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Article



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STATE POLICY OF BUSINESS ENVIRONMENT IMPROVEMENT IN GEORGIA

Abstract: Business environment includes: legal, political, social, cultural, geographical, natural and other factors. Accordingly, the proper operation of these factors is ensured by the state and the policy developed and implemented by it. Business operators save more time and resources when receiving domestic services; Special attention should be paid to the development of agriculture, the field of tourism, production - which will guarantee the sustainable development of the country's economy.

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Introduction

At the modern stage, the most important condition for the development of any country is its economic stability, which in turn significantly depends on the condition of the business environment. The stability of the business environment ensures employment, attracting investments, improving the well-being of the population, using innovative technologies, increasing the productivity of employees, etc.

It is known that the business environment includes: legal, political, social, cultural, geographical, natural and other factors. Accordingly, the proper operation of these factors is ensured by the state and the policy developed and implemented by it.

As a result of the annual studies of the European Chamber, where the ranking of the best countries for doing business is presented, we have the following picture according to the years 2016-2020:

- In 2016, Georgia occupies 24 places
- In 2017 - the 20th
- In 2018 - the 18th
- In 2019 - the 16th
- In 2020 - the 18th (see Appendix 1)

As we can see Georgia is in the first place among 46 countries in the ranking, and it held the best position in 2019.

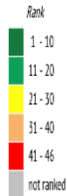
And according to the World Bank's research, it took seventh place among 190 countries in the easiness of doing business, after New Zealand, Singapore, Hong Kong, Denmark, Korea and the USA. The easiness of starting a business is facilitated by the so-called operating in Georgia. "One-window method", in this part of the study, Georgia shares the first place with New Zealand, where this procedure takes half a day in New Zealand, and one in Georgia.

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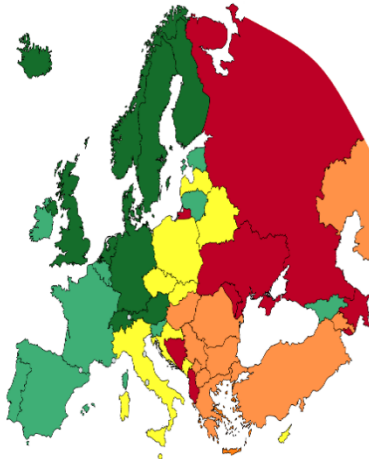
Appendix 1

BEST EUROPEAN COUNTRIES FOR BUSINESS 2020



Research based on World Bank and Transparency International indexes

eucham.eu/research



Rank	Country	Score	Rank	Country	Score	Rank	Country	Score
1	Denmark	86	17	Spain	70	33	↑ Armenia	58
2	↑ Sweden	84	18	↓ Georgia	70	34	↑ Greece	58
3	↓ Norway	83	19	↓ Portugal	69	35	↓ Turkey	58
4	Finland	83	20	↑ Slovenia	68	36	↓ North Macedonia	58
5	↑ Switzerland	81	21	↓ Latvia	68	37	↓ Bulgaria	58
6	↓ United Kingdom	80	22	↓ Poland	67	38	↓ Serbia	57
7	Germany	80	23	Czech Republic	66	39	↑ Kazakhstan	57
8	Netherlands	79	24	Cyprus	66	40	↓ Kosovo	55
9	Iceland	79	25	↑ Italy	63	41	↑ Azerbaijan	53
10	Austria	78	26	↓ Slovakia	63	42	↓ Moldova	53
11	Estonia	77	27	↑ Croatia	60	43	Russia	53
12	Ireland	77	28	Malta	60	44	↓ Albania	51
13	↑ Belgium	75	29	↓ Belarus	60	45	Bosnia & Herz.	51
14	↓ Luxembourg	75	30	↑ Montenegro	59	46	Ukraine	50
15	↓ France	73	31	↑ Hungary	59			
16	↑ Lithuania	71	32	↓ Romania	59			

