

# east

#2/25

## Focus South Caucasus

Business opportunities and challenges  
in Georgia, Armenia and Azerbaijan

presented by



# BUSINESS EAST

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# Dear readers,

with the second issue of our magazine 'east', we take a close instructive look at the South Caucasus, the countries of Armenia, Azerbaijan and Georgia. Our cover page shows the geographical map of this region and thus already its special characteristics and challenges, which until now have been more attractive for tourism and culture lovers, but less associated with business opportunities.

However, this is changing rapidly and there are at least three reasons for this. Many companies are relocating their business activities from Russia to Central Asia and the South Caucasus. An agreement between Armenia and Azerbaijan to end the hostilities over Nagorno-Karabakh appears to be within reach. The so-called 'Middle Transport Corridor' from China via Central Asia and the South Caucasus to Europe will also significantly improve the region's logistical connections.

Armenia and Georgia are 'small but mighty' in the IT sector: if you are looking for manageable and well-coordinated teams of programmers or creative IT project managers, you will quickly

and reliably find what you are looking for locally. Both nations also offer favourable conditions for setting up production with export opportunities in all directions. Armenia's largest export market is Russia. Azerbaijan has so far been in demand primarily as an oil and gas supplier and has been working for three years to double its capacity for deliveries to the EU. At the same time, the country is rapidly pushing ahead with renewable energies. In addition, Azerbaijan, with its 10-million population, is a promising consumer market.

The authors of the articles in this issue of 'east' will be happy to provide you with expert advice and support on-site.

So if you are planning an exploratory trip to the South Caucasus, the culinary aspect should of course not be neglected. All three capitals offer top cuisine and full-bodied wines that will delight you - after all, wine culture originated in this region of the world.

We hope you enjoy reading this report and find it both enriching and informative.

Yours,



A handwritten signature in black ink, which appears to read 'Ulf Schneider'. The signature is fluid and cursive, written on a plain white background.

Ulf Schneider  
Publisher



# Focus South Caucasus and Caspian Region

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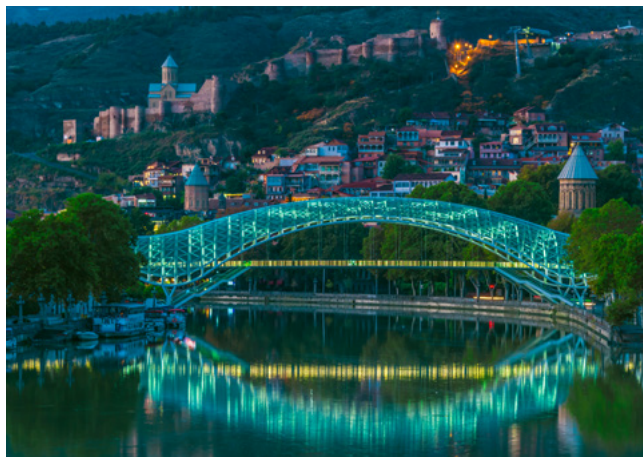
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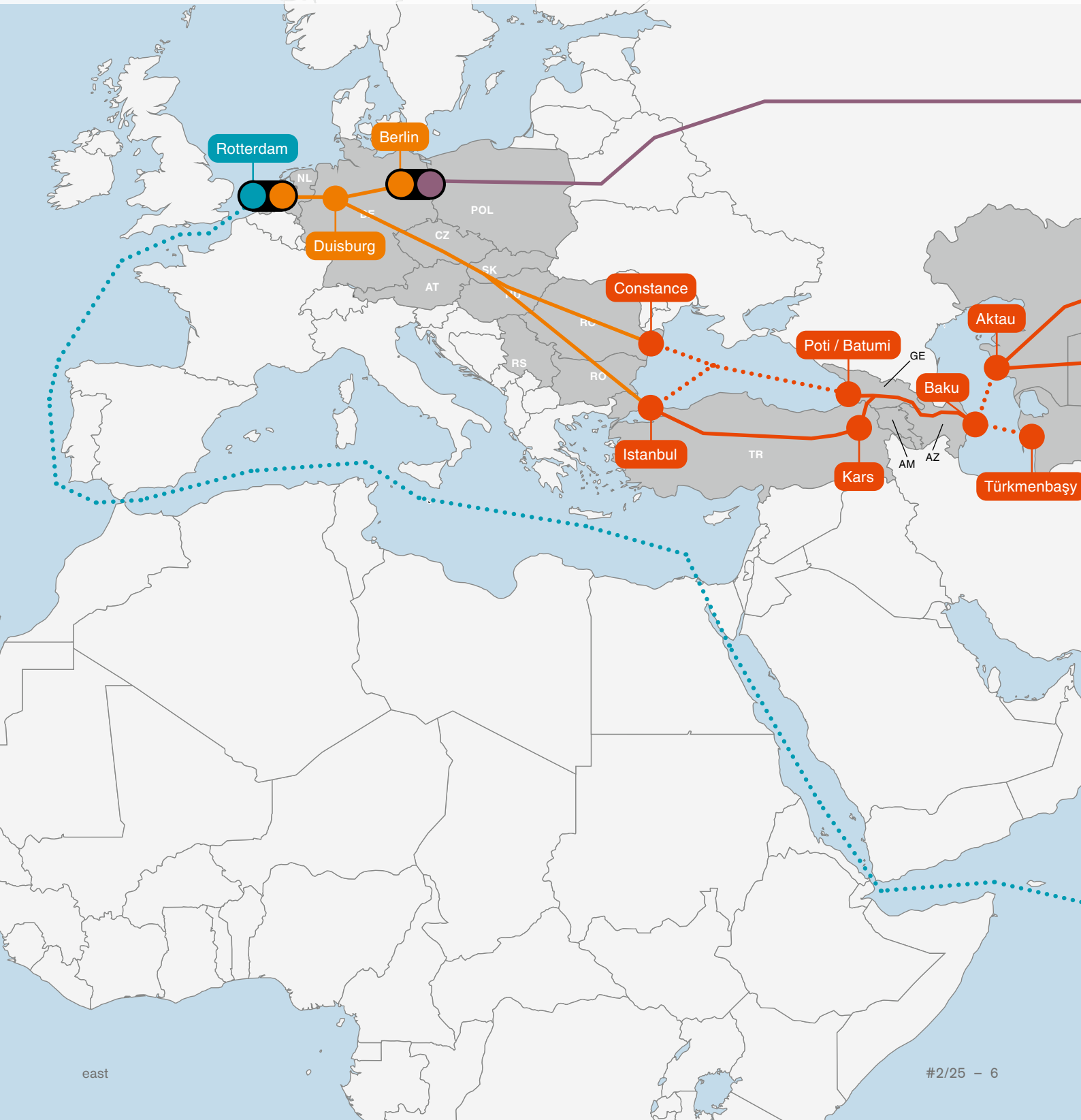
Baku, Azerbaijan



Yerevan, Armenia



# The Middle Corridor



**Northern Corridor** 10,000 - 10,300 KM

China – (Kazakhstan) – Russia – Belarus – EU



12-16 Days

**Middle Corridor** 9,400 - 11,000 KM

China – Kazakhstan – Caspian Sea – Azerbaijan – Georgia – Türkiye – EU



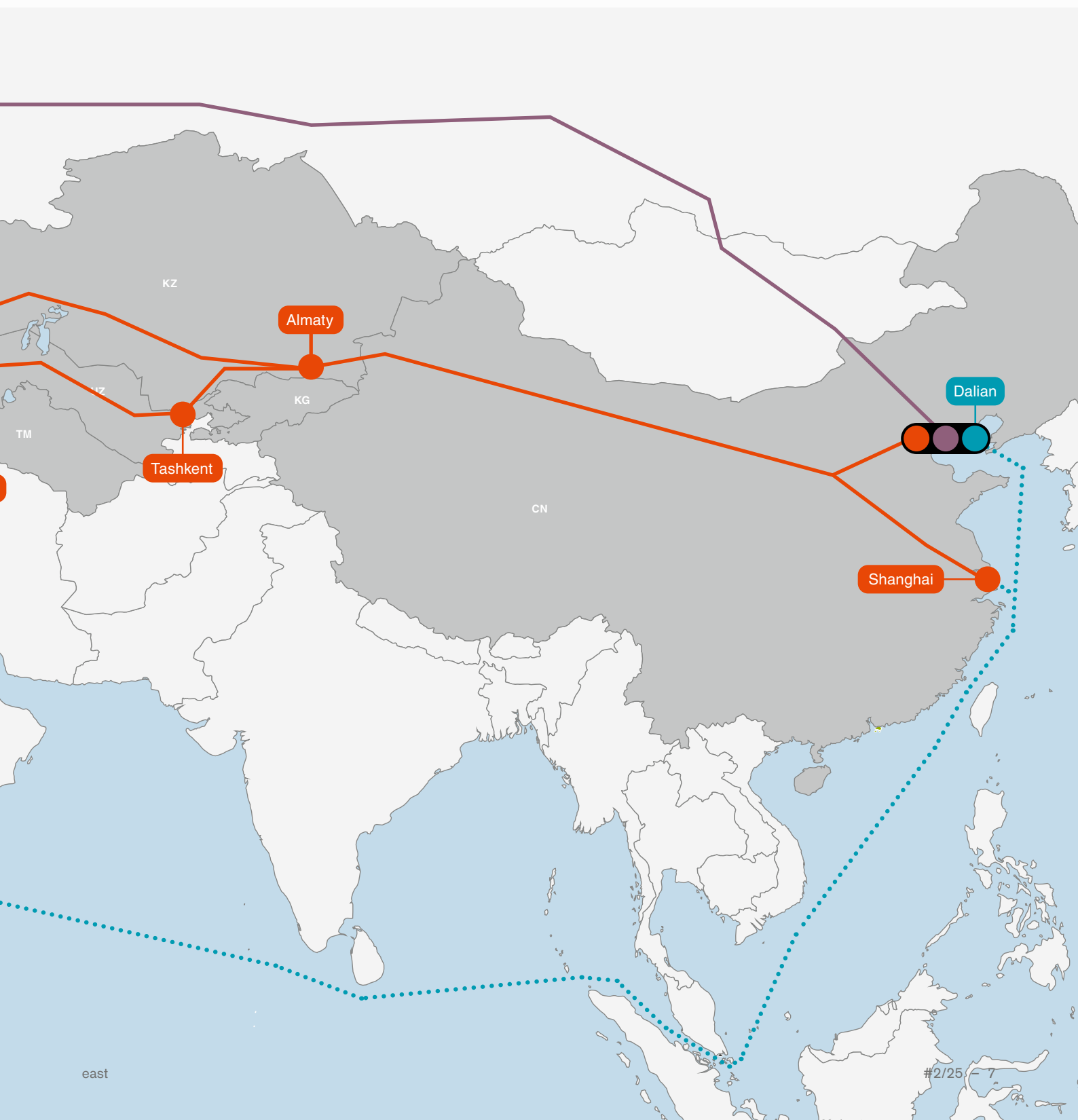
18-23 Days

**Maritime Corridor** 16,400 KM

China – Indian Ocean – Mediterranean Sea – EU



35-45 Days





# The golden middle way?

We talked to Viktor Ebel, economic expert for Central Asia, South Caucasus and Eastern Europe at Germany Trade & Invest (GTAI), about the growing significance of the Middle Corridor in a changing geopolitical environment.

## **Does the Middle Corridor have the potential to become an alternative to the transport route via Russia?**

The Middle Corridor has already become an alternative transport route between Europe and Asia. The figures from the Trans-Caspian International Transport Route (TITR) association indicate a sharp increase since the beginning of the war in Ukraine.

In the 2023 study, the World Bank estimates that freight volumes could rise to 12 million tonnes by 2030, if the infrastructure is expanded and the customs clearance is improved. However, due to its limited capacity, the Middle Corridor will not replace rail transport via the northern route (Russia) in the medium and long term. Rather, it fits into the strategy of diversifying supply routes.

