FINANCIAL™

9 771512 364003

7 May, 2018 | News Making Money | http://www.finchannel.com

ICI PARIS Presented Versace's Dylan Blue Fragrance for Ladies

See on p. 11

Georgia Without Gas Storage

Jaba TARIMANASHVILI

See on p. 8

What Should We Do?

By RATI KOCHLAMAZASHVILI and PATI MAMARDASHVILI
ISET

Since 2012, when the political party Georgian Dream took leadership of the country's governance, economic [real] growth reached its highest rate in 2017 (5.0%). The drivers of this growth were construction (11.2%), hotels and restaurants (11.2%) and the financial sector (9.2%). However, a few sectors of the economy declined in 2017, and one was agriculture (-2.7%).

Experts on this sector agree that 2017 was a "bad year" for Georgia's agriculture. Winter lasted longer and spring frost damaged fruit plantations. This was followed by some periods of drought, as well as heavy rains in some regions of Georgia. In addition, the stink bug epidemic spread in western Georgia and damaged the harvest of many products, especially the country's one of the main "cash crop", hazelnut. Furthermore, some experts question the data on agricultural employment in the country. While the official data shows a persistent trend of around half of the Georgian labor force being employed in agriculture, such figures tell us little about the real story (e.g., there is no data on hours actually worked in agriculture). Perhaps (and hopefully), some workers have almost left agriculture, and thus, without technological progress, it is not surprising that less output is produced in this sector. All of these arguments might be true, but it is difficult to judge whether or how much each of these factors contributed to the decline of agriculture in 2017.

According to Geostat's preliminary data for 2017, the decline touched almost each and every sub-sector of agriculture.

Continued on p. 12

PwC forecasts City Prospects in 2018, 2019

The FINANCIAL

2017 was an exceptional year for international travel in Europe. Record travel demand pushed volumes up to 671 million international tourist visits, an 8% increase on 2016. Growth was driven by extraordinary results in the southern and Mediterranean region, where tourist arrivals were up 13%, according to the United Nations World Travel Organisation (UNWTO). This record growth was primarily underpinned by the improving economic outlook across the Eurozone which continued to propel business and leisure travel. Besides the strong demand from intra-European markets, the US, China and the return of demand from Russia were significant influences.

Hotels were a major beneficiary of this strong demand, which was also supported by limited overall growth in new supply across the region. The majority of gateway cities and key resort destinations saw strong RevPAR growth (a key sales metric) in 2017. Many hotel groups cite plans to take advantage of the boom to exploit new growth opportunities, launch new brands, new generational concepts and to make acquisitions to grow portfolios.

Continued on p. 4

Court Fines Condoms Brand for 'Discrediting' Religious Symbols

See on p. 6

Top Five Workforce Trends for 2018

The FINANCIAL

After years of talking about disruption, executives are determined to turn talk into action. According to Mercer's 2018 Global Talent Trends Study – Unlocking Growth in the Human Age, 94% of Australian companies have innovation on their core agenda this year and 96% are planning organisation design changes. At the same time, employees are seeking control of their personal and professional lives, with one in two asking for more flexible work options. As the ability to change becomes a key differentiator for success in a competitive global climate, the challenge for organisations is to bring their people along on the journey, especially as the top ask from employees is for leaders who set clear direction.

In pursuit of new technologies, executives must focus on the "human operating system" to power their organisation.

Continued on p. 6

CURRENCIES

	May 5	Apr 28
1 USD	2.4577	▲2.4617
1 EUR	2.9401	▲2.9762
100 RUB	3.8911	▲3.9379
1 TRY	0.5771	▲0.6077

Saudi Arabians are the top spenders

See on p. 11

financial news

ISSN 1512 3642

THE FINANCIAL
7 May, 2018

ISSUE: 18 (602)

CONTACT US

EDITOR-IN-CHIEF
ZVIAD POCHKHUA
E-MAIL: editor@financial.ge
editor@finchannel.com
Phone: (+995 32) 2 252 275

HEAD OF MARKETING
LALI JAVAKHIA
E-MAIL: marketing@financial.ge
marketing@finchannel.com
Phone: (+995 558) 03 03 03

CONSULTANT
MAMUKA POCHKHUA
E-MAIL: finance@financial.ge
Phone: (+995 599) 29 60 40

HEAD OF DISTRIBUTION DEPARTMENT
TEMUR TATISHVILI
E-MAIL: temuri@financial.ge
Phone: (+995 599) 64 77 76

COPY EDITOR:
IONA MACLAREN

COMMUNICATION MANAGER:
EKA BERIDZE
Phone: (+995 577) 57 57 89

PHOTO REPORTER:
KHATIA (JUDA) PSUTURI

MAILING ADDRESS:
17 mtskheta Str.
Tbilisi, Georgia
OFFICE # 4
PHONE: (+995 32) 2 252 275
(+995 32) 2 477 549
FAX: (+95 32) 2 252 276
E-mail: info@finchannel.com
on the web: www.financial.ge
daily news: www.finchannel.com

FINANCIAL

Intelligence Group ltd. 2018

Member of

ICC GEORGIA
International Chamber of Commerce

CURRENT PRICES ON GASOLINE AND DIESEL

7 MAY, 2018, GEORGIA

Gulf

	Prices in GEL
G-Force Super	2.47
G-Force Premium	2.29
G-Force Euro Regular	2.19
Euro Regular	2.15
G-Force Euro Diesel	2.35
Euro Diesel	2.27
CNG	1.54

WISOL

	Prices in GEL
Eko Super	2.48
Eko Premium	2.33
Eko Diesel	2.36
Euro Diesel	2.29
Euro Regular	2.20
Diesel Energy	2.24

ლუკოილი

	Prices in GEL
Super Ecto 100	2.55
Super Ecto	2.37
Premium Avangard Ecto	2.24
Euro Regular	2.09
Euro Deasel	2.25

SOCAR

	Prices in GEL
Nano Super	2.45
Nano Premium	2.31
Nano Euro Regular	2.17
Nano Euro Diesel	2.31
Nano Diesel	2.21
GNG	1.45

ROMPETROL

	Prices in GEL
Efix Euro 98	2.49
Efix Euro Premium	2.33
Euro Regular	2.24
Efix Euro Diesel	2.32
Euro Diesel	2.25

ISET ECONOMIC INDICATORS

International School of Economics at TSU

AGRINDEX

For more: WWW.ISET-PI.GE

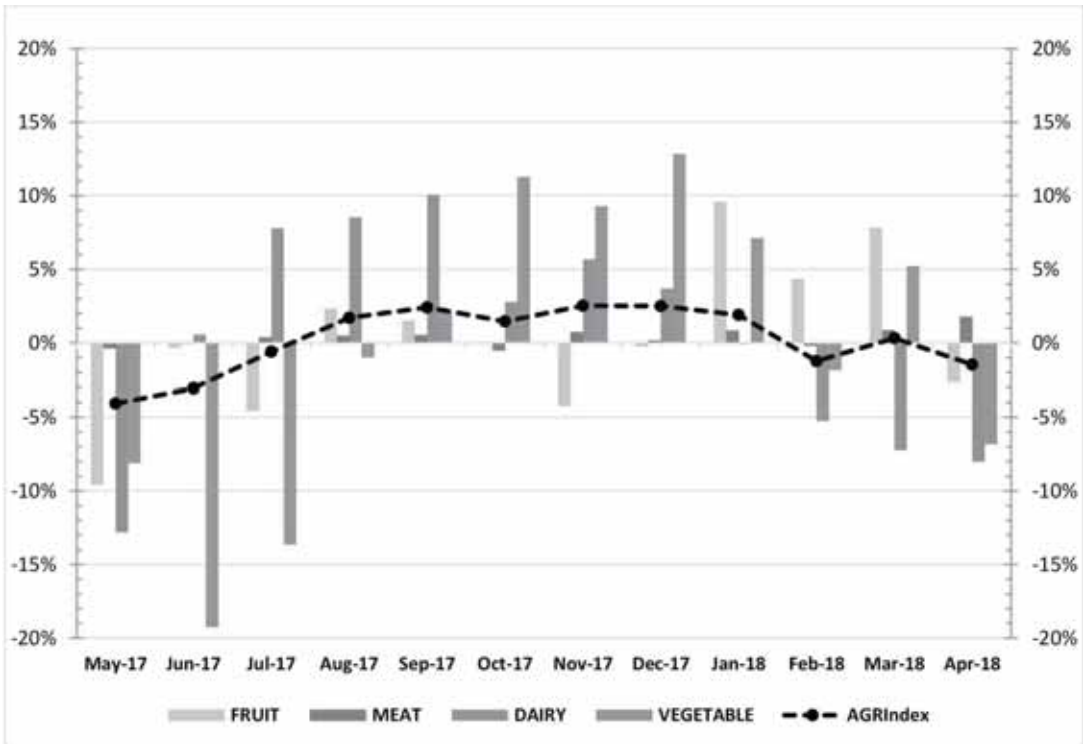
AGRINDEX – APRIL REVIEW

In April 2018, compared to the previous month, only **MEAT** (+1.8%) prices went up, while **DAIRY** (-8.0%), **VEGETABLE** (-6.8%), and **FRUIT** (-2.6%) prices lost significant parts of their March 2018 values. As a result, **AGRIndex** experienced the biggest decline in m/m terms (-1.4%) since last July.

The y/y **AGRIndex** also continued its latest trend and reached a 16 month low of +2.1% in April 2018.

Highest increase: In April 2018, compared to March 2018, pomegranate prices increased the most (+34%), but more interestingly, cabbage and broccoli prices continued to climb at almost the same pace as they did in the last month — broccoli prices increased by 31%, while cabbage prices increased by more than 18%. It seems that declining imports of *cabbage, cauliflower, kohlrabi, kale and similar edible brassicas* (462,000 USD in January-April 2018, compared to 301,000 USD in January-April 2017, GeoStat, MoF), and reduced national production of *cabbage, floral cabbage, and broccoli* by 19% in 2017, compared to 2016 (GeoStat), translated into a supply shortage and has pushed the prices for these vegetables up recently.

Graph #1. m/m changes in AGRIndex and its sub-indices: FRUIT, MEAT, DAIRY, and VEGETABLE



Data Source: The Ministry of Environment Protection and Agriculture of Georgia

Highest drop: In April 2018, compared to the last month, domestically produced strawberry prices lost more than a fifth of their March values as the high season for this berry is about to begin.

Georgia's Economy Grows, Agriculture Shrinks: What Should We Do?

See on p. 12

Global M&A values expected to hit record highs in the first half of 2018

The FINANCIAL

Global M&A deal values reached US $1.7 trillion in first four months of 2018 and grew at the fastest ever pace. At this rate, Deloitte expects a record H1 2018.

Meanwhile volumes have not reached similar heights, with Deloitte predicting global deal volumes to remain stable at 24,886 for H1 2018, a modest 1% decline from H1 2017.

Global M&A deal values are at their highest since the start of the millennium, totalling US $1.7 billion for the first four months of this year, according to analysis from Deloitte. This means 2018 has already overtaken the $1.3 billion deals in H1 2017, setting a course for a record H1 2018. By contrast, deal volumes are stabilising. Deloitte predicts global deal volumes to remain at around 24,886 for the first half of this year, a fraction below the total of 25,015 reached for the first half of 2017.

"While it is difficult to predict how long this flourish in mega-deals will continue, we are undoubtedly seeing an urgency to spend now", Iain Macmillan, Deloitte's Global Managing Partner for M&A Services and Transaction Services, comments. "Companies have strong balance sheets matched with robust debt markets. This means those that did not do major deals in the last couple of years are eager to and don't want to be left behind industry-wide transformations. We expect they will spend their cash assertively to combat economic uncertainties and challenges from disruptive technology".

"Another key driver is shareholder activism which is now spreading across the Atlantic to Europe. The primary demands are centred around portfolio restructuring and growth and innovation investments. We expect this trend to give a major boost to divestment activities. In fact our own research shows 70% of companies expect to make at least one divestment this year. Private Equity will emerge as a strong contender for those assets – they are sitting on nearly US$ 1 trillion of dry powder and are under pressure to invest."

Disruptive technologies are transforming industries and laying bare well-established business models. Deloitte analysis shows companies spent $634 billion during the last three years acquiring disruptive technologies and using them as a strategic expedient to capture innovation-led growth.

"Disruption is driving a fundamental shift in M&A strategy, where the non-tech sector is overtaking the tech sector in acquiring technology assets. Last year 60% of such disruptive technology assets were acquired by the non-tech sector", Sriram Prakash, Global Lead for Disruptive M&A, comments.

