



January 4 - January 8, 2010

Main Theme of Week

- **Georgia has improved its position in Heritage Foundation "Economic Freedom Index 2010"**
- **"Georgia's economy is showing tentative signs of turning around" - Edward Gardner, IMF Resident Representative in Georgia**
- **As for December 1 of 2009, the banking sector in Georgia is represented by 19 commercial banks**

Economic and Business News

International Rating

Heritage Foundation has published "Economic Freedom Index 2010". The research is based on the data of 183 countries of which Georgia ranks 26th the freest in the 2010 Index and economic freedom score of the country is 70.4. The overall score of Georgia is 0.6 point higher than the last year and is up from 32nd position in 2009.

With impressive progress toward greater economic freedom, Georgia for the first time has achieved "mostly free" status. This is particularly justified by high ratings in business freedom, trade freedom, fiscal freedom, labor freedom and freedom from corruption. With its strong commitment to economic reform, Georgia has revitalized its tradition of entrepreneurship.

Georgia is ranked 14th out of 43 countries in the Europe Region and its overall score is higher than the world average. Estonia

is the only Post Soviet country of the rating, which is ahead of Georgia and ranks 16th place.

According to the research, the country's economy has recorded high growth rates during the last years. Georgia ranked 68th place in 2006, 35th in 2007 and 32nd in 2008 and 2009.

Privatization

In 2009 (January-November), the Ministry of Economic Development of Georgia privatized 1202 units, 664 of which were sold in terms of auction.

During this period, 311 items were privatized by the regions and 891 units by the Ministry. Total volume of income amounted to 173 269 Gel.

Banking Sector

As for December 1 of 2009, the banking

Contact Information:

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

Zurab Alavidze
Deputy Minister of Economic Development of Georgia
zalavidze@economy.ge

Lali Gogoberidze
Head of Economic Analysis and Policy Department
lalig@economy.ge

Elene Tskhakaia
Chief Specialist
(+995 99) 41 19 40
elene_tskhakaia@economy.ge

Nino Berianidze
Chief Specialist
(+99593) 56 17 81
niniko@economy.ge



sector in Georgia is represented by 19 commercial banks, including 13 foreign-controlled banks and 2 branches of non-resident banks.

Total assets of Georgian commercial banks (in current prices) constituted 7964.9 million GEL. The banking sector's own funds (equity capital) equal to 1512.1 million GEL, which makes up 19.0 percent of commercial banks' total assets.

The share of foreign capital in banks' total paid-in capital equals to 79.5 percent.

The share of five banks having the largest assets within the total amount of the banking sector assets decreased by 0.9 percentage points compared to the previous month and constituted 78.4 percent.

Investments

According to the preliminary data, in 2009, 140 mln. USD was invested in Adjara Region, which is 10 mln. USD more than the figures of previous year.

98 mln. USD of abovementioned amount falls on foreign direct investments and 42 mln. USD - local investments.

IMF Evaluation

"Georgia's economy is showing tentative signs of turning around, but a full-fledged recovery will depend on a more upbeat global environment and the easing of credit conditions in the country" - says Edward Gardner, IMF Resident Representative in Georgia.

Some indications prove that the economy started recovering around mid-2009, such as renewed growth in imports, stabilization of exports, and growth in the turnover of enterprises, as measured by value-added tax declarations.

Edward Gardner indicates, that significant part of the fiscal stimulus package, as a response to the crisis, was to make up for plummeting private demand by increasing public spending as a key element in putting a floor on the contraction of economic activity in Georgia.

The recovery will continue through next year, but will be depended a lot on the international environment, which is recovering very slowly. The main risk factors remain the speed at which credit and foreign direct investment pick up and private sector investment resumes. The program has already succeeded in restoring confidence and stabilizing financial conditions, and is now focusing on ensuring continued macroeconomic stability and an orderly exit from Georgia's reliance on external financial support.

Tourism

According to the data of Agency of Protected Areas, tourists' number on Protected Areas of Georgia has been increased significantly and reached almost 100 000 based on the figures of 2009.

Development of ecotourism is one of the priorities for the Agency of Protected Areas. The Protected Areas of Georgia offers different tours to visitors: hikes, riding, rafting, educational tours, bird watching, mountain biking, camping etc.

