RUSTAVI

A CITY WITH NEW OPPORTUNITIES



RUSTAVI MUNICIPALITY

Investment Profile





Swiss Agency for Development and Cooperation SDC



Austrian
Development
Cooperation

With funding from





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Rustavi Municipality is responsible for the content of this publication.







A WORD FROM THE MAYOR

From both a national and global perspective, the significance of sustainability and diversification, as well as the importance of seeking new opportunities to achieve further growth, is unquestioned.

Meanwhile, over time, economies fluctuate and evolve, and we observe the creation, transformation and, unfortunately, sometimes the disappearance of entire sectors.

Therefore, it is important to think about how the economic situation of our city can be improved and how its stability can be assured. In this regard, the cooperation of local and foreign partners is essential. The COVID-19 pandemic has caused many problems worldwide, but at the same time it has also presented new opportunities. The timely detection and support of such opportunities is vital.

We are focused on working with partners to develop new investment projects and offers that will enable our city to attract local and international investors, persuading them of Rustavi's potential as a city.

New investments would help to develop new sectors of the economy, create new jobs, foster innovation, and encourage demand for vocational and higher education.

By applying new approaches to evaluate the existing resources in Rustavi City, we will be well-equipped to present the city appropriately to external parties. Therefore, we realize the importance of providing and preserving a climate conducive to successful investment and are ready to devote all of our intellectual resources accordingly.



TOP 8 REASONS TO INVEST IN RUSTAVI



Why Rustavi Municipality?

- 1 Favorable geographical location
- Functioning transport and railway infrastructure
- 3 Highly-qualified workforce and professional development opportunities
- 4 Proximity to a large resource of fresh water
- 5 Potential to implement and use renewable energy
- Large territories and recreational areas available (700 hectares)
- Industrial city with the largest auto trade center in the South Caucasus and
- Already introduced modern electronic technologies



A RICH AND COLORFUL HISTORY

- 4th century B.C. Rustavi becomes a city-type settlement
- 11th-10th centuries B.C. One of the oldest qvevri wines in Georgia was discovered, proving that people in Rustavi already had wine-making technology in the Bronze Age
- In the 4th-8th century A.D., Rustavi became the residence of the Prince of Kartli
- In the 12th-13thcenturies, urban life in Rustavi reaches a high level of development. Ceramics, glass, metal, leather, bone, wood, as well as textiles are among the main business activities engaged in by citizens
- In 1948, Rustavi's transformation into a large Soviet industrial city begins
- Second half of the 20th century Rustavi is established as one of the largest industrial centers in Georgia. about 90 large- and medium-sized enterprises are operational including a metallurgical plant and various nitrogen, chemical fiber and cement factories
- Rustavi's location on the Silk Road sees merchant caravans from the east and west gather here
- In 1950, the first steel is smelted at Rustavi's metallurgical plant
- Since 2009 Rustavi has become the largest car trade center in the South Caucasus
- Since 2014 construction businesses have been actively developing
- Present day unique products such as nitrogen fertilizer and seamless pipes are produced throughout the municipality



GENERAL CHARACTERISTICS OF THE MUNICIPALITY

Motivated labour force a significant proportion of which is young.



Population 128 000



Female - **52**% Male - **48**% Youth below the age of 29 - **24**%



Total Labor Force (population aged 15-65 years) **59**%

Area - 72 km²

GEOGRAPHY & CLIMATE

Characterized by tranquil and snowy winters and dry, moderately hot summers;



Average temperature ranges from 6 degrees Celsius (January) to 30.8 degrees (August).



LOCATION AND ACCESS TO MARKETS

The city accommodates Georgia's auto trade center, and has the largest auto market in the South Caucasus:



Center of Kvemo Kartli region; and

The international highway E-60

Railway passes through the city;



þroxim

Good access to the trade markets and close proximity to Georgia's capital city, Tbilisi;

Distances to the main cities:



(Red Bridge Highway) bypasses the city;

distances to the main cities.

Tbilisi - 18 km; Telavi - 140 km:

Well-developed intercity transport infrastructure gives the city an opportunity to become a trade and logistics center;

Distance from Tbilisi International Airport - 20 km.







EDUCATION



HEALTHCARE

Good access to vocational education and developed educational infrastructure

Good access to medical care and well-organized healthcare infrastructure

The highly reputable vocational college Modus, and its affiliated FabLab, operate in the city.

