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Davit Onoprishvili:

“Starting from November 2013, economic growth has been consistently high, varying between 7%-8%... In the first quarter of 2014, economic growth equalled 7.4%. An indicator of this magnitude has not been recorded in the first quarter of the year over the course of the last six years.”

Teona ABSANDZE
FactCheck

On 30 April, representative of the Parliamentary Majority, Davit Onoprishvili, delivered a speech at the plenary session of the Parliament emphasising economic growth indicators. The MP stated: “Growth in the GDP; that is, in the economy, amounted to 8.3% in the month of March. Starting from November 2013, economic growth has been consistently high, vary-

ing between 7%-8%. It is safe to say that, at the very least, this growth rate will ensure the annual growth of 5% envisaged in the state budget. As for the economic growth registered in the first quarter, it equals 7.4%. An indicator of this magnitude has not been recorded in the first quarter of the year over the course of the last six years.”

FactCheck took interest in the MP's statement and verified the accuracy of the indicated facts.

In line with the preliminary data of GeoStat, the estimated real Gross Domestic Product

(GDP) growth rate amounted to 8.3% in March of 2014 as compared to the same period of the preceding year. In his statement the MP notes that in the aftermath of November 2013, the rate of economic growth fluctuated between 7% and 8%. In November of 2013 the GDP growth rate equalled 7.8% as compared to the same period of the previous year. In December of 2013 this indicator reached 8.4% while in the month of January the figure decreased to 7.8%. In February of 2014 the indicator of economic growth equalled 5.4%.

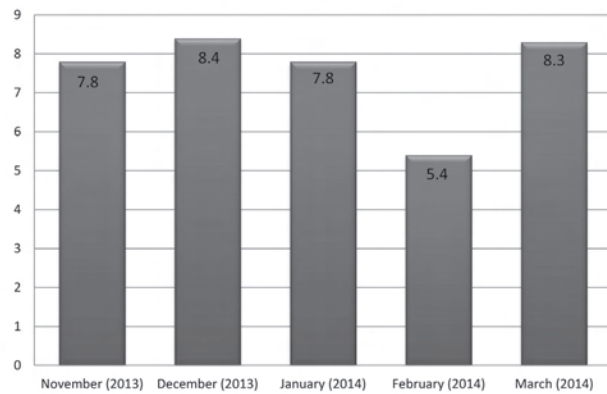
According to the MP, the growth registered in the first quarter of 2014 was the highest indicator recorded over the course of the last six years. We analysed the GDP growth rates of the first quarters for the years from 2009 through 2014.

In line with the preliminary data of the first quarter of 2014, the rate of economic growth equals 7.4%. In the first quarter of 2013 the GDP growth rate amounted to 2.4% (preliminary data) while in the same period of 2012 the indicator stood at 6.6%. In the first quarter of 2011 the economic growth rate was 5.8%, in 2010 – 3.7%

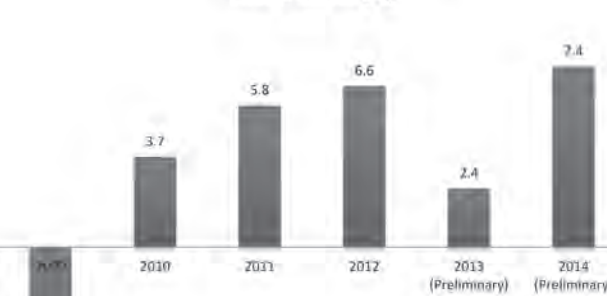
It must be noted that government officials contend that the high growth rates observed in the fourth quarter of 2013 and the first quarter of 2014 are the results of the so-called base effect. The base effect in business and economics, which is the same as the low initial amount effect, is the tendency for a small absolute change from a low initial amount to be translated into a large percentage change. Accordingly, in the given case, the opponents refer to the low growth rates of the Georgian real GDP starting from the fourth quarter of 2012 through the third quarter of 2013 and based upon this fact explain the high rates regis-

tered in the fourth quarter of 2013 and the first quarter of 2014 we witness the highest growth rate of the GDP.

