FINANCIAL™

Meet Georgian Student of the Cambridge University

See on p. 14

Money is the Secret to Happiness, Science Says

See on p. 17

31 July, 2017 News Making Money http://www.finchannel.com

Latin Americans, Italians and Chinese most frequently entertain guests at home

The FINANCIAL

On average, a quarter of people entertain guests in their home either daily or weekly, and a further third entertain monthly. Less than one in ten people say that they never entertain guests in their home.

These insights are from an online survey across 17 countries conducted by global researchers, GfK, with the definition of 'entertain guests' left open, so it covers everything from dinner parties to having friends around to watch a film or sports or simply to chat over a coffee.

Continued on p. 15

Where are our fruit and veg produced?

The FINANCIAL

Together, Italy (35.5% of total EU production) and Spain (28.2%) supplied almost two thirds of tomatoes produced in the EU in 2016. These two countries were followed by Portugal (9.1%), Greece (5.5%), the Netherlands (4.8%), Poland (4.7%) and France (4.4%). Three Member States accounted for around two-thirds of the cucumbers harvested in the EU in 2016: Spain (28.1%), Poland (20.4%) and the Netherlands (16.5%). The production of carrots in the EU was more dispersed across Member States, with the top producers in 2016 being Poland (14.7%), the United Kingdom (12.9%), Germany (11.5%), the Netherlands (10.7%), France (10.4%) and Italy (9.5%). As for courgettes, they were mainly harvested in two Member States: Spain (38.1%) and Italy (36.3%).

In the European Union (EU), over 2.8 million hectares were given over to the production of fruit and berries and a further 2.1 million hectares to the production of vegetables.

Spain was the leading EU Member State in terms of production area of fruit in 2016, with 942 000 hectares (or 33.0% of the EU total) devoted to its production, while Italy was the largest producer of vegetables (420 000 hectares, or 19.8%).

Apples were the most commonly produced fruit in the EU in terms of quantity, with 12.5 million tonnes harvested in 2016 (or almost 25 kg per EU inhabitant). Tomatoes were the main vegetable grown (18.5 million tons, or 36 kg per EU inhabitant).

Continued on p. 6

Putin Pardons 2 Women Given Prison Terms for Text Messages

MOSCOW — Russian President Vladimir Putin on Saturday pardoned two women who were sentenced to prison terms for sending text messages to Georgian acquaintances about the movement of Russian military equipment on the eve of a war in 2008.

Two orders published by the Kremlin said Annik Kesyan and Marina Dzhandzhgava would not have to complete the rest of their sentences. It cited humanitarian principles for the decision.

Kesyan and Dzhandzhgava were found guilty of treason for sending text messages about the movement of Russian military hardware near the border with Georgia's breakaway region of Abkhazia not long before a war broke out in 2008.

Continued on p. 4

Weekly Market Watch

By Galt & Taggart

See on p. 21

Is the World Overbuilding?

The FINANCIAL

Across the globe, an unprecedented office building boom is underway with more than 700 million square feet (MSF) of space under construction that will deliver between now and the end of 2019, Cushman & Wakefield's Global Office Forecast reports.

That's the equivalent of recreating five cities worth of office inventory – Washington, DC, Dallas, London, Singapore and Shanghai – over the next three years.

The report details economic drivers, supply and demand forecasts and prospects for rent growth in more than 100 cities around the world.

Although demand, as well as job growth, will remain healthy through 2019, totaling approximately 520 MSF, it will fall far short of supply, which will cause vacancy to rise in most cities around the world.

Continued on p. 8

CURRENCIES

	July 29	July 22
1 USD	2.4009 ▼	2.3983
1 EUR	2.8110 ▼	2.7923
100 RUB	4.0362 ▲	4.0713
1 TRY	0.6783 ●	0.6783

financial news

ISSN 1512 3642
9 771512 364003
THE FINANCIAL
31 July, 2017
ISSUE: 29 (563)

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CURRENT PRICES ON GASOLINE AND DIESEL

31 JULY, 2017, GEORGIA

Gulf

Prices in GEL	
G-Force Premium	2.15
G-Force Euro Regular	2.07
Euro Regular	1.97
G-Force Euro Diesel	1.99
Euro Diesel	1.94
CNG	1.45

Wissol

Prices in GEL	
Eko Super	2.30
Eko Premium	2.18
Eko Diesel	2.04
Euro Diesel	2.00
Euro Regular	1.99
Diesel Energy	1.90

ლუკოილი

Prices in GEL	
Euro Super	2.19
Premium Avangard	2.09
Euro Premium	0.00
Euro Regular	1.89
Euro Deasel	1.89

SOCAR

Prices in GEL	
Nano Super	2.29
Nano Premium	2.16
Euro Regular	1.96
Nano Euro Regular	1.96
Nano Diesel	1.87
GNG	1.44

ROMPETROL

Prices in GEL	
Euro Super	2.30
Efix Euro Premium	2.15
Euro Regular 93	1.94
Efix Euro Diesel	2.02
Euro Diesel	1.99

Trump to Approve Sanctions Bill; Russia Imposes Its Own

Graffiti in Vilnus, Lithuania, depicted Russian President Vladimir Putin, left, and Republican presidential candidate Donald Trump. AP photo.

Voice OF AMERICA

The White House says President Donald Trump approves of Congress' new sanctions against Russia and he intends to sign the bill.

In a statement Friday, the press secretary said the president had reviewed the final version of the bill, which outlines additional sanctions against a wide range of Russian industries. The bill also gives Congress the ability to block the president from lifting the Russia sanctions.

The Trump administration had opposed the sanctions aimed at punishing Russia for interfering in last year's U.S. presidential election. The White House argued that it needed flexibility in trying to improve relations between the two countries. But after months of investigations into contacts between Russian officials and members of Trump's campaign team, there was broad bipartisan support in both houses of Congress for more stringent measures.

Russia responds with sanctions

Russia responded earlier Friday to the sanctions with new measures targeting U.S. missions in the country. Moscow said Washington must reduce the number of diplomatic and technical staff working in U.S. missions in Russia to 455 by September 1. That's same number of Russian diplomats and technical staff Moscow said are working in the United States. It is unclear how many Americans that would affect, but it could be in the hundreds.

In addition to the reduction in U.S. diplomatic personnel, Russia also said it would block the U.S. Embassy in Russia from accessing its warehouses in Moscow and a vacation compound in Serebryany Bor.

"We also reserve the right to take other measures according to the principle of reciprocity, which may affect the interests of the United States," the ministry said.

U.S. Secretary of State Rex Tillerson issued a statement Saturday on the U.S. sanctions legislation, a day after a phone call with Russian Foreign Minister Sergei Lavrov.

"The near-unanimous votes for the sanctions legislation in Congress represent the strong will of the American people to see Russia take steps to improve relations with the United States," he said. "We hope that there will be cooperation between our two countries on major global issues and these sanctions will no longer be necessary.

"We will work closely with our friends and allies to ensure our messages to Russia, Iran and North Korea are clearly understood."

Putin approves decision

President Vladimir Putin's spokesman, Dmitry Peskov, said the Russian leader had personally approved Friday's Foreign Ministry decision.

"The form in which the sanctions bill emerged from the Senate had greater significance," Peskov said.

The Russian retaliation was celebrated in Moscow as a long-overdue response to actions from the previous U.S. administration.

In December 2016, former President Barack Obama expelled 35 Russian diplomats and seized Russian Embassy compounds in Maryland and New York as punishment for Russian meddling in the U.S. presidential elections.

At the time, Putin chose not to respond, a move many saw as a gesture of goodwill to the incoming Trump administration, which had expressed a desire for improved relations with Moscow.

Yet Friday's move reflected growing Russian frustration that the Trump White House, besieged by multiple investigations into its ties to Russia during the campaign, had not delivered on its campaign promises.

"We did everything in our power to save relations from disaster, but the Americans did just the opposite," wrote Konstantin Kosachev in a post to Facebook. Kosachev, a Russia politician, went on to call the retaliation "long overdue."

Sergey Markov, a political analyst close to the Kremlin, also cheered the Kremlin's decision as inevitable, writing on Facebook that "hopes that the president of the United States could change relations with Russia for the better are over."

The bill U.S. senators approved Thursday also imposes new sanctions on Iran and North Korea. For Russia, the measures are designed to affect a wide range of Russian industries, hitting the country squarely in the pocketbook.

The European Union has expressed concern about the new sanctions, saying they could affect the European energy sector.

Praise on Capitol Hill

Daniel Fried, an Obama-era official who coordinated the administration's sanctions policy, told VOA he didn't think the move by Congress to block Trump from altering sanctions would affect a bilateral settlement, but rather was meant to stop Trump from lifting the sanctions "for no good reason."

"I think if there were a settlement and if this were generally acceptable to all the parties, including Ukraine, I think that Congress would not stand in the way of the administration lifting the Ukraine-related sanctions," he said.

On Capitol Hill, lawmakers praised the group effort to pass the bill quickly. House Foreign Affairs Committee Chairman Ed Royce, a California Republican, said in a statement: "I am pleased the Senate has acted overwhelmingly to give the administration much-needed economic and political leverage to address threats from Iran, Russia and North Korea. This bipartisan bill is about keeping America safe, and I urge the president to sign it into law."

Senator Mark Warner, a Virginia Democrat who is vice chairman of the Senate Select Committee on Intelligence and a member of the Senate Banking Committee, said, "This bill passed with overwhelming majorities in both the Senate and the House, sending a strong message to Vladimir Putin that attacks on our democracy will not be tolerated. President Trump should sign this bill as soon as it hits his desk. Otherwise, he risks encouraging Russia's interference in future elections."

Government debt up to 89.5% of GDP in euro area

Up to 84.1% of GDP in EU28

The FINANCIAL — At the end of the first quarter of 2017, the government debt to GDP ratio in the euro area (EA19) stood at 89.5%, compared with 89.2% at the end of the fourth quarter of 2016. In the EU28, the ratio also increased from 83.6% to 84.1%. Compared with the first quarter of 2016, the government debt to GDP ratio fell in both the euro area (from 91.2% to 89.5%) and the EU28 (from 84.3% to 84.1%).

At the end of the first quarter of 2017, debt securities accounted for 80.1% of euro area and for 81.3% of EU28 general government debt. Loans made up 16.9% and 14.7% respectively and currency and deposits represented 3.0% of euro area and 4.0% of EU28 government debt. Due to the involvement of EU governments in financial assistance to certain Member States, quarterly data on intergovernmental lending (IGL) is also published. The share of IGL in GDP at the end of the first quarter of 2017 amounted to 2.1% in the euro area and to 1.6% in the EU28.

Government debt at the end of the first quarter 2017 by Member State

The highest ratios of government debt to GDP at the end of the first quarter of 2017 were recorded in Greece (176.2%), Italy (134.7%) and Portugal (130.5%), and the lowest in Estonia (9.2%), Luxembourg (23.0%) and Bulgaria (28.6%).

Compared with the first quarter of 2016, eight Member States registered an increase in their debt to GDP ratio at the end of the first quarter of 2017, and nineteen a decrease. The highest increases in the ratio were recorded in Latvia (+2.7 pp) and Poland (+2.2 pp), while the largest decreases were recorded in the Netherlands (-4.7 pp), Germany (-4.0 pp), Austria (-3.8 pp), Malta (-2.9 pp) and Denmark (-2.7 pp).

financial news

08.08.2008

Putin Pardons 2 Women Given Prison Terms for Text Messages

MOSCOW — Russian President Vladimir Putin on Saturday pardoned two women who were sentenced to prison terms for sending text messages to Georgian acquaintances about the movement of Russian military equipment on the eve of a war in 2008.

Two orders published by the Kremlin said Annik Kesyan and Marina Dzhandzhgava would not have to complete the rest of their sentences. It cited humanitarian principles for the decision.

Kesyan and Dzhandzhgava were found guilty of treason for sending text messages about the movement of Russian military hardware near the border with Georgia's breakaway region of Abkhazia not long before a war broke out in 2008.

Kesyan was sentenced to eight years in prison, while Dzhandzhgava was given a prison term of 12 years, according to Team 29, an association of lawyers based in St. Petersburg.

Putin in March pardoned a third woman, Oksana Sevastidi, who was also convicted of treason for sending a text message to a Georgian acquaintance about a train carrying Russian military equipment.

Rights groups had criticized the sentences given to the women.

Team 29 said in an article on its website that in April 2008 Kesyan had sent a text message to a friend saying "Yes, they are moving", in response to a question about whether Russian tanks were moving in Sochi.

Dzhandzhgava was accused of treason for sending a text message to a Georgian acquaintance about the movement of a train carrying Russian troops, Team 29 said.

Source: Voice of America

Nearly $59 billion in World Bank Group Support to Developing Countries in Fiscal Year 2017

The FINANCIAL – World Bank Group commitments to help developing countries take on poverty and boost opportunity reached nearly $59 billion in loans, grants, equity investments and guarantees in fiscal year 2017 (July 1, 2016 – June 30, 2017).

Commitments from the International Bank for Reconstruction and Development (IBRD)—which provides development knowledge to countries, combined with financing and risk management products—were at $22.6 billion in FY17.

