



# FOCUS MARKET GEORGIA



With Inputs from H E Ms Nilakshi Saha Sinha, Ambassador of India to Georgia & Armenia

### Introduction

Relations between India and Georgia have always been warm and friendly. India recognized Georgia's independence on 26 December 1991 and established formal diplomatic relations on 28 September 1992. The Ambassador of India to Armenia with residence in Yerevan is concurrently accredited to Georgia. The Georgian Embassy opened in New Delhi in 2009 with a Resident Ambassador since 2010. A full-fledged Indian Embassy is expected to open in Tbilisi later this year. Relations between the two countries date back centuries. Fables from India's Panchantra are believed to have influenced Georgian folk legends. Those links were further strengthened in the medieval ages by missionaries, travellers and traders. One of the main heroes in the epic Georgian masterpiece "The Knight in the Panther's Skin", by 12th century poet Shota Rustaveli, is an Indian Prince. Georgians are said to have served at the Mughal Courts and some of them are believed to have risen to the positions of Governors.

The Mughal Emperor Aurangzeb's wife, Udaipuri Begum, was of Georgian origin. India has been the theme for the world-famous 19th century Georgian painter Niko Pirosmiani's "Hunting in India". The body of Queen St. Ketevan (who attained martyrdom in 1624 in Shiraz and has since been elevated to Sainthood) is buried in St. Augustine Tower in Goa (where the Portuguese had managed to transfer her body). In September 2017, the relics of Queen St. Ketevan were given on loan by the Archaeological Survey of India to Georgia for 6 months and extended for another 6 months. In July 2021, EAM, Dr S Jaishankar, during his visit to Georgia, handed over a part of the relic as a gift to the people of Georgia. A part of the relic remains in Goa, thus, becoming a bond of spiritual connection between the two countries.

During the Soviet era, PM Pandit Nehru visited Tbilisi in 1955; PM Smt Indira Gandhi in 1976; EAM Shri A B Vajpayee in 1978. In recent times, significant visits have been those of EAM Dr S Jaishankar in July 2021, MOS External Affairs Smt. Meenakshi Lekhi in October 2022 from the Indian side. From the Georgian side, Deputy Economy Minister Mr Ketevan Bochorishvili visited in April 2016; Deputy Foreign Minister Mr Giorgi Gakharia in April 2017 and Deputy Foreign Minister Mr Alexander Khvtisiashvili in November 2023.

### Economy

Georgia, nestled at the crossroads of Europe and Asia, is the only country in the South Caucasus with access to an open sea (Black Sea). There are four functioning sea ports - Batumi, Poti, Kulevi, and Supsa and one, that of Anaklia, is under construction. Georgia's strategic geopolitical location has been a boon for its economic growth in the region. Georgia's economy reflects a blend of tradition and modernization. With the GDP of around USD 24.6 billion, Georgia's economy grew by 7.5% in 2023. Agriculture has traditionally been a significant component of the Georgian economy with a particular emphasis on wine production. Georgia is one of the oldest wine-producing countries in the world with a history of wine making for at least 8,000 years. Georgian wine, with its unique varieties and ancient winemaking techniques, has gained international recognition, contributing both to the economy and the country's cultural identity.

Georgia's picturesque landscapes, historical landmarks, and warm hospitality have positioned it as an attractive tourist destination. The capital city, Tbilisi, with its cobblestone streets and diverse architecture, along with the scenic beauty of the Caucasus

Mountains, attracts visitors from around the world. The tourism sector has seen steady growth, becoming a key contributor to the country's economic development. In recent times, Georgia has invested significantly in infrastructure development, aiming to enhance connectivity and facilitate trade. The construction of highways, the development of ports on the Black Sea, and the expansion of air transport facilities are the major infrastructure projects currently carried out in the country.

In June 2014, Georgia signed an Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA) with the European Union (EU). Through reduced tariffs and the removal of technical barriers to entry of exports to the EU, the DCFTA gives Georgian products access to over 500 million people in the EU. In a significant decision, in December 2023, Georgia was given "EU Candidate" status by Brussels. Georgia also ranks 7th in World Bank's Ease of Doing Business index. All these factors make Georgia an attractive destination for Indian trade and investments.

