

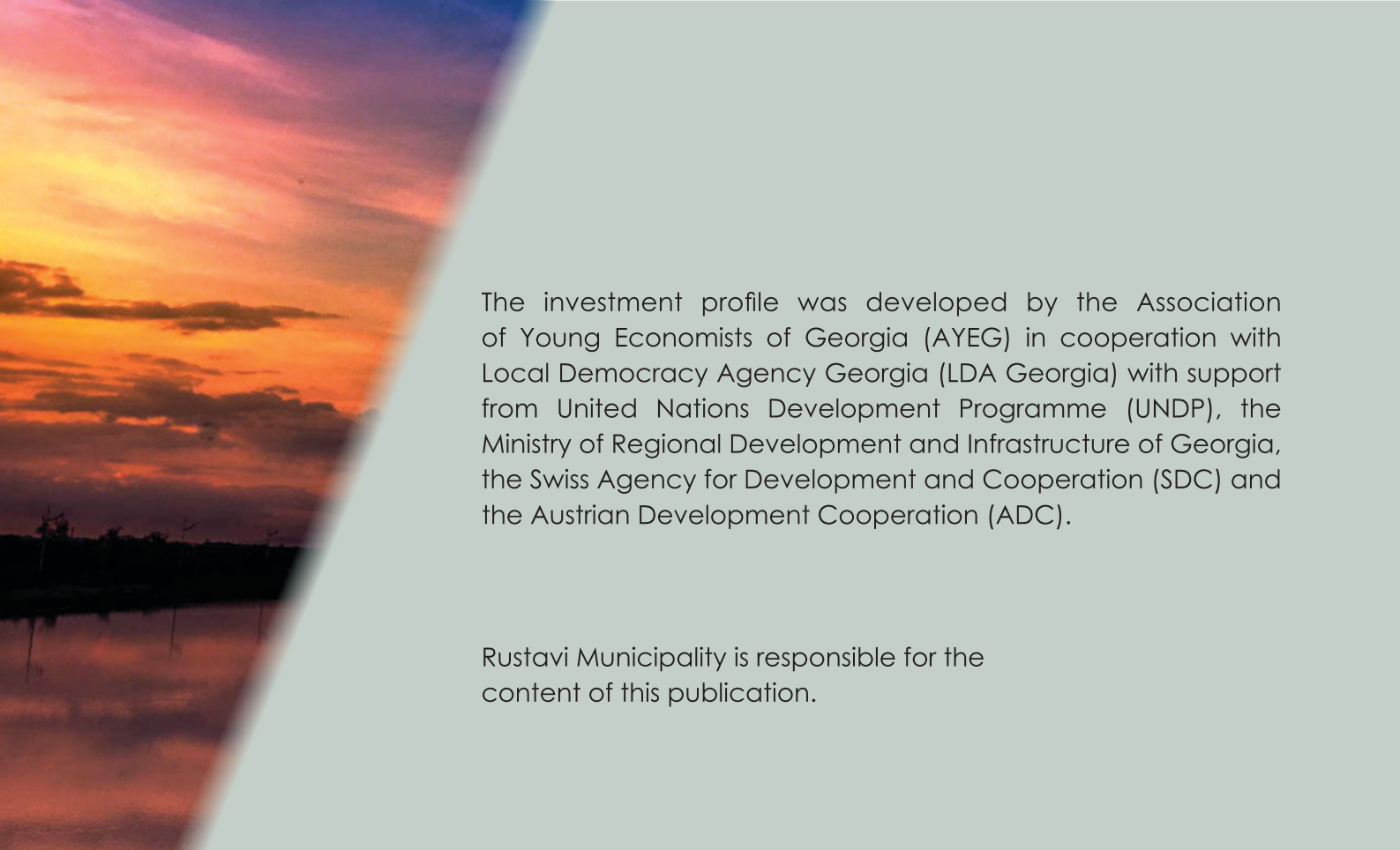
# RUSTAVI

A CITY WITH NEW OPPORTUNITIES



RUSTAVI 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) with support from United Nations Development Programme (UNDP), the Ministry of Regional Development and Infrastructure of Georgia, the Swiss Agency for Development and Cooperation (SDC) and the Austrian Development Cooperation (ADC).