- 20 multi-specialty medical facilities and healthcare clinics operate in the municipality alongside 17 diagnostic centers and offices.
- The modernly-equipped Mardaleishvili Medical Center Ltd. is currently being developed (investment of 4,000,000 GEL).



INFRASTRUCTURE

Well-developed utility infrastructure and full accommodation of business needs

- The city of Rustavi is fully supplied with the necessary infrastructural facilities.
- The city has a 24-hour water supply.
- A fully operational natural gas system is implemented throughout the city.
- The city is fully supplied with electricity and internet infrastructure.

LAND ASSETS AND POTENTIAL FOR USE

- Most of the municipality's agricultural land is not being used today; and the following opportunities may be considered.
- Revival of local wine production:

The city of Rustavi has historical importance for Georgian wine-making; and Ancient wine vessels and native grape varieties have been found on the territory of Rustavi

FUNCTIONAL ZONES ESTABLISHED BY THE LAND USE ZONING PLAN OF THE SELF-GOVERNING CITY OF BUSTAVI

- Industrial zone 2,020 ha;
- Residential, recreational, commercial zone (existing area) 1,162 ha;
- Residental, recreational, commercial zone (designed/proposed area) 1,075 ha
- Forest area 934 ha; and
- Green-recreation zone 1,409 ha;

INDUSTRIAL ZONE OF THE CITY OF RUSTAVI IS CONDUCIVE TO VARIOUS TYPES OF BUSINESS DEVELOPMENT

The land in the industrial zone is broken down as follows:

- Municipal property 16.51 ha;
- State property 316.95 ha; and
- Private owned 876, 51 ha;

ADVANTAGES OF INVESTING IN THE PRODUCTION ZONE OF RUSTAVI CITY

- The land price is relatively low in comparison to Tbilisi;
- Access to all necessary infrastructural facilities (including electricity, natural gas, water supply, sewage system, etc.);
- Railway connecting Tbilisi with Baku runs through the production zone;
- Access to the main road connecting Georgia to the rest of the South Caucasus region;
- High voltage substations (35,110 and 220 kW) operate in the city; and
- Access to industrial water source within 50 km. from the road.



TOURISM POTENTIAL OF RUSTAVI

- One of the priorities of the municipality is to increase the city's attractiveness for tourists;
- The City of Rustavi, as a former industrial center, has potential in terms of post-industrial and post-socialism tourism development:
- Rustavi is the only city in Georgia that was almost entirely built during the Soviet Union; and
- Rustavi has factories that provide insights into both the communist and free market eras.
- Rustavi has the opportunity to become the touristic hub of the Kvemo Kartli region:
- Proximity to Tbilisi Airport, as well as Georgia's borders with Armenia and Azerbaijan; and
- Numerous touristic locations reachable within a two-hour drive.
- 8 hotels / hostels, as well as many cafes and infrastructure for entertainment are available.





BUSINESS ENTITIES IN RUSTAVI

THE MANUFACTURING SECTOR HAS A LEADING ROLE IN THE MUNICIPALITY, PARTICULARLY IN THE FOLLOWING AREAS:

- Metal processing;
- Production of mineral fertilizers and industrial chemicals;
- Production of construction materials; and
- Manufacturing structural steel.
- Business activity has been growing in recent years
- 583 business entities are registered in the municipality, 97% of which are small companies
- Most business entities are engaged in industrial activities
- The most common business activities are retail, household services, construction, restaurant management, cafe-bars, and IT services





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 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	220/380 (volts) - 0.21 GEL/KW
WATER SUPPLY	1 m³- 3.64 GEL
NATURAL GAS	1 m³- 0.57 GEL
WASTE MANAGEMENT FEE	Not more than 1.15 GEL per cubic meter of waste per month
PROPERTY TAX	The minimum rate - 25.2 GEL/m²
FEE FOR CONSTRUCTION PERMIT	1 GEL/1 m ²

BUSINESS-ENABLING ENVIRONMENT

- ✓ Legislative framework promotes investment activities;
- ✓ Simple and efficient procedures for obtaining licenses and permits;
- ✓ Convenient conditions for property registration and management;
- ✓ Business services available in 'one-window' format; and
- ✓ Well-organized electronic communication system.

LOW BUSINESS COSTS

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





GOVERNMENT SERVICES FOR BUSINESSES

PUBLIC SERVICE HALL

- ✓ Receive various services in one place under the "one-window" principle; and
- ✔ Business registration, property registration, privatization procedures, etc.

