

Georgia

1. Industrial Strategy

Georgia's transition from a Soviet command economy to a free market system dismantled much of its industrial base, as all major state-owned enterprises were privatized in the 1990s. The subsequent reform wave that followed the 2003 Rose Revolution ushered in a rapid phase of privatization, deregulation, and liberalization, which soon turned into the cornerstone of Georgia's new economic governance.¹ Then Prime Minister of Economy, Kakha Bendukidze, captured the essence of this transformation with his famous quote: "Sell everything except your conscience." Under his leadership, Georgia eliminated thousands of licenses and permits, streamlined its tax code, and privatized nearly all remaining state assets, cementing its reputation as one of the world's most open and deregulated economies.²

While deregulation and privatization facilitated rapid expansion in the wholesale and retail trade and construction sectors, they did not resolve Georgia's structural vulnerabilities. Namely, the limited diversification of its production base, modest industrial productivity, and continued reliance on service sectors³ and imports to sustain its growth.⁴ Manufacturing accounts for only 8.1 percent of GDP, reflecting limited diversification beyond low-value sectors.⁵ Similarly, R&D expenditure makes up a mere 0.25 percent of GDP, signaling minimal innovation capacity.⁶ Meanwhile, agriculture employs nearly 40 percent of the workforce⁷ but its productivity is extremely low, contributing only 5.5 percent to total GDP.⁸

In the absence of such a strategy, the government has instead concentrated on entrepreneurship promotion and private-sector growth, focusing on small and medium enterprise (SME) programs and improvements to the investment climate. The *SME Development Strategy 2021–2025* continues this approach, prioritizing access to finance and innovation in line with EU principles. SMEs now represent 99.7 percent of all enterprises and employ about two-thirds of the total workforce, making them the backbone of Georgia's private sector.⁹

¹ Organisation for Economic Co-operation and Development (OECD). OECD Investment Policy Reviews: Georgia. Paris: OECD Publishing, 2020, 16–17. <https://doi.org/10.1787/0d33d7b7-en>.

² Stephen Jones. "Kakha Bendukidze and Georgia's Failed Experiment." *openDemocracy*, January 2, 2015. <https://www.opendemocracy.net/en/odr/kakha-bendukidze-and-georgias-failed-experiment/>.

³ National Statistics Office of Georgia (Geostat), "Gross Domestic Product (GDP)," accessed October 2025, <https://www.geostat.ge/en/modules/categories/23/gross-domestic-product-gdp>.

⁴ National Statistics Office of Georgia (Geostat), External Merchandise Trade of Georgia in 2024 (Preliminary) (Tbilisi: Geostat, 2025), 2, <https://www.geostat.ge/media/67898/External-Merchandise-Trade-of-Georgia-in-2024.pdf>.

⁵ "Share of Manufacturing, Georgia," TheGlobalEconomy.com, accessed October 2025, https://www.theglobaleconomy.com/Georgia/Share_of_manufacturing/.

⁶ "R&D expenditure (% of GDP), Georgia," TradingEconomics, accessed October 2025, <https://tradingeconomics.com/georgia/research-and-development-expenditure-percent-of-gdp-wb-data.html>.

⁷ "Employment in agriculture (% of total employment), Georgia," TradingEconomics, accessed October 2025, <https://tradingeconomics.com/georgia/employment-in-agriculture-percent-of-total-employment-wb-data.html>.

⁸ "Agriculture, value added (% of GDP), Georgia," TradingEconomics, accessed October 2025, <https://tradingeconomics.com/georgia/agriculture-value-added-percent-of-gdp-wb-data.html>.

⁹ Ministry of Economy and Sustainable Development of Georgia. *SME Development Strategy of Georgia 2021–2025*. Tbilisi, 2021, 6–7. https://www.economy.ge/uploads/files/2017/ek_politika/sme_strategy/2022/sme_strategy_2021_2025_eng.pdf.

The main institutional driver of this approach is Enterprise Georgia, established in 2014 under the Ministry of Economy and Sustainable Development (MOESD). The agency consolidates three functions:¹⁰

- | | | |
|-----|------------------------|-------------|
| (1) | Business | development |
| (2) | Export | promotion |
| (3) | Investment attraction. | |

Enterprise Georgia has launched the country’s flagship industrial program “*Produce in Georgia*,” in 2014, providing co-financing, credit guarantees, and infrastructure support to SMEs and investors, mobilizing roughly EUR 325 million in private investment by 2020.¹¹ The program has supported over 600 enterprises, primarily in low-technology sectors such as food processing and construction materials. Complementing these efforts, the JSC Development Fund of Georgia (DFG), a state investment fund established in 2011, co-invests in early-stage, capital-intensive projects through equity or subordinated loans.¹²

