

**TBILISI CITY'S EXCLUSIVE OFFER
FOR TEXTILE AND APPAREL ENTREPRENEURS**

Incentives

- Free land and facility for manufacturing
- Make available gas, water, electricity supply
- Trained staff
- Possibility of operation in Tbilisi FIZ (coming soon)
- Assistance in import of raw materials
- Assistance to businesses at any governmental level
- Promotion of local industries on international exhibitions

Preferential Trade Regimes

- Free Trade Regime with CIS countries and Turkey
- Most Favored Nation (MFN) Regime with WTO member countries
- Preferential Regime (GSP) with Canada, Japan, Switzerland, Norway
- Preferential Regime (GSP+) with EU (9300 products duty free)
- Possibility of FTA with EU in nearest future

Favorable Trade Policy

- Free from import tariff
- No import tariffs on machinery and equipment
- No quantitative restrictions on import and export
- No customs tariff on export and re-export
- No VAT on export
- Simplified export and import procedures

Cheap labor force and Utility service

Gross wages (including benefits such as meal, transportation, health insurance as well as taxes):

- Minimum: 150 USD/month
- Average: 250 USD/month
- Maximum: 350 USD/month

Flexible working hours

Low utility service fees

- Electricity: 0.08 USD/kwh (incl. taxes)
- Natural Gas: 0.45 USD/m³ (incl. taxes)

Fourth least tax burden system in the world

Income Tax: 20% (in 2013 – 18%, in 2014 - 15%)

Corporate Profit Tax: 15%

VAT: 18%

Dividend & Interest Income Tax: 5% (in 2013 – 3%, in 2014 – 0%)

Property Tax: up to 1%

No payroll tax or social insurance tax

No capital gains tax

No wealth tax, inheritance tax or stamp duty

Taxes can only be increased following a national referendum

Double taxation avoidance treaties with more than 30 countries

*Fourth after Qatar, UAE and Hong Kong by Forbes Misery and Reform Index 2011

Free Industrial Zone

Soon Tbilisi City will offer FIZ to businesses producing goods for exports

Manufacturers in FIZ will be exempt from customs duties and other taxes (except imports to Georgia)

If business operates for export purposes (in any region), imported/exported goods will be exempt from customs duties and VAT

Type of Tax	FIZ	Free Warehouse Company
Corporate Income Tax	0% (int. companies)	0% (from re-exporting of foreign goods)
Value Added Tax	0%	0%
Customs Tax	0%	0%
Property Tax	0%	1%
Personal Income Tax	20%	20%

Business-Friendly Environment

- Ease of Doing Business:

- Establishing Company in 1 Day
- Registering Property in 1 Day
- Construction Permit in 1 day
- Company Identification Number /State and Tax Registration Certificate - 60 USD (regular registration) or 120 USD (expedited registration)

- Services through Internet:

- Participation in Public Tenders
- Issuing Construction Permit
- Participation in Government owned Property Auction

