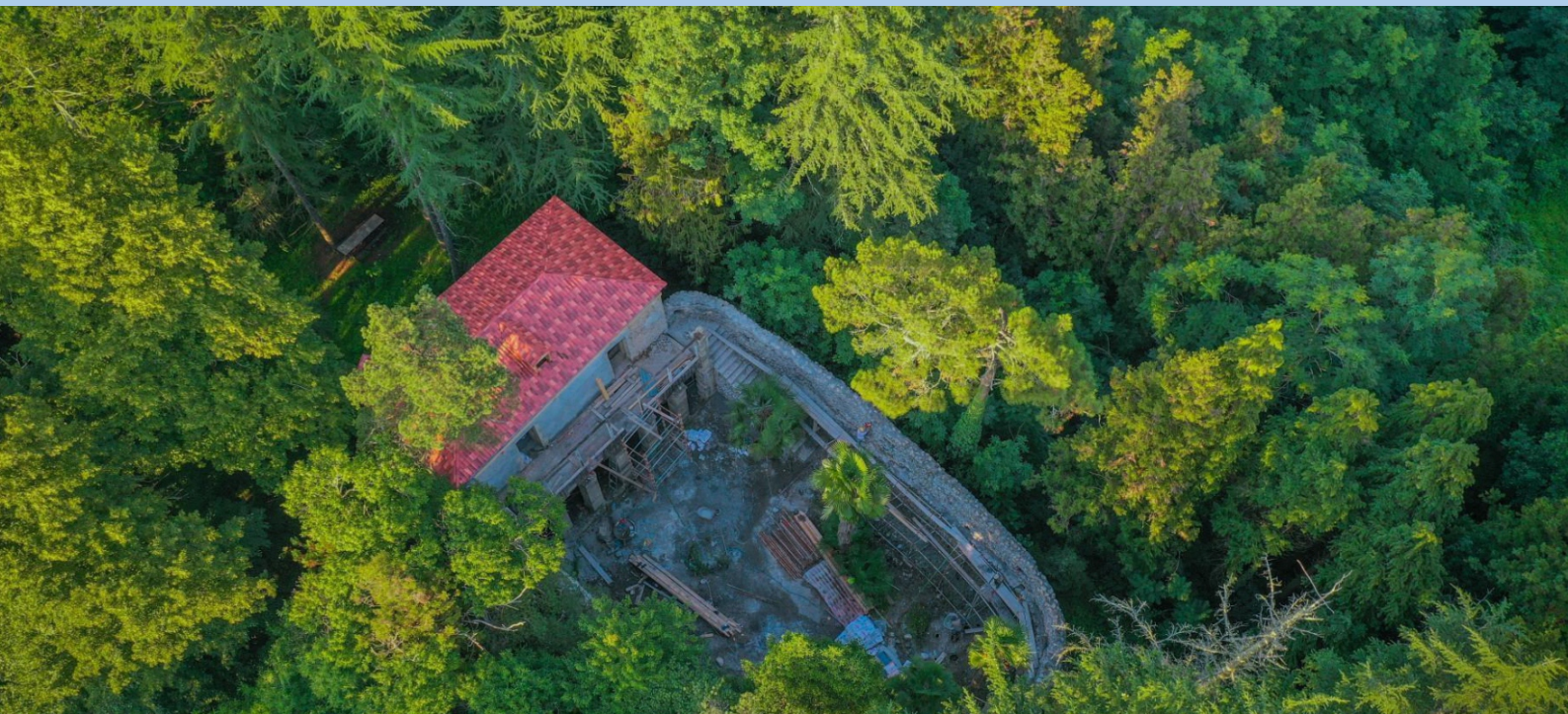


CHOKHATAURI

INVEST IN A HOSPITABLE MUNICIPALITY



CHOKHATAURI MUNICIPALITY

Investment Profile



საქართველოს ეკონომიკური ბუნებრივ რესურსებისა და ინფრასტრუქტურის სამინისტრო



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

**Swiss Agency for Development
and Cooperation SDC**

With funding from



**Austrian
Development
Cooperation**



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Chokhatauri Municipality is responsible for the content of this publication.



საქართველოს ახალგაზრდა
ეკონომისტთა ასოციაცია

TOP 8 REASONS TO INVEST IN CHOKHATAURI

Why Chokhatauri Municipality?