"Corporate venturing is emerging as a major investment class in its own right. We estimate 30% of the 1000 largest companies in the world have made venture investments and committed $32 billion in funds since 2015."

financial news

PwC forecasts City Prospects in 2018, 2019

Amsterdam, Lisbon hopes to capitalise on Brexit

The FINANCIAL

A KEY RISK FOR HOTELIERS IS THE AGEING OF THE CUSTOMER BASE AND THE NEED TO CAPTURE A NEW GENERATION OF CUSTOMERS. WE CARRY OUT A LOT OF DISCUSSIONS WITH START-UPS TO BETTER UNDERSTAND HOW WE CAN COLLABORATE TO REACH YOUNGER CUSTOMERS AND SEE HOW WE CAN ADAPT OUR OFFER TO BETTER SUIT THE NEEDS OF MILLENNIALS.

JULIEN GUINTRAND, GROUP FINANCE DIRECTOR, B&B HOTELS, 2018

2017 was an exceptional year for international travel in Europe. Record travel demand pushed volumes up to 671 million international tourist visits, an 8% increase on 2016. Growth was driven by extraordinary results in the southern and Mediterranean region, where tourist arrivals were up 13%, according to the United Nations World Travel Organisation (UNWTO). This record growth was primarily underpinned by the improving economic outlook across the Eurozone which continued to propel business and leisure travel. Besides the strong demand from intra-European markets, the US, China and the return of demand from Russia were significant influences.

Hotels were a major beneficiary of this strong demand, which was also supported by limited overall growth in new supply across the region. The majority of gateway cities and key resort destinations saw strong RevPAR growth (a key sales metric) in 2017. Many hotel groups cite plans to take advantage of the boom to exploit new growth opportunities, launch new brands, new generational concepts and to make acquisitions to grow portfolios.

How long can this good fortune continue? While there are plenty of geopolitical headwinds, we remain cautiously optimistic and our latest expectations are for further fairly strong RevPAR growth overall in Europe. With occupancies already at high or record levels, it's primarily ADR driving growth. Some cities hope to become winners from Brexit, e.g. the European Medicines Agency, which used to generate around 40,000 annual London room nights, is relocating to Amsterdam. Others hope to benefit from corporate relocations from London.

In 2018, PwC expects the strongest RevPAR growth in Porto, whose continued tourism success story means over 10% RevPAR growth is forecast. Amsterdam, Lisbon and Prague all see around 7% growth. Paris is seeing signs of a sustained recovery and for it and Milan we expect 3.6% and 3.9% RevPAR growth, respectively. Other cities seeing growth include Geneva (+2%), Rome (+1.8%), and Berlin (+1.3%).

A slower pace of growth is expected in London (+0.6%) where Brexit uncertainty, a fizzling out of the weak pound effect and a supply spike are expected; Only Frankfurt (-0.2% as the fair cycle impacts) and Zurich (-1.9% as hotels lower ADR in response to increased competition i.e. supply additions) are expected to show declines in 2018.

In 2019, Paris jointly tops the growth chart with Lisbon, with around 6.5% growth apiece forecast. Porto, Frankfurt, Amsterdam and Prague also exhibit strong growth expectations. London and Berlin are expected to see RevPAR strengthen.

There are plenty of challenges facing the sector, PwC report concludes. Company highlights four issues: profitability erosion as increased RevPAR fails to automatically translate into increased profitability; changing guest needs, how can hotels can provide what new generations and new market segments want? the sharing economy – ignore it or embrace it? and overtourism, an issue being tackled by some cities such as Amsterdam, Venice and Barcelona. When do cities have too many visitors?

European hotel transaction volume reached €20.9 billion in 2017. This was an 11% increase compared to 2016 deal volume and surpassed the record level achieved in 2015. This growth was driven by a resurgence in UK hotel investment activity in 2017 and record levels of investment in the Spanish hotel market.

The start of 2018 has seen a strong level of investment activity in the UK through the sale of SACO serviced apartments and with Lone Star's sale of its Mecure/Hilton portfolio and Starwood Capital's sale of its Principal/De Vere portfolio reportedly progressing well. The Spanish hotel market has also seen Blackstone's takeover bid for Hispania and HNA's stake in NH Hotels being brought to market. Put together with the continued European and international interest in the German hotel market, we anticipate European hotel transaction volume to moderately increase in 2018 from 2017 levels.

European cities saw exceptional hotel performance in 2017. Almost all the cities in this latest forecast are expected to see further growth in 2018 and 2019.

Strong demand has propelled some into the spotlight yet again; others have moved up or down the growth rankings. In 2018. Porto leads the growth pack with just over 10% RevPAR growth anticipated; Amsterdam and Lisbon could see around 7% RevPAR growth and further robust gains are expected in Prague, Milan and Paris. Geneva and Rome are also forecast to see some moderate growth, but the pace is expected to slow in London in 2018. Paris has shown sustained recovery and shares the top spot in 2019 with Lisbon, with around 6.5% RevPAR growth expected for both cities.

What's driving the growth?

Each city has its own story to tell with its own specific drivers but generally, the performance of Europe's cities displays some common themes. Continuing global and regional economic recovery following the financial crisis has fuelled strong leisure and business demand for travel and hotels.

Many are gateway cities, capitals of culture and tourism magnets. Performance reflects Europe's position as a key tourism destination and the continued demand from travellers to visit exceptional short break and holiday destinations.

Many of the cities are also regional or national capitals of finance and commerce and business travel is their lifeblood, e.g. 75% of Frankfurt's tourism arrivals are business visitors.

Some cities attract both business and leisure tourists and events remain a key catalyst. Fairs and congresses remain a mainstay of German demand and their cyclicality is reflected in hotel performances. Every second year (2019 will be the next) the 11 day International Automobile Fair ('IAA') comes to Frankfurt, attracting 800,000 visitors. It's not just Germany that sees an uplift from cyclical events, The Farnborough International Airshow ('FIA') comes to London this year and returns to Paris in 2019; the GSMA Mobile World Congress is in Barcelona again in 2018 and Amsterdam Dance Event 2018 is the world's biggest Club festival and Amsterdam's leading electronic music festival, with over 400,000 visitors expected. Other cities, such as Geneva and Lisbon, are leading MICE markets.

Accessibility is an important differentiator, as Lisbon and Porto have demonstrated with better air connectivity.

Investment in transport infrastructure can facilitate tourism. Berlin's Brandenburg Airport could finally open in late 2020; Lisbon reports tourism expansion could be constrained by lack of airport capacity. In Geneva, airport investment and modernisation currently precedes a push for more long haul and international leisure travellers.

Safety and security is a crucial issue for leisure travellers. Witness the move away from North African destinations in recent years and the incipient comeback of Morocco, Egypt and Tunisia. Perceived safe environments such as Spain,

Portugal and the Czech Republic have benefitted and are expected to continue to benefit.

Supply constraints or oversupply are also a factor helping or hindering performance. A lack of new supply in Prague is reported as boosting ADR. In other cities, like London, imbalances can cause a headache for hoteliers for a while.

Others prosper despite supply imbalances. The sharing economy continues to boost travel and create positive perceptions/experiences of Europe's destinations but at the same time may absorb room nights from hotels.

Tourism is a highly competitive global market and countries and cities seek to gain market share. France has set ambitious tourism targets and demonstrated the political will to accelerate visa procedures and reduce waiting times at airport borders, which should result in tourism growth.

So how does the travel boom in Europe play out in the markets?

In 2018, the highest potential growth is forecast for Portugal's tourism star, Porto, which could see a further 10.3% RevPAR growth, on top of four years of consecutive double digit growth.

2017 alone saw almost 21% RevPAR growth. Amsterdam is next up, with 7.1% RevPAR growth, after double digit growth in 2017. Amsterdam's growth is driven by strong ADR gains.

Lisbon also expects a 7% gain in RevPAR, as the Eurovision Song Contest and the Web Summit support demand, and follows 22% growth last year. Prague makes the top four with almost 7% growth reflecting constrained supply, buoyant weekend travel and a return of Russian tourists.

Milan achieved almost double digit growth in 2017 supported by the EXPO legacy and we expect further growth of almost 4% this year. Tourists came back to Paris in 2017 as safety concerns appeared to ease and Paris saw around 8% growth last year (after a 14% fall in RevPAR and smaller declines between 2013-2015). Aided by favourable economic growth, this year we expect around 3.6% further RevPAR growth.

Geneva, home to over 400 international organisations and non-government organisations ('NGOs'), could see 2% RevPAR growth in 2018.

Although Rome is one of the leading hotel markets in Europe, performance growth recorded in 2017 was very limited, especially when compared to other major markets in Italy, such as Venice, Milan, and Florence, which all saw substantial increases in RevPAR. For 2018, we expect almost 2% RevPAR growth, mainly driven by an increase in ADR, which is still below pre-crisis levels. Berlin's performance was dampened by the insolvency of the Berlin-based Air Berlin, new supply growth and the strong growth in the sharing economy, which has been cited as a pressure by hoteliers.

At the opposite end of the table to the leaders, the pace of growth is expected to slow in London in 2018. Frankfurt and Zurich are expected to see no growth. Frankfurt's hotel performance is traditionally slightly volatile due to the biennial scheduled fairs and RevPAR grew by 4% y-o-y in 2017.

In Zurich, a continuous increase in supply and flat demand, has meant Zurich's hotels have turned towards competitive pricing strategies. Falling ADR and flat occupancy is exacerbated by large supply additions. We forecast a 1.9% decline in RevPAR for Zurich in 2018.

Lisbon and Porto stay up in the growth table but the pace of growth for Porto halves to just over 5%, still not bad compared to growth in some other cities. Frankfurt sees a good fair and congress year in 2019, with the IAA returning and the city expects around 4.3% RevPAR growth. Frankfurt hopes to capitalise on corporates and organisations leaving London pre and post Brexit, and so far, there are reports that several international banks have already decided to move to Frankfurt and others (like Goldman Sachs) plan to enlarge their operations in the city. 2019 has the potential to be a positive year for Frankfurt's hotel sector.

Amsterdam too hopes to capitalise on Brexit. The European Medicines Agency (EMA) will relocate to Amsterdam in 2019. The EMA is reported to generate around 40,000 room nights a year. Nevertheless, in 2019 Amsterdam's growth slips a little, however 3.5% RevPAR growth is still anticipated, driven by continued economic

Continued on p. 13

Leisure spending falters as UK consumers feel pinch

The FINANCIAL – UK consumers spent less on leisure activities in Q1 2018 and adjusted their discretionary spending in order to prioritise essentials, according to the latest findings from the Leisure Consumer Q1 2018 report by Deloitte.

Consumers reported reducing their leisure spending in seven out of 11 categories compared to the same period in 2017. Culture and entertainment spending fell by four percentage points year-on-year, while drinking in pubs/bars and in-home leisure both saw spending fall by three percentage points. Of those who spent less on going out in Q1 2018, almost half (45 per cent) said they did so because they could not afford it, suggesting that consumers were consciously downshifting their discretionary spending.

The prolonged cold winter and impact of the 'Beast from the East' prompted consumers to boost their spending on holidays, with spending on long stay increasing by three percentage points, while short break spending rose by two percentage points year-on-year.

The quarterly view showed a similar picture, with seven categories also seeing a reduction in leisure spending compared to Q4 2017. In line with seasonal expectations and post-Christmas belt-tightening, in-home leisure expenditure fell by eight percentage points from the previous quarter.

When asked about their spending intentions for the next three months, consumers said they were planning to spend less money in almost every leisure category, with the cautious approach to discretionary spending showing little sign of abating.

In particular, net spending on long stay and short break holidays is significantly lower compared to the level seen last year, falling by 10 and eight percentage points respectively. Consumers are also planning to reduce spending on all habitual leisure activities, including going out to restaurants (down five percentage points) and drinking in coffee shops (down one percentage point).

Attending live sporting events and playing sport/going to the gym are the only leisure categories that can expect to see a rise in spending over the next three months, both rising by one percentage point. UK consumers are expecting to spend more on these categories as the weather improves during the spring months.

Top Five Workforce Trends for 2018

The FINANCIAL

After years of talking about disruption, executives are determined to turn talk into action. According to Mercer's 2018 Global Talent Trends Study – Unlocking Growth in the Human Age, 94% of Australian companies have innovation on their core agenda this year and 96% are planning organisation design changes. At the same time, employees are seeking control of their personal and professional lives, with one in two asking for more flexible work options. As the ability to change becomes a key differentiator for success in a competitive global climate, the challenge for organisations is to bring their people along on the journey, especially as the top ask from employees is for leaders who set clear direction.

In pursuit of new technologies, executives must focus on the "human operating system" to power their organisation.

