

# Ministry of Economic Development of Georgia

## Weekly Economic Digest



May 10 - May 14, 2010

### Main Theme of Week

- Georgia is represented on 324 sq. metre stand on Expo 2010, held in Shanghai, China
- Memorandum of understanding on the Implementation of Azerbaijan-Georgia-Romania Interconnection Project Development Company was signed
- As of April 1, 2010, total assets of Georgian commercial banks (in current prices) increased by 54.5 million GEL compared to the previous month

### Economic and Business News

#### Tourism Sector

**Expo 2010 was officially opened in Shanghai, China. The exhibition is one of the largest events in the world. It is held in different countries every five year and lasts for 6 months.** About 200 countries and 50 international organizations take part in EXPO 2010. The exhibitions will host hundreds of thousands of people daily.

The event gives every participant country great opportunity to represent its culture, historical and cultural heritage, science, agriculture, industry and other fields.

According to information of the Department of Tourism and Resorts, Georgia is represented on 324 sq. metre stand. Works on Georgian stand design lasted several months and it represents country's tourism potential, historical-cultural heritage, diversity of nature. Georgian stand is located in European pavilion. Azerbaijan, Bulgaria, Armenia, Macedonia, Montenegro, Albania and European Union are also presented in the same pavilion.

#### Energy Sector

**The signing ceremony of a memorandum of understanding of protocol on the Implementation of Azerbaijan-Georgia-Romania Interconnection Project Development Company was held on May 12.**

The protocol was signed by the Romanian Minister of Economy, Trade and Business Environment, Minister of Industry and Energy of Azerbaijan Republic and Minister of Energy of Georgia.

The joint Company, which will implement the feasibility study of Interconnection Project, will be established in Bucharest.

The project includes the building of liquefied terminal on the Black Sea in Georgia and the building of re-gasification terminal in Romania in order to diversify the energy routes. The project will strengthen the energy security and diversify the supply routes for European energy markets.

#### New Enterprise

**The processing factory established by the Company "Adjara Invest Chai" was opened in Batumi, Adjara.**

The factory will process 2 tons of raw tea in 24 hours. According to the founders the technological line will produce more than 25 tons of tea on the season. That will satisfy the Georgian market. The company will expand its activity in the future and export the products abroad.

The company rehabilitates simultaneously the 50 ha tea-

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plantation in Kirnati. The locals are employed at the rehabilitation sites.

## Wine Sector

**Georgian wine company "Teliani Valley" was awarded at "Decanter" International wine festival in London.**

According to the company's information, wine degustation process was held in 26-30 April. "Teliani Valley" deserved two bronze medals for the wines: "Shadorne Rkatsiteli" (produced in 2008) and "Tsinandali" (produced in 2007). "Saperavi", produced in 2007, was awarded by special certificate.

"Decanter" festival is held every year, by the end of April, in London.

## Banking Sector

**As of April 1, 2010, total assets of Georgian commercial banks (in current prices) increased by 54.5 million GEL compared to the previous month and constituted 8473.0 million GEL.** The banking sector's own funds (equity capital) equal to 1549.5 million GEL, which makes up 18.3 percent of commercial banks' total assets.

The share of foreign capital in banks' total paid-in capital equals to 78.4 percent.

In March 2010 the volume of net profit of the banking sector constituted 17.0 mln. GEL.

The share of five banks having the largest assets within the total amount of the banking sector assets increased by 0.3 percent compared to the previous month and constituted 78.8 percent.

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

**According to the information of the National Bank of Georgia, the volume of money transfers from abroad constituted 74.7 million USD in April 2010, which exceeds the volume of same period of April 2009 by 23.2 percent.**

The volume of remittances significantly grew for Russia (by 9.7 million), Ukraine (by 1.3 million) and Greece (by 1.0 million) during this period, as well as for several other countries.

89.8 percent of total money transfers from abroad falls on those eight big donor countries, from which the volume of such transfers exceeded 1 million USD in April. In April 2009 the share of these 8 countries constituted 88.3 percent of the total volume of money transfers.

In April 2010, 6.5 million USD were transferred from Georgia, instead of 5.8 million USD in April 2009.

## International Overview

**IMF welcomes EU measures to restore confidence, financial stability in euro area. EU and IMF have effective model for future cooperation and an adequate resources to help Europe.**

The European Union's new stabilization mechanism provides a template for future EU cooperation with the IMF to help support troubled European economies, with Greece acting as a model for joint action, IMF officials said.

