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WHO Report Finds Dramatic Increase in life-saving Tobacco Control Policies in Last Decade

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26% Rate Trump-Russia Allegations Nation's Biggest Problem

See on p. 13

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

Female EU Citizens Face Disadvantage in Claiming Permanent Residency in the UK

The FINANCIAL -- Female EU nationals who are engaged in insecure types of work and who have young children face disadvantage in claiming permanent UK residency.

EU nationals have residence rights in the UK if they are workers, the family members of EU nationals, or self-sufficient persons. After five years of residing in the UK on this basis, they can claim permanent residence.

The LSE research found that female EU nationals are at risk of exclusion from residence and social rights because their work is not recognised as 'genuine and effective work' or because having children negatively impacts on their employment.

Continued on p. 6

Which countries are most ready to manage disruptive change?

The FINANCIAL

European countries captured seven of the top 10 places in the 2017 CRI, demonstrating strong capacity to handle the region's challenges. Switzerland took the number-one ranking for the first time, replacing Singapore, which had claimed the top ranking in the 2013 and 2015 CRIs. This are results of the 2017 KPMG Change Readiness Index (CRI), was released last week. Ranking 136 countries for their capacity to respond and adapt to significant change, resulting from short-term events, such as natural disasters, and longer-term demographic, economic, social and technological trends.

The UK entered the top 10 for the first time, strengthening its change readiness at an especially critical time as the country prepares for Brexit.

The US also significantly improved its ranking since the previous CRI, rising eight places to 12th from 20th in 2015.

The highest-ranked countries (with change in ranking from 2015):

Switzerland (+1)
Sweden (+7)
United Arab Emirates (+2)
Singapore (-3)
Denmark (+3)
New Zealand (+0)
Netherlands (+4)
Finland (+2)
Germany (+3)
United Kingdom (+3)
Norway (-7)
United States (+8)
Hong Kong (-10)
Australia (+2)
Ireland (--)*
Austria (+1)
Canada (-3)
Belgium (+0)

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What CEOs Are Reading in 2017

The FINANCIAL

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Find picks from Microsoft's Satya Nadella, the Dow Chemical Company's Andrew Liveris, Maria Ramos of Barclays Africa Group, and General Sir Nick Carter, head of the British Army, among others.

Serial Innovators: Firms That Change the World—Claudio Feser (John Wiley & Sons, 2011; nonfiction)

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Weekly Market Watch

By Galt & Taggart

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Global Consumer Confidence Is on the Rise

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CURRENCIES

	July 22	July 15
1 USD	2.3983 ▲	2.4015
1 EUR	2.7923 ▼	2.7411
100 RUB	4.0713 ▼	4.0304
1 TRY	0.6783 ▼	0.6736

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FINANCIAL

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CURRENT PRICES ON GASOLINE AND DIESEL

24 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

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

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

Which countries are most ready to manage disruptive change?

Switzerland ranks first, while US and UK make gains alongside some surprises

The FINANCIAL

European countries captured seven of the top 10 places in the 2017 CRI, demonstrating strong capacity to handle the region's challenges. Switzerland took the number-one ranking for the first time, replacing Singapore, which had claimed the top ranking in the 2013 and 2015 CRIs. This are results of the 2017 KPMG Change Readiness Index (CRI), was released last week. Ranking 136 countries for their capacity to respond and adapt to significant change, resulting from short-term events, such as natural disasters, and longer-term demographic, economic, social and technological trends.

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Netherlands (+4)
Finland (+2)
Germany (+3)
United Kingdom (+3)
Norway (-7)
United States (+8)
Hong Kong (-10)
Australia (+2)
Ireland (--)*
Austria (+1)
Canada (-3)
Belgium (+0)
Qatar (-12)
France (+6)

Why some countries are more change ready than others

Focusing on GDP or business outputs alone is not the answer to a country becoming more change ready. The CRI shows that improving capabilities in areas of government and people & civil society, as well as in enterprise, or business environment, are often key to why some countries are able to climb up the rankings. No single factor underlies change readiness.

In 2017, every top-ten country, with the exception of Singapore, increased its government and people & civil society capability scores over 2015. Just four of the top 20 ranked countries saw a decline in people & civil society scores, whereas 25 of the bottom 30 countries in the rankings declined in this capability.

Rwanda proves lower-income countries can strengthen change readiness

High-income countries are generally better positioned to respond to change, but Rwanda demonstrates that lower-income countries can significantly improve their change readiness. Rwanda rose to 46 in the 2017 rankings, making it the only low-income country in the top 50. Rwanda benefited from strong performance in government capability, where it ranked 21st.

"Rwanda's progress can offer lessons for other countries as to how strengthening fundamental institutions and achieving political stability can lay the foundation for much greater change readiness," according to Trevor Davies, Global Head of the IDAS Institute at KPMG.

The impact of change readiness on migration

Migration is a significant driver of change for many countries. Those that are most change ready have a better capacity to meet the challenges and potentially benefit from increasing migration. It is not a coincidence that countries with high CRI scores–including Sweden, Germany, the Netherlands and the UK–have greater shares of migrant population.

Euro banknote counterfeiting remains low in first half of 2017

The FINANCIAL

331,000 counterfeit euro banknotes were withdrawn from circulation in the first half of 2017

Around 85% of the counterfeits were €20 and €50 banknotes. Despite of this, Euro banknotes continue to be a trusted and safe means of payment.

Some 331,000 counterfeit euro banknotes were withdrawn from circulation in the first half of 2017, a decrease compared with the second half of 2016. The likelihood of receiving a counterfeit is thus very slight. The number of counterfeits remains very low compared with the number of genuine banknotes in circulation, which has risen steadily, at rates above GDP growth, since they were introduced. In 2016, for instance, the number and value of euro banknotes in circulation grew by around 7.0% and 3.9% respectively. There are now over 20 billion euro banknotes in circulation, with a total value of more than €1.1 trillion.

Customs Union: EU customs seized over 41 million fake goods at EU borders last year

The FINANCIAL

New figures released by the European Commission show that customs authorities detained more than 41 million fake and counterfeit products at the EU's external border in 2016. The goods had a total value of over €670 million. Everyday products which are potentially dangerous to health and safety – such as food and drink, medicines, toys and household electrical goods - accounted for over a third of all intercepted goods.

Cigarettes were the top category (24%) for articles detained and toys the second largest group (17%), followed by foodstuffs (13%) and packaging material (12%). The number of intercepted articles rose by 2% compared to 2015.

China remains the clear leader when it comes to the provenance of fake goods: 80% of articles arrived from China in 2016. Large amounts of cigarettes originated in Vietnam and Pakistan, while Singapore was the top source for counterfeit alcoholic beverages. Iran was the main source country for fake clothing accessories. Hong Kong was the leader for counterfeit mobile phones and India topped the list for counterfeit medicines. In more than 90% of detentions, goods were either destroyed or a court case was initiated to determine an infringement or as part of criminal procedures.

"A high level of protection of intellectual property is crucial to support growth and create jobs. Fake goods pose a real threat to health and safety of EU consumers and also undermine legal businesses and state revenues", Pierre Moscovici, Commissioner for Economic and Financial Affairs, Taxation and Customs, said. "Studies show that the EU is particularly exposed to imports of counterfeit products. I want to pay tribute to the hard work of customs authorities in combating these fake goods. They need support and resources to enable them to protect us all from the dangers that they can pose. Cooperation between law enforcement authorities should be strengthened and risk management systems upgraded to protect the EU from goods infringing on intellectual property rights."

EU Foreign Direct Investment flows

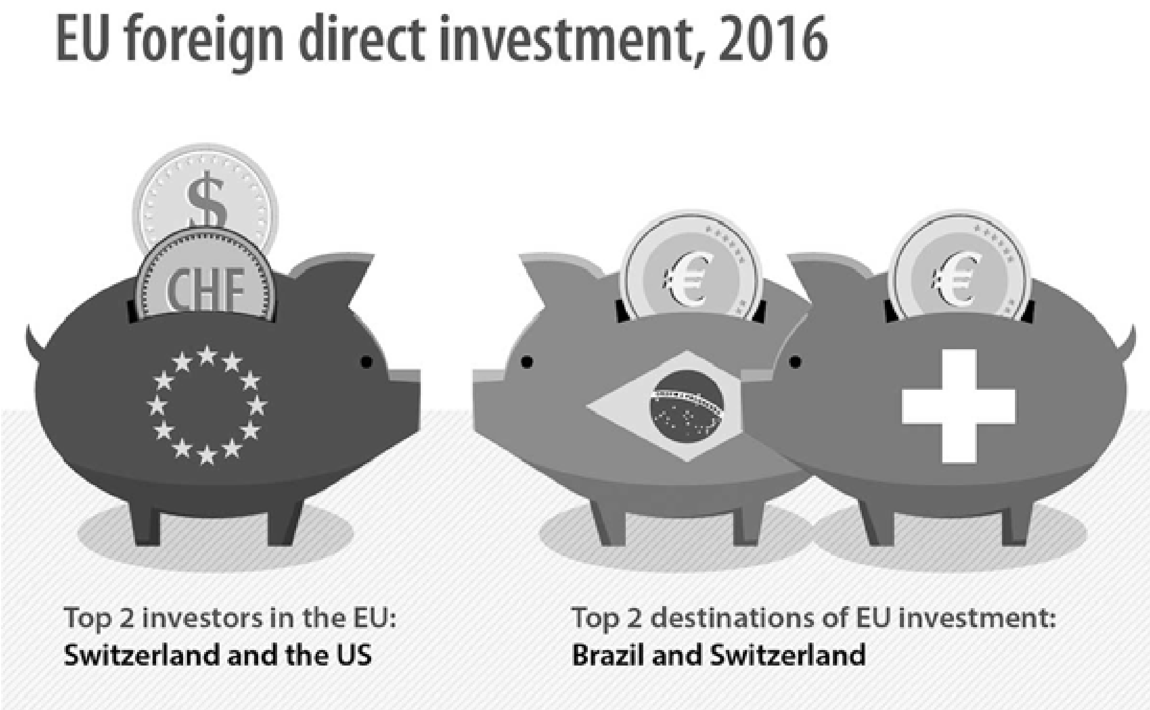
The FINANCIAL

According to preliminary results, Foreign Direct Investment (FDI) from the European Union (EU) to the rest of the world amounted to €186 billion in 2016, a sharp drop (-68%) compared with the €585 bn recorded in 2015.