## **Is there any support, for example, from the European Union?**

The EU is keen to expand infrastructure in Central Asia and connect it to European transport networks. In the 2023 study "Sustainable Transport Links between Europe and Central Asia", the European Bank for Reconstruction and Development (EBRD) made recommendations for further development of the Middle Corridor to increase the capacity of the route. At the subsequent Investors Forum in January 2024, European and international financial institutions agreed to allocate EUR 10 billion to Central Asia for the development of sustainable trans-

port networks, including the Middle Corridor. The Forum resulted in the following agreements:

- The European Investment Bank (EIB) signed 4 Memoranda of Understanding totalling EUR 1.47 billion with the governments of Kazakhstan, Kyrgyzstan, and Uzbekistan and the Development Bank of Kazakhstan (DBK) for the development of transport infrastructure. This includes technical assistance for a regional transport programme for Central Asia to be adopted in 2025.
- The EBRD has signed a Memorandum of Understanding with Kazakhstan to implement a number of projects worth EUR 1.5 billion, with projects to improve transport connectivity in Central Asia already in preparation.
- Coordination platform to monitor and improve co-operation and keep the development of the Trans-Caspian Transport Corridor on track.
- Regional Prosperity Programme, starting in 2024, implemented by the International Trade Centre (ITC) and the OECD, aimed at practical implementation and use of trans-Caspian transport networks.
- Introduction of a tool of high-level advisors, known as Twinning Advisors, to be deployed in the transport ministries of all five Central Asian countries from 2024. Organization of soft connectivity meetings will start in the coming months.

- It is not yet known exactly how the investment sum of EUR 10 billion adds up, apart from the key points mentioned.

#### **How active is the EU Global Gateway connectivity initiative at the moment? Which projects are being funded?**

The EU has launched 4 out of 87 lighthouse projects worldwide in Central Asia as part of Global Gateway 2023, including one in the field of transport:

- Satellite connectivity: provision of satellite ground stations with integrated data centres
- Transport corridors: Identification of sustainable transport routes with recommendations for the expansion of trunk roads (EBRD study)
- Green hydrogen: Development of a green hydrogen value chain as part of a strategic partnership with Kazakhstan on raw materials, batteries and green hydrogen
- Renewable energies: Partial financing of the Rogun hydro-power plant to double Tajikistan's electricity production.

Two further lighthouse projects in Central Asia followed in 2024, which are intended to strengthen cooperation on critical raw materials and improve the ecological situation around the Aral Sea in Uzbekistan.

#### **What role do foreign investments play in the development of the Middle Corridor?**

The involvement of Central Asian countries in Georgia deserves special attention. In mid-August 2023, private Kazakh company PTC Holding launched the construction of a container terminal in the port of Poti. The investor intends to operate its own terminal with an annual handling capacity of 80,000 TEU from mid-2024 through its subsidiary Poti Transterminal JSC. Later on, up to 450,000 TEU are to be handled annually at the site. Uzbekistan is also showing interest in building or renting a terminal in the Georgian ports. The ports of the Black Sea country are becoming increasingly important for the international transportation of goods from Central Asian countries.

The top project in Georgia is the construction of the deep-sea port of Anaklia, to be built by a Chinese consortium (China Communications Construction Company Limited and China Harbour Investment), which will hold 49% of the port. The Belgian company Jan de Nul will be responsible for deepening the harbor basin and building breakwaters.

At the investment forum in January 2024, the logistics companies Hellmann East Europe, the Hamburg port and logistics company HHLA, the shipping company Maersk and its subsidiary APM Terminals, which operates the Georgian

Port of Baku, Azerbaijan

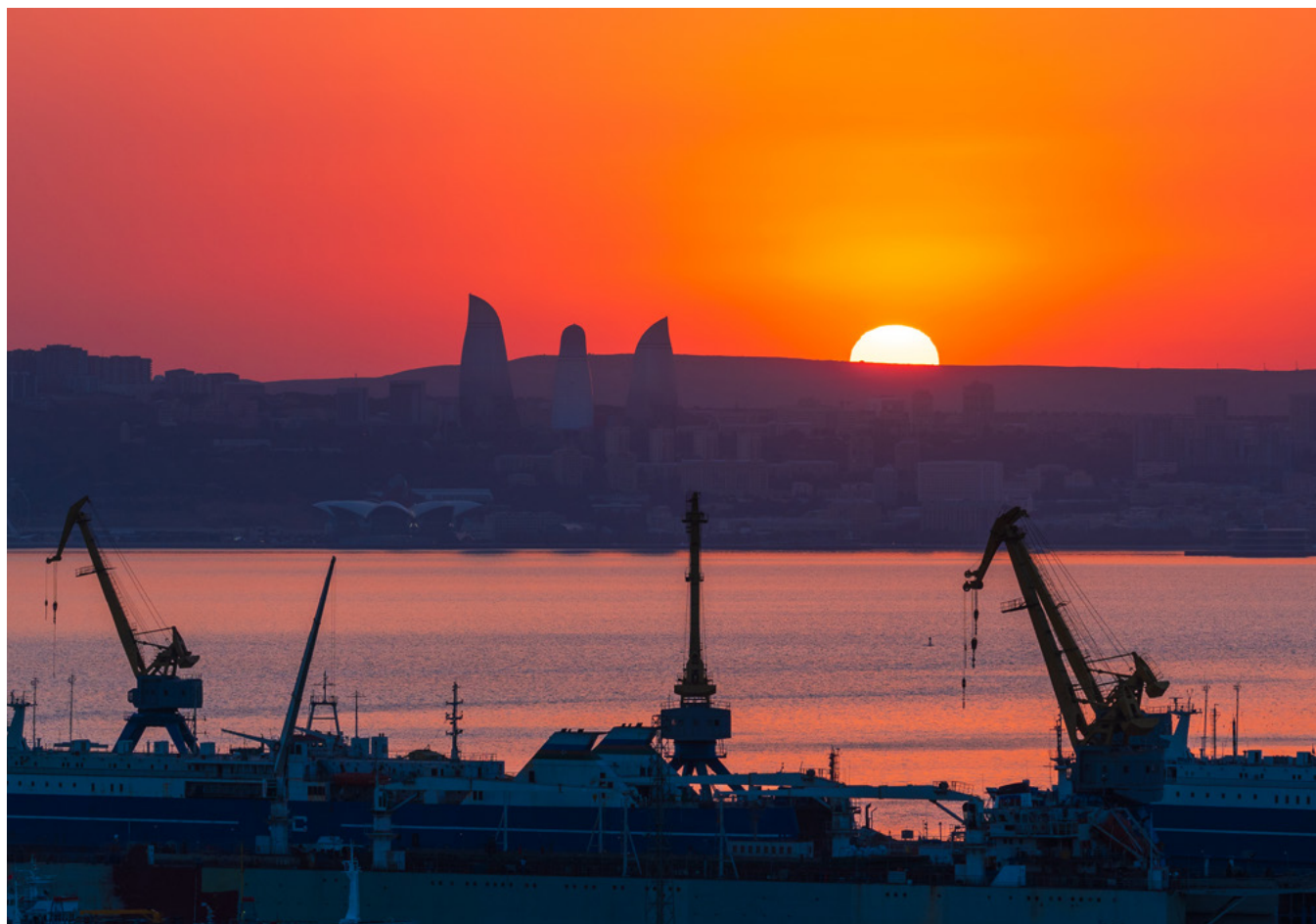


Photo: IMAGO / Pond Images

port of Poti, the port authority Antwerp-Bruges, the Polish ports of Gdansk and Gdynia and the Turkish energy company Çalık Enerji were among those represented. However, the flow of goods is currently still too small for German companies to invest on a large scale.

### **What initiatives are being taken by Kazakhstan, Azerbaijan and Georgia to boost the expansion of the transport route?**

The countries directly involved in the Trans-Caspian Corridor and neighbouring countries have concluded many agreements in recent years to promote the middle transport route. The latest in this series is the establishment of a joint venture between the state railway companies of Azerbaijan (Azerbaijan Demir Yollari), Georgia (Georgian Railway) and Kazakhstan (Kazakhstan Temir Zholy). They created Middle Corridor Multimodal Ltd. on 26 October 2023.

The new company will be a common point of contact for transport companies wishing to use the Middle Corridor between China and Europe via the Caspian Sea. It will be based at the Astana International Financial Centre (AIFC) in Kazakhstan.

As a joint operator, Middle Corridor Multimodal should standardise transport tariffs on the multimodal route, handle cargo centrally and reduce transport times, currently up to 60 days, to 10-15 days. In the future, services are to be offered according to the one-stop shop principle. The establishment of a joint IT platform is planned.

### **To what extent is the Middle Corridor currently used?**

According to figures from TITR, freight volumes via the Middle Corridor rose to 3.3 million tonnes in 2024 (+20.5% compared to 2023); 56,500 TEU (+275.6% compared to 2023, following a 39% decrease between 2022 and 2023).

The situation has improved with the establishment of the Middle Corridor Multimodal Ltd. The tense situation in the Red Sea encouraged some logistics companies to shift more containers from ship to rail again.

### **What goods and to what extent are currently transported via the Middle Corridor?**

The World Bank analysis shows that in 2021, mainly oil and oil products (30%), coal (16.7%) and ferrous metals (10.1%) were transported via the Caspian Sea. Raw material exports therefore dominate, especially from Kazakhstan to Europe.

Products with high-added value accounted for only 22.7% of the shipped goods. However, the current and forecast growth in transport along the Middle Corridor is based on its advantages over sea transport and transit via Russia: the Middle Corridor is faster and safer. This makes it attractive for companies that want to transport expensive machinery and equipment as well as goods affected by sanctions. The World Bank therefore estimates that the proportion of goods in containers will increase to 35.8% by 2030.

### **What are the prospects for European SMEs in the development of the Middle Corridor?**

The biggest stumbling blocks along the Middle Corridor are the national borders. To make the processes here more efficient, international donors and German development aid are supporting Central Asia in border management. Companies can get involved here with consulting services, for example in digitalization or trade logistics.

In addition to regulatory obstacles, there is still a lack of modern transport infrastructure in many places along the Middle Corridor. The governments of the countries concerned and the EU agree that this must be rapidly expanded over the next few years. Ports are being modernized and new ones built, for example in Kazakhstan, Azerbaijan, and Georgia. There are supply opportunities here for suppliers of harbour, ship and maritime equipment. New railway lines are also being built and railway stations expanded in Central Asia and South Caucasus. European companies can also score points here with their technology and expertise.

### **How do you rate the importance of the Middle Corridor for Central Asia and Caucasus?**

The development of the Middle Corridor is an opportunity for the countries in Central Asia and South Caucasus to trade more with each other, but also to open new markets in Europe and Asia. The countries can also diversify their exports. This will also make the countries a little less dependent on Russia, which is an important trading partner and transit country for many. The World Bank also comes to the conclusion that the Middle Corridor will primarily be regional, the global relevance of which is less significant, but which represents an important factor in the regional context.

Dear Mr. Ebel, thank you for taking the time to answer our questions.

**Current addendum:** At the first EU-Central Asia Summit on April 4, 2025, in Samarkand, Uzbekistan, a strategic partnership between the EU and the Central Asian countries was agreed upon. EU Commission President Ursula von der Leyen announced a €12 billion investment package as part of the Global Gateway initiative, of which €3 billion is intended for the transport sector. An investment forum for the Trans-Caspian Transport Corridor, which will also attract private funding, was also announced.

The city of Batumi on the Georgian Black Sea coast is both tourist travel destination and cargo hub on the Middle Corridor.





Photos: IMAGO / Depositphotos



# Developing a Caspian cargo fleet

The Caspian Sea is a bottleneck on the transport route of the Middle Corridor. In order to expand capacities, Rhenus Logistics plans to use its know-how in shipbuilding to construct a low-emission transport fleet for the Caspian Sea. We spoke to Heinrich Kerstgens from Rhenus about the planned project.

**Dear Mr. Kerstgens, GTAI reports on the Rhenus Group's involvement in the construction of a low-emission transport fleet for the Caspian Sea. Which partners are involved in the implementation of the project besides the Rhenus Group?**

We are trying to bring together private companies, government agencies and research organizations from different states bordering the Caspian Sea to develop a concept of the optimal vessel for the Caspian Sea. It is not easy.

**According to GTAI, the vessels are to be manufactured in a shipyard in Baku. How is the production organized with the local partners?**

The shipyard in Baku is one of the options. However, there are other options and certainly also the possibility of bringing vessels to the Caspian Sea via the Volga-Don Canal. This will not work overnight, but must be considered in the long term.

