



EU Business Climate Survey 2022

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PROFILE OF SURVEYED BUSINESSES

Ownership structure of the surveyed businesses

Profile

41%

Georgian ownership (100%)

31%

EU ownership (100%)

11%

Georgian ownership with some EU involvement (More than 50%)

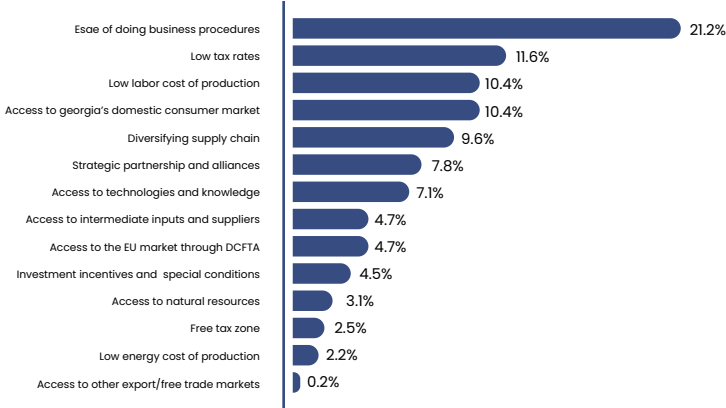
10%

EU ownership (More than 50%)

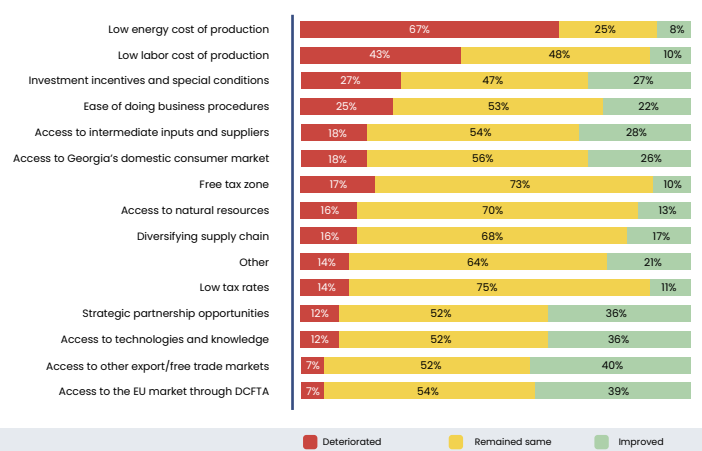
7%

Other

Important business environmental factors while entry



Recent dynamics in business climate factors



Business Environment

GEORGIA AS A PREFERRED BUSINESS LOCATION

Choosing Georgian again as a preferred location for doing business

Performance and Optimism

75%

I would choose Georgia again

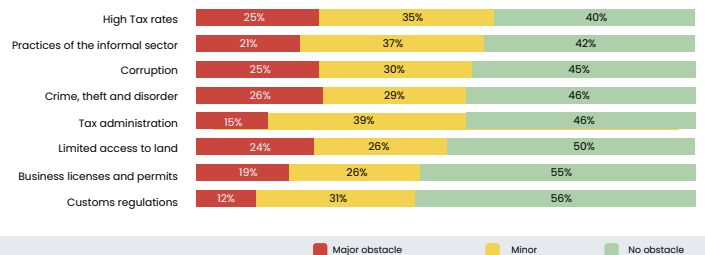
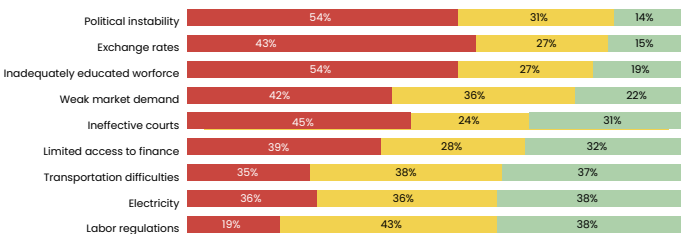
21%