How companies prepare for the future of work depends on the degree of disruption anticipated. Those expecting the most disruption are working agility into their model and placing bets on flatter, more networked structures (29% are planning to flatten their organisation's structure in the next two years). Placing power in the hands of individuals makes it critical to build capacity and readiness early. However, HR leaders in Australia feel less prepared to reskill existing employees (68% are confident that they can do this well) than to hire from the outside (79%).

As nearly two-thirds (62%) of executives predict at least one in five roles in their organisation will cease to exist in the next five years, being prepared for job displacement and reskilling is critical for organisational survival. Yet, only 40% of companies are increasing access to online learning courses and even fewer (26%) are actively rotating talent within the business.

Working with Purpose: In Australia, four-fifths (80%) of thriving employees, those who feel fulfilled personally and professionally, say their company has a strong sense of purpose. To find purpose, employees crave movement, learning, and experimentation. If not received, they will look for it elsewhere – 40% of Australian employees who are satisfied in their current job still plan to leave due to a perceived lack of career opportunity. In addition to purpose, the new value proposition includes health and financial wellbeing. Employees on average spend 7 work hours per week worrying about financial matters, yet only 26% of companies have policies in place to address financial health. Fairness in rewards and succession practices are also top of mind – 61% of employees say their company ensures equity in pay and promotion decisions.

Permanent Flexibility: Individuals are vocal in their expectations of work arrangements that put them in control of their personal and professional lives. Employees want more flexible work options, and organisations are listening – 94% of executives view flexible working as a core part of their value proposition (compared to 80% globally). Only 2% of HR leaders in Australia consider themselves industry leaders when it comes to enabling flexibility and 36% of employees fear that choosing flexible work arrangements will impact their promotion prospects.

Platform for Talent: Given 87% of executives in Australia expect an increase in the competition for talent, organisations realize they must expand their talent ecosystem and update their HR models for a digital age. The time is now – over half of companies plan to "borrow" more talent in 2018 and 68% of employees would consider working on a freelance basis. "Gaining greater access to talent through a broader ecosystem is part of the solution. Companies also need to deploy talent faster and with precision to unlock the potential of their workforce," said Kate Bravery, Global Practices Leader in Mercer's Career business. Executives agree, reporting that improving the ability to move jobs to people and people to jobs is one of the talent investments that would have the most impact on business performance this year, after deepening their bench strength at senior levels.

Digital from the Inside Out: Despite improvement over last year, companies lag on delivering a consumer-grade experience – only 6% consider themselves a digital organisation today. While 71% of employees say that state-of-the-art tools are important for success, only 50% say they have the digital tools necessary to do their job and only 53% have digital interactions with HR. Business leaders are confident in HR's ability to be a strategic partner in setting the course for the future, with 77% of executives reporting that HR aligns people strategy with the strategic priorities of the business.

S&P 1500 Pension Funded Status Increased By Two Percent In April

The FINANCIAL -- The estimated aggregate funding level of pension plans sponsored by S&P 1500 companies increased by two percent in April 2018 to 89% at the end of the month, as a result of rising discount rates and gains in the equity markets. As of April 30, 2018, the estimated aggregate deficit of $242 billion USD decreased by $44 billion USD as compared to the $286 billion USD measured at the end of March according to Mercer,[1] a global consulting leader in advancing health, wealth and career, and a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC).

The S&P 500 index increased 1.0 percent and the MSCI EAFE index increased 1.5 percent in April. Typical discount rates for pension plans as measured by the Mercer Yield Curve increased by 21 basis points to 4.13 percent.

"April was friendly to pension plans with both favorable equity markets and increasing discount rates." said Scott Jarboe, a Partner in Mercer's Wealth business. "For those sponsors with glidepaths in place, conditions support systematic de-risking to lock in gains, while we expect other are reviewing whether this is the tipping point for additional de-risking and risk transfer"

Mercer estimates the aggregate funded status position of plans sponsored by S&P 1500 companies on a monthly basis. Figure 1 (below) shows the estimated aggregate surplus/ (deficit) position and the funded status of all plans sponsored by companies in the S&P 1500. The estimates are based on each company's latest available year-end statement[2] and by projections to April 30, 2018 in line with financial indices. The estimates include US domestic qualified and non-qualified plans, along with all non-domestic plans. The estimated aggregate value of pension plan assets of the S&P 1500 companies as of March 31, 2018 was $1.95 trillion USD, compared with estimated aggregate liabilities of $2.23 trillion USD. Allowing for changes in financial markets through April 30, 2018, changes to the S&P 1500 constituents, and newly released financial disclosures, at the end of April the estimated aggregate assets were $1.93 trillion USD, compared with the estimated aggregate liabilities of $2.18 trillion USD. Figure 2 shows the discount rates used in Mercer's pension funding calculation.

Court Fines Condoms Brand for 'Discrediting' Religious Symbols

The Tbilisi City Court has found the Aiisa company, a Georgian custom condoms brand, guilty of "discrediting religious symbols" in its product advertising, and imposed a GEL 500 fine and ordered to remove its products from the market.

The case was referred to the Tbilisi City Court by the Supervision Department of the Tbilisi municipality administration. The latter was approached with a request to ban the product advertising by the Georgian Idea, a Tbilisi-based conservative rights group.

The group said in its March 27 appeal that illustrations and slogans displayed on Aiisa condoms packaging, including a hand gesture with crossed fingers (resembling the Christ's hand gesture) and the image of Tamar, a canonized female monarch of Georgia, violated the rights of the Orthodox parish and the church.

The Tbilisi City Court upheld the request at its hearing today, and ruled that "unethical slogans and illustrations" displayed on Aiisa condoms packaging "violate human and moral norms," and "discredit religious symbols" (point 5 in article 3 of the Law on Advertising).

The company's defense lawyer, Giorgi Mshvenieradze, slammed the court ruling as a "dangerous precedent" for restricting the freedom of expression, and added that the decision would be challenged in the Court of Appeals.

"This equals to returning to the ages of inquisition ... It is very unfortunate that constitutional rights are gradually being turned into a useless pile of papers in this country," he said.

Levan Chachua, the leader of Georgian Idea public movement, welcomed the court ruling as "the most important precedent, when the court fined a business for insulting our dignity and our religious feelings."

Commenting the court ruling, Sopio Kiladze, chairperson of the Parliament's human rights committee, said that use of the right to expression "should not insult other people." "Of course, it is very difficult to draw boundaries; we should protect both rights, but observing balance between these two rights should be an obligation for every citizen," she added.

Source: Civil.ge

financial news

Wendy's and Dunkin Donuts Now in Kutaisi

Eva BOLKVADZE
The FINANCIAL

With its focus on real estate development in the regions, Wissol Group's subsidiary company "MP Development" has opened a new complex in the centre of Kutaisi with branches of the American chains "Wendy's" and "Dunkin Donuts" located there. This newest Wendy's branch is its 10th in Georgia, while Dunkin Donuts now has 19 restaurants across the country in total.

The official opening ceremony in Kutaisi was attended by the Mayor of Kutaisi Giorgi Chighvaria, President of Wissol Group Samson Pkhakadze, and an American delegation from Wendy's and Dunkin Donuts.

"Development of commercial real estate is one of the key directions for our group. We own a number of shopping centres in the country. Besides our main leaseholder – American restaurants Wendy's and Dunkin Donuts – our main strategic partners are Carrefour, the country's leading banks, as well as other different stores. Wissol Group has employed about 50 local residents in the new Wendy's and Dunkin Donuts restaurants, and as a result we will be able to implement many interesting projects and contribute to the development of our country's economy," noted Samson Pkhakadze, President of Wissol Group, at the ceremony.

The grand opening of the Wendy's and Dunkin Donuts restaurants in Kutaisi was accompanied by a vigorous performance of The Drum Show. Local customers were given the opportunity to become active participants in various interesting events.

Wendy's celebrated the new restaurant opening with its special Mexican burger – "Arrribba". Customers also had the opportunity to taste the chain's newest chicken burger with special souse and French fries combo. Dunkin Donuts also offered exceptional prices on its coffee and donuts menu exclusively for its Kutaisi customers.

"I'm glad to be here today to celebrate the opening of new restaurants in Kutaisi. It's the 2nd of May, celebration day for the city, and by bringing a strong brand we have congratulated Kutaisi on this special day. The fact that we will offer customers new, high quality products daily, makes me happy and I hope that everyone will enjoy the new restaurants," said John Pain, Vice President of Wendy's International.

Wissol Group first started developing the American restaurants chain Wendy's in 2013. An exclusive franchise agreement with the largest operator of American restaurants Dunkin Donuts was then signed in 2014.

Within the framework of the "More Georgian Products" initiative, the American restaurant chains Wendy's and Dunkin Donuts have substituted imported products for Georgian ones and since December 2015 customers have been offered a fresh, high quality, delicious menu made only in Georgia.

analysis

Georgia Without Gas Storage

The FINANCIAL
OP-ED BY JABA TARIMANASHVILI

Energy security is an integral part of national security. That is why it is important that the risks of suspension or cease of energy supplies are subject to control and do not cause critical threats to the country. The increasing dependence on electricity and gas imports creates advantage to other countries to have an influence and intrusion of its interests. It is noteworthy that the security and bovver of the country may cause not only supply interruptions, but also threatening to terminate supply and obtain economic or political benefit in return for assistance in critical situations.

We all remember winter of 2006 when suddenly supply of gas stopped to Georgia, which led to the re-emergence of energy crisis in the country due to low winter temperatures. Supplier was reporting that the termination of gas supply related to technical problems, although the experts regarded this reason as groundless. Despite the diversification of the supply, Georgia is still fully dependent on imported natural gas from abroad and share of single supplier nowadays is still large in the volume of total import.

Many countries use natural gas storage as best ways to ensure energy security, because robust and sufficient gas storage facilities are crucial to energy security and resilience in times of major supply disruption. The EU strategy aims to exploit the potential of liquefied natural gas (LNG) and gas storage to make the EU gas system more diverse and flexible, thus contributing to the key Energy Union objective of a secure, resilient and competitive gas supply. It is important for Georgia to be able to secure protection against technical hurdles, diversities and emergencies.

Georgia is the only country in the region with no gas storage available that could allow to balance natural gas demand for winter and summer periods independently. Besides, unavailability of gas storage facility puts country to face risk in case of unplanned stoppage of gas supplies. There are no alternative ways of sourcing and getting protection against critical accidents.

The fact is that it is vital for Georgia to create alternative sources of gas supply and create safety reserve. It is necessary to develop strategic infrastructure that will exclude political trade leverage when Georgia is fully dependent on imports from specific countries.

In addition to gas storage, it is important that Georgia think about the development of a liquefied natural gas (LNG) terminal on the Black Sea. Alternatively, consider development a combination of gas storage and LNG terminal that will create additional value and provide a commercially profitable position not only for Georgia but also for the region. The LNG terminal will create alternative export solutions, as well as the possibility of gas import possibility from the sea.

European countries are developing infrastructure of alternatives sourcing of gas to reduce dependence on only one particular country and weaken the leverage of political trade by the supplier country. Poland and Lithuania

Continued on p. 13

FactCheck

GRASS FACTCHECK

Davit Sakvarelidze:

FORMER MP

"Armenia has a higher GDP per capita as compared to Georgia."

Table 1: Georgia's and Armenia's GDP per Capita in 2010-2018

	Georgia		Armenia	
	GDP per Capita	PPP	GDP per Capita	PPP
2010	2,951	6,704	3,122	6,502
2011	3,711	7,287	3,417	6,803
2012	4,131	7,858	3,576	7,284
2013	4,267	8,239	3,732	7,499
2014	4 428	8,743	3,889	7,756
2015	3,762	9,017	3,529	7,994
2016	3,872	9,322	3,535	8,014
2017	4,099	9,789	3,861	8,613
2018[1]	4,370	10,226	4,022	8,905

Source: International Monetary Fund, World Bank

Levan TEVDORADZE

FactChek

VERDICT:

FactCheck concludes that Davit Sakvarelidze's statement is a **LIE**.

Resume: In accordance with the International Monetary Fund's data, the GDP of both Georgia and Armenia calculated in nominal USD in the period of 2010-2018 had a trend of constant increase up until 2014 where after it dropped in 2015 but then continued to increase from 2016. Armenia's GDP per capita was higher as compared to Georgia's only once, in the year 2010, and this has never re-occurred.

Whilst comparing the GDP per capita of different countries, it is important to take into account the GDP calculated by purchasing power parity (PPP) together with the nominal figures. This approach envisions that in different countries one and the same currency has a different purchasing power depending how wealthy the countries are. In terms of the PPP, the GDP of both Georgia and Armenia constantly increased in 2010-2018 although Armenia's figure has been lower as compared to Georgia's in every year.