**Does the Rhenus Group project include technology transfer or local capacity building initiatives? If so, what skills and competences would you like to facilitate in the local workforce?**

If research institutions or shipyards from outside the region bring expertise there, that is certainly very welcome. At this stage of the talks, it is not yet possible to say anything more





specific. Firstly, it is a question of designing a vessel that is adapted to the special nautical conditions of the Caspian Sea and also fulfils the expected logistics requirements on the Trans-Caspian Corridor (also known as the Middle Corridor).

**Were there any specific problems or requirements when planning the transport fleet for the Caspian Sea?**

There are certain nautical requirements for the Caspian Sea. In brief, these include reduced water depth in coastal areas, strong winds and associated waves, as well as ice drift.

**The Rhenus Group managed to use its expertise from the development of a low-emission ship engine for the European domestic market. How important is the introduction of green technologies for the Rhenus Group's business model?**

We have long been using technologies that promote energy conservation, renewable energy generation, decarbonization and efficiency. We have found that investing in these areas often ends up being the best economic strategy as well. In addition, we can work with our customers to develop new business models with these technologies.

**What role does the Middle Corridor play for the Rhenus Group today as an alternative transport route between East**

**and West and what expectations do you have for the expansion and development of the Trans-Caspian Route?**

Rhenus has had its presence in Azerbaijan, Kazakhstan and Uzbekistan for several decades, which means that transport operations in Central Asia and the Caucasus are nothing new or unusual for us. The recent geopolitical turbulence has changed fundamental circumstances, business models and transport routes. With the population of almost 100 million, the countries of Central Asia and the southern Caucasus represent a rapidly growing economic area with the need for goods, trade and logistics. As a result, we are no longer talking about transit between China and Europe. The economies in Central Asia and the Caucasus have their own regional requirements and thus a great need for logistics services. Turkey also plays a role as a trading partner that should not be underestimated. We therefore assume that between 1.0 and 1.2 million TEU could be transported on the Caspian Sea by 2024 at the latest, if the necessary handling and shipping capacities are put in place now.

Dear Mr. Kerstgens, thank you for taking the time to answer our questions.

The Caspian port of Baku, Azerbaijan

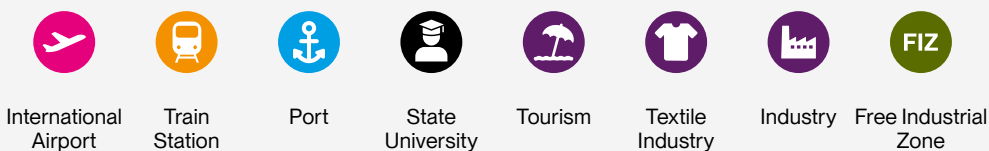
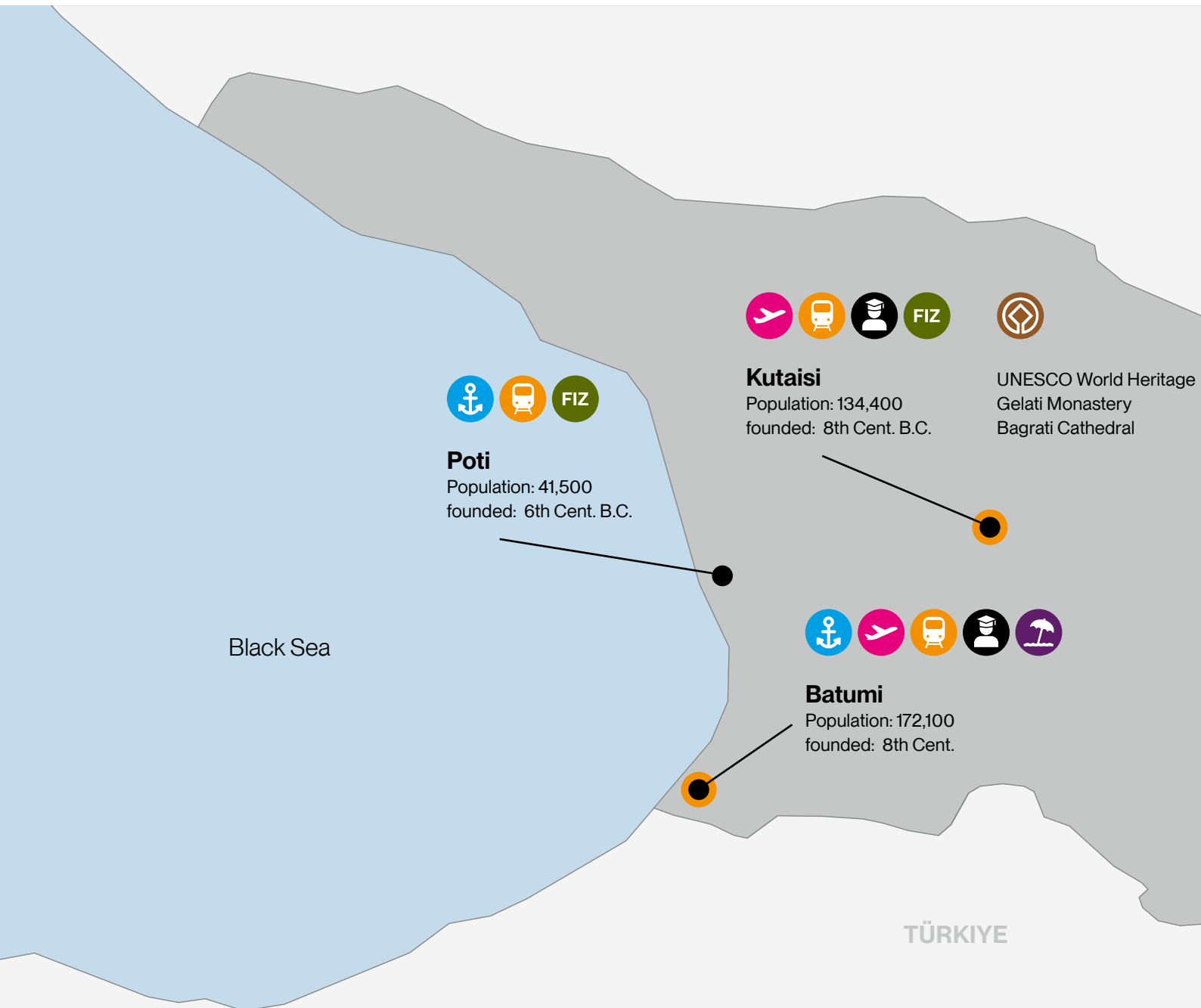


Photos: IMAGO / Depositphotos



# Georgia

**Area** 69,700 Km<sup>2</sup>  
**Population** 3,728,600  
**Density** 53.9/Km<sup>2</sup>  
**Currency** Lari (GEL)  
**Time zone** UTC+4  
**Date format** dd.mm.yyyy  
**Calling code** +995  
**Country code** GE  
**Internet TLD** .ge



---

### \* Georgia

- \* Inhabited by Homo erectus since the Paleolithic Era.
- \* The earliest evidence of wine to date has been found in Georgia.
- \* According to Greek mythology the search for the Golden Fleece led Jason and the Argonauts to ancient Georgia, traveling up the river Rioni from Poti
- \* With a depth of 2,223 meters, the Veryovkina Cave, is the deepest known cave on Earth.
- \* Advanced metallurgy and goldsmith techniques that date back to the 7th century B.C.

---

### Agricultural products

Milk, Grapes, Corn, Potatoes, Wheat, Watermelons, Tomatoes, Tangerines, Barley, Apples

### Resources

Manganese, Iron Ore, Copper

Sources: Wikipedia 09.2023, GTAI 2023



# Georgia Economy

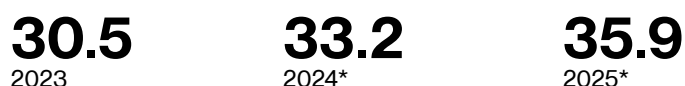
Source: GTAI / 12. 2024  
 \*geostat.de / 04. 2025  
 \* estimate, forecast



**Average wage**  
 USD / gross / month



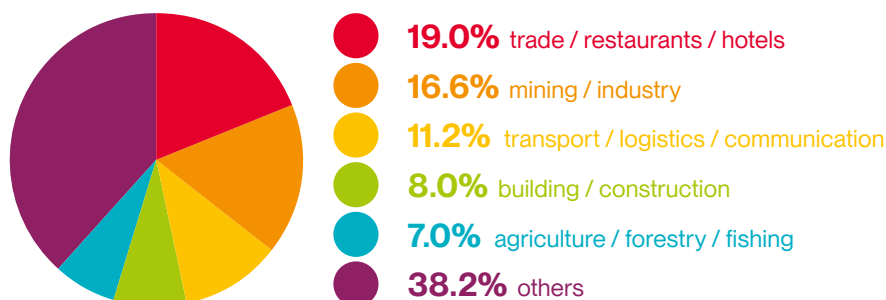
**GDP**  
 nominal / bil. USD



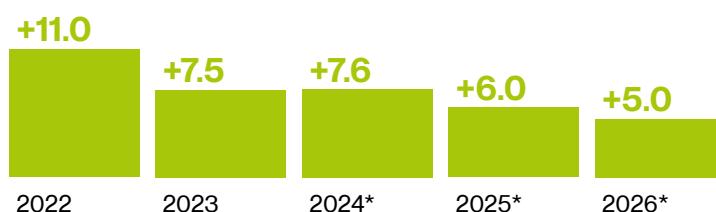
**GDP**  
 per capita / USD



**GDP by industry**  
 2022



**GDP growth**  
 real / %



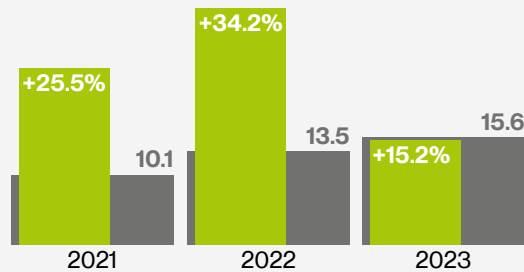




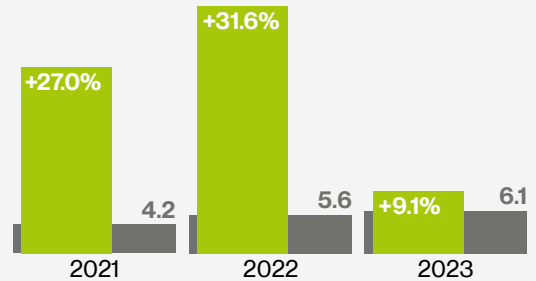
# Foreign Trade

bil. USD

## Import



## Export



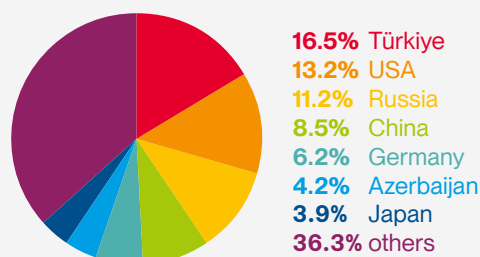
### Imported goods 2023

automotive	24.4%
chemical products	10.9%
food	10.1%
petrochemical	7.5%
machinery	5.9%
electronics	4.6%

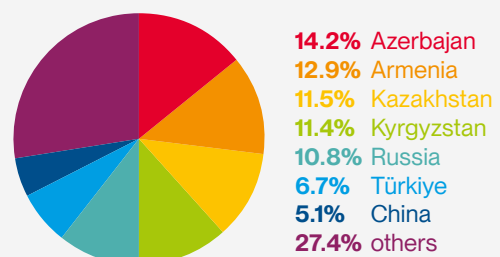
### Exported goods 2023

automotive	37.1%
beverages / tobacco	13.4%
raw materials (excluding fuels)	10.3%
food	9.6%
chemical products	7.5%
textiles / clothing	3.8%

### Main supplier countries 2023



### Main buyer countries 2023



## FDI

2023 / bil. USD

1.6

net inflow

24.35

stock

### Main investor countries 2022 / stock

20.1%	Azerbaijan	4.3%	UAE	2.8%	Russia
18.0%	UK	4.3%	USA	2.8%	Malta
9.3%	Netherlands	3.0%	China	2.4%	Luxemburg
6.0%	Türkiye	2.9%	Czech Republic	2.1%	Virgin Islands (Brit.)