Preliminary Data of Economic Growth (%)



Indices of Economic Growth First Quarter (%)



Category: Economy

CONCLUSION

In line with the preliminary data of March of 2014, the rate of economic growth has amounted to 8.3%, precisely as indicated by the MP. In November of 2013, the GDP growth rate stood at 7.8%, in December – at 8.4%, in January of 2014 – at 7.8% and in February – at 5.4%. The Deputy also noted that in the period between November 2013 and March 2014, the GDP growth rate varied around 7%-8%. The data given above demonstrates that this part of the MP's statement is not entirely true. However, the average indicator for the five months reveals that the average economic growth was higher than 7%.

The MP is correct in the second part of his statement. According to the preliminary data of GeoStat, in the first quarter of 2014, economic growth equalled 7.4% and this figure is higher than the GDP growth rates of the first quarters of the previous six years.

In its research about the accuracy of Davit Onoprishvili's statement, FactCheck did not delve deeper into the analysis of the base effect's possible impact upon economic growth as we deem it inadvisable to make a final judgement on the given matter at this stage. Consequently, we conclude that the MP's statement: “Starting from November 2013, economic growth has been consistently high, varying between 7%-8%... In the first quarter of 2014, economic growth equalled 7.4%. An indicator of this magnitude has not been recorded in the first quarter of the year over the course of the last six years,” is **MOSTLY TRUE**.

EUROPEAN ENDOWMENT OF DEMOCRACY

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



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What else Georgia should do?



NATO PARLIAMENTARIANS CALL FOR MAP FOR GEORGIA

In its non-binding declaration on May 30, the NATO Parliamentary Assembly called on the Alliance member states “to consider” moving Georgia closer to NATO at its summit in Wales in September by granting it a Membership Action Plan (MAP).

NATO Secretary General, Anders Fogh Rasmussen, told the Assembly, which unites lawmakers from the alliance member states and associate delegates from NATO partner countries, that now it is still a “bit too early to predict” what the summit outcome in September might be in this regard.

In the Declaration on NATO Enlargement, the Parliamentary Assembly spring session in Vilnius, urged member states “to reaffirm their strong political commitment to the Open door policy and the Euro Atlantic perspective of the countries aspiring for NATO membership.”

It has also urged “to recognise the progress achieved by aspirant countries and to consider taking the next steps in the process of NATO enlargement at the NATO Summit in Wales based on the results of the comprehensive review due to be completed in June 2014; and in particular to follow through on the decision taken at the Bucharest Summit in 2008 that Georgia will become a member of NATO, and move Georgia closer to membership by granting it a Membership Action Plan.”

Answering a question from a Georgian lawmaker after addressing the NATO Parliamentary Assembly session in Vilnius, Rasmussen said that Georgia has done “a lot to fulfill the necessary criteria” to become a NATO member “once in the future” and added that NATO foreign ministers will discuss at the end of June how to address the open door policy at the Wales summit in September.

Citing 2008 NATO Bucharest summit decision that MAP should be the next step for Georgia on its direct path to the Alliance and in the light of NATO's acknowledgment that progress has been

made by Georgia, GD MP Tedo Japaridze, who chairs foreign affairs committee in Georgian parliament, asked the Secretary General how this progress will be reflected in NATO's next summit and “what else Georgia should do” on its NATO integration path.

“You reminded us of 2008 decision at the Bucharest summit that Georgia will become a member of NATO, provided of course that Georgia fulfills necessary criteria, and you are also right that part of that decision was the statement that MAP will be the next step in that direction,” Rasmussen said responding to the question.

“You pointed to number of areas where Georgia has made progress during recent years and rightly so, because actually Georgia has made significant progress – exemplary elections, reforms of the judiciary, reforms of the defense sector and Georgia is also the largest non-NATO contributor to our operation in Afghanistan,” the NATO Secretary General said.