- 1 Rich in mineral, spring water and forest resources;
- 2 Has a variety of its own resorts, and is close to other mountainous and seaside resorts;
- 3 Proximity to Poti and Batumi ports, Poti and Kutaisi free industrial zones, and Batumi and Kutaisi international airports;
- 4 Agricultural and non-agricultural land resources with future investment prospects;
- 5 Qualified and enthusiastic human resources are available;
- 6 Rich history of wine-making, beekeeping, tea and hazelnut production, all with potential for further development;
- 7 Moderate climate that creates comfortable conditions for business activities; and
- 8 Business-friendly, transparent, and corruption-free environment.



A RICH AND COLORFUL HISTORY

- ✓ 17th-18th centuries - residence of the nobles of Guria;
- ✓ 17th-19th centuries - a palace, a fence and a garden with orchards and unique varieties of coniferous and deciduous trees built/planted by Mikheil Eristavi in the village of Goraberezhouli, which remain there to this day;
- ✓ 1892 - Horse riders from Chokhatauri municipality joined Buffalo Bill Cody's "Wild West Show" in England, performing at an international level for over 30 years;
- ✓ 1964 – Bronze hoes, shovels, and copper bowls from the Mesolithic settlement period discovered, confirming centuries-old history of agricultural activities in the municipality; and
- ✓ Centuries-old sporting traditions including horse riding and Lelo Burti (a Georgian folk sport similar to rugby, dating back to the 12th century).



LOCATION AND ACCESS TO MARKETS



Only 28 km from the regional center (Ozurgeti)
Other notable distances:



East-West Highway (at Samtredia) - 32 km.



Tbilisi - 296 km.



Nearest Railway Station for passengers and Goods (Sajavakho) - 20 km;



Airports - Kutaisi 35 km; Batumi - 80 km.



TRADE HUBS:

Kutaisi - 60 km;

Batumi - 80 km;

Ports: Poti Sea Port - 70 km;

Batumi Sea Port - 80 km;

Close proximity to Poti and Batumi ports, Poti and Kutaisi free industrial zones, and Batumi and Kutaisi International airports; and

Close proximity to mountainous and sea resorts meaning good access to tourist markets.





GENERAL CHARACTERISTICS OF THE MUNICIPALITY

LOCAL PEOPLE FAMOUS FOR THEIR
HOSPITALITY AND ENTHUSIASM



Population - **18,300**

Female - **52%**

Male - **48%**

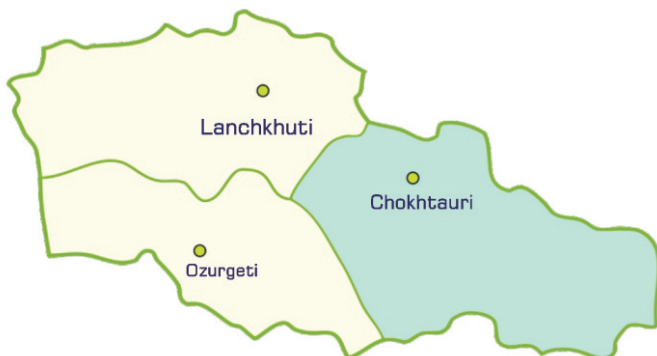


Working-age population
(Population aged between 16 and 65) - **62.3%**



Percentage of working-age population
aged below 29 - **16%**

MAP OF MUNICIPALITY



Area - **825 km²**

GEOGRAPHY & CLIMATE

Moderate climate conducive to various
business activities;

- ☑ Climate is subtropical up to 500-600 meters above sea level;
- ☑ Characterized by altitude zonation;
- ☑ Humid subtropical climate in the mountains, but generally moderately warm and cool;
- ☑ Average annual precipitation - 1 500 - 1 870 mm; and
- ☑ Snow covers the ground in mountainous parts for 5-6 months of the year.



EDUCATION

Vocational education is one of the main priorities of the municipality;

Newly built Vocational College "Horizonti"



HEALTHCARE

Medical services of good quality and sufficient infrastructure are available throughout the municipality;

- ✓ A Regional Healthcare Center and 3 Clinics are currently operating;
- ✓ 19 Medical Centers; and
- ✓ 3 Ambulances serve the local population, with a 4th ambulance operating in Bakhmaro on a seasonal basis;