The IMF Executive Board approved on May 9 a €30 billion three-year loan for Greece as part of a joint European Union-IMF €110 billion financing package to help the country ride out its debt crisis, revive growth, and modernize the economy.

On May 10, the EU and the ECB adopted an ambitious package of policy measures, including creation of a European Financial Stabilization Mechanism and an ECB program to support securities markets and reactivate temporary liquidity swap lines with the U.S. Federal Reserve.

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## Daily Economic Statistics

### Indexes

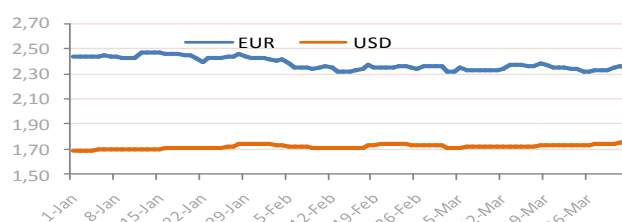
|                            | 13.05.10. | 14.05.10. | Change   |
|----------------------------|-----------|-----------|----------|
| NASDAQ                     | 2 420,16  | 2 346,85  | ▼ -3,03% |
| S&P 500                    | 1169,81   | 1135,68   | ▼ -2,92% |
| Dow Jones                  | 10 875,15 | 10 620,16 | ▼ -2,34% |
| Georgia's Eurobond (price) | 103,51    | 104,00    | ▲ 0,47%  |
| Georgia's Eurobond (yield) | 6,166     | 5,975     | ▼ -3,1%  |

Source:

Yahoo Finance, Galt & Taggart Securities

### Foreign Exchange Rates (GEL)

|            | USD    | EUR    |
|------------|--------|--------|
| 14.05.2010 | 1,7839 | 2,2461 |
| 13.05.2010 | 1,7839 | 2,2461 |
| 12.05.2010 | 1,7784 | 2,2582 |
| 11.05.2010 | 1,7862 | 2,3094 |
| 10.05.2010 | 1,7862 | 2,2838 |



Source:

National Bank of Georgia

### World Prices (USD)

|                        | 10.05.10 | 11.05.10 | 12.05.10 | 13.05.10 | 14.05.10 |
|------------------------|----------|----------|----------|----------|----------|
| BRENT (DTD) (1 Barrel) | 75,11    | 75,73    | 80,95    | 74,34    | 74,34    |
| Gold (1 Uncia)         | 1188,25  | 1209,00  | 1172,00  | 1235,00  | 1238,75  |
| Silver (1 Uncia)       | 18,46    | 18,42    | 19,12    | 19,43    | 19,64    |
| Cooper (1 KG)          | 7,166    | 7,166    | 6,956    | 7,082    | 7,082    |

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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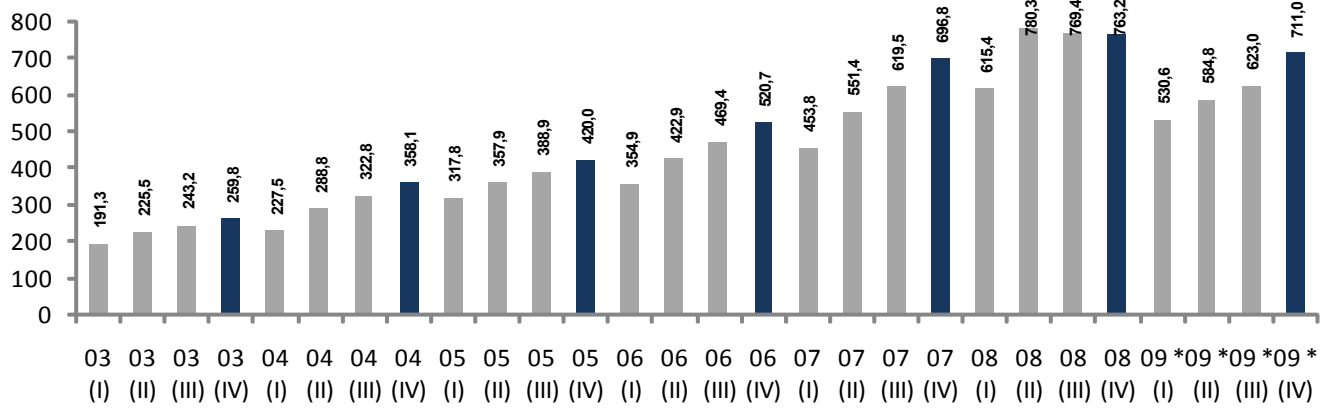
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## GDP per capita (USD)

