

OZURGETI

A GOOD PLACE TO INVEST



OZURGETI MUNICIPALITY

Investment Profile



The investment profile was developed by the Association of Young Economists of Georgia (AYEG) in cooperation with Local Democracy Agency Georgia (LDA Georgia) within the scope of the project “Fostering Regional and Local Development in Georgia. Phase II”, which is implemented by the United Nations Development Programme (UNDP) with financial support from the Ministry of Regional Development and Infrastructure of Georgia, the Swiss Agency for Development and Cooperation (SDC) and the Austrian Development Cooperation (ADC).

Ozurgeti Municipality is responsible for the content of this publication.



A WORD FROM THE MAYOR

Increasing the investment opportunities in Ozurgeti Municipality is an important part of the Local Economic Development Plan and the corresponding Medium-Term Development Document.

The main attraction of Ozurgeti Municipality from an investment perspective is its strategic geographical location, particularly its proximity to Batumi and Kutaisi airports, railway connections, the East-West Highway, Poti and Batumi ports, and Poti free economic zone.

The municipality is also rich in natural resources, the rational use of which can ensure environmental security and sustainability, which are both priorities.

Meanwhile, there are investment opportunities with respect to state- and municipality-owned land. A further attraction for investors in Ozurgeti Municipality is its proximity to the recreational and medical resorts of the seaside and mountainous areas, which bring in numerous tourists every year. Elsewhere, the vocational college “Horizon” gives local people the opportunity to become adequately trained to modern standards in order to enter the labor market.

Significant measures are also being taken by both local and central governments to encourage the private sector. For instance, road and water supply infrastructure is being maintained and/or upgraded every year; agricultural demonstration plots are being organized, while agro and tourist festivals and investment forums are routinely held, and state-sponsored private sector programs are being implemented.

I am personally ready and willing to support all reasonable initiatives that will help to attract and increase investment in the municipality and to employ local people.

Konstantine Sharashenidze
The Mayor of Ozurgeti Municipality

TOP 8 REASONS TO INVEST IN OZURGETI

Why Ozurgeti Municipality?

- 1 Increasing interest in the municipality among investors
- 2 Rich natural resources and assets attractive to investors
- 3 Strategic geographical location for business with good access to internal and external markets and proximity to main transit connections
- 4 Access to a qualified labor force and valuable on-site trainings
- 5 Ease of starting a business and high availability of business services locally
- 6 Perfectly positioned between seaside and mountains
- 7 Subtropical climate favorable for agricultural production
- 8 Local government focused on private sector development





A Rich and Colorful History

- ✓ 1578 - First mentioned in the book about the history of Georgia (Life of Akhali Kartli)
- ✓ 1831 - Customs office opened in Ozurgeti
- ✓ 1846 - Ozurgeti granted city status
- ✓ 1847 - The first tea bush is discovered in Georgia
- ✓ 1883 - 151 retail companies are registered
- ✓ 1923 - Railroad enters the city
- ✓ 1953 - Discovery of European silver trading coins from the 16th-17th centuries
- ✓ 1959 - 1971 - Several large enterprises launched including "Askangel" processing plant and tea factory N2
- ✓ 1998 – Flour production company "Gulistan" opens;
- ✓ 2012 - Opportunity to register your business on-site became available
- ✓ 2016 – Black Sea Arena, a 10,000-capacity open concert hall, opens in Shekvetili
- ✓ 2018 – Paragraph Resort & Spa (located in Shekvetili) nominated among Top Franchise Hotels in Europe
- ✓ 2020 – Shekvetili Dendrological Park opens to visitors



GENERAL CHARACTERISTICS OF THE MUNICIPALITY



Population - **60,300**



Female - **54%**

Male - **46%**

Youth aged below 29 - **18%**



Households - **26,000**

Total Labor Force
(population aged 15-65) - **65%**

MAP OF THE MUNICIPALITY



Area - **643,07 km²**

GEOGRAPHY & CLIMATE

- ✓ Majestic synergy of sea and high mountains only 64 kilometers from the sea and the resort at an altitude of 2,100 meters;
- ✓ Opportunity to develop both seaside and mountain resorts;
- ✓ The climate is characterized by subtropical humidity; and
- ✓ Average temperature for summer (July) + 22.3 C; for winter (January) + 4.8 C.