2. *Digital (Development) Strategy*

Georgia is widely recognized as a regional leader in government platform digitization, consistently ranking among the top performers in e-governance and digital service delivery.¹³ Digital transformation efforts are coordinated by the Ministry of Economy and Sustainable Development in partnership with the Digital Governance Agency (DGA).¹⁴ Operating under the Ministry of Justice, the DGA oversees e-governance development, unified government networks, data-exchange infrastructure, ICT standards, and cybersecurity policy. It also requires all entities managing critical data to comply with strict national security protocols to safeguard information integrity and resilience.¹⁵

Complementing these initiatives, Georgia adopted the National Cybersecurity Strategy 2021–2024, which sets priorities for protecting critical information infrastructure, strengthening cyber-resilience, and aligning national systems with EU and NATO cybersecurity standards. The strategy emphasizes coordination among public agencies and private operators to prevent and respond to cyber incidents.¹⁶

Despite this progress, Georgia still lacks an overarching national digital strategy. Instead, sector-specific frameworks such as the *Fintech Development Strategy 2024* shape the country’s digital economy agenda. The strategy promotes open-banking systems, fintech sandboxes, and digital payment ecosystems as tools

¹⁰ Organisation for Economic Co-operation and Development (OECD). OECD Investment Policy Review: Georgia 2020. Paris: OECD Publishing, 2020, 156–157. <https://doi.org/10.1787/0d33d7b7-en>.

¹¹ OECD, Investment Policy Review: Georgia 2020 (Paris: OECD Publishing, 2020), 133

¹² U.S. Department of State. 2025 Investment Climate Statement: Georgia. Washington, D.C.: U.S. Department of State, September 2025, 21. <https://www.state.gov/reports/2025-investment-climate-statements/georgia>.

¹³ International Telecommunication Union. Digital Development Country Profile: Georgia. Geneva: ITU, February 2022, 13, 28. https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Publications/2022/Digital%20Development/Digital%20Development%20Country%20Profile_Georgia_final_02.22.pdf.

¹⁴ U.S. Department of State. 2025 Investment Climate Statement: Georgia. Washington, D.C.: U.S. Department of State, September 2025, 21, 24. <https://www.state.gov/reports/2025-investment-climate-statements/georgia>.

¹⁵ ITU, Digital Development Country Profile: Georgia (2022), 22.

¹⁶ Government of Georgia. National Cybersecurity Strategy of Georgia 2021–2024 and Action Plan. Tbilisi: Government of Georgia, 2021, 4–7. <https://matsne.gov.ge/ka/document/view/5263611>.

to advance entrepreneurship, innovation, and financial inclusion.¹⁷

Taken together, these policies form the backbone of Georgia’s digital transformation agenda, integrating public-sector innovation, financial technology, and cybersecurity governance to build a secure, inclusive, and innovation-driven digital state aligned with EU digital standards and the Sustainable Development Goals.¹⁸

3. Main Constitutional Provisions

The Constitution of Georgia establishes a legal framework centered on economic freedom and limited state intervention. **Article 30(2)** obliges the State to “promote the development of free entrepreneurial activity and competition,” while prohibiting monopolistic practices except as permitted by law. **Article 31** requires the State to ensure the equal social and economic development of all regions, and **Article 32** mandates that it promote employment and guarantee a minimum standard of living. Together, these provisions form the constitutional basis for Georgia’s liberal, market-oriented economic model, which underpins its approach to industrial and digital policy.¹⁹

4. Main Regulatory Provisions and Policy Developments

Certain legislative and regulatory acts have a considerable impact on industrial policy aspects surrounding digital development. These include:

- Socio-Economic Development Strategy of Georgia "Georgia 2020"²⁰
- National Cybersecurity Strategy of Georgia for 2021–2024 and its Action Plan²¹
- SME Development Strategy of Georgia 2021–2025²²
- Law No. 6325 on Personal Data Protection²³
- Law No. 1591 on Electronic Communications²⁴
- Law No. 5927 on Electronic Signatures and Electronic Documents²⁵
- Law No. 3031 on Patent Law of Georgia²⁶

¹⁷ Ministry of Economy and Sustainable Development of Georgia. Fintech Development Strategy of Georgia 2024–2028. Tbilisi: Ministry of Economy and Sustainable Development, 2024, 5–7.

¹⁸ ITU, Digital Development Country Profile: Georgia, 6–10.

¹⁹ Constitution of Georgia. Tbilisi: ConstitutionNet / Constitution Project, 1995 (as amended). <https://constitutionnet.org/sites/default/files/Georgia%20Constitution.pdf>.

²⁰ Government of Georgia. Social-Economic Development Strategy of Georgia “Georgia 2020”. 2014. <https://faolex.fao.org/docs/pdf/geo171436.pdf>

²¹ Government of Georgia. On the Approval of the National Cybersecurity Strategy of Georgia for 2021–2024 and Its Action Plan. Tbilisi: Government of Georgia, 2021. <https://matsne.gov.ge/ka/document/view/5263611>.

²² Ministry of Economy and Sustainable Development of Georgia, SME Development Strategy 2021–2025.