In the opposite direction, investment from the rest of the world into the EU stood at €280 bn, down by 41% compared with 2015 (€476 bn).

The EU-US FDI relationship weakened in 2016

As a long-standing key partner, the United States was principally behind the overall decrease in FDI flows in 2016. The EU recorded a net disinvestment by its resident entities on the US market in 2016 (-€94 bn, compared with +€352 bn in 2015). Meanwhile, US direct investors significantly reduced (-76%) their net acquisitions within the EU, from €223 bn in 2015 to €54 bn in 2016.



A notable net disinvestment by EU companies was also registered in 2016 with Canada (-€17 bn) and, to a lesser extent, Russia (-€6 bn). As a result, Brazil was the main beneficiary of EU FDI (€33 bn) in 2016, ahead of Switzerland (€21 bn) and offshore financial centres (€14 bn).

As for inward flows, the two main investors into the EU in 2016 were Switzerland (€55 bn) and the United States (€54 bn), followed at a distance by offshore financial centres (€36 bn), Japan (€28 bn) and Canada (€20 bn).

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Alain Bejjani, Majid Al Futtaim Holding

Serial Innovators: Firms That Change the World—Claudio Feser (John Wiley & Sons, 2011; nonfiction)
Originals: How Non-Conformists Move the World—Adam Grant (Penguin Books, 2017; nonfiction)
The Human Comedy: Selected Stories—Honoré de Balzac (New York Review Books Classics, 2014; fiction)
The Rock of Tanios—Amin Maalouf (Grasset, 1993; fiction)
Journaux: 1912–1940—Stefan Zweig (Belfond, 1996; fiction)

General Sir Nick Carter, chief of the General Staff, British Army

Churchill: The Power of Words—Martin Gilbert (Da Capo Press, 2012; nonfiction)
Fighting Talk: Forty Maxims on War, Peace, and Strategy—Colin S. Gray (Potomac Books, 2009; nonfiction)
Sun Tzu: The Art of War for Managers: 50 Strategic Rules Updated for Today's Business—Gerald A. Michaelson and Steven W. Michaelson (Adams Media, 2010; nonfiction)

Jamie Dimon, JPMorgan Chase

Sapiens: A Brief History of Humankind—Yuval Noah Harari (Harper, 2015; nonfiction)

Tony Elumelu, chairman, Heirs Holdings

Leading Change—John P. Kotter (Harvard Business Review Press, 2012; nonfiction)
Execution: The Discipline of Getting Things Done—Larry Bossidy and Ram Charan (Crown Business, 2002; nonfiction)
Good to Great: Why Some Companies Make the Leap . . . and Others Don't—Jim Collins (Harper Business, 2001; nonfiction)

Herman Gref, Sberbank

Great People Decisions: Why They Matter So Much, Why They Are So Hard, and How You Can Master Them—Claudio Fernandez-Araoz (John Wiley & Sons, 2007; nonfiction)
What You Got Here Won't Get You There: How Successful People Become Even More Successful!—Marshall Goldsmith (Profile Books, 2008; nonfiction)
Tribal Leadership: Leveraging Natural Groups to Build a Thriving Organization—Dave Logan, John King, and Halee Fischer-Wright (Harper Business, 2008; nonfiction)
Grain Brain: The Surprising Truth About Wheat, Carbs, and Sugar—Your Brain's Silent Killers—David Perlmutter, MD (Little, Brown and Company, 2013; nonfiction)
The End of Power: From Boardrooms to Battlefields and Churches to States, Why Being in Charge Isn't What It Used to Be—Moisés Naím (Basic Books, 2014; nonfiction)

Drew Houston, Dropbox

Sam Walton: Made in America—Sam Walton (Bantam, 1993; nonfiction)
The Distracted Mind: Ancient Brains in a High-Tech World—Adam Gazzaley and Larry D. Rosen (MIT Press, 2016; nonfiction)
Zen and the Art of Motorcycle Maintenance: An Inquiry into Values—Robert M. Pirsig (William Morrow, 2005; nonfiction)

Gail Kelly, member of the Group of Thirty and former CEO, Westpac

Lab Girl—Hope Jahren (Vintage, February 2017; nonfiction)
Pachinko—Min Jin Lee (Grand Central Publishing, February 2017; fiction)
The Boys in the Boat: Nine Americans and Their Epic Quest for Gold at the 1936 Berlin Olympics—Daniel James Brown (Penguin Books, 2014; nonfiction)

Continued on p. 10

NDI about Georgia: Abuse of state resources, remains a widespread concern

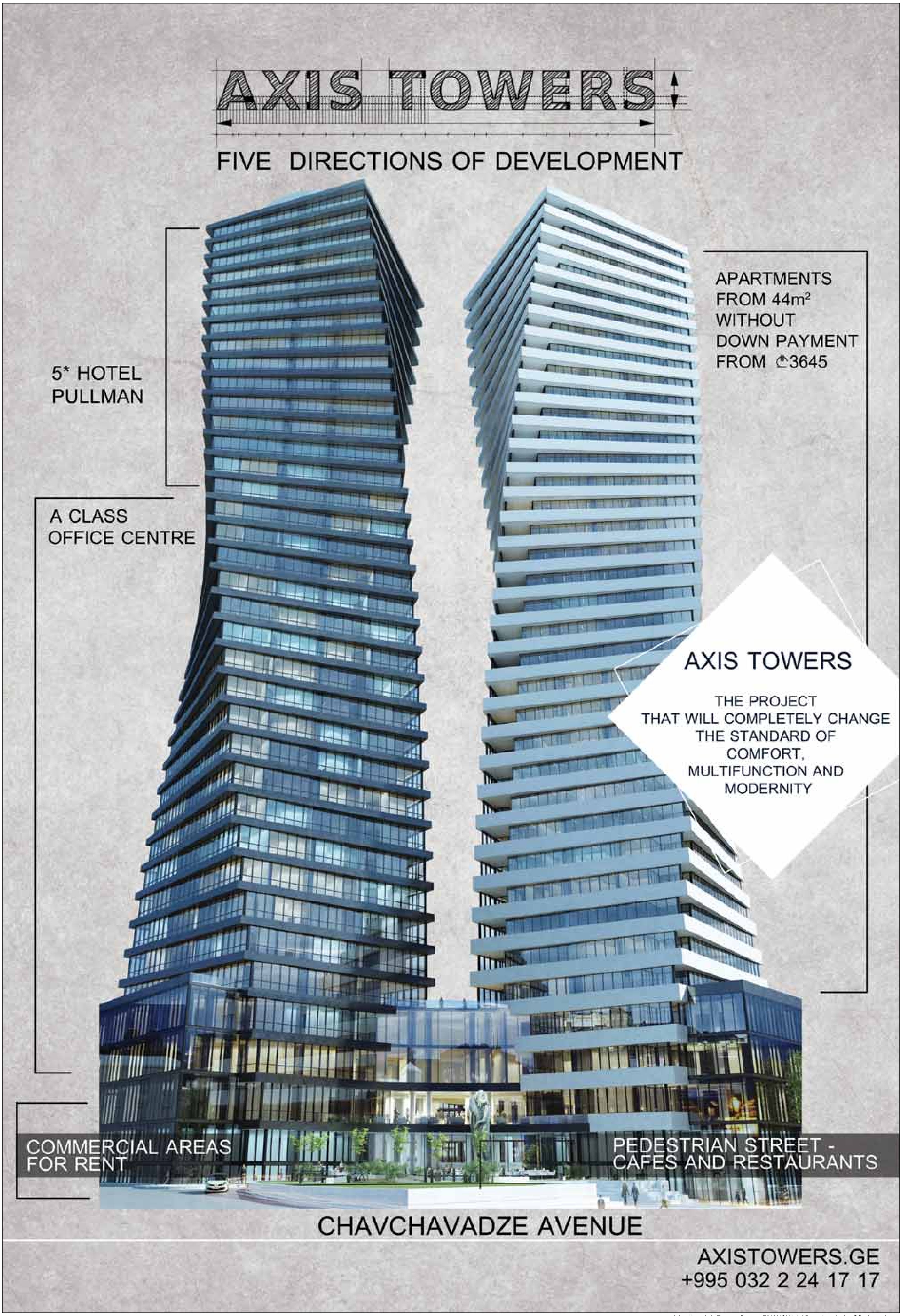
The FINANCIAL

Georgia approaches the October 2017 local elections with many achievements to its credit, including a vibrant political landscape and overwhelming public support for a democratic future. However, the NDI delegation encountered two divergent, parallel Georgias, a dichotomy that could undermine confidence in the political process. One, seen through the lens of the ruling Georgian Dream party, is characterized by very few democratic challenges: a free media and political environment; swift and unbiased justice; and reforms reflecting broad input. The other, held by nearly all the other interlocutors with whom the delegation met, represents a stark contrast: it is characterized by a calculated consolidation of power; uneven and political application of the law; an uneven and unfair electoral playing field; reforms designed to benefit the ruling party; shrinking media space for alternative viewpoints; informal governance; and abuse of state resources, particularly the use of state security services. This stark disparity of viewpoints could confuse and alienate citizens and contribute to instability over time.

Despite this, Georgia's citizens have high standards for their leaders and institutions and expect a continuation of the country's successful track record of credible elections. In support of their ambitions, NDI's delegation noted several key challenges and opportunities in the upcoming electoral process. The election administration mostly enjoys confidence among interlocutors, although important areas for improvement remain. Three controversial reform processes are being conducted very close to Election Day and lack sufficient transparency and inclusiveness. Abuse of state resources, an entrenched and longstanding problem in Georgia, remains a widespread concern. Media faces the challenge of providing the public with reliable, unbiased information about their electoral choices, while the space for pluralistic political discussion appears to be shrinking. Hate speech and disinformation have begun to stoke hostility in the electoral environment.

"The local elections are a critical opportunity for candidates and political parties to prioritize local issues of importance to many voters, who are frustrated with unmet expectations," said NDI. "The country has the skills, time, support, experience, and resources to address remaining, entrenched electoral challenges. What is still needed is sufficient political will."

Continued on p. 8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Female EU Citizens Face Disadvantage in Claiming Permanent Residency in the UK

The FINANCIAL -- Female EU nationals who are engaged in insecure types of work and who have young children face disadvantage in claiming permanent UK residency.

EU nationals have residence rights in the UK if they are workers, the family members of EU nationals, or self-sufficient persons. After five years of residing in the UK on this basis, they can claim permanent residence.