Contact Information:

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

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Deputy Minister of Economic Development of Georgia
zalavidze@economy.ge

Lali Gogoberidze
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Daily Economic Statistics

Indices

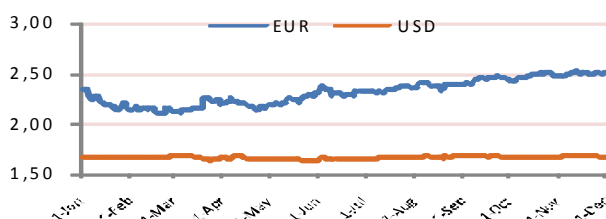
	07.01.10.	08.01.10.	Change
NASDAQ	2300,86	2317,17	▲ 0,71%
S&P 500	1141,69	1144,98	▲ 0,29%
Dow Jones	10606,86	10618,19	▲ 0,11%
Georgia's Eurobond (yield)	103,08	103,08	0%
Georgia's Eurobond (price)	6,431	6,431	0%

Source:

Yahoo Finance, Corp YAS

Foreign Exchange Rates (GEL)

	USD	EUR
11.01.10.	1,6440	2,4306
08.01.10.	1,6996	2,4413
06.01.10.	1,6986	2,4545
05.01.10.	1,6986	2,4412
25.12.09.	1,6848	2,4246



Source:

National Bank of Georgia

World Prices (USD)

	25.12.09.	04.01.10	05.01.10	07.01.10	11.01.10
BRENT (DTD) (1 Barrel)	78,05	81,42	81,63	82,39	82,42
Gold (1 Uncia)	1104,	1113,00	1125,25	1130,75	1121,75
Silver (1 Uncia)	17,32	17,17	17,57	1809,00	1812,00
Cooper (1 KG)	7,070	7,346	7,464	7,594	7,594

Source:

MetalPrices.com, LBMA.org.uk, K2kapital.com

Main Macroeconomic Indicators

- In 2008, nominal GDP of Georgia amounted 12 800,5 mln. USD, while in 2004 it amounted 5 125 mln. USD
- In 2008, the real GDP growth rate in Georgia was 2,3%

	2004	2005	2006	2007	2008
Nominal GDP (mln. USD)	5 124,7	6 411,0	7 761,7	10 171,9	12 800,5
Real growth of GDP	5,9%	9,6%	9,4%	12,3%	2,3%
GDP per capita (USD)	1 187,6	1 483,5	1 763,5	2 314,6	2 921,1

Source:

Department of Statistics of Ministry of Economic Development of Georgia

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Zurab Alavidze

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Lali Gogoberidze

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Elene Tskhakaia

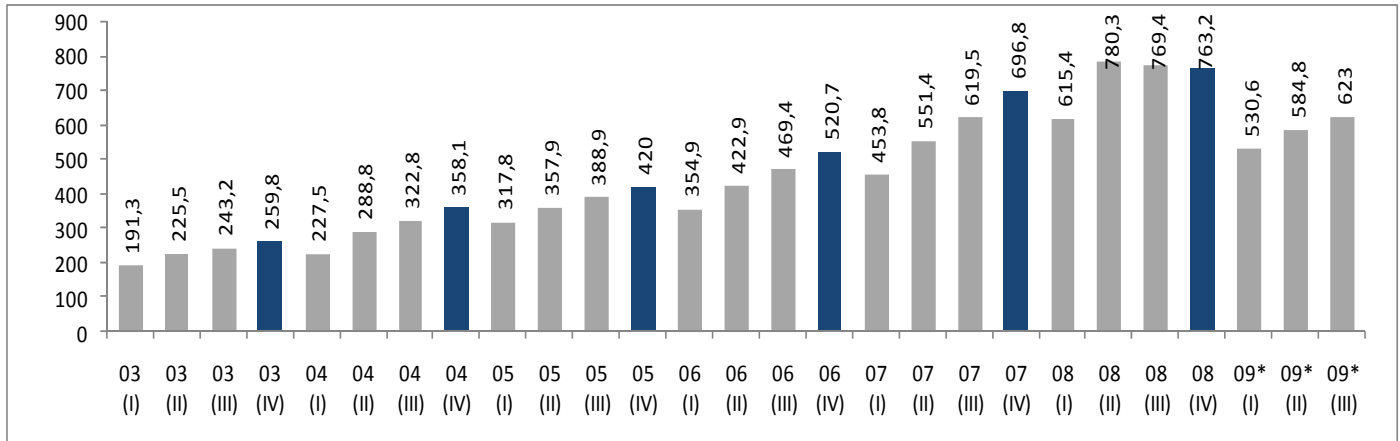
Chief Specialist
(+995 99) 41 19 40
elene_tskhakaia@economy.ge