Analysis: On 23 April 2018, former United National Movement member, Davit Sakvarelidze, stated that Armenia had a higher GDP per capita as compared to Georgia which was previously not the case.

In accordance with the International Monetary Fund's data, Georgia's nominal GDP per capita constantly increased during the period of 2010-2018 but with a temporary drop in 2014. As a result of the GEL depreciation against the USD, the GDP per capita decreased and dropped to USD 3,762 in 2015. The tendency of growth has resumed since 2016. In accordance with the 2018 prognosis, Georgia's GDP per capita will reach USD 4,370 at the end of the year.

The change tendency in GDP per capita was similar in Armenia, too. In 2010-2014, Armenia's GDP showed a constant rise whilst decreasing by USD 360 in 2015 and dropping to USD 3,529. The tendency of growth which started in 2016 will be kept in 2018. Armenia's GDP per capita will reach USD 4,022 by the end of the year.

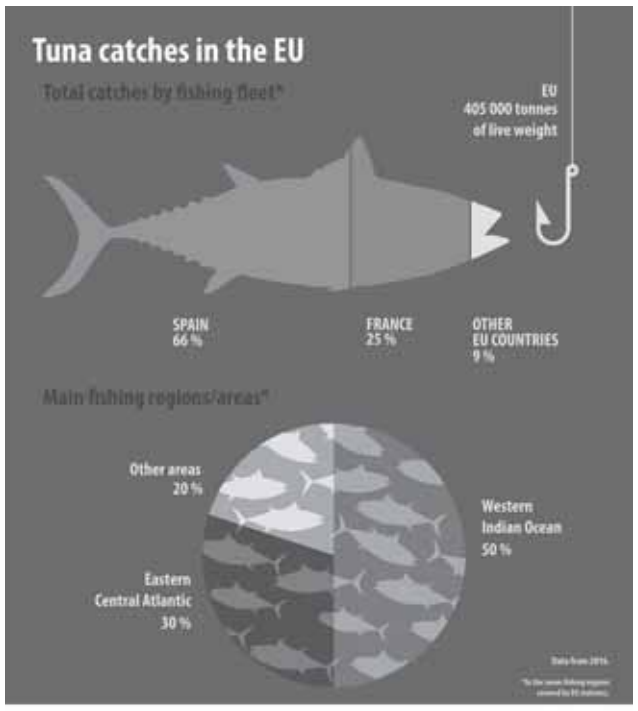
Despite the similarity in tendencies, it was only in 2010 within the entire accounting period when Armenia's GDP per capita was higher as compared to Georgia's by USD 171 and hit USD 3,122..

For a fair comparison of the GDP per capita, it is important to take into account the figures calculated in terms of purchasing power parity (PPP) in addition to nominal data. The PPP approach envisions that currencies have different purchasing powers in different countries of the world. Low-income countries have lower prices for goods whilst the currency purchasing power is higher (it is possible to purchase more products with USD 1). In accordance with the International Monetary Fund's data, the GDP calculated in terms of purchasing power has been constantly increasing in the period of 2010-2018. In 2018, Georgia's GDP (PPP) will be USD 10,226; that is, USD 1,321 more as compared to Armenia. In addition, if we take the PPP approach into account, Armenia's GDP per capita has not been higher as compared to Georgia's in any of the years in the accounting period.

1 Estimated figure

EU catches of tuna

The FINANCIAL



A live weight of almost 405 000 tonnes of tuna (including bonitos and billfishes) were caught by the EU Member States in 2016 in the seven fishing regions covered by EU statistics. This represented about 9% of all catches of marine fish by EU Member States that year. The most common tuna species caught was skipjack tuna, followed by yellowfin tuna. Atlantic bluefin tuna is a threatened fish species but with agreed quotas in place, stocks are recovering. Catches by the EU Member States of Atlantic bluefin tuna were a little under 10 000 tonnes in live weight terms in 2016.

Together, Spain and France accounted for almost all of the tuna catch in 2016. Within the seven marine regions, Spain caught almost 269 000 tonnes of tuna, bonitos and billfishes in live weight terms (two-thirds of the EU total) and France about 102 000 tonnes (one quarter of the EU total).

Half of these fish were caught in the Western Indian Ocean (205 000 tonnes live weight), the other major catch area being the Eastern Central Atlantic (122 000 tonnes live weight).

PwC forecasts City Prospects in 2018, 2019

Continued from p. 4

growth.

Milan's hotel market should continue to grow, driven by the EXPO legacy, international events and increasing leisure demand, with RevPAR forecasted to increase by 2.6% in 2019.

In 2019, Berlin's growth picks up slightly, driven by a marginal uptick in occupancy and ADR, and the city sees 2% RevPAR, as economic growth continues and tourism arrivals stabilise.

In 2019, some modest growth is expected to return to London, despite uncertainty and potential Brexit related issues, as economic growth is expected to stabilise, and y-o-y comparables become less challenging. Geneva is expected to see a marginal fall in occupancy in 2019 but 1.7% growth in ADR drives continued RevPAR growth of around 1.5%. Rome also sees 1.5% RevPAR growth in 2019, mainly driven by ADR, which remains below pre-crisis levels. In Zurich, occupancy sees a 1.3% gain in 2019, to 73%, giving a marginal RevPAR uptick of 0.5%.

Eurozone:

"In our main scenario projections for 2018, we expect the GDP-weighted growth rate of the peripheral Eurozone economies to exceed that of the core. Specifically, we expect growth of around 2.5% in the periphery and 2% in the core", believe PwC analysis.

"This would be the fifth consecutive year the peripheral Eurozone economies have outpaced the core. Of the larger Eurozone economies, the Netherlands is expected to lead the core economies' performance (2.6% growth). Ireland is expected to be the fastest growing peripheral economy (3.5% growth). Greece is likely to exit its performance programme in August marking the first year since 2009 where no Eurozone economy is under IMF surveillance. Germany will continue to post the world's largest current account surplus in absolute terms to the tune of over $300 billion. By contrast with the recovering Eurozone, uncertainty relating to Brexit is expected to drag on UK growth, which is expected to be only around 1.5% in 2018.

One risk to this picture however is the beginning of the end of easy money. Since the US Federal Reserve started to gradually reduce the size of its balance sheet and raise rates, the question has been who will follow next. We expect the European Central Bank (ECB) to further reduce its monthly asset purchases in 2018. If Eurozone inflation rebounds faster than our baseline projection, 2018 could see the end of the ECB's asset purchase programme.

UK:

The UK economy held up well in the six months after the EU referendum, but growth slowed markedly from early 2017 as consumer spending growth moderated. A key factor behind that moderation was the increase in the rate of consumer price inflation (CPI) from around zero on average in 2015 to 3% in

the year to January 2018, as global commodity prices have picked up from lows in early 2016, and the effects of the weak pound after the Brexit vote have fed through supply chains.

Higher inflation has squeezed real household incomes and this has taken the edge off consumer-led growth. Brexit-related uncertainty has also dampened business investment growth.

In our main scenario, we project UK growth to remain modest at around 1.5% in 2018 and 1.6% in 2019. This is due to continued subdued real consumer spending growth and the drag on business investment from ongoing economic and political uncertainty relating to the outcome of the Brexit negotiations.

The Bank of England could raise interest rates once or twice this year, though the pace of increase will remain limited and gradual.

United States:

The growth forecast for the United States has been revised up given stronger than expected activity in 2017, higher projected external demand, and the expected macroeconomic impact of the tax reform, in particular the reduction in corporate tax rates and the temporary allowance for full expensing of investment.

We are projecting US economic growth of 2.8% in 2018 and 2.3% in 2019.

China:

"We project China, the world's largest economy in PPP terms, to grow by around 6-7% in 2018. At the 2017 party congress, President Xi outlined China's shift in focus from high speed to high quality growth. This was coupled with supply side reforms addressing structural problems, such as excess factory production and pollution. Any further, unexpected, reduction in Chinese growth (for example because of financial stability issues related to high debt levels in the property sector) is a downside risk", PwC report concludes.

Saudi Arabians are the top spenders

The FINANCIAL -- In addition to examining the motivations and planning tactics, the GTI Study of outbound travelers from 27 countries and territories also uncovered a number of macro trends expected to continue into 2018:

Trips are getting shorter: The global average is now eight nights, down from 10 nights on average in 2013.

More trips abroad: Globally, people are planning to take more trips in the future, from an average of 2.5 trips in the past two years to 2.7 trips in the next two years. The Americas lead the pack in number of trips in the past two years, taking an average of 3.2 trips in 2017.

Technology is helping some travelers better navigate their destinations: 88 percent of travelers gained online access while abroad. Almost half (44 percent) use ride-sharing apps to get around once they are on the ground.

Multi-destination: 11 percent of global travel includes visits to multiple countries.

Japan, the United States and Australia are the most visited countries:Japan has overtaken the United States as the most popular destination for global travelers in the past two years. Regional preferences prevail, though, with travelers in the Asia Pacific region leaning heavily toward Japan as a travel destination. American travelers prefer continental Europe, though Mexico, Canada and Japan are also highly desirable.

Top spenders: Saudi Arabians are the top spenders when it comes to what travelers spend on their entire trips, including the booking stage as well as expenditures at the destination, with Chinese, Australians, Americans and Kuwaitis rounding out the top five.

Simplifying Payment Abroad

Travelers are increasingly using technology to plan their trips and navigate their destinations – 83 percent of travelers used technology for this purpose in 2017 compared to 78 percent in 2015. Yet the majority of them are still decidedly analog when it comes to making payments internationally.

While many travelers use cards while on vacation, most (77 percent) still prefer to use cash when making purchases. Using a Visa card to pay in local currency could help international travelers get a more competitive exchange rate and possibly help them avoid being hit with hidden currency conversion fees when they get home. The Study also found the following themes related to the use of cash while traveling internationally:

Cash causes anxiety: Travelers cited loss of cash or theft as a top money concern while on trips.

Big Spenders: The average global traveler spends US$1,793 per trip, yet the global median amount of cash brought to destination globally clocks in at a whopping US$7781.

Trade-off: In order to travel with that much cash, 72 percent of people prepared their foreign currency prior to their departure date.

Telling sign: Only slightly more than one in ten people made an ATM withdrawal at their destination. Security at ATMs is one area of concern affecting this statistic, cited by nearly one in five travelers as a barrier to using an ATM. Travelers from Europe, the Middle East and Africa are, however, more likely to withdraw cash during vacation compared to those from other regions.

Leftover cash: A whopping 87 percent have leftover cash after their trips, but only 29 percent convert it back to currency they can actually use at home. The global median leftover amount is US$123.

ICI PARIS Presented Versace's Dylan Blue Fragrance for Ladies

The FINANCIAL – Loyal customers of ICI PARIS perfume store network are very first to buy *Versace Dylan Blue Pour Femme introduced last week.*

"This perfume is one of the most amazing perfumes from Versace. It has an unforgettable scent. It's a deep sapphire and gold, and it's shaped like an elegant Greek amphora. Meanwhile, the iconic Versace Medusa emblem stamps the bottle with luxury. Apple, blackcurrant, jasmine, white woods, musk, and patchouli, is the answer why the scent of the perfume is so delicious," Khatia Shamugia, PR and Marketing Manager of ICI Paris said during the specially organized press lunch.

Uniqueness. Strength. Sensuality and Elegance.An alchemy of alluring notes dance, seduce, and come together in an elegant embrace.The Versace Dylan Blue pour femme bottle is an expression of innovative design - its elegant curves bring to mind an amphora, evoking Greek culture and mythology.

"Dylan Blue pour Femme is a tribute to femininity. It is a strong, sensuous, refined fragrance created for a woman who knows the power of her sensuality and mind."Thats how Donatella Versace describes the perfume.

Donatella Versace's guiding vision for Dylan Blue Pour Femme was the idea of women having the confidence to own their power, so perfumer Calice Becker set to work crafting a fragrance that not only emboldens its wearer but also doesn't smell quite like anything else. The result is an elixir-like Eau de Parfum that has all of the hallmarks of a Versace classic; both sensual and elegant, with a strength of character that is instantly captivating.

Versace Dylan Blue Pour Femme opens with the unmistakable bite of a juicy Granny Smith apple paired with a quenching blackcurrant sorbet, a mouthwatering combination that is just pure pleasure. It's in the heart of the fragrance that a frisson happens, with armfuls of imaginary blooms including Petalia (a rose/peony hybrid) and Rosyfolia (a fresh and rosy note), which are tied by a thread of intoxicating jasmine. An icy infusion of peach introduces a hint of an aquatic edge before Dylan Blue Pour Femme plunges into the depths of resinous styrax and patchouli in the base, completing its descent into pure seduction.