Commitments from the International Development Association (IDA), which provides zero or low-interest loans and grants to the world's 77 poorest countries, hit $19.5 billion in FY17. IDA's increased commitments reflect strong demand for financing, as well as IDA's efforts to better leverage resources and expand financing options for borrowing countries. FY17 continued to reflect very high demand for IDA financing from clients, fully committing the three-year resource envelope of IDA17.

These efforts include an additional $3.9 billion allocated for non-concessional lending to finance transformational projects in qualified IDA countries. Increased financing has also allowed IDA to respond rapidly to global crises, including a special allocation to Jordan and Lebanon to respond to the refugee crisis and funding from IDA's Crisis Response Window to provide immediate relief and strengthen resilience in countries affected by famine.

The International Finance Corporation (IFC), the largest global development institution focused exclusively on the private sector, leveraged its capital, expertise, and influence to create markets and opportunities wherever they were needed most.

Preliminary and unaudited data as of June 30 indicated that IFC's long-term investments totaled approximately $18.7 billion, including funds mobilized from other investors. In FY17, IFC made nearly $11.9 billion in long-term investments from its own account and mobilized about $6.8 billion from other investors. These often-complex investments supported 342 long-term finance projects in developing countries around the world.

IFC maintained its strategic focus on the poorest countries and regions. It provided more than $4.6 billion in long-term financing to accelerate development in IDA countries, including funds mobilized from other investors. These countries accounted for nearly 25 percent of IFC's total investments. Investments in businesses in fragile and conflict-affected areas totaled $858 million, including funds mobilized from other investors. This is in line with the Bank Group's broader strategy to channel resources to hard-hit countries.

As the Bank Group continued to look for new ways to ramp up infrastructure investment, in October 2016, IFC introduced MCPP Infrastructure, a pioneering initiative to mobilize up to $5 billion from insurance companies and other institutional investors for investment in infrastructure projects in emerging markets. The effort builds on the success of IFC's $3 billion Managed Co-Lending Portfolio Program, a loan-syndications initiative that enabled third-party investors to participate passively in IFC's senior loan portfolio.

The Multilateral Investment Guarantee Agency (MIGA), the political risk insurance and credit enhancement arm of the World Bank Group, issued a record $4.8 billion in guarantees in FY17 in support of 33 projects, helping draw in $15.9 billion in foreign private capital to developing countries. Some 45 percent of the projects were in IDA countries, while 21 percent were in fragile and conflict-affected states, including Burundi and Myanmar. The projects will collectively help avoid an estimated 1.1 million tons of CO2e in greenhouse gas emissions, increase delivery or improve quality of electricity for 8.5 million people, and deliver health care to 8.7 million patients annually. MIGA's total gross outstanding exposure at the end of FY17 was a record high $17.8 billion in support of 144 projects across the world, representing an increase by 25 percent from FY16.

Commitments to sub-Saharan African countries—a key priority for the Bank Group—rose to $15.27 billion in FY17 from $12.5 billion in FY16. FY17 commitments to Africa included $10.7 billion from IDA and $1.2 billion from IBRD; $2.33 billion from IFC (own account); and $1.04 billion in MIGA guarantees for projects in the region.

IBRD issued $56 billion in bonds in the international capital markets to support sustainable development programs and capital market development in client countries.

tech

LG posts a loss

The FINANCIAL -- LG Electronics Inc. (LG) on July 27 announced second-quarter 2017 revenues of KRW 14.55 trillion (USD 12.89 billion), an increase of nearly 4 percent from the same period last year, led by the home appliance unit, which reported a 12 percent sales increase from the 2016 second quarter.

Three of the company's four main business units reported higher revenues than a year ago. Quarterly operating income of KRW 664.1 billion (USD 588.2 million) was 13.6 percent higher in 2017, despite a challenging quarter for the mobile business.

The LG Home Appliance & Air Solution Company accounted for the largest share of the second quarter's revenue and operating income, KRW 5.25 trillion (USD 4.65 billion) and KRW 465.7 billion (USD 412.5 million) respectively. Among second-quarter highlights were strong sales in the Korean market, up 43 percent from the April-June period in 2016. J.D. Power just announced that "LG received more 2017 customer satisfaction awards for Kitchen and Laundry Appliances than any other manufacturer." The business unit expects to see growing demand in North America, Europe and Asia while premium home appliances such as InstaView refrigerators and TWINWash washing machines are expected to contribute strong margins.

The LG Home Entertainment Company recorded KRW 343 billion (USD 303.80 million) in operating profit on revenues of KRW 4.23 trillion (USD 3.75 billion), a 2 percent increase from the 2016 second quarter despite the declining worldwide demand for TVs. Strong second-quarter sales of premium TV products, such as LG OLED TVs and LG SUPER UHD TVs, coupled with improved cost management, resulted in a solid 8.1 percent operating profit margin. Premium TV sales are expected to remain strong for LG in the third quarter, according to LG.

travel

Heathrow flies high

The FINANCIAL -- Heathrow delivered strong service and better value for passengers – record punctuality and baggage reliability supported its highest Q2 Airport Service Quality score of 4.16 - and passenger charges fell 2.3%.

New Flybe services and new long haul destinations like Portland and Nw Orleans enhance domestic connectivity and open new trading routes to British exporters, according to Heathrow.

Booming activity with all-time records in passenger traffic - up 3.9% to 37.1 million - and cargo - up 9.1% to 0.82 million tonnes.

Strong financial performance with revenue up 4.1% to £1,374 million and Adjusted EBITDA up 6.9% to £835 million reflecting renewed strengthening of retail momentum.

Over £1 billion in debt financing completed, enhancing resilience and simplifying Heathrow's debt financing arrangements.

New partnership with Transport for London increases sustainable transport options for passengers with Crossrail serving all terminals from 2019.

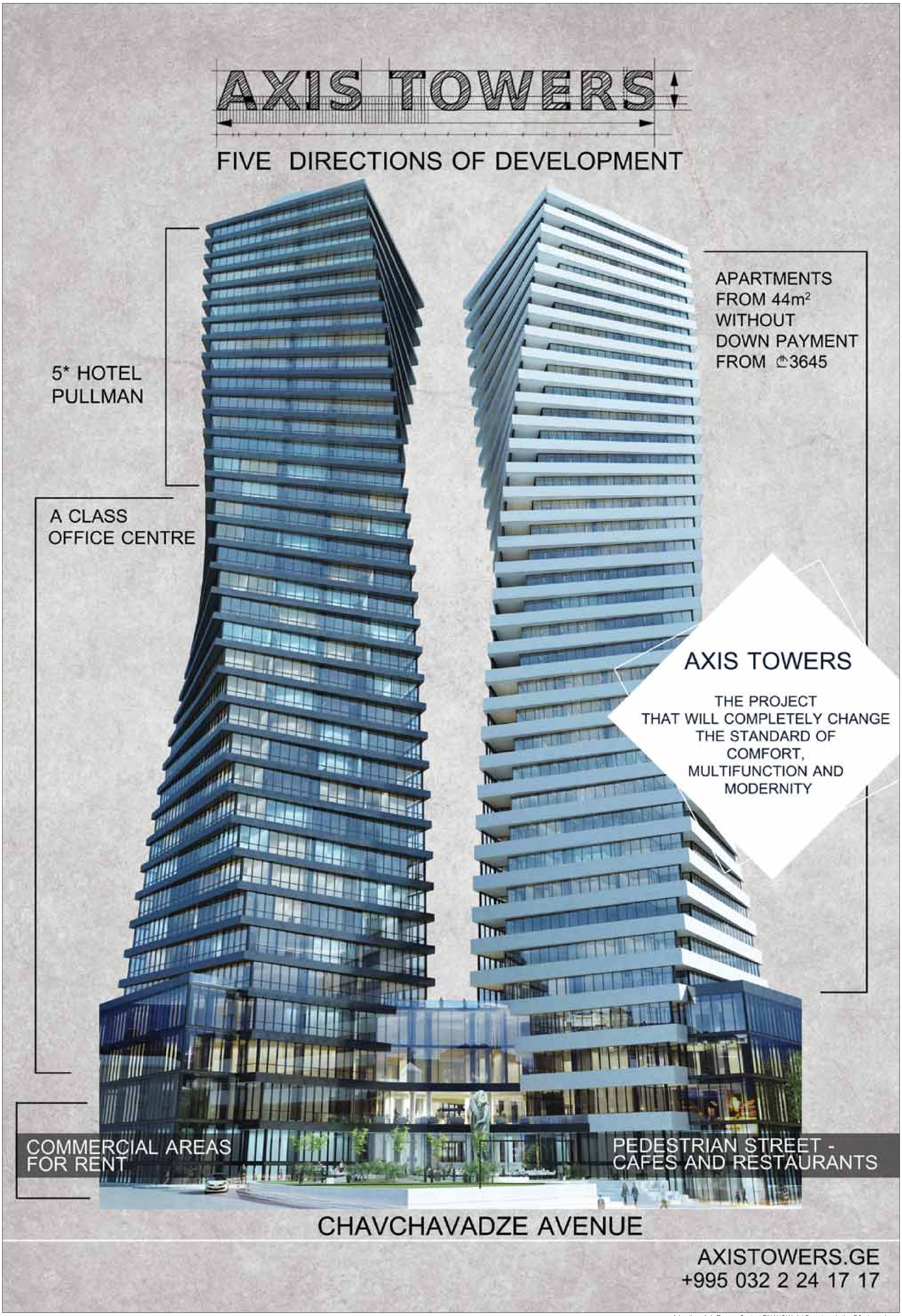
Working with airlines, Heathrow is making good progress towards meeting the Government's challenge to deliver expansion with airport charges close to current levels.

Pegasus in Top 10 Global Airline Ranking of Ancillary Revenue

The FINANCIAL -- Pegasus has earned a place in the top 10 Global Airline Rankings for Ancillary Revenue as a Percentage of Total Revenue with its ancillary revenue for 2016 comprising 22% of total revenue, up from 10.1% five years ago.

The results and ranking is published in a new report by IdeaWorksCompany, sponsored by car-trawler, entitled 2016 Top 10 Airline Ancillary Revenue Rankings, according to Pegasus.

Commenting on the top 10 ranking, Pegasus Airlines CEO Mehmet T. Nane said: "We are proud and delighted to be part of the Top 10 global rankings for ancillary revenues; and we can attribute much of this success to our mission at Pegasus to transform the company into a full travel brand that answers all guests' travel needs with a door to door experience beyond ticketing, including providing transfers to the airport and accommodation. In 2016 we increased our per guest revenue from ancillaries by 3.7% year-on-year, from €9.77 to €10.13 and we will continue to prioritise this area in coming years because we believe there is still room to grow."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Where are our fruit and veg produced?

Tomatoes from Italy, cucumbers and courgettes from Spain, carrots from Poland

The FINANCIAL

Together, Italy (35.5% of total EU production) and Spain (28.2%) supplied almost two thirds of tomatoes produced in the EU in 2016. These two countries were followed by Portugal (9.1%), Greece (5.5%), the Netherlands (4.8%), Poland (4.7%) and France (4.4%). Three Member States accounted for around two-thirds of the cucumbers harvested in the EU in 2016: Spain (28.1%), Poland (20.4%) and the Netherlands (16.5%). The production of carrots in the EU was more dispersed across Member States, with the top producers in 2016 being Poland (14.7%), the United Kingdom (12.9%), Germany (11.5%), the Netherlands (10.7%), France (10.4%) and Italy (9.5%). As for courgettes, they were mainly harvested in two Member States: Spain (38.1%) and Italy (36.3%).