### Bilateral Economic & Commercial Ties

Bilateral trade and economic engagement have shown an upward growth from 2021 onwards. However, it is still much below potential. The top 5 export commodities from India are: bovine meat, rice, tobacco, medicines and polycetals (used for plastic manufacturing). The top 5 import commodities are: aluminum waste and scrap, petroleum coke, copper waste and scrap, unwrought lead and petroleum oil (other than crude).

The Poti port in the Black Sea is the only sea connectivity available currently. Indigo started a direct flight between Delhi and Tbilisi in August

## Bilateral Trade And Investment

All figures in million USD

	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
India's Exports to Georgia	110.40	82.77	99.32	163.91	265.31
India's Imports from Georgia	22.18	11.40	86.90	196.64	167.04
<b>Total Trade</b>	<b>132.58</b>	<b>94.17</b>	<b>186.22</b>	<b>360.55</b>	<b>432.35</b>

(Source: DoC, GoI)

2023. The flight is operated thrice a week. This will contribute to enhancing bilateral trade and investments. India and Georgia launched a Free Trade Agreement (FTA) Feasibility Study in April 2017. It was completed in January 2019. The FTA negotiations, however, are yet to take place.

### Indian investments in Georgia

There are sizable Indian investments in Georgia - approximately to the tune of USD 400 million (both direct and indirect). Indian companies like TATA Power, Geo Steel LLC, Jindal Petroleum Ltd and KEC International Ltd have been operating in Georgia for many years. The largest Indian investment till date, amounting to USD 166 million, is by TATA Power in the 187 MW Shuakhevi Hydro Power Plant. This is the largest hydropower plant to be built in Georgia in the past 50 years and it is also the first hydropower project to have been certified by the UN Framework Convention on Climate Change to reduce carbon emissions.

### Opportunities for Indian companies: Hospitality sector

Georgia's thriving tourism sector provides a huge opportunity for investments in the

hospitality sector. Around 5.5 million tourists visited Georgia in 2023. The influx of Indian tourists, especially from the Gulf, has increased gradually over the past few years. Already many Indian companies have invested and opened a few hotels in Tbilisi and Batumi (Georgia's coastal city). Due to high demand and occupancy rates, Georgia is considered as a lucrative destination for the hospitality and real estate sector investments. With fewer regulations, a simplified tax structure, and new infrastructure improvement initiatives, Georgia creates an environment in which local and foreign companies can easily flourish.

### Pharmaceuticals and Healthcare

There are vast opportunities for investors in the Georgian Pharmaceutical industry, namely in the fields of production of generic drugs, active pharmaceutical ingredients, CRO & CMO. Pharmaceutical Export Promotion Council of India (PHARMEXCIL) organized an India-Georgia Business meet on 20 March 2023 in Tbilisi, Georgia. The 50-member Indian pharma delegation also held B2B meetings with Georgian pharma companies and explored the potential for cooperation between the two countries.

### Infrastructure

Georgia is rapidly developing its road, port and electric cables infrastructure. The Georgian government is also promoting investments in "Green Energy". Indian companies can tap the opportunities in these sectors. Notably, in March 2022, the Indian company, KEC International Limited, won the prestigious tender for construction of the 103 km-long Overhead Transmission Lines between Tskaltubo-Akhalsikhe.

### Film Shooting

Georgia, with its picturesque locales, offers a budget destination for film shooting. Bollywood films are very popular in Georgia. The Georgian government launched an incentive programme offering a 20% rebate on qualified expenses incurred for film shooting in Georgia. This has resulted in many Indian films being filmed in Georgia (e.g. Race 3, Pyar ka PunchNama, Mom, etc.)

For more information regarding opportunities in Georgia, interested Indian companies can get in touch with the Georgian Chamber of Commerce and Industry, which is under the Georgian government structure, but also has independent business members. Their website can be accessed at <https://gcci.ge>. The Embassy of India in Yerevan actively promotes facilitation of economic and commercial contacts. Business queries are responded to promptly and details of possible buyers/importers in Georgia are provided in real time. For any queries, companies may contact: [commerce.yerevan@mea.gov.in](mailto:commerce.yerevan@mea.gov.in) ■