Versace's fascination with Greek mythology is a huge part of the fashion house's identity, and the Dylan Blue Pour Femme bottle reflects this beautifully. Its amphora-like curves are crafted from glass the colour of the Mediterranean Sea and topped with weighty golden hardware for a luxurious finish. The final touch is the iconic Medusa embellishment, which emphatically sets it apart as a Versace creation.

GRASS FACTCHECK

Archil Talakvadze:

MP, THE MAJORITY LEADER - THE PARLIAMENT OF GEORGIA

"We have improvements in terms of investment protection and Georgia has moved up in the ranking from the 36th to the 21st position."

Valeri KVARATSKHELIA
FactChek

VERDICT:

Archil Talakvadze's statement is **MOSTLY TRUE**.

Resume: The Heritage Foundation publishes its Index of Economic Freedom annually. In 2012, Georgia was in 36th place with 70 points in terms of investment freedom which is one of the components of economic freedom in the ranking. As of 2017, Georgia's overall points increased to 80 and the country moved up to the 21st place. In accordance with the latest 2018 report, Georgia's overall points remained unchanged; however, as a result of changes in other countries' indicators, Georgia's ranking worsened by three positions and it now ranks 24th.

Analysis: At the session of the Parliament of Georgia, one of the leaders of the Parliamentary Majority, Archil Talakvadze, stated: "We have improvements in terms of investment protection. In accordance with the Heritage Foundation's report, Georgia moved up in the ranking from the 36th to the 21st place."

FactCheck took interest in the accuracy of the statement.

In April 2018, the Heritage Foundation published its 2018 Index of Economic Freedom. In accordance with the Index, Georgia is ranked 9th from the 44 countries in our region (Europe) and 16th from the 180 countries of the world. In accordance with the 2017 Index of Economic Freedom, Georgia was ranked 5th in the region and 13th in the world.

Investment freedom is one of the components of economic freedom. However, it does not refer to the "protection" of an investor as such but measures restrictions imposed upon the inflow-outflow of investments. Generally, whilst speaking about property rights and including the protection of the investor/investment, it is more relevant to pay attention to another component of economic freedom – property rights. Georgia's indicator in the 2018 Index improved from 55.2 points to 62.8 points as compared to 2017. As a result, the country moved up from the 70th place to the 50th. In 2012, Georgia was ranked 71st with 40 points.

Georgia's achievements in terms of the investment freedom component are assessed at 80 points overall and this figure has remained unchanged since 2014. However, changes in the performance of other countries (improvement or deterioration) prompt changes in rankings in spite of the overall points being the same. In 2018, Georgia's ranking in terms of investment freedom worsened by three positions as compared to 2017 with the country now ranked in the 24th place. The tendency of changes in the ranking in the period of 2012-2018 is given in Table 1.

As illustrated by the table, Georgia was in 36th place in terms of investment freedoms in 2012 and then ranked 21st in 2017. In 2018, the former positive tendency which continued until 2017 stopped and Georgia's position went downhill both in terms of the Index of Economic Freedom and investment freedom. At the same time, of note is that the country's overall points in the Index of Economic Freedom did increase by 0.2 points; however, it was not enough the keep its previous position in the ranking.

Similar indicators are given in the World Economic Forum's Global Competitiveness Reports. In accordance with this source, Georgia was ranked 131st from 144 countries with 3.1 points in terms of property rights in 2012 (2012-2013 accounting period). It ranked 17th in terms of investment protection with 7 points. In accordance with 2017's data (2017-2018 accounting period), Georgia is 46th with 4.7 points in terms of property rights protection and 7th with 7.7 points in terms of investor protection. Of note is that as compared to the previous period (2016-2017 accounting period), Georgia has fallen back by three positions in the rankig of property rights, although it advanced by 13 positions in the ranking of investment protection.

Table 1: Georgia in the Index of Economic Freedom Ranking

		2012	2013	2014	2015	2016	2017	2018
Index of Economic Freedom	Points	69.4	72.2	72.6	73	72.6	76	76.2
	Ranking Position	34	21	22	22	23	13	16
	Position in the Region	16	11	12	11	12	5	9
Investment Freedom	Points	70	75	80	80	80	80	80
	Ranking Position	36	27	23	23	23	21	24
	Position in the Region	21	19	16	17	18	16	18

Source: The Heritage Foundation

THE ISET ECONOMIST

A BLOG ABOUT ECONOMICS AND THE SOUTH CAUCASUS www.iset-pi.ge/blog

Georgia's Economy Grows, Agriculture Shrinks: What Should We Do?

Continued from p. 2

By RATI KOCHLAMAZASHVILI AND PATI MAMARDASHVILI

ISET

Since 2012, when the political party Georgian Dream took leadership of the country's governance, economic [real] growth reached its highest rate in 2017 (5.0%). The drivers of this growth were construction (11.2%), hotels and restaurants (11.2%) and the financial sector (9.2%). However, a few sectors of the economy declined in 2017, and one was agriculture (-2.7%).

Experts on this sector agree that 2017 was a "bad year" for Georgia's agriculture. Winter lasted longer and spring frost damaged fruit plantations. This was followed by some periods of drought, as well as heavy rains in some regions of Georgia. In addition, the stink bug epidemic spread in western Georgia and damaged the harvest of many products, especially the country's one of the main "cash crop", hazelnut. Furthermore, some experts question the data on agricultural employment in the country. While the official data shows a persistent trend of around half of the Georgian labor force being employed in agriculture, such figures tell us little about the real story (e.g., there is no data on hours actually worked in agriculture). Perhaps (and hopefully), some workers have almost left agriculture, and thus, without technological progress, it is not surprising that less output is produced in this sector. All of these arguments might be true, but it is difficult to judge whether or how much each of these factors contributed to the decline of agriculture in 2017.

Photo by Rati Kochlamazashvili

A closer look at the statistics

According to Geostat's preliminary data for 2017, the decline touched almost each and every sub-sector of agriculture. Compared to average numbers between 2014 and 2016, sown areas declined by 17% in 2017, and so did the production of top annual crops – wheat (-7%), maize (-39%), potatoes (-19%), and vegetables (-19%). The only crops with increased production in 2017 (compared to the average of 2014-2016) were barley (+12%), oats (+4%) and pepper (+9%) (see more on sown areas and production in April's Agri Review).

As for permanent crops, all three big categories have experienced decline in 2017, compared to the average production of 2014-2016: fruits (-38%), grapes (-9%), and citrus (-19%). Only a few types of fruit production increased in 2017, compared to the average of 2014-2016, and among those were peaches (+18%) and berries (+73%).

Livestock products followed the trend as well. Compared to the average of 2014-2016, the following changes were observed for the production of livestock products in 2017 - meat (-10%) and milk (-11%); eggs stayed almost unchanged.

Some positive changes were also observed in 2017. The productivity of some agricultural goods increased, for example: barley (+12%), oats (+33%), beans (+11%), and vegetables (+2%). However, one should not judge agriculture only by one year. In previous years, some farms were surely becoming modernized and developing along the value chain, but this does not change the big picture. A lot still needs to be done to improve agricultural productivity in the country.

More figures on Georgian agriculture

Not only agricultural output, but also the share of agriculture in the country's GDP, has declined from 9.1% as the average of 2014-2016, to 8.2% in 2017, which itself is the lowest number ever recorded (Geostat, 2018). The low share of agriculture in overall GDP is not a problem as such; the world average was 6% in 2015. This number is even lower for developed countries; it varies between 1% and 3%. So, the observed decline would be welcome for the Georgia's economy, if not for the fact that more than 40% of labor force is "employed" in agriculture. The same indicator is much lower in the developed world and does not exceed 5%.

So, the contribution of this 40% of the workforce to the country's GDP is very modest, because the productivity of the sector is still very low. This, as well as recognition of the role of increased agricultural productivity in poverty reduction (this role is much debated, though) has placed the agricultural sector high on Georgia's policy agenda. Since announcing agriculture as a priority sector in 2012, huge efforts have been devoted to revitalizing this traditional sector of the economy. In particular, government spending increased from nearly 1% to more than 3% of the total budget, including many new projects and programs with direct and indirect subsidies.

Despite the increase in government spending and much more support from the international community and private sector, the sector's real growth was modest during 2014-2016, and became negative in 2017 (see graph above). Many experts now question the effectiveness of such spending and argue about the necessity of better targeting and the gradual decrease of support to the sector. But should Georgia consider a decrease in the support of agriculture? Or is it perhaps better to decrease some kinds of support (e.g., direct subsidies to farmers, as when the Georgian government decided to phase out an input voucher program in 2017) and increase others? While an assessment of the effectiveness of different programs would help, data and lack of resources limit the availability of the thorough analyses needed to answer these important questions.

Is there life without subsidies?

Agriculture is one the most supported economic sectors in the world, especially in the European Union (21% of gross farm income) and the USA (9%) (OECD, 2016). There are many ways of supporting this sector, through both direct (vouchers, grants, subsidizing prices, etc.) and indirect subsidies (subsidizing the interest rate and agro insurance premium, etc.). However, agricultural support is generally decreasing in OECD countries (from 33% in 2000 to 19% in 2016). While farmers in most developed countries are well organized and can engage in serious lobbying, there are still some examples of sharply reduced support. Those examples demonstrate the importance of implementing a good exit strategy from subsidies in order to make the sector healthier, because it is well known that wherever subsidies are involved, many farmers are farming solely for those subsidies.

One example of a successful case of withdrawal of subsidies is New Zealand. The sudden and unexpected removal of subsidies took place back in 1984, which "has given birth to a vibrant, diversified and growing rural economy," according to a report made by the Federated Farmers of New Zealand published in 2005, more than 20 years after the removal of subsidies. Productivity has improved and growth in agriculture has outpaced the growth of the New Zealand economy as a whole.

While the first few years after subsidies were hard, it helped farmers to become more professional, innovative and business-oriented. Some farmers diversified their income portfolio and started to practice agro tourism activities at their farms.

After removing subsidies, the New Zealand government provided advice to farmers on whether they should leave the agriculture sector or stay in this business, and also provided farmers with one-time "exit grants". Today, the New Zealand government mainly provides agricultural research funding, but all other subsidies have been removed (e.g. production grants, fertilizer subsidies, taxation schemes and concession loans). The positive results of the farm subsidy reforms are visible in rapid technological improvements, and increased land and agricultural labor productivity in the country (Lattimore, 2006).

"What's happened since the reforms is that you have a new type of farm emerging — a business farm," Malcolm Lumsden, a dairy farmer from New Zealand, told the New York Times. Yes, farming requires first the business approach!

Could it be done in Georgia?

One sub-sector of Georgia's agriculture sector flourished last year, and it was the wine industry. The brand

Continued on p. 14

Almost half a million journalists in the EU

The FINANCIAL

Almost one million persons were employed as authors, journalists or linguists in the European Union (EU) in 2017. Almost half of these were journalists (0.4 million persons, or 0.2% of total employment). Compared to five years ago, the number of journalists in the EU increased by 38 thousand (or + 10%).

Overall, 1.2 million persons (or 0.5% of total employment) were employed in publishing activities, such as publication of newspapers, magazines and journals, while close to half a million (0.4 million, or 0.2% of total employment) were employed in other information service activities, such as data processing, hosting web sites, or working in news agencies.

Highest share of journalists in Estonia and Sweden, lowest in Slovakia and Poland

Data on the number of journalists in 2017 were available for 18 EU Member States, namely Belgium, the Czech Republic, Germany, Estonia, France, Croatia, Italy, Cyprus, Luxembourg, Hungary, the Netherlands, Austria, Poland, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

Of these countries, the highest share of journalists was recorded in Estonia and Sweden (both 0.5% of total employment), ahead of the Netherlands, Finland and Germany (all above 0.3%). Slovakia* and Poland were at the opposite end of the scale (both 0.1%), followed by Italy, the Czech Republic, Belgium, France, Hungary and Luxembourg (all below 0.2%).

ec.europa.eu/eurostat

How much nuclear power does the EU generate?

The FINANCIAL

In 2016, nuclear reactors were in operation in half of the EU Member States: Belgium, Bulgaria, the Czech Republic, Germany, Spain, France, Hungary, the Netherlands, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom. There were no nuclear facilities in the other 14 EU Member States.

France accounts for half of the electricity generated from nuclear power in the EU

The main use of nuclear energy is to produce electricity and, in 2016, gross electricity generation from nuclear plants within the EU Member States stood at 839.7 thousand gigawatt hours (GWh). In other words, nuclear plants generated about a quarter (25.8%) of the electricity produced in the EU in 2016.