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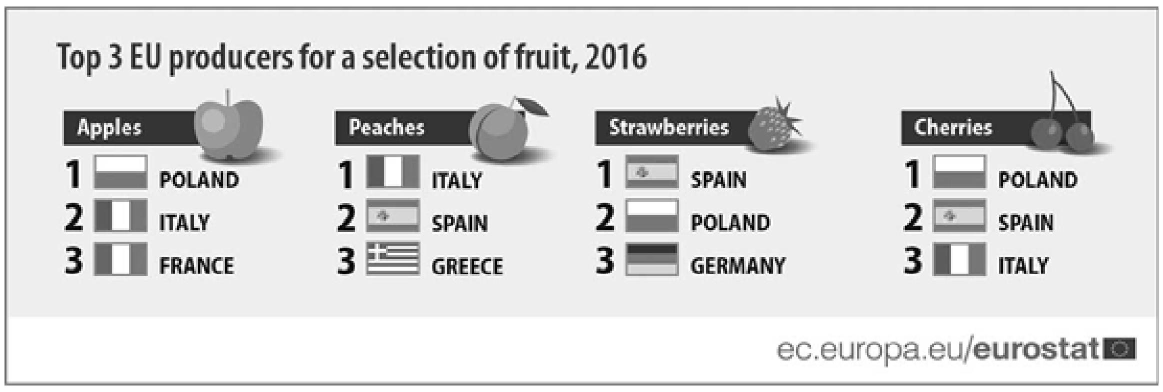
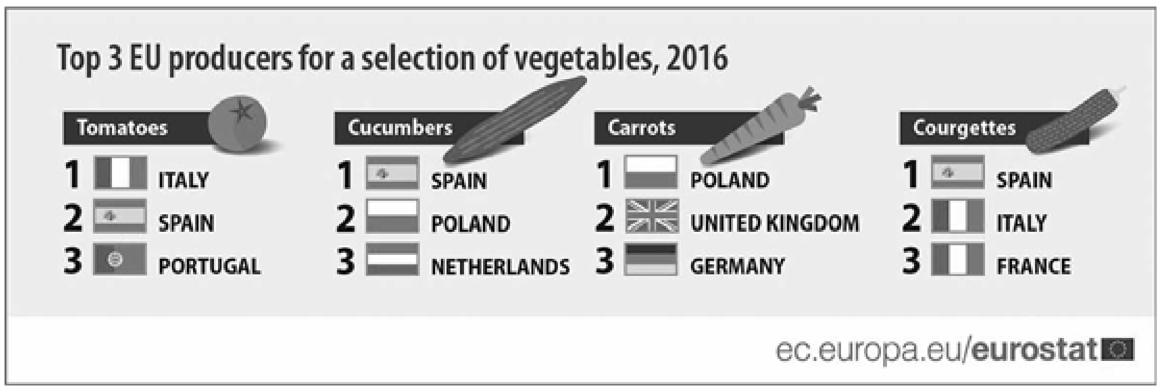
Apples were the most commonly produced fruit in the EU in terms of quantity, with 12.5 million tonnes harvested in 2016 (or almost 25 kg per EU inhabitant). Tomatoes were the main vegetable grown (18.5 million tons, or 36 kg per EU inhabitant).

Apples and cherries from Poland, peaches from Italy and strawberries from Spain

Poland harvested more than 1 in every 4 apples produced in the EU last year (with 28.7% of total EU harvested production), ahead of Italy (19.6%) and France (14.5%). Poland was also the main EU producer of cherries (29.3%), followed by Spain (11.9%), Italy (11.2%), Hungary (9.9%), Romania (8.2%) and Greece (7.9%). Italy (33.9%), Spain (33.6%) and Greece (23.3%) produced together almost all (91%) of the peaches grown in the EU. Spain (31.6%) was the main EU producer of strawberries in 2016, followed by Poland (17.4%) and Germany (12.0%).





Luxury eComerce Worldwide

Like ecommerce in general, global online sales of luxury goods are growing faster than luxury sales overall. In addition, digital channels are being used to research and drive in-store traffic. Luxury was slow to adopt ecommerce, and many high-end brands dipped their toes into digital by selling cosmetics or accessories but not full collections. Now shoppers can buy items during live runway shows and even use apps to have clothing delivered to their door faster than even Amazon Prime Now allows, says eMarketer study.

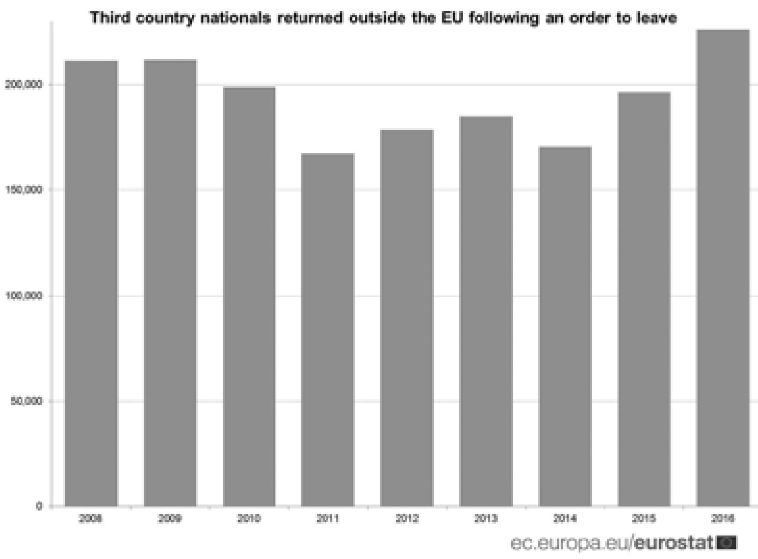
The US and China are the largest markets for luxury goods, with China on track to increase its share. China's retail investment in major online luxury marketplaces has been a trend in the first half of 2017 and will likely continue.

Digital is most used in the browsing and research phase, and when it comes to buying, desktops are used more than mobile. Younger shoppers are more likely to use smartphones to purchase luxury goods than older shoppers, though Gen X and millennials have fairly similar levels of mobile buying,says eMarketer study.

Not all luxury buyers are affluent—in fact, most of them are not. Shoppers' motivations for buying luxury goods have less to do with impressing others (though this is certainly one reason) and more to do with the feelings they get from purchases, as well as those purchases' perceived quality. Consumers—not just millennials and Gen Z—are also turning to luxury experiences, sometimes in lieu of goods.

"According to Bain & Company and Farfetch research, nearly every selling channel within the global luxury goods market will lose share by 2025, but digital will post a threefold increase."

Almost quarter of a million non-EU citizens returned in 2016



The FINANCIAL

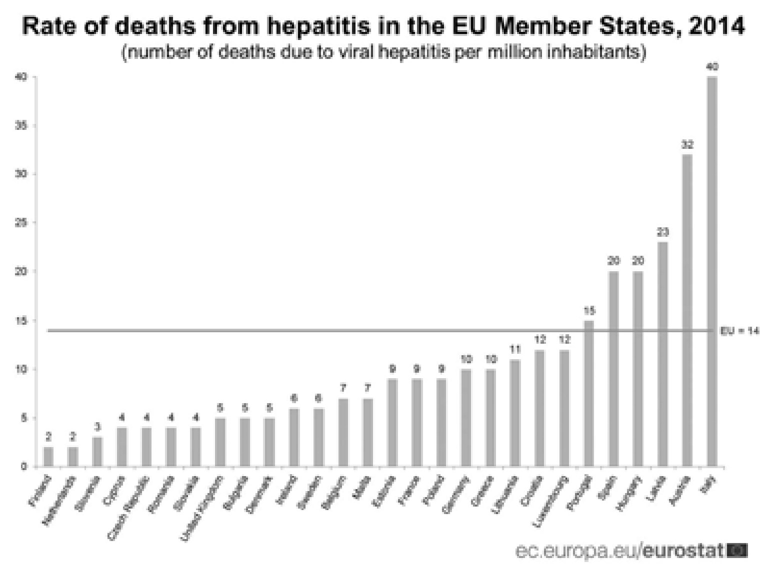
Last year, 226 150 non EU-citizens, who were illegally present in the European Union (EU) and ordered to leave, were returned outside the EU territory. This is the highest number recorded since 2008, when this data collection began.

With over 74 000 third country nationals, Germany recorded the highest number of non-EU citizens leaving the EU following an order to leave in 2016, accounting for 1 in 3 (33% of EU total) returnees. Germany was followed by the United Kingdom (36 400, or 16%), Greece and Poland (both around 19 000, or 8% each).

Almost 1 in 5 were Albanians

As in 2015, Albanians (42 600) topped the list of non-EU citizens returned in 2016, ahead of citizens of Ukraine (22 600), Iraq (17 100), Kosovo* (13 000), Serbia (12 200) and Morocco (9 900).

Over 7 000 deaths from hepatitis in the EU



The FINANCIAL -- From the 4.9 million deaths reported in the European Union (EU) in 2014, 7 100 were due to viral hepatitis. Men (3 700 deaths) and women (3 400 deaths) were almost equally affected. Nearly two-thirds of these deaths concerned people aged over 65.

In absolute terms, Italy (2 800 deaths, or 40% of the EU total) was the Member State recording by far the most deaths from hepatitis in 2014, followed by Spain (920), Germany (870) and France (580).

However, for a relevant country comparison, these absolute numbers need to be adjusted to the size and structure of the population.

Death rate from hepatitis highest in

Italy, lowest in Finland and the Netherlands

With 40 deaths from viral hepatitis per million inhabitants, Italy registered the highest rate among the EU Member States. It was followed by Austria (32), Latvia (23), Hungary and Spain (both 20). At the opposite of the scale, the lowest rates of deaths due to hepatitis were recorded in Finland and the Netherlands (both with 2 deaths per million inhabitants), Slovenia (3), Cyprus, the Czech Republic, Romania and Slovakia (all 4). At EU level, the rate stood on average at 14 deaths from viral hepatitis per million inhabitants in 2014.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Is the World Overbuilding?

The FINANCIAL

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That's the equivalent of recreating five cities worth of office inventory – Washington, DC, Dallas, London, Singapore and Shanghai – over the next three years.

The report details economic drivers, supply and demand forecasts and prospects for rent growth in more than 100 cities around the world.

Although demand, as well as job growth, will remain healthy through 2019, totaling approximately 520 MSF, it will fall far short of supply, which will cause vacancy to rise in most cities around the world. From that perspective, the world is overbuilding.

Or, not. It also has been abundantly clear throughout this global expansion that most occupiers generally favor new, high-quality office space over older, Class B and C product. In the U.S., for example, newly built high-quality space has accounted for 65% of all office absorption since 2012. More often than not, developers have been rewarded throughout this cycle for delivering prime product, even in markets where vacancy is elevated. Additionally, the combination of an accelerating global economy with low interest rates is a recipe for healthy office-demand conditions.

"Developers are certainly placing some big bets on new product, but the bulk of it is concentrated in the major global cities, which is precisely where the greatest appetite is for these shiny new buildings," said Kevin Thorpe, Cushman & Wakefield Global Chief Economist. "I'm less concerned about the new space leasing up, because in a sense, that is supply rushing to meet demand. It's giving tenants exactly what they are asking for. I'm more concerned about what this wave of supply means for lower-grade product, which I suspect will have a difficult time competing."

The development boom will be led by Asia Pacific, particularly Greater China. In fact, nearly 60% of the world's new construction will be concentrated in the Asia Pacific region. Within the region, new supply is concentrated in a handful of markets: Beijing, Shenzhen, Shanghai, Manila and Bangalore. Indeed, those five markets account for 55% of construction taking place in Asia Pacific and over one-third of construction worldwide. Much like the supply side, the demand side of the equation is strongest in Asia Pacific. Beijing will have the distinction of leading the world in both supply and demand growth.

The Americas region is also in the midst of a robust construction cycle, peaking in 2017 and tapering offer somewhat in 2018 and 2019. . Still, the U.S., Canada and Latin America will all build more space than they will absorb over the next few years. Again, it varies greatly from one city to the next, and the bulk of new space is concentrated in the largest cities, many of which arguably need it the most.

The development pipeline also is ramping up throughout Europe, but not nearly to the same degree. Some European cities, such as Paris, Vienna, London and Brussels, will hit a cyclical high in terms of new construction over the next two years, while Madrid will show steady growth amidst global deceleration of rental-rate growth. Then again, those same cities report vacancy rates that are lower than pre-recession levels.

"Broadly speaking, supply and demand seem to be the most balanced in Europe relative to the other global regions," Thorpe said.

Berlin and Munich will have the second- and third-lowest vacancy rates in the world by 2019, at 3.1% and 3.3%, respectively.

Over the next three years, the number of development completions is expected to increase significantly in Istanbul, London, Brussels, Vienna and Dublin. In fact, over 2017-18, Istanbul, Copenhagen and the City of London will see the highest level of completions so far this cycle.

On the other end of the spectrum, in Stockholm, Amsterdam and Helsinki, less than 2.5% of stock is expected to be completed in the near term, offering stronger potential rent growth and lower vacancy.

Budapest, Dublin, Copenhagen and Madrid expect to have the strongest growth rates in the office-reliant information and communications sectors.

Brexit-related uncertainty is expected to inhibit office-based job growth, but vacancy in London is still expected to remain tight, under 5%.

In APAC, 2017 will be a record construction year, with nearly 150 MSF of new office projects slated for completion across 25 major cities.

Beijing will have the distinction of leading the world in both supply and demand growth over the next three years.

Expect a shift towards tenant-favorable conditions in most APAC markets. However, the growing obsolescence of office stock in gateway cities like Singapore, Melbourne and Tokyo means new projects remain attractive to tenants looking for efficiency and modern facilities.

Sydney will have the lowest vacancy rate in the world by 2019, at 2.4%

In the past 12 months through May 2017, the banking and financial services sector was the biggest driver of leasing in APAC. Co-working, meanwhile, continues to gain traction in the region, accounting for 10% of leasing activity over the last 12 months.

Shenzhen and Guangzhou expect impressive job growth due to the rise of fin-tech and eCommerce.

In India, the introduction of the long-awaited goods and services tax (GST), along with other reforms, will continue to enhance the investment climate. Hyderabad will lead the world in office rent growth over the next 3 years.

The top five markets for office-using job growth in the U.S. over the next three years will be New York, Dallas, Los Angeles, Atlanta and Chicago. Washington, DC Metro and Phoenix also make notable moves upwards in the job-growth rankings.

The Latin America markets of Rio de Janeiro and Sao Paulo make the most dramatic move up in the job growth rankings as the region exits recession.