Nino Berianidze

Chief Specialist
(+99599) 56 17 81
niniko@economy.ge



GDP per capita (USD)

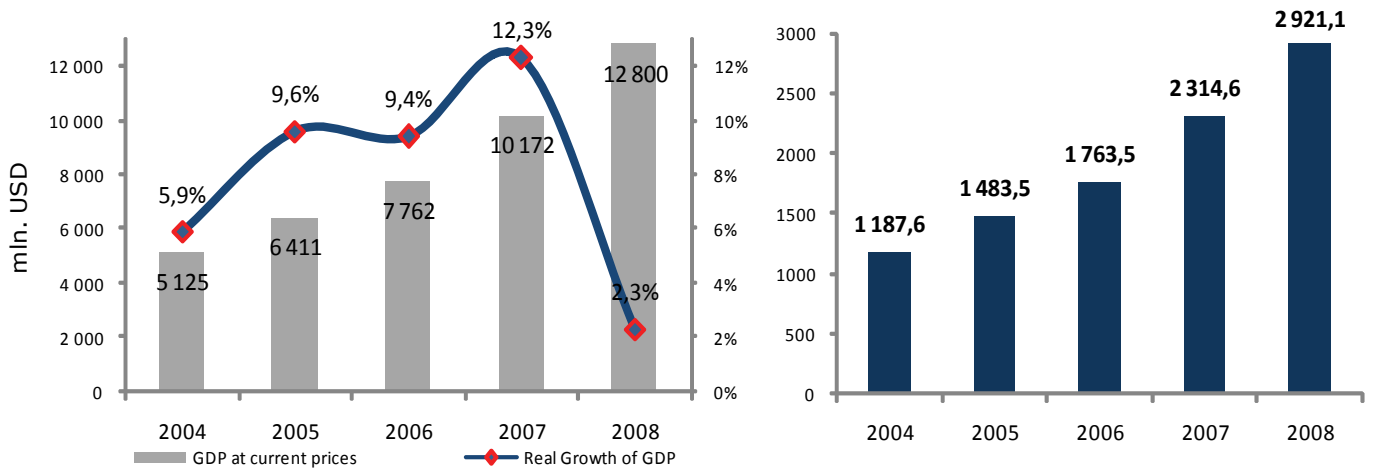


Source:

Department of Statistics of Ministry of Economic Development of Georgia

GDP at current prices and real growth

GDP per capita (Annual, USD)



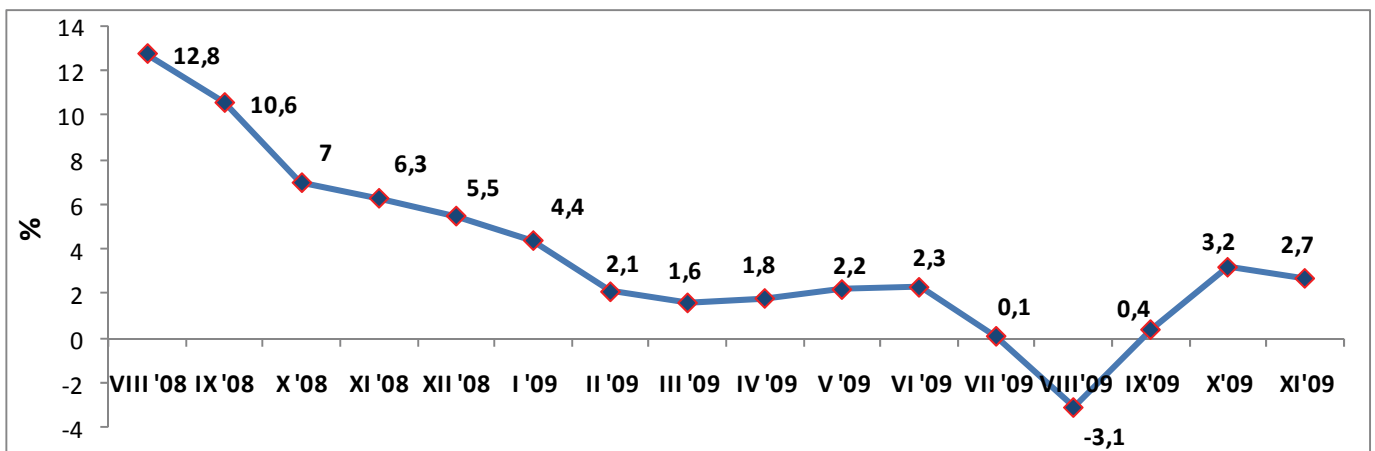
Source:

Department of Statistics of Ministry of Economic Development of Georgia

Remark:

Adjusted evaluations will be published by end of November of 2010

Inflation



Source:

Department of Statistics of Ministry of Economic Development of Georgia

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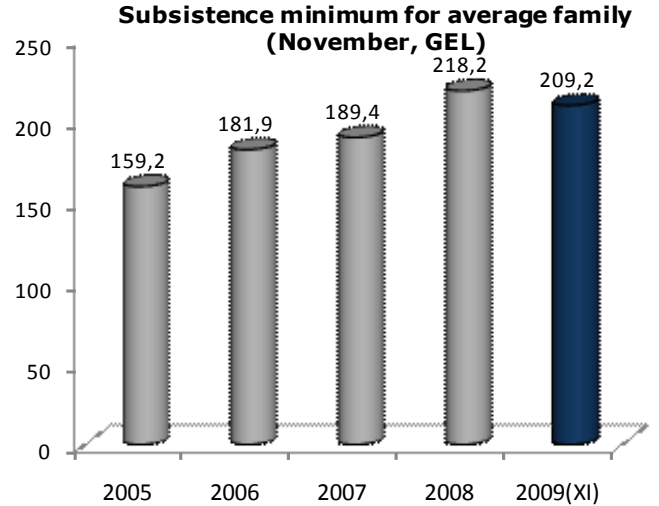
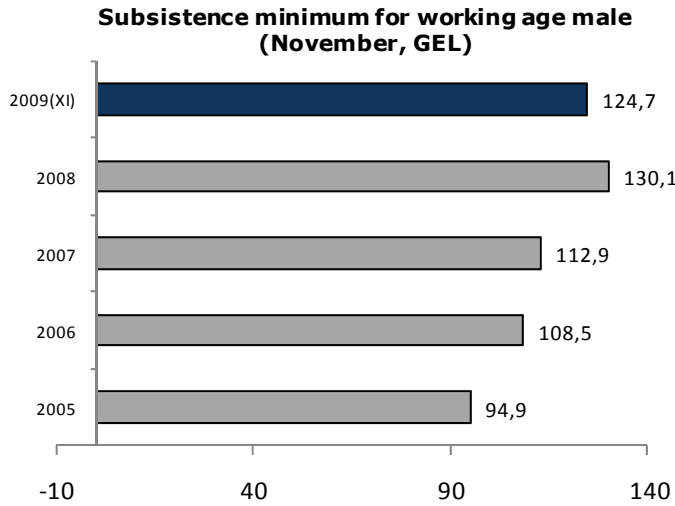
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	2005	2006	2007	2008
Active population (labour force, thousand person)	2023,9	2021,8	1965,3	1917,8
Employed	1744,6	1747,3	1704,3	1601,9
Salaried employees	600,5	603,9	625,4	572,4
Self-employed	1143,3	1141,6	1078,8	1028,5
Not classified	0,8	1,8	0,1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