EDUCATION

FEATURES OF THE LOCAL VOCATIONAL EDUCATION ENVIRONMENT:

- ✓ Vocational College "Horizon"
- ✓ Up to 500 students enroll in programs each year; and
- ✓ 15 specialties taught across different areas including tailoring, cooking, and tea technology.
- ✓ Internationally-recognized Anaseuli Scientific Research Center.



HEALTHCARE

MEDICAL CARE OF A GOOD STANDARD IS PROVIDED BY THE FOLLOWING:

- ✓ Multi-specialty hospital and 23 rural clinics.



INFRASTRUCTURE

FAVORABLE INFRASTRUCTURE FOR BUSINESS DEVELOPMENT

- ✓ Good road infrastructure;
- ✓ Fully operational natural gas system functions throughout Ozurgeti city and the other main territorial units;
- ✓ A well-maintained water system functions in most of Ozurgeti city;
- ✓ Universal supply of electricity across the municipality; and
- ✓ Two hydropower plants are in operation.
- ✓ High-speed internet coverage across Ozurgeti Municipality.



ENVIRONMENTAL PROTECTION

24% OF THE TERRITORY OF THE MUNICIPALITY IS OCCUPIED BY FORESTS

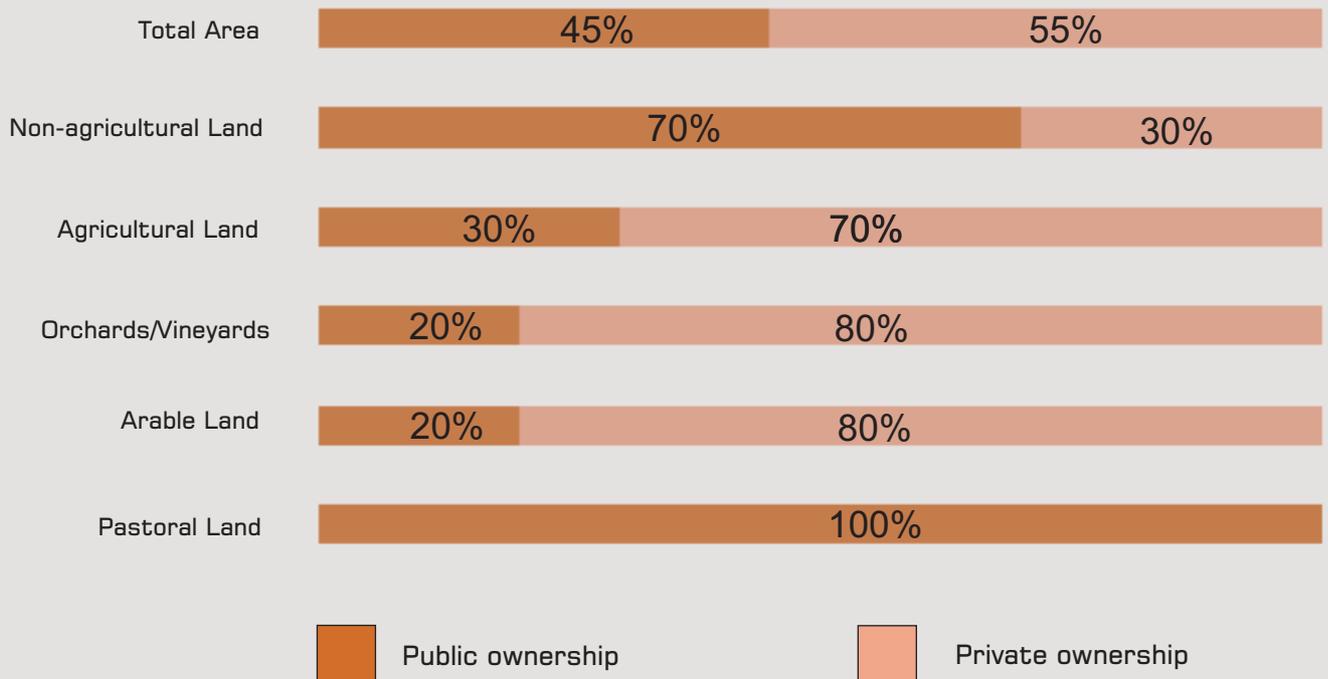
- ✓ Abundance of non-timber products in the forest (medicinal plants, fruits, mushrooms, etc.);
- ✓ Implementation of energy-efficient technologies supported, with improvements;
- ✓ The waste management system is a priority.