# Let's talk about Georgia

## Ms Okromchedlishvili

Anuki Okromchedlishvili is the head of accounting of SCHNEIDER GROUP's Georgian office in Tbilisi.

### **Georgia is a country with rich history. What characterizes life in modern Georgia today?**

Modern Georgia, located at the crossroads of Eastern Europe and Western Asia, is an amazing combination of traditional and modern influences. I think it is modern urban life, traditional and modern values, cultural heritage and traditions, and of course Georgian cuisine!

### **What special advantages does Georgia offer investors from Europe?**

Georgia is a place where you can expand your business because of its low taxes, talented workforce, and the potential to access new markets. Remarkably low tax rates and business-friendly policies make Georgia a top destination for companies seeking to minimize their tax burden and maximize profitability.

Georgia offers young, highly motivated, multilingual and well-educated workforce. The majority of young population speaks fluent English, and Georgia also has the language skills to serve German-speaking countries. Finally, Georgia has the very flexible Labour Code.

### **Which industrial sectors are of particular interest for the participation of European SMEs?**

Information and Communication Technology (ICT): The ICT sector in Georgia is growing rapidly, and the government is

supporting the development of the digital economy. European SMEs can explore opportunities in software development, IT services, cybersecurity, and tech start-ups.

Logistics and Transportation: Given Georgia's strategic location as a transport hub between Europe and Asia, there are opportunities to develop logistics, warehousing, and transportation services. European companies can invest in logistics infrastructure, supply chain management, and freight services.

Healthcare and Pharmaceuticals: The healthcare sector in Georgia is growing, offering opportunities in medical equipment, pharmaceuticals, and healthcare services.

### **What incentives does the Georgian government offer to foreign investors?**

Recently, the Georgian Government has been offering the following incentives:

FDI Grant: The Government of Georgia offers support to foreign investment projects in the form of 15% cashback of capital and training costs. The program is aimed at promoting the growth of foreign direct investments in the country as well as inflow of knowledge and technology and the creation of new jobs in Georgia.

International Company Status (ICS) is a special tax status in Georgia available to certain types of Georgian enterprises, operating there.

**What role does Georgia's rapidly growing tech industry play in attracting international businesses and investors?**

The Georgian government, realising the importance of creating a hub of technological excellence in the South Caucasus, has passed laws granting International Company Status to foreign technology companies, exempting them from property and dividend tax and providing the reduced 5% tax rate on profits and personal income. Georgia has a Virtual Zone for the IT sector, which grants incentives, including zero corporate tax and no VAT. Georgia supports international business by providing seamless company registrations, quick access to new bank accounts and a high level of privacy.

Georgia is becoming a tech hub that can bridge East and West, attracting the best IT talent, generating exciting innovations and giving confidence to investors so that transformative technologies can spread across Eurasia.

**How developed is the digitalization of administrative tasks at the state level and how does it affect starting business activity in Georgia?**

Georgia has made significant strides in the digitalization of administrative tasks at the state level, which has a huge impact on starting and doing business in the country. The government of Georgia offers a comprehensive e-government portal where businesses can access a wide range of services online.

Remarkably low tax rates and business-friendly policies make Georgia a top destination for companies seeking to minimize their tax burden and maximize profitability.

Georgia offers young, highly motivated, multilingual and well-educated workforce.



Photo: SG

## Extensive digitalization of administrative tasks significantly reduces bureaucratic barriers and simplifies the process of starting a business.

The process of starting a business in Georgia is highly digitalized. Entrepreneurs can register a new business, obtain necessary permits, and perform other administrative tasks through the business registration portal. This system simplifies and speeds up the registration process.

Georgia provides one-stop-shop business registration and licensing services, where multiple procedures can be completed through a single digital interface. This integration minimizes the administrative burden on entrepreneurs and helps speed up the process of starting a business.

Extensive digitalization of administrative tasks significantly reduces bureaucratic barriers and simplifies the process of starting a business. Entrepreneurs can solve many issues related to business formation and compliance online, which speeds up the process of starting a business.

### **What cultural aspects of Georgian society would you highlight for potential foreign investors who want to better understand the local business environment?**

Understanding the cultural aspects of Georgian society can be crucial for foreign investors to effectively navigate the local business environment. Here are some key cultural elements to consider. For example, hospitality. Georgians are known for their exceptional hospitality. Visitors and business partners are often greeted with warmth and generosity.

Building strong personal relationships is important in Georgian business culture, and establishing trust can be a key factor in successful business interactions. Social gatherings and meals are often part of the business process. Participating in local table customs, such as the traditional Georgian feast (supra), can help strengthen business relationships.

### **What opportunities and challenges are emerging for Georgia in the context of geopolitical shifts in recent years?**

Geopolitical shifts in recent years have presented Georgia with both opportunities and challenges. The country's strategic lo-

cation at the crossroads of Europe and Asia, as well as its historical and contemporary geopolitical dynamics, make it particularly sensitive to these changes.

For opportunities I see the development of Georgia as Strategic Trade and Logistics Hub, the further development of the tourism industry and Georgia's role as a Energy Transit Hub

Among the challenges I see the political and economic uncertainty, regional security and conflicts and of course the regional competition.

### **How do you assess the development and importance of Georgia in the future?**

Assessing Georgia's future development and significance involves analyzing several aspects, including its geopolitical position, economic strategies, and regional integration.

Georgia's location at the intersection of Europe and Asia remains an important advantage.

Improving regional stability and diplomatic relations will be crucial for Georgia's growth.

Georgia's reputation as a country with a favourable business climate, characterized by low taxes, streamlined regulations, and investment incentives is likely to attract further foreign investment.

Free trade agreements with various countries and regions open new markets for Georgian goods and services.

Thus, due to its strategic location, favourable business climate and focus on technology and innovation, Georgia has significant potential for economic growth and development.

### **What do you miss most about your hometown Tbilisi when travelling abroad?**

I miss the warmth of the people here — there's a deep sense of community and hospitality that is hard to find elsewhere. And, of course, the food! Georgian cuisine, with its diverse flavours and traditional dishes is something I always look forward to when I return.

Dear Ms Okromchedlishvili, thank you for taking the time to answer our questions.

Tradition meets modernity in Tbilisi – juxtaposing 1930 and 2020 images of the cityscape, show the development of Georgia's capitol in the past century.





Photos: IMAGO / Gemini Collection – IMAGO / Danila Delmont



# Improving investment climate in Georgia

Irakli Pipia, Head of office of SCHNEIDER GROUP's office in Tbilisi, on reforms and incentives to improve Georgia's position in the competition for international investment.

Due to its strategic location, favourable business environment, and consistent legislative reforms, Georgia has steadily developed as a country attracting foreign investment. In recent years, it has intensified its efforts to attract investors by amending the legal and regulatory framework, offering new incentives, and adapting tax policy in line with international best practices.

To enhance its attractiveness as a regional business centre, Georgia is not only implementing measures to modernise its legislation to meet the needs of investors and align it with international standards, but is also introducing various tax incentive initiatives. These efforts will help to further make Georgia an investment-friendly destination.

One example is the Law on Entrepreneurs (commercial law) which was first adopted in 1994, but was replaced in 2021 by a completely new and revised version aimed at closer alignment with EU standards. The new law simplifies management structure of companies, introduces comprehensive regulation for corporate processes, and increases the companies' transparency.

To meet modern business needs, Georgia has passed reforms to its Tax Code, including incentives for specific industries, such as IT and renewable energy. IT companies benefit from a 5% income tax rate after once special status is granted, and renewable energy projects can take advantage of long-term tax incentives for investments in hydropower and other forms of green energy.

To attract foreign companies and stimulate regional and global operations, Georgia offers unique business opportunities, one of which is the International Company Status. The International Company Status provides for a number of tax benefits, making Georgia an advantageous location for international businesses looking to optimize costs. Companies operating in certain priority sectors, such as IT and maritime services, can apply for the status provided that they have at least 2 years of experience in the relevant sector. In terms of tax benefits, companies pay a reduced rate of 5% on corporate profits instead of the standard 15%. Employee salaries are subject to a reduced 5% income tax rate, making it more cost-effective to attract and retain talent. Dividends paid by international companies to non-resident shareholders are exempt from withholding tax.

Georgia is also working to develop the digital banking and financial technology (fintech) sector. The National Bank of Georgia (NBG), the financial services regulator, pursues the policy to support the development of digital banking. By facilitating the growth of the digital banking model in Georgia, the NBG encourages innovative business models and variety of financial products, and stimulates the development of a convenient, fast and accessible digital financial ecosystem. The main advantages of the digital banking model are flexibility and adaptability to market changes.

With the increasing use of virtual assets comes the need for regulation and oversight. The Parliament of Georgia has taken an important step towards addressing this need in 2022 by amending legislation to introduce a first-of-its-kind regulation of virtual asset service providers in Georgia. The amendments were made in response to the recommendations of the Financial Action Task Force (FATF), a global organization that monitors money laundering and terrorist financing, and in connection with Georgia's goal of joining the Single Euro Payments Area (SEPA).

The legislative changes are important for several reasons. Most significantly, they provide much-needed clarity and legal security on virtual assets, as well as virtual asset services for legal entities and individuals operating in the virtual asset industry in Georgia. Virtual asset service providers must be registered with the NBG, which monitors their activities in terms of compliance criteria and appropriate behaviour, prevention of money laundering, etc.

With an evolving proper legal framework and access to global markets through free trade agreements, Georgia provides a compelling opportunity for businesses seeking efficiency and growth. As the government continues to refine its investment regulations and introduce new incentives, Georgia is strengthening its reputation as a regional destination for international business and innovation.

To meet modern business needs, Georgia has passed reforms to its tax code, including incentives for specific industries, such as IT and renewable energy.

The Bridge of Peace in Tbilisi, designed by the Italian architect Michele De Lucchi, opened in 2010.