The top five lowest-vacancy markets in the Americas by 2019 are mostly Canadian markets: Toronto (3.9%), Vancouver (6.3%), Orlando (7.2%), Ottawa (7.3%) and Winnipeg (7.4%).

In the U.S., it is mostly secondary markets that will lead the country in rent growth over the next three years, led by: Seattle (+6.8%), Raleigh-Durham (+4.8%), Oakland (+4.2%), and Portland, OR (+4.2%).

Successful business development at Volkswagen

The FINANCIAL -- The Volkswagen's sales revenue and operating profit rose in the first half of 2017. In the year to June, with the new demarcation between Group and brand which has applied since the beginning of the year, sales revenue rose by about 8 percent compared with the prior-year period to €39.9 billion. On a comparable basis, operating profit was doubled, reaching €1.8 (0.9) billion in the first half of the year. Following the positive performance of the brand in the first six months, Volkswagen has confirmed its return forecast for the year as a whole. The Board of Management of the Volkswagen brand expects operating return on sales to be at the upper end of the range from 2.5 to 3.5%.

"The Volkswagen brand is on the right track. There is strong demand for our cars throughout the world and our strategic realignment is showing positive effects on business operations", explained Herbert Diess, Chairman of the Board of Management of the Volkswagen brand. "We have successfully embarked on a new phase in our company. Our objective is to position Volkswagen in such a way that it is fully and completely viable for the future so that we can continue to play a leading role in the automobile world of the future", Diess added.

In the first half of 2017, Volkswagen successfully asserted its position on sales markets under conditions which remained challenging. Recently, the development in sales volumes accelerated. In the months of May and June, deliveries by the brand grew by 3.5 and 4.0 percent respectively. In all, Volkswagen handed about 2.9 million vehicles over to customers throughout the world in the first half of the year. Deliveries were therefore 0.3 percent above the prior-year figure. There was above-average growth in markets including the USA (plus 8.2 percent), where the Volkswagen brand won market shares, and in South America (plus 12.2 percent) as well as Russia (plus 17.9 percent). In China, the most important market, growth of 0.2% was reached, according to Volkswagen.

Marked success in the marketplace also contributed to positive developments in sales revenue in the first half of the year. Volume, mix and margin effects had a positive effect on operating profit. Company said, the upward trend was also a result of the continued improvement in the cost situation. In the first half of the year, it was possible to optimize product costs. Despite the continued product offensive, fixed costs were maintained at the level of the previous year. The pact for the future agreed last fall is also having a growing effect. In addition, the brand achieved progress on the way to a turnaround in the regions.

For the remainder of the year, the Board of Management of the Volkswagen brand expects the positive business development of the first half to continue. On a comparable basis, sales revenue is forecast to rise by about 10 percent over the previous year. An operating return on sales at the upper end of the range from 2.5 to 3.5% is expected. Volkswagen's medium-term and long-term return on sales targets of at least 4 percent by 2020 and 6 percent by 2025 remain unchanged. "Over the next few years, we will improve the financial competitiveness of the Volkswagen brand step by step. Both the pact for the future and the consistent implementation of our TRANSFORM 2025+ strategy will contribute to these developments", said Antlitz.


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7 facts about Americans with disabilities

The FINANCIAL -- There were nearly 40 million Americans with a disability in 2015, representing 12.6% of the civilian non-institutionalized population, according to the U.S. Census Bureau.

1. Older Americans are significantly more likely than younger Americans to have a disability, according to the American Community Survey. About half of Americans ages 75 and older (49.8%) reported living with a disability in 2015, as did about a quarter (25.4%) of those 65 to 74. In contrast, just 6% of Americans ages 18 to 34 and 13% of those 35 to 64 said they had a disability. In absolute numbers, however, those ages 35 to 64 accounted for more disabled Americans – nearly 16 million in 2015 – than any other age group.

2. While there is little difference between men and women in the likelihood of having a disability, there are differences by race and ethnicity. Asians were least likely to say they had a disability (6.9%), followed by Hispanics (8.8%). American Indians or Alaskan Natives, on the other hand, were most likely to report a disability (17.7%). Similar shares of whites (13.9%) and blacks (14.1%) reported living with a disability.

3. The most common types of disability involve difficulties with walking or independent living. More than 20 million people ages 18 and older reported having serious difficulty walking or climbing stairs in 2015, representing 7.1% of the civilian non-institutionalized population. Another 14 million people ages 18 and older reported having a difficult time doing errands alone (for example, shopping or visiting a doctor) due to physical, mental or emotional conditions.

About 13 million people reported cognitive difficulties. Around 11 million people in the U.S. reported significant hearing difficulty, while roughly 7 million reported significant difficulty with vision, even when wearing glasses.

4. Some states, counties and cities are more likely than others to have residents with a disability. West Virginia had the highest share of any state, at 19.4%. In Arkansas, Kentucky and Alabama, about 17% said they had a disability. In contrast, Utah was among the lowest, with 9.9% of the population reporting a disability in 2015.

Among counties with populations of 65,000 or more, three had shares of a quarter or more reporting a disability: Pike County, Kentucky (28.7%), and Calhoun (25.2%) and Walker (25.1%) counties, both in Alabama. The share with a disability varied widely at the county level, with Kendall County in Illinois (4.9%) among the lowest rates in the country, nearly 24 percentage points lower than Kentucky's Pike County.

Unlike states and counties, few if any of the cities with the largest shares of disabled residents in 2015 are in the South (among places with a minimum population of 65,000). In Flint, Michigan, Hemet, California, and Pueblo, Colorado, roughly 22% of residents reported having a disability. The town of Fishers, Indiana, had one of the lowest shares in the nation, with 3.5% of residents having a disability – almost 19 points lower than Flint.

5. Disabled Americans earn less than those without a disability. Those with a disability earned a median of $21,572 in 2015, less than 70% of the median earnings for those without a disability ($31,872), according to the Census Bureau. Both figures are for the civilian, non-institutionalized population ages 16 and older, measured in earnings over the past 12 months.

6. Disabled Americans were politically engaged in the 2016 presidential election. In a survey conducted in the early summer of 2016, about seven-in-ten (71%) Americans who self-identified as disabled said it "really matters who wins the election," compared with 59% of Americans who did not report having a disability. Disabled Americans were also more likely to follow the campaign closely than those without a disability. These findings are from the Center's American Trends Panel, which found that 22% of American adults self-reported living with a disability in 2016, defined as a "health problem, disability, or handicap currently keeping you from participating fully in work, school, housework, or other activities."

Disabled Americans were as likely as the non-disabled to say they were registered to vote — and to say they actually did vote— in the 2016 presidential election. In a post-election survey, Americans with disabilities reported vote preferences that were similar to those of voters overall: 46% said they voted for Hillary Clinton and 45% said they voted for Donald Trump.

7. Disabled Americans have lower rates of technology adoption. Nearly a quarter of Americans with a disability (23%) say they never go online, compared with just 8% of those without a disability, according to a Pew Research Center survey conducted in the fall of 2016. Disabled adults are also about 20 percentage points less likely than those without disabilities to say they subscribe to home broadband, or own a traditional computer, smartphone or tablet.

The amount of time people spend online also varies by disability status. Only half of disabled Americans report using the internet on a daily basis, compared to almost eight-in-ten of the non-disabled (79%).

Global political and economic uncertainty create a new breed of digital innovators

The FINANCIAL

Two-thirds (64 percent) of organizations are adapting their technology strategy because of unprecedented global political and economic uncertainty. More than half (52 percent) are investing in more nimble technology platforms to help their organization innovate and adapt. IT budgets are growing: 79% of IT leaders have seen budgets upheld or increased this year, meaning that only one in five IT leaders (21%) have seen IT budgets cut.

While economic uncertainty is making business planning difficult for many organizations, it is clear digital strategies have infiltrated into businesses across the globe at an entirely new level. The proportion of organizations surveyed that have enterprise-wide digital strategies has increased by 52 percent in the past two years (from 27% in 2015 to 41% in 2017), and those organizations with a Chief Digital Officer have increased 39 percent over last year. To help deliver these complex digital strategies, organizations also report a huge demand for Enterprise Architects - the fastest growing technology skill this year, up 26 percent compared with last year.

Cloud computing has been a trend that has continued during the past year, with respondents investing in cloud less to save money, and more because IT leaders value the reliability, agility and responsiveness that these services bring. Many smaller organizations are turning to the cloud in order to access enhanced stability and resilience compared with in-house operations. Larger organizations, however, more often see the cloud as a means of performance enhancement to improve their agility and responsiveness.

The top three reasons for investing in cloud computing are: To improve availability and resiliency (41 percent), to improve agility and responsiveness (39 percent), to accelerate product innovation (34 percent)."The political and economic landscape is dynamic and changing fast," said Gabriel Mihai Tănase, Cyber & IT Advisory Director at KPMG in Romania. "Many technology executives have to adapt their strategy and plans, turning this uncertainty into opportunity, driving their organization to become more nimble and digital."

According to the survey more than a third of all respondents (34 percent) are already investing in, or are planning to invest in, digital labour, including robotic process automation and cognitive automation. This proportion increases to more than six in ten respondents at larger organisations (62 percent), and half of respondents in mid-sized organisations (52 percent) are already investing or planning to invest.

"Many organizations are making aggressive investments in processes automation, implementing digital labour solutions to optimize their processes, improve quality and reduce costs" said Gheorghe Vlad, Senior Manager in KPMG in Romania's IT Advisory department. "For example, using robotic process au-

Continued on p. 15


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Elene Khoshtaria:

EUROPEAN GEORGIA – MOVEMENT FOR FREEDOM MEMBER

“Bonuses are rising from year to year. In 2014, it was GEL 218 million whilst in 2016, it was either GEL 318 or GEL 320 million.”

Ani NADIRASHVILI

FactChek

Table 1: Bonuses/Salary Supplements Issued in 2014-2016, GEL Million

	Bonus	Salary Supplement	Bonus/Salary Supplement
2014	103	182	285
2015	71.7	230	302
2016	67	252	319

Source: State Audit Office

In her speech before the Parliament of Georgia, European Georgia – Movement for Freedom member, Elene Khoshtaria, and Tbilisi mayoral candidate, stated: “Bonuses are rising from year to year. For instance, the total amount of bonuses in 2014 was GEL 218 million whilst in 2016, it was either GEL 318 or GEL 320 million.”

FactCheck took interest in the accuracy of the statement.

As clarified by Elene Khoshtaria, her statement is based on the State Audit Office’s 2016 report. Of note is that whilst speaking about the bonuses, Ms Khoshtaria meant salary supplements as well.

According to Georgia’s legislation, labour remuneration includes salary remuneration, bonuses and salary supplements as envisaged by the law. High bonuses, given from the state budget, have always been a controversial issue for the public. As a result, Ordinance N499 of the Government of Georgia on the Determination of the Amount of Bonuses in the Public Service was issued on 15 July 2015. According to the ordinance, a bonus is labour remuneration for an individual who is employed in the public sector and given for carrying out one’s duties in an exemplary and flawless manner, for long service and integrity and/or for the accomplishment of an especially difficult or very important task. The aforementioned ordinance also includes rules governing the frequency and the amount of bonuses. The amount of a bonus given to a public servant cannot exceed the employee’s labour remuneration and can be issued once in a quarter but not more than three times during a year.

In regard to salary supplements, according to the Law of Georgia on Public Service a public servant is given a salary supplement when he is tasked by his superior to perform overtime duties or a particularly important functional workload.

According to Georgia’s State Audit Office’s 2016 Budget Report (p. 87), the total amount of budgetary funds (this does not include expenses for self-government) allocated for bonuses and salary supplements reached GEL 319 million in total. In 2015, this figure was GEL 304 million and GEL 289 million in 2014.

Of this amount, GEL 106,963,000 was issued as bonuses in 2014 alone. In 2015, the amount of bonuses decreased to GEL 73,352,000 whilst it dropped further to GEL 69,618,000 in 2016. Thus, since 2014, the amount of bonuses has been decreasing annually. On the contrary, the amount of salary supplements has been on the rise. In 2014, GEL 182,472,000 was issued as salary supplements, GEL 230,217,000 was issued in 2015 and GEL 252,140,000 was paid out in 2016.

In regard to funds allocated for labour remuneration, GEL 1.452 million was spent from the budget in 2016 to cover the labour remuneration of permanently hired public servants. This is GEL 75.5 million more as compared to the same figure for 2015.

The State Audit Service’s 2016 Budget Report underlines that despite the limitations determined by the Government of Georgia’s Ordinance N449, there are some cases when both bonuses and salary supplements are issued in higher amounts and in cases more frequently than envisaged by the law.

CONCLUSION

ACCORDING TO THE STATE AUDIT SERVICE’S 2016 BUDGET REPORT, GEL 285 MILLION WAS ISSUED IN 2014 AS BONUSES AND SALARY SUPPLEMENTS. IN 2015, THIS FIGURE INCREASED AND REACHED GEL 302 MILLION. THE TENDENCY OF GROWTH WAS KEPT IN PLACE IN 2016 AS WELL WITH THE AMOUNT OF FUNDS ALLOCATED FOR BONUSES/SALARY SUPPLEMENTS FROM GEORGIA’S STATE BUDGET HAVING REACHED GEL 319 MILLION.

