DCFTA
Risks and Opportunities for Georgia

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DCFTA

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Introduction

This policy document was created through the project "Raising support and enhancing understanding of the Europeanization process in Georgia: information and communication campaign on EU-Georgia Association Agreement, including DCFTA" funded by the Romanian government. The document provides a summary of findings from a study implemented by the ISET Policy Institute in partnership with PricewaterhouseCoopers (PWC) and Policy and Management Consulting Group (PMCG) at the request of the Ministry of Economy and Sustainable Development. As part of this study, we conducted a survey of relevant stakeholders including major businesses and business associations, government agencies, commercial banks, and donor and international organizations. It also incorporates the main results from a study of investment opportunities from non-EU countries and potential sectors of investment, which we conducted together with the German Economic Team Georgia. Both studies have been conducted in February-April 2016.

Both the AA and the DCFTA belong into the toolkit of the European Neighborhood Policy (ENP), the official aim of which is to create a belt of "prosperity, stability and security along Europe's borders."[1] ENP policies apply to countries to Europe's south (e.g. North Africa) and east, including Georgia and most other former Soviet republics.

Georgia and the EU signed the Association Agreement and the Deep and Comprehensive Free Trade Area (AA/DCFTA) on 27 June 2014. Georgia ratified the AA on 18 July 2014. The AA/DCFTA have been provisionally applied since 1 September 2014.

The DCFTA can be analytically broken into two major components. The "FTA" part is about free trade in goods and services between Georgia and EU member states. As the official formulation goes, the DCFTA "removes all import duties on goods and provides for broad mutual access to trade in services."[2] An addition, provision on "establishment" clears the way for

1 http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV%3Ar17100.

2 http://ec.europa.eu/trade/policy/countries-and-regions/countries/georgia/

Georgian and European companies to set up branches and bid on public procurement contracts in a non-discriminatory fashion. The Deep and Comprehensive ("DC") part of the agreement is about large scale harmonization of laws, norms and regulations, aligning key sectors of the Georgian economy to EU standards. The purpose of the "DC" component is to make sure that while opening the EU market for goods and services produced outside the EU (and thus competing with EU companies), the agreement paves the way for European companies to enter new markets. The main burden of "harmonization" will fall on Georgia's agriculture and food processing sectors, which will have to comply with the EU's food safety regulations. The same regulations will also apply to any food products imported into Georgia, thus allowing European companies to compete with producers that are not subject to similar regulations, such as those operating in Iran, Russia, China, etc.

In the remainder of this policy brief we will discuss 1) the main implication of the agreement's DC and FTA components for Georgian producers and consumers and 2) policies Georgia should pursue in order to both minimize the cost of harmonization provisions and take advantage of the opportunity to trade freely with the "world's largest single market with transparent rules and regulations."[3]

3 http://ec.europa.eu/trade/policy/eu-position-in-world-trade/

AA/DCFTA Free Trade Area provisions: what do they imply for Georgia's potential to export to the EU?

Georgia has been enjoying low tariff barriers in trading with Europe since December 2005 under the so-called Generalized System of Preferences + (GSP+), which offers "trade incentives to developing countries ... to implement core international conventions on human and labour rights, sustainable development and good governance."[4] Thus, since 2006, Georgia has been facing zero duties on about 75% of all tariff lines. The DCFTA expands on GSP+ by setting zero duties on 100% of product categories, including agricultural products that are of potential interest for Georgian exporters, such as wine, cheese, live animals, sheep and goat meat, yogurt, chocolate, animal skins and wool (previously not be covered by GSP+ preferences), berries, fruit, vegetables (including canned and processed), and fruit juices, which enjoyed *partial* preferences under GSP+. Georgia will continue to be a beneficiary of GSP+ until 31 December 2016, but, as of April 2016, all 28 member states have already ratified the AA, including its DCFTA component.[5]

While the free trade provisions of the DCFTA seem like a significant improvement over GSP+, the extent to which Georgia can benefit from them will depend on whether or not Georgian products can gain market share in Europe (and/or whether Georgian producers will be willing to invest in expensive EU-targeted marketing and branding efforts).