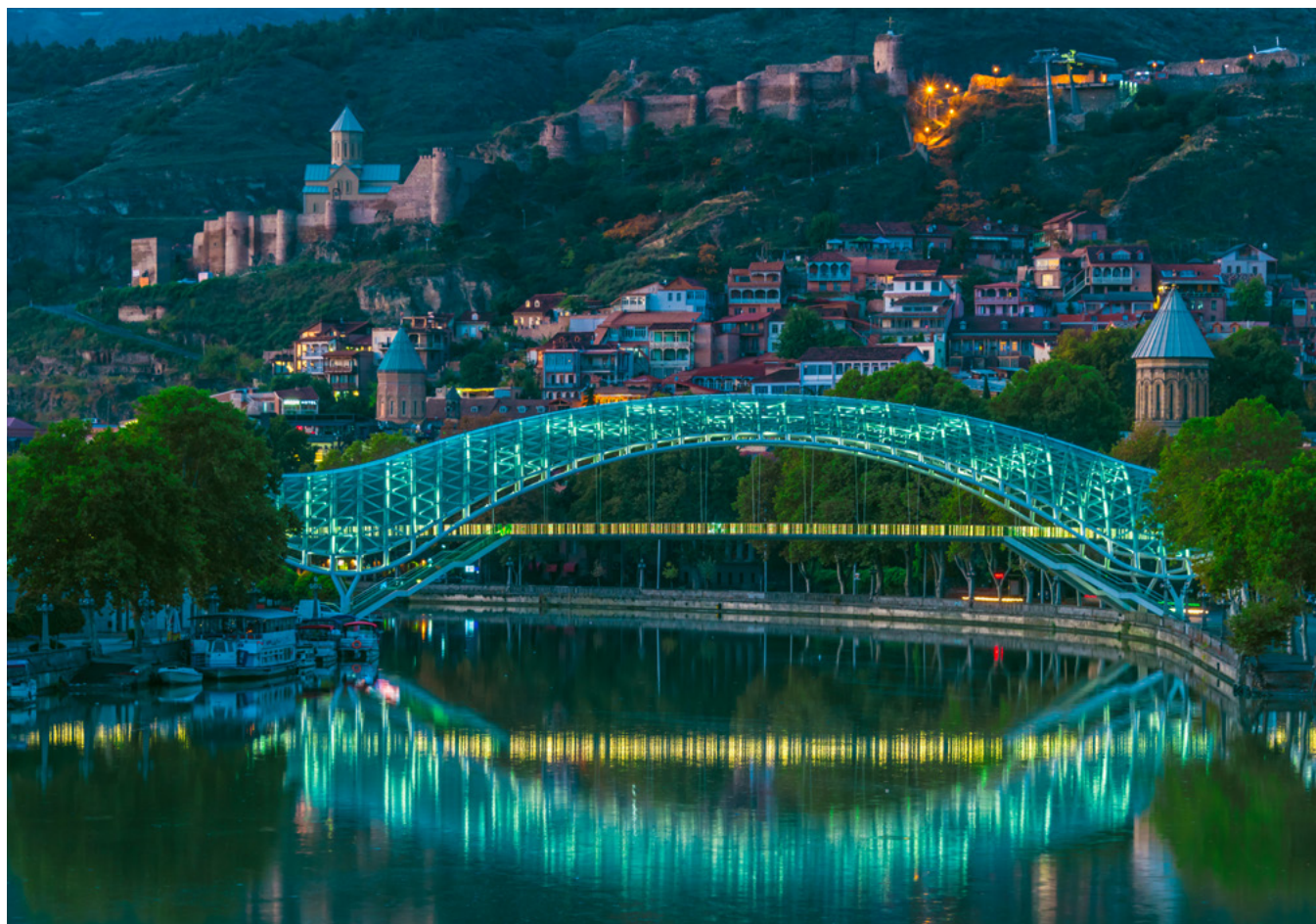


Photo: IMAGO / Panthermedia





Photos: IMAGO / Depositphotos / Heritage Images  
IMAGO / Gemini Collection



# Niko Pirosmani

With exhibitions at Sotheby's in London, the State Tretyakov Gallery in Moscow, The National Art Gallery in Tbilisi or at Louisiana Museum of Modern Art in Denmark, Niko Pirosmani is the international star among Georgian painters. Born in Mirzaani in 1862, autodidact Pirosmani was relatively poor for most of his life and only posthumously rose to prominence. Pirosmani's paintings were influenced by the social conditions of his time and place. There are many works about merchants, shopkeepers, workmen, and noblemen groups. Pirosmani was fond of nature and rural life. A large part of his oeuvre evolves around Georgia's culinary culture and traditions, depicting lavishly laid tables, wine, toasts and social gatherings.

# 8,000 years of Georgian viniculture

We talked to Salome Lomsadze, Commercial Director of SHUMI Winery, about the importance of 8,000 year old tradition of winemaking for the culture and appeal of Georgia today.

## **Could you tell us a little bit about the historical importance of Kakheti Region and its significance for Georgian wine culture today?**

Kakheti is a region of Georgia located in its east. The administrative centre of the region is the town of Telavi. Kakheti Region is characterized by its significant number of historical monuments. Here there are two-thirds of the monuments of Georgian architecture, including the Cathedral and Monastery Complex of Alaverdi (XI century), Dzveli Shuamta Monastery (V-VII centuries), Nekresi Monastery Ensemble (IV-IX centuries), Davidgareja Monastery Cave Complex (VI century), Ikalto Monastery, which functioned as Ikalto Academy in XI-XII centuries, was a prominent educational institution in that period. It taught viticulture and winemaking, along with other scientific disciplines of the era. The students of the academy practised in the monastery, as evidenced by the numerous Qvevris and stone Satsnakhelis (grape crushers) that have survived to this day. The main economic activity in the region is viticulture.

Kakheti is Georgia's largest and most important wine-producing region. Of the 29 PDOs (Protected Designations of Origin) in Georgia, 20 are in Kakheti. Here, at an altitude of 400-700 meters above sea level, are beautiful terroirs. They boast thousands of years of viticulture history, where autochthonous Georgian grape varieties are grown. This autumn, 99% of grapes harvested in Georgia were harvested in Kakheti.

## **In 2013, UNESCO inscribed the ancient winemaking tradition of Qvevri on the list of intangible cultural heritage. How important are traditional winemaking techniques, such as Qvevri, for modern wine production in Georgia, in particular for SHUMI Winery?**

The inscription of the Qvevri wine-making method on the UNESCO Intangible Heritage List recognises its originality and ancient origins. Qvevri wines are the country's hallmark on the world alcoholic beverage market. Qvevri wine production is an ideal method with minimal intervention to produce wines with a high antioxidant content. For SHUMI, which specializes in low-intervention wines to best express its terroirs and Georgian autochthonous varieties, this method of vinification is the most appropriate. In addition to traditional Qvevri wine production, SHUMI has developed its own methods for producing alcoholic products using Qvevri. For example, SHOBILI, a sparkling Qvevri wine, uses two methods: Qvevri method and the classic French method of sparkling wine production. Another example is BARBALE, Qvevri ice wine made from 102 grape varieties harvested from our collection vineyard.

## **Could you briefly describe the method, its peculiarities and its influence on the characteristics of the wine produced?**

The production of Qvevri wines is a complex process that requires a high level of skill, patience and understanding of each



individual step. Only the finest quality grapes are used to produce Qvevri wines. At SHUMI, manual harvesting involves sorting the grapes in the vineyard to select the best quality bunches. The grapes are then hand sorted before fermentation to remove berries unsuitable for wine production. After that the grapes are subjected to a process of combing and crushing. The pulp is then placed in the Qvevri, pre-cleaned by hand without the use of any chemicals except citric acid. The spontaneous fermentation process usually lasts from 10 to 14 days. The Qvevri is filled with wine up to the neck and hermetically sealed. The wine undergoes a long maceration on the skins, which lasts about 5-6 months. As a result, the wine acquires a magnificent amber colour, rich palette of aromas and depth of flavour. Due to the long maceration, Qvevri amber wines contain ten times more antioxidants than white wines made according to the classical method.

The clay used to make buried Qvevri has excellent heat exchange properties, regulating the temperature during fermentation and ageing. Another advantage of this method is micro-oxidation during maceration - the infusion of microdoses of oxygen through the pores of the Qvevri into the wine, which softens the tannins and harmonizes the wine aroma. It is the same process as ageing wines in barrels. It is also worth mentioning the ovoid shape of the Qvevri, which is ideal for wine making.

**Which grape varieties are the best-selling wines of your production, both on the domestic and foreign markets?**

Our best-selling grape variety is Saperavi, both domestically and internationally .

**Which countries are the main buyers of Georgian wine?**

The top 10 countries include Russia, Ukraine, Poland, Kazakhstan, the USA, China, Germany, and the Baltic States.

**You are the among the first in Georgia to develop and implement biodynamic and green growing and harvesting to produce certified organic wines.**

Any good wine starts from the vineyard. The name of our company, SHUMI, means 'the best' wine in ancient Georgian. Striving to produce the 'best wines', our company experiments a lot with both viticulture and winemaking methods. Thus, SHUMI is the first company in Georgia, which, in order to achieve the highest quality of grapes, introduced the method of 'green harvest' – in July-August we artificially reduce the amount of grapes up to 10%, and in autumn we harvest very high quality grapes. SHUMI is the first company in Georgia to introduce organic grape-growing methods and produce certified organic wine, as well as the first to use biodynamic cultivation methods. SALOME wine, produced using biodynamics, has won up to 60 awards at prestigious international competitions.





### Which markets and countries are most interested in organic labelled wines?

Organic wines are of particular interest in more mature markets, including the US, Europe, especially Germany, as well as Hong Kong and Australia, where interest is growing.

### You have created a gene pool with up to 200 wines. Could you tell us how this project started and your plans for its further developments?

In the late 1990s and early 2000s, the economic situation in the country posed a significant risk to the survival of Georgian autochthonous varieties. SHUMI initiated a programme to save these varieties. We compiled surviving specimens from state collections, provided them with proper care, and conducted expeditions to search for endangered grape varieties in different parts of Georgia. As a result of our efforts, we managed to save several dozens of varieties from extinction. In 2003, SHUMI established the first private collection of vines in Georgia. The search for grape varieties continues to this day, both domestically and internationally. It is currently the largest private ampelographic collection in the world.

Currently, the collection comprises about 2,000 grape varieties from 47 countries. In addition, the collection includes varieties of wild Georgian vines, with 33 species remaining unidentified as scientists have not yet been able to do it. The

SHUMI Comprehensive Varietal Collection Vineyard is a research centre recognised by the Food and Agriculture Organization of the United Nations (FAO) for its scientific value.

### How important are tourism projects for SHUMI winery?

In 2002, SHUMI Winery created the Georgian Ethnographic Pavilion in its territory, where visitors can actively participate in ancient Georgian household and winemaking traditions. Visitors are offered informative and educational tours, tasting of alcoholic beverages and various master-classes. The creation of such a place was the first initiative of its kind, which laid the foundation for the development of enotourism in Georgia.

Today its infrastructure is very diverse and has no analogues in the world, both in terms of the number of attractions and the level of service. The complex occupies 10 hectares of land and includes 39 locations. Among them are Georgia's first wine museum; Georgia's first comprehensive varietal collection of vineyards - the largest collection of vines in the world; 'VINOBIZA' pavilion, with frescoes on the walls, painted with Saperavi wine; the marani; 'GESTALT' pavilion; gastronomic zones, with a restaurant and terraces, cafes, verandas, pavilions, and tasting areas.

The Kakheti region is the home of Georgian viniculture and a picturesque setting for SHUMI vineyards.



Photos: SHUMI

### **From which countries and in which age group do most tourists come to Georgia?**

Georgia's tourism industry attracts visitors from different countries. A significant number of tourists come from neighbouring Azerbaijan due to proximity and cultural affinity. Similarly, Armenia is a significant source of tourists, benefiting from geographic proximity and a shared history. Turkey also records a significant number of visitors, especially in regions close to the border. Historically, Russian tourists make up a significant proportion of visitors, although their number can fluctuate. European countries: recently there has been a notable increase in the number of tourists from countries such as Germany, France and the UK visiting Georgia. This is largely due to the appeal of the distinctive culture, landscapes and wine tourism offerings. The US has also seen an increase in interest from American tourists, especially in recent years. Overall, the demographics of tourists are becoming more diverse, with growing interest from different age groups and regions.

### **How would you describe the main attraction of the Georgian tourism industry for travellers from abroad?**

The country's rich cultural heritage attracts tourists. Georgia's diverse history is reflected in its ancient churches, monasteries and UNESCO World Heritage Sites. The combination of European and Asian influences has created a rich cultural tapestry. Cultural tourism is a significant area of growth.

At the same time, Georgia boasts a wealth of stunning landscapes. The country's diverse geography includes the majestic Caucasus Mountains, lush valleys, and the beautiful Black Sea coastline. The region offers a variety of outdoor activities, including hiking, skiing, and breathtaking scenery. We are seeing a growing demand for eco-tourism.

The country is renowned for its culinary delights – the distinctive flavours of Georgian cuisine and, of course, wines, making Kakheti Region attractive to wine lovers.

Georgia's capital city, Tbilisi, offers a unique blend of modern and traditional architectural styles, a thriving art scene, and a vibrant nightlife, making it an attractive destination for urban explorers.

In comparison to many other European destinations, Georgia offers competitive pricing for accommodation, food and transportation, making it an attractive option for budget-conscious travellers.

### **If you are hosting friends from abroad visiting Georgia for the first time, what Georgian wine would you prefer to serve to welcome them?**

Starting with Mtsvane Iberuli is a great choice. It's fresh and flavorful, making it a delightful welcome wine, showcasing the country's unique grape varieties. After that, an introduction of a Qvevri wine such as Kisi or Khikhvi would be an excellent follow up. Both of these wines demonstrate the ancient winemaking

method of fermentation in clay Qvevris, giving them distinct flavours and character:

- Kisi: This amber-coloured wine has a savoury character with aromas of pear and peach, well blended with tones of vanilla and toasted walnuts. Kisi Qvevri Iberuli is full-bodied, with a harmonious, refined flavour, velvety tannins and a long aftertaste.
- Khikhvi: This amber wine has aromas of almond, ripe pear, peach, and white cherry. Khikhvi Qvevri Iberuli is medium-bodied and has a soft flavour with pleasant acidity, velvety tannins and a long aftertaste.

This will not only diversify the taste, but also acquaint your friend with the rich history and traditions of Georgian winemaking. Pairing these wines with local snacks will create an unforgettable reception!

Dear Ms Lomsadze, thank you for taking the time to answer our questions.