DESPITE THE GROWTH OF BONUSES/SALARY SUPPLEMENTS AS COMPARED TO 2014, THIS FIGURE INCREASED BY GEL 34 MILLION AND NOT BY GEL 100 MILLION AS CLAIMED IN ELENE KHOSHTARIA’S STATEMENT.

FACTCHECK CONCLUDES THAT ELENE KHOSHTARIA’S STATEMENT IS **MOSTLY TRUE**.

MOSTLY TRUE

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Border Wall is Trump’s Least Popular Policy Internationally

The FINANCIAL

People around the world strongly disapprove of President Donald Trump’s signature policies, according to a spring Pew Research Center survey of 37 countries and findings from the United States. But one policy stands out for its unpopularity: the president’s planned U.S.-Mexico border wall.

In 18 of the countries surveyed, the border wall draws the most disapproval of the specific Trump policies tested.

The wall generates the most disapproval in Latin America, where roughly three-quarters or more in each of the seven countries polled disagree with the proposal. This includes 94% in Mexico and 90% in Colombia. It is also the president’s least popular policy in Canada (84%).

The border wall even draws sharp criticism in parts of the Asia-Pacific region, with the highest disapproval ratings in South Korea (83%), Australia (78%) and Japan (78%).

While the idea of a wall between the U.S. and Mexico is widely condemned around the globe, the intensity of reaction to other Trump policies tends to vary by region.

In nine countries, including the U.S. and several European nations, people disagree most with withdrawing U.S. support for climate change agreements. In eight countries, most of which have significant Muslim populations, Trump’s proposed ban on people entering the U.S. from some majority-Muslim nations is his most unpopular policy. And in the remaining four countries, Trump’s plan to withdraw U.S. support for international trade agreements draws more opposition than his other policies. (Russia is counted twice because two of Trump’s policies are tied for least popular, each with 49% disapproval: his plans on climate agreements and his proposals on trade.)

In the U.S., majorities oppose the withdrawal from international climate agreements (67%), the border wall (64%), and retracting support for major trade agreements (57%). (The U.S. survey was conducted from Feb. 16 to March 15, before Trump announced he would remove the U.S. from the Paris climate accord.)

Democrats, however, are much more likely than Republicans to disapprove of all policies tested, resulting in partisan differences of 50 to 70 percentage points. And American women are significantly more likely than men to disagree with each of the president’s foreign policy plans.

As in the U.S., the two policies that generate the strongest disapproval in Europe are Trump’s plan to remove the U.S. from climate agreements and his proposed border wall. Trump’s climate policy is the most unpopular policy tested in Germany (93%), the Netherlands (91%), France (90%), Greece (82%) and Hungary (75%), while the proposed border wall is the least popular policy in Sweden (94%), Spain (92%), the UK (83%), Italy (72%) and Poland (63%).

In most European countries, as in the U.S., those on the left of the ideological spectrum are more likely to disapprove of both policies compared with those on the right. For example, there is a 25-percentage-point gap on views of Trump’s proposed border wall in Italy: 81% of people on the left, but only 56% of those on the right, disapprove.

Trump’s plan to tighten restrictions on people entering the U.S. from several majority-Muslim countries is his least popular policy in nearly every country polled in the Middle East and Africa that is home to a substantial Muslim population. Overwhelming majorities in Jordan (96%), Lebanon (88%), Senegal (82%), Turkey (77%), Tunisia (73%) and Tanzania (67%) all object to such a ban.

Israel is the only country surveyed in the Middle East where relatively few people disapprove of Trump’s proposal to restrict entry to the U.S. from some Muslim-majority nations (32%). (Instead, Israelis are most strongly opposed to the U.S. withdrawing from climate agreements, with 69% disapproving.) However, Israeli Arabs show much stronger opposition to the travel ban (77%) than Israeli Jews (21%).

While Trump’s policies are generally unpopular around the world, some do draw majority support in several countries. For example, in Hungary (70%), Israel (63%), Poland (56%) and Russia (53%), most people support the proposed ban on entry from some majority-Muslim nations. Withdrawing support for the Iran nuclear agreement receives majority support in Jordan (59%) and Israel (67%).

Human Rights Protection Improves But Georgians Concerned About Labour Rights, Personal Data and Rights of Minorities

The FINANCIAL -- The number of Georgians, who think that their rights are protected, has doubled in the last ten years. Nevertheless, every second Georgian feels insecure about their personal data. Almost a third of the respondents (27% in average and 36% in Tbilisi) see labour rights as the most frequently abused human rights in Georgia. More than half think that the rights of national/ethnic (57%) and religious (59%) minorities are violated.

These are some of the findings of the nationwide research commissioned by the European Union (EU) and United Nations Development Programme (UNDP) to examine public perceptions and awareness about human rights and access to justice in Georgia.

Alternative Dispute Resolution (Mediation and Arbitration)

- The level of awareness of mediation is low – only 14% of the Georgian population have heard of it;
- 84% of them received information about mediation from the TV;
- Even after having been informed of the essence of mediation, 34% could not express any attitude toward it, while 57% have acquired a certain trust in it;
- As the survey showed, the interviewees considered that one of the disadvantages of mediation could be possible waste of time as parties might still need to go to court as not all mediation lead to an agreement (21%).
- 29% of those surveyed are aware of arbitration – more in Tbilisi (44%) than in other cities (27%) or in villages (20%);
- TV is the main source of information about arbitration (87%);
- After having been briefed on the speci cs of arbitration, 38% of those surveyed were still unable to express any clear position on it, while 39% said that arbitration elicited their trust to some extent;
- The risk most often cited by respondents was the impossibility to appeal arbitral awards (18%).

Courts, Ofice of the Prosecutor

- Asked directly whether the overall situation in the judiciary has improved, 38% of respondents answer positively, while only 10% think that the overall situation has deteriorated.
- 18 % of those surveyed fully trust in the courts, while 45% stated that they "more trust than do not trust courts".
- 9% of respondents in 2016 believe that decisions are made depending on the instructions that judges received from the government. The same parameter in 2012 accounted for 27%.
- 30% of those surveyed consider that there is always a pressure on the court from the prosecuting authority, and 39% of the respondents do not exclude that. Overall, only 8% of respondents believe that the situation in the Prosecutor's O ce has worsened over the last ve years. 35% and 37%, respectively, think that the situation has either improved or remained the same.

The absolute majority of respondents have heard of particular human rights.Only one out of ten respondents (10%) said that he/she nds it di cult to speak about particular human rights while the rest named at least one such right.

The survey shows that when speaking about human rights, the right to life (38%) and the right to equality (35%) are the rst to go through the respondents' minds and, in this respect, the picture is similar nationwide – in Tbilisi as well as in other cities and villages. Respondents also often mentioned privacy (28%) and property (27%) rights while one out of ve respondents have also heard of labour (21%), voting (20%) and free development (20%) rights. Compared to other groups, the indicator of naming various rights in the age groups surveyed is lowest among respondents greater than 65 years old.

Interestingly, more than half of the respondents (52%) place the responsibility for the protection of human rights on the Patrol Police and 39% of respondents place the responsibility on the Ministry of Internal A airs (MIA). The higher number for the mention of the Patrol Police may be due to the fact that the population has more experience directly interacting with them than with any other MIA units or agencies. One of every three respondents (30%) expects Public Defender's O ce to protect human rights. Around 20%of respondents place this responsibility on the O ce of the Prosecutor, the Parliament of Georgia and the common courts. The trends in this direction are similar with no considerable di erence by settlement type except for the fact that when compared to other cities (16%) and villages (17%), Tbilisi has a higher number of those placing responsibility on the common courts (29%).

The most preferred source of information on human rights and their protection mechanisms for nine out of every ten respondents remains TV (92%). One out of every ve respondents prefers receiving such information from printed media (19%). The third most preferred source of information is a social network (17%) followed bya news portal (12%).

TV is the equally preferred source of information for all of the age groups with 87% or more namingthis source in each age group. The data for social networks and news portals repeat the above picture – the older the respondents are, the less they prefer receiving information from electronic sources(e.g., if 35% of the respondents in the 18-24 age group prefer receiving information on human rights and their protection mechanisms from social networks, a similar parameter from the 35-44 age group drops to 21% and then to 9% for the respondents within the 55-66 age group). Respondents would most prefer receiving information on labour rights – this is so for 29% of respondents. The survey shows serious di erences by settlement type. The number of those wishing to receive information through this source equals 41% in Tbilisi, 24% in other cities and 26% in villages. Likewise, 19% to 24% of the Georgian population would prefer receiving information on the rights to privacy, equality, life, respect of honour and dignity, and health care.

GRASS FACTCHECK

Davit Sergeenko:

MINISTER OF LABOUR, HEALTH AND SOCIAL AFFAIRS OF GEORGIA

"Georgia spends 2.5% of the country's gross domestic product for healthcare. In Europe, this is 5%-7% or 10% on average. The United States spends 17% of its gross domestic product for healthcare."

Teona ABSANDZE
FactChek

The Minister of Labour, Health and Social Affairs of Georgia, Davit Sergeenko, spoke about state funding for healthcare on air on Imedi TV. The Minister stated: "Georgia spends 2.5% of the country's gross domestic product for healthcare. In Europe, this is 5%-7% or 10% on average. The United States spends 17% of its gross domestic product for healthcare."

We took interest in the accuracy of the Minister's statement.

There are several international indices which show the amount of money necessary to make for an efficient healthcare system. One of the principal indicators is the budget expenses for healthcare to GDP ratio. As recommended by the World Health Organization, state expenditures for healthcare should be 5% of a country's GDP.

FactCheck analysed the fulfilment figures for consolidated budget and state budget expenditures. State funding for healthcare from the 2016 consolidated budget was GEL 1.46 billion which constituted 10% of the total state expenses. As of 2016 data, Georgia's GDP was GEL 33.921 million. Therefore, state expenses for healthcare amounted to 3% of the country's GDP. According to state budget statistics, GEL 982 million was spent for healthcare in 2016 which was 10% of total state expenses and 2.9% of the GDP.

Statistics for last year demonstrate that state expenses for healthcare have been growing annually (Table 1). Despite this trend, state healthcare funding is far below as compared to the World Health Organization's declared minimum.

Whilst speaking about healthcare expenses, Davit Sergeenko compared Georgia's figures to those of Europe and the United States. According to the latest data of the World Health Organization and the World Bank from 2014, the share of state healthcare expenses in European Union member states is 7.8% of the GDP. State healthcare expenses in Germany, Austria and France are approximately 9% of their GDPs whilst it is 9.5% in the Netherlands and 10% in Sweden.

According to the World Health Organization, the United States spends 8% of its GDP for healthcare. In regard to the 17% as named by the Minister, this figure constitutes total healthcare expenses (state and private expenses taken together). Therefore, Davit Sergeenko compares two different figures to each other. In the case of Georgia and other European countries, he used the state (government) expenses for healthcare to GDP ratio whilst in the case of the United States he compared these expenses to a completely different figure; namely, the total healthcare expenses to GDP ratio. We further clarify that Mr Sergeenko was speaking about state healthcare expenses (that was the exact question of the journalist) and not about total healthcare expenses.

According to the latest data of the World Health Organization from 2014, total healthcare expenses in Georgia constitute 7% of the GDP. State budget expenses for healthcare are 2% of the GDP.

It is appropriate for us to compare Georgia's figures to those countries with similar levels of economic development as opposed to those of developed countries of Europe or the United States. According to the World Bank's classification, Georgia belongs to the Europe and Central Asia region which includes other countries with economies similar to ours. According to the World Bank's latest data, the average healthcare expenses of the Europe and Central Asia region countries constitute 3.8%.

According to the World Health Organization's data for 2014, Georgia is indeed one of the outsiders in terms of the state healthcare expenses to GDP ratio. It is true that this figure increased to 3% after 2014 even though Georgia continues to lag behind the majority of the region's countries.

Table 1: State Expenses for Healthcare

	2013	2014	2015	2016
State Budget Healthcare Expenses to GDP Ratio (%)	1.8%	2.2%	2.7%	2.9%
Consolidated Budget Healthcare Expenses to GDP Ratio (%)	1.9%	2.4%	2.8%	3%

Source: Ministry of Finance, National Statistics Office of Georgia

CONCLUSION

ACCORDING TO 2016 DATA, GEORGIA'S STATE BUDGET EXPENDITURE FOR HEALTHCARE CONSTITUTES APPROXIMATELY 3% OF THE COUNTRY'S GDP. OF NOTE IS THAT STATE HEALTHCARE FUNDING HAS BEEN GROWING OVER THE LAST YEARS. ACCORDING TO THE WORLD HEALTH ORGANIZATION, THIS FIGURE WAS APPROXIMATELY 2% IN 2014 ALTHOUGH GEORGIA STILL REMAINED ONE OF THE OUTSIDERS IN THE GROUP OF COUNTRIES COMPRISING THE EUROPE AND CENTRAL ASIA REGION.
DAVIT SERGEENKO COMPARED GEORGIA'S FIGURES TO THOSE OF OTHER EUROPEAN COUNTRIES AND THE UNITED STATES. STATE HEALTHCARE EXPENDITURES IN EUROPEAN UNION MEMBER COUNTRIES IS 7.8% ON AVERAGE WHILST IT IS 8% IN THE UNITED STATES.
THE CONTEXT OF THE MINISTER'S STATEMENT THAT STATE HEALTHCARE EXPENSES IN GEORGIA ARE NOT HIGH AND, IN FACT, ARE LESS AS COMPARED TO OTHER COUNTRIES IS TRUE. HOWEVER, THE FIGURES AND THE COMPARISON MADE IN HIS STATEMENT ARE NOT ENTIRELY ACCURATE. THEREFORE, DAVIT SERGEENKO'S STATEMENT IS **MOSTLY TRUE**.

