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INVEST

FOREIGN DIRECT INVESTMENT

According to UNCTAD's [World Investment Report 2023](#), FDI flows to Georgia in 2022 increased to USD 2 billion, up by 61.1% year-on-year. At the end of the same period, the total stock of FDI was estimated at USD 22.3 billion, around 90.7% of the country's GDP. Data from the National Statistics Office of Georgia show that Azerbaijan is the largest investor due to the ongoing construction of the Shah-Deniz pipeline (the country holds 20.4% of the total FDI stock in Georgia), followed by the United Kingdom (16.7%), the Netherlands (9.3%), Türkiye (6.1%), and the United Arab Emirates (4.3%). The EU as a whole accounts for 28.6% of the total stock; however, the country is increasingly opening up to Asian investment. In terms of sectors, those attracting more FDI are financial and insurance activities (23.9%), transportation and storage (23.2%), electricity, gas, steam, and air conditioning supply (7.6%), real estate activities (7.2%), manufacturing (7.1%), and wholesale and retail trade (6.4%). According to provisional data from the National Statistics Office of Georgia, in 2023, FDI inflows reached USD 1.59 billion. In 2023, the leading FDI contributors were the United Kingdom (USD 392 million), followed by the Netherlands (USD 360.5 million), and Turkey (USD 168.8 million). The financial and insurance sector attracted the most FDI, totaling USD 630.1 million. Manufacturing followed (USD 291.7 million), ahead of transportation (USD 138.2 million), trade (USD 116.6 million), energy (USD 108.5 million), information and communication (USD 85.7 million), real estate activities (USD 59.7 million), arts, entertainment, and recreation (USD 57.8 million), hotels and restaurants (USD 34.6 million), and education (USD 18.2 million).

UNCTAD estimates that FDI flows into Georgia will grow moderately in the coming years, supported by rising commodity prices and stronger economic growth. To attract investors, the country offers many tax and legislative advantages. The Georgian economy has been almost fully liberalized and currently offers an attractive economic climate for investment. Georgia does not have specific mechanisms in place for FDI as governmental reviews of investment projects can be requested on an ad hoc basis. Furthermore, the national law guarantees the investors' right to convert and repatriate income after payment of all due taxes. Overall, business and investment conditions are sound and open-market policies are maintained along with low tax rates; however, there is an increasing lack of confidence in the judicial sector. Corruption, historically very present in the intermediate levels, has been largely eradicated - a major obstacle to attracting FDI. According to Transparency International, Georgia currently ranks 49th out of 180 economies on the [2023 Corruption Perception Index](#), as well as 65th among the 132 on the [Global Innovation Index 2023](#) and 32nd out of 184 countries on the latest [Index of Economic Freedom](#).

Foreign Direct Investment	2020	2021	2022
FDI Inward Flow <i>(million USD)</i>	590	1,242	2,000
FDI Stock <i>(million USD)</i>	18,654	19,399	22,329
Number of Greenfield Investments*	13	8	32
Value of Greenfield Investments (million USD)	258	297	674

Source: UNCTAD - Latest available data.

Note: * Greenfield Investments are a form of Foreign Direct Investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up.

Country Comparison For the Protection of Investors	Georgia	Eastern Europe & Central Asia	United States	Germany
Index of Transaction Transparency*	9.0	7.5	7.0	5.0
Index of Manager's Responsibility**	6.0	5.0	9.0	5.0
Index of Shareholders' Power***	9.0	6.8	9.0	5.0

Source: Doing Business - Latest available data.

Note: *The Greater the Index, the More Transparent the Conditions of Transactions. **The Greater the Index, the More the Manager is Personally Responsible. *** The Greater the Index, the Easier it Will Be For Shareholders to Take Legal Action.

WHAT TO CONSIDER IF YOU INVEST IN GEORGIA

Strong Points

Georgia's competitive advantages in terms of attracting FDI include:

- Good resistance to the regional economic crisis (2014-2016);
- Agricultural, mineral, hydroelectric and tourism potential;
- International support, including from the EU and the IMF;
- Strategic geographical position (Caspian oil and gas crossing point);
- Democratic political system
- Business friendly environment (low corporate taxes, simplified registration procedures).

Weak Points

The country's main weaknesses in terms of attracting FDI include:

- Structural trade deficit, low diversification and export valuation;
- High poverty due to unemployment, underemployment and inadequate training;
- Low productivity of agriculture: half of assets, but less than 10% of value added;
- Insufficient transport infrastructure;
- Weaknesses of the education system and innovation policies;
- Relations with Russia weakened by the situation in Abkhazia and South Ossetia.

Government Measures to Motivate or Restrict FDI

According to the [2018 Doing Business Report](#) of the World Bank, Georgia is ranking at the 9th place out of 190 economies in term of ease of doing business.

Since 2004, the Georgian government has established a range of measures in order to develop the country's economy:

- The privatization of public companies;
- The fight against corruption;
- Establishing a principle of non-discrimination between Georgian and foreign businessmen through the law "[On promotion and Guarantees of Investment Activity](#)" and "[On State support on Investment](#)";
- Drastically reducing the procedures for forming a company, which take on average two days;
- Reduction of corporate tax;
- Lifting of barriers for business operations;
- Liberalization of the labour market.

INVESTMENT OPPORTUNITIES

Tenders, Projects and Public Procurement

[Tenders Info](#), Tenders in Georgia

[Globaltenders](#), Tenders & Projects from Georgia

[DgMarket](#), Tenders Worldwide

Finding Assistance For Further Information

Investment Aid Agency

[Agency for the Promotion of Foreign Investment](#)

Other Useful Resources

[Ministry of Regional Development and Infrastructure](#)

[Ministry of Economy and Sustainable Development](#)