The key export and foreign direct investment (FDI) statistics reported in the Appendix fail to reveal any major breakthroughs within a year

4 http://trade.ec.europa.eu/doclib/press/index.cfm?id=1006

5 http://eeas.europa.eu/delegations/georgia/documents/news/2016/20160426_01_en.pdf

of DCFTA provisional application. This is not surprising because most Georgian products that are relevant to the EU market have been covered by GSP+ whereas increasing capacity in new niche (mostly agricultural) products such as wine, fruit or berries will require time (e.g. it takes 5-6 years from the planting of new orchards to commercial production of hazelnuts, apples). Still, Georgia's trade with the EU is on an upward trajectory. In 2015, Georgia's exports to the EU expanded in absolute terms by 4%, despite an overall trade slowdown (Georgia's exports in 2015 shrank by 22%). Currently, Georgia's exports are extremely concentrated in very few product categories: about 80% of total exports consist of minerals, metals and food products (vegetables, wine and other beverages).

There are two principal ways in which Georgia can promote its exports to the EU. First, it can invest in existing sectors or develop new niche products that have market potential in the EU. This is the case for berries, kiwifruit, special kinds of alcoholic beverages (qvevri wine or chacha), olives, etc. Second, Georgia can leverage its DCFTA status as well as its corruption-free, safe and efficient business environment to attract foreign investment into export-oriented industries. Using Georgia as an *export platform* to the EU may be particularly beneficial for countries that don't have free access to EU markets, such as China, Iran, Azerbaijan and Russia.

How should Georgia go about implementing DCFTA harmonization measures?

In order to ensure effective DCFTA implementation, on July 28, 2014 the Government of Georgia's EU Integration Commission adopted the DCFTA Implementation Action Plan 2014-2017.[6] The plan, which was drafted by The Ministry of Economy and Sustainable Development of Georgia, provides a detailed list of reforms to be adopted during this period and assigns relevant responsibilities. It can be conceptually divided into two major parts. The first part focuses on measures to ***facilitate trade***: streamline customs procedures, create systems to enforce rules of origin regulations, and generally promote Georgia's production and exports capacity (e.g. by developing SMEs and diversifying exports). The second part covers a broad range of measures to ***achieve legal approximation and harmonize regulations:*** technical standards, protection of intellectual property rights, labor regulations, competition law, and, last but not least, Sanitary and Phytosanitary (SPS) measures.

While there is much desire on the Georgian side to quickly implement the DCFTA agenda, there is a lack of proper understanding – in both government and industry – as to the precise harmonization requirements (for each subsector) and the optimal timetable for their implementation. Agricultural producers and food processors are certainly going to bear significant compliance costs associated with the implementation of SPS measures. Yet, no analysis has been conducted to date as to a feasible timetable for phasing in traceability and other SPS requirements. There has been no government communication on whether and when these requirements will apply to small and medium enterprises. And because there has been no official communication, SMEs (and not only) continue business as usual instead of planning ahead and investing in relevant skills and systems.

6 Georgia's Action Plan for the Implementation of DCFTA 2014-2017, http://www.economy.ge/uploads/dcfta/DCFTA_Action_Plan_ENG.pdf

Importantly, the imposition of SPS measures on any food products sold in the Georgian market (including imports) will inevitably lead to an increase in the price of goods sold through official channels. Higher food prices will hurt consumers, putting political pressure on future Georgian governments who may choose to relax food safety regulations (e.g. by exempting SMEs), or turn a blind eye to informal activities in the food production and trade sectors.

