



June 14 - June 18, 2010

## Main Theme of Week

- The Government of Georgia and the United Nations signed a programme of cooperation with budget of 188.5 million USD, which outlines the strategic directions of the UN activities in Georgia during the upcoming five years (2011-2015)
- The U.S. Agency for International Development (USAID) launched the Hydropower Investment Promotion Project which worth 8.9 million USD
- Within the framework of 700 000 GEL credit of State Program „Cheap Credit“ plant of agricultural products treatment has been opened in Teleti village of Qvemo Kartli region

## Economic and Business News

### Programme of Cooperation

**The Government of Georgia and the United Nations signed a programme of cooperation with budget of 188.5 million USD, which outlines the strategic directions of the UN activities in Georgia during the upcoming five years (2011-2015).** This programme of cooperation, known as the United Nations Development Assistance Framework (UNDAF) was signed by Prime Minister of Georgia and UN Resident Coordinator in Georgia.

The UNDAF has been developed in line with the national development priorities and the Millennium Development Goals (MDGs). The new programme of cooperation is the result of in-depth consultations with the Government, the participating UN bodies, donors, civil society and other partners.

With a budget of 188.5 million USD, UN agency programmes under the UNDAF will primarily address issues in the areas of poverty reduction, democratic development, and disaster risk reduction. Over the coming years the UN will contribute towards building a better future for Georgia and its people by addressing inclusive and sustainable growth, promoting balanced, independent, fair and participatory governance systems and protection of human rights and effective disaster risk and environmental management. In addition, special UN initiatives will aim to contribute to reducing post-

conflict risks and rebuilding confidence and preventing conflict. The UN will continue to reach out to the most vulnerable groups – the poor, the disabled, IDPs, refugees, and the marginalized.

### New hydropower investment project

**The U.S. Agency for International Development (USAID) launched the Hydropower Investment Promotion Project which worth 8.9 million USD.**

The Hydropower Investment Promotion Project (HIPP) is a three-year project that will help attract local and foreign investment to Georgia's energy sector in an effort to add 400 megawatts of clean, green renewable power to the Georgian grid.

This new energy will help move Georgia closer to energy independence and serve as a profitable export to fast-growing, underserved energy markets in Turkey and Eastern Europe, providing a basis for future jobs and future growth. HIPP is part of the U.S. Government's 125 million USD post-conflict investment in Georgia's energy sector and an important part of the U.S. Government's 1 billion USD pledge to the people of Georgia.

### Foreign Direct Investment

**According to the preliminary data of the National Statistics Office of Georgia, in first**

#### Contact Information:

**Zurab Pololikashvili**  
Minister of Economic Development of Georgia  
[zp@economy.ge](mailto:zp@economy.ge)

**Zurab Alavidze**  
Deputy Minister of Economic Development of Georgia  
[zalavidze@economy.ge](mailto:zalavidze@economy.ge)

**Lali Gogoberidze**  
Head of Economic Analysis and Policy Department  
[lalig@economy.ge](mailto:lalig@economy.ge)

**Eter Mamukelashvili**  
Chief Specialist  
(+99599) 16 41 96  
[eteri@economy.ge](mailto:eteri@economy.ge)

**Nino Berianidze**  
Chief Specialist  
(+99593) 56 17 81  
[niniko@economy.ge](mailto:niniko@economy.ge)



**quarter, 2010, Foreign Direct Investment (FDI) in Georgia amounted to 76 million US dollars.** The total share of major foreign direct investor countries reached 97 percent in quarter 1, 2010. Turkey is leader country by FDI in Georgia, which made the investment in amount of 20, 3 million USD. The biggest countries by FDI in Georgia are as follows:

⇒Turkey – 27% of total FDI;

⇒Czech Republic – 26%;

⇒Egypt – 24%;

⇒Japan – 21%.

## Sector of Agriculture

**Within the framework of 700 000 GEL credit of State Program „Cheap Credit“ plant of agricultural products treatment has been opened in Teleti village of Qvemo Kartli region.** Plant of Agricultural products treatment processes and realizes apiculture products. The enterprise is equipped with European technique and machine tools.