The LSE research found that female EU nationals are at risk of exclusion from residence and social rights because their work is not recognised as 'genuine and effective work' or because having children negatively impacts on their employment. Women who are not married to an EU national in the UK are unable to rely on rights as family members, and so are dependent on being continuously employed to claim rights as a worker. But, as the research notes, gender inequalities in work and caring for children impact on women's access to rights on this basis.

Women working on zero-hours contracts faced difficulties in being recognised as workers.

One provider is quoted in the paper as saying: "I had notice from the DWP [Department for Work and Pensions] last week [regarding a client's benefits claim] that just said 'zero-hours contract is not genuine and effective work'. There was no consideration of how many hours [of work] she was doing – it was a blanket assertion that zero hours is not 'genuine and effective work'. Typically I see people in a situation where they are earning under the minimum earnings threshold, and there doesn't tend to be, you can't really see a decision-maker looking at personal circumstances to see if they might be 'genuine and effective workers'."

Researchers interviewed 12 members of staff from organisations whose services included advice and assistance with social benefits claims. Their services were either targeted at migrants more generally, EU migrants specifically, or particular user groups that included EU migrants (parents of pre-school children, homeless people). Interviews with staff examined their experiences of EU migrants' access to rights to residence and to social benefits in the U.K.

Another provider is quoted: "What you often find is that somebody is told that the work you do is 'marginal and ancillary', based around the fact that, for instance, somebody is either in part-time work or is not doing sufficient hours or is not earning sufficient income."

Women working in informal types of work, including cleaning/domestic work, where they did not have a written contract and were paid 'cash-in-hand', were also less able to provide evidence of being engaged in 'genuine and effective work'. For example, they did not have a contract, pay slips or a bank account to be able to prove their work or earnings over a three-month period, thus excluding them from the status of worker.

The difficulties of providing evidence of 'genuine and effective work' were compounded where this evidence was required over a five-year period in order to claim the status of permanent resident.

While these conditions had implications for both women and men in insecure types of work, those types of work, and experiences of low-paid work, such as paid care work, affect women more acutely.

Women were also at a disadvantage where they had gaps in their employment history due to having children. This was particularly the case for lone parent women, who could not rely on access to rights as the family member of an EU national.

"Their previous work history counts for nothing unless they have got five years of work history, so essentially the clock is reset in terms of their ability to claim permanent residence."

One provider noted the absence of recognition of the impact of care on the lives of women: "There are five categories [of EU citizens with a right to reside] but being a mum of small children is not an exercising of EU Treaty rights so you need to get into a category."

The researchers, Dr Isabel Shutes of LSE's Social Policy Department, and Sarah Walker of the Sociology Department at Goldsmiths, University of London, call on the government to address the gender implications of the conditions for acquiring legal residence and social rights. Their findings indicate the difficulties that the approach taken in the UK already poses in terms of the requirements for demonstrating the status of worker, family member of an EU citizen-worker or, in the absence of work or marriage to an EU citizen, self-sufficiency.

The paper concludes: "Women out of work with pre-school children, who are not in a relationship with an EU citizen-worker, face the double burden of proving 'self-sufficiency' through no access to social benefits and through comprehensive sickness insurance...Making rights to residence and to social benefits contingent on work or family dependency is likely to contribute to gender and income-based inequalities in access to residence and social rights – placing low-income migrant women with young children at particular risk of exclusion from those rights, while placing all EU citizens in precarious work in insecurity."

"The free movement of EU citizens is central to ongoing Brexit negotiations. But it is, already, much less free for some than for others, Dr Shutes commented.

"As an EU citizen, your right to reside in the UK (or another EU country) depends on whether you are in work, the spouse/partner of an EU citizen in work, or self-sufficient. To be eligible for means-tested benefits, you must be able to provide evidence that you have a right to reside in the UK. And you need to provide evidence over a five-year period when applying for permanent residence in the UK.

"Both EU citizen women and men may, in principle, have a right to free movement in Europe, and a right to reside in the UK on that basis. However, rights that depend on work, marriage/partnership or self-sufficiency are gendered, and have gendered effects.

"The research findings indicate how gendered experiences of work, care and family affect access to rights for EU migrant women in the UK. Women may face difficulties in claiming the status of 'worker' with a right to reside in the UK, particularly if they have periods of time out of work due to caring for children. In those cases, women are largely dependent on being the spouse/partner of an EU citizen in work to access residence rights. But their partner may not be an EU citizen who has moved to the UK – they may be in a relationship with a British or non-EU citizen – or they may be a lone parent who is unable to access rights and other resources via a spouse/partner whatever their citizenship.

"In the context of Brexit, it is critical that the gender implications of the conditions for securing people's rights are addressed. Women out of work with pre-school children, who are not in a relationship with an EU citizen, are at risk of exclusion from rights and entitlements to residence and social security in the UK – now and beyond Brexit."


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financial news

Global Consumer Confidence Is on the Rise

The FINANCIAL

The latest Ipsos Global Consumer Confidence for July 2017 is 48.7.

July 2017's global Primary Index score of 48.7 shows a three-month gain of 1.2 point. The Primary Index reflects attitudes of consumers in 24 countries on the current and future state of local economies, personal finance situation, savings, and confidence to make large investments, as measured monthly by Ipsos Public Affairs.

The Primary Index is up by 1.5 points or more over a three-month period in eight countries, including the United States and Canada. Largest increases are seen in South Korea (+8.1), France (+3.8), and Poland (+3.3). Only South Africa (-3.3) records a notable drop. Countries with the highest Primary Index scores are China (67.1), India (66.3), Sweden (62.1), and the U.S. (61.5). Those with the lowest scores are Italy (37.0), South Africa (38.1), and Brazil (38.6).

These findings are based on data from Thomson Reuters/Ipsos' Primary Consumer Sentiment Index (PCSI) collected in an ongoing survey of consumers from 24 countries with more than 17,500 interviews conducted each month since 2010.

Subsets of the Primary Index, including the Jobs Index reflecting perceptions of job security, the Expectations Index reflecting economic expectations, and the Investment Index reflecting perceptions of the investment climate, are all up globally.

At 56.3, July 2017's global Jobs Index score shows a three-month increase of 1.1 point with gains of 1.5 points or more in 12 countries. The largest gains are seen in France (+4.0 points), the U.S. (+3.7) and Turkey (+2.7). Only South Africa (-2.4) and Great Britain (-1.5) show notable losses. The countries surveyed presenting the largest Jobs Index scores are Sweden (73.2), Germany (70.8), the U.S. (70.0), and China (also 70.0). Countries with the lowest scores are Brazil (30.3), Mexico (42.3), South Africa (44.1), Turkey (44.6), and Russia (45.3).

The global Expectations Index score of 57.7 is up 0.7 point over a 3-month period. Gains of 1.5 points or more are recorded in six countries and losses of 1.5 points or more in four countries. The largest increases are seen in South Korea (+10.7), Poland (+3.0), and France (+1.9) and the largest decreases in South Africa (-3.9), Brazil (-2.6), and Argentina (-1.8). India (73.4) and China (71.1) have the highest Expectations Index scores, while South Africa (46.1), Turkey (48.3), and Italy (48.8) have the lowest ones.

The global Investment Index shows a 3-month gain of 1.1 point to 42.1. Eight countries record gains of 1.5 points or more with the largest ones in South Korea (+8.3), France (+4.2), and Poland (+3.4). Two countries see their Investment Index drop by 1.5 points or more: South Africa (-4.1) and Israel (-1.8). Countries with the highest Investment Index scores are India (+67.9), China (+64.4), Sweden (+57.1), and the U.S. (+56.4). Those with the lowest scores are Japan (25.7), Italy (27.8), and Hungary (31.4).

Wizz Air Opens 28th Base in Varna

The FINANCIAL -- Wizz Air on July 21 celebrates the major milestone of opening its 28 base in Varna, Bulgaria. The airline has based one of its new Airbus A320 aircraft at Varna Airport, starting six additional low-fare routes from its second Bulgarian base to Dortmund and Munich Memmingen in Germany, Eindhoven in The Netherlands, Larnaca in Cyprus, Milan Bergamo in Italy and Tel Aviv in Israel. With the long-time popular London Luton and recently launched domestic Sofia services, Wizz Air now connects Varna with eight destinations in seven countries with fares starting from as low as BGN 29.99.

The base establishment represents an investment of $99 million by WIZZ in Varna, creating 36 direct jobs with the airline. The base operations and the expanded network will contribute to the local economy, supporting jobs in aviation, transportation, hospitality and tourism industries. In 2017, Wizz Air has 333,000 seats on sale on its Varna routes, which represents a 218% growth year over year, according to Wizz Air.

Wizz Air's first Bulgarian flight took off from Sofia in September 2005. Since then, the airline has become the market leader in the country and carried over 9.5 million passengers from and to its three Bulgarian airports: Sofia, Varna and Bourgas, while constantly expanding its low-fare route network.

Wizz Air has now eight aircraft based in Bulgaria, seven at Sofia and one at Varna Airport, employing 300 customer-oriented crew. In the first six months of 2017, more than one million passengers traveled with WIZZ to and from Bulgaria, 39% more than in the same period of the previous year.

NDI about Georgia: Abuse of state resources, remains a widespread concern

Continued from p. 4

The delegation provided a number of recommendations. These included more inclusive, consensus-based constitutional and legal reform processes; a political party code of conduct emphasizing a commitment to nonviolence; changes in parties' internal behaviors and practices to attract and prioritize women candidates, as well as ensuring a minimum of 30 percent women candidates on sakrebulo party lists; improved training for poll workers on counting and reconciliation procedures; concrete strategies to mitigate against disinformation; impartial and timely application of justice; and increased support for local media outlets and citizen election observer groups.

The mission, which visited Georgia from July 17 to July 21, consisted of Catherine Noone, Deputy Leader of the Irish Senate and Spokesperson on children and youth affairs; David Kramer, former Assistant Secretary of State for Democracy, Human Rights, and Labor at the U.S. Department of State; Janusz Onyszkiewicz, former Minister of Defense and Member of Parliament in the Polish Sejm; Laura Thornton, NDI Senior Resident Country Director in Georgia; Marija Babic, independent electoral expert; Melissa Muscio, NDI Program Director for Georgia, Turkey, and Central Asia; and Michael McNulty, NDI Senior Program Manager for Elections.