France was by far the largest producer of nuclear power, with a 48% share of the EU total in 2016. It was followed by Germany (10%), the United Kingdom (8.5%), Sweden (7.5%) and Spain (7%). Together, these five Member States accounted for more than 80% of the total amount of electricity generated in nuclear facilities in the EU.

Fall in nuclear power generation in the EU over the last decade

Over time, two different trends can be distinguished regarding electricity production from nuclear power. From 1990 to 2004, the total amount of electricity produced in nuclear facilities in the EU increased by 27%, reaching a peak of 1 008.4 thousand GWh in 2004. However, between 2004 and 2016, total nuclear power generation in the EU decreased by 17%.

From 1990 to 2016, most of the Member States operating nuclear facilities increased their nuclear electricity production. This was notably the case for the Czech Republic (+91.5 %), followed at a distance by France (+28.4 %), Slovenia (+23.6 %), Slovakia (+22.7 %), Finland (+20.7 %), Hungary (+16.9 %), the Netherlands (+13.1 %), the United Kingdom (+9.1 %), Spain (+8.0 %) and Bulgaria (+7.5 %). In contrast, Lithuania recorded the most significant decrease, as it closed down its nuclear facilities in 2009, ahead of Germany (-44.5 %) and Sweden (-7.6 %).

Georgia Without Gas Storage

Continued from p. 8

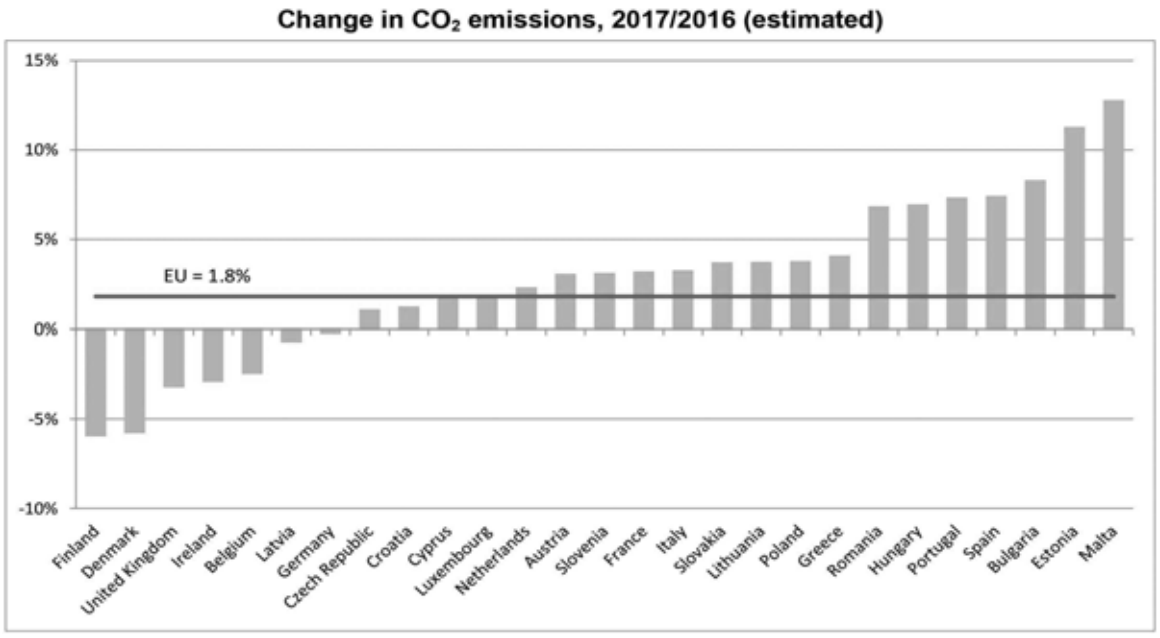
have completed construction of a LNG terminal. The terminal construction in Estonia expected to complete by 2020. Polish LNG terminal was crucial for Ukraine to manage receive gas through the Polish-Ukraine interconnector. Gas storage was the single most important channel for responding to both the 2009 Russia – Ukraine gas disruption in Europe.

The regulation of the International Maritime Organization (IMO) should be taken into consideration, which limits sulfur content in marine fuels to 0,5% from January 2020. Many ship owners and ports of European countries are preparing for sulphur content limitation and develop infrastructure to supply LNG as marine fuel to ships.

Georgia must define priorities and find its niche in the Black Sea region, at the crossroads of global energy players interests. It is important to create solutions and additional value for the region to strengthen the positions of the country's energy security and independence.

About the Author: Jaba Tarimanashvili is a Business Analyst, Maritime services and Freight forwarding professional in Georgia, Director of Trans Logistic LLC.

In 2017, CO2 emissions in the EU estimated to have increased compared with 2016



The FINANCIAL

Eurostat estimates that in 2017 carbon dioxide (CO2) emissions from fossil fuel combustion increased by 1.8% in the European Union (EU), compared with the previous year. CO2 emissions are a major contributor to global warming and account for around 80% of all EU greenhouse gas emissions. They are influenced by factors such as climate conditions, economic growth, size of the population, transport and industrial activities.

It should also be noted that imports and exports of energy products have an impact on CO2 emissions in the country where fossil fuels are burned: for example if coal is imported this leads to an increase in emissions, while if electricity is imported, it has no direct effect on emissions in the importing country, as these would be reported in the exporting country where it is produced.

This information on early estimates of CO2 emissions from energy use for 2017 is published by Eurostat, the statistical office of the European Union.

Largest falls in CO2 emissions in Finland and Denmark, highest increases in Malta and Estonia

According to Eurostat estimates, CO2 emissions rose in 2017 in a majority of EU Member States, with the highest increase being recorded in Malta (+12.8%), followed by Estonia (+11.3%), Bulgaria (+8.3%) Spain (+7.4%) and Portugal (+7.3%). Decreases were registered in seven Member States: Finland (-5.9%), Denmark (-5.8%), the United Kingdom (-3.2%), Ireland (-2.9%), Belgium (-2.4%), Latvia (-0.7%) and Germany (-0.2%)

financial news

Ireland has added Georgia to the list of safe countries

The FINANCIAL -- The decision was made by the Ministry of Justice of Ireland. Georgia was put into the category of safe countries along with other East European countries.

Ireland is the nineth out of twelve countries in the EU/Schengen area to have granted Georgia the status of safe country following Luxemburg, Belgium, Netherlands, France, Bulgaria, Austria and Iceland.

This decision points to the western partners' recognition of democratic reforms and protection of human rights in Georgia, according to MFA of Georgia.

Ireland will use an accelerated procedure for consideration of asylum applications filed by Georgian citizens.

Ireland's decision will be effective as of 16 April 2018.

THE ISET ECONOMIST

A BLOG ABOUT ECONOMICS AND THE SOUTH CAUCASUS www.iset-pi.ge/blog

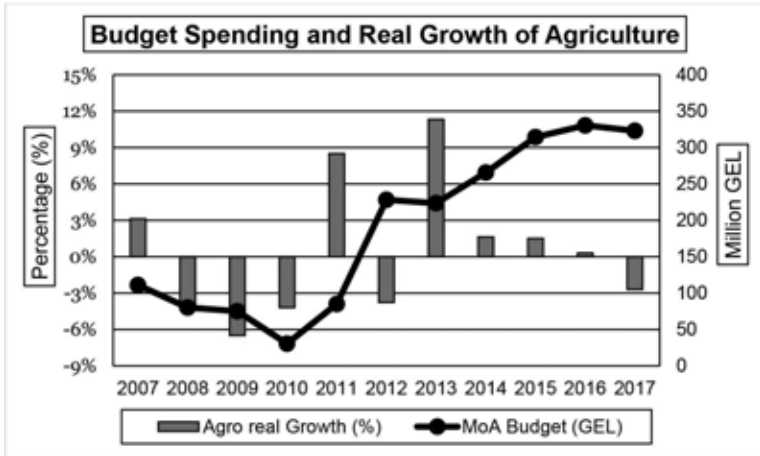
Georgia's Economy Grows, Agriculture Shrinks:

What Should We Do?

Continued from p. 12

name of "cradle of wine" paid off for the country, and the value of wine export ended the hazelnut's almost a decade "hegemony", and again topped food and agricultural exports from Georgia (170 million USD value of wine was exported in 2017). It is worth mentioning that 2017 was the year when the government started exiting from direct subsidies for grape prices; only 19 million GEL was expended, compared to 36 million in 2016. A similar subsidy budget is planned for 2018...

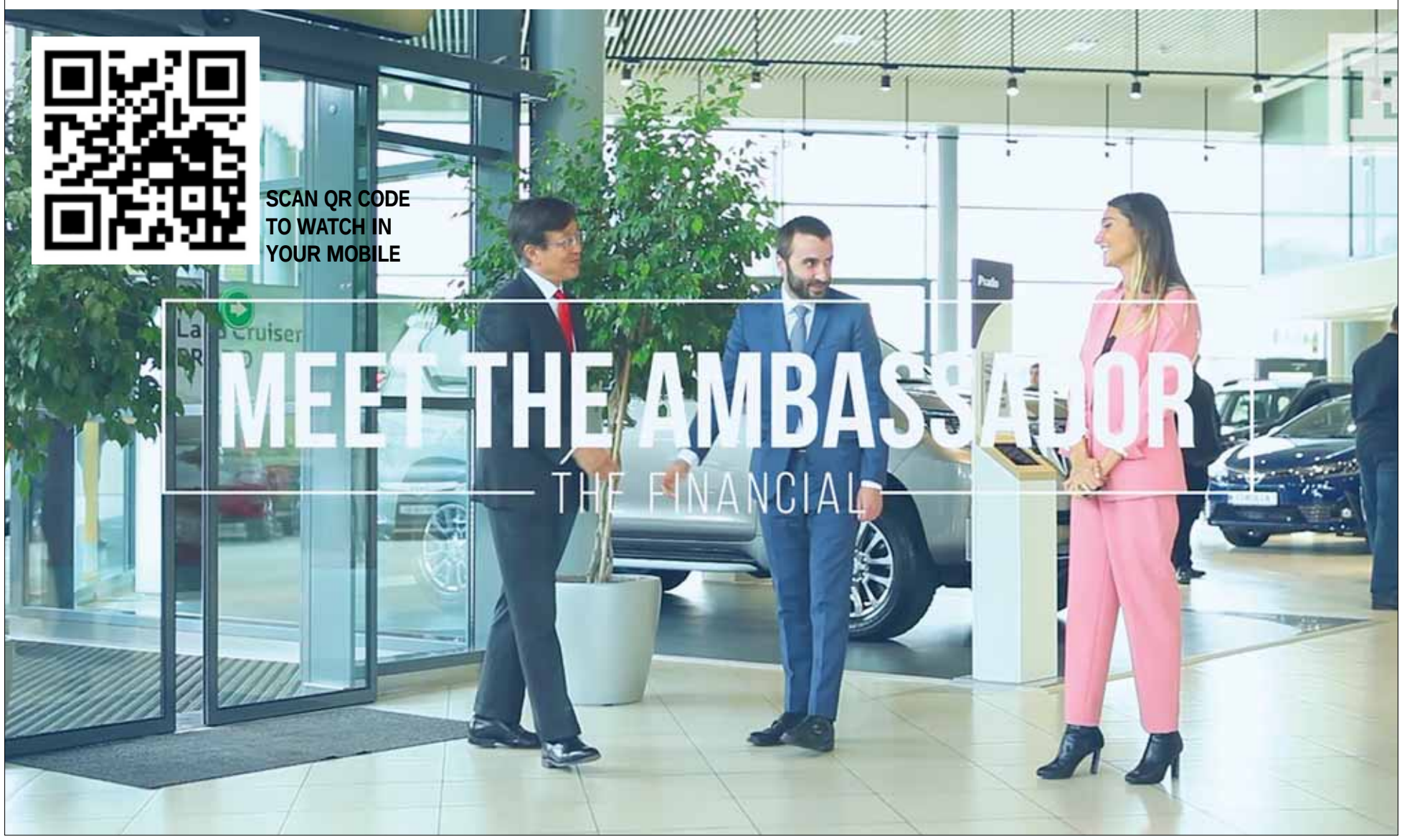
The wine industry is not only the leading agricultural sector of Georgia, but it is also the "successful case" compared to other sub-sectors of agriculture. Of course, the sector still faces many challenges (dependence on CIS markets, decreasing prices of exports, etc.), but it is the most advanced agricultural sector in the country. Having said that, if government would like to continue its exit strategy, when removing direct subsidies for wine (price subsidies), the government should invest more in monitoring wine quality, invest in branding, marketing and support for small and medium wine growers and cellars to help them develop value chains and have direct access consumers, or at least to foreign intermediaries. By doing so, efforts should be directed to the export markets outside of Russia and former CIS countries, to decrease the dependence on traditional markets, which are risky because of well-known facts experienced in the past (see our previous blog).