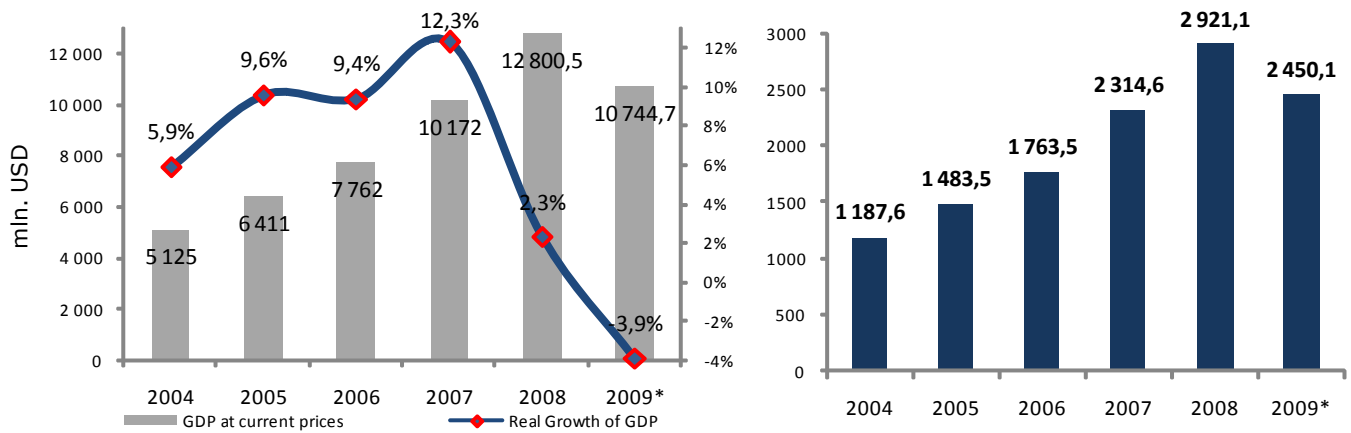


Source:

National Statistics Office of Georgia

## GDP at current prices and real growth

## GDP per capita (Annual, USD)



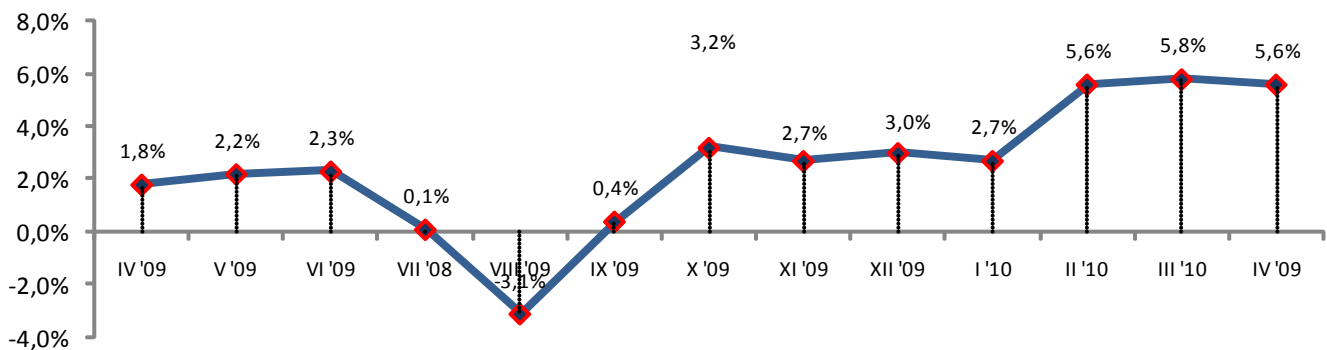
Source:

National Statistics Office of Georgia

Remark:

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## Inflation



Source:

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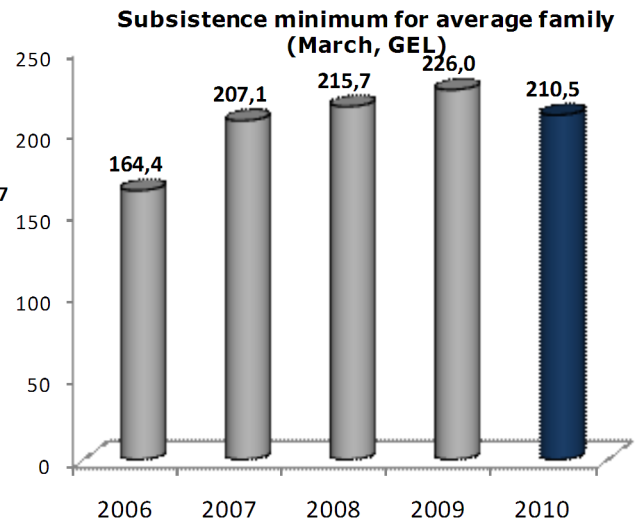
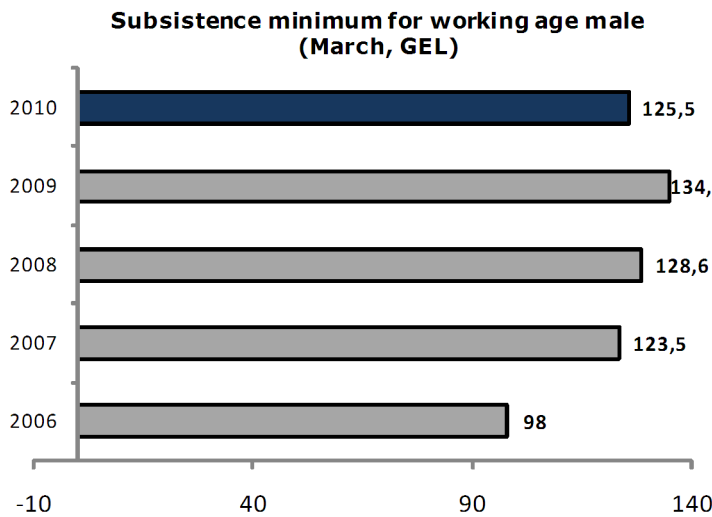
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|   | 2005   | 2006   | 2007   | 2008   |
|---|--------|--------|--------|--------|
| Active population (labour force, thousand person) | 2023,9 | 2021,8 | 1965,3 | 1917,8 |
| Employed  | 1744,6 | 1747,3 | 1704,3 | 1601,9 |
| Salaried employees                                | 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   |



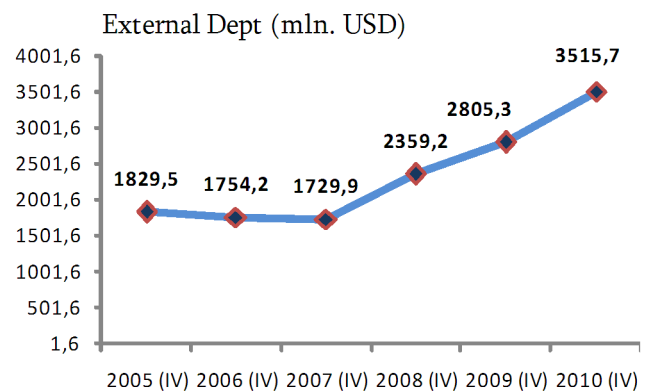
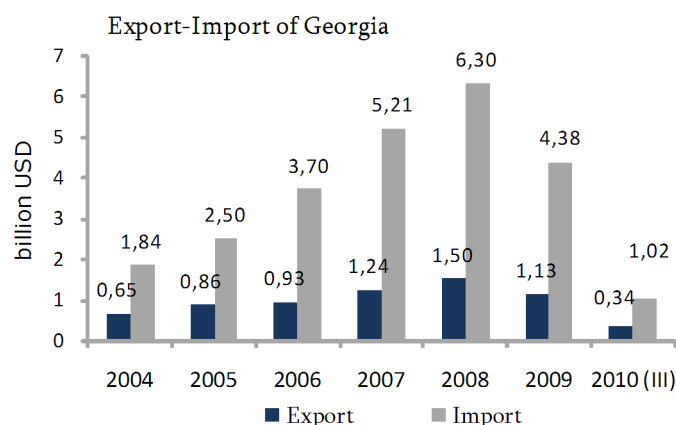
|                  | 2006  | 2007  | 2008  | 2009  | 2010* |
|------------------|-------|-------|-------|-------|-------|
| Working age male | 106,5 | 118,6 | 127,9 | 128,8 | 125,5 |
| Average consumer | 94,4  | 105,0 | 113,3 | 114,1 | 111,1 |
| Average family   | 178,7 | 198,9 | 214,6 | 216,0 | 210,5 |

(\* March, GEL)

Source:

National Statistics Office of Georgia

External Economic Statistics



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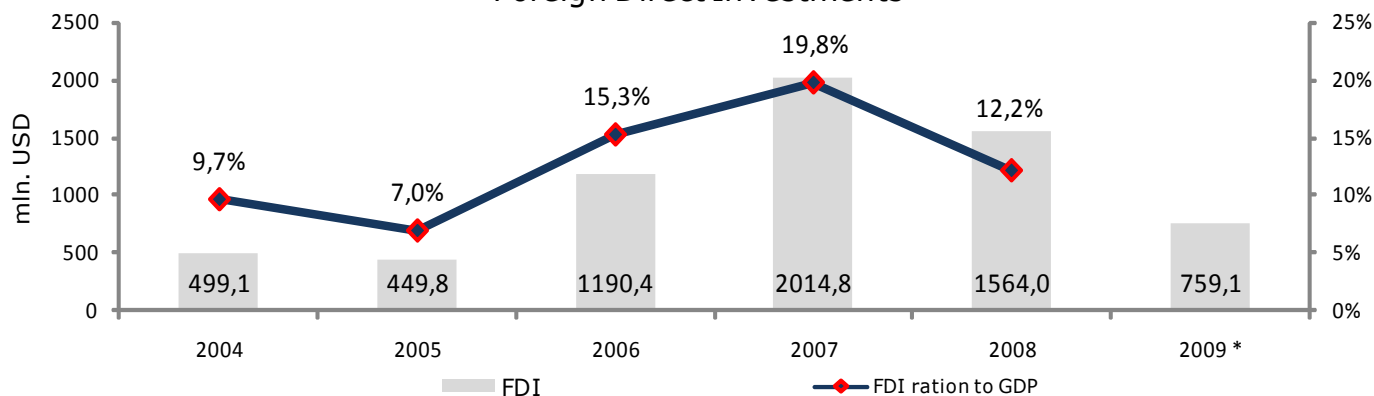
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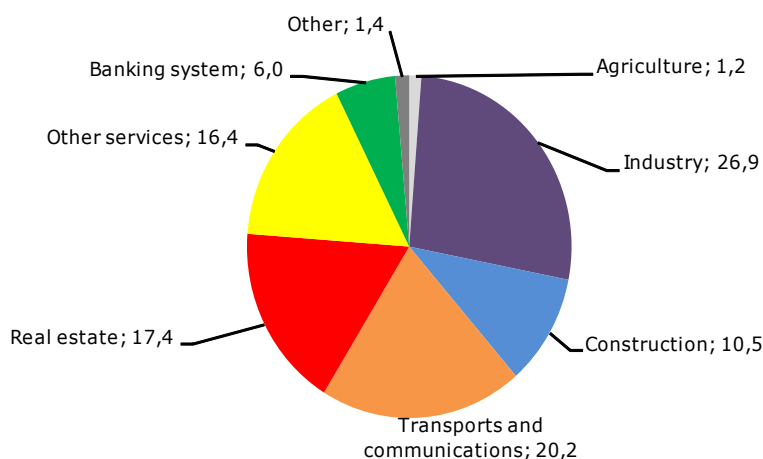
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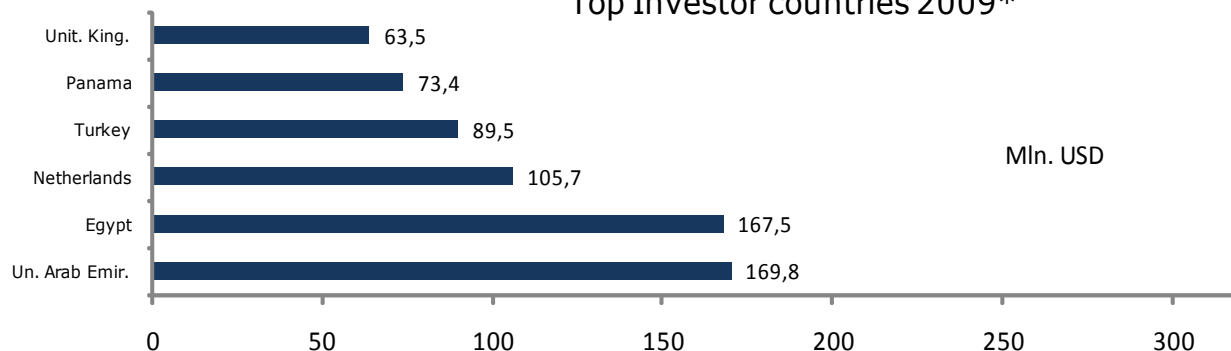
## Foreign Direct Investments