LAND ASSETS AND POTENTIAL FOR USE

- ☑ 70% of the municipality's non-agricultural land is still government-owned;
- ☑ The most common perennial crops are citrus, tea, berries, and nuts; and
- ☑ There is an abundance of available pastureland in the seaside and mountainous areas.

The most sold agricultural products are nuts, citrus, tea, and blueberries; and Blueberry production boasts particularly good business potential.

LAND DISTRIBUTION BY CATEGORY AND FORM OF OWNERSHIP





FOSSIL FUELS AND NATURAL RESOURCES

MAGNETIC SANDS / MAGNETITE - 12 KM COASTLINE

Sand has unique healing and medical properties for cardiovascular, musculoskeletal and respiratory organs

BETONITE CLAY / "ASKANGEL" - 10 MLN. TONS

The dye substance "Talaskan" can be made; Used in ceramics, soap and textile industries;

In 2015, a bentonite clay processing plant was established

MINERAL WATERS

Therapeutic purpose - cardiac vascular, musculoskeletal system, peripheral nerves, for the treatment of chronic gynecological and stomach diseases

"Nasakirali" had a resort during the Soviet period; License has not yet been issued.

APATITE

Contains 7-10% apatite; 41-53% phosphorus or hydrate;

Used as a fertilizer;

Copper, small amounts of lead, silver and zinc were found;

License not yet issued.

KAOLIN

Village Makvaneti

Kaolin layer strength ranges from 0,4 m. to 11 m.

FORESTS (17,370 HA)

More than 1,000 species of plants;

Beech; Leafy; Beech-darkconiferous forest

Narrow strip of subalpine forests; Subalpine and alpine meadows.

RIVERS

Abundant water resources;

2 hydroelectric power stations: Bzhuzhe HPP and Bakhvi HPP;

Construction of cascading hydropower plants is planned.



BUSINESS ENTITIES IN OZURGETI

GROWING NUMBER OF ENTERPRISES AND INCREASING INVESTMENTS 2 900 business entities are registered in the municipality

- Medium and large enterprises are, among other interests, engaged in sewing, berry growing, flour production, bread production, and hazelnut export;
- Up to 20 small- and medium-sized tea processing enterprises;
- 101 enterprises operating in construction and mining:
Mining and processing of bentonite clay, and construction of distribution and engineering facilities;
- Restaurants, hotels, entertainment centers, and transportation service providers amounting to around 400 collectively;
- Black Sea entertainment centers, large hotel complexes, and taxi services;
- Up to 90 enterprises engaged in IT services, accounting and consulting services, printing and media services, etc.; and
- Up to 30 enterprises engaged in the provision of private medical services.



MAJOR PROJECTS (ONGOING AND PLANNED)

ACCESS TO SALES MARKETS IS IMPROVING OVER TIME ESTABLISHING ADEQUATE INFRASTRUCTURE FOR SEA AND MOUNTAIN RESORTS IS A HIGH PRIORITY INCLUDING THE FOLLOWING:



Rehabilitation of Central Highway;



Establishment of water system for seaside resorts (72 million GEL);



Rehabilitation program for Gomismta;



Development of road infrastructure;



Improvement of the central water system; and



Construction of a boulevard on the territory of Ureki resort.

BUSINESS-ENABLING ENVIRONMENT

- ✓ State and local laws promote investment activities;
- ✓ Simple and efficient procedures for obtaining licenses and permits;
- ✓ Convenient conditions for property registration and management;
- ✓ Various business services available in the same place under the 'one-window' principle;
- ✓ Flexible conditions for employees;
- ✓ Land use Master Plan is developed.