## Money Transfers

**In May 2010 the volume of money transfers from abroad constituted 72.1 million USD, which is 16.9% (10.4 million USD) more than the same amount for May 2009.** National Bank of Georgia informs, that during this period the volume of remittances significantly grew from Russia (by 7.3 million), Greece (by 0.9 million) and Turkey (by 0.8 million), as well as for several other countries.

90.5% of total money transfers from abroad fall on those eight big donor countries (Russia, USA, Greece, Ukraine, Italy, Turkey, Spain, Germany) from which the volume of such transfers exceeded 1 million USD in May. In May 2009 the share of these 8 countries constituted 88.5 percent of the total volume of money transfers.

In May 2010 5.8 million USD were transferred from Georgia, instead of 5.9 million USD in May 2009.

## Sector of Transport

**Access road to Motsameta Monastery in Imereti region was opened.** Access road to Mot-

sameta Monastery has been left inattentively within the years. Roads Department of Georgia has rehabilitated 2 km long road section and ensured organization of the first sightseeing tour.

## Roads of Georgia

**Representatives of Roads Department of Georgia reviewed all projects, which are planned to be implemented in the West part of the country in 2010.** Among them were discussed in details rehabilitation of 50 km long section of Zestaponi-Kutaisi-Samtredia road, Construction of Batumi and Kobuleti Bypass Road (Adjara seaside cities) and Rehabilitation of Rikoti Tunnel. Furthermore, it is planned to construct two new bridges and rehabilitate about 15 old ones in Imereti region in 2010, also it is envisaged to rehabilitate more than 100 km long road.

## Sector of Tourism

**The project „One tourists, One Ticket – Two countries“ is implemented by the Association of Turkish Travel Agencies - „TURSAB“ together with Department of Tourism and Resorts of Adjara.** The heads of touristic agencies of Turkey familiarized the touristic infrastructure of Adjara. Delegation composed of 90 persons paid an official visit in Adjara. The members of delegation visited some sights and on-site got acquainted with conditions and touristic potential of Adjara. They sighted all the landmarks of the city: Batumi city, Botanical Garden, Gonio Fortress. The delegation was headed by the Governor of Artvin Province of Turkey. Turkish guests got interested in the seaside as well as the mountain resorts of Adjara.

## Ukrainian ferry „Greifswald“

**Ukrainian ferry „Greifswald“ arrived in Batumi Harbor.** „Greifswald“ is a passenger - freight ferry. The ferry brought from Ilichevsk 104 passengers and 2 500 tons cargo of 45 companies. Among them were food, household and industrial products. The service of the ferry was implemented by the Georgian company „Instra - Batumi“.

According to the Department for Protocol and Mass Media Relationships at the Government Administration of the Autonomous Republic of Adjara the mentioned Ukrainian ferry will arrive every week. The ferry can transport 150 passengers.

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Minister of Economic Development of Georgia  
[zp@economy.ge](mailto:zp@economy.ge)

**Zurab Alavidze**  
Deputy Minister of Economic Development of Georgia  
[z.alavidze@economy.ge](mailto:z.alavidze@economy.ge)

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**Nino Berianidze**  
Chief Specialist  
(+99593) 56 17 81  
[niniko@economy.ge](mailto:niniko@economy.ge)



## Daily Economic Statistics

### Indexes

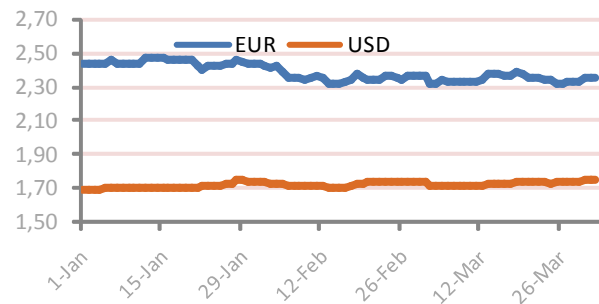
	17.06.10	18.06.10	Change
NASDAQ	2 305,93	2 307,16	▲ 0,05%
S&P 500	1114,61	1116,04	▲ 0,13%
Dow Jones	10 409,46	10 434,17	▲ 0,24%
Georgia's Eurobond (price)	104,77	104,77	0%
Georgia's Eurobond (yield)	5,639	5,639	0%

