD
- ◆ Personal assistant

POTI FIZ // PACKAGES

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FOR WOMAN

ENTREPRENEURS

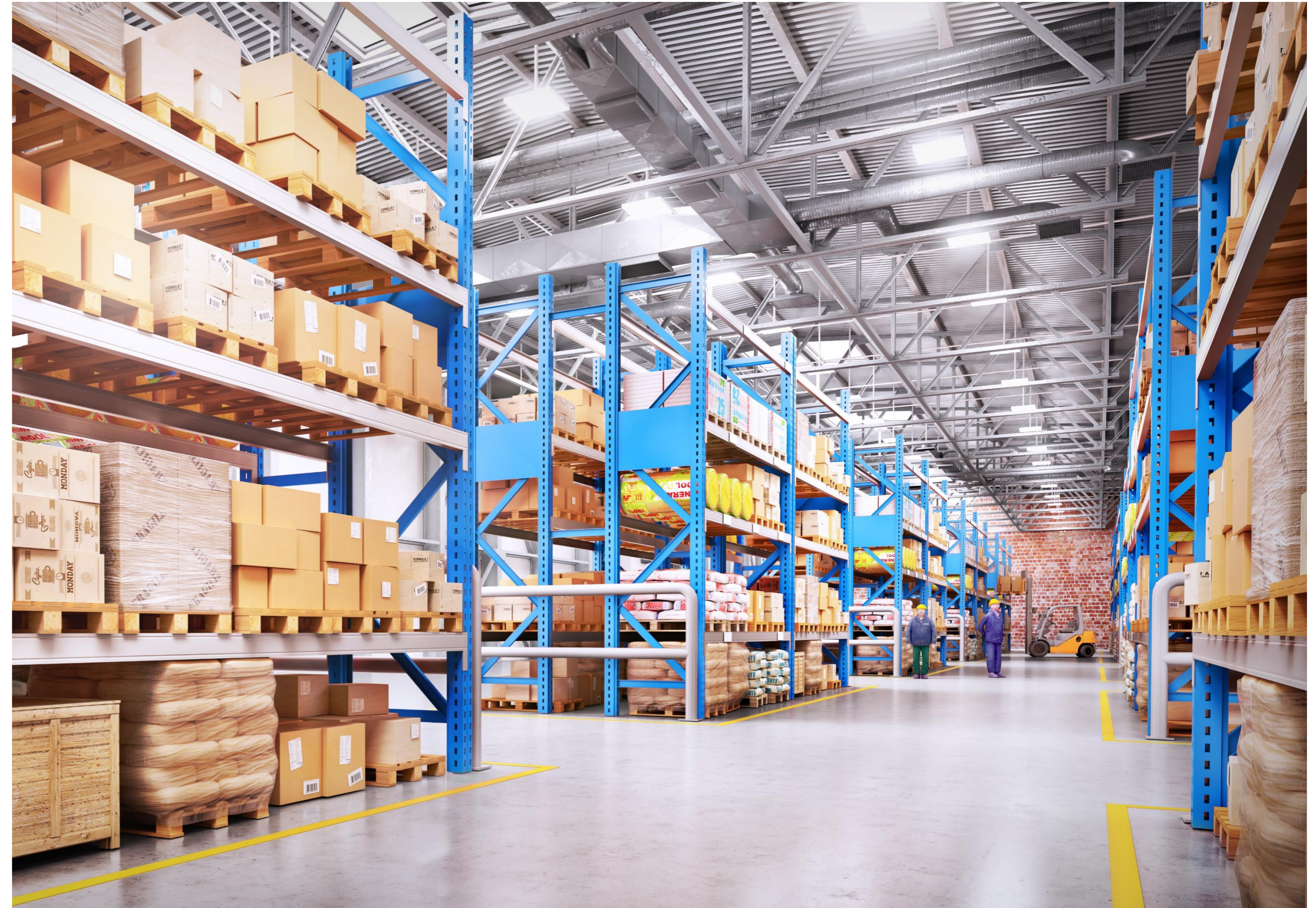
- ◆ COMPANY REGISTRATION - 1USD
- ◆ ONLY LICENSE AND LEGAL ADDRESS FEES ARE APPLICABLE

POTI FIZ // PACKAGES

Packages are valid until June 30, 2021

FOR TRADING BUSINESS

COMPANY SET-UP
FROM
6500 USD



POTI FIZ // PACKAGES

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REFERRAL PROGRAM COMMISSIONS

- ◆ For warehouse and land leasing
7% from the total leased amount
(onetime)
- ◆ For license and legal address
from **500 USD up to 2500 USD**
(onetime)



POTI FREE INDUSTRIAL ZONE

**JOIN POTI FIZ
REFERRAL PROGRAM**

**AND GET REWARDED
FOR
ATTRACTING INVESTORS**

www.potifreezone.ge
info@potifreezone.ge

// GOVERNMENT INCENTIVES FOR MANUFACTURING



Companies established with foreign direct investments are eligible for both “Produce in Georgia” and “FDI Grant” incentives

PRODUCE IN GEORGIA

Receive one, several or all the following benefits

- Free lands & buildings for the manufacturing factory
- +
 - Subsidies for loan interest payment – 5%
 - Loan collateral guarantee co-financing - up to 60% of the principal
 - Cashback on loan – 15% of the principal, up to 170,000 USD



FDI GRANT

Receive Up to USD 300,000 cashback

- Eligible sectors: electronics, auto & aircraft parts, BPO, MRO, logistic centers
- Eligible costs: training of workforce and development of infrastructure & communications
- Investment obligations: Manufacturing of electronics, auto& aircraft parts - at least 150 new jobs created and USD 3 mln investment

//THANK YOU!

CONTACT US

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