LOW BUSINESS COSTS

- ✓ Easy-to-administer tax system and flexible dispute-resolution procedures;
- ✓ Easy to start a business;
- ✓ Proximity to free industrial zones and low logistics costs; and
- ✓ Favorable real estate prices.





TOURISM POTENTIAL & TOURISM FACILITIES

Opportunity for the Development of Mountain and Maritime Tourism

MOUNTAIN TOURISM

Gomismta resort is located on the Guria-Adjara ridge and its peak height is 2,755 meters;

The stunning Chinchao Lake lies at an altitude of 2,500 meters; and

A masterplan for land use to make the most of its untapped potential has been prepared.



ETHNOGRAPHICAL TOURISM

Ozurgeti hosts various international folklore events; Implements tourism project "Folklore Tour."



AGROTOURISM

"Tea Road" opened in 2019;
New tourism project "History of Chkhaveri" launched in 2019.

MARITIME TOURISM

Ureki - Shekvetili coast - 12 km of magnetic sand with unique healing properties.

BALNEOLOGICAL TOURISM

Rehabilitation of "Nasakirali" resort.

ENTERTAINMENT TOURISM

Shekvetili Dendrological Park;
Amusement Park "Tsitsinatela" including "Georgia in Miniature" attraction; and;
10,000-capacity open concert hall - Black Sea Arena.



LOW AND EFFICIENT TAXATION CONDUCTIVE TO BUSINESS

- ✓ Corporate Profit Tax of 0% or 15% encourages reinvestment;
- ✓ Personal Income Tax – 20%;
- ✓ VAT – 18%;
- ✓ Property Tax – 1%;
- ✓ Customs/Import Tax – 0%, 5%, or 12%;
- ✓ Personal Income Tax on Interest, Dividends, Royalties – 5%;
- ✓ Pension Contribution - 6% (2% paid by Employer, 2% paid by Employee, 2% paid by Government); and
- ✓ Double taxation avoidance treaties with 55 countries.

POTENTIAL EXPENDITURES	AMOUNT
ELECTRICITY	0.14 - 0.23 GEL / kWh.
WATER SUPPLY	4.5 GEL / ton
NATURAL GAS	1.05 GEL / m ³
WASTE MANAGEMENT	0.4 GEL / 1 m ²
CONSTRUCTION PERMIT	Resort Area 2.50 - 5 GEL / m ² Ozurgeti city - 4.0 GEL / m ² Ather Areas - 2.50 GEL / m ²
PROPERTY TAX ON LAND	Agricultural - 0.7 GEL / m ² Non-Agricultural - 0.24 GEL / m ²



STATE SUPPORT AND SUCCESSFUL INVESTMENTS

**EMPLOYMENT OPPORTUNITIES CREATED;
MARKETS BECOMING MORE DIVERSIFIED WITH PRODUCTS SOLD TO
EUROPE, USA, ETC.**

BLUEBERRY PLANTATION

- ✓ Cultivated area - 240 ha;
- ✓ Average harvest per year - 200 tons;
- ✓ Up to 10 large blueberry farms;
- ✓ Farms benefit from state programs, having received co-financing of 1.5 mln. GEL; and
- ✓ Some of the farms hold the following certificates: ISO 9001, ISO 22000, GLOBAL G.A.P.

“PARAGRAPH” RESORT & SPA

- ✓ Guria's first five-star hotel brought the region more recognition; and
- ✓ Hotel employs locals trained in vocational college “Horizon”.

“OZURGETI DENIM” CLOTHING FACTORY

- ✓ Makes products of famous brands such as ZARA, MANGO, and Bershka;
- ✓ Employs 150 people;
- ✓ Actively cooperates with vocational college “Horizon”; and
- ✓ Exports products to foreign markets

STATE SUPPORTED OPPORTUNITIES

Government Supports Agriculture, Service and Hospitality Industries



ENTERPRISE GEORGIA

The State Agency “Enterprise Georgia”

Covers the Following Areas:

- ✓ Industrial component;
- ✓ Hotel industry;
- ✓ Micro and small business support;
- ✓ Film in Georgia;
- ✓ Credit guarantee mechanism;
- ✓ Balneological resorts industry; and
- ✓ Tourism services industry.