Not sure

4%

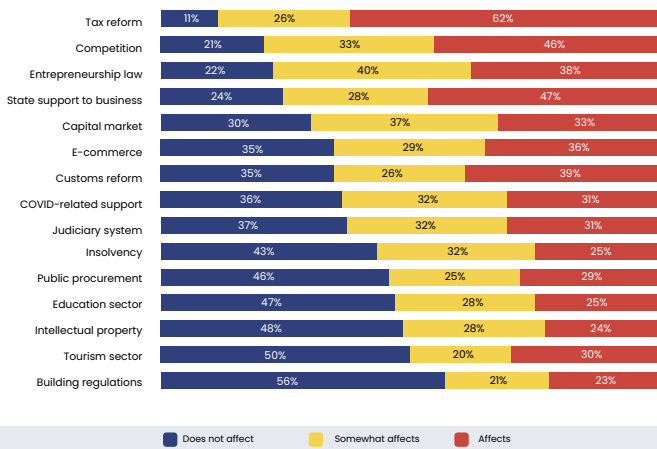
No

MOST BURNING BUSINESS OBSTACLES

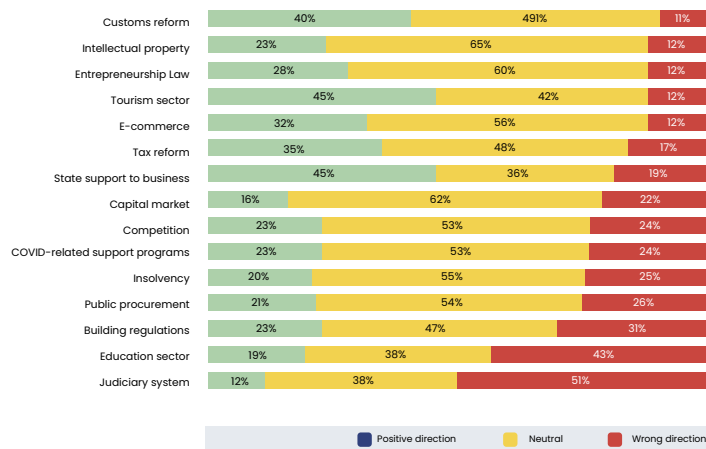


Business Obstacles

Relevancy of economic reforms



RELEVANCY OF ECONOMIC REFORMS



EU RELEVANCY

Relevancy of accessing the EU market

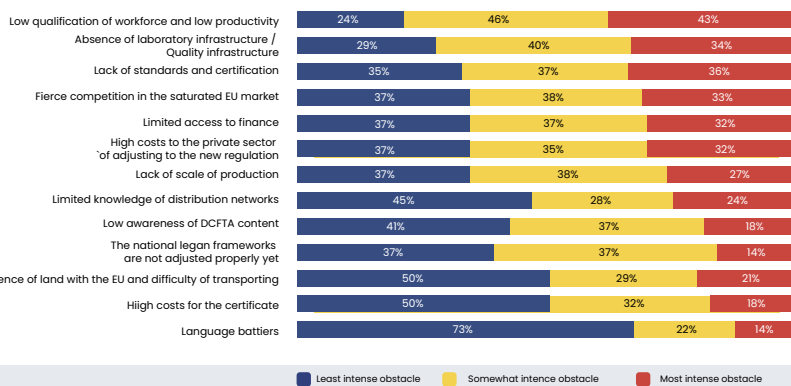
53% Yes, relevant now

25% Yes, relevant in the future

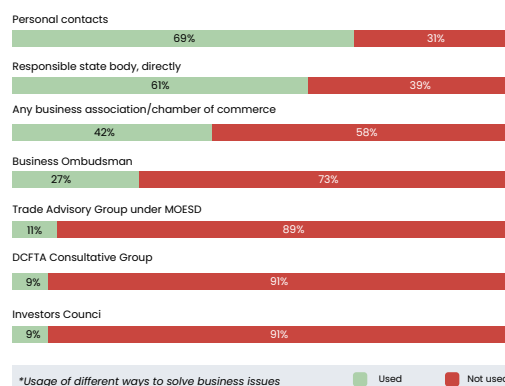
18% No, irrelevant

4% Do not know

Barriers towards access to the EU market



Practices to solve the business issues



REFORM PROCESS AND BEYOND

Businesses welcome European approximation, but indirect benefits should be communicated more.

When it comes to the success of the reforms, deficiencies are seen on both sides. The donor community and government complain that businesses are not interested. Businesses complain that they are not well-informed in advance

Perception of reforms - costs vs. investments - driven by mostly inner business philosophy. Businesses with short-term profit goals consider reforms additional unnecessary regulations and as sunk costs. In contrast, growth-orientated enterprises view these reforms as a means toward a better and more competitive business environment as an investment for their future.

Legislative changes outpace implementation causing dissonance in the business climate. Often, during implementation, it becomes clear that its execution is an issue, and the reform might end up being an additional formal redundancy for a business rather than a way towards the desired outcome.

An undifferentiated approach during implementation. Businesses differ in terms of capacity to adapt to new changes, including ones driven by the EU approximation agenda. Smaller firms are less flexible and resilient to this end and are not ready to fully implement the commitments made as a result of these changes.

Overdoing the minimum standards is another issue. Businesses complained that some of the regulations in Georgia go beyond these minimum standards and are often too restrictive for businesses, even compared to EU members.

Limited use of RIAs as a means of informing the reforms might be one of the root causes of this... According to respondents, RIAs are not often exercised in practice. Coupled with the limited interest of businesses in the reform process, this leads to faults in the process, avoiding of which might be possible

Environmental actions