The delegation met with prospective candidates and political parties participating in the elections from across the political spectrum; members of the Central Election Commission, the State Audit Office, and the Inter-Agency Commission on Free and Fair Elections; the president; the prime minister; the National Association of Local Authorities; representatives of the Regional Policy and Self-Government Committee; representatives of the Ministry of Internal Affairs; civil society organizations, including citizen election observer groups; members of parliament; media representatives; and representatives of the international and diplomatic communities.

This mission is the first activity in NDI's international election observation of the local elections. In August, NDI will deploy a team of long-term observers. This will be supplemented by an international Election Day observation delegation. The NDI mission is funded by the U.S. Agency for International Development and the National Endowment for Democracy.

NDI is a nonprofit, nonpartisan organization working to support and strengthen democratic institutions worldwide through citizen participation, openness and accountability in government.


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financial news

Worldwide Public Cloud Services Spending Forecast to Reach $266 Billion in 2021

The FINANCIAL

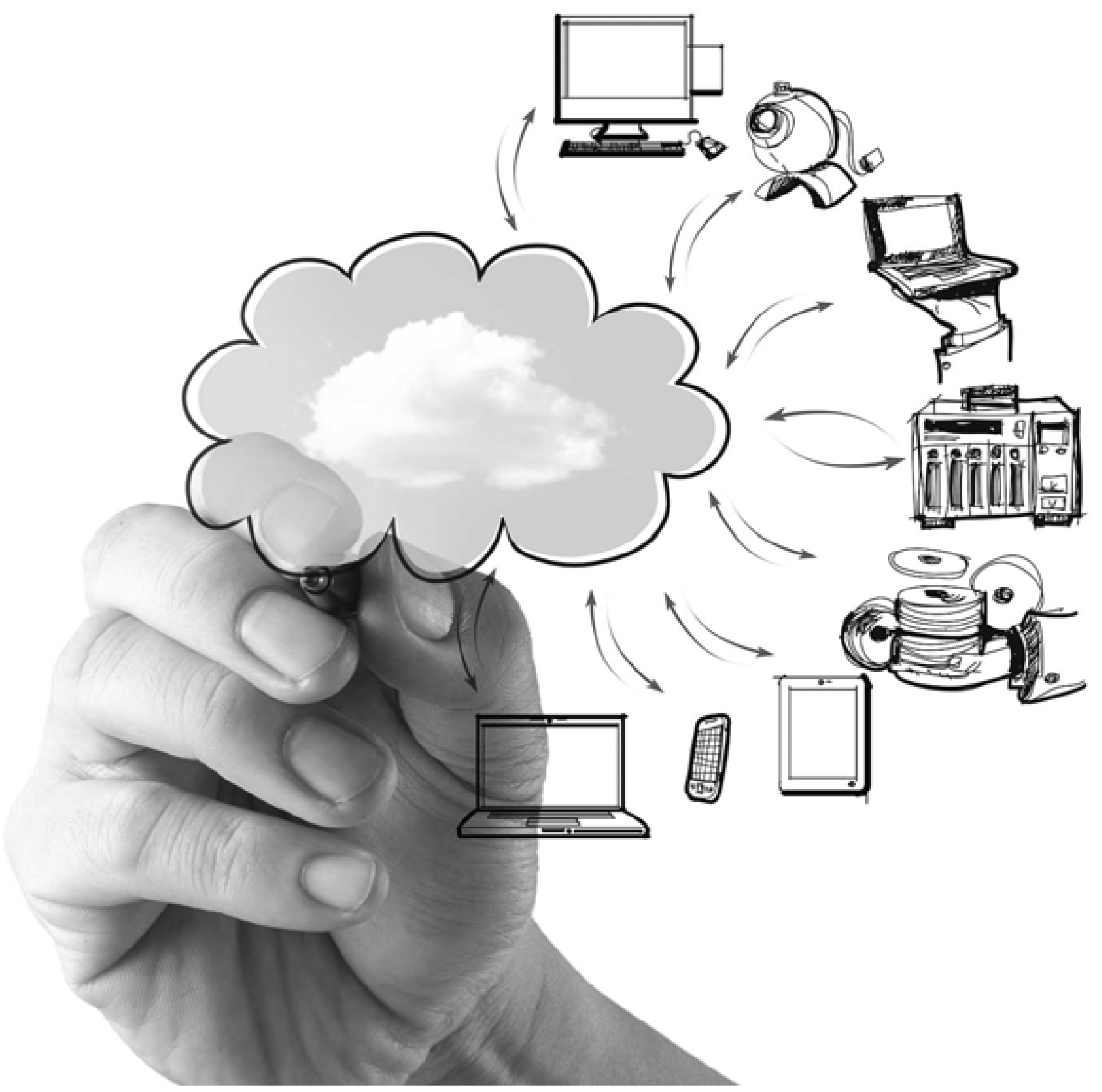
Worldwide spending on public cloud services and infrastructure is forecast to reach $266 billion in 2021, according to the latest update to the International Data Corporation (IDC) Worldwide Semiannual Public Cloud Services Spending Guide.

Although spending growth will slow somewhat over the 2016-2021 forecast period, the market is expected to achieve a five-year compound annual growth rate (CAGR) of 21.0%. Public cloud services spending will reach $128 billion in 2017, an increase of 25.4% over 2016.

The United States will be the largest market for public cloud services accounting for more than 60% of worldwide revenues throughout the forecast and total spending of $163 billion in 2021. Western Europe and Asia/Pacific (excluding Japan) (APeJ) will be the second and third largest regions with 2021 spending levels of $52 billion and $25 billion, respectively. APeJ and Latin America will experience the fastest spending growth over the forecast period with CAGRs of 26.7% and 26.2%, respectively. However, six of the eight regions are forecast to experience CAGRs greater than 20% over the next five years.

"In Western Europe, the public cloud market is going to more than double in the 2016-2021 timeframe led by strong spending growth in Germany, which is also the largest national market, Italy, and Sweden. The industries that will grow the most in the period under investigation are utilities, discrete manufacturing, insurance, and professional services," said Angela Vacca, senior research manager, Customer Insights and Analysis. "The growth of the cloud market is further pushed by the rise of Digital Transformation (DX), as cloud is expected to be the default delivery mode for DX projects in Europe."

The U.S. industries that will see the fastest growth in public cloud services spending are professional services (21.5% CAGR), media (21.0% CAGR), retail, and telecom (each with a CAGR of 20.9%). The U.S. industries that will spend the most on public cloud services are discrete manufacturing, professional services, and banking. Together, these three industries will account for nearly one third of all public cloud services spending in the United States in 2021. In Asia/Pacific (excluding Japan), banking, professional services, and telecom will deliver more than a third of the region's public cloud services spending in 2021 while the industries with the fastest spending growth will be professional services, personal and consumer services, and process manufacturing.



"Professional services, banking, and telecommunications are the three fastest growing industries worldwide over the forecast period, with banking and professional services also among the top 3 largest industries for worldwide spending on public cloud services," said Eileen Smith, program director, Customer Insights and Analysis. "Much of the public cloud services growth in these industries is coming from new projects and initiatives from functional areas like customer service and sales."

Software as a Service (SaaS) will remain the dominant cloud computing type, capturing two thirds of all public cloud spending in 2017 and nearly 60% in 2021. SaaS spending, which is comprised of applications and system infrastructure software (SIS), will in turn be dominated by applications purchases, which will make up more than half of all public cloud spending through 2019. Customer relationship management (CRM) applications and enterprise resource management (ERM) applications will account for more than 60% of all cloud applications spending throughout the forecast. Meanwhile, spending on Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) will grow at much faster rates than SaaS with five-year CAGRs of 30.0% and 29.7%, respectively.

In terms of company size, more than half of all public cloud spending will come from very large businesses (those with more than 1,000 employees) while medium-sized businesses (100-499 employees) will deliver about 20% of spending throughout the forecast. Large businesses (500-999 employees) will see the fastest growth with a five-year CAGR of 22.8%. While purchase priorities vary somewhat depending on company size, the leading product categories include CRM and ERM applications in addition to server and storage hardware.

Non-EU citizens more likely to be economically inactive

The FINANCIAL

In the European Union (EU), the activity rate of the population varies significantly according to citizenship. In 2016, the proportion of people who were economically active, meaning those employed and unemployed, stood at 68.6% for non-EU citizens aged 20 to 64, while it was 9.1 percentage points higher for nationals (77.8%). Looking at the individual rates, non-EU citizens had a lower employment rate (56.6% vs. 71.7%) and a higher unemployment rate (17.6% vs. 7.9%) than nationals.

The figure above presents the differences between the activity rate of non-EU citizens and that of nationals aged 20 to 64. In 2016, the most significant gaps were recorded in Croatia (37.5% for non-EU citizens compared with 70.3% for nationals, or a difference of -32.8 pp), the Netherlands (-23.6 pp) and Germany (-21.8 pp).

In contrast, non-EU citizens registered a higher activity rate than nationals in Greece (80.1% for non-EU citizens compared with 73.1% for nationals, or +7 pp), Slovenia (+5.4 pp), Italy (+3.9 pp), Portugal (+3.6 pp), Spain (+1.5 pp) and the Czech Republic (+1.3 pp).