Rural Development Agency

Rural Development Agency

- ✓ Preferential agrocredit and agroinsurance;
- ✓ State program co-finances harvesting machinery;
- ✓ Co-financing of processing and storage enterprises;
- ✓ Supports organization of nursery gardens and planting of berry, nut, and other trees; and
- ✓ Promotes other agricultural activities.



GEORGIA'S INNOVATION & TECHNOLOGY AGENCY

Georgia's Innovation and Technology Agency

- ✓ Promotes commercialization of knowledge and innovation to stimulate the country's rapid economic growth;
- ✓ Techparks and innovation centers;
- ✓ FabLabs - high-tech workshops equipped with tools offering customers digital fabrication; and
- ✓ Business incubators, IT trainings, boot camps, Startup Georgia, and other successful projects.



PARTNERSHIP FUND

JSC Partnership Fund (PF)

- ✓ Aims to attract and encourage private investors;
- ✓ Supports commercially viable investment projects; and
- ✓ Energy, agriculture, manufacturing, and tourism sectors are top priorities as these sectors are largely untapped and have great potential for further development.

BUSINESS COLLABORATION

Promoting economic development

Investment Forums

Increasing the capacity of women entrepreneurs through the - "Economic Forum of Women Entrepreneurs"

Training programs for tourism and agrarian sector representatives





GOVERNMENT SERVICES FOR BUSINESSES

On-site services provided to start a business, obtain permits, conduct privatization procedures, and obtain other necessary information

SERVICES PROVIDED BY LOCAL GOVERNMENT

- ✓ Granting of construction permits;
- ✓ Delivery of agriculture-related consultations;
- ✓ Carrying out of measures related to the privatization of municipal property; and
- ✓ Consultations about the results obtained by demonstration plots.

PUBLIC SERVICE HALL

- ✓ Various services available in the same place under the 'one-window' principle; and
- ✓ Business registration, property registration, privatization process, etc.

REGIONAL INFORMATION CONSULTING CENTERS OF THE MINISTRY OF ENVIRONMENTAL PROTECTION AND AGRICULTURE

- ✓ Information about state supported programs; and
- ✓ Agricultural consulting.



ADVANTAGES OF INVESTMENT CLIMATE IN GEORGIA

- ✓ Gateway from Europe to Asia and vice versa;
- ✓ Free trade agreements covering 2.3 billion customers;
- ✓ Association Agreement and Deep and Comprehensive Free Trade Area (DCFTA) with the EU;
- ✓ 7th easiest country to do business in (1st among European countries) according to World Bank's Ease of Doing Business Report 2020;
- ✓ 6th safest country in the world according to Numbeo's Crime Index 2019;
- ✓ Relatively low labor and operational costs for businesses;
- ✓ Simple, low and efficient taxation with tax reliefs and business-supportive incentives;
- ✓ Property tax – 1% or below; and
- ✓ Georgia has signed bilateral investment treaties (BITs) with 33 countries and has been a member of the ICSID Convention since 1992.

GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

1. FORMER AIRPORT AREA



—● LOCATION

The village of Meria, 10 km from the central highway connecting Tbilisi and Batumi, near a settled area and a railway station;



—● AREA 190 HA



—● CADASTRAL CODE **26.05.20.111**



—● OWNERSHIP:

Central Government



—● POTENTIAL

The airport previously served military purposes.



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

2. LAND IN THE RESORT AREA



—● LOCATION

Shekvetili, Non-agricultural Land,
located along the East-West Highway;



—● AREA 8,2338 HA



—● CADASTRAL CODE **26.01.48.289**



—● OWNERSHIP:

Central Government



—● POTENTIAL

Hotel, Sport and Leisure Complex, Rehabilitation Center.