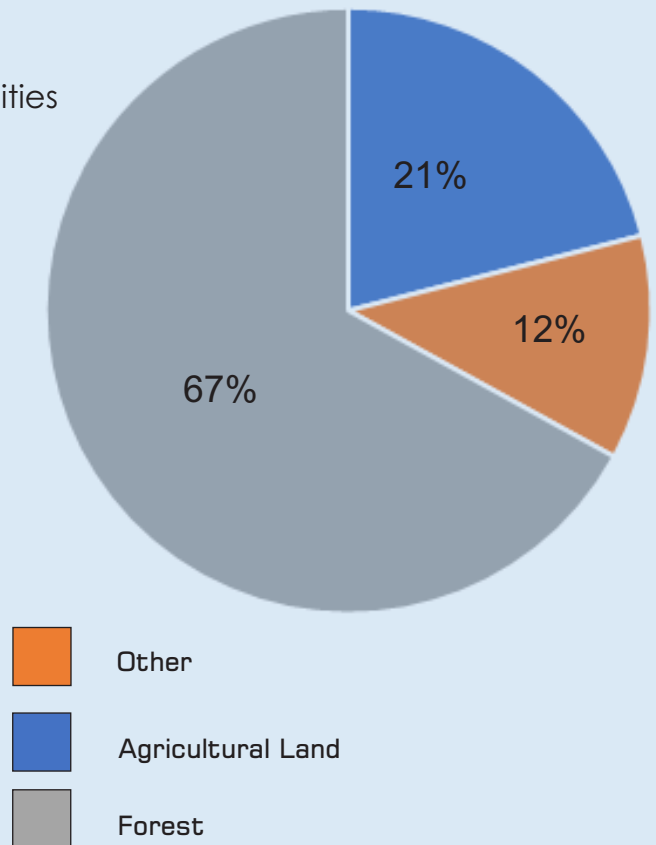


INFRASTRUCTURE

- ✓ Promising hydropower resources, stemming from fast-flowing mountain rivers;
- ✓ "Nabeghlavi" HPP in the village of Khevi with a capacity of 2 megawatts;
- ✓ In the village of Metsieti is "Sashuala" HPP with a capacity of 12.5 megawatts;
- ✓ "Zoti" HPP, with a planned capacity of 45 megawatts, is under construction;
- ✓ The roads in the town of Chokhatauri are fully paved;
- ✓ The town has full access to water, natural gas and electricity;
- ✓ Villages are fully supplied with electricity;
- ✓ The majority of villages are equipped with natural gas and a water source;
- ✓ Roads have been recently renovated in most villages; and
- ✓ High-speed internet covers the town of Chokhatauri and nearby villages.

LAND ASSETS AND POTENTIAL FOR USE

- ✓ More than half of the total land area in the municipality is government-owned and this creates investment opportunities;
- ✓ Of the municipality's agricultural land, only 16% is used as arable farmland and 23% is used for orchards;
- ✓ Land resources are available for both large primary production farms and processing enterprises:
- ✓ The main raw materials for primary agricultural production are corn, nuts, grapes, tea, fruits and year-round crops.
- ✓ Development opportunities in the fields of beekeeping and fish farming;
- ✓ The rivers of the municipality present opportunities for the development of fisheries; and
- ✓ Diverse variety of honey plants.
- ✓ Promising niche in wine production and marketing with native grape varieties (Chkhaveri, Jani, Skhilatobani, Tsojikauri, Aladasturi, etc.):
- ✓ Up to 10 wineries are currently in operation.





FOSSIL FUELS AND NATURAL RESOURCES

Chokhatauri Municipality is rich in minerals and natural resources, including:

- Ornamental stones in the territory of the village of Vani;
- Healing warm springs and balneological waters in Sanislia;
- Sulfur springs in the village of Buknari;
- Lashe's bath (open bath with healing water) in the village of Shuaganakhleba;
- Sulfurous mineral water in the village of Didi Vani; and
- Mineral water in the village of Zemosurebi.

- ☑ Two resort areas rich in mineral and thermal waters - Bakhmaro and Nabeghlavi.

TOURISM POTENTIAL IN CHOKHATAURI



- **Bakhmaro – the establishment of a four-season resort here is a priority of City Hall**

Potential for development of ski tourism;
Increased investment in the hospitality industry;

BAKHMARO

- Surrounded by centuries-old evergreen spruce and fir trees;
- Beautiful alpine tundra;
- Attracts visitors in summer and winter seasons;
- Number of visitors: during the summer season - about 16,000 people; during the winter season - about 1,800 people.