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.

A handwritten signature in blue ink, appearing to read 'Irakli Tabaghua', is written over a faint, light blue background.

**Irakli Tabaghua**

**Mayor of Rustavi Municipality**

# TOP 8 REASONS TO INVEST IN RUSTAVI



## Why Rustavi Municipality?

- 1 Favorable geographical location
- 2 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
- 6 Large territories and recreational areas available (700 hectares)
- 7 Industrial city with the largest auto trade center in the South Caucasus and
- 8 Already introduced modern electronic technologies



## A RICH AND COLORFUL HISTORY

- ✓ 4th century B.C. - Rustavi becomes a city-type settlement
- ✓ 11<sup>th</sup>-10<sup>th</sup> 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 4<sup>th</sup>-8<sup>th</sup> century A.D., Rustavi became the residence of the Prince of Kartli
- ✓ In the 12<sup>th</sup>-13<sup>th</sup> centuries, 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 20<sup>th</sup> 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%**

## MAP OF MUNICIPALITY



Area - **72 km<sup>2</sup>**

## 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).







## EDUCATION

Good access to vocational education and developed educational infrastructure

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



## HEALTHCARE

Good access to medical care and well-organized healthcare infrastructure

- ✓ 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 RUSTAVI:

- Industrial zone - 2,020 ha;
- Residential, recreational, commercial zone (existing area) - 1,162 ha;
- Residential, 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;

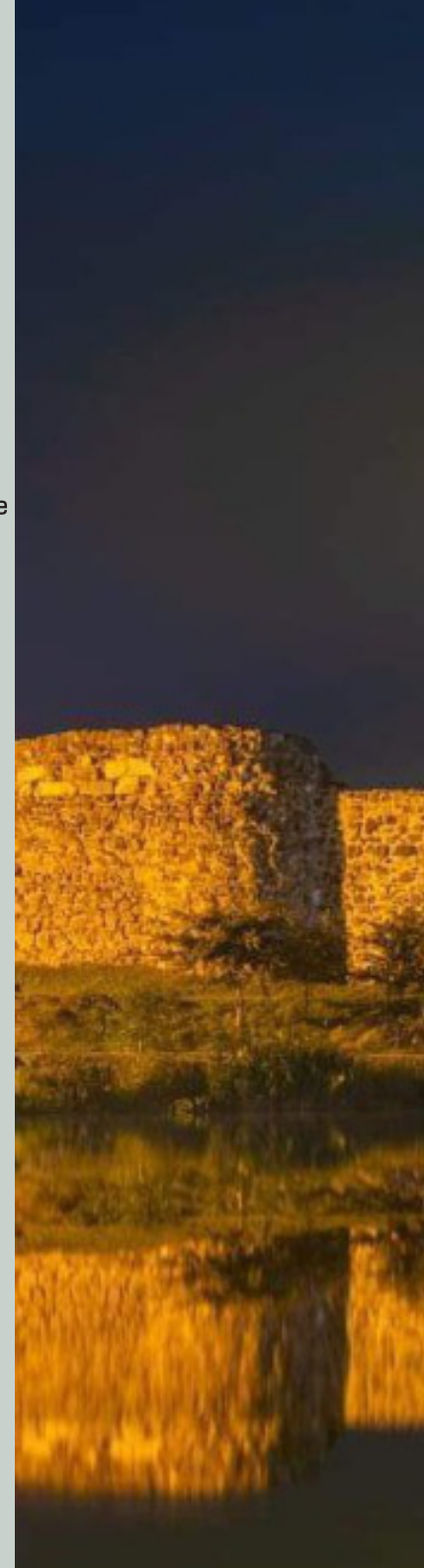
### ADVANTAGES OF INVESTING IN THE PRODUCTION ZONE OF RUSTAVI CITY

- 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 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	220/380 (volts) - 0.21 GEL/KW
WATER SUPPLY	1 m <sup>3</sup> - 3.64 GEL
NATURAL GAS	1 m <sup>3</sup> - 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/m <sup>2</sup>
FEE FOR CONSTRUCTION PERMIT	1 GEL/1 m <sup>2</sup>