Last but not least, by harmonizing its regulations with the much more developed EU countries, Georgia will diminish the ability of its producers to substitute for imports. To the extent that domestic production costs will go up (e.g. in the food industry), Georgian companies will find it more difficult to compete with larger scale, modern producers in the EU and elsewhere. Some sectors are likely to be more severely affected than others (e.g. meat production and processing), calling for expensive measures to restructure companies and retrain their staff.

Setting harmonization timetables and priorities is not all that straightforward. There are *tradeoffs* to consider. For example, SMEs and smallholders may not be able to fully comply with DCFTA measures (e.g. SPS or environmental regulations). Exempting them from any or all EU-style regulations might be good from the social and political points of view. However, unequal treatment of small and large producers would harm the latter. Larger, capital intensive business are not employing as many people but are nevertheless important for the Georgian economy given their potential to export or serve as import-substitution-oriented companies. They would be subject to full compliance costs while competing for raw materials (as has been the case with Hipp-Georgia, which was forced to shut down its modern processing plant in Shida Kartli). Therefore, before committing to any timetable and concrete measures, the Government has to better understand sector-specific tradeoffs.

Taking advantage of DCFTA provisions: promoting domestic producers

Georgia has limited capacity to expand its exports to the EU in the short run. Georgia's largest exporters, such as RMG Copper, Georgian American Alloys and Rustavi Azoti, are already operating at the limit of their capacity at the going global price for relevant commodities (copper, ferroalloys, and ammonium nitrate fertilizer). Any increase in their production and exports is predicated on additional investment. The agricultural sector, which does have considerable capacity for expansion, is dominated by small producers, the vast majority of which are subsistence farmers. Most large food processors, such as Nikora and Chirina, are focused on import substitution. Georgia's agriculture and food exports to the EU by and large consist of one product: hazelnuts (22% of total exports to the EU in 2015). Wine and mineral water come in remote second and third places with 1.70 and 1.67%, respectively. See Table 1 for further details.

Table 1: Top Georgian Exports to the EU, 2015

Top 10 Commodities to EU in 2015	% in total
Copper ores and concentrates	23.87%
Nuts, edible; hazelnuts or filberts (corylus spp.), fresh or dried, shelled	22.92%
Oils; petroleum oils and oils obtained from bituminous minerals, crude	12.14%
Fertilizers, mineral or chemical; nitrogenous, ammonium nitrate, whether or, not in aqueous solution	10.27%
Ferro-alloys; ferro-silico-manganese	3.25%
Wine; still, in containers holding 2 liters or less	1.70%
Waters; mineral and aerated, including natural or artificial, (not containing added sugar or other sweetening matter nor flavored)	1.67%
Helicopters; of an unladen weight exceeding 2000kg	1.52%
Vehicles; compression-ignition internal combustion piston engine (diesel or semi-diesel), cylinder capacity exceeding 2500cc	1.51%
Rubber; new pneumatic tires, of a kind used on motor cars (including station wagons and racing cars)	1.37%

Source: Geostat

In the absence of clear "locomotives" to lead DCFTA-induced exports to the EU, Georgia has to settle for industrial policies that promote broad sectoral or even economy-wide improvements, rather than pick specific winners.

One option for the Georgian government is to facilitate intra-sectoral coordination on joint investment decisions (including those related to implementation of DCFTA-related regulations), provision of inputs, skills and downstream services; product certification and quality control; export facilitation, transport and logistics; international branding and marketing. Such coordination may help Georgian producers achieve scale in production and exports which would be needed in order to effectively compete in the EU market, develop and promote new niche products and/or expand existing activities. Such coordination would be most effective if led by recognized leaders (large, foreign-invested businesses) within each sector or sub-sector, such as:

- AgriGeorgia (Ferrero's Georgian outpost) in the *hazelnuts* sector,

- Hipp in organic *horticulture and fruit processing*,

- Marneuli Agro in *vegetable* production and processing.

