



The Country of Georgia Should Be on U.S. Investor's Minds

If Georgia is on your mind for global investing, then look halfway around the world instead of south. The Republic of Georgia is sandwiched by Turkey and Armenia to its south, Azerbaijan to its southeast, and Russia to its north and northeast. To the west is the exotic Black Sea.

This is a good place to set business sites on because the World Bank has ranked Georgia in the top 10 countries for doing business as of 2014. Earning a rank of eight out of 189 countries is impressive and alluring to companies looking for a global location that is working to make it as easy as possible for foreign investors to participate in an economic upswing.

Making It Easy

The high ranking is the result of ongoing reforms that have made it easier to start a business, deal with construction permits, get credit and register property.

From 2013 to 2014, Georgia rose in rankings for paying taxes, trading across borders and resolving insolvency. The country also has adopted good practices that include the ability to manage regulatory requirements online, the availability of a one-stop shop and the fact there is no paid-in minimum capital requirement.

It is good to know the rankings, but that does not give a true feel for the country and what it has to offer. The country is located at the crossroads of Central Asia and Europe, making it appealing to businesses looking for a jumping off point.

The government has been negotiating with the European Union, and those negotiations led to the creation of a Deep and Comprehensive Free Trade Area which removes technical barriers to entry and reduces tariffs. Additionally, the U.S. Department of State works closely with Georgia government representatives through participation on working groups. One of the working groups is titled Economic, Energy, and Trade Working Group, and as the name implies, is focused on Georgia development and high-level trade with the U.S.

Name It and There is Opportunity

Georgia is a country on the move. It is doing everything right, including fighting corruption, reforming its economy, and finding stable trading partners.

Georgia has a vibrant import/export system. The primary imports are natural gas, petroleum products, autos, power generation turbines, sugar, medicines and many consumer goods. The



primary exports are metals, aircraft, mineral water, wine, nuts, the re-export of autos within the region, and regional hydro-electricity.

Other opportunities for doing business include tourism, agricultural products, construction heavy equipment, building materials, engineering and architectural services, utilities systems, food processing, information technology, and computer hardware and software.

One fact to be aware of is that the country still conducts most of its business in Georgian, though there is growing use of English. This presents a good opportunity for U.S. educational businesses to offer English as a second language instruction.

U.S. businesses will find that Georgians value personal connections so Americans will need to spend time learning the culture before entering this attractive market.

With Georgia seeming to be a wide-open market, what is the best way to begin exploring the opportunities?

The U.S. State Department recommends connecting with Georgian local representatives and then visiting the country. A good start is first contacting the American Chamber of Commerce in Georgia, followed by the Georgian Chamber of Commerce, the Georgian Business Association, and the Economic Section of the U.S. Embassy in Tbilisi. The Georgia National Investment Agency is another excellent organization to contact concerning investment opportunities.

This is a remarkable country. In 2003 the country was close to failure and a short 11 years later it is a market economy that is not anywhere close to reaching its peak. The economic reformation in progress was further bolstered by the first democratic election in October 2012, giving the country a multi-party government that uses friction, in a manner similar to the U.S., to push progress in its efforts to become fully integrated in international markets and to develop a business-friendly economy.

Not everything is rosy, of course. One of its largest trading partners is Russia, and the Soviet Union once included Georgian land. Georgia gained independence after the collapse of the Soviet Union in 1991. Needless to say the relationship between Georgia and Russia can be tense. However, Georgia's Prime Minister Irakli Garibashvili made it clear in early August 2014 that the process of normalizing relations with Russia is a priority on its foreign policy agenda. There has already been progress in developing economic and trade ties plus cultural and humanitarian connections. Developing normalized relations with Russia is good for both countries.

Importance of Patience

Culturally, Georgia is quite different from the U.S. It is a hierarchal society so people with business experience, age and position are respected. Older people should be acknowledged first with a polite



handshake and a hello, which in Georgian is “gamarjoba.” In fact, people with seniority are introduced first at meetings or in groups.

If a business person is invited to an event, it is important to accept. Georgians enjoy expressing hospitality, and discussions are not to be rushed. Contracts are seldom signed after one meeting, so Westerners need to learn patience and to subdue their natural culturally-based inclination to hurry business transactions.

One of the more difficult aspects of the Georgian culture for Americans is the fact it concentrates on relationships and people’s feelings. Therefore, Georgians do not hesitate to express emotion rather than hiding true feelings. This can be quite disconcerting to U.S. business people who have spent years developing the proverbial “poker face” for business negotiations.

All of this just goes to show that doing business in a foreign country requires a willingness to learn its history, culture and people. Georgia has an up-and-coming economy that fully intends on taking advantage of its gateway status. U.S. businesses will find a supportive business environment for foreign investors, whether they establish a business in Georgia or choose to include Georgia businesses in their supply chains. Its location alone gives it special status and presents enormous opportunities. Final analysis: This is a country that deserves second, third, and fourth consideration when it is time to go global