What CEOs Are Reading in 2017

Continued from p. 8

Andrew Liveris, the Dow Chemical Company

The Third Metric to Redefining Success and Creating a Life of Well-Being, Wisdom, and Wonder—Arianna Huffington (Harmony, 2015; nonfiction)
The Sympathizer—Viet Thanh Nguyen (Grove Press, 2016; fiction)
The Quantum Spy—David Ignatius (W. W. Norton & Company, November 2017; fiction)

Francisco Pérez Mackenna, Quiñenco

The Undoing Project: A Friendship That Changed Our Minds—Michael Lewis (W. W. Norton & Company, 2016; nonfiction)
Why They Do It: Inside the Mind of the White-Collar Criminal—Eugene Soltes (PublicAffairs, 2016; nonfiction)
Life After Life—Kate Atkinson (Reagan Arthur Books, 2013; fiction)
Life on the Edge: The Coming of Age of Quantum Biology—Jim Al-Khalili & Johnjoe McFadden (Crown, 2014; nonfiction)
Boom Towns: Restoring the Urban American Dream—Stephen J. K. Walters (Stanford University Press, 2014, nonfiction)

David McKay, Royal Bank of Canada

Hillbilly Elegy: A Memoir of a Family and Culture in Crisis—J. D. Vance (Harper, 2016; nonfiction)
Only Humans Need Apply: Winners and Losers in the Age of Smart Machines—Thomas H. Davenport and Julia Kirby (Harper Business, 2016; nonfiction)
Sapiens: A Brief History of Humankind—Yuval Noah Harari (Harper, 2015; nonfiction)
Wild Ride: Inside Uber's Quest for World Domination—Adam Lashinsky (Portfolio, May 2017; nonfiction)

Satya Nadella, Microsoft

Leonardo da Vinci—Walter Isaacson (Simon & Schuster, October 2017; nonfiction)
Dawn of the New Everything: Encounters with Reality and Virtual Reality—Jaron Lanier (Henry Holt and Co., November 2017; nonfiction)
Exit West—Mohsin Hamid (Riverhead Books, March 2017; fiction)
Evicted: Poverty and Profit in the American City—Matthew Desmond (Broadway Books, February 2017; nonfiction)

Maria Ramos, Barclays Africa

The Gene: An Intimate History—Siddhartha Mukherjee (Scribner, 2016; nonfiction)
Superintelligence: Paths, Dangers, Strategies—Nick Bostrom (Oxford University Press, 2014; nonfiction)
The Ministry of Utmost Happiness—Arundhati Roy (Knopf, June 2017; fiction)

Fabio Schvartsman, Vale

Sapiens: A Brief History of Humankind—Yuval Noah Harari (Harper, 2015; nonfiction)
Shoe Dog: A Memoir by the Creator of Nike—Phil Knight (Scribner, 2016; nonfiction)
Sigmund Freud en son temps et dans le nôtre—Élisabeth Roudinesco (Seuil, 2014; nonfiction)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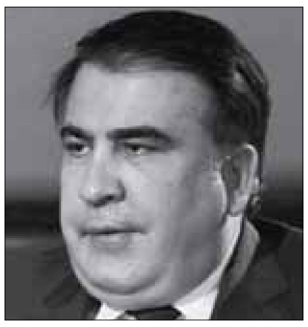

Mikheil Saakashvili:

THE FORMER PRESIDENT OF GEORGIA

"As compared to 2012, the gross domestic product has decreased by USD 1.5 billion."

Valeri KVARATSKHELIA

FactChek

On 11 July 2017, on air on Rustavi 2, the former President of Georgia, Mikheil Saakashvili, stated: "In 2012, the gross domestic product we left was USD 15.9 billion, almost USD 16 billion. After four years, the gross domestic product has decreased by USD 1.5 billion and constitutes USD 14.3 billion."

FactCheck verified the accuracy of the statement.

In light of the depreciation of the GEL exchange rate, opposition political parties actively use the USD denominated gross domestic product (GDP) and other statistical data (average salary, pension, etc.) which can be measured monetarily to assess the changes in the country's economic situation. This often involves the elements of manipulation by numbers. Taking the aforementioned indicators in foreign currency is not an appropriate way to process the data.

As illustrated by the table, the USD denominated nominal GDP was USD 15.85 billion in 2012 (USD 1=GEL 1.65) whilst it decreased by USD 1.52 billion in 2016 and equals USD 14.33 billion (USD 1=GEL 2.37). However, the comparison of these data, despite having accurate numbers, contains two important mistakes. First of all, it is noteworthy that the nominal GDP shows the changes caused by the inflation factor as well; thus, in order to compare the GDPs of two different periods, economic theory employs real numbers. The denomination of the GDP in a foreign currency is an inappropriate indicator for assessing the changes at the national level although this would produce a figure which would be comparable to those of other countries. However, even in this case it is expedient to use the number calculated by purchasing power parity (PPP) instead of simply taking the USD denominated GDP. This is because money's purchasing parity varies in different countries and in practice you can buy different amounts of products and services in different countries for USD 1.

As illustrated by the table, the approved indicator in economic theory to assess GDP changes through time – the GDP denominated in the national currency (in 2010 prices) – has not decreased but, on the contrary, it has a growth tendency. In 2016, Georgia's GDP was GEL 27.05 billion which is GEL 3.39 billion more as compared to the GDP in 2012.

The real GDP has also increased by GEL 2,100 if we caculate it per capita. At the same time, whilst analysing the GDP figure per capita, we have to take into account that the 2015-2016 data are calculated on the basis of the latest universal public census whilst the numbers before 2014 were calculated on the basis of an outdated public census. As result, taking into account the decrease in the population, the indicators before and after 2014 are not comparable with each other and indicator's growth rate is good enough to have an understanding of real situation. However even on the basis of old census, that indicator is increased, albeit at a slow pace.

Table 1: GDP Change Trend

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Nominal GDP, GEL Million	16,994	19,075	17,986	20,743	24,344	26,167	26,847	29,151	31,756	33,922
GDP in 2010 Prices, GEL Million	19,784	20,263	19,523	20,743	22,241	23,654	24,455	25,586	26,323	27,045
GDP Real Growth	12.6%	2.4%	-3.7%	6.2%	7.2%	6.4%	3.4%	4.6%	2.9%	2.7%
Nominal GDP, USD Million	10,172	12,801	10,767	11,637	14,439	15,847	16,140	16,508	13,988	14,333
Nominal GDP Per Capita, GEL	3,867	4,353	4,101	4,676	5,447	5,818	5,988	6,492	8,551	9,118

Source: National Statistics Office of Georgia

CONCLUSION

IN 2012-2016, USD DENOMINATED NOMINAL GDP HAS DECREASED BY 1.52 BILLION DOLLARS AND DROPPED TO USD 14.33 BILLION. HOWEVER, DECREASE WAS NOT CAUSED BY A REAL CHANGE (DECLINE OF THE ECONOMY), BUT BECAUSE OF DEPRECIATION OF NATIONAL CURRENCY EXCHANGE RATE. THEREFORE, USING FACTUALLY ACCURATE, ALTHOUGH INAPPROPRIATE DATA LEAD US TO INCORRECT ASSESSMENT OF GDP CHANGES.

ACCORDING TO THE ECONOMIC THEORY, IN ORDER TO ASSESS GDP CHANGE TREND ON A NATIONAL LEVEL, THE APPROVED INDICATOR IS THE CHANGE IN REAL GDP. ACCORDING TO THAT FIGURE GDP IN 2012-2016, HAVE NOT DECREASED AND ON THE CONTRARY, GREW BY GEL 3.39 BILLION. THE ONLY DECREASED INDICATOR IS REAL GDP GROWTH RATE. BEARING THESE INMIND, IT IS POSSIBLE TO SAY THAT NEGATIVE TREND UNDERLINED IN MIKHEIL SAAKASHVILI'S STATEMENT DOES NOT CORRESPOND A REALITY.

THEREFORE, **FACTCHECK** CONCLUDES THAT MIKHEIL SAAKASHVILI'S STATEMENT IS **MANIPULATION BY NUMBERS.**

MANIPULATION BY NUMBERS

EUROPEAN ENDOWMENT FOR DEMOCRACY

G|M|F The German Marshall Fund of the United States

STRENGTHENING TRANSATLANTIC COOPERATION

Kingdom of the Netherlands

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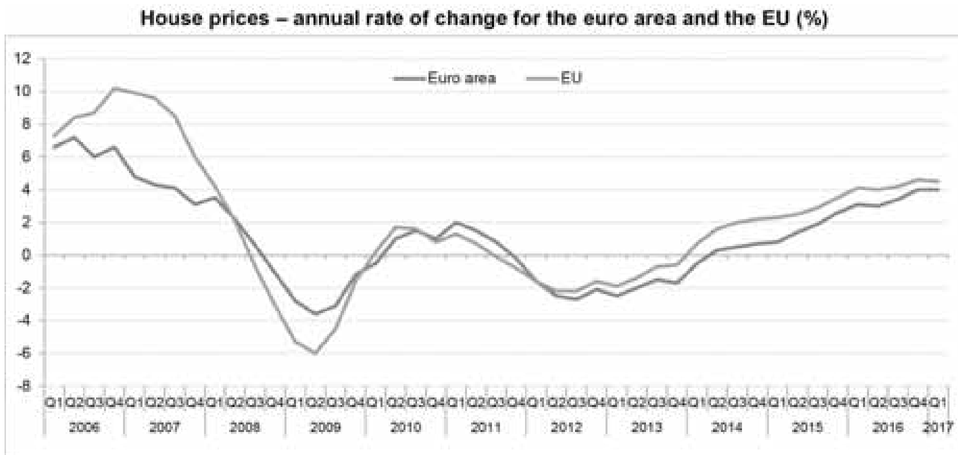
House prices up by 4.0% in the euro area



Up by 4.5% in the EU

The FINANCIAL

House prices, as measured by the House Price Index, rose by 4.0% in the euro area and by 4.5% in the EU in the first quarter of 2017 compared with the same quarter of the previous year. These figures come from Eurostat, the statistical office of the European Union.

Compared with the fourth quarter of 2016, house prices rose by 0.4% in the euro area and by 0.7% in the EU in the first quarter of 2017.

House price developments in the EU Member States

Among the Member States for which data are available, the highest annual increases in house prices in the first quarter of 2017 were recorded in the Czech Republic (+12.8%), Lithuania (+10.2%) and Latvia (+10.1%), while prices fell in Croatia (-0.4%) and Italy (-0.1%).

Compared with the previous quarter, the highest increases were recorded in the Czech Republic (+2.9%), Latvia (+2.8%) and Sweden (+2.5%), and the largest decreases in Malta (-5.4%), Slovakia (-2.4%) and Cyprus (-1.4%)

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 fourth quarter of 2016, twelve Member States registered an increase in their debt to GDP ratio at the end of the first quarter of 2017, and fifteen a decrease. The highest increases in the ratio were recorded in the Czech Republic (+3.1 percentage points – pp), Luxembourg (+3.0 pp), Croatia (+2.6 pp) and France (+2.3 pp). The largest decreases were recorded in Greece (-2.9 pp), the Netherlands (-2.2 pp) and Austria (-2.0 pp).

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).

26% Rate Trump-Russia Allegations Nation's Biggest Problem

The FINANCIAL

Despite wall-to-wall media coverage of the Trump-Russia allegations, just one-out-of-four voters rate them as the most serious problem facing the nation. For most voters, economic issues, Obamacare and other problems are more serious.

When Likely U.S. Voters are asked which of six major problems facing the nation concerns them most, the latest Rasmussen Reports national telephone and online survey finds that 26% opt for the Trump administration's alleged ties to Russia. Eighteen percent (18%) say the economy is their biggest concern, while 16% list Obamacare.