NABEGLAVI

- Beautiful balneological resort in Gubazeuli Gorge;
- 470 meters above sea level;
- Surrounded by coniferous and deciduous forests, on the shores of the clear-flowing Gubazeuli River;
- Unique climate and balneological conditions; and
- Precious healing mineral waters used to treat various diseases.

- Goraberezhouli Dendrological Park (dating back to 17th-18th centuries);

- Eristavi Palace in the village of Goraberezhouli:

- Eristavi Palace wine cellar and all agricultural areas have been restored; and
- Surroundings create a relaxing and pleasant atmosphere with rare plant species such as a pencil tree, candy tree, giant sequoia, a Japanese strawberry tree and ginkgo.





LOW AND EFFICIENT TAXATION CONDUCIVE 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 for 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	21.08306 Tetri/kWh
WATER SUPPLY	4,31Gel/Ton
WASTE MANAGEMENT	Chokhatauri municipality – 0.25 Lari/per person Resort Bakhmaro – 5 Lari/per person
FEE FOR CONSTRUCTION PERMIT	4 GEL for each square meter of new buildings; 5 Gel for each square meter of an industrial facility in the resort area;
PROPERTY TAX ON LAND	Non-agricultural land (1 ha): Bakhmaro – 0.36 Gel; Chokhatauri town – 0.24 Gel; Villages – 0.19 Gel. Agricultural land (1 ha): Arable land – 60 Gel; Grassland/Hay Fields – 19 Gel; Pastoral land – 17 Gel;



REAL ESTATE MARKET

LOW PROPERTY PRICES COMPARED TO THE NATIONAL AVERAGE



CATEGORY	CHOKHATAURI TOWN	BAKHMARO RESORT	VILLAGES
Price for agricultural land (1 m ³)	6 GEL		3 GEL
Lease for agricultural land (1 ha -1 year)	400 GEL	150 GEL	350 GEL
Price for non-agricultural land (1 m ³)	250 GEL	500 GEL	6 GEL/ha
Lease for non-agricultural land (1 ha -1 year)	12 GEL	120 GEL	70 GEL
Purchase price of real estate (1 m ³)	300 GEL	1800 GEL	100 GEL
Rental price of real estate (1 m ² /month)	40 GEL	80 GEL	20 GEL



BUSINESS ENTITIES IN CHOKHATAURI

- ✓ 756 ACTIVE BUSINESS ENTITIES ARE REGISTERED IN CHOKHATAURI MUNICIPALITY
CHOKHATAURI CONTRIBUTES A SIGNIFICANT PROPORTION OF GEORGIA'S HAZELNUT PRODUCTION

The leading sector of the municipality's economy is agriculture:

- Small and medium-sized farmers are involved in grain cultivation (corn), viticulture, beekeeping and livestock farming; and
- Perennial crop production farms (fruit, citrus, tea, berries) are common as well.

JSC "Tskali Margebeli" (Bottling Factory of Nabeghlavi Mineral Water) and Fruit Processing Factory "Nena" (production of compotes, jams, sauces etc.);

Factories engaged in excavation and processing of sand and gravel;

Retail facilities, banking and other services, dining facilities and guesthouses; and

Small and medium-sized hydroelectric power plants (HPPs).



MAJOR PROJECTS (ONGOING AND PLANNED)



A hotel complex is being constructed in Bakhmaro resort:
The number of hotel rooms available in Bakhmaro ranges from 120 to 800.



ADVANTAGES OF DOING BUSINESS IN HIGH MOUNTAINOUS SETTLEMENTS

- Bakhmaro resort and three other settlements have been granted the status of high mountainous settlements according to the Law of Georgia on the Development of High Mountainous Regions.
- Therefore, business entities registered in these areas have tax privileges defined by the Law.
- Business entities which, in accordance with the legislation of Georgia, have been granted the status of high mountainous settlement enterprises enjoy tax relief from Corporate Profit Tax, Personal Income Tax, and Property Tax.