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French Bakery Entrée to Become International Brand

Continued from p. 8

Since then I have been closely observing the conditions of doing business in Georgia. The best situation for business is when the Government does not interfere artificially which is the case in Georgia at present. Businesses should be transparent. They should pay taxes and be checked that they are not breaking the law. For greater activity of the business sector Georgia needs to attract foreign investments. For This the governments obligation is to create political and legislative environment that will be attractive for foreign investors. The number of countries trying to attract investments is many, while investors are few. So, we need to compete with them. Foreign investment inflow is very important for our economy.

Q. How would you summarize 2013 for Entrée?

A. 2013 was quite a successful year for the company. We had 20% growth. Our most important step was entering the Azerbaijani market. Three branches of Entrée will be opened in Azerbaijan later this summer. We have a local

partner in Azerbaijan which is one of the biggest business group in Azerbaijan. The total volume of investments in Azerbaijan amounted to EUR 1 million.

We are discussing various markets for expanding our network further. However, at this stage, considering our financial capacity and the size of the company we thought it was too early to enter central European countries, which we are targeting for the future. Entrée will enter over 10-15 foreign cities in total. Our Azerbaijani partners have created a very convenient environment for us which was a significant factor in making us decide to open our first foreign branches there.

The Azerbaijani market is three times larger than Georgia's. This will hopefully be reflected in our business in the same proportions.

We put a great amount of work into the construction of the Azerbaijani branches and are optimistic that they will be a successful step in building our brand across borders.

Q. Could you give a description of a typical customer of Entrée's?

A. The average customer of Entrée is young, modern,

dynamic, carries European values, is focused on healthy living, is successful and regardless of age, is constantly searching for novelties. Entrée itself creates a lifestyle of freshness, health and mobility.

Q. What is the average number of guests at Entrée and which novelties will you be offering to your customers?

A. On average 500 customers visit each branch of Entrée per day. The average expenditure per person is GEL 11-12.

Q. what is the latest novelty you have offered your customers?

We have just recently added fresh pasta production from Italian cuisine. Fresh handmade pasta is very trendy in Europe and we were the first to bring it to Georgia. Customers will soon be able to taste it in each of our branches. We will start making pizza soon and have the ambition to offer the most delicious pizza in Georgia. We will also be adding exquisite meat and cheese delicacies this week. At our Leselidze Street branch we will be launching a special, restaurant-type menu, available from 6 pm every day.

Cash no longer king! Mobile banking still rising

The FINANCIAL

Mobile banking is maturing, with longer term users in Europe showing signs their money management is getting better and better, according to ING Bank survey. It is exploring how people in Europe are using mobile banking and new ways to pay. In what is thought to be one of the biggest and most comprehensive surveys of its type, the results of the survey reveal interesting insights in the usage of mobile banking and how this is changing financial behavior among consumers.

TURKEY TOP FUTURE MOBILE BANKING "HOTSPOT"

Turkey has the largest share of internet users who use mobile banking, making it the top mobile banking "hotspot" again in 2014. Turkey has the eighth highest use in the developed, internet-adjusted measure but as internet penetration increases, mobile banking is set to rise. Uptake rose in nine of 13 countries surveyed, although increases and decreases of 3% or less may be due only to sampling variability and could be considered as representing no change, according to ING.

MOBILE BANKERS MORE ON TOP OF THEIR FINANCIAL MATTERS

The almost 5,000 people surveyed who use mobile banking tend to be younger, earn more and be more on top of their financial matters than non-mobile bankers. In fact, 80% indicated mobile banking had improved the way they manage their money. Our mobile bankers are more likely to read money blogs but also more prone to regularly buy something on impulse.

3. TECHNOLOGY IMPROVES THE WAY WE MANAGE MONEY

People who have been using mobile banking for longer are more likely than newer users to say the technology improved the way they manage money. It seems the positive change from mobile banking is better and better the longer it is used, according to ING.

INTELLIGENT TOOLS TO MAKE BETTER FINANCIAL DECISIONS

Fewer people in Europe are expecting banks to use social media this year, compared with the survey last year. Although the social media demand fell, many people in Europe do want personalized alerts and reminders from their bank. Mobile bankers are even more eager to get intelligent tools from their bank to help them make better financial decisions.