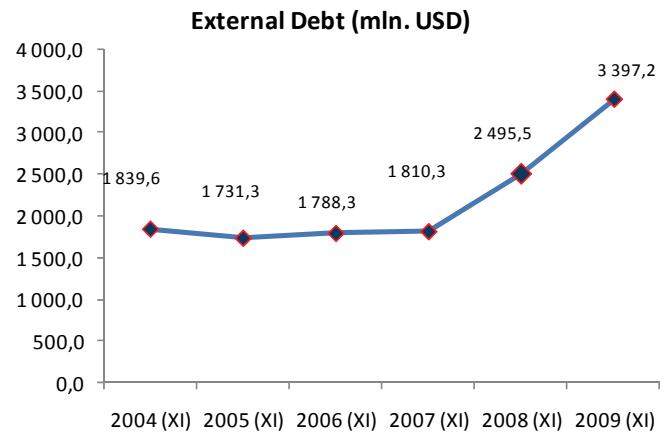
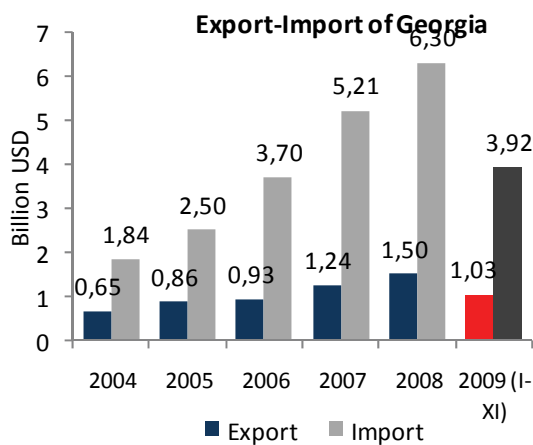


Subsistence minimum	2005	2006	2007	2008	2009*
Working age male	94,9	108,5	112,6	130,1	124,7
Average consumer	84,1	96,1	100,0	115,2	110,5
Average family	159,2	181,9	189,4	218,2	209,2

(*November, GEL)

Source: Department of Statistics of Ministry of Economic Development of Georgia

External Economic Statistics



Contact Information:

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

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zalavidze@economy.ge

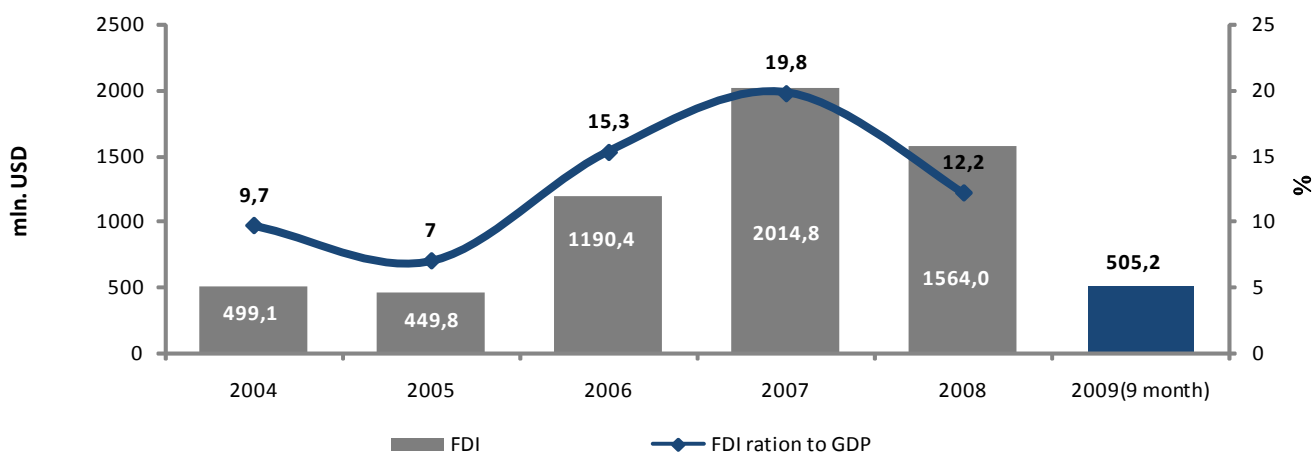
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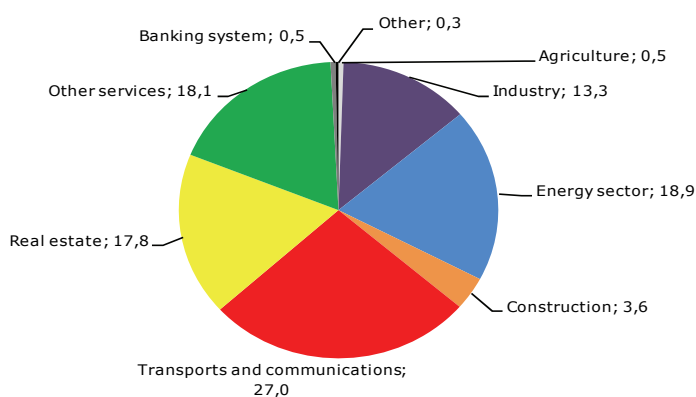
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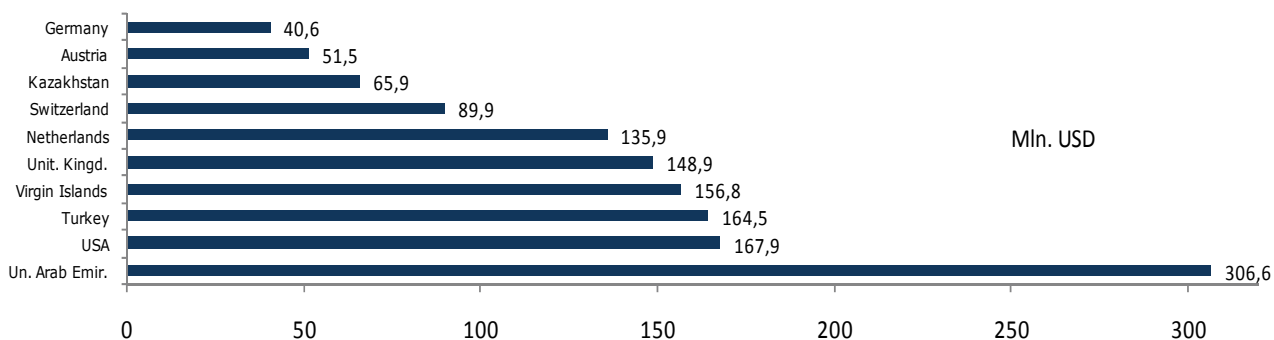
Foreign Direct Investment