Intra-sectoral coordination can be used to facilitate discussion of measures such as vocational training (to address common skill deficits), product standards, infrastructure and logistics bottlenecks, and common branding/marketing challenges. The marketing challenge could be addressed by jointly advertising *Georgia* as a cradle of wine, source of healthy and unique foods and/or a fabulous touristic attraction. In doing so, Georgia would be following in the footsteps of new wine countries (Australia, New Zealand, Chile, and Argentine) that have used such strategies to carve out their niche in the global marketplace.

Taking the skill bottleneck as an example, the government could propose using the Public Private Partnership (PPP) framework to establish *vocational colleges* owned and managed by industry clusters. Such colleges could operate based on the German/Swiss model of dual education whereby apprentices are hired by relevant companies and acquire most of the relevant learning outcomes on the job.

Other important bottlenecks to be addressed include:

- **Lack of innovation**. The Partnership Fund (or a similar organization) could be used to transparently promote experimentation with new products and activities (to be properly evaluated). Commercial banks are too conservative (and rightly so) to be able to support truly innovative (and therefore, risky) projects.

- **Lack of access to and high cost of finance**. This bottleneck could be addressed in a general way (reduction of country risks) or for specific projects by providing government loan guarantees, making grants and coordinating investment decisions, etc.

- **Cost of transport** (sea, rail) and travel to/from Georgia. This is about accelerating transport infrastructure projects (East-West, railway modernization, expansion and deepening of sea ports, etc.) and undertaking special measures to bring budget airlines, introduce greater competition for travel to/from high value destinations and/or providing rebates.

- **Weak local government.** Given excessive fiscal centralization (almost all tax revenues go to the central budget; allocations from the central budget are made based on perceived need, not merit), Georgia's municipal governments have weak incentives to cooperate with and promote businesses. Introducing elements of fiscal federalism and strengthening the capacity of local governments may help address this bottleneck.

- **Excessively strict tax administration system**. The current zero-tolerance and zero-discretion practice of subjecting businesses to maximum allowable penalties and freezing their bank accounts in every case of (suspected) tax evasion is clearly counterproductive in today's realities. Giving tax auditors some discretion in dealing with delinquent taxpayers (and subjecting their decisions to court review) may marginally increase corruption risks and reduce tax collection (in the short run). However, the benefits of doing so (in terms of improved business climate, investment, business activity, and, ultimately, tax revenues) clearly outweigh any such risks.

- **Cost of, and access to, electricity**. The government may want to rethink Georgia's energy strategy whereby Georgia's surplus hydropower resources are exported to Turkey. Georgia may have more to gain from increased electricity supply for domestic value-adding activities, including deeper processing of locally available raw materials and manufacturing. Switching to this alternative strategy may imply a greater role for government in building and operating large HPP projects.

- **Lack of professional skills**. This bottleneck can be addressed in several ways: Georgia should strive to maintain its "open border" policies to allow for the arrival of skilled workers and in this way to compensate for the lack of professional capacities on the domestic labor market; the government should also allow and, moreover, incentivize businesses to run their own German-style dual education programs or even establish vocational colleges.

- **Lack of protection for domestic investors**. Georgia is proud of having fully liberalized its trade. Indeed, doing so makes full sense for a small country that has to supply its needs and gain external market size. At the same time, the Georgian government should demonstrate its willingness to step in and provide protections, in compliance with WTO provisions concerning 1) anti-dumping, 2) anti-subsidy and 3) safeguard measures. Georgia's steel industry is currently on the verge of bankruptcy because of a sudden change in terms of trade with Russia and Ukraine. Investors will be more likely to commit their funds to Georgia if temporary protection measures will be available to them in case of need.

Taking advantage of DCFTA provisions: promoting FDI

Georgia's duty-free access to the EU carries the promise of attracting FDI in the production of goods for export to the EU market. Georgia can be attractive for EU investors given its low labor and energy costs, proximity to European and Eurasian markets. For non-EU investors, Georgia can serve as a duty free "export platform" for EU-oriented goods and services.