TAX CATEGORY	TAX RELIEF
PERSONAL INCOME TAX	Tax free incentives under 6 000 Gel
CORPORATE PROFIT TAX	Tax exemption for 10 years
PROPERTY TAX	Tax exemption

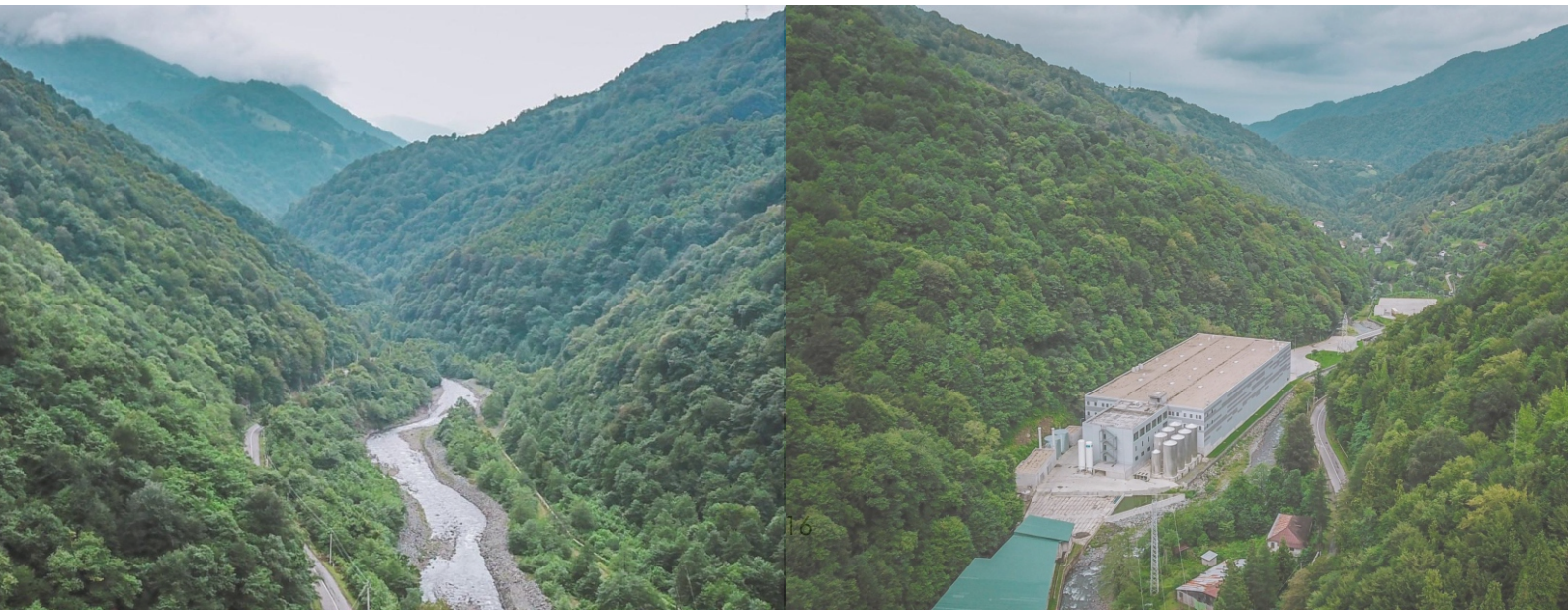


BUSINESS-ENABLING ENVIRONMENT

- ✓ 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 can be accessed in one place under the 'one-window' principle in the municipality; and
- ✓ Supportive municipal government with a track record of quick and efficient cooperation.

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.





STATE SUPPORT AND SUCCESSFUL INVESTMENTS

GROWING OPPORTUNITIES AND INCREASED INVESTMENTS

JSC "Tskali Margebeli" (Bottling factory of "Nabeghlavi" mineral water):

- ✓ Up to 100 people are employed;
- ✓ 98% of employees are locals;
- ✓ Since 2017, has engaged in joint production with Rauch, one of the largest juice and non-alcoholic beverage production companies in Europe;
- ✓ A new multi-profile non-alcoholic beverage factory was opened in 2017;
- ✓ 55 million GEL invested to expand production; and
- ✓ Products are exported to up to 30 countries around the world, including in the European Union (EU), the Commonwealth of Independent States (CIS), Asia, the Middle East and North America.

Fruit processing factory "Nena" (investment of 2,5 million GEL):

- ✓ Up to 30 types of jams, compotes and sauces are produced; and
- ✓ Exported to China, Czech Republic and Russia.

State project "Plant the Future" promotes the cultivation of agricultural land to plant perennial crops (berries, nuts, etc.); and

Amount of land used for growing perennial crops has increased in recent years.