Impressions of the Kakheti region and the town of Telavi – top to bottom:

- Ruins of medieval Ikalto Academy / Tsinandali Palace and Garden, Chavchavadze House Museum
- Picnic and traditional costumes at TelaVino street festival
- Guesthouses in the old town of Telavi / Courtyard of Bodbe Monastery
- Evening stroll and Bazari town market in Telavi

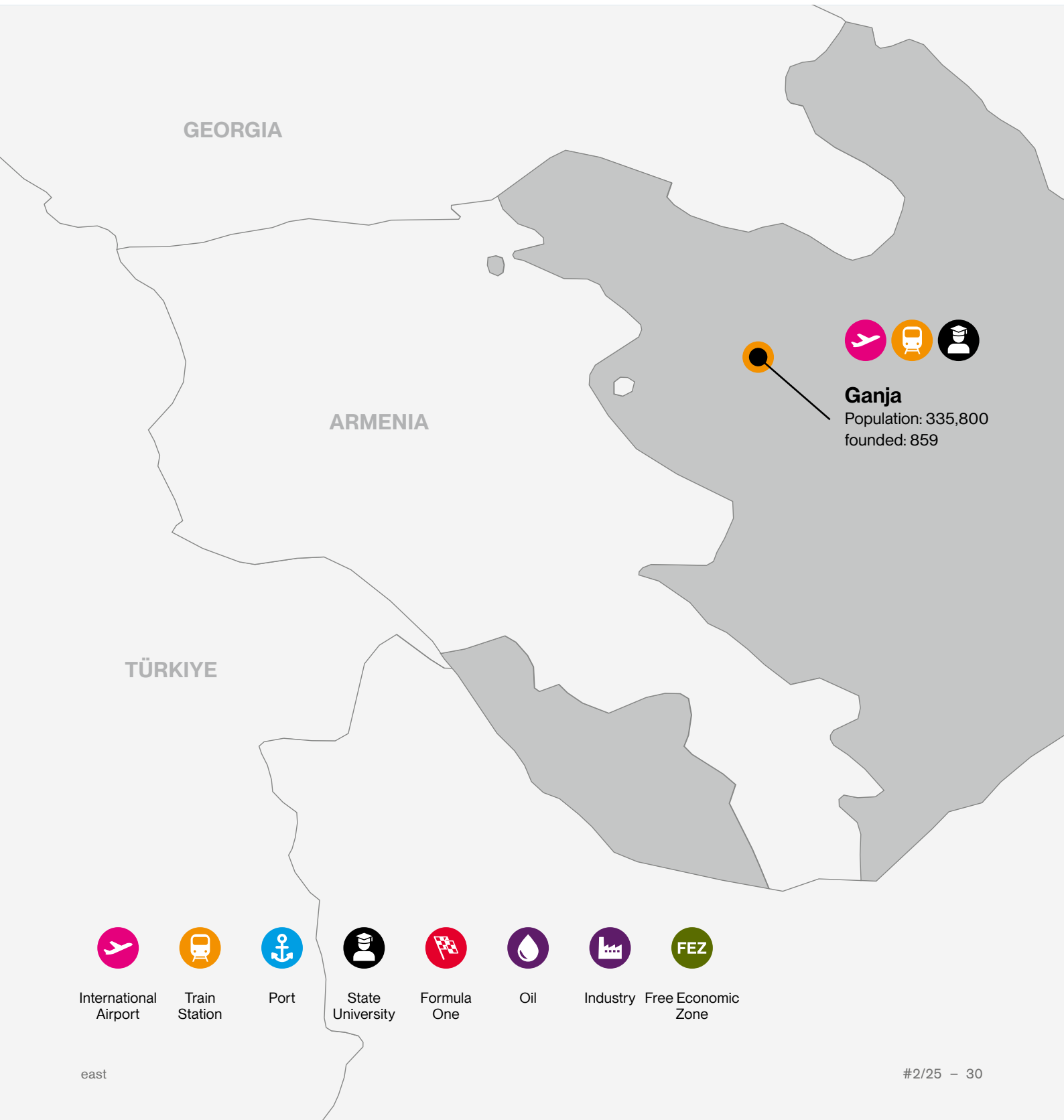






# Azerbaijan

**Area** 86,600 Km<sup>2</sup>  
**Population** 10,353,296  
**Density** 125.3/Km<sup>2</sup>  
**Currency** Manat (AZN)  
**Time zone** UTC+4  
**Date format** dd.mm.yyyy  
**Calling code** +995  
**Country code** AZ  
**Internet TLD** .az



**Ganja**  
Population: 335,800  
founded: 859

- International Airport
- Train Station
- Port
- State University
- Formula One
- Oil
- Industry
- Free Economic Zone



### \* **Azerbaijan**

- \* The earliest evidence of human settlement in the territory of Azerbaijan dates back to the late Stone Age
- \* Nine out of eleven existing climate zones are present in Azerbaijan
- \* The history of the oil industry of Azerbaijan dates back to the early Middle Ages, making Azerbaijan one of the oldest industrial production centers of energy sources.
- \* About 54.9 % of Azerbaijan is agricultural land

### **Agricultural products**

Milk, Wheat, Potatoes, Barley, Tomatoes, Watermelons, Cotton, Apples, Corn, Onions

### **Resources**

Petroleum, Natural Gas, Iron Ore, Non-Ferrous Metals, Bauxite

Sources: Wikipedia 09.2023, GTAI 2023



# Azerbaijan Economy

Source: GTAI / 12. 2024  
\*geostat.de / 04. 2025  
\* estimate, forecast



**Average wage**  
USD / gross / month

496  
2022°

551  
2023°

595  
2024°



**GDP**  
nominal / bil. USD

72.4  
2023\*

75.6  
2024\*

77.0  
2025\*



**GDP**  
per capita / USD

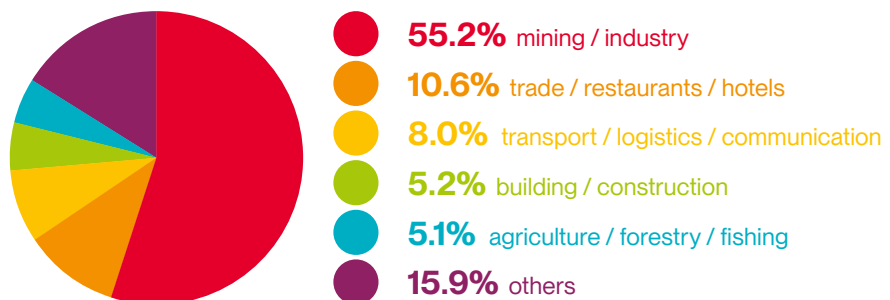
7,145  
2023\*

7,381  
2024\*

7,428  
2025\*



**GDP by industry**  
2022



**GDP growth**  
real / %

+4.7

+1.1

+3.2

+2.5

+2.4

2022

2023\*

2024\*

2025\*

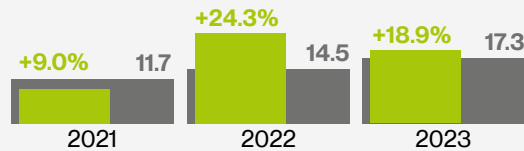
2026\*



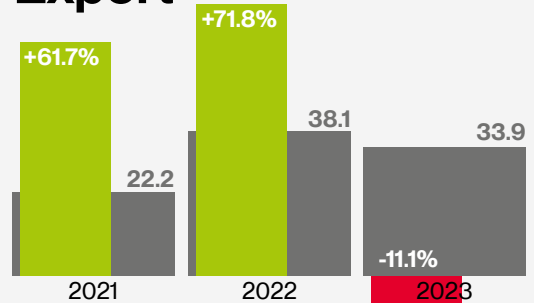
# Foreign Trade

bil. USD

## Import



## Export



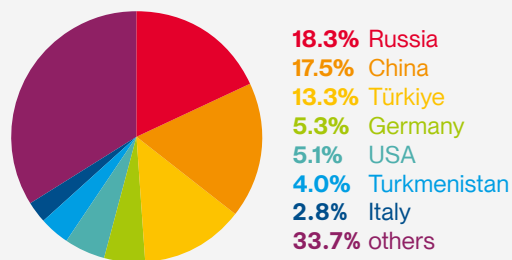
### Imported goods 2023

food	12.3%
automotive	11.6%
chemical products	11.0%
machinery	10.1%
oil	6.2%
electronics	5.9%

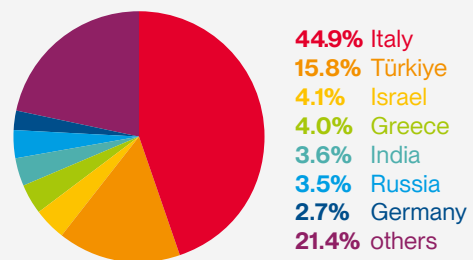
### Exported goods 2023

oil	47.9%
gas	40.4%
food	2.5%
chemical products	2.1%
petrochemical product	1.7%
electricity	1.2%

### Main supplier countries 2023



### Main buyer countries 2023



## FDI

2023 / bil. USD

0.25

net inflow

32.75

stock

### Main investor countries 2023 / stock

31.8%	UK	8.0%	Switzerland	3.9%	Iran
11.7%	Türkiye	7.8%	Russia	3.6%	IFI
10.8%	USA	7.5%	France	1.5%	India
8.6%	Japan	4.8%	Norway	0.5%	other



# Let's talk about Azerbaijan Mr Mundry

Thomas Mundry is a lawyer, partner at SCHNEIDER GROUP, and the head of Azerbaijan office in Baku.

**Azerbaijan is famous for being home to some of the world's oldest industrial energy production facilities, dating back to ancient times. Today, the country is a global player in international energy markets, with significant oil and gas reserves. What other industries do you think will play an increasingly important role in developing Azerbaijan's future and diversifying its economic structures?**

While energy is and will remain the backbone of Azerbaijan's economy, developments in the technology sector, especially within digital transformation, are already playing an important role in the diversification of the economy. We can also mention logistics as a key future sector for the country, as the government is introducing expansion plans to the current transportation infrastructure in order to fully utilize its strategic location. In addition, sectors such as construction, agriculture and tourism are expected to grow, especially after the liberation of the Nagorno-Karabakh territories.

**According to GTAI, Azerbaijan plans to increase the share of renewable energy to 30% by 2030, with current and planned green energy projects totalling around USD 1 billion. Do these projects open up new opportunities for foreign green technology providers and investors and how can they begin to participate?**

Absolutely. Azerbaijan's commitment to renewable energy cre-

ates great opportunities for foreign suppliers and investors. As the country diversifies its energy resources, there is a growing need for expertise and technology in wind and solar energy. Suppliers have the chance to provide modern equipment and solutions, and investors have the advantage of being at the forefront of long-term projects supported by the government.

**What other areas of industry (non-energy) are of particular interest for foreign investors in Azerbaijan today?**

I would single out two underrated industries in Azerbaijan: agriculture and tourism. There is around 2 million hectares of arable land in Azerbaijan, and the government is strongly supporting the development of modern agricultural practices. Investors and suppliers with experience in sustainable agriculture can find good opportunities in the near future, as the government places great emphasis on food security.

As for tourism: Azerbaijan has ancient cultural heritage, beautiful landscapes, strategic location and a mesmerizing capital city! Due to its diverse nature and climate, Azerbaijan can attract tourists at any time of the year. Ecotourism and hospitality can be considered promising areas for investment in this sector.

**What do you see as the strengths of Azerbaijan's economic infrastructure in the future and what are the young business**

**trends creating alternatives to energy industry? What role does Azerbaijan's booming startup play in shaping of the country's economic landscape?**

Azerbaijan's startup scene plays a key role in transforming the country's economic landscape. The number of startups is expected to increase by 150% between 2024 and 2026, with this growth being supported by government initiatives. Measures such as the removal of work permit requirements, relocation assistance and tax reductions for foreign companies based in technology parks make Azerbaijan an attractive destination for global, innovative startups. Moreover, the startup scene in Azerbaijan not only contributes to local technological progress, but also serves as a potential gateway to the broader Central Asian innovation landscape.