FDI by Economic Sectors (2008, %)



Top 10 Investor countries 2008



- Foreign Direct Investments In Georgia in January-September of 2009 amounted to 505,2 mln.USD

	2005	2006	2007	2008	2009*
Registered Export (FOB)	865,5	936,2	1232,4	1496,0	1028
Registered Import (CIF)	2490	3677,7	5214,9	6304,6	3918,5
Turnover	3355,4	4613,9	6447,3	7800,6	4946,5
FDI in Georgia	449,8	1190,4	2014,8	1564,0	505,2**
Foreign dept of Georgia	1,735	1,698	1,790	2,691	3,397

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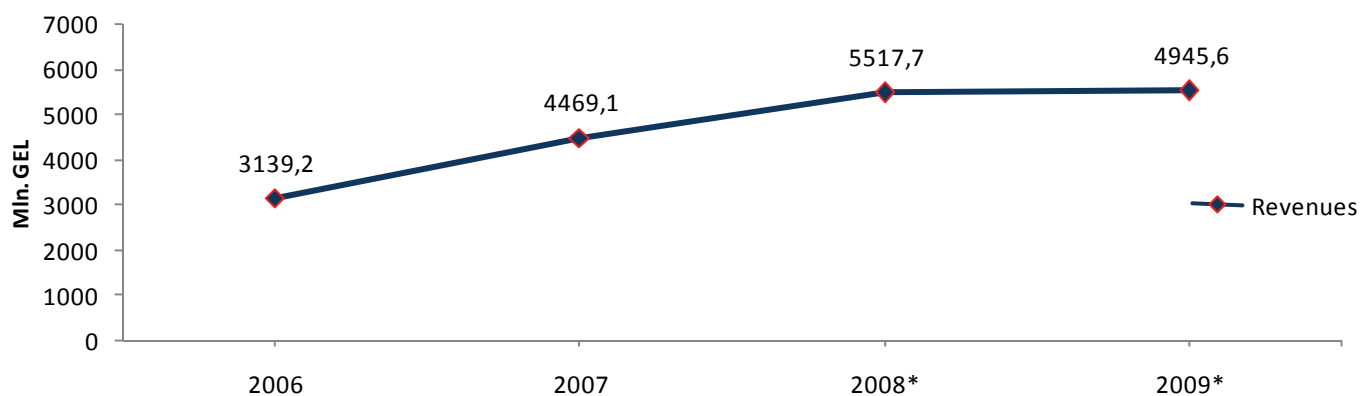
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State Budget Revenues