Decisions by non-EU investors will depend on Georgia's attractiveness from the business environment point of view considering such factors as a geographical location, transport costs, input costs, availability of necessary raw materials and labor inputs. Very importantly, their decisions will also depend on the tariff differential for EU exports vis-à-vis investor home country. The greater this differential, the stronger Georgia's attractiveness as an export platform.

Export-platform investment can be done by setting up of a whole production chain or some elements of it (not necessarily the final stage of production). The type of investment (sector, production phase) will depend on the "Rule of Origin" regulations that apply in each specific case (i.e. the share of Georgia, EU and/or other eligible countries in the final value of the product), Georgia's comparative advantages in production inputs (labor, land, water, energy, natural resources), and, of course, investors' know-how.

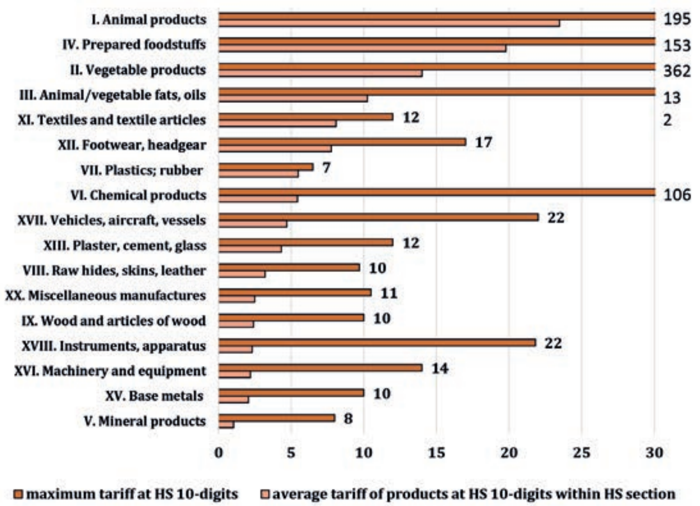
To identify non-EU countries that could be sources of such investment we analyzed tariff differentials and rules of origin. Tariff differentials are defined as the difference between the tariff rates enjoyed by Georgia through the DCFTA and those applied on exports to the EU under the Most Favored Nation (MFN) trade regime.[7] The so-called Harmonized System (HS) of tariff nomenclature includes about 15,000 tariffs defined

7 MFN is the highest tariff level applied by the EU both to WTO and non-WTO members.

at the 10-digit level. In our analysis we focused on broader categories of goods (HS 1 digit and 4 digits), using maximum and average tariff levels within each category[8].

Figure 1 below summarizes the maximum and average tariff levels within 17 relevant categories.

Figure 1: Tariff Differentials



Source: Potential for FDI-attraction from non-EU countries: The role of the EU-Georgia DCFTA

The EU market for agricultural products is heavily protected but there are significant tariffs on industrial goods as well. Two basic groups can be identified which have potential to attract investment:

– Agriculture and food, particularly animal products and prepared foodstuffs. These are the products with the highest tariffs.

8 Excluded from the analysis are: 1) goods that are subject to tariff rate quota and entry price; and 2) goods with less than 5% tariffs differential. We did include animal products even if their export is not possible in the short run for food safety reasons.

– Industrial goods, particularly textiles, footwear, chemical products, also selected engineering goods: Lower tariffs, but with some tariff peaks.

The next step in the analysis is to identify source countries that have restricted access to European countries but are already exporting the above mentioned products. Currently the EU has free trade arrangements with over 50 countries, and more are being negotiated. At the same time, the EU has introduced a revised GSP, as a result of which trade preferences have been terminated for more than 20 high and upper middle-income countries. Overall, 33 countries currently trade with the EU under MFN tariffs.

We used the following criteria to identify source FDI countries: relative geographical proximity to Georgia, sufficient level of economic development, preferential tariff regime, and current state of economic ties with Georgia. According to these criteria possible source countries for export-platform FDI include: Azerbaijan, China,[9] Iran, Kazakhstan, Kuwait, Russia, Saudi Arabia, and United Arab Emirates.