**Geopolitical shifts of the recent years have drawn attention to the Caspian region as a link between East and West. How, in your opinion, will this affect the development of the region in general and what prospects do you see for Azerbaijan in this regard?**

Azerbaijan has proved itself as a reliable partner of the West even in the most difficult political conditions. The government's foreign policy encourages cooperation and peace, which helps maintain strong diplomatic relations in all regions. Following significant reforms, Azerbaijan has changed substantially over

The number of startups is expected to increase by 350% between 2023 and 2025

The removal of work permit requirements, relocation assistance and tax reductions for foreign companies based in technology parks make Azerbaijan an attractive destination for global innovative startups



Photo: IMAGO / Dreamstime



the past 20 years and is now making significant strides in both energy diversification and economic growth. We can also mention initiatives such as Trans-Caspian International Transport Route, which aims to facilitate long-term trade between Europe and Asia. Considering these facts and achievements, it can be said that Azerbaijan will continue to be a strategic center for energy and trade, contributing to regional connectivity and sustainable development.

**If you had to tell about living and working in Baku to a friend who is going to move there, what arguments would you give to convince him?**

Firstly, we have a vibrant culture and beautiful architecture. Walking along our seaside boulevard, you can enjoy the view of the Caspian Sea, the historic Old City and engineering marvels such as the Flame Towers. Baku has a low crime rate, affordable cost of living and modern infrastructure. The youth is very active, and there are many great events and concerts all year round. It's a multicultural and multilingual city where every race, faith and religion is equally respected. This not only creates a safe and welcoming atmosphere, but also makes socializing very easy.

**If we take these rather personal incentives, how can they convince a European businessman to set up a business in Baku?**

Well, if we are talking about business, costs matter a lot. Compared to many Western cities, Baku is much more affordable for setting up a business in terms of the costs of renting office space, competitive salaries and low operational costs. Moreover, even though the cost of living and doing business is relatively low, this does not affect the quality of the young labor force. Baku has a skilled, educated and hardworking talent pool, and companies can benefit from working with a workforce which is capable and eager to learn.

Dear Mr Mundry, thank you for taking the time to answer our questions.

Impressions of Baku – top to bottom:

- Ancient Maiden Tower
- Skyline with famous Flame Towers
- Old Town of Baku



Photos: IMAGO / Dreamstime – IMAGO / VAV Images



# No speed limit today F1 Racing Baku



## Baku City Circuit

First Grand Prix 2016

Circuit length 6.003 km

Number of laps: 51

Race distance: 306.049 km

Lap record 1:43.009 - Leclerc (2019)







Photos: IMAGO / Panoramic by PsnwZ, IMAGO / AFLOSPORT, IMAGO / Action Plus  
IMAGO / NurPhoto, IMAGO / Nordphoto, IMAGO / BSR Agency





left to right, top to bottom: Mercedes AMG Petronas driver George Russell / Oscar Piastri of McLaren / Carlos Sainz of Scuderia Ferrari / Hollywood Star Will Smith / Lewis Hamilton of Mercedes / Supermodel Naomi Campbell



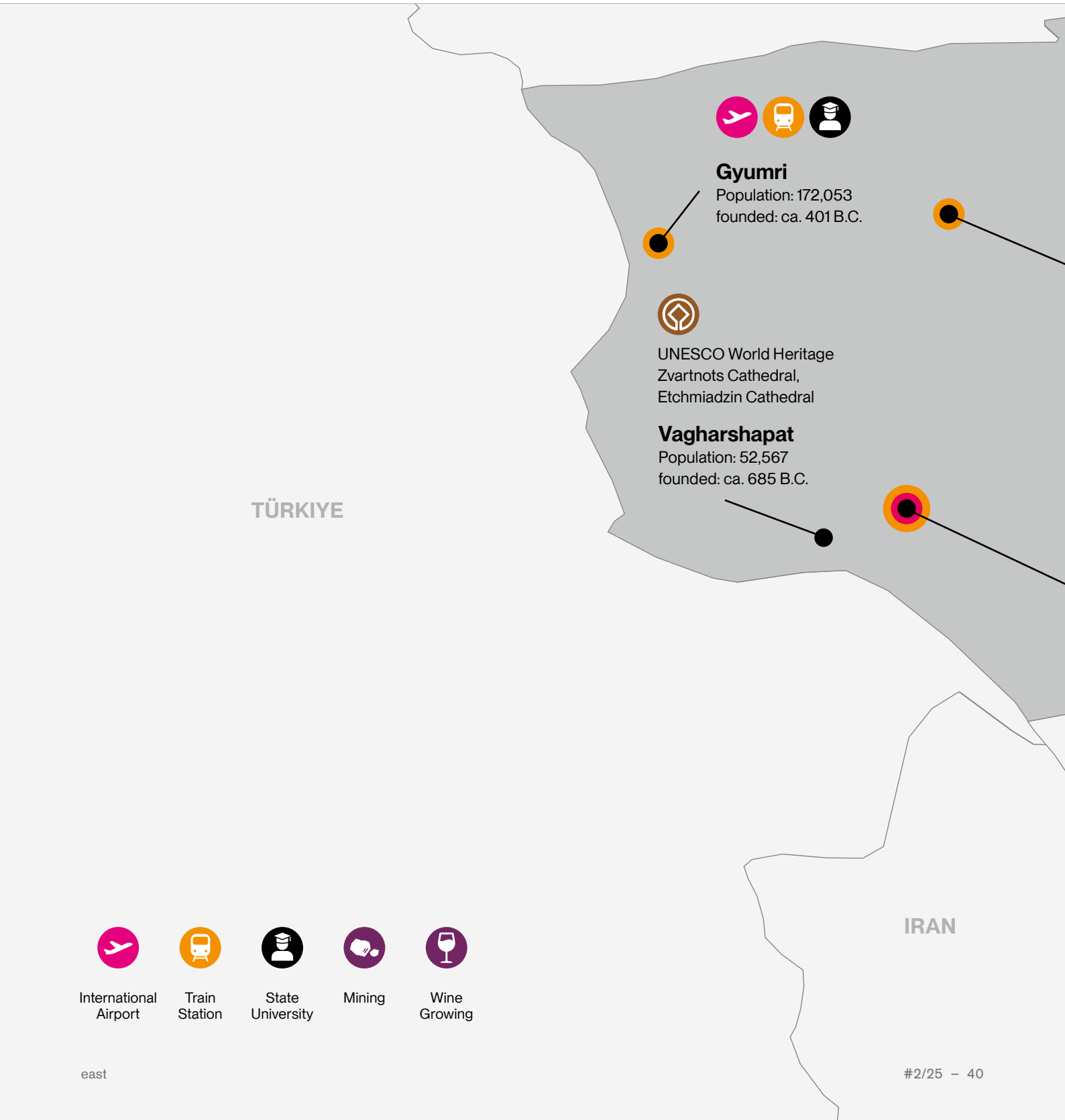
## Baku, June 2024

Since 2016, Baku has been one of the venues for the F1 Grand Prix. The city's mix of historical Old Town and bold new architecture serves as the perfect backdrop for the international jet-set, stars and daredevil race-car pilots to gather. The glamour of the Golden Era of Formula-1 racing comes to life in the tradition of iconic race tracks like the Circuit of Monaco. As motors howl and the air is filled with the smell of burning rubber and petrol, stars like Will Smith and Naomi Campbell line up at the pit lane to feel the thrill of hi-tech, big money, extreme speed and impending danger that combine in the irresistible cocktail of F1 racing.



# Armenia

**Area** 29,743 Km<sup>2</sup>  
**Population** 3,000,000  
**Density** 104.4/Km<sup>2</sup>  
**Currency** Armenian Dram (AMD)  
**Time zone** UTC+4  
**Date format** dd.mm.yyyy  
**Calling code** +995  
**Country code** AM  
**Internet TLD** .am



**Gyumri**  
Population: 172,053  
founded: ca. 401 B.C.



UNESCO World Heritage  
Zvartnots Cathedral,  
Etchmiadzin Cathedral

**Vagharshapat**  
Population: 52,567  
founded: ca. 685 B.C.



International  
Airport



Train  
Station



State  
University



Mining



Wine  
Growing



### \* **Armenia**

- \* Early civilization in Armenia in the Bronze Age and earlier, dating to about 4,000 B.C.
- \* The world's earliest known leather shoe was discovered in Armenia (5,500 years old)
- \* 90% of the country's area is more than 1,000 meters above sea level, the average altitude is 1,800 meters
- \* The Latin name of the apricot, *Prunus Armeniaca*, translates to "Armenian Plum". The apricot is one of the symbols of Armenia

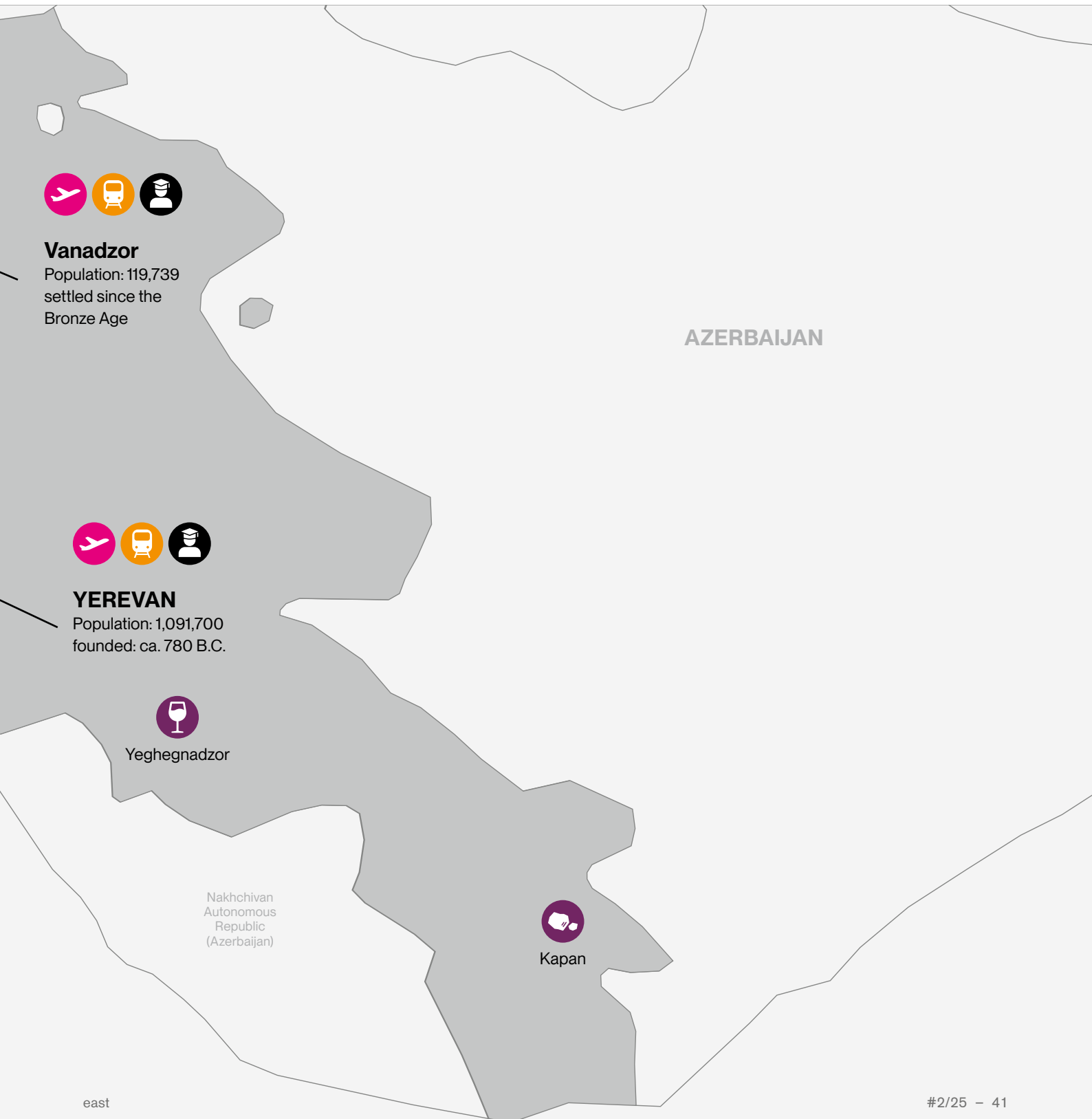
### **Agricultural products**

Milk, Potatoes, Grapes, Vegetables, Tomatoes, Watermelons, Wheat, Apples, Cabbage, Barley