For 15%, taxes and spending are the biggest worry, while just as many (14%) are more concerned about national security and the war on terror. Seven percent (7%) put illegal immigration at the top of the list.

Even among Democrats, only 40% view the possible Trump-Russia connection as their number one concern, although that view is shared by just 13% of Republicans and 25% of voters not affiliated with either major party.

Next in line for Democrats are Obamacare (18%) and the economy (17%).

Twenty-three percent (23%) of GOP voters are most concerned about national security and the war on terror, making that their number one worry, closely followed by taxes and spending (20%) and the economy (18%).

For unaffiliated voters, Russia is their number one worry. Second is the economy, most important to 19%, and Obamacare (17%).

Russia has consistently been a much bigger issue for Democrats than for other voters, with some Democratic leaders even calling for Trump's impeachment. Searching for a reason for Hillary Clinton's defeat, most Democrats blamed Russia following the election.

Most voters (52%) who Strongly Disapprove of the job Trump is doing as president consider Russia the biggest problem facing the nation. Just one percent (1%) of those who Strongly Approve of Trump's job performance agree. Among the latter voters, 24% see taxes and spending as the biggest concern.

Men are more concerned about economic issues than women are; women are more worried about national security.

Those 40 and over are more worried about the Trump administration's alleged ties to Russia than younger voters are. The economy is the biggest worry for younger voters.

Blacks are far more concerned about the Russia issue than whites and other minority voters.

Fifty-seven percent (57%) of all voters continue to favor a smaller government with fewer services and lower taxes over a larger, more active one with more services and higher taxes.

Voter support for thoughtful spending cuts in every area of the federal government is up to 56%. But Republicans balk if the military is included, while Democrats are more protective of entitlements.

The latest Consumer Spending Update shows confidence in the economy and personal finances is at or near record highs.

In June, as the unemployment rate dropped to its lowest level in 10 years, optimism among voters that the U.S. economy is fair soared to new highs.

Confidence that the United States has the edge in the war on terror remains higher than it has been in several years.

Just 13% of voters want to leave the health care law as is. Fifty-four percent (54%) feel that Congress and the president should go through Obamacare piece by piece to improve it. Thirty-one percent (31%) think they should repeal the entire law and start over again.

Juncker Plan: EUR 820 million for SMEs as EIF and ProCredit double support for innovative companies

The European Investment Fund (EIF) and ProCredit Group are providing an additional EUR 450 million to innovative small and medium-sized companies (SMEs), bringing a total of EUR 820 million to companies in eleven countries.

The EIF-backed financing is now available through ProCredit banks from Germany to Georgia and targets companies using new technologies and producing new products in one of the eleven countries where the facility is available (Germany, Albania, Serbia, FYROM, Bosnia and Herzegovina, Bulgaria, Greece, Romania, Moldova, Ukraine and Georgia). To date, agreements with ProCredit have already supported more than 1,000 innovative SMEs and many more will be financed in the coming years.

These agreements were signed under the European Commission's InnovFin initiative, backed by the EU's research and innovation programme Horizon 2020. The InnovFin initiative enables participating banks to provide loans to innovative companies with the support of a guarantee provided by the EIF. The agreements signed in EU member state countries were made possible by the support of the European Fund for Strategic Investments (EFSI). The EFSI is the central pillar of the European Commission's Investment Plan for Europe, also known as the "Juncker Plan".

EIF Chief Executive, Pier Luigi Gilibert, said: *"We are delighted that InnovFin SME guarantee agreements with the ProCredit banks are yielding such positive results. ProCredit's well-established distribution network, combined with its SME lending expertise, ensures that EC-backed loans can be rapidly deployed across the eleven territories. These transactions will help companies to access this EU backed finance, in order to drive forward an innovation agenda across Europe."*

European Commission Vice-President Jyrki Katainen, responsible for Jobs, Growth, Investment and Competitiveness, said: *"The Commission recognises that small businesses drive jobs and growth in Europe. Facilitating access to the finance they need to innovate, expand and create jobs is one of the effective ways by which the EU supports small and medium-sized enterprises across Europe. I wish those set to benefit from this financing every success as they take their next steps."*

Borislav Kostadinov, Member of the Management Board of ProCredit General Partner AG (sole liable managing entity of ProCredit Holding AG & Co. KGaA) added: *"The InnovFin initiative has definitely helped to modernise the SME sector in our countries of operation. Thanks to our Hausbank relationship with a large number of innovative SMEs, ProCredit banks have been in a position to finance innovation across a wide range of industries, especially in the manufacturing sector. Hence we are pleased that EIF and the ProCredit group have agreed to expand this successful programme."*

About EIF

The European Investment Fund (EIF) is part of the European Investment Bank Group. Its central mission is to support Europe's micro, small and medium-sized businesses (SMEs) by helping them access finance. EIF designs and develops venture and growth capital, guarantees and microfinance instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment. More information on EIF's work under EFSI is available here.

About the ProCredit group

ProCredit Holding AG & Co. KGaA, based in Frankfurt am Main, Germany, is the parent company of the international ProCredit group, which consists of banks for small and medium enterprises (SMEs) and whose operational focus is on South Eastern and Eastern Europe. In addition to this regional focus, the ProCredit group is also present in South America and Germany. The company's shares are traded on the Prime Standard segment of the Frankfurt Stock Exchange. The anchor shareholders of ProCredit Holding AG & Co. KGaA include the strategic investors Zeitinger Invest and ProCredit Staff Invest (comprising the investment vehicles for ProCredit staff), the Dutch DOEN Participaties BV, KfW Development Bank and IFC (part of the World Bank Group). As the group's superordinated company according to the German Banking Act, ProCredit Holding AG & Co. KGaA is supervised on a consolidated level by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and the German Bundesbank. More information can be found on the company's website at www.procredit-holding.com.

About the Juncker Plan

The Investment Plan for Europe, the so-called "Juncker Plan", is one of the European Commission's top priorities. It focuses on boosting investments to create jobs and growth by making smarter use of new and existing financial resources, removing obstacles to investment and providing visibility and technical assistance to investment projects.

The European Fund for Strategic Investments (EFSI) is the central pillar of the Juncker Plan. It provides a first loss guarantee, allowing the EIB to invest in more, often riskier, projects. The EFSI is already showing concrete results. The projects and agreements approved for financing under the EFSI so far are expected to mobilise more than EUR 209 billion in investments and support around 427,000 SMEs across all 28 Member States.

About InnovFin

The InnovFin SME Guarantee Facility is established under the "EU InnovFin Finance for Innovators" initiative developed under Horizon 2020, the EU Framework Programme for research and Innovation. It provides guarantees and counter-guarantees on debt financing of between EUR 25,000 and EUR 7.5 million in order to improve access to loan finance for innovative small and medium-sized enterprises and small mid-caps (up to 499 employees). The facility is managed by EIF and is rolled out through financial intermediaries – banks and other financial institutions – in EU Member States and Associated Countries. Under this facility, financial intermediaries are guaranteed by the EU and EIF against a proportion of their losses incurred on the debt financing covered under the facility.

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publicity

WHO Report Finds Dramatic Increase in life-saving Tobacco Control Policies in Last Decade

The FINANCIAL

More countries have implemented tobacco control policies, ranging from graphic pack warnings and advertising bans to no smoking areas. About 4.7 billion people – 63% of the world's population – are covered by at least one comprehensive tobacco control measure, which has quadrupled since 2007 when only 1 billion people and 15% of the world's population were covered. Strategies to implement such policies have saved millions of people from early death, World Health Organization said.

However, the tobacco industry continues to hamper government efforts to fully implement life- and cost-saving interventions, according to the new WHO report on the global tobacco epidemic, 2017.

43% of the world's population (3.2 billion people) are covered by two or more MPOWER measures at the highest level, nearly seven times as many people as in 2007.

Eight countries, including five low- and middle-income countries, have implemented four or more MPOWER measures at the highest level (Brazil, Islamic Republic of Iran, Ireland, Madagascar, Malta, Panama, Turkey and the United Kingdom of Great Britain and Northern Ireland).

The new report, funded by Bloomberg Philanthropies, focuses on monitoring tobacco use and prevention policies. It finds that one third of countries have comprehensive systems to monitor tobacco use. While this is up from one quarter of countries monitoring tobacco use at recommended levels in 2007, governments still need to do more to prioritize or finance this area of work.

Even countries with limited resources can monitor tobacco use and implement prevention policies. By generating data on youth and adults, countries can, in turn, promote health, save healthcare costs and generate revenues for government services, the report finds. It adds that systematic monitoring of tobacco industry interference in government policymaking protects public health by shedding light on tobacco industry tactics. These include exaggerating the economic importance of the tobacco industry, discrediting proven science, and using litigation to intimidate governments.

"Countries can better protect their citizens, including children, from the tobacco industry and its products when they use tobacco monitoring systems," says Dr Douglas Bettcher, Director of WHO's Department for the Prevention of Noncommunicable Diseases (NCDs).

"Tobacco industry interference in government policy-making represents a deadly barrier to advancing health and development in many countries," says Dr Bettcher. "But by monitoring and blocking such activities, we can save lives and sow the seeds for a sustainable future for all."

Nepal introduced the world's largest health warnings on tobacco packaging surfaces (covering 90% of the package) in May 2015 after using a set of household tobacco survey questions that allowed authorities to detect a high prevalence of adult male smokers and users of smokeless products.

India launched a nationwide tobacco cessation programme and toll-free quit line in 2016 after conducting a "global adult tobacco survey" in 2009–10 that revealed high interest among almost 1 in 2 smokers and users of smokeless products to quit eventually.

The Philippines' landmark Sin Tax Reform Law was passed in 2012 after its 2009 national adult tobacco survey showed high smoking rates among men (47.4%) and boys (12.9%). Such strong tobacco demand reduction measures have contributed to declining tobacco use, according to its 2015 adult tobacco survey results.

Comprehensive smoke-free legislation is currently in place for almost 1.5 billion people in 55 countries. Since 2007, dramatic progress has been witnessed in low- and middle-income countries, 35 of which have adopted a complete smoke-free law since 2007.

Appropriate cessation treatment is in place for 2.4 billion people in 26 countries.

More people are protected by strong graphic pack warnings than by any other MPOWER measure, covering almost 3.5 billion people in 78 countries – almost half the global population (47%).