	2006	2007	2008	2009
Revenues	3139,2	4469,1	5517,7	4945,6
Taxes	2130,3	3010,5	4541,6	4139,2
Social contributions	502,8	722,0		
Grants	167,6	208,7	617,2	463,1
Other revenues	338,5	527,8	359,0	343,3

(mln.GEL)

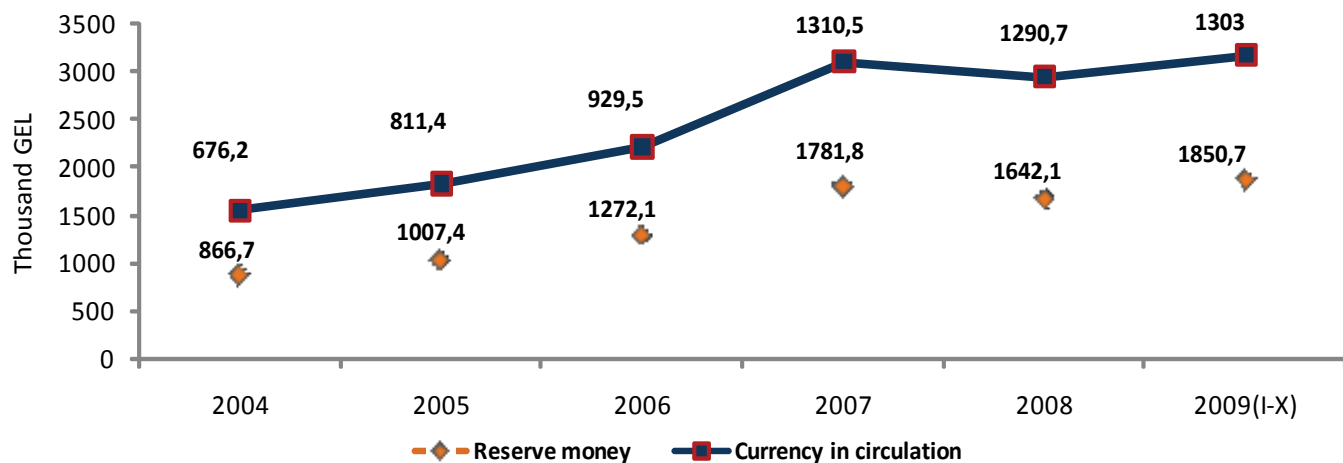
Remark:

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	1850,7
Currency in Circulation	676,2	811,4	929,5	1310,5	1290,7	1303

Source:

National Bank of Georgia

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niniko@economy.ge





Contact Information:

Zurab Pololikashvili Minister of Economic Development of Georgia	(+99532) 99 10 11	zp@economy.ge
Zurab Alavidze Deputy Minister of Economic Development of Georgia	(+99532)99 11 33	z.alavidze@economy.ge
Lali Gogoberidze Head of Economic Analysis and Policy Department	(+99532) 99 11 14	lalig@economy.ge
Nino Berianidze Chief Specialist of Economic Analysis and Policy Department	(+99593) 56 17 81	niniko@economy.ge
Elene Tskhakaia Chief Specialist of Economic Analysis and Policy Department	(+99599) 41 19 40	elene_tskhakaia@economy.ge

Useful Links:

Ministry of Economic Development of Georgia	www.economy.ge
Georgian National Investment Agency	www.investingeorgia.org
Department of Tourism and Resorts of Georgia	www.dort.gov.ge
Department of Privatization of Georgia	www.privatization.ge
Regulations and Metrology	www.gnims.caucasus.net
Department of Statistics of Georgia	www.statistics.ge
Georgian State Inspection of Technical Supervision	www.techinspection.ge
Enterprises Management Agency	www.ema.ge
National Bank of Georgia	www.nbg.gov.ge
Parliaments of Georgia	www.parliament.ge
Government of Georgia	www.government.gov.ge
Resources of Georgia	www.garemo.itdc.ge
Ministry of Energy of Georgia	www.minenergy.gov.ge
Ministry of Agriculture of Georgia	www.maf.ge
Ministry of Finance of Georgia	www.mof.ge
Georgia's profile	www.georgia.gov.ge

Contact Information:

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z.alavidze@economy.ge

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