Source: Ministry of Finance and Ministry of Agriculture (MoA), now the Ministry of Environment Protection and Agriculture.

Overall, it is clear that the New Zealand case would be difficult to implement in Georgian reality. Some types of support, such as subsidizing loans or insurance premiums, deal with systemic problems to be overcome (see this or this on that topics). Nevertheless, better targeting and clear exit strategies should be considered, not only for grape price support, but also for other types of subsidies. Of course this does not mean that spending in agriculture should be sharply reduced in Georgia; on the contrary, different programs should be analyzed in detail to learn more from these pilots and use the insights for a better planning. And perhaps one day Georgia will be ripe enough to follow the New Zealand's example.

MR. TADAHARU UEHARA, AMBASSADOR OF JAPAN TO GEORGIA TALKED TO THE FINANCIAL AT TOYOTA CENTER TEGETA ABOUT GEORGIA, JAPAN TECHNOLOGIES AND POTENTIALS FOR FUTURE COOPERATION. IN SECOND PART OF THE VIDEO, IRAKLI PAPIASHVILI, DIRECTOR OF TOYOTA CENTER TEGETA EXPLAINED POPULARITY OF JAPAN BRAND TOYOTA AND INTRODUCED NEW CAR BY TOYOTA.



Weekly Market Watch

GALT & TAGGART
CREATING OPPORTUNITIES

WEEKLY MARKET WATCH **EXCLUSIVELY** PROVIDED TO THE FINANCIAL BY GALT & TAGGART

ECONOMY

Real GDP growth was 5.6% y/y in March 2018

Georgia's economy expanded 5.6% y/y in March 2018 after growing 5.5% y/y in previous month, according to GeoStat's rapid estimates. In March 2018, the growth was recorded in social and personal service activities, manufacturing, transport, real estate operations and trade sectors. Overall, real GDP growth was 5.2% y/y in 1Q18. Monthly rapid estimates are based on VAT turnover, fiscal and monetary statistics.

Tourist arrivals up 24.9% y/y in April 2018

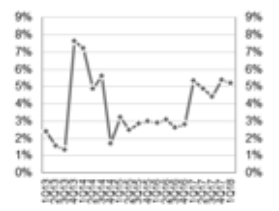
Total international arrivals to Georgia increased 16.8% y/y to 0.60mn visitors in April 2018, according to the Ministry of Internal Affairs. A 24.9% y/y growth in tourist arrivals (0.28mn persons, 46.6% of total) drove arrival growth. Out of top countries by arrivals, in April 2018, visitors continued to increase from Azerbaijan (+10.4% y/y), Turkey (+29.2% y/y), Russia (+43.4% y/y) and Iran (+98.5% y/y), while arrivals were down from Armenia (-6.9% y/y). Arrivals from EU were up 17.9% y/y to over 31,000 visitors. Overall, in 4M18 international arrivals were up 15.9% to 2.06mn persons while tourist arrivals were up 27.3% to 0.94mn persons.

Key macro indicators

	4M18	2017	2016
GDP (% change)	5.2%[1]	5.0%	2.8%
GDP per capita (ppp)	...	10,644	10,043
GDP per capita (US$)	...	4,079	3,865
Population (mn)	3.7	3.7	3.7
Inflation (eop)	2.5%	6.7%	1.8%
Gross reserves (US$ bn)	3.0[1]	3.0	2.8
CAD (% of GDP)	...	8.7	12.8%
Fiscal deficit (% of GDP)	...	3.9%	4.1%
Total public debt (% of GDP)	...	44.7%	44.4%

Source: Official data, IMF
1) As of 1Q18

Real GDP growth, %



Source: GeoStat
Note: Rapid estimate for 4Q17

Georgia sovereign credit ratings

S&P	Moody's	Fitch
BB-	Ba2	BB-
Stable	Stable	Positive
Affirmed	Affirmed	Affirmed
May-2017	Sep-2017	Mar-2018

Source: Rating agencies

International ranking, 2017

Ease of Doing Business s# 9(Top 10)

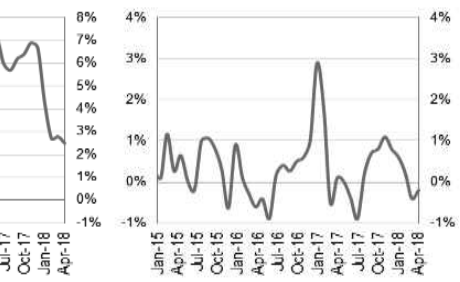
Economic Freedom Index # 16 (mostly free)

Global Competitiveness Index # 59 (improving trend)

Source: World Bank, Heritage Foundaition and World Economic Forum

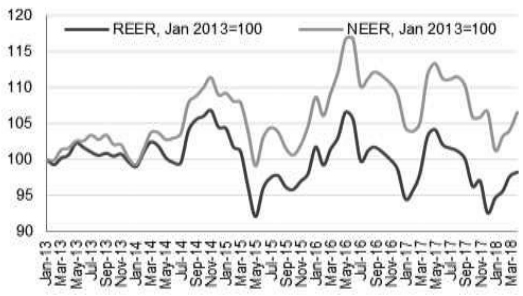
Annual CPI inflation (% change, y/y)

Monthly CPI inflation (% change, m/m)



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.

Inflation was 2.5% y/y and -0.2% m/m in April 2018

Annual CPI inflation was 2.5% in April 2018 down from 2.8% in March 2018, according to GeoStat. Core inflation was unchanged at 1.8% in April. Annual price changes were driven by price increases in food and non-alcoholic beverages (+2.1% y/y, +0.66ppts), transport (+2.9% y/y, +0.43ppts), alcoholic beverages and tobacco (+5.6% y/y, +0.38ppts) and housing, water, electricity, gas and other fuels (+4.6% y/y, +0.38ppts) categories. On a monthly basis, there was 0.2% deflation in April 2018. Price decrease in food and non-alcoholic beverages (-0.4% m/m, -0.11ppts) was the major driver of monthly Inflation dynamics.

NBG keeps monetary policy rate unchanged at 7.25%

At its meeting on 1 May 2018, NBG's monetary policy committee decided to keep its key rate unchanged at 7.25%. Inflation was 2.8% in March, below the 3.0% target, but the decision takes into account increased risks of transmission of inflationary pressures from the main trading partner countries due to higher volatility in financial markets. The next committee meeting is scheduled for 13 June 2018.

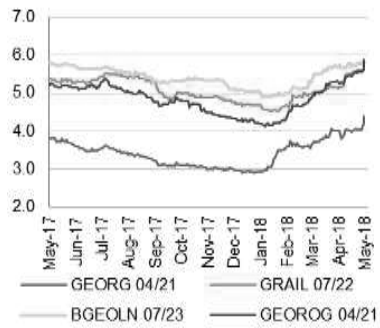
FIXED INCOME

Corporate Eurobonds: BGEO Group Eurobonds (BGEOLN) closed at 5.8% yield, trading at 100.8 (-0.1% w/w). Bank of Georgia GEL-denominated Eurobonds (GEBGG) were trading at 100.5 (unchanged w/w), yielding 10.7%. Georgia Capital Eurobonds (GEOCAP) were trading at 95.3 (-0.2% w/w), yielding 7.1%.

GOGC Eurobonds (GEOROG) were trading at 102.4 (-0.8% w/w), yielding 5.9%. Georgian Railway Eurobonds (GRAIL) traded at a premium at 107.6 (-0.3% w/w), yielding 5.7%.

Georgian Sovereign Eurobonds (GEORG) closed at 106.6 (-1.1% w/w) at 4.4% yield to maturity.

Georgia Eurobonds, YTM (%)



Source: Bloomberg

	Local bonds				Eurobonds					
	GWP 12/21	M2RE 10/19	Nikora 06/19	GLC 08/20	GEOCAP 03/24	GEBGG 06/20	GEOROG 04/21	BGEOLN 07/23	GEORG 04/21	GRAIL 07/22
Amount, US$ mn	30*	25.0	10.0	10.0	300	500*	250	350	500	500
Issue date	12/16	10/16	08/17	8/17	03-18	06-17	04/16	07/16	04/11	07/12
Maturity date	12/21	10/19	06/19	8/20	03-24	06-20	04/21	07/23	04/21	07/22
Coupon, %	10.50**	7.5	9.0	7.00	6.125%	11.0	6.750	6.000	6.875	7.750
Fitch/S&P/ Moody's	BB-/-/-	-/-/-	-/-/-	n/a	-/-/B2e	BB-/-/Ba2	BB-/B+/-	BB-/-/B1	BB-/BB-/Ba2	B+/B+/-
Mid price, US$	n/a	102.8	101.3	101.07	95.3	100.5	102.4	100.8	106.6	107.6
Mid yield, %	n/a	5.5%	3.8%	6.50%	7.1	10.7	5.9	5.8	4.4	5.7
Z-spread, bps	n/a	n/a	n/a	n/a	419.2	346.1	302.9	289.5	158.8	279.7

** Source: Bloomberg*
**GWP 12/21 bonds and GEBGG 06/20 bonds are in Georgian lari*
***Coupon rate 3.5% over the NBG's refinancing rate*

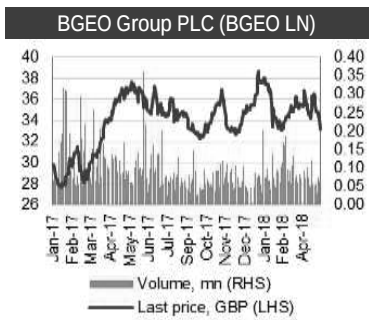
Eastern European sovereign 10-year bond performance

Issuer	Amount, US$ mn	Coupon, %	Maturity date	Ratings (Fitch/S&P/Moody)	Mid yield, %
Georgia	500	6.875%	12/04/2021	BB-/BB-/Ba2	4.4
Azerbaijan	1,250	4.750%	18/03/2024	BB+/BB+/Ba2	5.2
Bulgaria	323	5.000%	19/07/2021	BBB-/BB+/Baa2	0.0
Croatia	1,250	3.875%	30/05/2022	BB/BB/Ba2	1.0
Hungary	3,000	6.375%	29/03/2021	BBB-/BBB-/Baa3	3.6
Romania	2,250	6.750%	07/02/2022	BBB-/BBB-/Baa3	4.0
Russia	3,500	5.000%	29/04/2020	BBB-/BBB-/Ba1	3.9
Turkey	2,000	5.625%	30/03/2021	BB+/BB/Ba2	4.8

Source: Bloomberg

EQUITIES

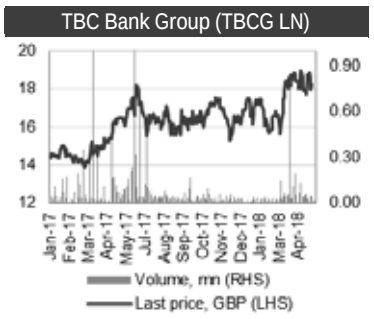
BGEO Group PLC (BGEO LN)



Source: Bloomberg

BGEO Group (BGEO LN) shares closed at GBP 33.16/share (-4.77% w/w and -6.38% m/m). More than 308k shares traded in the range of GBP 33.14 – 35.12/share. Average daily traded volume was 59k in the last 4 weeks. FTSE 250 Index, of which BGEO is a constituent, gained 0.74% w/w and gained 6.01% m/m. The volume of BGEO shares traded was at 0.78% of its capitalization.

TBC Bank Group (TBCG LN)



Source: Bloomberg

TBC Bank Group (TBCG LN) closed the week at GBP 17.46 (-3.85% w/w and -3.00% m/m). More than 83k shares changed hands in the range of GBP 17.06 – 18.50 share. Averaged daily traded volume was 27k in the last 4 weeks.

Georgia Healthcare Group (GHG LN)

Source: Bloomberg

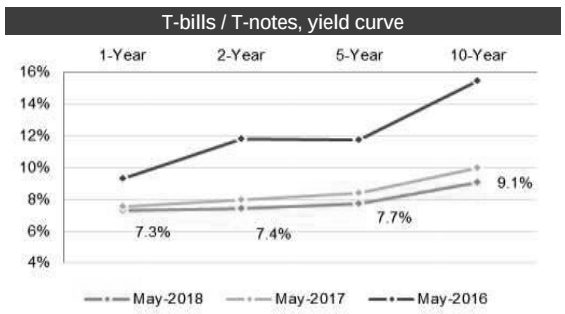
Georgia Healthcare Group (GHG LN) shares closed at GBP 2.79/share (-0.36% w/w and -8.52% m/m). More than 31k shares were traded in the range of GBP 2.77 – 2.90/share. Average daily traded volume was 11k in the last 4 weeks. The volume of GHG shares traded was at 0.02% of its capitalization.