3.2 billion people live in a country that aired at least one comprehensive national anti-tobacco mass media campaign in the last 2 years.

Bans on tobacco advertising, promotion and sponsorship interfere with the tobacco industry's ability to promote and sell its products, and reduce tobacco use. But only 15% of the world's population is currently covered by a comprehensive ban.

Raising taxes to increase tobacco product prices is the most effective and cost-efficient means of reducing tobacco use and encouraging users to quit. But it is one of the least used tobacco control measures.

"Governments around the world must waste no time in incorporating all the provisions of the WHO Framework Convention on Tobacco Control into their national tobacco control programmes and policies," says Dr Tedros Adhanom Ghebreyesus, WHO Director-General. "They must also clamp down on the illicit tobacco trade, which is exacerbating the global tobacco epidemic and its related health and socioeconomic consequences."

Dr Tedros adds: "Working together, countries can prevent millions of people from dying each year from preventable tobacco-related illness, and save billions of dollars a year in avoidable health care expenditures and productivity losses."

Today, 4.7 billion people are protected by at least one "best practice" tobacco control measure from the WHO Framework Convention on Tobacco Control (WHO FCTC), 3.6 billion more people than in 2007, according to the report. This progress has been possible because governments have intensified action to implement key measures of the WHO FCTC.

Strategies to support implementation of tobacco demand reduction measures in the WHO FCTC, like the "MPOWER" measures, have saved millions of people from early death, as well as hundreds of billions of dollars in the past decade. MPOWER was established in 2008 to promote government action on six tobacco control strategies in-line with the WHO FCTC to:

Monitor tobacco use and prevention policies.

Protect people from tobacco smoke.

Offer help to quit tobacco use.

Warn people about the dangers of tobacco.

Enforce bans on tobacco advertising, promotion and sponsorship.

Raise taxes on tobacco.

"One in 10 deaths around the world is caused by tobacco, but we can change that through MPOWER tobacco control measures, which have proven highly effective," says Michael R. Bloomberg, WHO Global Ambassador for Noncommunicable Diseases and founder of Bloomberg Philanthropies. "The progress that's been made worldwide – and documented throughout this report – shows that it is possible for countries to turn the tide. Bloomberg Philanthropies looks forward to working with Director-General Dr Tedros and continuing our work with WHO."

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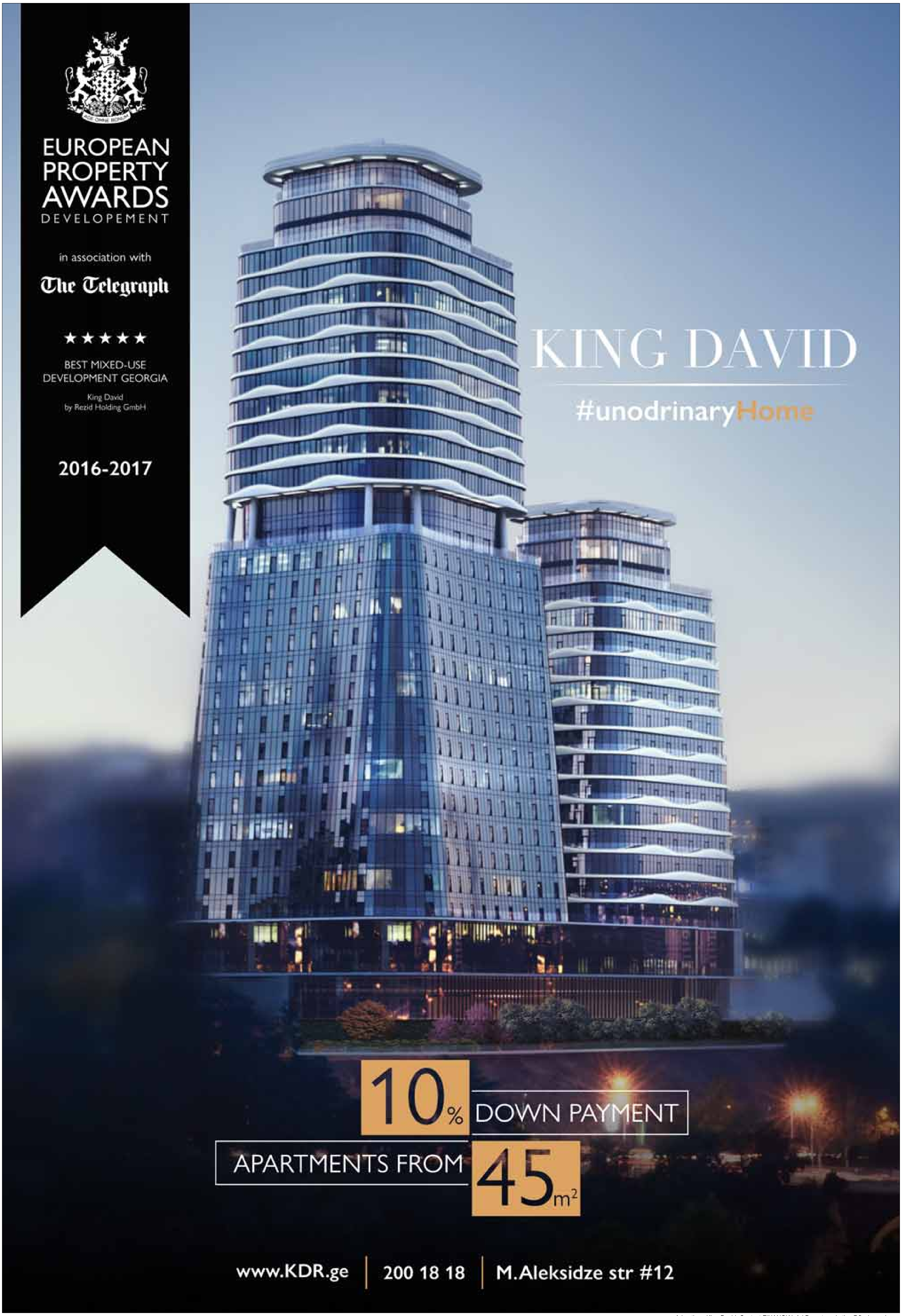
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TOP 10 Hotels on Black Sea Coast, Revealed by Metronome Magazine

The FINANCIAL

Based on interviews of more than 10 000 people in Tbilisi, Metronome – popular online magazine has revealed top ten hotels on the Black Sea coast. Representatives of all ages and social classes, including celebrities, actors, singers, banks, insurance companies, construction companies, hotels were surveyed.

Top list:

Sheraton Batumi; category – best interior;

Hilton, Batumi; category – best view;

Georgia Palace Hotel & Spa, Kobuleti; category – best service;

Leogrand, Batumi; category – best exterior;

Castelo Mare, Tsikhisdziri; category – best location;

Radisson, Batumi; Sky Tower, Batumi; Penthouse Batumi, Batumi; Piazza, Batumi; Golden Palace, Batumi.

Hotel Sheraton (Batumi)

202-rooms hotel "Sheraton Batumi is the first brand hotel of international level, which was opened in Adjara region. It is located in the center of the city, nearby the well-known Batumi Boulevard, I 5-10 minutes walk from the old town and with 15 minutes away from Batumi International Airport and Central Railway Station.

Hotel Georgia Palace Hotel & Spa (Kobuleti)

Georgia Palace Hotel & Spa is the only five-star Georgian resort brand, functioning in Georgia since 2008. Based on the location the hotel has unique microclimate, natural landscape, and seaside distinguished with medical properties. Hotel has 157 rooms of all types; improved rooms, semi-deluxe, family suites, premium and presidential suites, adapted environment. It is worth to mention yard of the hotel with permanent fresh air and pleasant environment. Flower garden and numerous trees create rare cool environment for pleasure.

Hotel Hilton (Batumi)

Hotel has 247 rooms, most of which have balconies. Hotel also has 7 conference halls and banquette hall. On the 20th floor Hilton Batumi offers its little guests children's registration, children's menu and animators, who will entertain you children. The hotel has "Euphoria SPA", which offers you unique procedures.

Hotel Leogrand (Batumi)

Idea of this project was elaborated in 2011. One of project's authors is one of successful Turkish businessman Erol Avgoren. Officially the hotel was opened on June 7, 2015. The hotel is built on 6000 sq.m of land and its full area consists of 29 000 sq.m. Exterior of the hotel is arranged in avant-garde style, which was designed by well-known designers from different countries. The project is power efficient, ecological and environmentally friendly.

Hotel Leogrand offers its guests 166 comfortable superior and suit rooms with deluxeurious rooms and diverse accessories, beautiful panoramic views around the hotel. Area of superior style is 42 sq.m with double beds or two twin beds. Hotel has 13 comfortable deluxe type rooms with deluxeurious beds and diverse accessories.

Hotel Leogrand also offers you arrangement of unforgettable weddings. Area of wedding hall is 1000 sq.m. The hotel also has the largest casino in South Caucasus, which is located on 3000 sq.m. For gamblers it is the most entertaining place, offering them various games.

Hotel Castelo Mare (Tsikhisdziri)

Hotel and Spa complex Castelo Mare is located in a tropical part of Tsikhisdziri17 kilometers away from Batum. The hotel was named "Castello Mare" for its beauty, which in Italian means "Castle by the sea". After 100 years the castle was born again, but not just as an old castle but as a new, romantic castle "Castelo Mare", overlooking the sea.

Complex consists of 90 rooms and different SPA and means of recreation. The hotel offers eight categories of rooms. The hotel has indoor and outdoor pools, SPA, restaurant, caffe-bar on the terrace and on the sea shore.

Hotel Radisson (Batumi)

Hotel Radisson Blu Batumi is located in the central part of Batumi, in 1000 meters from the seaside.

Hotel rooms have magnificent view on the sea. Hotel has SPA Center with indoor and outdoor swimming pools, fitness club. Hotel also owns two restaurants and three bars.

Hootel Sky Tower (Batumi)

It is a five-star hotel, distinguished by diverse views, including sea view, mountain and dancing fountains. The hotel is located 5 kilometers away from Batumi International Airport. The sea side is in 200 meters and the center of Batumi in 2 km. away from the hotel. Hotel has 101 rooms, part of which is deluxe class rooms, every one of them has individual interior.

Hotel Penthouse (Batumi)

The two-star hotel is located 3 minutes away from the seaside and half an hour away from dolphinarium. Terrace of the hotel overlooks sea, mountain and lake. Hotel Penthouse is one of most interesting places in Batumi.