Source:

Yahoo Finance, Galt & Taggart Securities

### Foreign Exchange Rates (GEL)

	USD	EUR
18.06.10	1,8867	2,3340
17.06.10	1,8871	2,3179
16.06.10	1,8873	2,3127
15.06.10	1,8873	2,2890
14.06.10	1,8872	2,2743



Source:

National Bank of Georgia

### World Prices (USD)

	14.06.10	15.06.10	16.06.10	17.06.10	18.06.10
BRENT (DTD) (1 Barrel)	73,78	75,12	76,50	76,88	76,05
Gold (1 Uncia)	1229,50	1223,00	1235,50	1234,50	1244,00
Silver (1 Uncia)	18,43	18,42	18,51	18,50	18,77
Cooper (1 KG)	6,292	6,610	6,625	6,593	6,481

Source:

MetalPrices.com, LBMA.org.uk, Yahoo Finance

## Main Macroeconomic Indicators

- In 2009, nominal GDP of Georgia amounted 17 948,6 mln. USD, while in 2004 it amounted 5 125 mln. USD

	2004	2005	2006	2007	2008	2009*
Nominal GDP (mln. GEL)	9824,3	11620,9	13789,9	16993,8	19074,9	17948,6
Real growth of GDP	5,9%	9,6%	9,4%	12,3%	2,3%	-3,9%
GDP per capita (GEL)	2276,7	2689,1	3133,1	3866,9	4352,9	4092,8

\*Adjusted evaluations will be published by end of November of 2010

Source:

National Statistics Office of Georgia

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Minister of Economic Development of Georgia  
[zp@economy.ge](mailto:zp@economy.ge)

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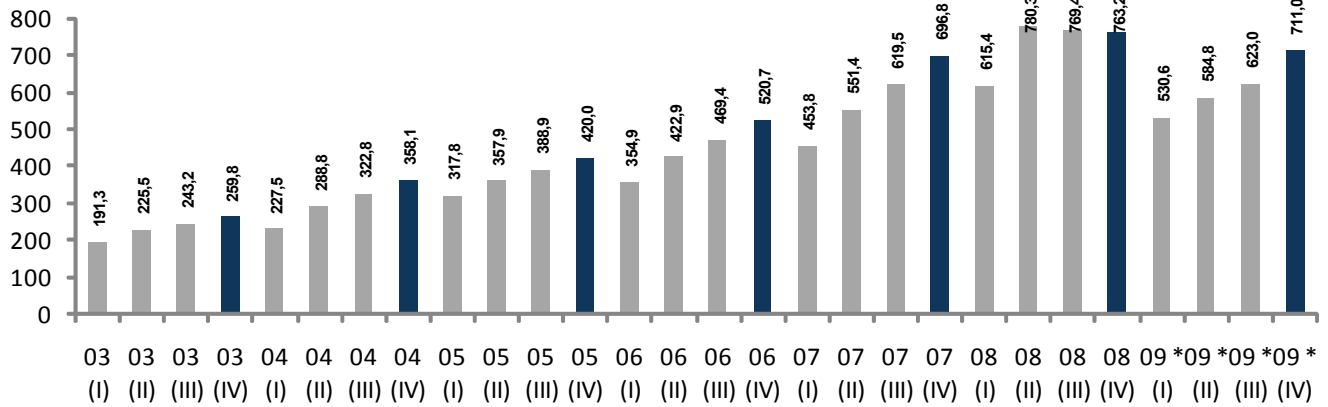
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[niniko@economy.ge](mailto:niniko@economy.ge)