TECHNOLOGY CHANGES THE WAYS WE SHOP AND PAY

New technology is not only playing a role in the ways we bank, it also changes the ways we shop and pay. Cash is being used less often than a year ago by about half of people in Europe but the pace change over the next 12 months may not be rapid as only one-in-five of our "cash devotees" who have not cut use of cash in the last year think they will use cash less in the next year.

MOBILE BANKERS ARE MORE LIKELY TO BE CONFIDENT USING CONTACTLESS PAYMENTS

Since last year, comfort around contactless payments has risen a lot in Romania and Poland, both early adopters of the technology, with modest rises in France and Italy. However, the opinion in Europe as a whole remains split. Mobile bankers are more likely to be confident using contactless payments, according to ING.

DIGITAL CURRENCIES NOT SEEN AS THE FUTURE OF SPENDING ONLINE

Despite the hype, few people in Europe see digital currencies – such as Bitcoin – as "the future of spending online" with 76% disagreeing with that statement or not having an opinion about it.

Bitcoin, launched in 2009, is currently the most high-profile of several digital currencies that have existed, and some businesses accept this "peer-to-peer" digital currency as payment for goods and services. However, few people in Europe see digital currencies – such as Bitcoin – as "the future of spending online", with 76% disagreeing with that statement or not having an opinion about it. Turkey is most receptive of Bitcoin in this survey, while acceptance of it as the future of spending online falls to a survey low of 8% in the Netherlands (a view shared in the neighbouring countries of Luxembourg and Belgium)

CASH LESS BUT NOT CASHLESS

About half of people in Europe say they use cash much less now than they did a year ago. Alternative ways to pay include debit and credit cards, transferring funds directly, sending money by text message, contactless payments and more.

People in Turkey are most likely to be using cash less but it seems that change is not without its frustrations, as Turkey also has the highest share who agree "the move towards cashless payments is making it more difficult to manage money" in a separate question in the survey. Interestingly, while there is variation between countries, there is little difference in attitudes between different age groups, according to ING.



Giorgi Kvirikashvili:

"In 2013, the number of visitors grew by 22%. A total of 5.4 million visitors came to Georgia and with this indicator we hold one of the leading positions in Europe."

Ana NADIRASHVILI
FactCheck

On 11 April 2014 the 16th International Tourism Exhibition was opened at the Expo Georgia exhibition centre. Delivering a speech at the exhibition, the Minister of Economy and Sustainable Develop-

ment, Giorgi Kvirikashvili, stated: "In 2013, the number of visitors grew by 22%. A total of 5.4 million visitors came to Georgia and with this indicator we hold one of the leading positions in Europe."

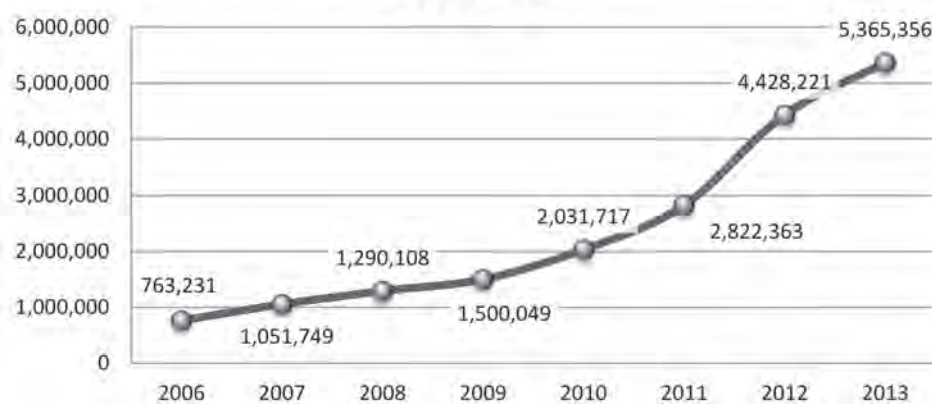
FactCheck took interest in the statement and verified its accuracy.