In attracting investment, Georgia would have to compete with more than 50 countries that have similar EU market access. This competition will be about domestic costs and conditions, suggesting an urgent need for Georgia to continue investing in a friendly business environment: improve trade infrastructure, transport and logistics so as to facilitate fast and secure delivery of Georgian products to EU markets. Increasing the quality of political and economic institutions will provide an additional impetus for the much needed foreign investment.

9 China lost its EU GSP preferences in 2015 and should have stronger incentive to use Georgia's DCFTA.

Appendix

Table 1. Trade flows to EU by HS section 2015

Trade flows by HS section 2015	Share of total in 2015	%Growth
I Live animals; animal products	0.02%	182%
II Vegetable products	24.55%	4%
III Animal or vegetable fats and oils	0.09%	29%
IV Foodstuffs, beverages, tobacco	10.43%	-23%
V Mineral products	34.80%	9%
VI Products of the chemical or allied industries	7.87%	61%
VII Plastics, rubber and articles thereof	2.01%	-9%
VIII Raw hides and skins, and saddlery	0.73%	-29%
IX Wood, charcoal and cork and articles thereof	0.75%	-9%
X Pulp of wood, paper and paperboard	0.13%	-80%
XI Textiles and textile articles	2.59%	-6%
XII Footwear, hats and other headgear	0.24%	-96%
XIII Articles of stone, glass and ceramics	0.07%	547%
XIV Pearls, precious metals and articles thereof	1.60%	-7%
XV Base metals and articles thereof	5.46%	-10%
XVI Machinery and appliances	1.79%	11%
XVII Transport equipment	6.06%	-35%
XVIII Optical and photographic instruments, etc.	0.53%	97%
XIX Arms and ammunition	0.00%	-100%
XX Miscellaneous manufactured articles	0.25%	17%
XXI Works of art and antiques	0.03%	-37%

Source: Geostat

Table 2. Trade to EU by Country

Countries	% of total in 2015	% growth from 2014
EU countries	29.3%	3.6%
Bulgaria	33.1%	28.2%
Germany	11.7%	9.6%
Italy	11.5%	-13.6%
Netherlands	6.7%	40.0%
Spain	6.5%	-40.4%
Lithuania	5.2%	4.9%
Poland	4.4%	184.4%
Romania	4.2%	528.4%
United Kingdom	3.3%	-13.3%
France	3.2%	-21.7%
Belgium	2.5%	-60.9%
Czech Republic	2.1%	-5.7%
Greece	1.6%	-23.1%
Slovakia	1.1%	-39.7%
Latvia	1.0%	-20.6%
Austria	0.4%	-51.3%
Estonia	0.3%	-10.3%
Ireland	0.3%	1314.3%
Croatia	0.3%	955.2%
Hungary	0.1%	-14.2%
Denmark	0.1%	-58.2%
Cyprus	0.1%	-18.3%
Finland	0.1%	-37.4%
Malta	0.0%	494.6%
Portugal	0.0%	-91.4%
Slovenia	0.0%	-77.6%
Sweden	0.0%	-70.6%
Luxembourg	0.0%	-100.0%