## GDP per capita (USD)

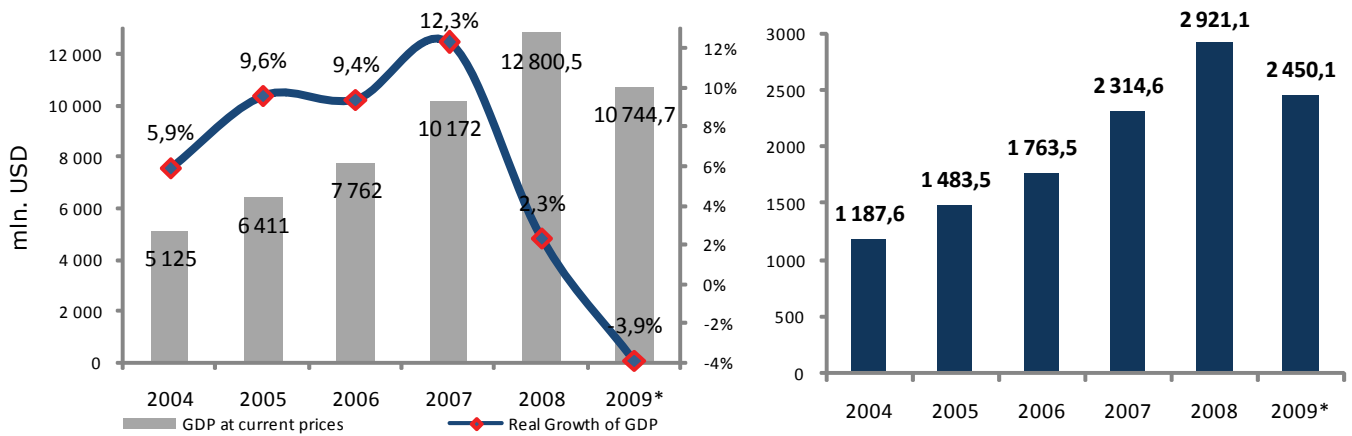


Source:

National Statistics Office of Georgia

## GDP at current prices and real growth

## GDP per capita (Annual, USD)



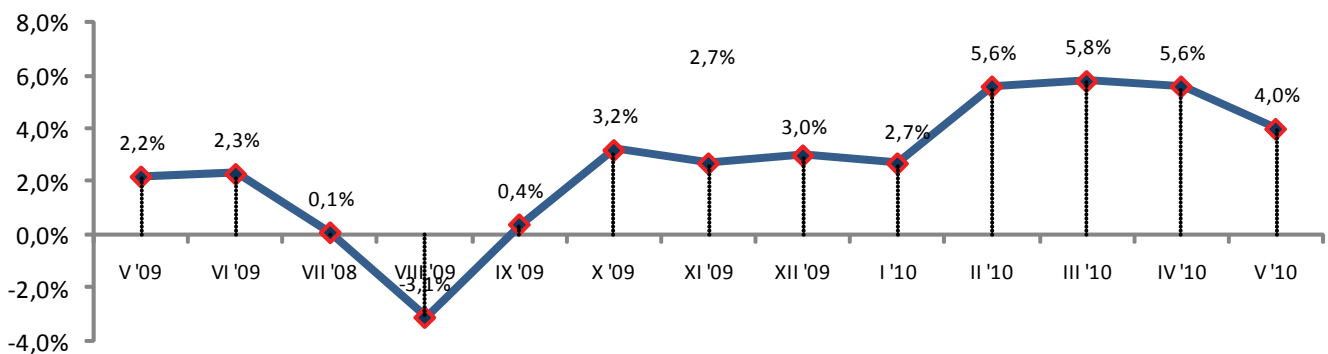
Source:

National Statistics Office of Georgia

Remark:

\*Adjusted evaluations will be published by end of November of 2010

## Inflation



Source:

National Statistics Office of Georgia

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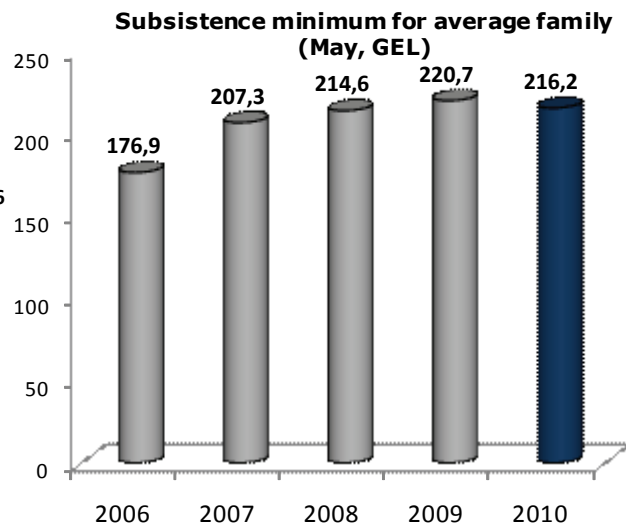
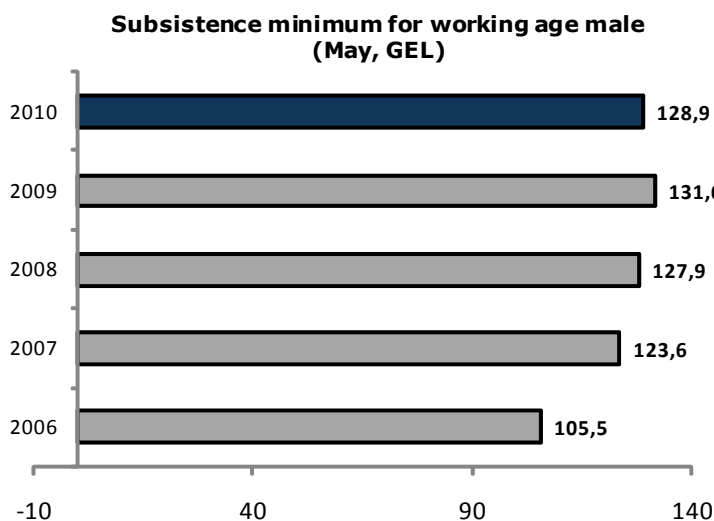
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	2005	2006	2007	2008	2009
Active population (labour force, thousand perso	2023,9	2021,8	1965,3	1917,8	1991,8
Employed	1744,6	1747,3	1704,3	1601,9	1656,1
Salaried employees	600,5	603,9	625,4	572,4	596,0
Self-employed	1143,3	1141,6	1078,8	1028,5	1059,0
Not classified	0,8	1,8	0,1	1,1	1,2
Unemployed	279,3	274,5	261,0	315,8	335,6
Unemployment rate (%)	13,8	13,6	13,3	16,5	16,9



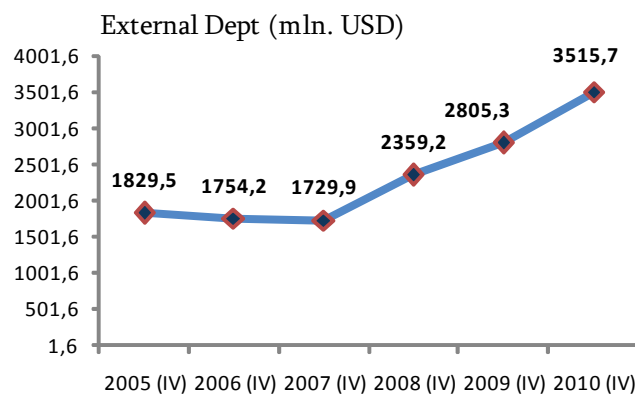
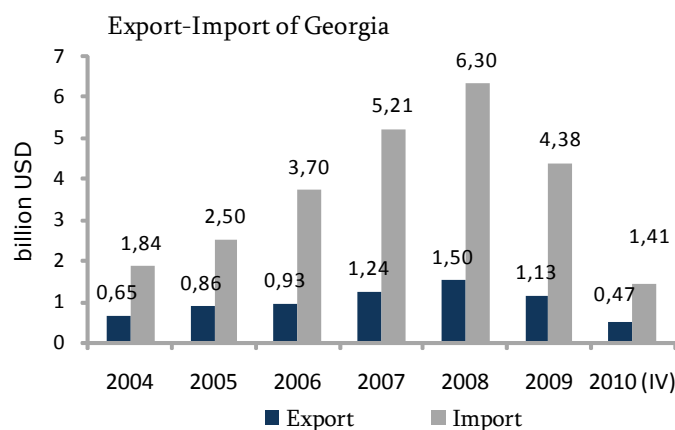
	2006	2007	2008	2009	2010*
Working age male	106,5	118,6	127,9	128,8	128,9
Average consumer	94,4	105,0	113,3	114,1	114,1
Average family	178,7	198,9	214,6	216,0	216,2