SERVICE AGENCY OF THE MINISTRY OF INTERNAL AFFAIRS OF GEORGIA

Obtain a driver's license, relevant certificates, and other related services.



BUSINESS COLLABORATION

BUSINESS INCUBATOR BEING CREATED

- Access to informal, inter-sectoral platform to support youth entrepreneurship in the city/municipality;
- Development of a network for private, public and educational sectors in order to coordinate the training needs for labor force is underway; and
- City Hall is working to establish a Business Advisory Board of the city.

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SUCCESSFUL INVESTMENTS

- The largest auto trade market in the South Caucasus
 Spans approximately 50,000 square meters and can accommodate up to 5,000 cars;
 Customers from neighboring countries (Armenia, Azerbaijan, Turkey); and
 Low taxes and proximity to customs services.
- Rapid growth of local and foreign investments
- Demand for residential and commercial space is growing, and the construction business is developing accordingly:

During the last 3 years, construction permits were granted for 15 residential complexes; and 9 new construction projects are currently underway (total cost - 64 000 000 GEL).

Production directions are expanding

Bitumen production; Thermal power station; Diagnostic, healing and medical centers Iron production Salt factory

Shopping malls and other facilities

✓ JSC "Rustavoili" is the only enterprise in Georgia that produces bitumen construction (Phase #1 investment - 16 million GEL))

Usage - construction of road infrastructure;

Imports replaced by local production;

Alternative energy resources (solar and wind energy) to be utilized in production;

Potential to produce 120,000-150,000 tons of products, which represents almost 80 percent of Georgia's demand for bitumen construction.



SUCCESSFUL INVESTMENTS

Construction Service Ltd. Increased Productivity Threefold Since its Establishment
 (10 million GEL investment and 200 new employees)

Produces 300 tons of metal and concrete construction materials per month; and Employs 450 people

JSC Nitrogen Plant has Installed a Condensing Power Plant Equipped with the Latest Technology (SIEMENS steam turbine generator) (16 million GEL investment)

Capacity of the facility - 9 MW; and Consumption of electricity from outside sources reduced by 20%

Sewing business is developing

Kartli Textile Ltd. cooperates with international companies (Nike, Adidas, Puma, etc.) and employs 3,500 people (investment - 11 million GEL).





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
- Georgia has signed bilateral investment treaties (BITs) with 33 countries and has been a member of the ICSID Convention since 1992

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.



JSC Partnership Fund (PF)

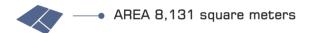
- Aims to attract and encourage private investors;
- Supports commercially viable investment projects; and
- Energy, agriculture, manufacturing, and tourism sectors are top priorities as these sectors are largely untapped and have great potential for further development.

1. LAND PLOTS IN INDUSTRIAL AREA















Central Government



To rebuild old facilities and/or arrange warehouse areas



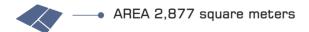














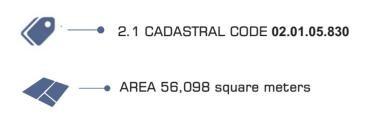
Central Government





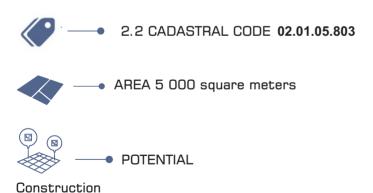


2. LAND PLOTS IN RESIDENTIAL AREA





Construction





Central Government

3. RUSTAVI CITY, NEAR #12 MSHVIDOBA STREET



Mshvidoba str. #12







Construction Business



Industrial Zone 1



ESTIMATED STARTING PRICE AT AUCTION: 195,330 GEL

5. AGRICULTURAL LAND PLOTS



Rustavi city











Can be used for agricultural activities



4. RUSTAVI CITY, NEAR XVIII RESIDENTIAL AREA







Construction Business



Industrial Zone 1



ESTIMATED STARTING PRICE AT AUCTION:1,012,000 GEL

6. RUSTAVI CITY, NEAR XI RESIDENTIAL AREA







Construction Business



Industrial Zone #1



Central Government

ESTIMATED STARTING PRICE AT AUCTION: 195,330 GEL



FOR MORE INFORMATION:

Investment Climate & Opportunities in Georgia (2019)

http://www.enterprisegeorgia.gov.ge

OTHER USEFUL LINKS:



Invest in Georgia www

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