### **Resources**

Copper, Molybdenum, Zinc, Bauxite, Gold

Sources: Wikipedia 09.2023, GTAI 2023



# Armenia Economy

Source: GTAI / 12. 2024  
\*geostat.de / 04. 2025  
\* estimate, forecast



**Average wage**  
USD / gross / month

559  
2022°

675  
2023°

718  
2024°



**GDP**  
nominal / bil. USD

**24.2**  
2023\*

**25.4**  
2024\*

**27.2**  
2025\*



**GDP**  
per capita / USD

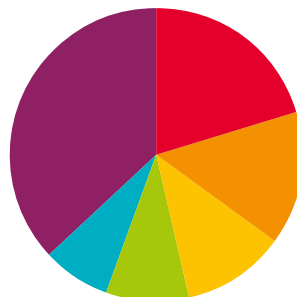
**8,153**  
2023\*

**8,575**  
2024\*

**9,163**  
2025\*



**GDP by  
industry  
2022**



- 20.3% mining / industry
- 14.8% trade / restaurants / hotels
- 11.4% agriculture / forestry / fishing
- 9.1% transport / logistics / communication
- 7.5% building / construction
- 36.9% others



**GDP growth**  
real / %

+12.6

2022

+8.7

2023\*

+6.0

2024\*

+5.3

2025\*

+4.5

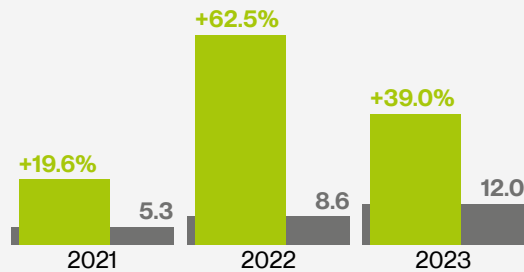
2026\*



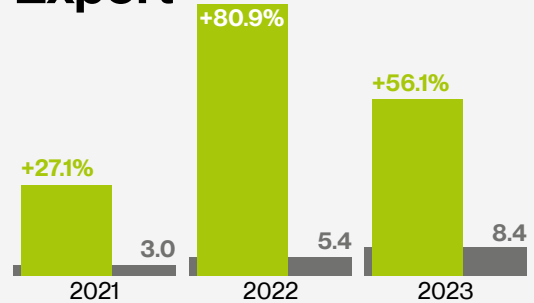
# Foreign Trade

bil. USD

## Import



## Export



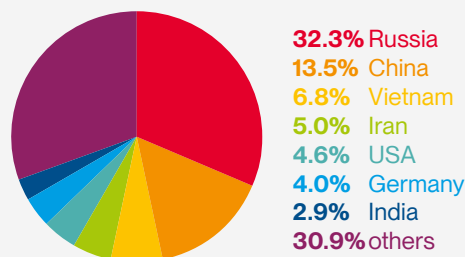
### Imported goods 2023

automotive	12.4%
gold	11.4%
electronics	10.9%
food	8.1%
building materials / glass / ceramics	6.8%
chemical products	6.5%

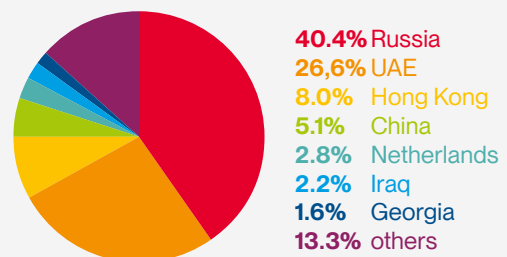
### Exported goods 2023

gold	21.6%
electronics	11.6%
raw materials (excluding fuels)	10.5%
beverages / tobacco	9.6%
building materials / glass / ceramics	6.5%
machinery	6.3%

### Main supplier countries 2023



### Main buyer countries 2023



## FDI

2022 / bil. USD

1.0

net inflow

7.12

stock

### Main investor countries 2022 / stock

31.3%	Russia	5.3%	Virgin Islands (Brit.)	3.6%	USA
11.7%	Cyprus	5.0%	Canada	3.6%	France
6.0%	UK	4.5%	Argentina	2.3%	Netherlands
6.0%	Switzerland	3.7%	Luxemburg	17.0%	others



# Let's talk about Armenia Ms Voskanyan

Yeva Voskanyan is Partner at SCHNEIDER GROUP and Director of the Armenian office in Yerevan.

**In recent years, Armenia has undergone a series of reforms and economic developments that have made the country increasingly attractive for foreign investments. Could you highlight some of the most important aspects for EU investors?**

Armenia is a balanced mix of opportunities and advantages for foreign investors. The country offers various tax incentives, especially in the high-tech, agriculture, and tourism sectors. Export duties do not apply to goods, and Free Economic Zones (FEZs) such as 'Meghri', 'Ecos', and 'Alliance' provide attractive conditions by exempting companies from profit tax, VAT, excise duties, and customs fees. FEZs also allow 100% foreign ownership and the use of freely convertible currencies, which creates a competitive advantage for international business.

However, potential investors should be mindful of certain challenges, including political instability in the region, a small domestic market, and limited transport options due to its landlocked geography. While these factors may pose risks, Armenia remains particularly attractive to those interested in high-tech industries, export-oriented business, and using access to the EAEU markets.

**In recent years, Yerevan has established itself as a hub for technology start-ups and IT companies. Are there any government programs and incentives to attract technology companies, such as tax breaks for the IT industry?**

Yerevan has indeed become a vibrant hub for technology start-ups and IT companies due to Armenia's progressive approach to encouraging innovation. The government has introduced several initiatives to attract technology companies, including significant tax incentives. For example, high-tech companies can benefit from payroll tax rebates of up to 60% for new professionals and migrant workers. In addition, companies that meet specific revenue and activity criteria can access targeted support programs. These measures, combined with skilled workforce and a favourable regulatory environment, make Armenia an attractive location for technology-driven businesses.

**Armenia has launched green energy projects. What do they look like and what investment opportunities are there for medium-sized companies from Europe to participate?**

Armenia is committed to advancing green energy, making it a key priority in its development strategy. With about 270 days of sun shine annually, the country can make solar energy a central component of the energy transition, reducing dependence on fossil fuels and cutting greenhouse gas emissions.

One of the most promising opportunities for medium-sized European companies is in Armenia's co-operation with international financial institutions. Thus, the European Bank for Reconstruction and Development (EBRD) and the Green Climate Fund (GCF) have launched a \$10 million green

investment financing initiative through Inecobank. This program, part of the EBRD's Green Economy Financing Facility (GEFF), provides financing for businesses that implement climate-resilient and energy-efficient technologies.

Investment opportunities include solar PV panels, geothermal heat pumps, energy-efficient building insulation, electric vehicles, EV charging infrastructure, and water-saving irrigation systems. Companies can also explore tailored financial benefits and incentives for green technologies provided by climate investment funds.

**Armenia is a country with a rich cultural history and numerous attractions. The tourism sector is growing and there is potential for development in the areas of building hotels and restaurants, organising travel, and promoting sustainable tourism. How do you assess the chances of foreign investors to get involved in Armenia's tourism sector?**

Despite a slight decline in total tourist numbers in 2024, certain areas of the sector have shown resilience and potential for growth. In particular, winter tourism remains an untapped market with high prospects.

Key opportunities for foreign investors include infrastructure development in winter areas such as Aparan, Tsaghkadzor, and Shirak Province. These areas can become centres for skiing and other winter sports, if investments are made in

**Yerevan has indeed become a vibrant hub for technology start-ups and IT companies due to Armenia's progressive approach to encouraging innovation.**



Photo: SG

facilities, accommodation, and support services. The Ministry of Economy actively promotes such investments through the 'Infrastructure for Investment' program, which offers state support for the construction of utilities and roads.

In addition to winter tourism, Armenia's growing interest in event tourism provides year-round potential. Festivals, concerts, and large-scale events, especially during the less busy winter months, can attract regional tourists from neighbouring countries such as Russia, Georgia, and Iran. For example, past events featuring international performers successfully attracted foreign visitors.

Besides, Armenia's commitment to sustainable tourism is in line with global trends. Projects aimed at creating eco-friendly accommodation, preserving cultural heritage, and engaging the local population offer favourable opportunities for medium-sized European investors.

**Armenia which is at the stage of economic modernization, offers many investment opportunities in the field of infrastructure development: road construction, water supply, wastewater management, and residential and commercial construction. Could you highlight a few lighthouse projects?**

Armenia, which is undergoing significant economic modernization, offers a number of investment opportunities in infrastructure development. One of the key highlights is the North-South Road Corridor project aimed at reconstructing and modernising Armenia's transport network. This corridor connects the south of the country (Meghri-Kapan-Goris-Yerevan-Ash-tarak-Gyumri-Bavra) with the Black Sea ports of Georgia, linking Armenia to international markets, including the EU, CIS, and Central Asia. As part of the AH82 international highway, it improves connectivity between Europe, the Caucasus, and Asia. This flagship project not only strengthens trade routes but also boosts regional integration, making it a critical driver of economic growth.

Another notable initiative is the 'Water Supply Improvement Project', developed in cooperation with the World Bank. This program aims to modernise Armenia's water supply and wastewater management systems, which are vital for urban development and sustainable agriculture. The World Bank, which has invested about \$2.7 billion in Armenia since 1992, remains a key partner in the implementation of these projects. These lighthouse projects reflect Armenia's commitment to building a reliable infrastructure that supports both domestic development and international trade.

**The Armenian government favours foreign direct investment (FDI) through tax breaks, subsidies and other incentives, especially in the fields of technology, agriculture and renewable energy. Could you tell European investors about these initiatives?**

The Armenian government is actively encouraging FDI by offering a number of incentives, especially in technology, agriculture, and renewable energy. In the IT sector, a new program launched in January 2025 provides extensive support for companies with annual turnover below \$300,000, including a reduced turnover tax rate of 1% and reimbursement of 60% of income tax on salaries for foreign and newly hired employees. In addition, employers benefit from subsidies covering 50% of retraining costs, and researchers are granted a reduced income tax rate of 10%. These measures are aimed at attracting global talent and foster innovation, making Armenia a competitive destination for IT investments.

More broadly, Armenia also provides tax holidays for businesses operating in FEZs, incentives for those investing in border regions, and VAT deferral for large-scale projects. European investors will find simplified residency permit process, access to a developed banking system, and Armenia's strategic geographic position particularly favourable for setting up businesses or expanding regional presence.

Dear Ms Voskanyan, thank you for taking the time to answer our questions.



# Travelogue Armenia

Armenia has a lot going on for international travellers: A rich history and culture, the bustling city life of Yerevan as well as breathtaking nature and moments of solitude. Tourism is one of the main growth industries in the country, and the government is driving this with investments such as the almost 6 km long cable car route developed by a Swiss company, which connects the village of Halidzor with the Tatev Monastery, founded in 895.

In summer, Lake Sevan, one of the largest mountain lakes in the world, attracts visitors, while in winter, the Tsaghkadzor ski resort is a popular destination.

The Monastery of Hayravank with Lake Sevan in background. The small church dates back to the late 9th century.



Photo: IMAGO / Depositphotos





Armenia was the first country in the world to declare Christianity as its state religion in 301. A multitude of ancient monasteries testify to the importance of the Christian religion for the culture of the country and today these holy sites represent one of the main tourist attractions in Armenia: the Monastery of Geghard (left) listed as a UNESCO World Heritage Site, the Tatev Monastery (top) and the Khor Virap Monastery, picturesquely situated between vineyards and Mount Ararat.



Photos: iMAGO / Depositphotos, iMAGO / Panthermedia, iMAGO / robertharding



The squares and boulevards of the Armenian capital, Yerevan are ideal for a stroll – cafes, restaurants, the Armenian National Opera and Ballet Theatre and number of museums like the Modern Art Museum, History Museum of Armenia or the Cafesjian Center for the Arts are just waiting to be explored.

Garni is a temple complex approximately 32 km southeast of Yerevan. Built in the Ionic order, it is conventionally identified as a pagan temple built by King Tiridates I in the first century AD as a temple to the sun god Mihr (Mithra).





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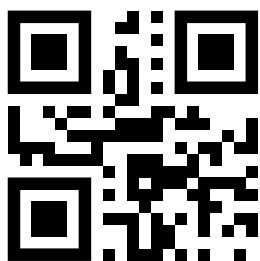
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# east



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