(\* May, GEL)

Source:

National Statistics Office of Georgia

External Economic Statistics



Contact Information:

**Zurab Pololikashvili**  
Minister of Economic Development of Georgia  
zp@economy.ge

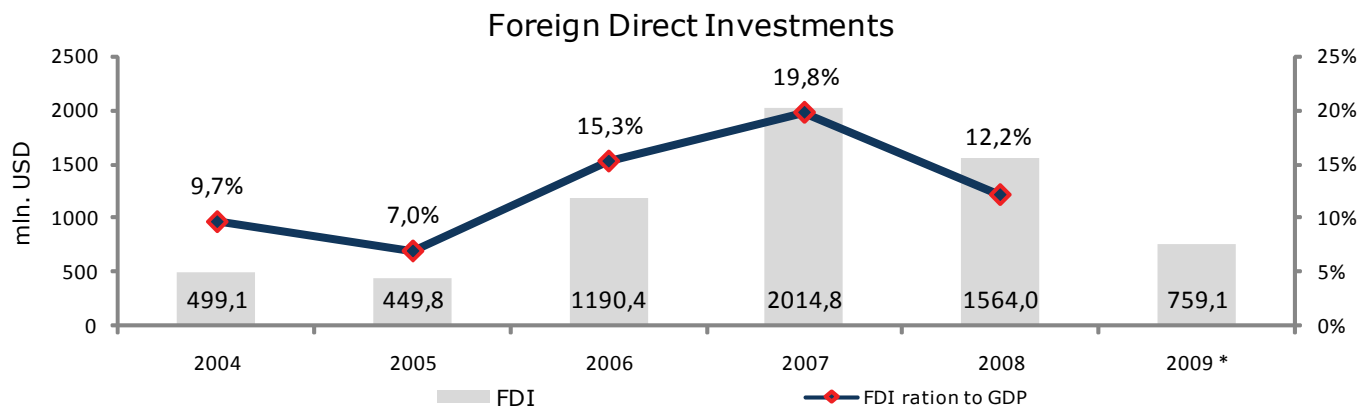
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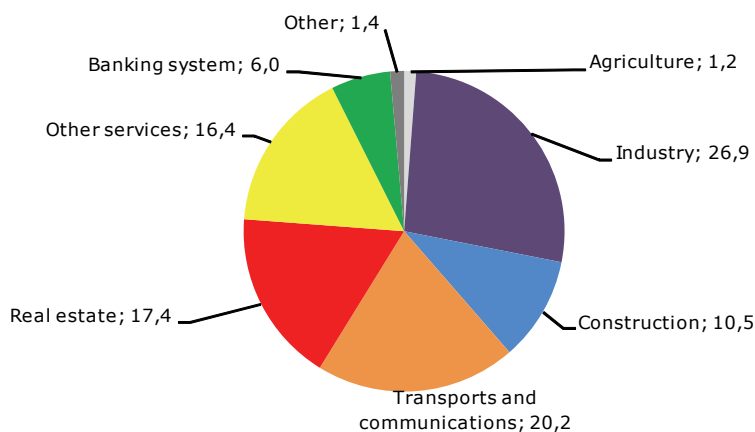
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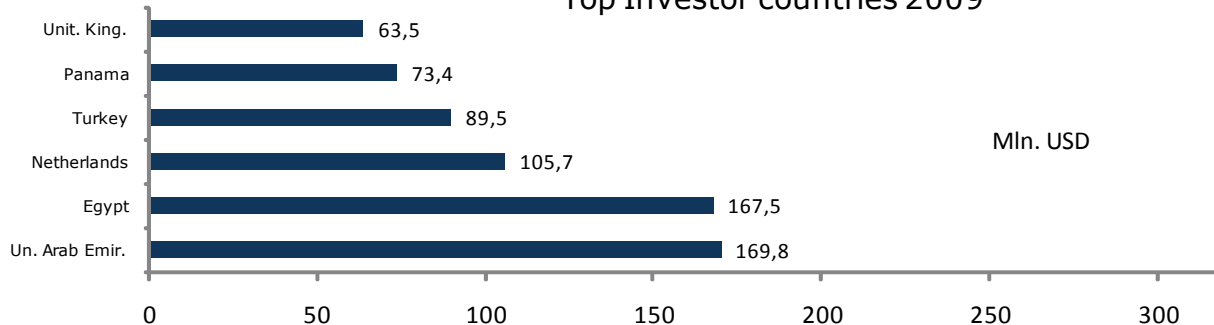