MOSTLY TRUE

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Meet Georgian Student of the Cambridge University

Eva BOLQVADZE
The FINANCIAL

22-year-old Georgian Tekla Iashagashvili is continuing her studies at the University of Cambridge in its Sociology Programme. When it comes to academic prestige, Cambridge can be called the Harvard of the UK. It is suitably difficult to get in due to it having one of the most demanding and rigorous enrolment processes. Here, the successful student shares with The FINANCIAL what brought her to this point, as well as her plans for the future.

Q. What was the path that took you to Cambridge?

A. In the 9th Grade I moved to the Guivy Zaldastanishvili American Academy in Tbilisi and in my last year of school I sent out applications to different American colleges and universities. I got accepted at Franklin & Marshall College in Pennsylvania and there I spent the past four years of my life studying business and sociology.

When I graduated from the American Academy, I did not plan on studying sociology. I was considering economics. Yet when I began my study of economics, I realized that it was not a field that I was particularly passionate about, or that I could see myself in. At the same time I took classes in sociology, started studying business and found what I loved studying and working with so in the end I completed my studies with these two majors.

I am glad that I was given an opportunity to try different social and natural sciences as well as humanities, before deciding on sociology and business. After successful completion of my second year, I was awarded USD 4,000 from the College to use for an academic or a community service project. I used this money to travel to Paris and Florence to study museums there. My research subsequently became one of the factors contributing to my acceptance at Cambridge.

Q. What experiences did you gain during your period of learning in the US that will contribute to your future?

A. I received an excellent education and my personality has changed a lot. I was also involved in a lot of clubs and organizations on campus and each of them taught me something about myself or about how to be a good leader and how to motivate people. I sat on several committees and was a vice-chair of a financial and advisory board for the campus clubs; I worked in the admissions office and conducted interviews with students. These experiences gave me communication and leadership skills, improved my work ethic and also helped me forge valuable connections all of which I think will help me in the future.

Additionally, when in college, I always felt support from my professors, my mentors and peers and their trust in my abilities to handle a variety of challenges in my academic and professional life. This trust was motivating and encouraging and it really made everyone feel more self-assured. It taught me how much the environment and peer support matter on one's way to success.

Q. Tell us about your research

A. I wanted to know what stories museums tell their visitors, and how the narratives that they create can be shaped to serve particular purposes. Through public texts as well as with the general layout which is retraced by the visitors every museum tells its own story. We may not immediately understand what information we are receiving, and in most cases we do not think that a museum is deliberately telling us a story in a specific way. I was interested in the identities created through such narratives in public art museums. Therefore, I did research on the Louvre, its public texts and its layout. The conclusion of the research, in its simplest form, was that the Louvre is not an encyclopaedic museum, neutral with regard to all cultures; rather it is imperial and nationalistic in the way it depicts France as the pinnacle of the world civilizations.

Q. What are your expectations and plans for your time at Cambridge?

A. I am planning to continue this research that I have started. Beyond that, we will have to see. It is a new place and a new culture and I am excited to be exploring something different again.

Overall, I think planning for future is very important but if at any point you do not like where you're going, you should be able to change direction and not be afraid to do so. There are so many external factors that affect our lives as well that I think one can never take full credit for everything that happens in one's life. Cambridge was my dream, but four years ago I would not have imagined that I would be going to Cambridge for masters in sociology. My personal decisions as well as different events and factors in my life came together to put me on this path.

Q. Are you planning to return to Georgia after graduating?

A. I don't know when, but I'm definitely going to return. I'll come back once I confidently know that I have the necessary qualifications to create something valuable and contribute to my country's development. Nowhere else is there the need to use this education more than in our country.

Q. What recommendations would you give to Georgian students?

A. I would recommend that they take advantage of all the chances and opportunities presented to them; to find a profession that they are interested in and to get pleasure from life. It is important to approach education seriously, because it is the main key to every door; to widen one's worldview and develop both one's personal and academic fronts. I think that an ambitious person will use all of the chances that life gives them. We should not be satisfied with what we have, we should constantly work on the development of our future, observing what is good and trying to adapt our knowledge and experiences to Georgia's unique needs and conditions.

Latin Americans, Italians and Chinese most frequently entertain guests at home

The FINANCIAL

On average, a quarter of people entertain guests in their home either daily or weekly, and a further third entertain monthly. Less than one in ten people say that they never entertain guests in their home.

These insights are from an online survey across 17 countries conducted by global researchers, GfK, with the definition of 'entertain guests' left open, so it covers everything from dinner parties to having friends around to watch a film or sports or simply to chat over a coffee.

Mexicans and Argentinians are the most frequent hosts out of all 17 countries surveyed, with 42 percent and 39 percent respectively entertaining guests at home either daily or weekly. They are followed by Brazilians at 36 percent, Italians at 34 percent and Chinese at 30 percent.

In contrast, Koreans and Japanese are least likely to entertain guests in their home, with over a quarter (28 percent and 27 percent respectively) saying they never do this. They are followed by the Dutch, at 19 percent.

Internationally, gender makes next to no difference in how often people entertain guests at home. One in three (34 percent) of both genders entertain at least once a month at home. However, added to that, men are very slightly more likely than women to entertain daily or weekly, while women creep ahead of men for entertaining less often than once a month.

Households with young children and people in their twenties are the most frequent hosts

People living in households where there are no children aged under 20 living at home are less frequent hosts than those with children. In the no-children households, only 19 percent welcome guests on a daily or weekly basis. This climbs to 28 percent of those with teenage children (13 to 19 years old) in the household, 32 percent of those with children aged between six and twelve, and peaks at 37 percent of those with children under six.

Looking at the data by age group, the frequency of entertaining guests at home tends to decrease with age. A third (34 percent) of those in their twenties say they entertain guests either daily or weekly, falling to 30 percent of those in their thirties, 18 percent of those in their forties, 15 percent of those in their fifties and 12 percent of those aged 60 and over.

By combining these survey insights with purchase data from consumer panels and point of sales tracking, plus market knowledge of cultural influences, GfK helps manufacturers, supermarkets and retailers to identify high-potential audiences and opportunities, both globally and at country-specific level – covering areas such as FMCG, groceries, beverages, domestic appliances, home entertainment or technical consumer goods.

EU consumers show growing demand for cross-border online shopping

The FINANCIAL

The 2017 edition of the Consumer Conditions Scoreboard shows that more and more EU consumers are shopping online and that their trust in e-commerce has increased, in particular in buying online from other EU countries.

For retailers, however, the Scoreboard shows that many are still reluctant to expand their online activities and continue to have concerns about selling online to consumers in other EU countries. Such concerns are mainly linked to a higher risk of fraud and non-payment in cross-border sales, different tax regulations, differences in national contract law and in consumer protection rules.

While consumer conditions have improved overall since the last Scoreboard, the levels of trust, knowledge and protection still vary greatly between EU Member States, according to European Commission survey.

More trust in e-commerce but barriers remain, including for retailers

The Scoreboard shows that consumer trust in e-commerce has dramatically increased. In ten years the share of Europeans buying online has almost doubled (from 29.7% in 2007 to 55% in 2017). Since the last Scoreboard consumers' levels of trust have increased by 12 percentage points for purchases from retailers located in the same country and by 21 percentage points for purchases from other EU Member States.

Although there has been much progress, the Scoreboard shows that consumers are still facing obstacles when trying to buy from online retailers based in another EU country. For example, 13% of respondents reported a payment being refused and 10% were refused delivery of products to their country.

As for retailers, only 4 out of 10 of those currently selling online said that they are considering selling both domestically and across borders in the coming year. Many still have concerns about selling online in other countries, namely because of a higher risk of fraud, differences in national tax regulations or national contract law rules, or differences in consumer rules.

This is why the Commission has made a proposal for modern digital contract rules to harmonise contract rules for online sales of goods, and to promote access to digital content and online sales across the EU.

Awareness of consumer rights improving, but still low and uneven levels across the EU

Compared to the previous edition of the Scoreboard, consumers are more aware of their rights. On average, 13% of consumers are aware of their key rights (an increase of 3.6 percentage points since 2014).

However, consumer conditions are generally better in northern and western EU countries than eastern and southern ones. 94.5% of Finns complain when they encounter a problem, for example, whereas only 55.6% of Bulgarians do so. Exposure to unfair commercial practices, such as the use of aggressive marketing techniques, also varies greatly: 40.9% of Croatians are affected, in comparison to 3.4% of Austrians.

To tackle these issues, the Commission is working on a proposal to update consumer rules. The aim is to make sure that every European consumer is aware of their rights and that these rights are correctly enforced throughout the EU.

Retailers' insufficient knowledge of consumer rights

The 2017 Scoreboard shows that retailers' knowledge of consumer rules hasn't improved since the previous edition. Only 53.5 % of their answers to questions on basic consumer rights were correct. Again the level of knowledge varies between countries, with only 36.2% of Croatian retailers knowing these rights compared to 62.3% of retailers in Germany.

Room for improvement with the speed of handling complaints

While consumers are finding fewer reasons to complain, the ones who have done so are more satisfied with how their complaints are handled.

However, almost one third of consumers decided not to complain, as they considered the sums involved were too small (34.6%) or that the procedure would have taken too long (32.5%).

Global political and economic uncertainty create a new breed of digital innovators

Continued from p. 10

tomation (RPA), they are automating repetitive manual processes, like claims processing and data entry" he continues.

Cyber security vulnerability is at an all-time high, with a third of IT leaders (32 percent) reporting their organization had been subject to a major cyber-attack in the past 24 months – a 45 percent increase from 2013. Only one in five (21 percent) say they are "very well" prepared to respond to these attacks, down from 29 percent in 2014. Despite visible attacks such as the recent WannaCry ransomware attack, the biggest jump in threats comes from insider attacks, increasing from 40 percent to 48 percent over last year.Large organisations seem to be particularly at risk from cyber attacks. More than half answered that they have suffered a serious attack in the past two years. Worryingly, the Government (44 percent) and Utilities (44 percent) sectors report the highest levels of attack. Least affected are the Charity and Advertising sectors, but even here more than one in five reported a major incident in the past two years.

"In Romania public institutions are more exposed to a cyber attack than private institutions" said Gabriel Tănase, Cyber & IT Advisory Director at KPMG in Romania. "Many public institutions are still using outdated IT infrastructure and operating systems that no longer have adequate technical support. Moreover, although some of them have undergone large upgrade projects, without a comprehensive security strategy (both in deployment and in operation) they are exposed even more to cyber-attacks" he continues.

Almost one in five CIOs (18 percent) report their organizations have 'very effective' digital strategies. CIOs believe that they should be taking an increasing leadership role in innovation. At present, only one in four respondents (26 per cent) report that the CIO is currently leading innovation in their organisations, whereas six in ten respondents (60 per cent) believe that the CIO should be taking a greater leadership role in this area.

The number of CIOs who are "very fulfilled" in their role is at a three-year high - rising from 33 percent in 2015 to 39 percent this year. For the first time in a decade, more than seven in ten CIOs (71 percent) believe the CIO's role is becoming more strategic. 92 percent of CIOs joined a Board meeting in the past 12 months. However, the average time a CIO spends with a company is just five years or less (59 percent), although many want to stay longer.

In a striking development, female CIOs are far more likely to have received a salary increase than male CIOs in the past year (42 percent and 32 percent, respectively), but the number of women in IT leadership still remains extraordinarily low at 9 percent, the same as last year.

While the fastest growing demand for a technology skill this year was enterprise architecture, big data/analytics remained the most in-demand skill at 42 percent, up 8 percent over last year.

Two thirds (61 percent) of CIOs say IT projects are more complex than they were five years ago, and weak ownership (46 percent), an overly optimistic approach (40 percent), and unclear objectives (40 percent) are the main reasons IT projects fail.

