

POTI – FREE INDUSTRIAL ZONE, GEORGIA

The First Free Industrial Zone in the Caucasus Region at Poti, Georgia

Economic Scenario - Georgia:

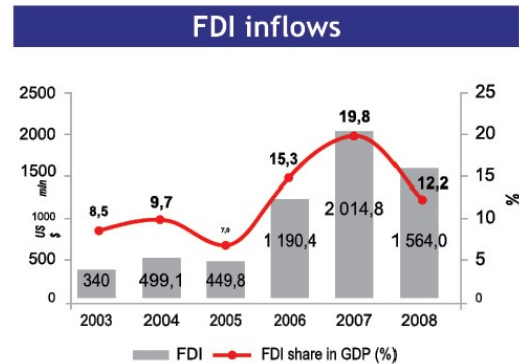
Georgia's economy has sustained robust GDP growth of close to 10% in 2006 and 12% in 2007, based on strong inflow of foreign investment and government spending.

Areas of recent improvement include:

- Increasing FDI as well as growth in construction industry
- Substantial growth in the Banking Services and Mining Sector

Georgia's main economic activity includes

- The cultivation of agricultural products such as grapes, citrus fruits and hazelnuts
- Mining of Manganese and copper, Production and export of cement and building materials
- An output of small industrial sector producing alcoholic and nonalcoholic beverages, metals, machinery, aircraft and chemicals



About POTI Free Industrial Zone:

The First Free Industrial Zone (FIZ) in the Caucasus region at Poti Georgia is fully established and operational from 16th November 2010 in Poti, Georgia. The Administrator and Organizer of the project is RAKIA GEORGIA FIZ LLC, which was created in June 2008 by RAK Investment Authority (RAKIA), a government of Ras Al Khaimah, U.A.E. nodal agency.

The basic concept of the Free Zone is to enable entrepreneurs to establish and run sustainable businesses free from all major restrictions and burdens, namely from taxes/duties, import/export restrictions, local/municipal laws, state red tapes, etc. An entrepreneur operating in FIZ can focus full time on his smooth business expansion in the shortest possible time and with least resources without diverting his attention on Tax/Regulatory matters.

Project - Poti FIZ, covering the territory of 300 hectares, is situated on historic Silk Road between East & West. With the investment of more than 400 million USD including the investment in the Poti Sea Port, RAKIA is building world class state of art infrastructure, modern warehousing complex, container storage areas, Business Centers, etc.

As Poti FIZ is situated right next to the Poti port, it gives the companies the advantage of lowest cost for import and export due to the very low local logistic/transportation cost.



Further notable factor is that there are no taxes applicable in the Free Zone for import/export of raw materials and goods. The territory is well-connected to the railway system and highways connecting to the growing economies of **Turkey, Azerbaijan, Kazakhstan and Russia** etc. Poti, situated on the Black Sea shore, is the shortest way from East to Western European countries and vice-versa.

RAKIA is inviting manufacturing, trade, services & consulting, logistics companies in mainly all business sectors and industries to start-up their operation in Poti FIZ at a very low cost. Poti FIZ provides the same level of suitability for the companies involved in the new industries such as High Tech, as for the traditional ones, like Agro Business. Having the role of the logistical and manufacturing hub, **Poti FIZ is very cost effective option for the companies who want to expand in the new markets of the Caucasus and Central Asia and the EU countries.** Due to low cost of power (electricity) and labour, power intensive industries requiring large labour force will find operating from Poti FIZ very cost effective and beneficial.

Following are the benefits typical to other free zones of the world along with additional benefits specific to Poti Free Zone:

1. Low Cost of leased land
2. 100% foreign ownership in free zone
3. 100% capital and profit repatriation
4. Zero tax on profits in the Free-zone for international companies
5. 100% duty free Import and export of raw materials and finished goods
6. Right to source raw material from anywhere in the world
7. Availability of power and water with one stop window for all your requirements
8. Power supply at competitive rates (due to hydro-electric power generation)
9. European quality lifestyle with beaches, mountains, resorts, shopping malls, multiplexes, golf courses, international schools, colleges (incl. medical and engineering) and hospitals – all available in the region.

Ten reasons to invest in Georgia

1. The world's leading reformer - World Bank "Doing Business Survey"
2. Strategic Geographic Location
3. Stable Microeconomic Environment - Dynamic Banking Sector
4. Liberal Trade Regimes - Aggressive Privatization Policy
5. Low and Simple Taxes
6. Simplified Licensing & Permitting procedures
7. Labour Freedom and Qualified labour force at low cost
8. Stable Pro-Active Pro Business Government
9. Corruption free environment
10. Easy Access to market of Over 1 Billion affluent people in the region

For the initial stage leasing rates in the Poti F.I.Z are very competitive and attractive being one of the lowest in the Black Sea region. Lease cost for 1sq.m starts from USD 7 per year for manufacturing companies. Hence the early investors stand to gain a lot on long term basis. The rental is fixed for first ten years. The price for different types of licenses (manufacturing & commercial, General and Special trading, logistics, service, consulting, Banking, contracting) starts from only USD 2500 per year – the lowest in the EU!

The services to be provided within the Free-zone include the primary and secondary roads giving complete access to all industrial plots with-in the project area, street lightening, water supply, fire fighting system, sewerage network, storm-water drainage system, electric supply and irrigation network for green-zone areas. The design criteria for each segment of development of infrastructure will be as per the international specifications to ensure that the FIZ facilities are comparable to the best in the world. Poti FIZ is already provided with availability of electricity, water, gas and railway. The whole project area is protected with modern camera surveillance system and the security is provided by the Georgian police under a corporate agreement with Poti FIZ management.

The project has full and complete support of the Government of Georgia and therefore a very investor friendly free-zone regulation is in place. The government is open to suggestions from the investors to amend the laws for the benefit of all stakeholders.

The first investors were awarded with the Poti FIZ license officially by Honorable President of Georgia Mr. Mikheil Saakashvili in year 2009. Since then Poti Free Industrial Zone has received extremely good response from Investors from various countries like Georgia, Azerbaijan, Armenia, Ukraine, Iran, Turkey, UAE, India, Cyprus Republic, etc. and already 35 companies have taken licenses to set-up businesses in Poti FIZ. The investors represent various sectors, such as manufacturing of dyes and paints, production of edible oil, manufacturing of furniture, manufacturing of ferroalloys, general trading, etc. Some of these companies have started construction of their factories and units in Poti FIZ.

For more information, kindly visit www.rakiageorgia-freezone.com or *contact their India Representative Mr. P.K.Chatterji at pkc@rakiageorgia-freezone.com (+91 9880 787 982)*