FDI by Economic Sectors (2009\*, %)



Top Investor countries 2009\*



- Foreign Direct Investments in Georgia in 2009\* was 759,1 mln.USD

	2006	2007	2008	2009	2010 (IV)
Registered Export (FOB)	936,2	1232,4	1496,1	1135,0	466,1
Registered Import (CIF)	3677,7	5214,9	6304,6	4378,3	1404,0
Turnover	4613,9	6447,3	7800,6	5513,3	1870,1
FDI in Georgia	1190,4	2014,8	1564,0	759,1*	-
Foreign dept of Georgia	1697,5	1790,0	2691,4	3381,5	3515,7

(mln. USD) Data for 2009 is preliminary

source : *National Statistics Office of Georgia, National Investment Agency, Ministry of Finance of Georgia*

**Contact Information:**

**Zurab Pololikashvili**  
Minister of Economic Development of Georgia  
[zp@economy.ge](mailto:zp@economy.ge)

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Deputy Minister of Economic Development of Georgia  
[zalavidze@economy.ge](mailto:zalavidze@economy.ge)

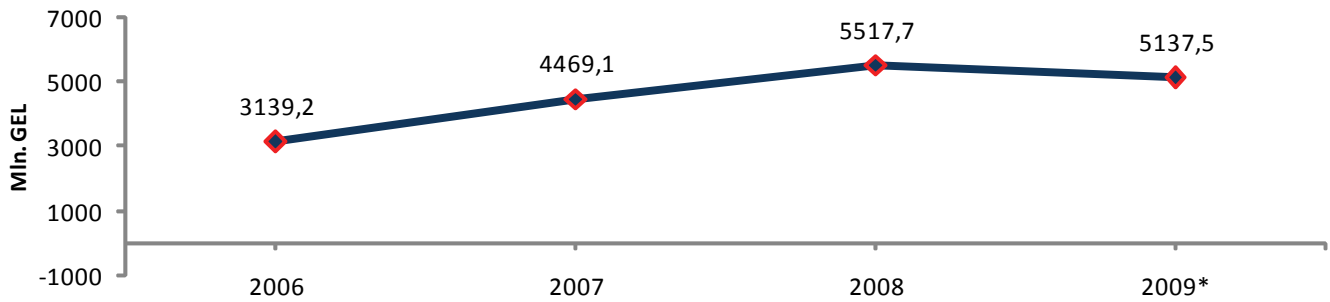
**Lali Gogoberidze**  
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[lali@economy.ge](mailto:lali@economy.ge)

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[eteri@economy.ge](mailto:eteri@economy.ge)

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(+99593) 56 17 81  
[niniko@economy.ge](mailto:niniko@economy.ge)



## State Budget Revenues



	2006	2007	2008	2009
<b>Revenues</b>	3139,2	4469,1	5517,7	5137,5
Taxes	2130,3	3010,5	4541,6	4260,0
Social contributions	502,8	722,0		
Grants	167,6	208,7	617,2	555,5
Other revenues	338,5	527,8	359,0	322

(მლნ. ლარი)