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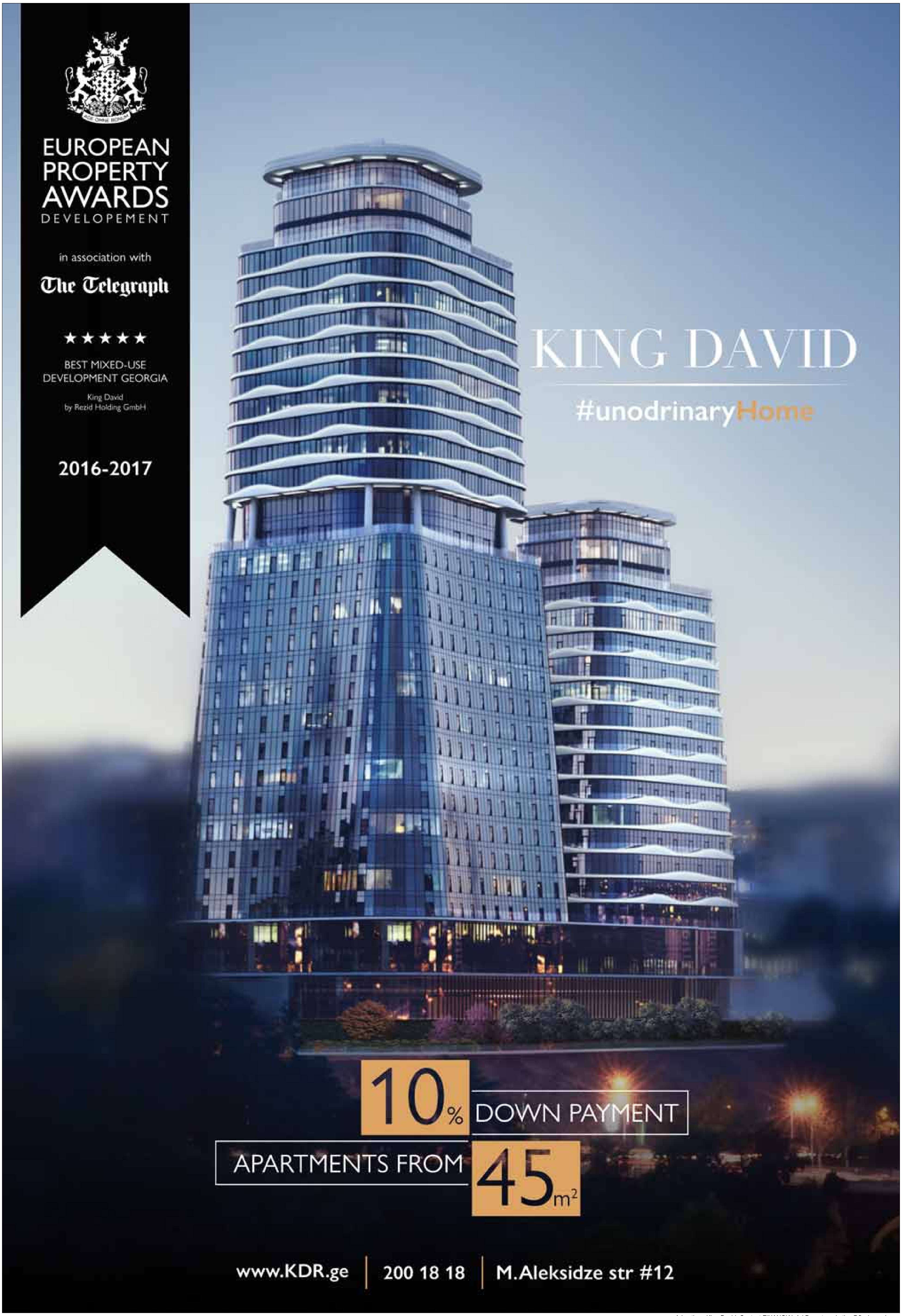
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Money is the Secret to Happiness, Science Says

The FINANCIAL

Money can buy you happiness, a new study shows. But it must be spent wisely: not on material possessions, but on time-saving activities that will contribute to living a more satisfied, relaxed life.

A team of researchers led by Harvard Business School professor Ashley Whillans surveyed nearly 4,500 people, including millionaires, from the U.S., Canada, Denmark and the Netherlands on their spending habits and life satisfaction with the goal of tackling what they call the "time famine of modern life."

The study, published in the Proceedings of the National Academy of Sciences of the United States (PNAS) journal, observed that those who believe in the mantra "time is money" suddenly feel like they do not have enough of it. So how to tackle the feeling of time scarcity that leads to stress, anxiety and unhappiness? The answer, of course, is money.

The researchers first asked a narrow, specific question about whether people paid others to do "unenjoyable daily tasks," such as domestic work, to be able to "increase their free time."

Only 28 percent of respondents said yes, spending an average $147.95 per month to buy themselves extra time. These people also recorded increased life satisfaction compared to those who did not spend money this way.

In the second part of the study, researchers asked more than 1,800 Americans whether they spent money to buy "more free time." The responses were roughly split in half, with those who spent between $80 and $99 per month, on average, on outsourcing chores reporting a higher degree of life satisfaction.

Researchers appeared surprised that the practice of buying time-saving activities to increase happiness isn't more widespread. "Despite the potential benefits of buying time, many respondents allocated no discretionary income to buying time, even when they could afford it: just under half of the 818 millionaires that we surveyed spent no money outsourcing disliked tasks," the researchers said, adding: "Even when we broadened our definition in our preregistered survey study, half of our respondents still reported not using any money on "purchases that save time."

To finalize their findings, researchers decided to witness directly the impact of buying time to increase happiness, giving 60 people in Vancouver $40 to spend on two consecutive weekends: the first weekend, buying a material purchase and the second, paying for an activity that would buy them time. After checking how they felt after each purchase, survey responses showed that spending money on time-saving activities led to increased positive feelings.

The results do not just apply to wealthy people, as the benefits from making time-saving purchases on life satisfaction were independent from the socio-economic background of the survey respondent.

The idea that there is a positive effect from outsourcing domestic work to either other people or to machines isn't new. In a 2010 TED talk watched over 2 million times, the late Hans Rosling, a Swedish professor of global health and a well-known public educator, praised the "magic washing machine" for how it allowed people—mostly women—who spent hours washing sheets and clothes for the family to save time and invest their energies into other activities that led to economic growth.

But what perhaps was only known intuitively, that outsourcing unpleasant tasks to increase leisure time leads to happiness, now also has scientific backing.

Black Sea Trade Development Bank Issued USD 30 million for Agriculture in Moldova

The FINANCIAL – The Black Sea Trade and Development Bank (BSTDB) will contribute USD 30 million to a Pre-Export Finance Facility to Trans-Oil Group, a leading agricultural commodities trader and sunflower oil producer in Moldova.

The BSTDB financing is part of a USD 170 million syndicated loan arranged by Societe Generale, Zurich Branch with the participation of Arab Bank Ltd, FMO, Banque Cantonale Vaudoise, Fimbank p.l.c. and UniCredit Bank AG.

The proceeds of the loan will be used to finance the Group's seasonal working capital needs associated with origination, primary processing, storage and transportation of agricultural commodities sourced in Moldova and their subsequent export to other countries.

"The importance of this operation for BSTDB as a regional development institution is stemming from its multiple development impact on growth, exports and employment, and from the strategic position of the agricultural sector for Moldova. We are happy to join forces with other international lenders supporting the well-managed market leader", stated Ihsan Ugur Delikanli, BSTDB President after the signing.

Trans-Oil Group started its grain and agro trading activities in the Black Sea region in 1996, when the company's founders launched agro business activities in the Republic of Moldova and Ukraine.

Trans-Oil is a market leader in the origination and trading of grains and oilseeds in the Black Sea region. The company has developed into a group with an impressive global network of clients, specifically focusing in regions of Europe, Southern Mediterranean, Turkey, and North/West Africa which still constitute the Group's main sales destinations today

The Black Sea Trade and Development Bank (BSTDB) is an international financial institution established by Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, and Ukraine.

What Would You Trade to be Happy?

The FINANCIAL

What are people willing to sacrifice to be happy? Everything apart from their health, according to new research from Professor Paul Dolan of the London School of Economics and Political Science (LSE) and colleagues.

Using a sample of 13,000 people from the U.K. and U.S., researchers investigated whether individuals are willing to trade-off levels of happiness by sacrificing income, physical health, family status, career success or education.

The study, published in the Journal of Economic Behavior and Organisation, posed a range of hypothetical questions to test preferences for different lifestyles using the concept of subjective well-being — an individual's assessment of how they think and feel. People were presented with a range of scenarios that were either higher or lower in levels of subjective well-being.

Overall, the results suggested that about two-thirds of respondents preferred lives that were higher in subjective well-being, and valued happiness above all other dimensions of their lives tested, with the sole exception of good health.

In the survey, respondents were 25 per cent more likely to prioritise life satisfaction over their income, and approximately 34 per cent more likely to value higher life satisfaction over career success, relative to the probability of choosing life satisfaction over health. The authors noted that this emphasises the strength of preference for good health over other aspects of people's lives.

When the survey results were analysed by socio-economic status, the authors found relatively wealthier respondents were less likely to choose lifestyles higher in subjective well-being, suggesting that individuals with higher earnings are less likely to value their happiness overall.

Similarly, higher levels of education showed well-educated individuals were less likely to choose a life higher in subjective well-being. Family statuses that included children or a partner, as opposed to being single, were less likely to value happiness, suggesting that in some situations families could act as a substitute for lower levels of happiness.

In addition, the researchers found that older respondents were significantly more likely to place a higher value on happiness than younger respondents, suggesting that an individual's priorities are likely to change as they age.

Professor Paul Dolan, Professor of Behavioural Science at LSE, says: "It is well-established that happiness is important, but we have tried to find out how much it really matters to people, and what they are willing to sacrifice to achieve it.

"We found that when compared to other dimensions in people's lives, health is the most important. A question mark remains over whether people really believe that you can be in poor health and be happy, but there is clearly something special about health and it matters to a lot of people.

"So if policies were to better reflect people's preferences, governments would be advised to spend more on health and happiness and worry less about cash and careers."

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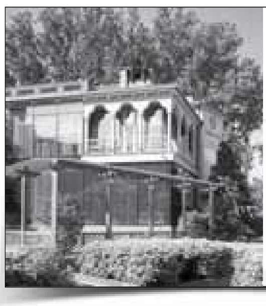

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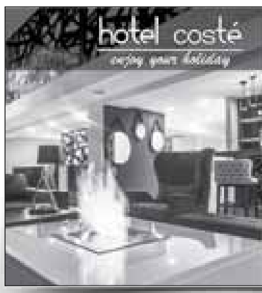

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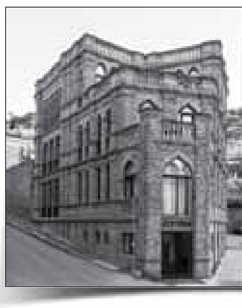

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ECONOMY

NPLs at 3.5% in June 2017

In June 2017, the banking sector loan portfolio increased 13.4% y/y after growing 14.3% y/y in previous month, excluding the exchange rate effect. In unadjusted terms, loan portfolio was up 17.9% y/y and 1.2% m/m to GEL 19.3bn (US$ 8.0bn). Deposits were up 15.5% y/y excluding the exchange rate effect. In unadjusted terms, deposits were up 17.4% y/y and up 2.8% m/m to GEL 16.8bn (US$ 7.0bn). Deposit dollarization reached 67.5% (+0.3ppts y/y and -1.0ppts m/m). NPLs stood at 3.5% in June 2017(-0.2% y/y and m/m).

NBG keeps its policy rate unchanged at 7.0%

At its meeting on 26 July 2017, NBG's monetary policy committee decided to keep the policy rate unchanged at 7.0%.

The annual inflation rate rose to 7.1% in June 2017; Notably, the excise tax hikes on tobacco and fuels accounted for 2.6ppts in price level growth. NBG cited that increase in inflation is in line with existing forecast in 2Q17 due to one-off supply side pressures and the inflation will remain above the target rate of 4.0% throughout 2017.

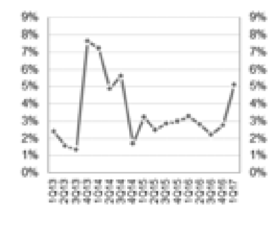
NBG also noted that there is no need for further tightening of monetary policy as the increase in inflation rate is temporary; as one-off factors affecting prices dissipate, inflation will decrease in 2H17 and get close to its target rate at the beginning of 2018. Given the absence of additional shocks in the medium term, the policy rate is expected to decrease to its neutral level based on NBG. The next committee meeting is scheduled for 6 September 2017.