## 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 (II) |
|-------------------------|--------|--------|--------|--------|-----------|
| Registered Export (FOB) | 936,2  | 1232,4 | 1496,1 | 1135,0 | 216,4     |
| Registered Import (CIF) | 3677,7 | 5214,9 | 6304,6 | 4378,3 | 598,9     |
| Turnover                | 4613,9 | 6447,3 | 7800,6 | 5513,3 | 815,3     |
| FDI in Georgia          | 1190,4 | 2014,8 | 1564,0 | 759,1* |           |
| Foreign dept of Georgia | 1697,5 | 1790,0 | 2691,4 | 3381,5 | 3394,6    |

(mln. USD) Data for 2009 is preliminary

source :

National Statistics Office of Georgia, National Investment Agency, Ministry of Finance of Georgia

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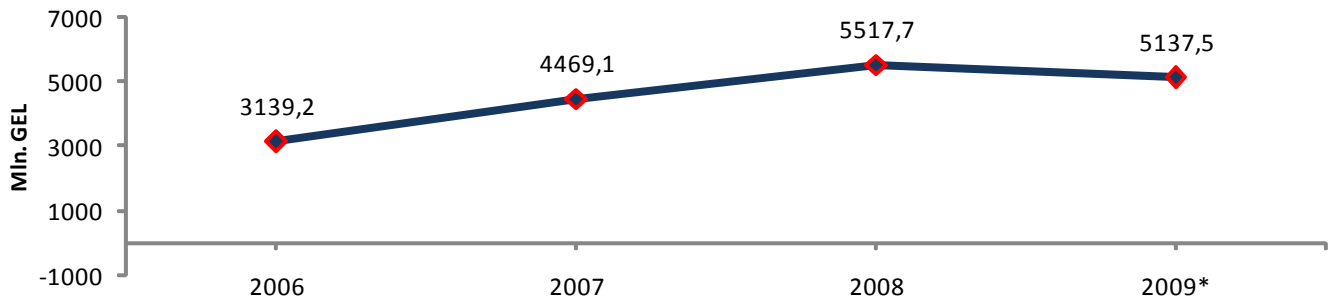
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## State Budget Revenues



|                      | 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)

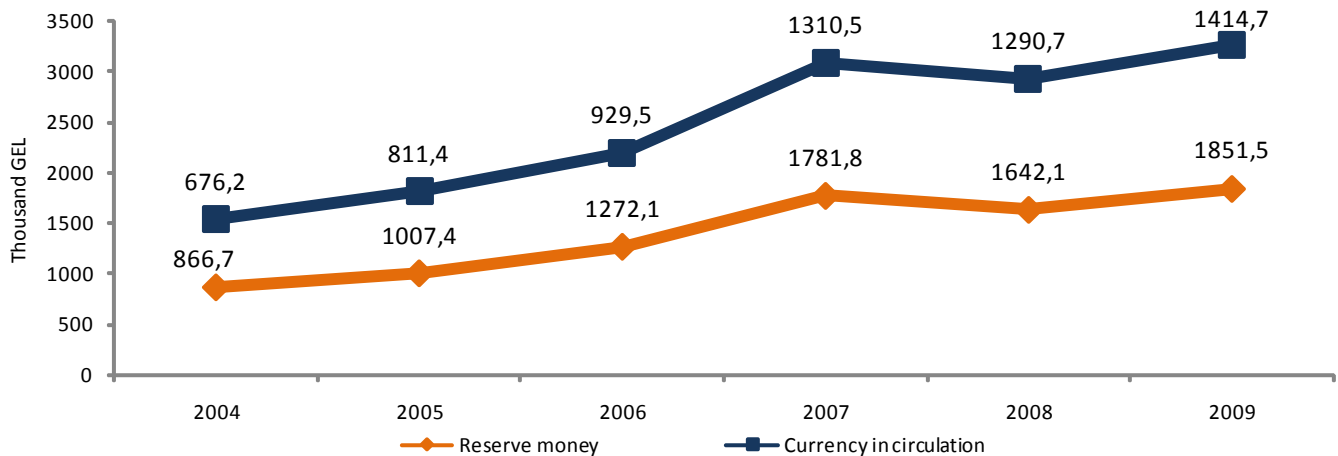
Remark:

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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### Useful Links:

|   |  |
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