## 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.



## 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
- ✓ 7<sup>th</sup> easiest country to do business in (1<sup>st</sup> among European countries) according to World Bank's Ease of Doing Business Report 2020
- ✓ 6<sup>th</sup> 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.

# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 1. LAND PLOTS IN INDUSTRIAL AREA

 —● 1.1 CADASTRAL CODE **02.05.02.393**

 —● AREA 25,577 square meters

 —● 1.2 CADASTRAL CODE **02.05.02.289**

 —● AREA 8,131 square meters

 —● 1.3 CADASTRAL CODE **02.05.02.270**

 —● AREA 10,969 square meters

 —● OWNERSHIP

Central Government


 —● POTENTIAL

To rebuild old facilities and/or arrange warehouse areas



# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS


 1.4 CADASTRAL CODE **02.05.02.271**

 AREA 11,935 square meters

 1.5 CADASTRAL CODE **02.05.03.363**

 AREA 6,068 square meters

 1.6 CADASTRAL CODE **02.05.03.561**

 AREA 2,877 square meters

 OWNERSHIP

Central Government



# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 2. LAND PLOTS IN RESIDENTIAL AREA

 2.1 CADASTRAL CODE **02.01.05.830**

 AREA 56,098 square meters

 POTENTIAL

Construction

 2.2 CADASTRAL CODE **02.01.05.803**

 AREA 5 000 square meters

 POTENTIAL

Construction

 OWNERSHIP

Central Government

# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 3. RUSTAVI CITY, NEAR #12 MSHVIDOBA STREET



—● LOCATION

Mshvidoba str. #12



—● AREA 600 square meters



—● CADASTRAL CODE 02.02.02.864; 02.02.02.708



—● POTENTIAL

Construction Business



—● COEFICIENT

Industrial Zone 1



ESTIMATED STARTING PRICE AT AUCTION: 195,330 GEL

# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 5. AGRICULTURAL LAND PLOTS



—● LOCATION

Rustavi city



—● AREA 160 HA.



—● CADASTRAL CODE **02.04.05.102**



—● AREA 457 HA



—● CADASTRAL CODE **02.06.01.039**



—● POTENTIAL

Can be used for agricultural activities



# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 4. RUSTAVI CITY, NEAR XVIII RESIDENTIAL AREA



—● AREA 55,129 square meters



—● CADASTRAL CODE 02.02.04.408; 02.02.04.409



—● POTENTIAL

Construction Business



—● COEFICIENT

Industrial Zone 1



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



# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 6. RUSTAVI CITY, NEAR XI RESIDENTIAL AREA

 —● CADASTRAL CODE 02.07.01.526

 —● AREA 19,533 square meters

 —● POTENTIAL

Construction Business

 —● COEFICIENT

Industrial Zone #1

 —● OWNERSHIP

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.investingeorgia.org](http://www.investingeorgia.org)

Ministry of Economy and Sustainable Development

[www.economy.ge](http://www.economy.ge)

Ministry of Finance of Georgia

[www.mof.ge](http://www.mof.ge)

Ministry of Environmental Protection and Agriculture of Georgia

[www.mepa.gov.ge](http://www.mepa.gov.ge)

Ministry of Regional Development and Infrastructure of Georgia

[www.mrdi.gov.ge](http://www.mrdi.gov.ge)

JSC Partnership Fund

[www.fund.ge](http://www.fund.ge)

## INFORMATION SOURCE

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