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

3. PRODUCTION AREA



—● LOCATION

the village of Meria, non-agricultural land and building, located along the Ozurgeti-Ureki highway near a settled area and a railway station;



—● AREA 9,386 m²

3-storey building - 1 272 m²



—● CADASTRAL CODE 26.05.24.015



—● OWNERSHIP:

Central Government



—● POTENTIAL

Clothing factory or other type of production factory.



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

4. VILLAGE NATANEBI



—● LOCATION

2 km from East-West Highway



—● AREA 9,086 m²



—● CADASTRAL CODE **26.01.69.180**



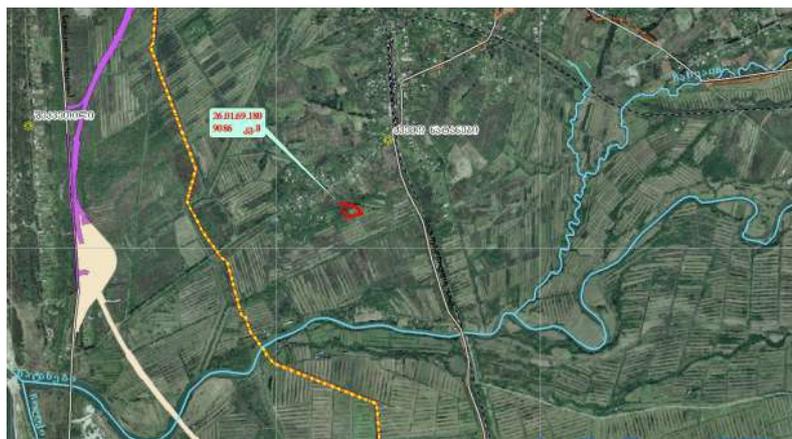
—● OWNERSHIP:

Central Government



—● POTENTIAL

Industrial/warehouse facility; and



Estimated starting price at auction: 146, 816 Gel

GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

5. PROPERTY ON JORJIASHVILI STREET



—● LOCATION

Ozurgeti City;



—● AREA - 20 923 m²



—● CADASTRAL CODE **26.26.34.028**



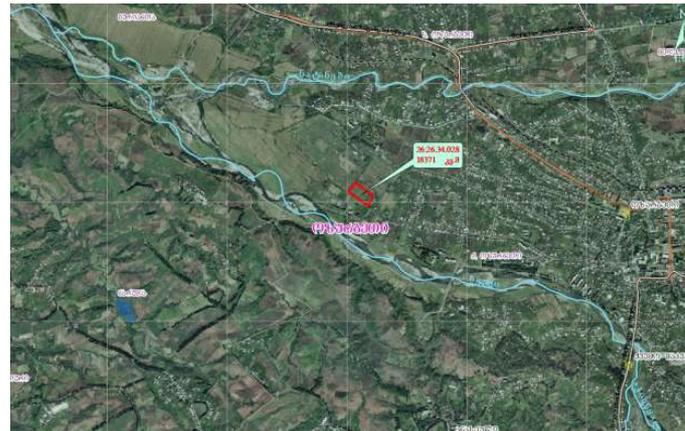
—● OWNERSHIP:

Central Government



—● POTENTIAL

Industrial/warehouse facility



Estimated starting price at auction: 146, 968 Gel

FOR MORE INFORMATION:

Investment Climate & Opportunities in Georgia (2019)

<http://www.enterprisegeorgia.gov.ge>

OTHER USEFUL LINKS:

Invest in Georgia

www.investingeorgia.org

Ministry of Economy and Sustainable Development

www.economy.ge

Ministry of Finance of Georgia

www.mof.ge

Ministry of Environmental Protection and Agriculture of Georgia

www.mepa.gov.ge

Ministry of Regional Development and Infrastructure of Georgia

www.mrdi.gov.ge

JSC Partnership Fund

www.fund.ge

INFORMATION SOURCE

Contact - Ozurgeti Municipality:
<http://ozurgeti.mun.gov.ge>

Kostava str. #1

599 06 82 00

info@ozurgeti.mun.gov.ge