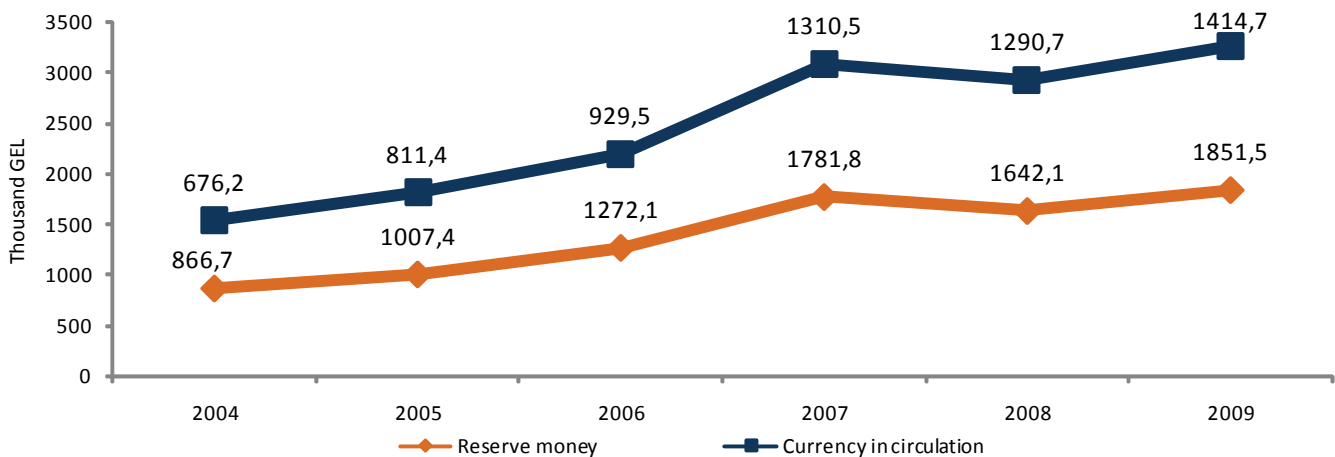
Remark:

Datas for 2009 are plans

Source:

Georgian law about State Budget

## Monetary Indicators



	2004	2005	2006	2007	2008	2009
Reserve money	866,7	1007,4	1272,1	1781,8	1642,1	1851,5
Currency in Circulation	676,2	811,4	929,5	1310,5	1290,7	1414,7

Source:

National Bank of Georgia

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Minister of Economic Development of Georgia  
[zp@economy.ge](mailto:zp@economy.ge)

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[zalavidze@economy.ge](mailto:zalavidze@economy.ge)

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[eteri@economy.ge](mailto:eteri@economy.ge)

**Nino Berianidze**  
Chief Specialist  
(+99593) 56 17 81  
[niniko@economy.ge](mailto:niniko@economy.ge)



# Ministry of Economic Development of Georgia

## Weekly Economic Digest



### Contact Information:

<b>Zurab Pololikashvili</b> Minister of Economic Development of Georgia	(+99532) 99 10 11	<a href="mailto:zp@economy.ge">zp@economy.ge</a>
<b>Zurab Alavidze</b> Deputy Minister of Economic Development of Georgia	(+99532) 99 11 33	<a href="mailto:z.alavidze@economy.ge">z.alavidze@economy.ge</a>
<b>Lali Gogoberidze</b> Head of Economic Analysis and Policy Department	(+99532) 99 11 14	<a href="mailto:lalig@economy.ge">lalig@economy.ge</a>
<b>Eter Mamukelashvili</b> Chief Specialist of Economic Analysis and Policy Department	(+99599) 16 41 96	<a href="mailto:eteri@economy.ge">eteri@economy.ge</a>
<b>Nino Berianidze</b> Chief Specialist of Economic Analysis and Policy Department	(+99599) 56 17 81	<a href="mailto:niniko@economy.ge">niniko@economy.ge</a>

### Useful Links:

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Georgian National Investment Agency	<a href="http://www.investingeorgia.org">www.investingeorgia.org</a>
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Georgia's profile	<a href="http://www.georgia.gov.ge">www.georgia.gov.ge</a>

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[zp@economy.ge](mailto:zp@economy.ge)

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