Source: Geostat

Table 3 Total Trade flows by HS section 2015

Product Category	% of total in 2014	% of total in 2015	Product Category	% of total in 2014	% of total in 2015
I Live animals; animal products	**2.15%**	**2.41%**	**XII Footwear, hats and other headgear**	**0.15%**	**0.10%**
CIS countries	1.77%	1.37%	CIS countries	0.07%	0.07%
EU countries	0.00%	0.01%	EU countries	0.05%	0.00%
Other countries	0.37%	1.02%	Other countries	0.02%	0.03%
II Vegetable products	**8.92%**	**10.59%**	**XIII Articles of stone, glass and ceramics**	0.47%	0.56%
CIS countries	2.99%	2.39%	CIS countries	0.44%	0.32%
EU countries	5.30%	7.14%	EU countries	0.02%	0.13%
Other countries	0.62%	1.06%	Other countries	0.01%	0.11%
III Animal or vegetable fats and oils	**0.29%**	**0.36%**	**XIV Pearls, precious metals and articles thereof**	**1.74%**	**3.34%**
CIS countries	0.04%	0.04%	CIS countries	0.01%	0.01%
EU countries	0.02%	0.03%	EU countries	0.35%	0.42%
Other countries	0.23%	0.29%	Other countries	1.38%	2.91%
IV Foodstuffs, beverages, tobacco	**17.51%**	**14.40%**	**XV Base metals and articles thereof**	**17.09%**	**13.58%**
CIS countries	13.90%	10.11%	CIS countries	5.05%	3.03%
EU countries	2.25%	2.26%	EU countries	1.18%	1.38%
Other countries	1.35%	2.03%	Other countries	10.62%	8.91%
V Mineral products	**12.05%**	**18.75%**	**XVI Machinery and appliances**	**2.50%**	**2.97%**
CIS countries	0.82%	0.38%	CIS countries	1.36%	1.45%
EU countries	7.51%	10.59%	EU countries	0.39%	0.56%
Other countries	2.68%	5.77%	Other countries	0.75%	0.95%

VI Products of the chemical or allied industries	**10.18%**	**14.16%**	**XVII Transport equipment**	**20.57%**	**10.40%**
CIS countries	4.87%	8.33%	CIS countries	17.34%	6.88%
EU countries	1.70%	3.55%	EU countries	1.31%	1.11%
Other countries	3.62%	2.28%	Other countries	1.92%	2.41%
VII Plastics, rubber and articles thereof	**1.24%**	**1.50%**	**XVIII Optical and photographic instruments, etc.**	**0.39%**	**0.96%**
CIS countries	0.66%	0.83%	CIS countries	0.13%	0.35%
EU countries	0.43%	0.52%	EU countries	0.12%	0.29%
Other countries	0.15%	0.15%	Other countries	0.14%	0.31%
VIII Raw hides and skins, and saddlery	**0.26%**	**0.26%**	**XIX Arms and ammunition**	**0.00%**	**0.00%**
CIS countries	0.05%	0.05%	CIS countries	0.00%	0.00%
EU countries	0.16%	0.14%	EU countries	0.00%	0.00%
Other countries	0.05%	0.06%	Other countries	0.00%	0.00%
IX Wood, charcoal and cork and articles thereof	**0.77%**	**0.83%**	**XX Miscellaneous manufactured articles**	**0.38%**	**0.41%**
CIS countries	0.38%	0.28%	CIS countries	0.30%	0.27%
EU countries	0.16%	0.19%	EU countries	0.05%	0.08%
Other countries	0.23%	0.36%	Other countries	0.03%	0.06%
X Pulp of wood, paper and paperboard	**0.18%**	**0.26%**	**XXI Works of art and antiques**	**0.01%**	**0.01%**
CIS countries	0.10%	0.20%	CIS countries	0.00%	0.00%
EU countries	0.03%	0.01%	EU countries	0.01%	0.00%
Other countries	0.05%	0.06%	Other countries	0.00%	0.01%
XI Textiles and textile articles	**3.18%**	**4.15%**			
CIS countries	0.48%	0.48%			
EU countries	0.56%	0.68%			
Other countries	2.15%	2.99%			

Source: Geostat

Table 4 FDI Inflow by Country of Origin

Countries	% of total in 2015	% increase from 2014
Total	100%	-23%
Azerbaijan	40%	59%
United Kingdom	15%	84%
Netherlands	8%	-70%
Luxembourg	6%	-21%
Turkey	6%	22%
China	4%	-74%
Russia	4%	-41%
United States	3%	-81%
Korea	2%	4465%
France	2%	20%
Denmark	2%	66%

Source: Geostat

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