Key macro indicators

	1H17	2016	2015
GDP (% change)	4.5%(1)	2.7%	2.9%
GDP per capita (ppp)	...	10,044	9,601
GDP per capita (US$)	...	3,853	3,767
Population (mn)	3.7	3.7	3.7
Inflation (eop)	7.1%	1.8%	4.9%
Gross reserves (US$ bn)	3.0	2.8	2.5
CAD (% of GDP)	...	13.5%	12.0%
Fiscal deficit (% of GDP)	...	4.1%	3.7%
Total public debt (% of GDP)	...	44.6%	41.4%

Source: Official data, IMF
1) As of 5M17

Real GDP growth, %



Source: GeoStat

Georgia sovereign credit ratings

Standard & Poor's	Moody's Investors Service	Fitch Ratings
BB-	Ba3	BB-
Stable	Positive	Stable
Affirmed	Affirmed	Affirmed
Nov-2016	Mar-2016	Mar-2017

Source: Rating agencies

International ranking, 2016-17

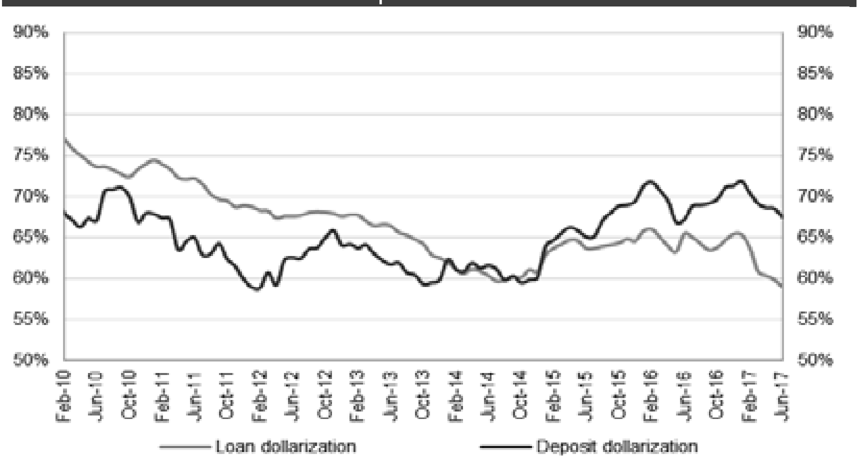
Ease of Doing Business
16 (regional leader)

Economic Freedom Index
13 (mostly free)

Global Competitiveness Index
59 (improving trend)

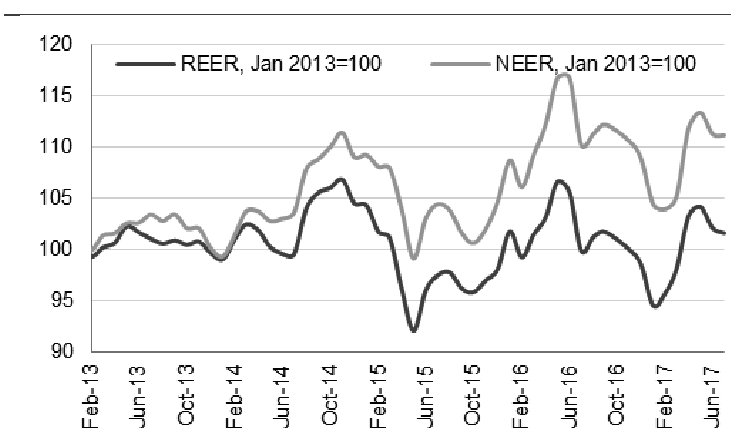
Source: World Bank, Heritage Foundaition and World Economic Forum

Loan and deposit dollarization



Source: NBG

Nominal Effective Exchange Rate and Real Effective Exchange Rate



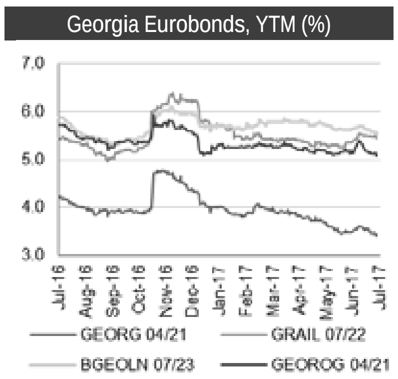
Source: NBG
Note: Index growth means appreciation of exchange rate, decline means depreciation of exchange rate.

FIXED INCOME

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.5% yield, trading at 102.3 (+0.2% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 99.8 (unchanged w/w), yielding 11.1%. GOGC Eurobonds (GEOROG) were trading at 105.5 (+0.1% w/w), yielding 5.1%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 109.8 (unchanged w/w), yielding 5.5%.

Georgian Sovereign Eurobonds (GEORG) closed at 111.9 (+0.1% w/w) at 3.4% yield to maturity.

Georgia Eurobonds, YTM (%)



Source: Bloomberg

	Local bonds				Eurobonds				
	GWP 12/21	**M2RE 10/19**	**Nikora 03/18**	**GLC 09/17**	**GEBGG 06/20**	**GEOROG 04/21**	**BGEOLN 07/23**	**GEORG 04/21**	**GRAIL 07/22**
Amount, US$ mn	30*	25.0	5.0	10.0	500*	250	350	500	500
Issue date	12/16	10/16	03/16	09/14	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	03/18	09/17	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.50**	7.5	11.0	8.75	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/ Moody's	BB-/-/-	-/-/-	-/-/-	-/-/-	BB-/-/Ba3	BB-/B+/-	BB-/-/B1	BB-/BB-/Ba3	B+/B+/-
Mid price, US$	n/a	101.5	101.2	100.4	99.8	105.5	102.3	111.9	109.8
Mid yield, %	n/a	6.75%	9.0%	6.50%	11.1	5.1	5.5	3.4	5.5
Z-spread, bps	n/a	n/a	n/a	n/a	346.1	332.9	165.3	357.3	356.9

**GWP 12/21 bonds are in Georgian lari*

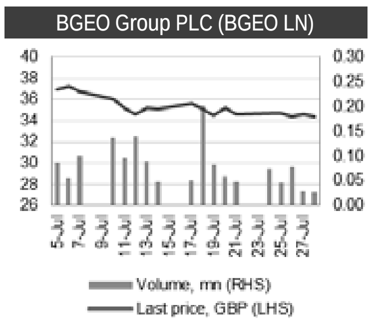
Eastern European sovereign 10-year bond performance

Issuer	Amount, US$ mn	Coupon, %	Maturity date	Ratings (Fitch/S&P/Moody)	Mid yield, %
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba3	3.4
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba1	4.4
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	0.1
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	1.4
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	2.7
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	2.9
Russia	3,500	5.000%	29/04/2020	BBB-/BB+/Ba1	2.7
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Ba1	3.7

Source: Bloomberg

EQUITIES

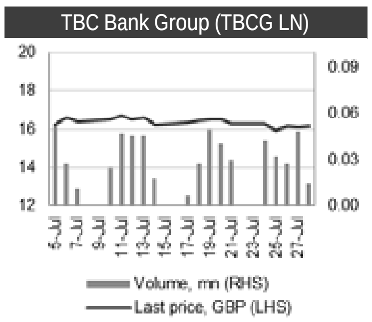
BGEO Group PLC (BGEO LN)



Source: Bloomberg

BGEO Group (BGEO LN) shares closed at GBP 34.40/share (-0.66% w/w and -0.92% m/m). More than 252k shares traded in the range of GBP 34.10 – 35.39/share. Average daily traded volume was 83k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, lost 0.12% w/w and gained 1.29% m/m. The volume of BGEO shares traded was at 0.64% of its capitalization.

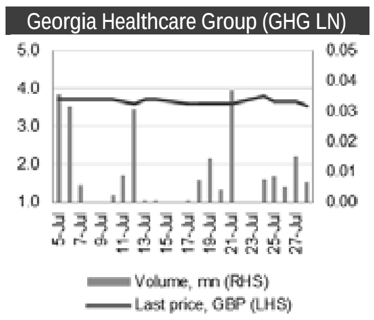
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 16.15 (-0.55% w/w and +4.06% m/m). More than 164 shares changed hands in the range of GBP 15.58 – 16.27/share. Averaged daily traded volume was 35k in the last 4 weeks.

Georgia Healthcare Group (GHG LN)



Source: Bloomberg

Georgia Healthcare Group (GHG LN) shares closed at GBP 3.55/share (-1.39% w/w and +0.85% m/m). More than 42k shares were traded in the range of GBP 3.55 – 3.80/share. Average daily traded volume was 11k in the last 4 weeks. The volume of GHG shares traded was at 0.03% of its capitalization.

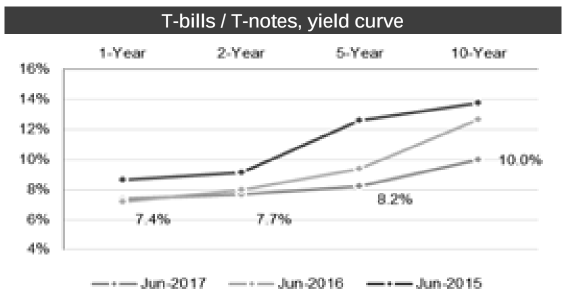
MONEY MARKET

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,150mn (US$ 479.3mn).

Ministry of Finance Treasury Bills: 3-month GEL 50.0mn (US$ 20.8mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on July 25, 2017. The weighted average yield was fixed at 7.052%.

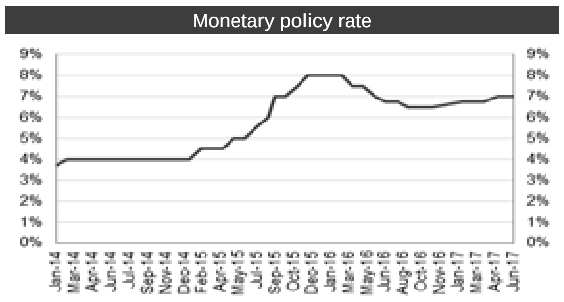
Ministry of Finance Treasury Notes: 5-year GEL 25.0mn (US$ 10.4mn) T-Notes of Ministry of Finance were sold at the auction held at NBG on July 26, 2017. The weighted average yield was fixed at 8.130%. The nearest treasury security auction is scheduled for august 2, 2017, where GEL 40.0mn nominal value 1-year T-Bills will be sold.

T-bills / T-notes, yield curve



Source: NBG
**Note: As of latest auction.*

Monetary policy rate



Source: NBG

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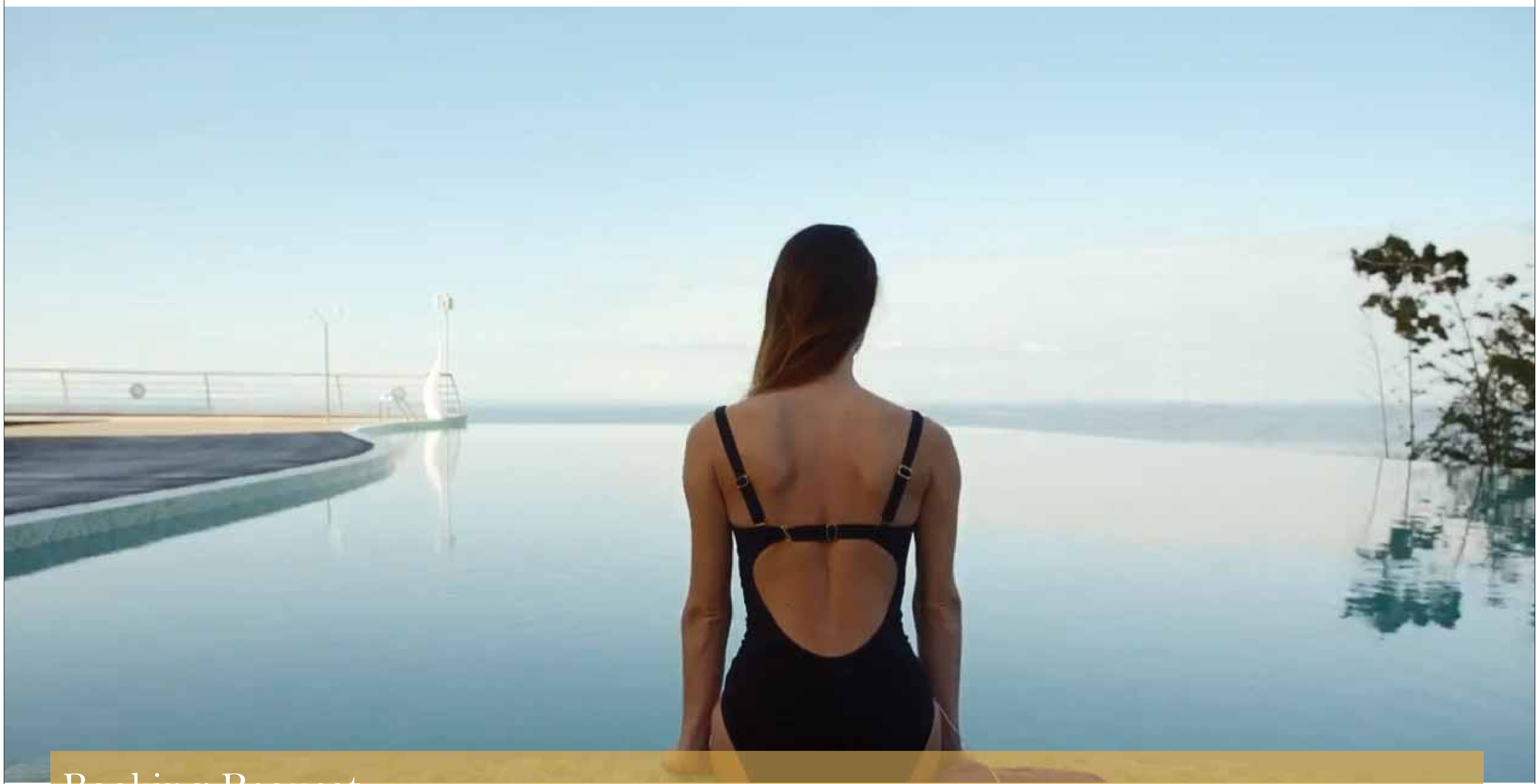

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