



European
Commission

EU-GEORGIA TRADE

Making it easier to invest

Factsheet on Deep and Comprehensive Free Trade Area (DCFTA)

Under the DCFTA between Georgia and the EU, Georgian companies will be able to set up a subsidiary, a branch or a representative office in the EU and EU firms could do so in Georgia. The DCFTA gives businesses as much flexibility as possible to expand, including with a Georgian or a European partner. It provides "market access for establishment". What does it mean in practice?

HOW YOU INVEST TODAY IN GEORGIA AND THE EU



Georgia actively promotes itself to attract Foreign Direct Investment (FDI). More FDI brings new business, enables new technology to gain ground in Georgia, and creates jobs. Today in Georgia, administrative procedures are designed to encourage foreign investment. EU countries are one of the main sources of FDI in Georgia.

The EU is also an important hub for foreign investors, attracted to its stable market and the purchasing power of its citizens. Although generally open, each EU country limits foreign investment in some economic sectors. And each has its own rules in place for incoming investors. These rules include requirement of proof of qualifications, restrictions for environmental reasons, and limits on how long foreign professionals (so called "key personnel") can stay in the country. Visa requirements are regulated separately.

WHAT WILL CHANGE UNDER THE DCFTA ?

- ✓ It will be possible to set up a subsidiary, a branch or a representative office of a Georgian/European company in the DCFTA partner country in any business area, manufacturing or services sector. The EU only grants such broad access to its FTA partners. A few sectors are exempt from access: activity related to nuclear materials, production and trade in weapons and war materials, audio-visual services, national maritime cabotage, and some air transport services.
- ✓ The EU and Georgia will ensure that procedures applied to domestic companies will apply equally to such subsidiaries, branches or offices of companies from the other DCFTA partner. The same goes for access to justice and the courts.
- ✓ Georgian company professionals may go to the EU for up to three years to help set up a subsidiary, branch or office. Procedures related to their stay in the EU will become easier. The same will apply to EU professionals in Georgia.
- ✓ In the EU, rules on proof of qualifications, environmental protection, visa requirements etc. stay the same. Visa matters and work permits are not regulated in the DCFTA.

Did you know that...

...the Georgian National Investment Agency promotes business contacts between Georgia and the EU.

...In the EU, each EU country is responsible for promoting business, in particular through the national chambers of commerce. If you are looking for a European partner, contact the Embassy of an EU country in Georgia.

...In 2013, EU countries invested more than USD 400 million in Georgia, or 43% of the total FDI inflow to Georgia in 2013 (USD 914.4 million).

Source: GEOSTAT, 2014



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WHAT DOES THIS MEAN FOR GEORGIA?



- ✓ More European and international investment in Georgia because it will be easier to do business together.
- ✓ For Georgian companies, it will be easier to gain a foothold in the European market and promote their products/services directly.
- ✓ Duty-free trade will spur even more investment because it will be cheaper and easier to export and import goods. It will be also easier to provide services between different types of businesses and to integrate them in your business plan.
- ✓ Investment in skills: a company will be able to send young staff (“graduate trainees”) for up to one year for further training and career-development to its subsidiary, branch or office in the EU/Georgia.
- ✓ Direct benefits for citizens: investment means new jobs.

Did you know that...

...the DCFTA promotes business and jobs through investment. Visa requirements or work permits for the general public as such are not regulated in the DCFTA.

...In 2013 two EU countries, the Netherlands and Luxembourg, were the biggest foreign investors in Georgia. Together, they invested USD 325 million, or about 0.33% of total FDI inflow to Georgia in 2013.

Source: GEOSTAT, 2014

WHAT ABOUT PROTECTION OF INVESTMENT ?

Each EU country has its own approach to protection of investment. Some EU countries have a Bilateral Investment Treaty with Georgia. These treaties define how disputes over an existing investment can be settled. They do not relate to ‘entering the market’ as such. These Treaties on ‘investment protection’ will remain in place for some time. They are not covered by the DCFTA.

More on the topic...

- Read Articles **78-82 and 88-89** (Chapter 6 of Title IV) of the Association Agreement/DCFTA to know exactly what Georgia and the EU have agreed on establishment. Check also **Annex XIV-A, XIV-B and XIV-C** (for the EU), and **Annex XIV-E, XIV-F and XIV-G** (for Georgia) for conditions that apply.
- You can find the Association Agreement on the website of the EU Delegation to Georgia http://eeas.europa.eu/delegations/georgia/index_en.htm (in English) or of the Georgian Ministry of Foreign Affairs <http://www.mfa.gov.ge> (in Georgian).
- Exporters to the EU can check out the requirements on the [Export Helpdesk website](#).
- For any further questions, contact us: Delegation-Georgia@eeas.europa.eu.