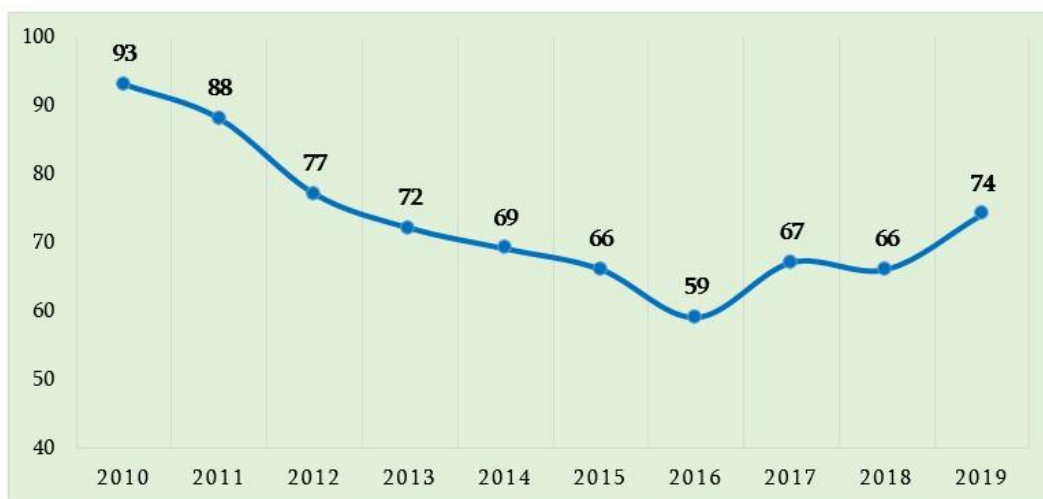
Rounded scores displayed. The rank reflects the non-rounded scores of the full report (see page 3).

After the 2008 Russia-Georgia war, business in Georgia developed steadily, business was able to find and use new markets (China, EU countries, the USA, etc.) and achieved quite high development rates, as evidenced by Georgia's positions in the Global Competitiveness Index (see Appendix 2). Georgia was in the highest position among 141 countries - 59th place in 2016.

However, the subsequent global pandemic affected the national business as negatively as all other countries.

Starting from 2021, the business will slowly return to the usual rhythm of functioning. It should be noted that compared to the previous period of 2022, the indicator of the business environment stabilized slightly, which was also reflected in the Geostatic data (Appendix 3.)

Appendix 2



According to GeoStatic data, the indicators of business organizations registered in Georgia are as follows:

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Appendix 3.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of registered organizations by year - total cumulative, thousand	496.6	532.2	569.3	594.5	632.1	677.6	721.4	764.7	801.8	847.4
of which:										
number of active organizations, thousand	127.6	131.0	134.9	164.5	167.6	165.3	165.6	174.4	172.3	208.3
Number of registered business entities by year - total cumulative, thousand	472.0	505.9	541.3	564.8	599.6	642.6	685.2	727.2	763.0	807.4
of which:										
number of active business entities, thousand	121.8	125.0	128.6	158.1	161.0	158.8	159.0	167.9	166.0	201.4
Number of newly registered organizations by year, thousand	41.9	46.4	46.8	45.6	48.1	52.5	51.6	50.7	41.5	52.6
of which:										
Number of newly registered business entities, thousand	40.6	44.5	45.2	43.8	45.2	49.9	50.2	49.4	40.2	51.3

Despite the mentioned positive trends, the economic development of Georgia is significantly behind the leading countries of the world, Europe and Asia, migration of the population is large, the so-called "Brain drain" problem is particularly acute, the country is losing a young, progressive-minded qualified staff, in the light of the above, it is important to implement fast and effective state measures, the government should implement an active policy and continue to promote business and entrepreneurship, from our point of view, it would be pointless to continue working in the following direction:

- More protection is needed in terms of the property rights of the entrepreneur-businessman;
- The current legislation should be improved and its implementation should become more effective;

- A number of processes need to be improved in terms of taxation;

- To improve the financing system, including for "start-ups", as well as to make various types of financing sources and programs more accessible to entrepreneurs.

- To help businesses to find and use new markets
- To make the insurance sector more flexible
- To create an electronic platform where various information will be available

Taking into account the above mentioned, business operators save time and resources more when receiving domestic services; Special attention should be paid to the development of agriculture, the field of tourism, production - which will guarantee the sustainable development of the country's economy.

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