According to the information provided by the Georgian National Tourism

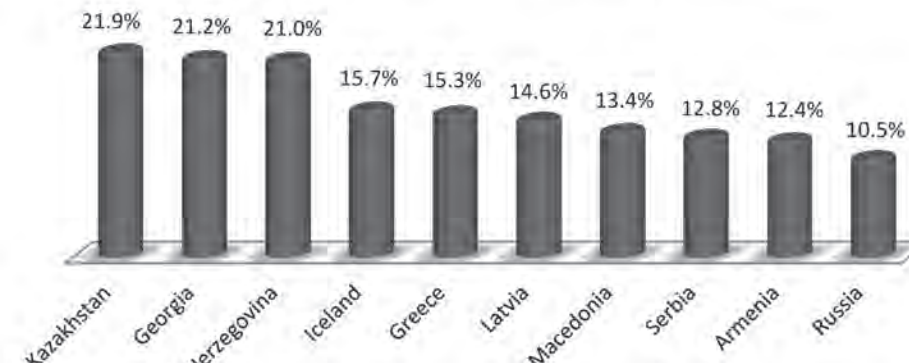
Administration, a total of 5,365,356 visitors came to Georgia in 2013 whereas in 2012 their number totalled 4,428,221. Accordingly, in 2013 the number of visitors increased by 937,135; that is, by 21.2%. Citizens of neighbouring countries (Turkey, Azerbaijan, Armenia and Russia) accounted for 88% of the total number of foreign visitors to Georgia with the remaining 12%

comprising visitors from other countries. It is worth noting that the largest share of foreign visitors to Georgia came from Turkey and accounted for 28% of the total number of visitors. In 2013, the number of visitors from the Russian Federation showed an upturn of 49% as compared to the indicator of 2012 and amounts to 14% of the overall number of visitors to Georgia.

Graph 1: Number of Visitors to Georgia in 2006-2013



Graph 2: List of Countries in Europe and Central Asia with the Highest Growth Rates in the Number of Visitors



The graph shown above reveals that Georgia occupies the second position in the region being surpassed by 0.7% solely by Kazakhstan.

FactCheck also inquired about the growth tendency observed in the number of visitors entering Georgia in the past years. As can be gathered from Graph 1, the number of visitors grew each year starting from 2006. It is of special note that during the economic crisis of 2008, when touristic activities declined all over the world, the number of visitors to Georgia increased by 23%. In line with the 2013 report of the Georgian National Tourism Administration, in the course of the last five years Georgia had the highest growth rates of the number of visitors in Europe. It should also be mentioned that despite the high percentage of growth, the number of visitors to Georgia is still far lower than in many other countries of the world. Therefore, along with the percentage of growth, it is advisable to take into account the number of visitors and the absolute indicator of growth. For an illustration we can consider the indicators of France in comparison to those of Georgia. In 2012, the number of visitors to Georgia grew by 1,605,858 as compared to the previous year amounting to a 57% growth. France hosted a total of 83 million visitors in 2012 whereas in the preceding year the same indicator equalled 81.6 million. Although France had 1,400,000 more visitors in 2012 than in 2011, the percentage growth amounted to only 1.8%. As becomes evident from this illustration,

the absolute growth of the number of visitors may be roughly equal in two countries but the difference

in percentages can be quite substantial. Therefore, the rise in the number of visitors to a country tells us much

more than the percentage of growth.

Category: Economy

CONCLUSION

In line with the information of the Georgian National Tourism Administration, a total of 5,365,356 visitors entered Georgia in 2013 marking a growth of 21.2%. These indicators precisely correspond to the figures indicated by Giorgi Kvirikashvili.

In accordance with the 2013 report of the United Nations World Tourism Organisation, with the growth indicator of 21.2% Georgia holds the highest position in Europe while in the region of Europe and Central Asia Georgia is surpassed only by Kazakhstan by 0.7%.

FactCheck concludes that Giorgi Kvirikashvili's statement: "In 2013, the number of visitors grew by 22%. A total of 5.4 million visitors came to Georgia and with this indicator we hold one of the leading positions in Europe," is TRUE.

TRUE

✓

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