Hotel Piazza (Batumi)

Hotels "Piazza butique", "Piazza Inn" and "Piazza four colours" are deluxe hotels located in the city of cultural value. Among celebrity guests of Piazza (Batumi) are Sting, Placido Domingo, Michel Legrand, Macy Gray and Prince of Monaco Albert II. Batumi Piazza – the visit card of Batumi city and favorite place of tourists was constructed in the old Batumi district in 2009.

Hotel Golden Palace (Batumi)

Hotel "Golden Palace Batumi" offers luxurious, comfortable rooms, overlooking sea, mountains and the city. The hotel has 51 rooms of different categories.

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| places we strongly reccommend to visit | **dining**

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Weekly Market Watch

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ECONOMY

Exports up 37.4% y/y in June 2017

In June 2017, exports increased 37.4% y/y to US$ 230.8mn, imports were flat y/y and stood at US$ 642.2mn and the trade deficit narrowed 13.3% y/y to US$ 411.4mn, according to GeoStat. Overall in 1H17, the trade deficit was almost flat (+0.2% y/y) at US$ 2.4bn as exports were up 30.1% to US$1.2bn, while imports increased 8.8% to US$ 3.6bn.

Increased exports of copper (+116.5% y/y), ferro-alloys (+236.3% y/y), cars (+41.8% y/y) and wine (+71.0% y/y) were the major commodities driving export growth in June 2017.

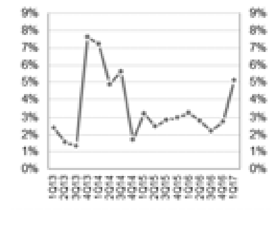
Petroleum (-17.4% y/y), cars (-16.9% y/y), pharmaceuticals (-35.3% y/y), copper (+120.8% y/y) and phones (+33.9% y/y) represented the top 5 imported commodities in June 2017.

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	FitchRatings
BB- Stable Affirmed Nov-2016	Ba3 Positive Affirmed Mar-2016	BB- Stable Affirmed Mar-2017

Source: Rating agencies

International ranking, 2016-17

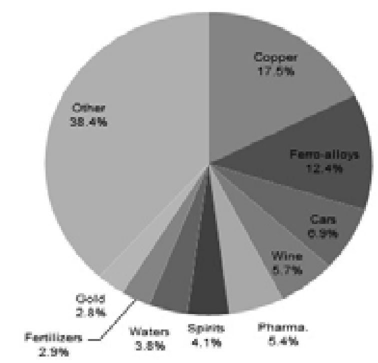
Ease of Doing Business
16 (regional leader)

Economic Freedom Index
13 (mostly free)

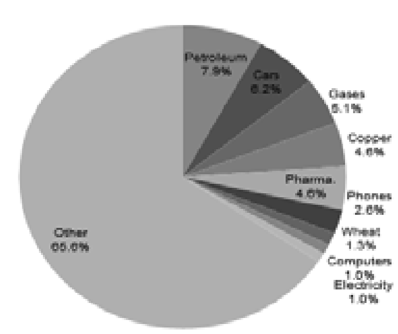
Global Competitiveness Index
59 (improving trend)

Source: World Bank, Heritage Foundaition and World Economic Forum

Exports by commodities, 1H17

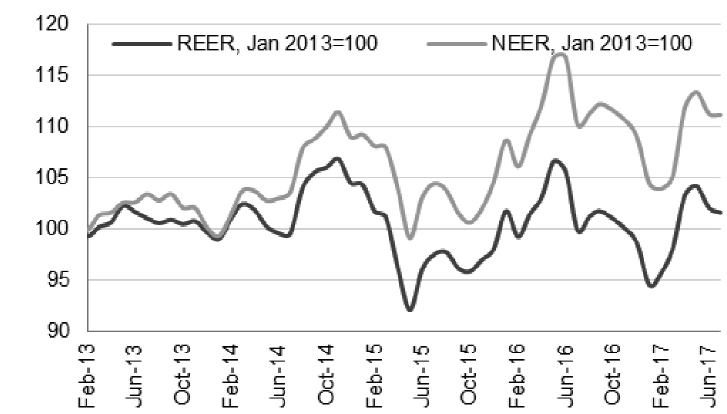


Imports by commodities, 1H17



Source: GeoStat

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.

Producer price index up 0.5% m/m and up 12.3% y/y in June 2017

PPI for industrial goods was up 0.5% m/m in June 2017, according to GeoStat. A 0.6% price increase for manufacturing contributed the most to the overall index change as prices were up for manufacture of basic metals and fabricated metal products (+1.8% m/m) and for food, beverages and tobacco (+1.1% m/m).

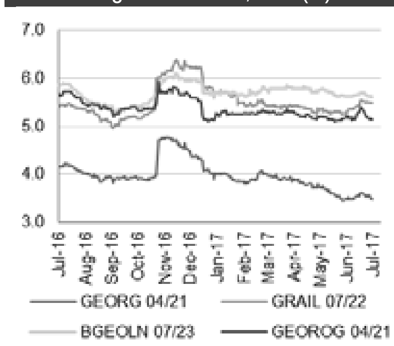
Annual PPI was up 12.3% in June 2017. Rising prices in manufacturing (+12.7% y/y) contributed the most to the overall index change. Prices were also up for supply of electricity, gas and water (+8.1% y/y) and for mining and quarrying (+16.7% y/y).

FIXED INCOME

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.6% yield, trading at 102.1 (+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 105.4 (+0.2% w/w), yielding 5.2%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 109.8 (+0.1% w/w), yielding 5.5%.

Georgian Sovereign Eurobonds (GEORG) closed at 111.8 (+0.2% w/w) at 3.5% 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	97.0	100.4	99.8	105.4	102.1	111.8	109.8
Mid yield, %	n/a	6.75%	9.0%	6.50%	11.1	5.2	5.6	3.5	5.5
Z-spread, bps	n/a	n/a	n/a	n/a	346.1	339.1	170.5	360.0	364.6

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

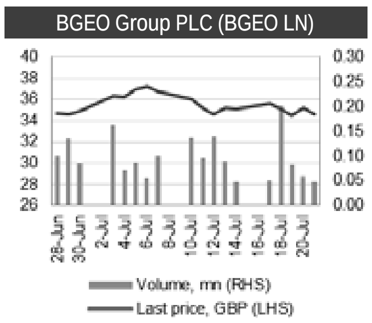
Eastern European sovereign 10-year bond performance

Issuer	Amount, US$ mn	Coupon, %	Maturity date	Ratings (Fitch/S&P/Moody)	Mid yield, %
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba3	3.5
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba1	4.5
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	0.1
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	1.5
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

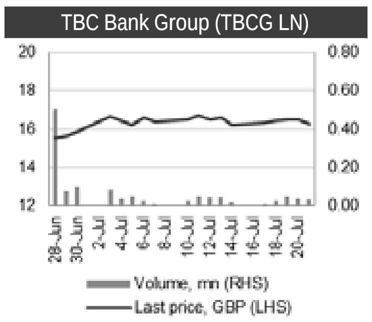
BGEO Group PLC (BGEO LN)



Source: Bloomberg

BGEO Group (BGEO LN) shares closed at GBP 34.63/share (-1.42% w/w and -3.30% m/m). More than 438k shares traded in the range of GBP 34.25 – 35.90/share. Average daily traded volume was 94k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 1.77% w/w and gained 0.35% m/m. The volume of BGEO shares traded was at 1.11% of its capitalization.

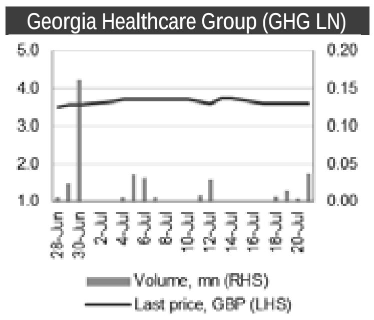
TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 16.24 (+0.19% w/w and -3.56% m/m). More than 152 shares changed hands in the range of GBP 16.00 – 16.81/share. Averaged daily traded volume was 71k in the last 4 weeks.

Georgia Healthcare Group (GHG LN)



Source: Bloomberg

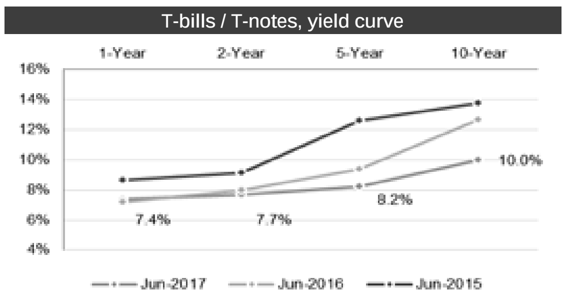
Georgia Healthcare Group (GHG LN) shares closed at GBP 3.60/share (-3.36% w/w and -10.00% m/m). More than 62k shares were traded in the range of GBP 3.60 – 3.79/share. Average daily traded volume was 28k in the last 4 weeks. The volume of GHG shares traded was at 0.02% of its capitalization.

MONEY MARKET

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 1,170mn (US$ 487.2mn).

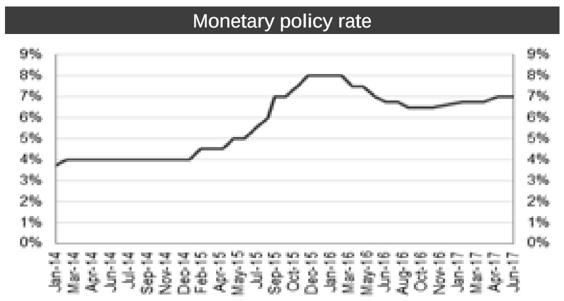
Ministry of Finance Treasury Notes: 1-year GEL 50.0mn (US$ 20.8mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on July 19, 2017. The weighted average yield was fixed at 7.222%. The nearest treasury security auction is scheduled for July 26, 2017, where GEL 25.0mn nominal value 5-year T-Notes 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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"Castello Mare" Hotel and wellness resort is beautifully located on the tropical part of Ajara, 17 kilometers away from Batumi.
The place is very popular among many people as Tsikhisdziri resort of Black Sea coast.

5-star complex is beautifully located on the Black Sea rocky coast and adding breathtaking view over Ajarian panorama. The complex consists of 3 residential buildings offering multiple accommodation, relaxation, health and entertainment services.

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