MONEY MARKET

Refinancing loans: National Bank of Georgia (NBG) issued 7-day refinancing loans of GEL 990mn (US$ 403.0mn).

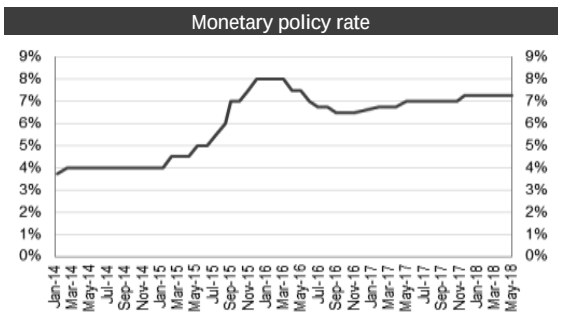
Ministry of Finance Treasury Bills: 1-year GEL 40.0mn (US$ 12.6mn) T-Bills of Ministry of Finance were sold at the auction held at NBG on May 2, 2018. The weighted average yield was fixed at 7.313%. The nearest treasury security auction is scheduled for May 8, 2018, where GEL 40.0mn nominal value 2-year T-Notes and GEL 20.0mn nominal value 182-days T-Bills will be sold.

T-bills / T-notes, yield curve



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

Monetary policy rate



Source: NBG

GALT & TAGGART

Address: 79 D. Agmashenebeli Avenue, Tbilisi 0102, Georgia
Tel: + (995) 32 2401 111
Email: gt@gt.ge

publicity

| places we strongly reccommend to visit | hotels

ZARAPXANA
15 Lubliana Str.
Tel: 251 00 01
Fax: 253 00 44
info@zarapxana.ge
www.zarapxana.ge


CITY AVENUE Hotel
Agmashenebeli Ave.140B; 0112, Tbilisi, Georgia; Phone: +995 32 2244 144
Email: info@cityavenue.ge; Web: www.cityavenue.ge


GREEN BUILDING
A Class Business Center
6 Marjanishvili Street


Hotel River Side
+(995 32) 224 22 44;
Right bank of Mtkvari , Brosse Street Turn
info@riverside.ge


VINOTEL
P: (+995) 322 555 888
M: (+995) 596 555 885
E: info@vinotel.ge, reservation@vinotel.ge
W: www.vinotel.ge

HOTEL SPUTNIK BATUMI ☆☆☆☆

28, Shervashidze Ascent; Batumi/Georgia
Tel: +995 (422) 27 60 66; +995 577 65 08 08
E mail: sales@hotel-sputnik.com; www.hotel-sputnik.com


HOTEL PUSHKIN
Bochorma street N 3
Tel: (+995 32)2 19 23 53
E mail: info@hotelpushkin.ge


Addr: # 14/14
I.Kurkhuli Str.
Tel : 55 66 55
http://www.laerton-hotel.com/

MARRIOTT
13, Rustaveli Avenue.;
Tel.: 2 779 200
www.TbilisiMarriott.com
tbilisi.marriott@marriotthotels.com

COURTYARD Marriott
4, Freedom Square,
Tel: 2 779 100
www.CourtyardTbilisi.com
courtyard.tbilisi@marriotthotels.com

Citadines APART'HOTEL
4 Freedom Square,
Tel: +995 32 254 70 30
Fax: +995 32 254 70 40
tbilisi@citadines.com

Because life is about living

AMBASADORI
13 Shavteli Str.
Tel: 2439494
info@ambasadori.ge
www.ambasadori.ge

RIXOS BORJOMI
16 Meskheti str.Borjomi
Tel:(+995 32) 2 292292
E-mail: borjomi@rixos.com
www.Borjomi.rixos.com

Sheraton Batumi HOTEL
Tel: +995 422 229000
E-maill: info.batumi@ sheraton.com
www.sheraton.com/batumi


45a M.Kostava St.,
0179 Tbilisi,
Georgia;
Tel.:
(+995 32) 219 11 11
www.hotelcoste.ge

Hotel "O. Galogre"
8, Vakhtang Gorgasali Str. Batumi, Georgia
Tel: +995 422 27 48 45
info@hotelgalogre.com
www.hotelgalogre.com

Radisson BLU IVERIA HOTEL, TBILISI
Radisson Blu Iveria Hotel
Rose Revolution Square 1
Tel.: 240 22 00; Fax: 240 22 01
info.tbilisi@radissonblu.com
radissonblu.com/hotel-tbilisi

Radisson BLU HOTEL, BATUMI
Radisson Blu Hotel Batumi
1, Ninoshvili str., Batumi
Tel/Fax: 422255555
info.batumi@radissonblu.com
radissonblu.com/hotel-batumi

Holiday Inn AN IHG HOTEL
Addrr: 26 May Square
Tel: 2300099
E-mail: info@hi-tbilisi.com
www.hi-tbilisi.com


OLD TIFLIS
Tel: 31 99 99
hotel@tiflis.ge
addr:
#9 Grishashvili Str.

Betsy's Hotel
32-34 Makashvili Street,
0108, Tbilisi, Georgia
Tel.: 293 14 04, Fax: 299 93 11
info@betsyshotel.com
www.betsyshotel.com


Divan Suites Batumi
Address:
Jordania/Z.
Gamsakhurdia
Str. 8/15
(422)255 522
info.batum@divan.com


CRON PALACE HOTEL
№ 1 Kheivani street 12/13; Tbilisi, Georgia
Phone: (+995 32) 2 24 23 21;
Phone: (+995 32) 2 24 23 22
E-mail: reservation@cronpalace.ge


Best Western Tbilisi
Addr: 11, Apakidze str.
Tel.: 2 300 777

GPH GEORGIA PALACE HOTEL
275 Agmashenebeli Ave.,
Kobuleti, Georgia
Tel: 2242400
Fax: 2242403
E-mail: info@gph.ge, www.gph.ge

POLISH AIRLINES LOT A STAR ALLIANCE MEMBER
6 Kavsadze Str.
Tel: 2 25 15 45
2 55 44 55
www.lotttravel.ge

GMT GROUP
4 Freedom Square
Tel: 2988 988, Fax: 2988 910
E-mail:gmt@gmt.ge, www.gmt.ge


Hotel "Tiflis Palace"
3 Vakhtang Gorgasali St,
(+995) 32 2000245
reservation@tiflispalace.ge

PEGASUS AIRLINES
The tickets are available at tbilisi international airport freedom square 4 courtyard marriott hotel, 1st floor
Tel: 2400 400; 2400 040

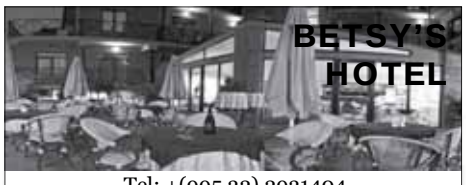
HOTELS & PREFERENCE HUALING TBILISI
Tel:
2 50 50 25; 2 97 32 97
Fax: 2 50 50 26
Email:
info@hotelspreference.ge
Addr: Hualing. Tbilisi Sea New City

MED 4 Time
5 Chavchavadze Ave.
Tel.: 222 44 17
577 22 99 22
plasticsurgerygeo.com

For advertising please contact:
558 03 03 03
marketing@finchannel.com

Batumi World Palace
Address: 1/3 Melashvili Street 6000
Batumi,Georgia | +995 422 225790
www.batumiworldpalace.com
info@batumiworldpalace.com


Tbilisi Inn
Tel: 277 00 40/50
Addr: 20 Metekhi str.
http://www.tbilisiinn.com/
info@tbilisiinn.com


BETSY'S HOTEL
Tel: +(995 32) 2931404
E-mail: info@betsyshotel.com;
reservation@betsyshotel.com
Address: 32-34 Makashvili St.

publicity

| places we strongly reccommend to visit | dining

SAKE SUSHI BAR
4, Besiki Str.
Tel: 2 519 966


Literary cafe **"MONSIEUR JORDAN"**
V. Gorgasali st.,17
Tel.: 275-02-07

Dental Design Studio
37 Chavchavadze Ave.
Tel.: 291 30 26; 291 30 76

Red Café - Bistro & Cafe

 # 71 Vazha-phavela Ave.
Tel: 2201 211
info@redcafe.ge

Respublika Grill Bar

19 Pavle Ingorokva str. Tbilisi
+995 555 004151
https://www.facebook.com/RespublikaGrillBar/

PICASSO

4, Vashlovani Str.
Tel: 298 90 86

PREGO

84, Barnovi Str.
Tel: 225 22 58
15, Erekle II.
Tel: 293 14 11
2, MarjaniSvili Str.
Tel: 2 999 723

Strada

1. 7 Sandro Euli St. Tel.**595 99 22 77**
hello@stradacafe.ge Each Day 10:00 – 01:00
2.#5 Marjanishvili Str. **595 99 22 88**

SIANG-GAN

41, Gamsakhurdia Str.
Tel: 237 96 88

BUREGERCLASICO
24/24
40, Chavchavadze Ave. **Tel: 229 42 30**

Book Corner
13b, Tarkhnishvili Str.
Tel: 223 24 30
contact@bookcorner.ge


Entrée

Tbilisi
13 Taktakishvili Street,
Tel.: (+995 595) 90 71 80
19 Petriashvili Street,
Tel.: (+995 595) 33 82 10
7 Pekini Street,
Tel.: (+995 591) 19 39 68
78 Chavchavadze Avenue (Bagebi),
Tel.: (+995 599) 09 56 70 47
Kote Apkhazi Str (Leselidze),
Tel.: (+995 599) 095670
12 Amaghleba street (Sololaki),
Tel.: (+995 599) 08 34 53
1 Ateni Street,
Tel.: (+995 591) 70 90 22
25 Gagarini street,
Tel.: (+995 591) 19 39 68
24A Pekini street,
Tel.: (+995 591) 96 19 90
7 Mtskheta Str.
Tel.: 599 21 53 83

ENGLISH TEE HOUSE
WHITTARD OF CHELSEA

5, Marjanishvili Str.
Tel: 294 16 20

CAFE CINEMA

Addr: 3 Vekua Street.
(Trade Center GTC)
Tel.: 2 93 61 38

Luca Polare
FINEST ICECREAM & MORE
Mrgvali Baghi Square; 7a Pekini Ave.34 Kote Afkhazi Str;125 David Aghmashenebeli Ave
Tel: +995 322 380802; info@lucapolare.com
www.lucapolare.com; LucaPolareOriginal

1 Brother Kakabadze Str.
Tel: 292 29 45;
Fax: 292 29 46;
tk@mcdonalds.ge

MEPETUBANI

Addr: 3 Erekle II square
Tel: +995 598 77 09 68

LE MARAIS

32 Abashidze Str. **Tel: 222 40 83**

Wendy's
QUALITY IS OUR RECIPE
WWW.WENDYS.GE 995 322 557 557
WENDY'S GEORGIA
37 Chavchavadze Ave. 31 Rustaveli Ave.
37 Tsintsadze Str. 26 May Square
Agmashenebeli Alley 13th km Gori Highway
Tbilisi Mall East Point 22 Abuseridze Str. Batumi
5 Rustaveli Ave. Kutaisi

PROSPERO'S BOOKS

34, Rustaveli Ave.
Tel: (+995 32) 2923 592


BUSINESSTRAVELCOM
HOTEL AND AIRTICKET BOOKING:
2 999 662 | SKY.GE

TWINS - gift store.
Exclusive decor, designer Items from U.S.
25 Akhvlediani str. Tbilisi

TEKLA PALACE

Phone:
+995 599 27 60 67 /
(032) 2 15 85 90
Addr:
Erekle II's square 10

For advertising please contact:
558 03 03 03
marketing@finchannel.com

La Brioche
Addr: Batumi, Georgia, Parnavaz Mepe №25
Tel.: 260 15 36
info@piazza.ge, www.piazza.ge

TIFFANY BAR AND TERRACE

Address: Mari Brose Street,
Open today · 11:30AM–11PM
Phone: 0322 24 22 44

For advertising please contact:
558 03 03 03
marketing@finchannel.com

GOODWILL
Celebrations & Catering

2 18 12 12 / CATERING@GOODWILL.GE / WWW.GOODWILL.GE

publicity