²³ Law of Georgia No. 6325 on Personal Data Protection, Matsne, accessed October 2025, <https://matsne.gov.ge/en/document/download/1561437/7/en/pdf>.

²⁴ Law of Georgia No. 1514 “On Electronic Communications,” adopted January 6, 2005, ComCom. <https://comcom.ge/en/legal-acts/sxva-aqtebi/parliament/laws/2005-1514-.page>.

²⁵ Law of Georgia No. 5927 “On Electronic Signatures and Electronic Documents,” Matsne (accessed October 2025), <https://matsne.gov.ge/ru/document/download/20866/4/en/pdf>.

²⁶ Patent Law of Georgia, 2023, Sakpatenti, accessed October 2025, https://www.sakpatenti.gov.ge/media/page_files/patent_law_of_georgia_2023_en.pdf.

- Law No. 5501 of Georgia on Innovations²⁷
- Law No. 1829 of Georgia on Information Security²⁸
- Law No. 3144 on Personal Data Protection²⁹
- Law No. 3806 on Free Industrial Zones³⁰
- Law No. 2159 on Competition³¹

5. (Regional) Economic Treaties to Which the State is a Signatory³²

- Free Trade Agreement between Georgia and the People’s Republic of China
- Free Trade Agreement among the Commonwealth of Independent States (CIS) Countries
- Free Trade Agreement between Georgia and the European Free Trade Association (EFTA) States
- EU–Georgia Association Agreement and Deep and Comprehensive Free Trade Area (DCFTA)
- Free Trade Agreement between Georgia and Armenia
- Free Trade Agreement between Georgia and Azerbaijan
- Free Trade Agreement between Georgia and Kazakhstan
- Free Trade Agreement between Georgia and the Russian Federation
- Free Trade Agreement between Georgia and Turkmenistan
- Free Trade Agreement between Georgia and Ukraine
- Free Trade Agreement between GUAM Member States
- Free Trade Agreement between Hong Kong, China and Georgia
- Free Trade Agreement between Georgia and Türkiye
- Free Trade Agreement between Georgia and the United Kingdom

6. Plurilaterals

Georgia participates in multiple plurilateral initiatives and agreements. Some of the most relevant ones are:

- Information Technology Agreement (ITA)³³

²⁷ Law of Georgia No. 5501 “On Innovations,” adopted 5 November 2016, Matsne (official legislative bulletin), <https://faolex.fao.org/docs/pdf/geo200058.pdf>.

²⁸ Law of Georgia No. 6391 “On Information Security,” Matsne (accessed 2025), https://ccdcoe.org/uploads/2018/10/Georgia_LAW-of-GEORGIA-ON-IFORMATION-SECURITY-2012-old-edition_English.pdf

²⁹ Law of Georgia No. 7322 “On Personal Data Protection,” adopted 25 March 2024, Personal Data Protection Service (PDPS) and Matsne, https://pdps.ge/files/content/LAW%20OF%20GEORGIA%20ON%20PERSONAL%20DATA%20PROTECTION_en_1711020422.pdf.

³⁰ Law of Georgia No. 3806 “On Free Industrial Zones,” adopted 12 November 2010, Matsne / FAOLEX, <https://faolex.fao.org/docs/pdf/geo190241ENG.pdf>.

³¹ Law of Georgia No. 2159 “On Competition,” consolidated version as of 29 November 2023, GCCA / Matsne, https://gccca.gov.ge/uploads_script/legislation/tmp/phpanHza2.pdf.

³² World Trade Organization, Regional Trade Agreements (RTA) Database, accessed October 2025, <https://rtais.wto.org/UI/PublicMaintainRTAHome.aspx>.

³³ World Trade Organization, “Information Technology Agreement (ITA),” accessed October 2025, https://www.wto.org/english/tratop_e/inftec_e/itapart_e.htm.

- Joint Initiative on Services Domestic Regulation (SDR)³⁴
- Joint Statement Initiative on E-commerce³⁵
- WTO Agreement on Government Procurement (GPA) (Observer)³⁶

7. Proceedings Initiated Against the State, or by It, Before International Forums

Georgia has not been involved in any trade disputes before the World Trade Organization (WTO), either as a complainant, respondent, or third party.³⁷

Elene Chkhaidze (Last updated 12 October 2025)

³⁴ World Trade Organization, “Joint Initiative on Services Domestic Regulation,” accessed October 2025, https://www.wto.org/english/tratop_e/serv_e/jsdomreg_e.htm.

³⁵ World Trade Organization, “Joint Statement Initiative on E-commerce,” accessed October 2025, https://www.wto.org/english/tratop_e/ecom_e/joint_statement_e.htm.

³⁶ World Trade Organization, “WTO Government Procurement Agreement (GPA) — Observer Members,” accessed October 2025, https://www.wto.org/english/tratop_e/gproc_e/memobs_e.htm.

³⁷ World Trade Organization, “Dispute Settlement – Disputes by Member States,” accessed October 2025, https://www.wto.org/english/tratop_e/dispu_e/dispu_maps_e.htm.