Rich tradition and present trends

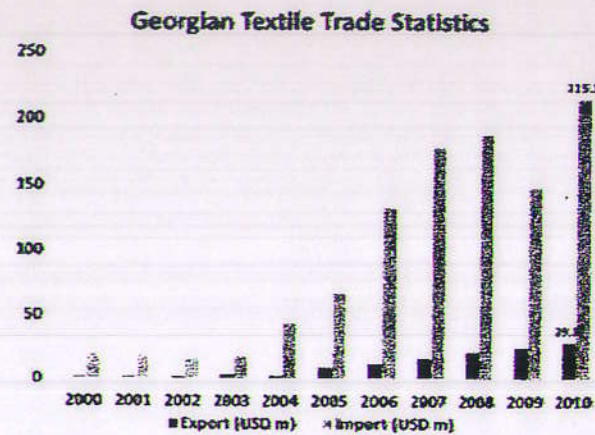
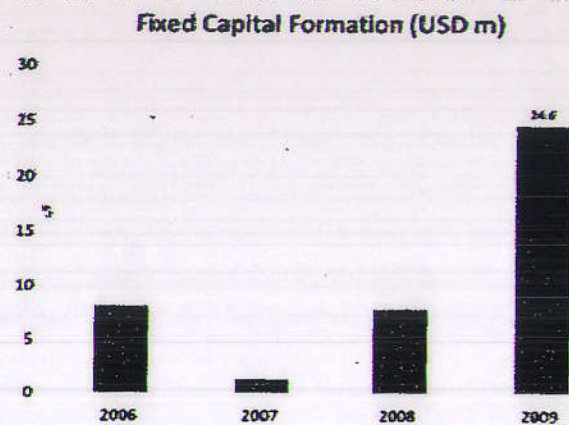
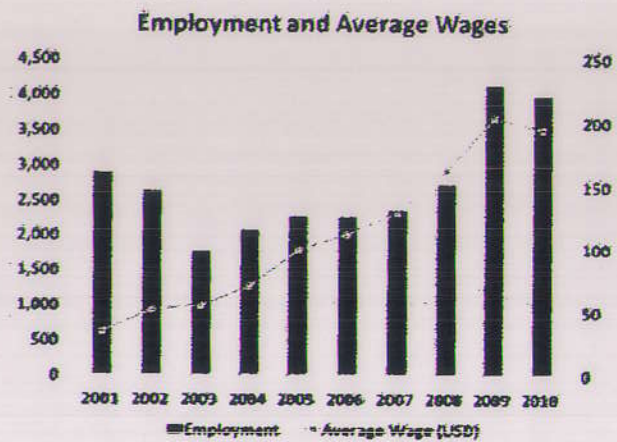
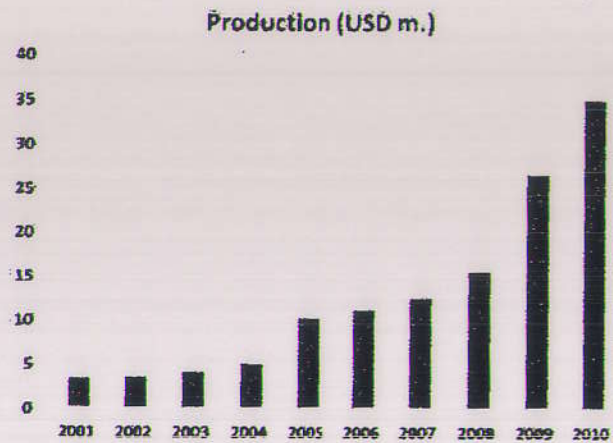
- Georgia - one of the largest apparel providers of USSR in 1980ies - up to 60% of the USSR's apparel
- 111 Thousand Workers employed by 1985 and about 2 USD billion output of textile and leather goods produced
- Cutting, sewing and knitting skills - still in hands of population
- The sectors have shown strong growth in recent years
- Presently, Georgia has more than 200 apparel manufacturing companies

Trends for now		
Product	1985	1988
Cotton Yarn (Tones)	14 313	12 240
Cotton Fabric (Ths. M)	69 478	70 872
Wool Fabric (Ths. M)	5 229	6 397
Silk Fabric (Ths. M)	44 733	47 975
Curtains, machinery products (Ths. M)	11 039	11 279
Carpet, Carpet products (Ths. M)	1 224	1 047
Sock products (Ths. M)	31 020	33 449
Stockinette (Ths.)	55 682	60 441
Coat (Ths.)	280	641
Suits/costumes (Ths.)	1 628	1 109
Dresses (Ths.)	7 145	9 373
Trousers (Ths.)	4 696	4 590
Skirts (Ths.)	307	508
Linen (Ths.)	7 841	6 122

Working for

- Key Markets Served: Turkey, UK, Germany, Denmark, Spain, Ukraine, Local Market
- Supplying:
 - Marks & Spencer, Mexx, Puma, Adidas, Zara, Miss Etam, Lebeck, Lotto and others
 - High Class Boutique Designers/Producers (mostly Georgian)
 - Public and private sectors with Uniforms through state tender

Textile Sector in Georgia



Key Market Players

- 4 companies established by Turkish investors in Adjara employing approximately 3000 workers
- 2 companies in Kutaisi with approximately 600 employees
- 12 local companies in Tbilisi with approximately 2000 employees

Country Overview

Georgia

Area	69 700 sq.km
Population	4.5 million
GDP per capita	1763.5 USD – 2006, 2314.6 USD – 2007, 2921.1 USD – 2008, 2455.2 USD – 2009, 2629.0 USD – 2010
GDP real growth rate	9.4% - 2006, 12.3% - 2007, 2.3% - 2008, -3.8% - 2009, 6.4% - 2010
Inflation 2011	10.0%
Ratings	Ba3 (stable) / B+ (positive) / B+ (positive)
Unemployment	16.3% (2010)

City Overview

Tbilisi

Area	500 sq. Km
Population	1.2 million
Area populated	since 5 th century, BC
Capital	since 5 th century, AD
Number of active population	438 thousand;
Unemployed people	129.7 thousand
Unemployment	27.2% (2010)