STATE SUPPORT AND SUCCESSFUL INVESTMENTS

“PRODUCE IN GEORGIA” PROGRAM SUPPORTS ESTABLISHMENT AND DEVELOPMENT OF MICRO AND SMALL BUSINESS ENTERPRISES IN THE MUNICIPALITY OF CHOKHATAURI:

Total number of funded projects – 65

Total Investment - 639 449 GEL

Grants Issued - 465 640 GEL

Total number of jobs created – 220 employees

ENPARD GEORGIA SUPPORTS THE MUNICIPALITY OF CHOKHATAURI:

Agricultural projects funded within the program - 6

Total Investment - 408 921 Gel

Total number of jobs created – 20 employees





GOVERNMENT SERVICES FOR BUSINESSES

ON-SITE SERVICES TO START AND DEVELOP A BUSINESS ARE AVAILABLE

✓ Services provided by Local Government

Various communication channels are available, including face-to-face meetings and electronic correspondence; and

Consultations about all necessary issues related to the investment process.

✓ Public Service Hall

Various services provided in one 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.



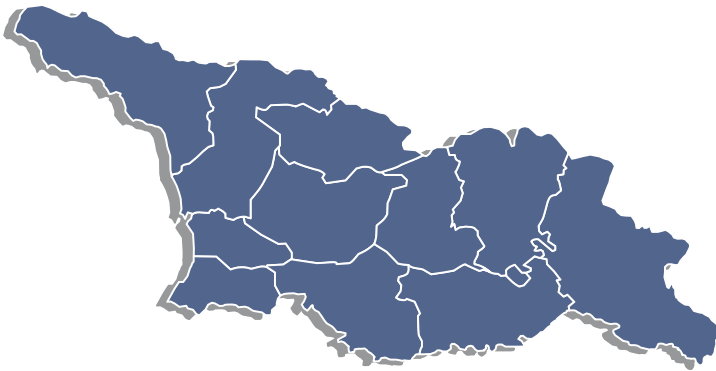
BUSINESS COLLABORATION

The Investment Climate Development Department of the City Hall actively cooperates with the representatives of the private sector in the following ways: ✓

Support for participation in grant competitions; ✓

Assists in the preparation of project proposals; and ✓

Involvement in investment forums. ✓





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 innovative 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.



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 INVESTMENT

1. Government-owned former maternity hospital building



LOCATION

In a settled area, near a main road, with necessary utilities (natural gas, water and electricity) available.



CADASTRAL CODE 28.01.21.049



Owned by National Agency of State Property



Land area - 3 848 m²
Building area - 2 264 m²



POTENTIAL USE

Hotel, Hospital, Commercial office space.

GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENT

2. Sport Complex (pool) owned by government



LOCATION

Located in a settled area, near a main road, with necessary utilities (natural gas, water and electricity) available;



CADASTRAL CODE 28.01.22.266



- Land area – 5,828 m²
- Building #1 – 1,994 m²
- Building #2 – 573 m²



POTENTIAL USE

Close to the central football stadium and a gym that gives the property potential of forming a comprehensive sports complex.



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENT

3. Local government-owned former fire station



LOCATION

Located in the settled area,
near a main road, with necessary utilities
(natural gas, water and electricity) available.



CADASTRAL CODE **28.01.22.070**



Owned by Local Government



Land area – 4,045 m²
Building area - 891 m²



POTENTIAL

Hotel, Hospital, Commercial office space.

GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENT

4. Government-owned factory



LOCATION

Located in a settled area,
near a main road, with necessary utilities
(natural gas, water and electricity)
available;



CADASTRAL CODE 28.01.22.009



Owned by National Agency of State Property



Land area – 4,955 m²

Factory building – 1246,2 m²

Administrative building – 277,9 m²



POTENTIAL

Hotel, Factory

GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENT

4. Government-owned theater building



—● LOCATION Bakhmaro resort

Located in a settled area, near a main road, with necessary utilities (natural gas, water and electricity) available;



—● CADASTRAL CODE 28.24.21.399



—● Owned by National Agency of State Property



—● Land area – 2,816 m²
Building area – 645 m²
Administrative building – 277,9 m²



—● POTENTIAL USE
Hotel, Factory

GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENT

5. Property in Bakmaro resort



LOCATION

Located in a settled area, near a main road, with necessary utilities (natural gas, water and electricity) available;



CADASTRAL CODE 28.24.21.400



Land area – 1,556 m²
Building area – 615 m²



Owned by Ltd. Asset Management and Development Company



POTENTIAL USE

Trade and dining facility, medical center or commercial office space.



FOR MORE INFORMATION:

Investment Climate and Opportunities in Georgia

<https://investingeorgia.org/en/>

OTHER INFORMATION SOURCE



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

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